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

FORM 6-K

Report of Foreign Private Issuer
Pursuant to Rule 13a-16 or 15d-16
Under the Securities Exchange Act of 1934

SOL-GEL TECHNOLOGIES LTD.

(Translation of registrant's name into English)

For the month of August 2020

7 Golda Meir Street
Ness Ziona 7403650, 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): ☐

INFORMATION CONTAINED IN THIS REPORT ON FORM 6-K

On August 6, 2020, Sol-Gel Technologies Ltd. (the “Company”) issued a press release announcing the Company’s financial results for the three months ended June 30, 2020. In addition, the Company is submitting with this Form 6-K its unaudited condensed consolidated financial statements as of June 30, 2020 and for the three and six months then ended.

Attached hereto is the following exhibit:

Exhibit 99.1	Press release announcing the Company’s financial results for the three months ended June 30, 2020
Exhibit 99.2	Unaudited condensed consolidated financial statements as of June 30, 2020 and for the three and six months then ended

Exhibits 99.1 (solely with respect to the Financial Results for the Three Months ended June 30, 2020, the Consolidated Balance Sheets and the Consolidated Statements of Operations) and 99.2 to this Report on Form 6-K are hereby incorporated by reference into the Company's Registration Statement on Form S-8 (Registration No. 333-223915) and its Registration Statement on Form F-3 (Registration No. 333-230564).

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.

SOL-GEL TECHNOLOGIES LTD.

Date: August 6, 2020

By: /s/ Gilad Mamlok
Gilad Mamlok
Chief Financial Officer

Exhibit 99.1

Sol-Gel Technologies Reports Second Quarter 2020 Financial Results and Corporate Update

• New Drug Application for Epsolay® Submitted; Twyneo® New Drug Application on track for 2H 2020

• Top-line generic product revenue of $1.1 million in 2Q 2020

• Launch of additional generic product expected in 2Q 2021

NESS ZIONA, Israel, August 6, 2020 – Sol-Gel Technologies, Ltd. (NASDAQ: SLGL), a clinical-stage dermatology company focused on identifying, developing and commercializing branded and generic topical drug products for the treatment of skin diseases, today announced financial results for the second quarter ended June 30, 2020 and provided clinical and regulatory updates on its programs.

"The second quarter had major milestones for Sol-Gel, as we submitted our first NDA for Epsolay for the treatment of papulopustular rosacea," commented Dr. Alon Seri-Levy, Chief Executive Officer of Sol-Gel. "We look forward to the FDA confirming acceptance and granting a PDUFA action date in the near future. Also, this quarter, we expanded our collaboration with Perrigo to include three additional generic product candidates. While generic product revenue was lower compared to previous periods due to reduced sales stemming from COVID-19 related stay-at-home orders, we did see positive trends exiting the second quarter. Our cash resources will enable funding of all planned operational and capital expenditures into the third quarter of 2021, excluding revenue we expect to receive based on the sales of a second generic product starting in the second quarter of 2021."

Dr. Seri-Levy continued, "There was no impact from COVID-19 on the NDA submission for Epsolay, and we remain on track to submit our NDA for Twyneo in the second half of this year, another major milestone for the company. We continue our launch preparation for Epsolay and Twyneo, which includes the planned opening of our US headquarters in New Jersey in the coming months and hiring key positions."

Corporate Highlights and Recent Developments

- Sol-Gel submitted an NDA for Epsolay (encapsulated benzoyl peroxide, 5%, cream) in June. If approved, Epsolay has the potential to be the first FDA-approved, single-agent BPO prescription drug product for the treatment of subtype II rosacea.
- Sol-Gel expects to submit an NDA for Twyneo (encapsulated benzoyl peroxide, 3%, and encapsulated tretinoin, 0.1%, cream) in the second half of this year.
- In preparation for commercial launch of Epsolay and Twyneo, and as part of Sol-Gel's go-to-market strategy, the Company plans to open a US headquarters in the coming months in Whippany, NJ and has started the hiring process for key US-based employees.
- In the second quarter of 2020, Sol-Gel generated revenue of $1.1 million from its collaboration agreement with Perrigo Company plc (NYSE; TASE: PRGO).
- Sol-Gel expanded its collaboration with Perrigo Company plc in June to include the development, manufacturing and commercialization of three new generic product candidates.
- Bausch Health Companies, Inc. (NYSE: BHC) filed a patent infringement action regarding Perrigo's Abbreviated New Drug Application for a generic version of Bryhali® (halobetasol propionate) lotion, 0.01%, for the treatment of plaque psoriasis in adults. Halobetasol propionate lotion, 0.01%, is covered under a collaboration between Sol-Gel and Perrigo.
- Sol-Gel has been informed by its collaboration partner that the launch of a second generic drug is expected in the second quarter of 2021. Sol-Gel will receive payments based on product sales beginning at the launch date.

- Results from the ongoing Phase 1 clinical trial of SGT-210 in punctuate palmoplantar keratoderma are expected in 2021, though COVID-19 has caused enrollment delays.

- Sol-Gel has commenced a preclinical animal study with an erlotinib formulation, evaluating multiple concentration strengths for the treatment of UVB-induced actinic keratosis.

- Sol-Gel is starting a collaboration with a leading hospital in Israel to study the potential efficacy of tapinarof in in vivo models of eye diseases. The Company has applied for patents covering the use of tapinarof in ophthalmic disorders including dry eye, uveitis, and blepharitis with or without demodex involvement. Sol-Gel believes this is the first time tapinarof has been evaluated in ophthalmology indications. Pending positive results from this research, Sol-Gel will explore partnerships for further development of these exciting opportunities.

Financial Results for the Three Months ended June 30, 2020

Revenue in the second quarter of 2020 was $1.1 million. The revenue was mainly due to sales of a generic product from the collaboration arrangement with Perrigo. The decrease in revenue from the previous quarter was mainly attributed to COVID-19 related stay-at-home-orders.

Research and development expenses were $6.5 million in the second quarter of 2020 compared to $11.4 million during the same period in 2019. The decrease of $4.9 million was mainly attributed to a decrease of $6.4 million in clinical trial expenses, primarily related to a decrease of clinical trial activity of Epsolay and Twyneo, partially offset by an increase of $1.0 million in manufacturing expenses of Epsolay and Twyneo and an increase of $0.4 million in regulatory expenses, mostly related to preparing for the NDA submissions for Epsolay and Twyneo.

General and administrative expenses were $2.2 million in the second quarter of 2020 compared to $1.6 million during the same period in 2019. The increase of $0.6 million was mainly attributed to an increase of $0.4 million in commercialization expenses and an increase of $0.1 million in other expenses.

Sol-Gel reported a loss of $7.1 million for the second quarter of 2020 compared to loss of $4.9 million for the same period in 2019.

As of June 30, 2020, Sol-Gel had $25.3 million in cash, cash equivalents and deposits and $40.7 million in marketable securities for a total balance of $66.0 million. Based on current assumptions, Sol-Gel expects its existing cash resources will enable funding of operational and capital expenditure requirements into the third quarter of 2021.

About Sol-Gel Technologies

Sol-Gel is a clinical-stage dermatology company focused on identifying, developing and commercializing branded and generic topical drug products for the treatment of skin diseases. Sol-Gel leverages its proprietary microencapsulation technology platform for the development of Twyneo, under investigation for the treatment of acne vulgaris, and Epsolay, under investigation for the treatment of papulopustular rosacea. The Company's pipeline also includes SGT-210, an early-stage topical epidermal growth factor receptor inhibitor, erlotinib, under investigation for the treatment of palmoplantar keratoderma, and preclinical assets tapinarof and roflumilast. For additional information, please visit www.sol-gel.com.

About Epsolay®

Epsolay is an investigational topical cream containing encapsulated benzoyl peroxide, 5%, for the treatment of papulopustular rosacea. Epsolay utilizes a patented technology process to encapsulate benzoyl peroxide within silica-based microcapsules to create a barrier between the medication and the skin. The slow migration of medication from the microcapsules is designed to deliver an effective dose of benzoyl peroxide onto the skin, while reducing the ability of benzoyl peroxide to induce skin irritation, such as erythema, burning and stinging. If approved, Epsolay has the potential to be the first FDA-approved single-active benzoyl peroxide prescription drug product. Epsolay is not approved by the FDA and the safety and efficacy has not been established.

About Papulopustular Rosacea

Papulopustular rosacea is a chronic and recurrent inflammatory skin disorder that affects nearly 5 million Americans. The condition is common, especially in fair-skinned people of Celtic and northern European heritage. Onset is usually after age 30 and typically begins as flushing and subtle redness on the cheeks, nose, chin or forehead. If left untreated, rosacea can slowly worsen over time. As the condition progresses the redness becomes more persistent, blood vessels become visible and pimples often appear. Other symptoms may include burning, stinging, dry skin, plaques and skin thickening.

About Twyneo®

Twyneo is an investigational, antibiotic-free, fixed-dose combination of encapsulated benzoyl peroxide, 3%, and encapsulated tretinoin, 0.1%, cream for the treatment of acne vulgaris. If approved, it will be the first acne treatment that contains a fixed-dose combination of benzoyl peroxide and tretinoin, which are separately encapsulated in silica using Sol-Gel's proprietary microencapsulation technology. Tretinoin and benzoyl peroxide are widely prescribed separately as a combination treatment for acne; however, benzoyl peroxide causes degradation of the tretinoin molecule, thereby potentially reducing its effectiveness if used at the same time or combined in the same formulation. The silica-based microcapsule is designed to protect tretinoin from oxidative decomposition by benzoyl peroxide, thereby enhancing the stability of the active drug ingredients. The silica-based shell is also designed to release the ingredients slowly over time to provide a favorable efficacy and safety profile. Twyneo is not approved by the FDA and the safety and efficacy has not been established.

About Acne Vulgaris

Acne vulgaris is a common multifactorial skin disease that according to the American Academy of Dermatology affects approximately 40 to 50 million people in the United States. The disease occurs most frequently during childhood and adolescence (affecting 80% to 85% of all adolescents) but it may also appear in adults. Acne patients suffer from the appearance of lesions on areas of the body with a large concentration of oil glands, such as the face, chest, neck and back. These lesions can be inflamed (papules, pustules, nodules) or non-inflamed (comedones). Acne can have a profound effect on the quality of life of those suffering from the disease. In addition to carrying a substantial risk of permanent facial scarring, the appearance of lesions may cause psychological strain, social withdrawal and lowered self-esteem.

Forward-Looking Statements

This press release contains "forward-looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995. All statements contained in this press release that do not relate to matters of historical fact should be considered forward-looking statements, including, but not limited to, statements regarding the timing of the submission of an NDA for Twyneo and the FDA's granting of a PDUFA action date for Epsolay, the expectation to receive payments from the product sales of a generic drug starting in the second quarter of 2021, the timing of results of the ongoing Phase 1 clinical trial of SGT-210, the Company's plans to open US headquarters in Whippany, NJ, the potential development and commercialization of three new generic product candidates, and the Company's expectations regarding its liquidity and ability to fund operational and capital expenditure requirements. These forward-looking statements include information about possible or assumed future results of our business, financial condition, results of operations, liquidity, plans and objectives. In some cases, you can identify forward-looking statements by terminology such as "believe," "may," "estimate," "continue," "anticipate," "intend," "should," "plan," "expect," "predict," "potential," or the negative of these terms or other similar expressions. Forward-looking statements are based on information we have when those statements are made or our management's current expectation and are subject to risks and uncertainties that could cause actual performance or results to differ materially from those expressed in or suggested by the forward-looking statements. Important factors that could cause such differences include, but are not limited to, risks relating to the effects of COVID-19 (coronavirus), the timing of a launch of a branded tapinarof product and the launch of a branded topical roflumilast in the U.S., risks related to the timing of the submission of an NDA for Epsolay and an NDA for Twyneo as well as the following factors: (i) the adequacy of our financial and other resources, particularly in light of our history of recurring losses and the uncertainty regarding the adequacy of our liquidity to pursue our complete business objectives; (ii) our ability to complete the development of our product candidates; (iii) our ability to find suitable co-development partners; (iv) our ability to obtain and maintain regulatory approvals for our product candidates in our target markets and the possibility of adverse regulatory or legal actions relating to our product candidates even if regulatory approval is obtained; (v) our ability to commercialize our pharmaceutical product candidates; (vi) our ability to obtain and maintain adequate protection of our intellectual property; (vii) our ability to manufacture our product candidates in commercial quantities, at an adequate quality or at an acceptable cost; (viii) our ability to establish adequate sales, marketing and distribution channels; (ix) acceptance of our product candidates by healthcare professionals and patients; (x) the possibility that we may face third-party claims of intellectual property infringement; (xi) the timing and results of clinical trials that we may conduct or that our competitors and others may conduct relating to our or their products; (xii) intense competition in our industry, with competitors having substantially greater financial, technological, research and development, regulatory and clinical, manufacturing, marketing and sales, distribution

and personnel resources than we do; (xiii) potential product liability claims; (xiv) potential adverse federal, state and local government regulation in the United States, Europe or Israel; and (xv) loss or retirement of key executives and research scientists. These and other important factors discussed in the Company's Annual Report on Form 20-F filed with the Securities and Exchange Commission ("SEC") on March 24 , 2020 and our other reports filed with the SEC could cause actual results to differ materially from those indicated by the forward-looking statements made in this press release. Any such forward-looking statements represent management's estimates as of the date of this press release. Except as required by law, we undertake no obligation to update publicly any forward-looking statements after the date of this press release to conform these statements.

SOL-GEL TECHNOLOGIES LTD.
CONSOLIDATED BALANCE SHEETS
(U.S. dollars in thousands, except share and per share data)
(Unaudited)

	December 31, 2019	June 30, 2020
Assets		
CURRENT ASSETS:		
Cash and cash equivalents	$ 9,412	$ 5,444
Bank deposit	-	19,900
Marketable securities	40,966	40,678
Receivables from collaborative arrangements	4,120	1,171
Prepaid expenses and other current assets	1,293	1,494
TOTAL CURRENT ASSETS	55,791	68,687
NON-CURRENT ASSETS:		
Restricted long-term deposits	472	1,284
Property and equipment, net	2,314	2,202
Operating lease right-of-use assets	2,040	1,777
Funds in respect of employee rights upon retirement	684	682
TOTAL NON-CURRENT ASSETS	5,510	5,945
TOTAL ASSETS	$ 61,301	$ 74,632
Liabilities and shareholders' equity		
CURRENT LIABILITIES:		
Accounts payable	$ 1,710	$ 1,232
Other accounts payable	4,123	5,154
Current maturities of operating leases	672	525
TOTAL CURRENT LIABILITIES	6,505	6,911
LONG-TERM LIABILITIES -		
Operating leases liabilities	1,373	1,227
Liability for employee rights upon retirement	958	973
TOTAL LONG-TERM LIABILITIES	2,331	2,200
COMMITMENTS		
TOTAL LIABILITIES	8,836	9,111
SHAREHOLDERS' EQUITY:		
Ordinary Shares, NIS 0.1 par value – authorized: 50,000,000 as of December 31, 2019 and June 30, 2020; issued and outstanding: 20,402,800 and 22,996,948 as of December 31, 2019 and June 30, 2020, respectively.	561	635
Additional paid-in capital	203,977	231,139
Accumulated deficit	(152,073)	(166,253)
TOTAL SHAREHOLDERS' EQUITY	52,465	65,521
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	$ 61,301	$ 74,632

(The amounts are stated in U.S. dollars in thousands, except share and per share data)

SOL-GEL TECHNOLOGIES LTD.
CONSOLIDATED STATEMENTS OF OPERATIONS
(U.S. dollars in thousands, except share and per share data)
(Unaudited)

	Six months ended June 30		Three months ended June 30	
	2019	2020	2019	2020
COLLABORATION REVENUES	$ 14,151	$ 4,598	$ 7,793	$ 1,133
RESEARCH AND DEVELOPMENT EXPENSES	22,233	14,381	11,440	6,451
GENERAL AND ADMINISTRATIVE EXPENSES	3,332	4,994	1,638	2,233
TOTAL OPERATING LOSS	11,414	14,777	5,285	7,551
FINANCIAL INCOME, net	(760)	(597)	(359)	(481)
LOSS FOR THE PERIOD	$ 10,654	$ 14,180	$ 4,926	$ 7,070
BASIC AND DILUTED LOSS PER ORDINARY SHARE	$ 0.56	$ 0.64	$ 0.26	$ 0.31
WEIGHTED AVERAGE NUMBER OF SHARES OUTSTANDING USED IN COMPUTATION OF BASIC AND DILUTED LOSS PER SHARE	18,949,968	22,143,099	18,949,968	22,920,557

For further information, please contact:

Sol-Gel Contact:

Gilad Mamlok
Chief Financial Officer
+972-8-9313433

Investor Contact:

Lee M. Stern
Solebury Trout
+1-646-378-2922
lstern@soleburytrout.com

Source: Sol-Gel Technologies Ltd.

Exhibit 99.2

SOL-GEL TECHNOLOGIES LTD.

UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
AS OF JUNE 30, 2020

SOL-GEL TECHNOLOGIES LTD.

UNAUDITED CONDENSED
CONSOLIDATED FINANCIAL STATEMENTS
AS OF JUNE 30, 2020

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The amounts are stated in U.S. dollars in thousands, except share and per share data

SOL-GEL TECHNOLOGIES LTD.

CONDENCED CONSOLIDATED BALANCE SHEETS
(U.S. dollars in thousands, except share and per share data)

(Unaudited)

	December 31, 2019	June 30, 2020
Assets		
CURRENT ASSETS:		
Cash and cash equivalents	$ 9,412	$ 5,444
Bank deposit	-	19,900
Marketable securities	40,966	40,678
Receivables from collaborative arrangements	4,120	1,171
Prepaid expenses and other current assets	1,293	1,494
TOTAL CURRENT ASSETS	55,791	68,687
NON-CURRENT ASSETS:		
Restricted long-term deposits	472	1,284
Property and equipment, net	2,314	2,202
Operating lease right-of-use assets	2,040	1,777
Funds in respect of employee rights upon retirement	684	682
TOTAL NON-CURRENT ASSETS	5,510	5,945
TOTAL ASSETS	$ 61,301	$ 74,632
Liabilities and shareholders' equity		
CURRENT LIABILITIES:		
Accounts payable	$ 1,710	$ 1,232
Other accounts payable	4,123	5,154
Current maturities of operating leases	672	525
TOTAL CURRENT LIABILITIES	6,505	6,911
LONG-TERM LIABILITIES -		
Operating leases liabilities	1,373	1,227
Liability for employee rights upon retirement	958	973
TOTAL LONG-TERM LIABILITIES	2,331	2,200
COMMITMENTS		
TOTAL LIABILITIES	8,836	9,111
SHAREHOLDERS' EQUITY:		
Ordinary Shares, NIS 0.1 par value – authorized: 50,000,000 as of December 31, 2019 and June 30, 2020; issued and outstanding: 20,402,800 and 22,996,948 as of December 31, 2019 and June 30, 2020, respectively.	561	635
Additional paid-in capital	203,977	231,139
Accumulated deficit	(152,073)	(166,253)
TOTAL SHAREHOLDERS' EQUITY	52,465	65,521
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	$ 61,301	$ 74,632

The accompanying notes are an integral part of these unaudited condensed consolidated financial statements.

SOL-GEL TECHNOLOGIES LTD.

CONDENCED CONSOLIDATED STATEMENTS OF OPERATIONS
(U.S. dollars in thousands, except share and per share data)

(Unaudited)

	Six months ended June 30		Three months ended June 30	
	2019	**2020**	**2019**	**2020**
COLLABORATION REVENUES	$ 14,151	$ 4,598	$ 7,793	$ 1,133
RESEARCH AND DEVELOPMENT EXPENSES	22,233	14,381	11,440	6,451
GENERAL AND ADMINISTRATIVE EXPENSES	3,332	4,994	1,638	2,233
TOTAL OPERATING LOSS	11,414	14,777	5,285	7,551
FINANCIAL INCOME, net	(760)	(597)	(359)	(481)
LOSS FOR THE PERIOD	$ 10,654	$ 14,180	$ 4,926	$ 7,070
BASIC AND DILUTED LOSS PER ORDINARY SHARE	$ 0.56	$ 0.64	$ 0.26	$ 0.31
WEIGHTED AVERAGE NUMBER OF SHARES OUTSTANDING USED IN COMPUTATION OF BASIC AND DILUTED LOSS PER SHARE	18,949,968	22,143,099	18,949,968	22,920,557

The accompanying notes are an integral part of these unaudited condensed consolidated financial statements.

SOL-GEL TECHNOLOGIES LTD.

CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY
(U.S. dollars in thousands, except share and per share data)

(Unaudited)

	Ordinary shares		Additional paid-in capital	Accumulated deficit	Total
	Number of shares	Amounts		Amounts	
BALANCE AS OF JANUARY 1, 2019	18,949,968	$ 520	$ 190,853	$ (127,464)	$ 63,909
CHANGES DURING THE SIX MONTHS ENDED JUNE 30, 2019:					
Loss for the period				(10,654)	(10,654)
Share-based compensation			1,487		1,487
BALANCE AT JUNE 30, 2019	18,949,968	$ 520	$ 192,340	$ (138,118)	$ 54,742
BALANCE AS OF JANUARY 1, 2020	20,402,800	561	203,977	(152,073)	52,465
CHANGES DURING THE SIX MONTHS ENDED JUNE 30, 2020:					
Loss for the period				(14,180)	(14,180)
Issuance of shares and warrants through public offering, net of issuance costs	2,091,907	61	21,245		21,306
Issuance of shares and warrants through private placement from the controlling shareholder	454,628	13	4,987		5,000
Vesting of restricted shares units	19,166	*	*		*
Exercise of options	28,447	*	151		151
Share-based compensation			779		779
BALANCE AT JUNE 30, 2020	22,996,948	635	231,139	166,253	65,521

***** less than $1 thousand.

The accompanying notes are an integral part of these unaudited condensed consolidated financial statements.

SOL-GEL TECHNOLOGIES LTD.

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(U.S. dollars in thousands, except share and per share data)

(Unaudited)

	Six months ended June 30	
	2019	2020
CASH FLOWS FROM OPERATING ACTIVITIES:		
Loss	$ (10,654)	$ (14,180)
Adjustments required to reconcile loss to net cash used in operating activities:		
Depreciation	432	470
Changes in accrued liability for employee rights upon retirement, net	46	17
Share-based compensation	1,487	779
Financial expenses (income), net	43	(14)
Net changes in operating leases	(103)	(30)
Changes in fair value of marketable securities	(79)	76
Changes in operating asset and liabilities:		
Accounts receivable	(7,826)	2,949
Prepaid expenses and other current assets	1,890	(201)
Accounts payable and other	1,935	553
Long-term receivables	-	-
Net cash used in operating activities	(12,829)	(9,581)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchase of property and equipment	(282)	(358)
Investment in marketable securities	(2,551)	(19,640)
Proceeds from sale of marketable securities	23,773	19,852
Short-term deposits	1,000	(19,900)
Long-term deposits	(5)	(12)
Net cash provided by (used in) investing activities	21,935	(20,058)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Proceed from exercise of options	-	151
Proceeds from issuance of shares, net of issuance costs	-	26,306
Net cash provided by financing activities	-	26,457
EFFECT OF EXCHANGE RATE ON CASH AND CASH EQUIVALENTS	(43)	14
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	9,063	(3,168)
CASH AND CASH EQUIVALENTS AND RESTRICTED CASH AT BEGINNING OF THE PERIOD	5,675	9,762
CASH AND CASH EQUIVALENTS AND RESTRICTED CASH AT END OF THE PERIODs	$ 14,738	$ 6,594
Cash and Cash equivalents	14,388	5,444
Restricted cash	350	1,150
CASH AND CASH EQUIVALENTS AND RESTRICTED CASH SHOWN IN STATEMENT OF CASH FLOWS	14,738	6,594
SUPPLEMENTARY INFORMATION:		
Interest received	-	628

The accompanying notes are an integral part of these unaudited condensed consolidated financial statements.

NOTE 1 - NATURE OF OPERATIONS

Sol-Gel Technologies Ltd. (the "Company") is an Israeli Company incorporated in 1997.

The Company is a clinical stage specialty pharmaceutical company focused on developing and commercializing topical dermatological drug products. The Company's lead product candidates are based upon its proprietary microencapsulation delivery system, consisting of microcapsules made of precipitated silica. In addition to these novel product candidates, the Company's product pipeline includes generic product candidates.

On August 4, 2014, 100% of the Company's shares were acquired by its current controlling shareholder (the "controlling shareholder").

In January 2018, the Company completed an Initial Public Offering ("IPO") on the NASDAQ Stock Market, in which it issued 6,250,000 Ordinary shares at a price per share of $12. During February 2018 the underwriters exercised their green shoe option and purchased additional 937,500 ordinary shares at the same price per share. The total proceeds received from the IPO, net of issuance costs, were approximately $78.8 million.

Immediately prior to the closing of the IPO, the outstanding promissory note was automatically converted into 5,444,825 Ordinary shares of the Company based on the IPO price of $12 per ordinary share.

In August 2019, the Company completed an underwritten follow-on public offering, in which it issued 1,437,500 ordinary shares at a price per share of $8 for a total net proceeds of approximately $10.6 million.

The Company has a wholly owned U.S. subsidiary - Sol-Gel Technologies Inc. (the "Subsidiary") to support the Company with regard to marketing, regulatory affairs and business development relating its products and technology in the U.S.

Risk and Uncertainties

Since incorporation through June 30, 2020, the Company has an accumulated deficit of approximately $166,253 and its activities have been funded mainly by its shareholders and revenue from collaboration arrangements. Management believes that the Company's cash and cash equivalents, deposits and marketable securities as of June 30, 2020 will allow the Company to fund its operating plan through at least the next 12 months from the financial statements issuance date. However, the Company expects to continue to incur significant research and development and other costs related to its ongoing operations and in order to continue its future operations, the Company will need to obtain additional funding until becoming profitable.

In December 2019, COVID-19 was identified in Wuhan, China. This virus continues to spread globally and, as of June 2020, has spread to over 50 countries, including the United States and Israel. The Company is subject to risks and uncertainties as a result of the COVID-19 pandemic.

NOTE 1 - NATURE OF OPERATIONS (continued)

The full extent to which the COVID-19 pandemic will directly or indirectly impact its business, results of operations and financial condition, including revenues from collaboration arrangements, expenses, reserves and allowances, manufacturing, supply, regulatory approvals, clinical trials, commercial launch of branded and generic product candidates, research and development costs and employee-related amounts, will depend on future developments that are highly uncertain and cannot be predicted. The Company continues to monitor and assess new information related to the COVID-19 pandemic, the actions taken to contain or treat COVID-19, as well as the economic impact on the different markets.

As of the date of issuance of these condensed consolidated financial statements, the extent to which the COVID-19 pandemic may materially impact the Company's financial condition, liquidity, or results of operations is uncertain. Furthermore, the estimation process required to prepare the Company’s consolidated financial statements requires assumptions to be made about future events and conditions and the impact of COVID-19 on its financial results, and while management believes such assumptions are reasonable, they are inherently subjective and uncertain. The Company’s actual results could differ materially from those estimates.

As of June 30, 2020, the main impact on the Company's operations resulting from COVID-19 is the decline in revenues of Acyclovir in the second quarter. Management believes that such decline is mainly attributed to the government restrictions, such as social distancing, “shelter in place” orders, business closures, and economic and logistical impacts that these measures have on consumer demand as well as the health care industry’s ability to administer such procedures. Additionally, these restrictions may result in reduction in new infected patients.

NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES:

a. Basis of Presentation

The unaudited condensed consolidated financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America ("U.S. GAAP") for interim financial statements. Accordingly, they do not include all of the information and notes required by U.S. GAAP for annual financial statements. In the opinion of management, these unaudited condensed consolidated financial statements reflect all adjustments, which include normal recurring adjustments, necessary for a fair statement of the Company’s consolidated financial position as of June 30, 2020, the consolidated results of operations for the six and three month periods ended June 30, 2019 and 2020 and statements of changes in shareholders' equity and cash flows for the six month period ended June 30, 2019 and 2020.

The consolidated results for the three and six month period ended June 30, 2020 are not necessarily indicative of the results to be expected for the year ending December 31, 2020.

These unaudited condensed consolidated financial statements should be read in conjunction with the audited financial statements of the Company for the year ended December 31, 2019. The comparative balance sheet at December 31, 2019 has been derived from the audited financial statements at that date but does not include all disclosures required by U.S. GAAP.

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

NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES (continued):

b. Loss per share

Basic loss per share is computed on the basis of the net loss for the period divided by the weighted average number of ordinary shares outstanding during the period. Diluted loss per share is based upon the weighted average number of ordinary shares and of ordinary shares equivalents outstanding when dilutive. Ordinary share equivalents include outstanding stock options and restricted shares, which are included under the treasury stock method when dilutive. The calculation of diluted loss per share does not include 1,251,378 and 1,244,731 options and restricted shares for the six months ended June 30, 2019 and 2020, respectively, because the effect would be anti-dilutive.

c. Newly issued and recently adopted accounting pronouncements:

In June 2016, the FASB issued ASU 2016-13 “Financial Instruments Credit Losses Measurement of Credit Losses on Financial Instruments”. This guidance replaces the current incurred loss impairment methodology with a methodology that reflects expected credit losses and requires consideration of a broader range of reasonable and supportable information to inform credit loss estimates. The guidance will be effective for the fiscal year beginning on January 1, 2020, including interim periods within that year. The adoption of this guidance does not have a material impact on the Company's consolidated financial statements.

NOTE 3 — MARKETABLE SECURITIES:

The following table sets forth the Company’s marketable securities for the indicated periods:

	December 31, 2019	June 30, 2020
Level 2 securities:		
U.S government and agency bonds	$ 2,499	-
Canada government bonds	999	-
Other foreign government bonds	3,521	3,523
Corporate bonds*	33,947	37,155
Total	$ 40,966	$ 40,678

* Investments in Corporate bonds rated A or higher.

The Company’s debt securities are classified within Level 2 because it uses quoted market prices or alternative pricing sources and models utilizing market observable inputs to determine their fair value.

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

NOTE 3 — MARKETABLE SECURITIES (continued)**:**

The table below sets forth a summary of the changes in the fair value of the Company's marketable securities for the indicated periods:

	Marketable securities	
	For the year ended December 31, 2019	For the Six Months ended June 30, 2020
Balance at beginning of the period	$ 56,662	$ 40,966
Additions	38,702	19,640
Sale or maturity	(54,333)	(19,852)
Changes in fair value during the period	(65)	(76)
Balance at end of the period	$ 40,966	$ 40,678

As of June 30, 2020, the Company's debt securities had the following maturity dates:

	Market value
	June 30, 2020
Due within one year	39,937
Between 1-2 years	741

The carrying amount of the cash and cash equivalents, bank deposits, restricted cash, restricted long term deposits, accrued expenses and other liabilities approximates their fair value.

NOTE 4 – COLLABORATION AGREEMENTS:

a. In 2007, the Company granted rights to a third party for use and commercialization of a product for skin protection. Under this agreement, the Company is entitled to royalties during the years 2016 to 2024. Based on current sales, royalties are not material.

b. In 2016 through 2020, the Company entered into several collaboration agreements with two third parties for the development, manufacturing and commercialization of several product candidates. Under the agreements, the third parties are obligated to conduct regulatory, scientific, clinical and technical activities necessary to develop the product and prepare and file ANDA, with the FDA and gain regulatory approval. The Company participates in the development of the product candidates, including participation in joint steering committees and is obligated for sourcing the active pharmaceutical ingredient (API) during the development phase.

Upon FDA approval, the third parties have exclusive rights and are required to use diligent efforts to commercialize these products in territories defined under the agreements, including all required sales, marketing and distributing activities associated with the agreements. The Company is entitled to 50% of the third parties' gross profits related to the sale of these products, as such term is defined in the agreements.

NOTE 4 – COLLABORATION AGREEMENTS (continued)**:**

In February 2019, the Company announced that a third party has received final approval from the FDA for the first generic version of a drug product. During the six months ended June 30, 2020 the Company recognized revenues from royalties related to sales of products in the U.S. under this agreement in the amount of $4,536.

This Agreement is considered to be within the scope of ASC 808, as the parties are active participants and exposed to the risks and rewards of the collaborative activity.

The Company recognizes collaboration revenue when the related sales occur.

NOTE 5 - SHARE CAPITAL

Ordinary shares

On February 19, 2020, the Company completed an underwritten public offering, in which it issued 2,091,907 ordinary shares and warrants to purchase up to 1,673,525 ordinary shares, at a public offering price of $11.00 per ordinary shares. The warrants are exercisable over a three year period from the date of issuance at a per share exercise price of $14, subject to certain adjustments as defined in the agreement. The total proceeds received from the offering, net of issuance costs, were approximately $21.3 million.

In addition and in parallel to the public offering, the Company signed an agreement for a private placement with its controlling shareholder for an additional investment of approximately $5 million in consideration of 454,628 ordinary shares and warrants to purchase up to 363,702 ordinary shares, at the same terms of the underwritten public offering mentioned above. The private placement agreement was contingent on certain conditions and was approved by the company's shareholders on April 8, 2020. The total proceeds of $5 million received in April 2020.

NOTE 6 - RELATED PARTIES:

a. Related parties include the controlling shareholder and companies under his control, the board of directors and the executive officers of the Company.

b. As to the private placement with the controlling shareholder, see note 5.