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

Form 10-Q

(Mark One)
☒ QUARTERLY REPORT UNDER SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended **March 31, 2021**

☐ TRANSITION REPORT UNDER SECTION 13 OR 15(d) OF THE EXCHANGE ACT

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)	(IRS Employer Identification No.)

MATAM Advanced Technology Park, Building No. 5, Haifa, Israel 3508409
(Address of principal executive offices)

011-972-74-7108600
(Registrant's telephone number)

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

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Common Shares, par value $0.00001	**PSTI**	**Nasdaq Global Market**

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 past 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 registration was required to submit files). Yes ☒ No ☐

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

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 Exchange Act). Yes ☐ No ☒

State the number of shares outstanding of each of the issuer's classes of common shares as of the latest practicable date: 31,740,244 common shares issued and outstanding as of May 4, 2021.

PLURISTEM THERAPEUTICS INC. AND ITS SUBSIDIARIES

INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

As of March 31, 2021

(Unaudited)

PLURISTEM THERAPEUTICS INC. AND ITS SUBSIDIARIES
INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

As of March 31, 2021
U.S. DOLLARS IN THOUSANDS
(Unaudited)

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PLURISTEM THERAPEUTICS INC. AND ITS SUBSIDIARIES

INTERIM CONDENSED CONSOLIDATED BALANCE SHEETS

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

	Note	March 31, 2021 Unaudited	June 30, 2020
ASSETS			
CURRENT ASSETS:			
Cash and cash equivalents		$ 12,265	$ 8,270
Short-term bank deposits		35,105	37,514
Restricted cash		586	555
Other current assets		1,864	2,122
Total current assets		49,820	48,461
LONG-TERM ASSETS:			
Long-term deposits and restricted bank deposits		25,937	12,653
Severance pay fund		695	631
Property and equipment, net		1,809	2,516
Operating lease right-of-use asset		904	1,259
Other long-term assets		9	12
Total long-term assets		29,354	17,071
Total assets		$ 79,174	$ 65,532

INTERIM CONDENSED CONSOLIDATED BALANCE SHEETS

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

	Note	March 31, 2021 Unaudited	June 30, 2020
LIABILITIES AND SHAREHOLDERS' EQUITY			
CURRENT LIABILITIES			
Trade payables		$ 2,110	$ 1,968
Accrued expenses		4,787	3,018
Operating lease liability, current		826	1,020
Other accounts payable		2,193	1,981
Total current liabilities		9,916	7,987
LONG-TERM LIABILITIES			
Accrued severance pay		953	879
Operating lease liability		169	565
Total long-term liabilities		1,122	1,444
COMMITMENTS AND CONTINGENCIES	3		
SHAREHOLDERS' EQUITY			
Share capital:	4		
Common shares $0.00001 par value per share:			
Authorized: 60,000,000 shares			
Issued and outstanding: 31,740,244 shares as of March 31, 2021, 25,492,713 shares as of June 30, 2020		(*)	(*)
Additional paid-in capital		383,589	336,257
Accumulated deficit		(315,453)	(280,156)
Total shareholders' equity		68,136	56,101
Total liabilities and shareholders' equity		$ 79,174	$ 65,532

(*) Less than $1

INTERIM CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS

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

	Nine months ended March 31		Three months ended March 31	
	2021	2020	2021	2020
	Unaudited	Unaudited	Unaudited	Unaudited
Revenues	$ -	$ 23	$ -	$ -
Cost of revenues	-	(1)	-	-
Gross profit	-	22	-	-
Operating expenses:				
Research and development expenses	(22,026)	(17,140)	(7,824)	(5,742)
Less: participation by the Israeli Innovation Authority (IIA), Horizon 2020 and other parties	445	1,401	158	25
Research and development expenses, net	(21,581)	(15,739)	(7,666)	(5,717)
General and administrative expenses, net	(14,455)	(5,245)	(6,559)	(1,682)
Operating loss	(36,036)	(20,962)	(14,225)	(7,399)
Financial income (expense), net	739	(54)	(29)	(108)
Net loss for the period	$ (35,297)	$ (21,016)	$ (14,254)	$ (7,507)
Loss per share:				
Basic and diluted net loss per share	$ (1.31)	$ (1.28)	$ (0.48)	$ (0.42)
Weighted average number of shares used in computing basic and diluted net loss per share	26,936,831	16,376,377	29,617,233	17,823,207

INTERIM CONDENSED CONSOLIDATED CHANGES IN SHAREHOLDERS EQUITY

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

	Common Shares		Additional Paid-in Capital	Accumulated Deficit	Total Shareholders' Equity
	Shares	Amount			
Balance as of July 1, 2019	15,082,852	$ (*)	$ 272,825	$ (251,004)	$ 21,821
Share-based compensation to employees, directors and non-employee consultants	264,131	(*)	2,002	-	2,002
Issuance of common shares under Open Market Sales Agreement, net of issuance costs of $1,604 (see Note 4a)	3,319,898	(*)	11,362	-	11,362
Exercise of options by employees and non-employee consultants	5,000	(*)	-	-	-
Round up of shares due to reverse share split effectuated on July 25, 2019 (see Note 4d)	1,292	(*)	-	-	-
Net loss	-	-	-	(21,016)	(21,016)
Balance as of March 31, 2020 (unaudited)	18,673,173	$ (*)	$ 286,189	$ (272,020)	$ 14,169

(*) Less than $1

INTERIM CONDENSED CONSOLIDATED CHANGES IN SHAREHOLDERS EQUITY

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

	Common Shares		Additional Paid-in Capital	Accumulated Deficit	Total Shareholders' Equity
	Shares	Amount			
Balance as of January 1, 2020	16,934,417	$ (*)	$ 280,423	$ (264,513)	$ 15,910
Share-based compensation to employees, directors and non-employee consultants	62,976	(*)	371	-	371
Issuance of common shares under Open Market Sales Agreement, net of issuance costs of $792	1,675,780	(*)	5,395	-	5,395
Net loss	-	-	-	(7,507)	(7,507)
Balance as of March 31, 2020 (unaudited)	18,673,173	$ (*)	$ 286,189	$ (272,020)	$ 14,169

(*) Less than $1

INTERIM CONDENSED CONSOLIDATED CHANGES IN SHAREHOLDERS EQUITY

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

	Common Shares		Additional Paid-in Capital	Accumulated Deficit	Total Shareholders' Equity
	Shares	Amount			
Balance as of July 1, 2020	25,492,713	$ (*)	$ 336,257	$ (280,156)	$ 56,101
Share-based compensation to employees, directors and non-employee consultants	373,495	(*)	10,382	-	10,382
Issuance of common shares under New ATM Agreement, net of issuance costs of $377 (see Note 4b)	1,045,097	(*)	8,509	-	8,509
Exercise of warrants (see Note 4e)	51,999	(*)	364	-	364
Exercise of options by non-employee consultants	15,035	(*)	-	-	-
Issuance of common shares related to February 2021 registered direct offering net of issuance costs of 1,923$ (see Note 4c)	4,761,905	(*)	28,077	-	28,077
Net loss	-	-	-	(35,297)	(35,297)
Balance as of March 31, 2021 (unaudited)	31,740,244	$ (*)	$ 383,589	$ (315,453)	$ 68,136

(*) Less than $1

INTERIM CONDENSED CONSOLIDATED CHANGES IN SHAREHOLDERS EQUITY

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

	Common Share		Additional Paid-in Capital	Accumulated Deficit	Total Shareholders' Equity
	Shares	Amount			
Balance as of January 1, 2021	25,839,286	$ (*)	$ 342,347	$ (301,199)	$ 41,148
Share-based compensation to employees, directors and non-employee consultants	210,977	(*)	5,525	-	5,525
Issuance of common Share under New ATM Agreement, net of issuance costs of $151 (see Note 4b)	928,076	(*)	7,640	-	7,640
Issuance of common shares related to February 2021 registered direct offering net of issuance costs of 1,923$	4,761,905	(*)	28,077	-	28,077
Net loss	-	-	-	(14,254)	(14,254)
Balance as of March 31, 2021 (unaudited)	31,740,244	$ (*)	$ 383,589	$ (315,453)	$ 68,136

(*) Less than $1

INTERIM CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS (UNAUDITED)

U.S. Dollars in thousands

	Nine months ended March 31,	
	2021	2020
	Unaudited	Unaudited
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net loss	$ (35,297)	$ (21,016)
Adjustments to reconcile net loss to net cash used in operating activities:		
Depreciation	1,034	1,216
Share-based compensation to employees, directors and non-employee consultants	10,382	2,002
Decrease in accounts receivable from the IIA	142	124
Decrease (increase) in other current assets and other long-term assets	119	(479)
Increase (decrease) in trade payables	146	(469)
Increase (decrease) in other accounts payable, accrued expenses, other current liabilities and other long-term liabilities	1,940	(1,229)
Decrease in operating lease right-of-use asset and liability, net and effect of exchange rate differences	(236)	(254)
Decrease (increase) in interest receivable on short-term deposits	(219)	72
Linkage differences and interest on short and long-term deposits and restricted bank deposits	666	-
Accrued severance pay, net	10	(14)
Net cash used by operating activities	$ (21,313)	$ (20,047)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchase of property and equipment	$ (331)	$ (157)
Proceeds from withdrawals of short-term deposits	1,962	11,490
Repayment of (investment in) long-term deposits and restricted bank deposits	(13,688)	1
Net cash generated from (used by) investing activities	$ (12,057)	$ 11,334

INTERIM CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS (UNAUDITED)

U.S. Dollars in thousands

	Nine months ended March 31,	
	2021	2020
	Unaudited	Unaudited
CASH FLOWS FROM FINANCING ACTIVITIES:		
Proceeds related to issuance of common shares, net of issuance costs	$ 36,628	$ 11,362
Proceeds related to exercise of warrants	364	-
Net cash provided by financing activities	$ 36,992	$ 11,362
Increase in cash and cash equivalents and restricted cash	3,622	2,649
Cash and cash equivalents and restricted cash at the beginning of the period	9,229	5,186
Cash and cash equivalents and restricted cash at the end of the period	$ 12,851	$ 7,835
(a) Supplemental disclosure of cash flow activities:		
Cash paid during the period for:		
Taxes paid due to non-deductible expenses	$ 8	$ 8
(b) Supplemental disclosure of non-cash activities:		
Purchase of property and equipment on credit	$ 28	$ 52
Accrued expenses related to issuance of common shares	$ 42	$ -

The following table provides a reconciliation of cash and cash equivalents, and long-term restricted cash reported within the consolidated balance sheets that sum to the total of such amounts in the consolidated statements of cash flows:

	March 31,	
	2021	2020
	(Unaudited)	
Cash and cash equivalents	$ 12,265	$ 6,762
Restricted cash included in Restricted cash and short-term bank deposits	586	1,073
Cash, cash equivalents and restricted cash shown in the consolidated statement of cash flows	$ 12,851	$ 7,835

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."

Pluristem Therapeutics' common shares are traded on the Nasdaq Global 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 inflammation, muscle trauma, hematological disorders and radiation damage.

The Company has incurred an accumulated deficit of approximately $315,453 and incurred recurring operating losses and negative cash flows from operating activities since inception. As of March 31, 2021, the Company's total shareholders' equity amounted to $68,136. During the nine month period ended March 31, 2021, the Company incurred operating losses of $36,036 and its negative cash flow from operating activities was $21,313.

As of March 31, 2021, the Company's cash position (cash and cash equivalents, short-term bank deposits and restricted cash and long-term bank deposits) totaled approximately $73,893. The Company plans to continue to finance its operations from, its current resources including the net proceeds received from its registered direct offering that closed in February 2021 and proceeds from the sales of common shares pursuant to the New ATM Agreement (as defined herein), the proceeds from the loan under the European Investment Bank (the "EIB") finance contract (the "Finance Contract") (See Note 1c) once certain milestones are reached and the funds are disbursed, by entering into licensing or other commercial agreements, from grants to support its research and development activities and from sales of its equity securities. Management believes that its current resources and these sources for additional 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 unaudited condensed 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 the Finance Contract with the EIB, pursuant to which the German Subsidiary can obtain a loan, for a period of 36 months, in the amount of up to €50 million, subject to certain milestones being reached (the "Loan"), payable in three tranches (each, a "Tranche"), with the first Tranche consisting of €20 million, the second Tranche consisting of €18 million and the third Tranche consisting of €12 million.

The Tranches will be treated independently, each with its own interest rate and maturity period. The interest rate is 4% in the aggregate (consisting of a 0% fixed interest rate and a 4% deferred interest rate payable upon maturity, respectively) per year for the first Tranche, 4% in the aggregate (consisting of a 1% fixed interest rate and a 3% deferred interest rate payable upon maturity, respectively) for the second Tranche and 3% (consisting of a 1% fixed interest rate and a 2% deferred interest rate payable upon maturity, respectively) for the Third Tranche.

In addition to any interest payable on the Loan, the 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.

The Company has not yet received any amounts under the EIB Financing Agreement.

NOTE 2: - SIGNIFICANT ACCOUNTING POLICIES

a. ***Unaudited Interim Financial Information***

The accompanying unaudited interim condensed consolidated financial statements have been prepared in accordance with U.S. generally accepted accounting principles ("GAAP") for interim financial information and with the instructions to Form 10-Q and Article 10 of U.S. Securities and Exchange Commission Regulation S-X. Accordingly, they do not include all the information and footnotes required by GAAP for complete financial statements. In the opinion of management, all adjustments considered necessary for a fair presentation have been included (consisting only of normal recurring adjustments except as otherwise discussed). For further information, reference is made to the consolidated financial statements and footnotes thereto included in the Company's Annual Report on Form 10-K for the year ended June 30, 2020.

Operating results for the nine month period ended March 31, 2021 are not necessarily indicative of the results that may be expected for the year ending June 30, 2021.

b. ***Significant Accounting Policies***

The significant accounting policies followed in the preparation of these unaudited interim condensed consolidated financial statements are identical to those applied in the preparation of the latest annual financial statements.

c. ***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.

d. ***Fair value of financial instruments***

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

The Company measures its derivative instruments at fair value under Accounting Standards Codification ("ASC"), "Fair Value Measurements and Disclosures" ("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.

NOTE 2: - SIGNIFICANT ACCOUNTING POLICIES (CONT.)

e. ***Recently Adopted Accounting Pronouncements***

Accounting Standards Update ("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 Financial Accounting Standards Board (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.

Recently Issued Accounting Pronouncements

ASU No. 2016-13 - "Financial Instruments - Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments" ("ASU 2016-13"):

In June 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. The amendments contained in ASU 2016-13 were originally effective for fiscal years beginning after December 15, 2019, including interim periods within those fiscal years for the Company. 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) and other non-U.S. Securities and Exchange Commission 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 assessing the impact the guidance will have on its consolidated financial statements.

NOTE 3: - COMMITMENTS AND CONTINGENCIES

a. As of March 31, 2021, an amount of $586 of cash and deposits was pledged by the Subsidiary to secure its credit line and bank guarantees.

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 Israeli Innovation Authority ("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.

NOTE 3: - COMMITMENTS AND CONTINGENCIES (CONT.)

Through March 31, 2021, total grants obtained from the IIA aggregated to approximately $27,743 and total royalties paid and accrued amounted to $169. As of March 31, 2021, the Company's contingent liability in respect to royalties to the IIA amounted to $27,574, not including LIBOR interest as described above.

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 experts in life science and computer science to develop AI based end-to-end genome-editing solutions. An amount of approximately $480 was 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. As of March 31, 2021, the Company received total grants of approximately $401 from the IIA pursuant to the CRISPR-IL consortium program. The CRISPR-IL consortium program does not require any obligation to pay royalties.

c. The Company was 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 March 31, 2021, total grants obtained under this Smart Money program amounted to approximately $112. As of March 31, 2021, the Company's contingent liability with respect to royalties for this "Smart Money" program was $112 and no royalties were paid or accrued.

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 March 31, 2021, the aggregate amount of grant obtained from this Smart Money program was approximately $160. As of March 31, 2021, the Company's contingent liability with respect to royalties for this "Smart Money" program is $160 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 GvHD, with a maximum aggregate royalty amount of approximately $250.

NOTE 3: - COMMITMENTS AND CONTINGENCIES (CONT.)

f. 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 March 31, 2021, total grants obtained under the "Shalav" program amounted to approximately $52. As of March 31, 2021, the Company's contingent liability with respect to royalties for this "Shalav" program was $52 and no royalties were paid or accrued.

NOTE 4: - SHAREHOLDERS' EQUITY

a. Pursuant to a shelf registration on Form S-3 declared effective by the Securities and Exchange Commission on June 23, 2017, on February 6, 2019, the Company entered into an Open Market Sales Agreement (the "Sales Agreement") with Jefferies LLC ("Jefferies") which provided that, upon the terms and subject to the conditions and limitations in the sales agreement, the Company was able to elect, from time to time, to offer and sell common shares having an aggregate offering price of up to $50,000 through Jefferies acting as sales agent. During the nine month period ended March 31, 2020, the Company sold 3,319,898 common shares under the Sales Agreement at an average price of $3.91 per share for aggregate net proceeds of approximately $11,362, net of issuance expenses of $1,604. On June 30, 2020, the Company's shelf registration on Form S-3 declared effective by the SEC on June 23, 2017 expired, and as a result thereof, the Sales Agreement was terminated.

b. 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 common shares having an aggregate offering price of up to $75,000 through Jefferies acting as sales agent. During the nine month period ended March 31, 2021, the Company sold 1,045,097 common shares under the New ATM Agreement at an average price of $8.50 per share for aggregate net proceeds of approximately $8,509, net of issuance expenses of $377.

c. On February 2, 2021, the Company, entered into a securities purchase agreement, with certain institutional investors, pursuant to which the Company agreed to issue and sell, in a registered direct offering, by the Company directly to the Investors, 4,761,905 common shares for gross proceeds of $30,000. The aggregate net proceeds were approximately $28,077, net of issuance expenses of $1,923.

d. In July 2019, the Board of Directors approved a 1-for-10 reverse share split of the Company's (a) authorized common shares; (b) issued and outstanding common shares and (c) authorized preferred shares. The reverse share split became effective on July 25, 2019. All common shares, options, warrants and securities convertible or exercisable into common shares, as well as loss per share, have been adjusted to give retroactive effect to this reverse share split for all periods presented.

An additional 1,292 common shares were included in the Company's issued and outstanding shares as a result of rounding fractional shares into whole shares as a result of the reverse share split.

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

NOTE 4: - SHAREHOLDERS' EQUITY (CONT.)

e. During the nine month period ended March 31, 2021, warrants to purchase a total of 519,990 common shares from the Company's April 2019 firm commitment underwritten public offering were exercised at an exercise price of $7.00 per share, resulting in the issuance of 51,999 common shares for net proceeds of approximately $364.

f. Options to non-employees:

A summary of the options to non-employee consultants under its 2005 and 2016 incentive option plans is as follows:

	Nine months ended March 31, 2021 (Unaudited)			
	Number	Weighted Average Exercise Price	Weighted Average Remaining Contractual Terms (in years)	Aggregate Intrinsic Value Price
Options outstanding at beginning of period	54,871	$ 0.00001	-	-
Options exercised	(15,035)	-	-	-
Options outstanding at end of the period	39,836	0.00001	7.24	$ 190
Options exercisable at the end of the period	35,461	0.00001	7.18	$ 169
Options unvested	4,375	0.00001	7.73	$ 21
Options vested and expected to vest	39,836	$ 0.00001	7.24	$ 190

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

	Nine months ended March 31,		Three months ended March 31,	
	2021	2020	2021	2020
	(Unaudited)		(Unaudited)	
Research and development expenses	$ -	$ (35)	$ -	$ (68)
General and administrative expenses	$ 9	$ 58	$ 3	$ 5
	$ 9	$ 23	$ 3	$ (63)

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

NOTE 4: - SHAREHOLDERS' EQUITY (CONT.)

f. **Restricted Shares ("RS") and restricted Shares units ("RSUs") to employees, directors and consultants:**

1. 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 Company's 2005, 2016 and 2019 incentive option plans for the nine month period ended March 31, 2021 (Unaudited):

	Number
Unvested at the beginning of period	415,194
Granted	2,643,120
Forfeited	(39,849)
Vested	(363,182)
Unvested at the end of the period	2,655,283
Expected to vest after March 31, 2021	2,611,578

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

	Nine months ended March 31,		Three months ended March 31,	
	2021	2020	2021	2020
	(Unaudited)		(Unaudited)	
Research and development expenses	$ 1,158	$ 451	$ 594	$ 37
General and administrative expenses	8,962	1,393	4,794	344
	$ 10,120	$ 1,844	$ 5,388	$ 381

Unamortized compensation expenses related to RSUs granted to employees and directors to be recognized over an average time of approximately 4 years are approximately $14,083.

Market-based awards

In September 2020, the Company granted two if its executive officers an aggregate of 1,000,0000 RSUs under the Company's 2019 option plan.

The RSUs will vest upon satisfaction of market-based condition during a period of three years from the date of the grant. The market-based condition relates to the specific market capitalization value of the Company.

For market-based awards, the Company determines the grant-date fair value utilizing a Monte Carlo simulation model, which incorporates various assumptions including expected stock price volatility, risk-free interest rates, and the expected date of a qualifying event. The Company estimates the volatility of the common shares based on its historical share price volatility for a period of 4 years from the grant date based on the daily changes in the share price. The risk-free interest rate is based on the zero-coupon yield of U.S. Treasury bonds for the expiration date of the RSUs.

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

NOTE 4: - SHAREHOLDERS' EQUITY (CONT.)

The fair value of the market-based award uses the assumptions noted in the following table:

Risk-free interest rates	0.16%
Dividend yield	0%
Expected volatility	69.44%

The Company recognizes compensation expenses for the value of its market-based awards based on the results of the Monte Carlo valuation model.The fair value of the market-based awards granted on the grant date was $7.28 per share and the expected time for the market condition to achieve, based on the Monte Carlo valuation model, is thirteen and a half months from the date of the grant.

f. **RS and RSUs to employees, directors and consultants (cont.):**

2. RS and RSUs to consultants:

The following table summarizes the activity related to unvested RS and RSUs granted to consultants under the Company's 2005 and 2016 incentive option plans for the nine month period ended March 31, 2021 (Unaudited):

	Number
Unvested at the beginning of period	6,250
Granted	110,000
Expired	(29,062)
Vested	(10,313)
Unvested at the end of the period	76,875

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

	Nine months ended March 31,		Three months ended March 31,	
	2021	2020	2021	2020
	(Unaudited)		(Unaudited)	
Research and development expenses	$ 142	$ 9	$ 74	$ (14)
General and administrative expenses	111	126	60	67
	$ 253	$ 135	$ 134	$ 53

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations.

Forward-Looking Statements

This quarterly report on Form 10-Q contains certain forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995 and other Federal securities laws, and is subject to the safe-harbor created by such Act and laws. Forward-looking statements may include statements regarding our goals, beliefs, strategies, objectives, plans, including product and technology developments, future financial conditions, results or projections or current expectations. In some cases, you can identify forward-looking statements by terminology such as "may," "will," "should," "expect," "intend," "plan," "anticipate," "believe," "estimate," "predict," "potential" or "continue," the negative of such terms, or other variations thereon or comparable terminology. These statements are merely predictions and therefore inherently subject to known and unknown risks, uncertainties, assumptions and other factors that may cause actual results, performance levels of activity, or our achievements, or industry results to be materially different from those contemplated by the forward-looking statements. Such forward-looking statements appear in this Item 2 – "Management's Discussion and Analysis of Financial Condition and Results of Operations," and may appear elsewhere in this Quarterly Report on Form 10-Q and include, but are not limited to, statements regarding the following:

- the expected development and potential benefits from our products in treating various medical conditions;
- our entering into certain contracts with third parties;
- the prospects of entering into additional license agreements, or other forms of cooperation with other companies, research organizations and medical institutions;
- our pre-clinical and clinical trials plans, including timing of initiation, expansion, enrollment and conclusion of trials;
- 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, as well as grants from other independent third parties;
- the receipt of funds pursuant to our finance agreement, or the EIB Finance Agreement, with the European Investment Bank, or the EIB, and whether we will achieve the milestones necessary to receive funds thereunder;
- developing capabilities for new clinical indications of placenta expanded, or PLX, cells and new products;
- the progress of our regulated clinical multinational trial program for the potential use of PLX cells in the treatment of patients suffering from ARDS associated with COVID-19;
- 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 expectation regarding the impact of the COVID-19 pandemic, including on our clinical trials and operations.

Our business and operations are subject to substantial risks, which increase the uncertainty inherent in the forward-looking statements contained in this report.

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 periodic report would be interpreted differently in light of additional research, clinical and preclinical trials results. Except as required by law, we undertake no obligation to release publicly the result of any revision to these forward-looking statements that may be made to reflect events or circumstances after the date hereof or to reflect the occurrence of unanticipated events. Further information on potential factors that could affect our business is described under the heading "Risk Factors" in Part I, Item 1A, of our Annual Report on Form 10-K for the fiscal year ended June 30, 2020, or the 2020 Annual Report, as well as Item 1A of this Quarterly Report. Readers are also urged to carefully review and consider the various disclosures we have made in that report.

As used in this quarterly report, the terms "we", "us", "our", the "Company" and "Pluristem" mean Pluristem Therapeutics Inc. and our wholly owned subsidiaries, Pluristem Ltd. and Pluristem GmbH, unless otherwise indicated or as otherwise required by the context.

Overview

We are a leading developer of placenta-based cell therapy product candidates for the treatment of multiple 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.

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. The cells are grown using our proprietary three-dimensional expansion technology and can be administered to patients off the-shelf, without blood or tissue matching prior to administration. PLX cells are believed to release a range of therapeutic proteins in response to the patient's condition such as inflammation, muscle trauma, hematological disorders and radiation damage.

We are currently enrolling patients in a multinational Phase III clinical study for muscle recovery following surgery for hip fracture and two Phase II clinical studies in Acute Respiratory Distress Syndrome, or ARDS, complicated by the COVID-19 coronavirus in the U.S., EU and Israel. We also expect to expand our COVID-19 program to Mexico following the receipt of all regulatory approvals. We are currently in discussions with Innovare R&D, or Innovare, to amend our existing collaboration agreement, which will include nominating Innovare as our promoter for our potential future study relating to the treatment of ARDS complicated by the COVID-19 in Mexico. Following this amendment, we expect that we will hold the full commercialization rights in the territory, and we will fund the study subject to receipt of regulatory approvals. In addition, we do not expect Innovare to pay for the cells for the clinical study.

In addition, we are focusing on other clinical programs such as a Phase I clinical study for incomplete recovery following bone marrow transplantation in the U.S. and Israel, an Investigator-Led Phase I/II Chronic Graft vs Host Disease Study, and acute radiation syndrome, under the FDA animal rule. We believe that each of these indications is a severe unmet medical need.

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.

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 recently announced positive topline results in our first study in humans evaluating PLX-R18 as a treatment for HCT, the results of which were disclosed in our Current Report on Form 8-K filed with the Securities and Exchange Commission, or the SEC, on April 29, 2021.

RESULTS OF OPERATIONS – THREE AND NINE MONTHS ENDED MARCH 31, 2021 COMPARED TO THREE AND NINE MONTHS ENDED MARCH 31, 2020.

Revenues

We had no revenues for both the nine and three month periods ended March 31, 2021, as compared to $23,000 and zero, respectively, in the nine month and three periods ended March 31, 2020. Revenues in 2020 were related to the sale of our PLX cells for research use.

Research and Development Expenses, Net

Research and development expense, net (costs less participation and grants by the Horizon 2020 program and the IIA) for the nine month period ended March 31, 2021 increased by 37% from $15,739,000 for the nine month period ended March 31, 2020 to $21,581,000. The increase is mainly attributed to: (1) an increase in clinical trial subcontractor expenses for our ARDS associated with our COVID - 19 Phase II clinical trials, (2) an increase in materials purchased as part of our production plan, (3) an increase in payroll expenses related to payroll adjustments, increase in the average number of employees, and the strength of the New Israel Shekel, or NIS, against the U.S. dollar, (4) an increase in share-based compensation expenses related to the amount of restricted stock units, or RSUs, granted and the share price at the time of the grant and (5) a decrease in participation by the EU with respect to the Horizon 2020 program, as a result of our utilizing the entirety of the grant under such program during the nine month period ended March 31, 2020. The increase was partially offset by lower depreciation expenses and lower travel abroad expenses.

Research and development expense, net (costs less participation and grants by the Horizon 2020 program and the IIA) for the three month period ended March 31, 2021 increased by 34% from $5,717,000 for the three month period ended March 31, 2020 to $7,666,000. The increase is mainly attributed to: (1) an increase in clinical trial subcontractor expenses for our ARDS associated with our COVID - 19 Phase II clinical trials, (2) an increase in payroll expenses related to payroll adjustments and the strength of the NIS against the U.S. dollar and (3) an increase in share-based compensation expenses related to the amount of RSUs granted and the share price at the time of the grant. The increase was partially offset due to higher participation by the IIA on the CRISPR-IL program, a decrease in materials purchased and lower travel abroad expenses.

General and Administrative Expenses

General and administrative expenses for the nine month period ended March 31, 2021 increased by 176% from $5,245,000 for the nine month period ended March 31, 2020 to $14,455,000. The increase is mainly attributed to: (1) an increase in share-based compensation expenses related to the amount of RSUs granted, the fair value of such grants at the time of the grants and the expected vesting period, including RSU grants to our Chief Executive Officer and Executive Chairman (see note 4f1 in the financial statements), (2) an increase in payroll expenses, mostly related to the entitlement of our Executive Chairman to certain adjustment fees pursuant to his amended consulting agreement, the accrual for target bonuses for our Chief Executive Officer and Chief Financial Officer according to their amended employment agreement, payroll adjustments and the strength of the NIS against the U.S. dollar, (3) an increase in directors and officers insurance premium expenses and (4) an increase in legal expenses related to the EIB Finance Agreement. The increase was offset by a decrease in restricted stock expenses relating to issuances to consultants and lower travel abroad expenses.

General and administrative expenses for the three month period ended March 31, 2021 increased by 290% from $1,682,000 for the three month period ended March 31, 2020 to $6,559,000. The increase is mainly attributed to: (1) an increase in share-based compensation expenses related to the amount of RSUs granted, the fair value of such grants at the time of the grants and the expected vesting period, including RSU grants to our Chief Executive Officer and Executive Chairman (see note 4f1 in the financial statements) (2) an increase in payroll expenses related to payroll adjustments, the accrual for target bonuses for our Chief Executive Officer and Chief Financial Officer according to their amended employment agreements, and the strength of the NIS against the U.S. dollar and (3) an increase in directors and officers insurance premium expenses. The increase was partially offset by a decrease in restricted stock expenses relating to issuances to consultants and lower travel abroad expenses.

Financial Income (Expense), Net

Financial income (expense), net, increased from a net financial expense of ($54,000) for the nine month period ended March 31, 2020 to a net financial income of $739,000 for the nine month period ended March 31, 2021. This increase is mainly attributable to exchange rate income derived from NIS against U.S. dollar exchange rates on deposits linked to the NIS.

Financial income (expense), net, decreased from a net financial expense of ($108,000) for the three month period ended March 31, 2020 to a net financial expense of ($29,000) for the three month period ended March 31, 2021. This decrease is mainly attributable to interest income as a result of an increase in deposits and decrease in financial expenses derived from hedging activity. The increase in financial income was offset by exchange rate expenses on deposits linked to NIS, derived from the strength of the NIS against U.S. dollar.

Net Loss

Net loss for the nine and three month periods ended March 31, 2021 was $35,297,000 and $14,254,000, respectively, as compared to net loss of $21,016,000 and $7,507,000 for the nine and three month periods ended March 31, 2020. The increases in net loss were mainly due to increases in research and development and general and administrative expenses, as described above. Net loss per share for the nine and three month periods ended March 31, 2021 was $1.31 and $0.48, respectively, as compared to $1.28 and $0.42 for the nine and three month periods ended March 31, 2020.

For the nine and three month periods ended March 31, 2021 and March 31, 2020, we had weighted average common shares outstanding of 26,936,831, 29,617,233 and 16,376,377, 17,823,207, respectively, which were used in the computations of net loss per share for the nine and three month periods.

The increase in weighted average common shares outstanding reflects the issuances of shares pursuant to the Open Market Sale Agreement[SM], or the Sales Agreement, that we entered into with Jefferies on February 6, 2019, issuances of shares pursuant to a securities purchase agreement with two institutional investors in May 2020, issuances of shares pursuant to a securities purchase agreement with certain institutional investors in February 2021, issuances of shares pursuant to our new Open Market Sale Agreement [SM], or the New ATM Agreement, that we entered into with Jefferies LLC, or Jefferies, on July 16, 2020, and issuances of additional shares upon settlement of RSUs issued to employees and consultants, and shares issued as a result of the exercise of outstanding warrants and options.

Liquidity and Capital Resources

As of March 31, 2021, our total current assets were $49,820,000 and total current liabilities were $9,916,000. On March 31, 2021, we had a working capital surplus of $39,904,000, shareholders' equity of $68,136,000 and an accumulated deficit of $315,453,000. We finance our operations, and plan to continue doing so, from our existing cash, use of the funds that we may receive pursuant to the EIB Finance Agreement once we meet the applicable milestones, issuances of our securities, and other non-dilutive grants such as grants from the IIA, European Union's Horizon 2020 program and Israel's Ministry of Economy.

Our cash and cash equivalents as of March 31, 2021 amounted to $12,265,000, compared to $6,762,000 as of March 31, 2020, and compared to $8,270,000 as of June 30, 2020. Cash balances changed in the nine months ended March 31, 2021 and 2020 for the reasons presented below.

Operating activities used cash of $21,313,000 in the nine months ended March 31, 2021, compared to $20,047,000 in the nine months ended March 31, 2020. Cash used in operating activities in the nine months ended March 31, 2021 and 2020 consisted primarily of payments of fees to our suppliers, subcontractors, professional services providers and consultants, including the costs of our clinical studies, and payments of salaries to our employees, partially offset by grants from the IIA, the EU's Horizon 2020 program, Israel's Ministry of Economy and other research grants.

Investing activities used cash of $12,057,000 in the nine months ended March 31, 2021, compared to cash provided of $11,334,000 for the nine months ended March 31, 2020. The investing activities in the nine month period ended March 31, 2021 consisted primarily of the investment of $13,688,000 in long term deposits and payments of $331,000 related to investment in property and equipment, partially offset by the withdrawal of $1,962,000 of short term deposits. The investing activities in the nine month period ended March 31, 2020 consisted primarily of the withdrawal of $11,490,000 of short term deposits, offset by payments of $157,000 related to investment in property and equipment.

Financing activities generated cash of $36,992,000 during the nine months ended March 31, 2021, compared to $11,362,000 for the nine months ended March 31, 2020. The cash generated in the nine months ended March 31, 2021 from financing activities is related to net proceeds of $36,628,000 comprised of funds received from our February 2021 registered direct offering and common shares issuances made under the New ATM Agreement and, net proceeds of $364,000 from issuing our common shares from the exercise of warrants. The cash generated in the nine months ended March 31, 2020 from financing activities is related to net proceeds of $11,362,000 from issuing our common shares under the Sales Agreement.

In April 2020, we and our subsidiaries, Pluristem Ltd. and Pluristem GmbH, executed the EIB Finance Agreement for funding of up to €50 million in the aggregate, payable in three tranches. The proceeds from the EIB Finance Agreement are intended to support our research and development in the EU to further advance our regenerative cell therapy platform, and to bring the products in our pipeline to market, with a special focus on clinical development of PLX cells as a treatment for complications associated with COVID-19. The proceeds from the EIB Finance Agreement are expected to be deployed in three tranches, subject to the achievement of certain clinical, regulatory and scaling up milestones with the first tranche consisting of €20 million. To date, we have not yet received the first tranche of funds from the EIB.

On February 6, 2019, we entered into the Sales Agreement, pursuant to which we were entitled to issue and sell our common shares having an aggregate offering price of up to $50,000,000 from time to time through Jefferies. We were not obligated to make any sales of common shares under the Sales Agreement. 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 Sales Agreement was terminated. On July 16, 2020, we entered into the New ATM Agreement, pursuant to which we may issue and sell our common shares having an aggregate offering price of up to $75,000,000 from time to time through Jefferies. Upon entering into the New ATM Agreement, we filed a new shelf registration statement on Form S-3, which was declared effective by the SEC on July 23, 2020. During the nine month period ended March 31, 2021, we sold 1,045,097 of our common shares under the New ATM Agreement at an average price of $8.50 per share for aggregate net proceeds of approximately $8,509,000.

On February 2, 2021, we entered into a securities purchase agreement with several institutional investors, or the Investors, pursuant to which we sold, in a registered direct offering, or the Registered Direct Offering, directly to the Investors, 4,761,905 common shares, for gross proceeds of $30,000,000. The aggregate net proceeds were approximately $28,077,000, net of issuance expenses of approximately $1,923,000.

During the nine months ended March 31, 2021, warrants were exercised by investors at an exercise price of $7.00 per share, resulting in the issuance of 51,999 our common shares for net proceeds of approximately $364,000.

During the nine months ended March 31, 2021, we received cash of approximately $58,000 from the IIA towards our research and development expenses. 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. Through March 31, 2021, total grants obtained from the IIA aggregated to approximately $27,743,000 and total royalties paid and accrued amounted to $169,000.

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. As of March 31, 2021, we received total grants of approximately $401,000 in cash from the IIA pursuant to the CRISPR-IL consortium program. The CRISPR-IL consortium program does not require any obligation to pay royalties. As of March 31, 2021, we received total grants of approximately $5,997,000 in cash from the EU research and development consortiums pursuant to the EU's Horizon 2020 program.

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. For more information, please see Item 7A. - "Quantitative and Qualitative Disclosures about Market Risk" in the 2020 Annual Report on form 10-K for the fiscal year ended June 30, 2020.

We have an effective Form S-3 registration statement (File No. 333-239890), filed under the Securities Act of 1933, as amended, or the Securities Act, with the SEC using a "shelf" registration process. Under this shelf registration process, we may, from time to time, sell our common shares, preferred shares and warrants to purchase common shares, and units of two or more of such securities in one or more offerings up to a total dollar amount of $250,000,000. As of May 6, 2021, other than the $75,000,000 we are eligible to sell pursuant to the New ATM Agreement, and the $30,000,000 we sold in the Registered Direct Offering, no common shares, preferred shares or warrants to purchase common shares were sold pursuant to our effective Form S-3 registration statement.

Outlook

We have accumulated a deficit of $315,453,000 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 Finance Agreement, grants from the IIA, EU's Horizon 2020 program, Israel's Ministry of Economy and other research grants, collaboration with other companies and sales of our common shares.

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

Off-Balance Sheet Arrangements

We have no off-balance sheet arrangements.

Item 4. Controls and Procedures.

Evaluation of Disclosure Controls and Procedures - We maintain a system of disclosure controls and procedures that are designed for the purposes of ensuring that information required to be disclosed in our SEC reports is recorded, processed, summarized and reported within the time periods specified in the SEC's rules and forms, and that such information is accumulated and communicated to our management, including our Chief Executive Officer, or CEO, and our Chief Financial Officer, or CFO, as appropriate to allow timely decisions regarding required disclosures.

As of the end of the period covered by this report, we carried out an evaluation, under the supervision and with the participation of our CEO and our CFO, of the effectiveness of our disclosure controls and procedures as defined in Rule 13a-15(e) of the Securities Exchange Act of 1934, as amended. Based on that evaluation, our CEO and CFO concluded that our disclosure controls and procedures are effective.

Changes in Internal Control Over Financial Reporting - There has been no change in our internal control over financial reporting during the third quarter of fiscal year 2021 that has materially affected, or is reasonably likely to materially affect, our internal control over financial reporting.

Item 6. Exhibits.

31.1*	Rule 13a-14(a) Certification of Chief Executive Officer.
31.2*	Rule 13a-14(a) Certification of Chief Financial Officer.
32.1**	Certification of Chief Executive Officer pursuant to 18 U.S.C. Section 1350.
32.2**	Certification of Chief Financial Officer pursuant to 18 U.S.C. Section 1350.
101 *	The following materials from our Quarterly Report on Form 10-Q for the quarter ended March 31, 2021 formatted in XBRL (eXtensible Business Reporting Language): (i) the Interim Condensed Consolidated Balance Sheets, (ii) the Interim Condensed Consolidated Statements of Operations, (iii) the Interim Condensed Statements of Changes in Shareholders' Equity, (iv) the Interim Condensed Consolidated Statements of Cash Flows, and (vi) the Notes to Interim Condensed Consolidated Financial Statements, tagged as blocks of text and in detail.

* Filed herewith.
** Furnished herewith.

SIGNATURES

In accordance with the requirements of the Securities Exchange Act of 1934, the registrant 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
(Principal Executive Officer)

Date: May 6, 2021

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

Date: May 6, 2021

Exhibit 31.1

CERTIFICATION

I, Yaky Yanay, certify that:

1. I have reviewed this quarterly report on Form 10-Q 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 13(a)-15(f) and 15d-15(f)) of the registrant 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.

Date: May 6, 2021

/s/ Yaky Yanay
Yaky Yanay
Chief Executive Officer and President
(Principal Executive Officer)

Exhibit 31.2

CERTIFICATION

I, Chen Franco-Yehuda, certify that:

1. I have reviewed this quarterly report on Form 10-Q 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 13(a)-15(f) and 15d-15(f)) of the registrant 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.

Date: May 6, 2021

/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 Quarterly Report (the "Report") of Pluristem Therapeutics Inc. (the "Company") on Form 10-Q for the period ended March 31, 2021, as filed with the Securities and Exchange Commission on the date hereof, I, Yaky Yanay, Chief Executive Officer and President of the Company, certify, pursuant to 18 U.S.C. 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: May 6, 2021

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

Exhibit 32.2

CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350

In connection with the Quarterly Report (the "Report") of Pluristem Therapeutics Inc. (the "Company") on Form 10-Q for the period ended March 31, 2021, as filed with the Securities and Exchange Commission on the date hereof, I, Chen Franco-Yehuda, Chief Financial Officer of the Company, certify, pursuant to 18 U.S.C. 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: May 6, 2021

By: /s/ Chen Franco-Yehuda
Chen Franco-Yehuda
Chief Financial Officer