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

Form 6-K

Report of Foreign Private Issuer

Pursuant to Rule 13a-16 or 15d-16  
of the Securities Exchange Act of 1934

For the month of August, 2021

Commission File Number: 001-36000

**XTL Biopharmaceuticals Ltd.**  
(Translation of registrant's name into English)

**5 Badner St.**  
**Ramat Gan,**  
**4365603, Israel**  
(Address of principal executive offices)

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

Form 20-F ☐ Form 40-F ☒

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

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

This Report on Form 6-K (including Exhibits 99.1 and 99.2) is hereby incorporated by reference into the registrant's Registration Statement on Form F-3 (File No. 333- 208817), to be a part thereof from the date on which this report is submitted, to the extent not superseded by documents or reports subsequently filed or furnished.

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On August 24, 2021, XTL Biopharmaceuticals Ltd. (the “Company”) issued unaudited interim condensed consolidated financial statements as of June 30, 2021. Attached hereto and incorporated by reference herein are the following exhibits:

99.1 [Operating and Financial Review and Prospects as of June 30, 2021](#)

99.2 [Unaudited Interim Condensed Consolidated Financial Statements as of June 30, 2021](#)

## Exhibit Index

Exhibit No.	Description
99.1	<a href="#">Operating and Financial Review and Prospects as of June 30, 2021</a>
99.2	<a href="#">Unaudited Interim Condensed Consolidated Financial Statements as of June 30, 2021</a>

## SIGNATURES

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

**XTL Biopharmaceuticals Ltd.**

Date: August 24, 2021

By: /s/ Shlomo Shalev  
Shlomo Shalev  
Chief Executive Officer

## OPERATING AND FINANCIAL REVIEW AND PROSPECTS

You should read the following discussion and analysis in conjunction with the financial statements and the notes thereto included elsewhere in this 6-K.

The tables below present selected financial data for the six months ended as of June 30, 2021 and 2020 and the fiscal year ended as of December 31, 2020. We have derived this selected financial data from our unaudited financial statements included in this 6-K and our restated audited consolidated financial statements previously filed with our annual report filed on May 19, 2021, and prepared in accordance with IFRS issued by the IASB. You should read the selected financial data in conjunction with the rest of this 6-K and with “Item 3. Key Information”, “Item 8. Financial Information” and “Item 18. Consolidated Financial Statements” of our annual report.

### Consolidated Statements of Comprehensive Income (Loss):

	Six months ended June 30,		Year ended December 31,
	2021	2020	2020
	U.S. dollars in thousands (except per share data)		
	(Restated)	(Restated)	
<b>Continuing operations:</b>			
Research and development expenses	(18)	(14)	(38)
General and administrative expenses	(517)	(460)	(910)
Operating loss	(535)	(474)	(948)
Revaluation of marketable securities	968	61	138
Revaluation of warrants to purchase ADS's	(1,289)	(535)	(2,172)
Other finance income	5	25	45
Other finance expenses	(14)	(9)	(17)
Finance expenses, net	(330)	(458)	(2,006)
Total income (loss) for the period	(865)	(932)	(2,954)
Other comprehensive income:			
Items that might be classified to profit or loss:			
Changes in the fair value of available-for-sale financial assets	-	-	-
Total comprehensive income (loss)	(865)	(932)	(2,954)
Total income (loss) attributable to:			
Equity holders of the Company	(865)	(932)	(2,954)
Total comprehensive loss attributable to:			
Equity holders of the Company	(865)	(932)	(2,954)
Basic and diluted earnings (loss) per share (in U.S. dollars)	(0.002)	(0.002)	(0.006)

**Consolidated Statements of Financial Position Data:**

	<b>As of June 30,</b>		<b>As of</b>
	<b>2021</b>	<b>2020</b>	<b>December 31,</b>
	<b>U.S Dollars in thousands</b>		<b>2020</b>
	<b>(Restated)</b>	<b>(Restated)</b>	
Cash, cash equivalents and bank deposits	2,918	4,027	3,631
Working capital	6,313	6,214	5,867
Total assets	6,953	6,789	6,503
Long term liabilities	3,413	1,000	2,637
Total shareholders' equity	3,282	5,595	3,612
Non-controlling interests	-	-	-

**Overview**

We are a biopharmaceutical company engaged in the acquisition and development of pharmaceutical drugs for the treatment of autoimmune diseases. Our current lead drug compound, hCDR1, is for the treatment of SLE and SS.

We were established as a corporation under the laws of Israel in 1993, and commenced operations to use and commercialize technology developed at the Weizmann Institute, in Rehovot, Israel. Since commencing operations, our activities have been primarily devoted to developing our technologies and drug candidates, acquiring pre-clinical and clinical-stage compounds, raising capital, purchasing assets for our facilities, and recruiting personnel. We have had no drug product sales to date. Our major sources of working capital have been proceeds from various private and public offerings of our securities and option and warrant exercises.

We have incurred negative cash flow from operations each year since our inception and we anticipate incurring negative cash flows from operating activities for the foreseeable future. We have spent, and expect to continue to spend, substantial amounts in connection with implementing our business strategy, including our planned product development efforts, our clinical trials, and potential in-licensing and acquisition opportunities.

Our research and development expenses primarily consisted of expenses related to the hCDR1 development plan. As part of the preparations for future clinical trials of hCDR1, we engaged regulatory and clinical consultants and commenced work on Chemistry, Manufacturing and Control, or CMC, including production and testing of the drug substance. The Company is expanding its IP portfolio surrounding hCDR1 and has decided to reduce its research and development expenditures in connection with execution of its clinical trials until a cooperation with a strategic partner is secured. In parallel, the Company will look to identify additional assets to add to XTL's portfolio.

Our general and administrative expenses consist primarily of salaries, consultant fees, and related expenses for executive, finance and other administrative personnel, professional fees, director fees and other corporate expenses, including investor relations, business development costs and facilities related expenses. We expense our general and administrative costs as incurred.

Our results of operations include non-cash compensation expense as a result of the grants of XTL stock options. Compensation expense for awards of options granted to employees and directors represents the fair value of the award (measured using the Black-Scholes valuation model) recorded over the respective vesting periods of the individual stock options (see details below.)

For awards of options and warrants to consultants and other third-parties, according to IFRS 2, the treatment of such options and warrants is the same as employee options compensation expense (see note 14 to the consolidated financial statements for the year ended December 31, 2020). We record compensation expense based on the fair value of the award at the grant date according to the Black-Scholes valuation model. According to IFRS 2, in non-performance-based options, we recognize options expenses using the graded vesting method (accelerated amortization). Graded vesting means that portions of a single option grant will vest on several dates, equal to the number of tranches. We treat each tranche as a separate share option grant; because each tranche has a different vesting period, and hence the fair value of each tranche is different. Therefore, under this method the compensation cost amortization is accelerated to earlier periods in the overall vesting period.

The planned clinical trials will be lengthy and expensive. Even if these trials show that our drug candidates are effective in treating certain indications, there is no guarantee that we will be able to record commercial sales of any of our product candidates in the near future or generate licensing revenues from upfront payments associated with out-licensing transactions. In addition, we expect losses in our drug development activity to continue as we continue to fund development of our drug candidates. As we continue our development efforts, we may enter into additional third-party collaborative agreements and may incur additional expenses, such as licensing fees and milestone payments. As a result, our periodical results may fluctuate and a period-by-period comparison of our operating results may not be a meaningful indication of our future performance.

## **Results of Operations**

### ***Six Months ended June 30, 2021 compared to Six Months ended June 30, 2020***

*Research and Development Expenses.* Research and development expenses in the six months ended June 30, 2021 and 2020 totaled approximately \$18 thousand and \$14 thousand, respectively. Research and development expenses are comprised mainly of expenses related to maintenance of our intangible assets. The increase of \$4 thousands is due to professional consulting.

*General and Administrative Expenses.* General and administrative expenses for the six months ended June 30, 2021 and 2020 totaled approximately \$517 thousand and \$460 thousand, respectively. The increase in the six months ended June 30, 2021 compared to the same period in 2020 is mainly from expenses related to the restatement.

*Impairment of intangible assets.* The Company is required to determine, at least on an annual basis and as of year-end, whether the fair value of its unamortized intangible assets exceeds their book value. As of December 31, 2020 and 2019, the Company recognized no impairments. For further information, see also Note 8 of the consolidated financial statements for the year ended December 31, 2020.

*Finance expenses, net.* Finance expenses, net for the six months ended June 30, 2021 and 2020 totaled approximately \$330 thousand and \$458 thousand, respectively. The difference is primarily from revaluation of marketable securities and warrants to purchase ADS's.

### ***Impact of Inflation and Currency Fluctuations***

We hold most of our cash, cash equivalents and bank deposits in US dollars. While a substantial amount of our operating expenses are in US dollars, we incur a portion of our expenses in New Israeli Shekels. In addition, we also pay for some of our services and supplies in the local currencies of our suppliers. As a result, we are exposed to the risk that the US dollar will be devalued against the New Israeli Shekel or other currencies, and as result our financial results could be harmed if we are unable to protect against currency fluctuations in Israel or other countries in which services and supplies are obtained in the future. Accordingly, we may enter into currency hedging transactions to decrease the risk of financial exposure from fluctuations in the exchange rates of currencies. The Company's treasury's risk management policy is to hold NIS-denominated cash and cash equivalents and short-term deposits in the amount of the anticipated NIS-denominated liabilities for six consecutive months from time to time in line with the directives of the Company's Board. These measures, however, may not adequately protect us from the adverse effects of inflation in Israel. In addition, we are exposed to the risk that the rate of inflation in Israel will exceed the rate of devaluation of the New Israeli Shekel in relation to the US Dollar or that the timing of any devaluation may lag behind inflation in Israel. Future activities may lead us to perform a clinical trial in Israel, which may lead us to reassess our use of the US dollar as our functional currency.

As of June 30, 2021, had the Group's functional currency strengthened by 10% against the NIS with all other variables remaining constant, loss for the six months ended June 30, 2021 would have been \$368 thousand lower (June 2020 loss approximately \$242 thousand lower), mainly as a result of exchange rate changes on translation of other accounts receivable, net and exchange rate changes on NIS-denominated cash and cash equivalents.

## Restatement

In March 2018 the Company's warrants were allocated to share premium as a result of its cancellation of the cashless exercise mechanism.

During the second quarter of 2021, the Company concluded that the cashless exercise mechanism was not in fact cancelled when the registration statement published in March 2018 became ineffective, as a result of which the right to exercise the warrants on a cashless basis was possible, resulting in the situation that the warrants should have remained a non-current liability, and not an equity instrument.

The financial statements of 2020 were restated and published on May 13, 2021.

The impacts of the error in the warrant classification are as follows:

Impact on the consolidated statement of comprehensive income (loss):

	Six months ended June 30, 2020		
	As previously reported	As restated	Adjustments
	U.S. dollars in thousands		
Revaluation of warrants to purchase ADS's	-	535	535
Finance income (expenses), net	77	(458)	535
Total comprehensive income (loss) for the year	(397)	(932)	535
Basic and diluted earnings (loss) per share (in U.S. dollars):	(0.001)	(0.002)	(0.001)

Impact on the consolidated statements of financial position:

	June 30, 2020		
	As previously reported	As restated	Adjustments
	U.S. dollars in thousands		
Non-current liabilities	-	1,000	1,000
Additional paid in capital	147,708	146,015	(1,693)
Accumulated deficit	(154,315)	(153,622)	693
Total equity	6,595	5,595	(1,000)

In March 2021, as a result of a cashless exercise of warrants by an investor from the February 2017 offering, the Company issued 12,981,800 ordinary shares represented by 129,818 ADSs.

In April 2021, as a result of a cashless exercise of warrants by an investor from the March 2017 offering, the Company issued 968,550 ordinary shares represented by 9,685 ADSs.

**XTL BIOPHARMACEUTICALS LTD.**  
**INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**  
**(UNAUDITED)**

**AS OF JUNE 30, 2021**

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**CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION (UNAUDITED)**

	June 30, 2021	December 31, 2020
	<u>U.S. dollars in thousands</u>	
ASSETS		
CURRENT ASSETS:		
Cash and cash equivalents	2,918	3,631
Marketable securities – InterCure Ltd	3,379	2,411
Prepaid expenses and other current assets	274	79
	<u>6,571</u>	<u>6,121</u>
NON-CURRENT ASSETS:		
Fixed assets, net	2	2
Intangible assets, net	380	380
	<u>382</u>	<u>382</u>
Total assets	<u>6,953</u>	<u>6,503</u>
LIABILITIES AND EQUITY		
CURRENT LIABILITIES:		
Accounts payable	258	254
NON-CURRENT LIABILITIES:		
Warrants	3,413	2,637
EQUITY ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY:		
Share capital - ordinary shares of NIS 0.1 par value: authorized - June 30, 2021 (unaudited) and December 31, 2020 - 1,450,000,000 shares; issued and outstanding: June 30, 2021 (unaudited) 528,156,149, and December 31, 2020 - 514,205,799 (audited)	13,603	13,182
Additional paid in capital	146,106	146,015
Reserve from transactions with non-controlling interests	20	20
Accumulated deficit	(156,447)	(155,605)
Total equity	<u>3,282</u>	<u>3,612</u>
Total liabilities and equity	<u>6,953</u>	<u>6,503</u>

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

Approval date of the interim consolidated financial statements by the Company's Board: August 19, 2021.

**CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE LOSS (UNAUDITED)**

	Six months ended June 30,		Three months ended June 30,	
	2021	2020	2021	2020
		As Restated		As Restated
	U.S. dollars in thousands (except per share data)			
Research and development expenses	(18)	(14)	(6)	(11)
General and administrative expenses	(517)	(460)	(297)	(206)
Operating loss	(535)	(474)	(303)	(217)
Revaluation of marketable securities - InterCure Ltd	968	61	(68)	(216)
Revaluation of warrants to purchase ADS's	(1,289)	(535)	(776)	(681)
Other finance income	5	25	3	13
Other finance expenses	(14)	(9)	(6)	(4)
Finance expenses, net	(330)	(458)	(847)	(888)
Total loss for the period	(865)	(932)	(1,150)	(1,105)
Basic and diluted loss per share (in U.S. dollars):	(0.002)	(0.002)	(0.002)	(0.002)
Weighted average number of Ordinary Shares used in computing basic and diluted net loss per share	522,758,917	514,205,799	527,794,273	514,205,799

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

**CONDENSED STATEMENTS OF CHANGES IN EQUITY (UNAUDITED)**

	Six months ended June 30, 2021				
	Share capital	Additional paid in capital	Accumulated deficit	Reserve from transactions with non-controlling interests	Total equity
	U.S. dollars in thousands				
Balance as of January 1, 2021	13,182	146,015	(155,605)	20	3,612
Loss for the period	-	-	(865)	-	(865)
Exercise of warrants to ordinary shares	421	91	-	-	512
Share-based payment to employees and non-employees	-	-	23	-	23
Balance as of June 30, 2021 (unaudited)	13,603	146,106	(156,447)	20	3,282
	Six months ended June 30, 2020				
	Share capital	Additional paid in capital	Accumulated deficit	Reserve from transactions with non-controlling interests	Total equity
	U.S. dollars in thousands				
	As Restated				
Balance as of January 1, 2020	13,182	146,015	(152,702)	20	6,515
Loss for the period	-	-	(932)	-	(932)
Share-based payment to employees and non-employees	-	-	12	-	12
Balance as of June 30, 2020 (unaudited)	13,182	146,015	(153,622)	20	5,595
	Three months ended June 30, 2021				
	Share capital	Additional paid in capital	Accumulated deficit	Reserve from transactions with non-controlling interests	Total equity
	U.S. dollars in thousands				
Balance as of April 1, 2021	13,574	146,080	(155,307)	20	4,367
Loss for the period	-	-	(1,150)	-	(1,150)
Exercise of warrants to ordinary shares	29	26	-	-	55
Share-based payment to employees and non-employees	-	-	10	-	10
Balance as of June 30, 2021 (unaudited)	13,603	146,106	(156,447)	20	3,282
	Three months ended June 30, 2020				
	Share capital	Additional paid in capital	Accumulated deficit	Reserve from transactions with non-controlling interests	Total equity
	U.S. dollars in thousands				
	As Restated				
Balance as of April 1, 2020	13,182	146,015	(152,511)	20	6,706
Loss for the period	-	-	(1,105)	-	(1,105)

Share-based payment to employees and non-employees	<u>-</u>	<u>-</u>	<u>(6)</u>	<u>-</u>	<u>(6)</u>
Balance as of June 30, 2020 (unaudited)	<u>13,182</u>	<u>146,015</u>	<u>(153,622)</u>	<u>20</u>	<u>5,595</u>

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

**CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS (UNAUDITED)**

	Six months ended June 30,	
	2021	2020
		As Restated
	U.S. dollars in thousands	
<u>Cash flows from operating activities:</u>		
Net loss for the period	(865)	(932)
Adjustments to reconcile loss to net cash used in operating activities (a)	148	481
Net cash used in operating activities	(717)	(451)
<u>Cash flows from investing activities:</u>		
Interest from bank deposit	5	24
Purchase of property and equipment	-	-
Net cash from investing activities	5	24
<u>Cash flows from financing activities:</u>		
Net cash provided by financing activities	-	-
Decrease in cash and cash equivalents	(712)	(427)
Gains from exchange rate differences on cash and cash equivalents	(1)	(1)
Cash and cash equivalents at the beginning of the period	3,631	4,455
Cash and cash equivalents at the end of the period	2,918	4,027

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

**CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS (UNAUDITED)**

		Six months ended June 30,	
		2021	2020
		<u>As Restated</u>	
		<u>U.S. dollars in thousands</u>	
(a)	<u>Adjustments to reconcile loss to net cash used in operating activities:</u>		
	Income and expenses not involving operating cash flows:		
	Depreciation	-	1
	Revaluation of marketable securities - InterCure Ltd	(968)	(61)
	Revaluation of warrants to purchase ADS's	1,289	535
	Share-based payment transactions to employees and non-employees	23	12
	Gains from exchange rate differences on cash and cash equivalents	1	1
	Interest income	(5)	(24)
	Other financial expenses (income)	(1)	-
		<u>339</u>	<u>464</u>
	Changes in operating asset and liability items:		
	Decrease (increase) in prepaid expenses and other current assets	(195)	55
	Increase (decrease) in other accounts payable	4	(38)
		<u>(191)</u>	<u>17</u>
		<u>148</u>	<u>481</u>
(b)	<u>Non-cash activities:</u>		
	Exercise of warrants	<u>512</u>	<u>-</u>

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

**NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS AS OF JUNE 30, 2021 (UNAUDITED)**

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**NOTE 1: GENERAL**

A general description of the Company and its activity:

XTL Biopharmaceuticals Ltd. (the “Company”) is engaged in the development of therapeutics for the treatment of unmet medical needs. The Company was incorporated under the Israeli Companies Law on March 9, 1993. The registered office of the Company is located at 5 Badner Street, Ramat Gan, Israel.

The Company’s American Depositary Shares (“ADSs”) are listed for trading on the Nasdaq Capital Market (“Nasdaq”) and its ordinary shares are traded on the Tel-Aviv Stock Exchange (“TASE”).

As of June 30, 2021, the Company has a wholly-owned subsidiary, Xtepo Ltd. (“Xtepo”), which was incorporated in Israel.

The Company and Xtepo are heretofore referred to as the Group.

**NOTE 2: BASIS OF PREPARATION OF THE UNAUDITED INTERIM CONSOLIDATED FINANCIAL STATEMENTS**

- a. The condensed consolidated financial information of the Company as of June 30, 2021 and 2020, and for the respective interim periods of three months then ended (“interim financial information”) has been prepared in accordance with IAS 34, “Interim Financial Reporting” (“IAS 34”) and includes the additional disclosure requirements in accordance with Chapter D of the Israeli Securities Regulations (Periodic and Immediate Reports), 1970. This interim financial information does not contain all the information and disclosures that are required in the framework of the annual financial statements. This interim financial information should be read in conjunction with the annual financial statements for 2020 and the accompanying notes which have been prepared in accordance with International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board, and included the additional disclosure requirements in accordance with the Israeli Securities Regulations (Annual Financial Statements), 2010.
- b. Estimates - the preparation of the interim consolidated financial statements requires the Company’s management to make judgments and to use accounting estimates and assumptions that have an effect on the application of the Company’s accounting policies and on the reported amounts of assets, liabilities and expenses. Actual results could differ from those estimates.

In the preparation of these interim consolidated financial statements, the significant judgment exercised by management in applying the Company’s accounting policies and the uncertainties involved in the key sources of the estimates were identical to those in the annual consolidated financial statements for the year ended December 31, 2020.

**NOTE 3: SIGNIFICANT ACCOUNTING POLICIES**

The Company's significant accounting policies and methods of computation adopted in the preparation of the interim consolidated financial statements are consistent with those followed in the preparation of the annual consolidated financial statements for 2020.

**NOTE 4: SIGNIFICANT EVENTS DURING THE PERIOD**

COVID-19 virus

The outbreak of the Coronavirus in the world in the first half of 2020 and its spread, causes great uncertainty in the world capital markets and major macroeconomic implications, which are characterized by sharp declines and volatility in many securities' prices.

As of the date of issuance of the financial reporting, there was no material effect of the Coronavirus on the operations and financial results of the Company. Although, due to the ongoing uncertainty around the scope and duration of the Coronavirus, as of the financial statement publication date, there is uncertainty regarding its impact on the economy and the market state at all, and those impacts on the value of the securities held by the Company.

The Company is monitoring and will continue to monitor the developments around the world in connection with the spread of the Coronavirus, and will examine the implications for its activities.

**NOTE 5: RESTATEMENT**

Restatement of previously issued consolidated financial statements

In March 2018 the Company's warrants were allocated to share premium as a result of its cancellation of the cashless exercise mechanism.

During the second quarter of 2021, the Company concluded that the cashless exercise mechanism was not in fact cancelled when the registration statement published in March 2018 became ineffective, as a result of which the right to exercise the warrants on a cashless basis was possible, resulting in the situation that the warrants should have remained a non-current liability, and not an equity instrument.

The financial statements of 2020 were restated and published on May 13, 2021.

The impacts of the error in the warrant classification are as follows:

Impact on the consolidated statement of comprehensive income (loss):

	Six months ended June 30, 2020		
	As previously reported	As restated	Adjustments
	U.S. dollars in thousands		
Revaluation of warrants to purchase ADS's	-	535	535
Finance income (expenses), net	77	(458)	535
Total comprehensive income (loss) for the year	(397)	(932)	535
Basic and diluted earnings (loss) per share (in U.S. dollars):	(0.001)	(0.002)	(0.001)

Three months ended  
June 30,  
2020

	As previously reported	As restated	Adjustments
	U.S. dollars in thousands		
Revaluation of warrants to purchase ADS's	-	681	681
Finance income (expenses), net	(207)	(888)	681
Total comprehensive income (loss) for the year	(424)	(1,105)	681
Basic and diluted earnings (loss) per share (in U.S. dollars):	(0.001)	(0.002)	(0.001)

Impact on the consolidated statements of financial position:

June 30,  
2020

	As previously reported	As restated	Adjustments
	U.S. dollars in thousands		
Non-current liabilities	-	1,000	1,000
Additional paid in capital	147,708	146,015	(1,693)
Accumulated deficit	(154,315)	(153,622)	693
Total equity	6,595	5,595	(1,000)

**NOTE 6: MARKETABLE SECURITIES – InterCure Ltd**

- All marketable securities held by the Company constitute Level 1 financial instruments, as defined in IFRS 13 - “Fair Value Measurement”. Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date.
- The Company holds the following financial instruments:

	June 30, 2021	December 31, 2020
	U.S. dollars in thousands	

Marketable securities – InterCure Ltd	3,379	2,411
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The entire investment in marketable securities is classified as a financial asset at fair value through profit or loss. As of December 31, 2020 the Company holds approximately 1.76% of InterCure Ltd's shares (the shares are traded at the Tel-Aviv Stock Exchange - “TASE”).

- Changes in marketable securities for the six months ended June 30, 2021 and the year ended December 31, 2020 were all from changes in the fair value (no sales occurred).

**NOTE 7: WARRANTS**

During the year ended December 31, 2017, the Company raised gross funds amounted to \$5,300 thousand by issuance of 2,400,000 ADS's and 2,450,000 warrants to purchase the same amount of ADS's. The warrants shall be exercisable six months following the issuance date and will expire five and one-half years from the issuance date. The number of warrants and their exercise price could be adjusted upon standard anti-dilution protection clauses and subject to a cashless exercise mechanism (see also Note 13d).

IFRS 13 "Fair Value Measurement", ("IFRS 13"), defines fair value as the price that would be received from selling an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. When determining the fair value measurements for assets and liabilities required to be recorded at fair value, the Company considers the principal or most advantageous market in which it would transact and considers assumptions that market participants would use when pricing the asset or liability, such as inherent risk, transfer restrictions and risk of nonperformance.

IFRS 13 also establishes a fair value hierarchy that requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. A financial instrument's categorization within the fair value hierarchy is based on the lowest level of input that is significant to the fair value measurement. IFRS 13 establishes three levels of inputs that may be used to measure fair value.

Level 1 - quoted prices in active markets for identical assets or liabilities;

Level 2 - inputs other than Level 1 that are observable, either directly or indirectly, such as quoted prices in active markets for similar assets or liabilities, quoted prices for identical or similar assets or liabilities in markets that are not active, or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities; or

Level 3 - unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities.

The Company accounted for the warrants issued to investors with a cashless exercise mechanism as a non-current liability according to provisions of IAS 32. The Company measured the warrants at fair value by using a Black and Scholes model. The warrants were measured in each reporting period. Changes in the fair value were recognized in the Company's statement of comprehensive income (loss) as financial income or expense, as appropriate. The warrants were classified as level 3.

The Company used the following assumptions to estimate the Investors' warrants:

	<b>June 30,</b>		<b>December 31,</b>
	<b>2021</b>	<b>2020</b>	<b>2020</b>
Risk-free interest rate (1)	0.10-0.11%	0.15-0.16%	0.12%
Expected volatility (2)	65.44-70.62%	75.01-75.66%	68.59-69.23%
Contractual term life (in years) (3)	1.13-1.18	2.13-2.18	1.63-1.68
Dividend yield (4)	0%	0%	0%

- (1) Risk-free interest rate - based on yield rates of non-index linked U.S. Federal Reserve treasury bonds.
- (2) Expected volatility - was calculated based on actual historical share price movements of the Company over a term that is equivalent to the contractual term of the option.
- (3) Expected life - the expected life was based on the expiration date of the warrants.
- (4) Dividend yield - was based on the fact that the Company has not paid dividends to its shareholders in the past and does not expect to pay dividends to its shareholders in the future.

Outstanding warrants:

The table below summarizes the outstanding warrants as of June 30, 2021:

Warrants outstanding to purchase ADSs	Number of shares exercisable	Issuance date	Exercise price in USD (per warrant)	Expiration date
650,000	65,000,000	February 17, 2017	4.1	August 16, 2022
1,365,000	136,500,000	March 7, 2017	2.3	September 6, 2022
2,015,000	201,500,000			

In March 2021, as a result of a cashless exercise of warrants by an investor from the February 2017 offering, the Company issued 12,981,800 ordinary shares represented by 129,818 ADSs.

In April 2021, as a result of a cashless exercise of warrants by an investor from the March 2017 offering, the Company issued 968,550 ordinary shares represented by 9,685 ADSs.

#### NOTE 8: TRANSACTIONS WITH RELATED PARTIES

“Related party” - as the term is defined in IAS 24, “*Related Party Disclosures*” (“IAS 24”).

The Company’s key management personnel who are included, along with other factors, in the definition of related party, as above in IAS 24, includes directors, members of the executive committee and InterCure Ltd.

Compensation to key management personnel:

The compensation to key management personnel for employee services provided to the Company is shown below:

	Six months ended 30, 2021		Year ended December 31, 2020
	2021		2020
	U.S. dollars in thousands		
Salaries, management and consulting fees and other short-term benefits	122	159	276
Pension, post retirement and other benefits	-	2	2
Share-based payments	23	12	51
	145	173	329
Number of persons	8	8	8

InterCure Ltd:

The Company’s investment in the shares of InterCure Ltd is presented as Marketable securities (See note 6 for additional information).

The Company subleases an office from Canndoc Ltd, which is a subsidiary of InterCure Ltd. During the six months ended June, 2021 approximately \$7 thousands were paid to Canndoc Ltd for the rent (during the year 2020 approximately \$20 thousands).

As of June 30, 2021, June 30, 2020 and December 31, 2020, the Company’s share in the shares of InterCure Ltd was 1.11%, 1.94% and 1.76%, respectively.

#### NOTE 9: SUBSEQUENT EVENTS

In July 2021, as a result of exercises of warrants by two investors from the February 2017 offering, the Company issued 8,500,000 ordinary shares represented by 85,000 ADSs, in return to \$195,500 (the exercise price, \$2.3 per ADS).