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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 May 2021**

**Commission File Number: 001-36581**

**Vascular Biogenics Ltd.**  
**(Translation of registrant's name into English)**

**8 HaSatat St  
Modi'in  
Israel 7178106**

**(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):

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## EXPLANATORY NOTE

Attached hereto and incorporated by reference herein is the press release issued by Vascular Biogenics Ltd (the “Company”) on May 11, 2021, announcing financial results for the first quarter ended March 31, 2021, unaudited condensed interim financial statements as of March 31, 2021 and for the three months ended March 31, 2021 and 2020 and operating and financial review for the first quarter ended March 31, 2021. This Report of Foreign Private Issuer on Form 6-K shall be incorporated by reference into the Company’s registration statements on Form F-3 (File No. 333-251821 and 333-238834), filed with the Securities and Exchange Commission (the “SEC”) on December 30, 2020 and April 19, 2021, to the extent not superseded by information subsequently filed or furnished (to the extent the Company expressly states that it incorporates such furnished information by reference) by the Company under the Securities Act of 1933, as amended, or the Securities Exchange Act of 1934, as amended.

**SIGNATURE**

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.

VASCULAR BIOGENICS LTD.

Date: May 11, 2021

By: /s/ Dror Harats

Name: Dror Harats

Title: Chief Executive Officer

VBL Therapeutics Reports First Quarter 2021 Financial Results  
and Provides Corporate Update

Conference Call and Webcast at 8:30 a.m. EDT Today

- *OVAL Phase 3 registration-enabling study investigating VB-111 in patients with platinum-resistant ovarian cancer remains on track in spite of COVID-19, with over 260 patients enrolled; next DSMC review expected 3Q21*
- *Closed public offering, raising gross proceeds of \$28.3 million*
- *Additional \$12.3 million raised during the first quarter, primarily through exercise of outstanding warrants*
- *Cash position expected to fund operations until year-end 2023, through OVAL study readout and potential BLA filing*
- *Company to present update on OVAL at the ASCO conference*

TEL AVIV, Israel, May 11, 2021 — VBL Therapeutics (Nasdaq: VBLT) today announced financial results for the first quarter ended March 31, 2021 and provided a corporate update.

“Our OVAL Phase 3 clinical trial remains on track and passed its most recent safety review, with the next one coming in the third quarter,” said Dror Harats, M.D., Chief Executive Officer of VBL Therapeutics. During the first quarter and in early April, we strengthened our balance sheet, raising a total of approximately \$40 million in additional capital, \$12.3 million primarily through the exercise of outstanding warrants and gross proceeds of \$28.3 million through a public financing. The additional capital extends our cash runway until year-end 2023. We have a number of important milestones anticipated through the rest of 2021 and look forward to keeping investors apprised of our progress.”

### First Quarter and Recent Corporate Highlights

- In February, a successful pre-planned DSMC review of the OVAL study found no safety issues with the trial and recommended its continuation as planned.
- In March, the Company announced the initiation of randomized, controlled and blinded trial of VB-111 in patients with recurrent Glioblastoma Multiforme (rGBM).
- In March, the Company announced the publication of positive results in peer-reviewed journal *Gynecologic Oncology* of the pre-specified interim analysis of the OVAL Phase 3 Registration Enabling Study of VB-111 in Ovarian Cancer. The analysis showed a CA-125 response of at least 58% in the VB-111 treatment arm.
- Development of VB-111 in rGBM and colorectal cancer, as well as of pipeline assets, continues as planned.

### Corporate

- In January, the Company entered into an ordinary share purchase agreement of up to \$20 million with Aspire Capital Fund LLC
- During the first quarter, the Company raised an additional \$12.3 million through a combination of sales under the Aspire share purchase agreement, sales through its At-the-Market (ATM) facility and the exercise of outstanding warrants
- In April, the Company closed a public offering raising gross proceeds of \$28.3 million

### Financial Results for the First Quarter 2021

- As of March 31, 2021, VBL had cash, cash equivalents, short-term bank deposits and restricted bank deposits totaling \$36.6 million. After the end of the first quarter, VBL raised gross proceeds of \$28.3 million in a public offering of shares and pre-funded warrants. VBL expects that its cash and cash equivalents and short-term bank deposits will be sufficient to fund operating expenses and capital expenditure requirements until year-end 2023.
- Revenues for the first quarter 2021 were \$185 thousand, as compared to \$366 thousand in the comparable period in 2020.
- R&D expenses, net were \$4.8 million for the first quarter compared to \$4.5 million in the comparable period in 2020.
- G&A expenses were \$1.7 million for the fiscal year, compared to \$1.3 million in the comparable period in 2020.
- VBL reported a net loss for the quarter ended March 31, 2021, of \$6.3 million, or (\$0.12) per basic share, compared to a net loss of \$5.4 million, or (\$0.15) per basic share, in the comparable period in 2020.

**Conference Call:****Tuesday, May 11 at 8:30 a.m. EDT**

Conference ID: 13719410

From the US: 1 877 407 9208

Israel Local: 1 809 406 247

International: 1 201 493 6784

Webcast: <https://edge.media-server.com/mmc/p/w794ban7>

The live webcast will be available online and may be accessed from the “Events and Presentation” page of the company website. A replay of the webcast will be available beginning approximately one hour after the conclusion of the call and will remain available for at least 30 days thereafter.

**About VBL**

Vascular Biogenics Ltd., operating as VBL Therapeutics, is a clinical stage biopharmaceutical company focused on the discovery, development and commercialization of first-in-class treatments for areas of unmet need in cancer and immune/inflammatory indications. VBL has developed three platform technologies: a gene-therapy based technology for targeting newly formed blood vessels with focus on cancer, an antibody-based technology targeting MOSPD2 for anti-inflammatory and immuno-oncology applications, and the Lecinoxoids, a family of small-molecules for immune-related indications. VBL’s lead oncology product candidate, ofranergene obadenovec (VB-111), is an investigational, first-in-class, targeted anti-cancer gene-therapy agent that is being developed to treat a wide range of solid tumors. VB-111 is currently being studied in a VBL-sponsored Phase 3 registration enabling trial for platinum-resistant ovarian cancer.

**Forward Looking Statements**

This press release contains forward-looking statements. All statements other than statements of historical fact are forward-looking statements, which are often indicated by terms such as “anticipate,” “believe,” “could,” “estimate,” “expect,” “goal,” “intend,” “look forward to,” “may,” “plan,” “potential,” “predict,” “project,” “should,” “will,” “would” and similar expressions. These forward-looking statements may include, but are not limited to, statements regarding our programs, including VB-111, including their clinical development, therapeutic potential and clinical results. These forward-looking statements are not promises or guarantees and involve substantial risks and uncertainties. Among the factors that could cause actual results to differ materially from those described or projected herein include uncertainties associated generally with research and development, clinical trials and related regulatory reviews and approvals, the risk that historical clinical trial results may not be predictive of future trial results, that our financial resources do not last for as long as anticipated, and that we may not realize the expected benefits of our intellectual property protection. In particular, the DSMC recommendation that the OVAL trial proceed is not assurance that the trial will meet its primary endpoint of overall survival once completed, or that we will obtain positive results to support further development of this candidate. A further list and description of these risks, uncertainties and other risks can be found in our regulatory filings with the U.S. Securities and Exchange Commission, including in our annual report on Form 20-F for the year ended December 31, 2020, and subsequent filings with the SEC. Existing and prospective investors are cautioned not to place undue reliance on these forward-looking statements, which speak only as of the date hereof. VBL Therapeutics undertakes no obligation to update or revise the information contained in this press release, whether as a result of new information, future events or circumstances or otherwise.

**CONTACT:****Burns McClellan for VBL Therapeutics**

Lee Roth (investors) / Ryo Imai (media)

[lroth@burnsmc.com](mailto:lroth@burnsmc.com) / [rimai@burnsmc.com](mailto:rimai@burnsmc.com)

+1-212-213-0006

**VASCULAR BIOGENICS LTD.**  
**CONDENSED INTERIM STATEMENTS OF FINANCIAL POSITION**  
(UNAUDITED)

	March 31, 2021	December 31, 2020
U.S. dollars in thousands		
<b>ASSETS</b>		
<b>Current assets:</b>		
Cash and cash equivalents	\$ 24,231	\$ 13,184
Restricted bank deposits	-	151
Short-term bank deposits	12,021	17,110
Trade receivables	-	129
Other current assets	1,156	1,419
<b>Total current assets</b>	<b>37,408</b>	<b>31,993</b>
<b>Non-current assets:</b>		
Restricted bank deposits	361	362
Long-term prepaid expenses	219	241
Funds in respect of employee rights upon retirement	330	354
Property, plant and equipment, net	6,547	6,632
Operating lease right-of-use assets	2,212	2,124
<b>Total non-current assets</b>	<b>9,669</b>	<b>9,713</b>
<b>Total assets</b>	<b>\$ 47,077</b>	<b>\$ 41,706</b>
<b>LIABILITIES, ORDINARY SHARES SUBJECT TO POSSIBLE REDEMPTION AND SHAREHOLDERS' EQUITY</b>		
<b>Current liabilities:</b>		
Accounts payable:		
Trade	\$ 1,600	\$ 1,960
Other	3,987	4,275
Deferred revenue	713	725
Current maturity of operating leases liability	438	393
Current maturity of finance lease liability	-	106
<b>Total current liabilities</b>	<b>\$ 6,738</b>	<b>\$ 7,459</b>
<b>Non-current liabilities:</b>		
Liability for employee rights upon retirement	442	474
Deferred revenue	528	704
Operating lease liability	1,974	2,029
Other non-current liability	143	123
<b>Total non-current liabilities</b>	<b>3,087</b>	<b>3,330</b>
<b>Commitments</b>		
<b>Total liabilities</b>	<b>\$ 9,825</b>	<b>\$ 10,789</b>
<b>Ordinary shares subject to possible redemption, 615,366 shares at redemption value (see note 4b)</b>	<b>1,598</b>	<b>-</b>
<b>Shareholders' equity:</b>		
Ordinary shares, NIS 0.01 par value; Authorized as of March 31, 2021 and December 31, 2020, 150,000,000 shares; issued and outstanding as of March 31, 2021 and December 31, 2020 54,519,369 and 48,187,463 shares, respectively (excluding 615,366 and -0- shares subject to possible redemption, as of March 31, 2021 and December 31, 2020, respectively)	127	108
Additional paid in capital	265,407	252,561
Warrants	8,556	10,401
Accumulated deficit	(238,436)	(232,153)
<b>Total equity</b>	<b>35,654</b>	<b>30,917</b>
<b>Total liabilities, ordinary shares subject to possible redemption and shareholders' equity</b>	<b>\$ 47,077</b>	<b>\$ 41,706</b>

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

**VASCULAR BIOGENICS LTD.**  
**CONDENSED INTERIM STATEMENTS OF NET LOSS AND COMPREHENSIVE LOSS**  
**(UNAUDITED)**

	<b>Three Months Ended March 31</b>	
	<b>2021</b>	<b>2020</b>
	<b>U.S. dollars in thousands</b>	
Revenues	\$ 185	\$ 366
Cost of revenues	(90)	(145)
Gross profit	95	221
Research and development expenses, net	4,769	4,509
General and administrative expenses	1,673	1,339
Operating loss	6,347	5,627
Financial income	(84)	(290)
Interest expense	20	15
Financial (income), net	(64)	(275)
Net loss and comprehensive loss	\$ 6,283	\$ 5,352
<b>Loss per share (see note 3)</b>		
Basic and diluted	\$ 0.12	\$ 0.15
<b>Weighted average shares outstanding</b>		
Basic and diluted	52,113,675	36,103,500

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

**VASCULAR BIOGENICS LTD.**  
**CONDENSED INTERIM STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY**  
**(UNAUDITED)**

	<u>Number of ordinary shares</u>	<u>Ordinary shares</u>	<u>Additional paid in capital</u>	<u>Warrants</u>	<u>Accumulated deficit</u>	<u>Total equity</u>
U.S. dollars in thousands						
<b>BALANCE AT JANUARY 1, 2020</b>	35,882,928	\$ 73	\$ 235,974	\$ 7,904	\$ (207,928)	\$ 36,023
<b>CHANGES FOR THE THREE MONTHS ENDED MARCH 31, 2020:</b>						
Net loss	-	-	-	-	(5,352)	(5,352)
Issuance of ordinary shares	483,930	2	495	-	-	497
Expired warrants	-	-	1,816	(1,816)	-	-
Share based compensation	-	-	452	-	-	452
<b>BALANCE AT MARCH 31, 2020</b>	<u>36,366,858</u>	<u>\$ 75</u>	<u>\$ 238,737</u>	<u>\$ 6,088</u>	<u>\$ (213,280)</u>	<u>\$ 31,620</u>

	<u>Ordinary shares</u>		<u>Additional paid in capital</u>	<u>Warrants</u>	<u>Accumulated deficit</u>	<u>Total equity</u>	<u>Ordinary shares subject to possible redemption</u>	
	<u>shares</u>	<u>Amount</u>	U.S. dollars in thousands					<u>shares</u>
<b>BALANCE AT JANUARY 1, 2021</b>	48,187,463	\$ 108	\$ 252,561	\$ 10,401	\$ (232,153)	\$ 30,917	-	-
<b>CHANGES FOR THE THREE MONTHS ENDED MARCH 31, 2021</b>								
Net loss					(6,283)	(6,283)		
Issuance of ordinary shares, net of issuance costs	1,470,000	5	3,531		-	3,536		
Exercised warrants	4,861,906	14	8,879	(1,845)		7,048		
Issue of Ordinary shares subject to possible redemption							615,366	2
Share based compensation			436	-	-	436		
<b>BALANCE AT MARCH 31, 2021</b>	<u>54,519,369</u>	<u>\$ 127</u>	<u>\$ 265,407</u>	<u>\$ 8,556</u>	<u>\$ (238,436)</u>	<u>\$ 35,654</u>	<u>615,366</u>	<u>\$ 2</u>

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

**VASCULAR BIOGENICS LTD.**  
**CONDENSED INTERIM STATEMENTS OF CASH FLOWS**  
(UNAUDITED)

	<b>Three Months Ended March 31,</b>	
	<b>2021</b>	<b>2020</b>
	<b>U.S. dollars in thousands</b>	
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Net loss	\$ (6,283)	\$ (5,352)
Adjustments to reconcile net loss to net cash used in operating activities:		
Depreciation	296	301
Interest income	4	(39)
Net changes in operating leases	(98)	(77)
Interest expenses on finance lease	(2)	(14)
Exchange losses (gains) on cash and cash equivalents and restricted cash	46	(95)
Changes in accrued liability for employee rights upon retirement	(8)	(3)
Share-based compensation	436	452
Changes in operating assets and liabilities:		
Decrease in other current assets and long-term prepaid expenses	285	35
Decrease (increase) in trade receivables	129	(230)
Increase (decrease) in accounts payable:		
Trade	(360)	(1,038)
Other (including other non-current liability)	(268)	252
Decrease in deferred revenue	(188)	(137)
Net cash used in operating activities	<u>\$ (6,011)</u>	<u>\$ (5,945)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Purchase of property and equipment	(211)	(11)
Investment in short-term bank deposits	-	(4,000)
Maturity of short-term bank deposits	5,085	13,000
Net cash provided by investing activities	<u>\$ 4,874</u>	<u>\$ 8,989</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>		
Proceeds from issuance of ordinary shares, net of issuance costs	3,536	456
Proceeds from issuance of ordinary shares subject to possible redemption	1,598	-
Exercised warrants	7,048	-
Finance lease payments	(104)	(94)
Net cash provided by financing activities	<u>\$ 12,078</u>	<u>\$ 362</u>
<b>INCREASE IN CASH AND CASH EQUIVALENTS AND RESTRICTED CASH</b>	<b>10,941</b>	<b>3,406</b>
<b>CASH AND CASH EQUIVALENTS AND RESTRICTED CASH AT BEGINNING OF PERIOD</b>	<b>13,697</b>	<b>9,942</b>
<b>EFFECT OF EXCHANGE RATE ON CASH AND CASH EQUIVALENTS AND RESTRICTED CASH</b>	<b>(46)</b>	<b>95</b>
<b>CASH AND CASH EQUIVALENTS AND RESTRICTED CASH AT END OF PERIOD</b>	<b><u>\$ 24,592</u></b>	<b><u>\$ 13,443</u></b>
<b>SUPPLEMENTARY INFORMATION ON INVESTING AND FINANCING FINANCING ACTIVITIES NOT INVOLVING CASH FLOWS:</b>		
Right of use assets obtained in exchange for new operating lease liabilities	<u>\$ 182</u>	<u>\$ 65</u>
Issuance of ordinary shares	<u>-</u>	<u>41</u>
<b>RECONCILIATION OF CASH, CASH EQUIVALENTS, AND RESTRICTED CASH REPORTED IN THE STATEMENT OF FINANCIAL POSITION</b>		
Cash and cash equivalents	24,231	12,935
Restricted bank deposits included in current and non-current assets	361	508
Total cash, cash equivalents, and restricted cash shown in the statement of cash flows	<u>24,592</u>	<u>13,443</u>
<b>SUPPLEMENTARY DISCLOSURE ON CASH FLOWS</b>		
Interest received	<u>\$ 25</u>	<u>\$ 95</u>
Interest paid	<u>\$ (2)</u>	<u>\$ (3)</u>

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

## VASCULAR BIOGENICS LTD.

### NOTES TO CONDENSED INTERIM FINANCIAL STATEMENTS (UNAUDITED)

#### NOTE 1 – GENERAL

Vascular Biogenics Ltd. (the “Company” or VBL) was incorporated on January 27, 2000. The Company is a late-stage clinical biopharmaceutical company focused on the discovery, development and commercialization of first-in-class treatments for cancer and immune/inflammatory indications. VB-111 (ofranergene obadenovec), a Phase 3 drug candidate, is the lead product candidate in the Company’s cancer program.

VB-600 series are preclinical stage antibodies targeting MOSPD2 for inflammatory and oncology indications. VB-601 is the lead mAb candidate for various inflammatory indications, which is being advanced towards IND. VB-611 is the lead bi-specific mAb for various solid tumors.

VB-201, a Phase 2-ready drug candidate, is the Company’s lead Lecinioxid-based product candidate for chronic immune-related indications.

The Company is engaged in an exclusive license agreement with NanoCarrier Co., Ltd. (hereinafter - “The License Agreement”) for the development, commercialization, and supply of ofranergene obadenovec (“VB-111”) in Japan for all indications.

In March 2019, the Company entered into an exclusive option license agreement with an animal health company for the development of VB-201 for veterinary use.

Since its inception, the Company has incurred significant losses, and it expects to continue to incur significant expenses and losses for at least the next several years. As of March 31, 2021, the Company had an accumulated deficit of \$238.4 million. The Company’s losses may fluctuate significantly from quarter to quarter and year to year, depending on the timing of its clinical trials, the receipt of payments under any future collaboration agreements it may enter into, and its expenditures on other research and development activities.

As of March 31, 2021, the Company had cash, cash equivalents, short-term bank deposits and restricted bank deposits of \$36.6 million. During April 2021, the Company entered into a purchase agreement of its ordinary shares and pre-funded warrants. Net proceeds from the issuance and sale was approximately \$26.4 million. Based on its current cash resources, the company believes it will be sufficient to fund operating expenses and capital expenditure requirements through 2023. The Company may seek to raise more capital to pursue additional activities. The Company may seek these funds through a combination of private and public equity offerings, government grants, strategic collaborations and licensing arrangements. Additional financing may not be available when the Company needs it or may not be available on terms that are favorable to the Company.

#### NOTE 2 – BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS

The accompanying unaudited condensed financial statements of the Company have been prepared in accordance with accounting principles generally accepted in the United States (“GAAP”) for interim financial information. Accordingly, they do not include all of the information and notes required by GAAP for annual financial statements. In the opinion of management, all adjustments (of a normal recurring nature) considered necessary for a fair statement of the results for the interim periods presented have been included. Operating results for the interim period are not necessarily indicative of the results that may be expected for the full year.

These unaudited condensed consolidated financial statements should be read in conjunction with the audited consolidated financial statements in the Annual Report on Form 20-F for the year ended December 31, 2020, filed by the Company with the U.S. Securities and Exchange Commission (the “Commission”). The comparative balance sheet at December 31, 2020 has been derived from the audited financial statements at that date.

#### NOTE 3 – SIGNIFICANT ACCOUNTING POLICIES

The accounting policies and calculation methods applied in the preparation of the interim financial statements are consistent with those applied in the preparation of the annual financial statements as of December 31, 2020 and for the year then ended.

##### Net Loss Per Share

The Company complies with accounting and disclosure requirements of FASB ASC Topic 260, Earnings Per Share. Net loss per share of common stock is computed by dividing net loss by the weighted average number of ordinary shares outstanding during the period. The Company applies the two-class method in calculating loss per share.

Accretion associated with the ordinary shares subject to possible redemption is excluded from loss per ordinary share.

Potentially dilutive securities have been excluded from the Company’s computation of net loss per share as such securities would have been anti-dilutive.

#### NOTE 4 – SHAREHOLDERS’ EQUITY

- a. On January 14, 2021, the Company entered into an ordinary share purchase agreement (Agreement) of up to \$20 million of the Company’s ordinary shares, par value NIS 0.01 per share, with Aspire Capital Fund, LLC. The ordinary shares may be sold from time to time based on the Company’s notice to Aspire Capital over the 30-month term of the purchase Agreement.
- b. During January and February 2021, the Company issued 6,947,272 ordinary shares out of which (a) 4,861,906 shares issued from exercise of warrants; (b) 1,285,366 shares from the At-The-Market (ATM); and (c) sale of 800,000 shares to Aspire Capital Fund, LLC under the Agreement. The accumulated gross proceeds from the sale of the above shares was approximately \$12.3 million.

Regarding the ATM sales, the Company failed to file a prospectus supplement specifying details regarding such sales. This may have constituted a violation of Section 5 of the Securities Act and may give rise to liability under Section 12 of the Securities Act (which generally provides a rescission remedy for offers and sales of securities in violation of Section 5) as well as potential liability under the anti-fraud provisions of federal and state securities laws and state rescission laws.

In such event, anyone who acquired such ordinary shares would have a right to rescind the purchase. If all the shareholders who acquired ordinary shares demanded rescission, the maximum that the Company would be obligated to repay would be approximately \$3.5 million, plus interest. Out of the approximately \$3.5 million of sales, one identified buyer purchased approximately \$1.9 million of the company’s ordinary shares. Such identified buyer has agreed to waive any rescission rights and has signed a waiver evidencing such agreement. The Securities Act generally requires that any claim brought for a violation of Section 5 of the Securities Act be brought within one year of the violation. Additionally, if it is determined that such sales did in fact violate the Securities Act, the Company may become subject to fines and penalties imposed by the SEC and state securities agencies. Based on consultation with the Company’s counsel and management assessment, the company did not recognize any provision.

The Company analyzed the classification of the ordinary shares. Based on ASC 480-10-S99-3A(f), the Company determined that since the redemption obligation is outside of its control the ordinary shares are considered as ordinary shares subject to possible redemption, \$1,598 thousand was classified as temporary equity during the first quarter as ordinary shares subject to possible redemption, as reflected in the balance sheet.

#### NOTE 5 – REVENUE

The revenues recognized for the period comprise revenues from the exclusive license agreement for the development, commercialization, and supply of VB-111 in Japan for all indications and from the option to license agreement for the development of VB-201 for animal healthcare worldwide. The revenues are recognized according to ASC 606, “Revenues from Contracts with Customers.”

The Company has identified two performance obligations in The License Agreement: (1) Grant of the license and use of its IP; and (2) Company’s participation and consulting assistance services. In addition, there is a potential performance obligation regarding future manufacturing.

During the period, the Company recognized revenue in an amount of \$0.2 million.

#### NOTE 6 – SUBSEQUENT EVENT:

On April 9, 2021 the Company entered into a purchase agreement of (a) 5,150,265 of its ordinary shares to certain investors at a price of \$1.90 per ordinary share and (b) pre-funded warrants to purchase 8,050,000 ordinary shares at price of \$1.89 per pre-funded warrant with an exercise price of each pre-funded warrant equal to \$0.01 per share. In addition, the underwriters exercised an option and purchased 1,751,525 additional ordinary shares. Net proceeds from the issuance and sale of 6,901,790 ordinary shares and 8,050,000 pre-funded warrants was approximately \$26.4 million, after deducting the underwriting discounts and commissions and the estimated offering expenses.

## OPERATING AND FINANCIAL REVIEW

The following discussion and analysis of our financial condition and results of operations should be read in conjunction with the Company's annual financial statements as of and for the year ended December 31, 2020 (included in our Annual Report of Foreign Private Issuer on Form 20-F for the year ended December 31, 2020) and their accompanying notes and the related notes and the other financial information included elsewhere in this Form 6-K. This discussion contains forward-looking statements that involve risks, uncertainties and assumptions. Our actual results may differ materially from those anticipated in these forward-looking statements as a result of various factors. Our audited financial statements as of and for the year ended December 31, 2020 have been prepared in accordance with US GAAP, and our unaudited financial statements for the three months then ended on March 31, 2021 (the "Period") have been prepared in accordance with US GAAP, "Interim Reporting" ("ASC 270"). Unless stated otherwise, comparisons included herein are made to the three months period ended on March 31, 2020 (the "Parallel Period").

### Overview

We are a clinical-stage biopharmaceutical company focused on the discovery, development and commercialization of first-in-class treatments for areas of unmet need in cancer and immune/inflammatory indications. We have developed three platform technologies: a gene-therapy based technology for targeting newly formed blood vessels with focus on cancer, an antibody-based technology targeting MOSPD2 for anti-inflammatory and immuno-oncology applications, and the Lecinoxoids, a family of small-molecules for immune-related indications.

Our main program in oncology is based on our proprietary Vascular Targeting System, or VTS, platform technology, which we believe will allow us to develop product candidates for multiple oncology indications. The VTS technology utilizes genetically targeted therapy to destroy newly formed, or angiogenic, blood vessels. By utilizing a viral vector as a delivery mechanism, the VTS platform can also lead to induction or enhancement of a localized anti-tumor immune response, thereby turning immunologically 'cold' tumors 'hot'.

Our lead product candidate, VB-111 (ofranergene obadenovec), is a gene-based biologic that we are developing for solid tumor indications, and which we have advanced to programs for ovarian cancer, recurrent glioblastoma (rGBM) and thyroid cancer. We have obtained fast track designation for VB-111 in the United States for prolongation of survival in patients with glioblastoma that has recurred following treatment with standard chemotherapy and radiation. We have also received orphan drug designation for GBM in both the United States and Europe. VB-111 has also received an orphan designation for the treatment of ovarian cancer from the European Commission.

OVAL is our international Phase 3 randomized pivotal registration enabling clinical trial that compares a combination of VB-111 and paclitaxel to placebo plus paclitaxel, in patients with platinum-resistant ovarian cancer. The study is planned to enroll 400 patients, out of which over 260 were already enrolled. In March 2020, we announced an encouraging outcome of the planned interim analysis in the OVAL study. The OVAL independent Data Safety Monitoring Committee, or DSMC, reviewed unblinded data and assessed CA-125 response, measured according to the GCIG criteria, in the first 60 enrolled subjects evaluable for CA-125 analysis. The DSMC confirmed that the study met the interim pre-specified efficacy criterion, of an absolute percentage advantage of 10% or higher CA-125 response rate for the VB-111 treatment arm, and recommended the study continue. The overall response rate in the first 60 randomized evaluable patients was 53%. Assuming a balanced randomization, the response rate in the treatment arm (VB-111 in addition to weekly paclitaxel) was 58% or higher. In patients who had post-dosing fever, which is a marker for VB-111 treatment, the response rate was 69%. Results of the interim analysis were published in a peer-review manuscript (Arend *et al.*, *Gynecol Oncol.* 2021).

A second interim analysis in the OVAL study was conducted on August 11, 2020. The DSMC reviewed unblinded overall survival, or OS, data of the first 100 enrolled subjects with a follow-up of at least 3 months. The committee also looked at response rate and safety information. The DSMC recommended that the study continue as planned.

In February 2021, we announced the results of the third DSMC pre-planned review of the ongoing OVAL study. The committee, which reviewed unblinded data of about 200 patients, found no safety issues with the trial and recommended its continuation as planned. The next DSMC review in the OVAL study is expected in the third quarter of 2021. Our OVAL study is being conducted in collaboration with the GOG Foundation, Inc., a leading organization for research excellence in the field of gynecologic malignancies.

Final results from our Phase 1/2 clinical trial of VB-111 for recurrent platinum-resistant ovarian cancer were reported in June 2019 and published online in April 2020 (Arend *et al.*, *Gynecol Oncol.* 2020). Data demonstrated a median OS of 498 days in the VB-111 therapeutic-dose arm, versus 172.5 days in the low-dose arm ( $p=0.03$ ). 58% of evaluable patients treated with the therapeutic dose of VB-111 had a GCIG CA-125 response. VB-111 activity signals were seen despite unfavorable prognostic characteristics (48% platinum refractory disease and 52% previous treatment with anti-angiogenics). There was a trend for favorable survival in patients who had CA-125 decrease  $>50\%$  in the VB-111 therapeutic-dose arm (808 vs. 351 days;  $p=0.067$ ) implicating CA-125 as a potentially valuable biomarker for response to VB-111. Post treatment fever was also associated with a signal for improved survival (808 vs. 479 days;  $p=0.27$ ).

In a Phase 2 study for rGBM, patients who were primed with VB-111 monotherapy that was continued after progression with the addition of bevacizumab (Avastin<sup>®</sup>) showed significant survival (414 vs 223 days; HR 0.48;  $p=0.043$ ) and progression free survival (PFS) advantage (90 vs 60 days; HR 0.36;  $p=0.032$ ) compared to a cohort of patients that had limited exposure to VB-111 (Brenner *et al.*, *Neuro Oncol.* 2019). Radiographic responders to VB-111 exhibited specific imaging characteristics related to its mechanism of action. Survival advantage was also seen in comparison to historic controls, with the percentage of patients living more than one year doubling from 24% to 57%.

Our Phase 3 GLOBE study in rGBM compared upfront concomitant administration of VB-111, without priming, and bevacizumab to bevacizumab monotherapy. The study, which enrolled 256 patients in the United States, Canada and Israel, was conducted under a special protocol assessment, or SPA, agreement with the U.S. Food and Drug Administration, or FDA, with full endorsement by the Canadian Brain Tumor Consortium (CBTC). In this modified regimen, the treatment did not improve OS and PFS outcomes in rGBM. Study results (Cloughesy *et al.* *Neuro Oncol.* 2019) attribute the contradictory outcomes between the Phase 2 and Phase 3 trials as being related to the lack of VB-111 monotherapy priming in the GLOBE study, providing clinical, mechanistic and radiographic support for this hypothesis. No new safety concerns associated with VB-111 have been identified in the study. We do not think that results of the GLOBE study will necessarily have implications on the prospects for VB-111 in other regimens or tumor types.

On March 1, 2021, we announced that patient dosing had been initiated in a Phase 2 clinical trial investigating VB-111 for the treatment of rGBM. The new Phase 2 study, sponsored by Dana-Farber Cancer Institute in collaboration with a group of top neuro-oncology U.S. medical centers, will investigate neo-adjuvant and adjuvant treatment with VB-111 in rGBM patients undergoing a second surgery.

VB-111 is also being studied in combination with nivolumab, an anti-PD1 immune checkpoint inhibitor, in the treatment of metastatic colorectal cancer. The study is being sponsored by the U.S. National Cancer Institute under a Cooperative Research and Development Agreement, or CRADA. The open label exploratory Phase 2 study will investigate whether priming with VB-111 can drive immune cells into the tumor and turn the colorectal tumors from being immunologically “cold” to “hot.” Enrollment in this clinical trial started in September 2020. Preliminary readout in this study is expected in the second half of 2021.

In February 2017, we reported full data from our exploratory Phase 2 study of VB-111 in recurrent, iodine-resistant differentiated thyroid cancer. The primary endpoint of the trial, defined as 6-month progression-free-survival (PFS-6) of 25%, was met with a dose response. Forty-seven percent of patients in the therapeutic-dose cohort reached PFS-6, versus 25% in the sub-therapeutic cohort, both groups meeting the primary endpoint. An OS benefit was seen, with a tail of more than 40% at 3.7 years for the therapeutic-dose cohort. Most patients in the VB-111 study had tumors that previously had progressed on pazopanib (Votrient<sup>®</sup>) or other kinase inhibitors.

Over 300 patients were exposed to VB-111 in completed clinical trials and have observed it to be well-tolerated. In December 2015, we were granted a U.S. composition of matter patent that provides intellectual property protection for VB-111 in the United States until October 2033 before any patent term extension.

We are also conducting two parallel drug development programs that are exploring the potential of MOSPD2, a protein which we identified as a key regulator of cell motility, as a therapeutic target for inflammatory diseases and cancer.

For inflammatory applications, we are developing classical antibodies that bind and block MOSPD2 on immune cells. Our data show that MOSPD2, which is predominantly expressed on the surface of human monocytes, is essential for their migration. By inhibiting this protein, we seek to block this migration of monocytes to sites of inflammation, and accordingly to reduce inflammation and tissue damage. We believe that antibodies targeting MOSPD2 have potential for treatment of various inflammatory indications, and are advancing our lead pre-clinical candidate VB-601 through investigational new drug-, or IND-, enabling studies. In September 2020, we announced the successful completion of a Type B pre-IND meeting with the FDA regarding the Company’s development plan for VB-601. Toxicology studies for VB-601 are currently underway. Submission of an IND for the clinical development of VB-601 is expected to occur in the first half of 2022.

For oncology applications, we are developing antibodies aimed to kill tumor cells, based on MOSPD2 as a target whose expression is induced in multiple tumors. We found that MOSPD2 was detected in the majority of cancerous organs, including colon, esophagus, liver and breast, where MOSPD2 seems to play a key role in cancer cell metastasis (Salem *et al.*, Int J. Cancer 2019). Given the specificity of MOSPD2 expression and its highly elevated expression in tumors, we believe MOSPD2 can serve as a novel target for immuno-oncology mediated therapy for cancer.

In October 2020, we announced that the European Patent Office had granted Patents #3328408 and #3328401, which cover VBL’s proprietary investigational anti-MOSPD2 monoclonal antibodies to treat inflammatory conditions and oncology conditions, respectively. The patents are expected to provide protection for VBL’s MOSPD2 antibodies for inflammation and cancer, until at least July 2036.

We also have been conducting a program targeting anti-inflammatory diseases, based on the use of our Lecinoxoid platform technology. Lecinoxoids are a novel class of small molecules we developed that are structurally and functionally similar to naturally occurring molecules known to modulate inflammation. The lead product candidate from this program, VB-201, is a Phase 2-stage molecule that demonstrated activity in reducing vascular inflammation in a Phase 2 sub-study in psoriatic patients with cardiovascular risk.

In January 2021, we announced the dosing of the first patient in a randomized controlled Phase 2 study of VB-201 for the treatment of COVID-19. The study will assess the ability of VB-201 to prevent clinical deterioration and reduce morbidity and mortality in patients with severe COVID-19. Based on recent pre-clinical studies, we also believe that VB-201 and some second generation molecules such as VB-703 may have potential applicability for NASH and renal fibrosis.

In October 2017, we announced the opening of our new gene therapy manufacturing plant in Modiin, Israel. This plant can be the commercial facility for production of VB-111, if approved. The Modiin facility is the first commercial-scale gene therapy manufacturing facility in Israel (20,000 sq. ft.). In July 2019, the facility was certified by a European Union, or EU, Qualified Person, or QP, as being in compliance with EU Good Manufacturing Practices.

In November 2017, we signed an exclusive license agreement with NanoCarrier Co., Ltd. (TSE Mothers: 4571) for the development, commercialization and supply of VB-111 in Japan. We retain rights to VB-111 in the rest of the world. Under terms of the agreement, we have granted NanoCarrier an exclusive license to develop and commercialize VB-111 in Japan for all indications. We will supply NanoCarrier with VB-111, and NanoCarrier will be responsible for all regulatory and other clinical activities necessary for commercialization in Japan. In exchange, we received an up-front payment of \$15 million, and are entitled to receive greater than \$100 million in development and commercial milestone payments if certain development and commercial milestones are achieved. We will also receive tiered royalties on net sales in the high-teens.

In March 2019, we executed an exclusive option license agreement with an animal health company for the development of our proprietary anti-inflammatory molecule, VB-201, for veterinary use. We retain VB-201 rights for treatment of humans worldwide. Under the terms of the agreement, we have granted an exclusive option license to explore the potential of VB-201 for animal health indications. In consideration, we received an undisclosed up-front payment, and are entitled to receive additional development milestone payments. In April 2020, another milestone event under this agreement was reached, following which we received an undisclosed payment. If the option to license would be exercised, we will receive additional milestones.

In January 2021, we announced that the Company had entered into an Ordinary Share Purchase Agreement with Aspire Capital Fund, LLC. Under the Agreement, Aspire committed to purchase up to \$20 million of the Company’s ordinary shares at VBL Therapeutics’ discretion from time to time during a 30-month period at prices based on the market price at the time of each sale. VBL Therapeutics will retain full control as to the timing and amount of any sale of ordinary shares to Aspire, subject to certain limitations specified in the Purchase Agreement. There are no warrants or other derivative securities associated with the transaction. VBL Therapeutics has the right to terminate the Purchase Agreement at any time without any additional cost or penalty.



We commenced operations in 2000, and our operations to date have been limited to organizing and staffing our company, business planning, raising capital, developing our VTS, Lecinoxoid and anti-MOSPD2 platform technologies and developing our product candidates, including conducting pre-clinical studies of various candidates and clinical trials of VB-111 and VB-201. To date, we have funded our operations through private sales of preferred shares, a convertible loan, public offering and grants from the Israeli Office of Chief Scientist, or OCS, which has later transformed to the Israeli Innovation Authority, or IIA, under the Israel Encouragement of Research and Development in Industry, or the Research Law. We have no products that have received regulatory approval and accordingly have never generated regular revenue streams. Since our inception and through March 31, 2021, we had raised an aggregate of \$288.1 million to fund our operations, of which \$113.4 million was from sales of our equity securities, \$40.5 from our initial public offering, or IPO, \$15.0 million from a November 3, 2015 underwritten offering, approximately \$24.0 million from a June 7, 2016 registered direct offering, \$17.9 million from a November 16, 2017 underwritten offering, \$15.5 million from a June 27, 2018 registered direct offering, \$18.1 million from both a May 11, 2020 and May 13, 2020 registered direct offerings, \$6.1 million from at-the-market equity facility, \$7.0 million from the exercise of outstanding warrants, \$1.8 million from share purchases by Aspire Capital and \$28.8 million from IIA grants.

Since inception, we have incurred significant losses. Our loss for the Period was \$6.3 million. For the years ended December 31, 2020 and 2019, our loss was \$24.2 million and \$19.4 million, respectively. We expect to continue to incur significant expenses and losses for at least the next several years. As of March 2021, we had an accumulated deficit of \$238.4 million. Our losses may fluctuate significantly from quarter to quarter and year to year, depending on the timing of our clinical trials, the receipt of payments under any future collaborations we may enter into, and our expenditures on other research and development activities.

As of March 31, 2021, we had cash and cash equivalents, short-term bank deposits and restricted bank deposits of \$36.6 million. To fund further operations, we will need to raise additional capital. We may seek to raise more capital to pursue additional activities, which may be through a combination of private and public equity offerings, government grants, strategic collaborations and licensing arrangements. Additional financing may not be available when we specifically need it or may not be available on terms that are favorable to us. As of March 31, 2021, we had 38 employees. Our operations are located in a single facility in Modiin, Israel.

### **The Impact of COVID-19 on Business Operations and Clinical Trials**

The Company has implemented safety measures designed to comply with applicable guidelines in Israel in response to the COVID-19 pandemic. So far, our key operations were largely uninterrupted by this pandemic; however, the nature of the pandemic is highly uncertain, and we may encounter interruptions or delays in the future. According to Israeli regulations, VBL, as a pharmaceutical company producing potential therapies for cancer patients, is considered an essential facility and is therefore exempt from many labor work restrictions even under emergency conditions such as the COVID-19 pandemic. Accordingly, our gene therapy pharmaceutical grade manufacturing plant in Modiin, Israel continues to operate as normal. At this time, all preclinical programs and research activities remain on track, and the Company does not anticipate any material impact on our regulatory activities. While we believe that the fundamentals of our business remain strong, the extent to which the outbreak impacts our business, preclinical studies and clinical trials will depend on future developments, which are highly uncertain and cannot be predicted with confidence.

With regards to clinical trials, the Company continues to advance the ongoing OVAL study of VB-111 for platinum resistant ovarian cancer and the study is continuing to recruit patients in the U.S. and Israel. Despite the COVID-19 pandemic, patient enrollment is so far in line with our projections. As the trial population includes cancer patients with advanced disease and limited alternatives, we believe it is less susceptible to impact by COVID-19 compared to other non-life-threatening indications. We continue to advance our plans to extend the OVAL study to additional geographies, particularly in Europe. The study is also expected to expand to Japan, in collaboration with our Japanese licensee for VB-111, NanoCarrier. The VB-111 investigator-sponsored study in rGBM and the NCI-sponsored study in metastatic colorectal cancer are ongoing.

## Note Regarding Forward-Looking Statements

Various statements in this release concerning our future expectations constitute “forward-looking statements” within the meaning of the Private Securities Litigation Reform Act of 1995. These statements include words such as “may,” “expects,” “anticipates,” “believes,” and “intends,” and describe opinions about future events. These forward-looking statements involve known and unknown risks and uncertainties that may cause our actual results, performance or achievements to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. Some of these risks are incurred losses; dependence on the success of our lead product candidate, VB-111, its clinical development, regulatory approval and commercialization; the novelty of our technologies, which makes it difficult to predict the time and cost of product candidate development and potential regulatory approval; as well as potential delays in our clinical trials.

These and other factors are more fully discussed in the “Risk Factors” section of our Annual Report on Form 20-F for the year ended December 31, 2020. In addition, any forward-looking statements represent our views only as of the date of this release and should not be relied upon as representing our views as of any subsequent date. We do not assume any obligation to update any forward-looking statements unless required by law.

## Financial Overview

### Revenues and Cost of Revenues

Since inception, we generated cumulative revenues of approximately \$16.1 million from exclusive license agreements for the development, commercialization, and supply of VB-111 in Japan for all indications and an option to license agreement for the development of VB-201 for animal healthcare worldwide. The generated revenues comprise upfront and milestone payments.

The cost of revenues associated with these revenues were approximately \$1.2 million.

We do not expect to receive any other revenue from any product candidates that we develop unless and until we obtain regulatory approval and commercialize our products meet regulatory milestones in relation to our existing collaborative agreements with third parties.

### Research and Development Expenses

Research and development expenses consist of costs incurred for the development of both of our platform technologies and our product candidates. Those expenses include:

- employee-related expenses, including salaries and share-based compensation expenses for employees in research and development functions;
- expenses incurred in operating our laboratories and small-scale manufacturing facility;
- expenses incurred under agreements with CROs and investigative sites that conduct our clinical trials;
- expenses relating to outsourced and contracted services, such as external laboratories, consulting and advisory services;
- supply, development and manufacturing costs relating to clinical trial materials;
- maintenance of facilities, depreciation and other expenses, which include direct and allocated expenses for rent and insurance; and
- costs associated with pre-clinical and clinical activities.

Research expenses are recognized as incurred. An intangible asset arising from the development of our product candidates is recognized if certain capitalization conditions are met. As of March 31, 2021, we did not have any capitalized development costs.

We have received grants from the IIA as part of the research and development programs for our VTS and Lecinoxoid platform technologies. The requirements and restrictions for such grants are found in the Research Law. These grants are subject to repayment through future royalty payments on any products resulting from these research and development programs, including VB-111 and VB-201. The total gross amount of grants actually received by us from the IIA, including accrued LIBOR interest as of March 31, 2021 totaled \$36.2 million.

Information on our liabilities and the restrictions that we are subject to under the Research Law in connection with the IIA grants that we have received is detailed in the Annual Report on Form 20-F as of and for the year ended December 31, 2020.

Under applicable accounting rules, the grants from the IIA have been accounted for as an off-set against the related research and development expenses in our financial statements. As a result, our research and development expenses are shown on our financial statements net of the IIA grants.

### **General and Administrative Expenses**

General and administrative expenses consist principally of salaries and related costs for personnel in executive and finance functions such as salaries, benefits and share-based compensation. Other general and administrative expenses include facility costs not otherwise included in research and development expenses, communication expenses, and professional fees for legal services, patent counseling and portfolio maintenance, consulting, auditing and accounting services.

### **Financial Expenses (Income), Net**

Financial income is comprised of interest income generated from interest earned on our cash, cash equivalents and short-term bank deposits and gains and losses due to fluctuations in foreign currency exchange rates, mainly in the appreciation and depreciation of the NIS exchange rate against the U.S. dollar.

Financial expenses primarily consist of calculated interest expenses from our lease liabilities and gains and losses due to fluctuations in foreign currency exchange rates.

### **Taxes on Income**

We have not generated taxable income since our inception and had carry forward tax losses as of December 31, 2020 of \$198.1 million. We anticipate that we will be able to carry forward these tax losses indefinitely to future tax years. Accordingly, we do not expect to pay taxes in Israel until we have taxable income after the full utilization of our carry forward tax losses.

The Company recognizes full valuation allowance since we do not expect taxable income.

## Results of Operations

Comparison of three-month period ended March 31, 2021 and 2020 (in thousands) :

	Three Months Ended March 31,		Increase (Decrease)	
	2021	2020	\$	%
Revenues	\$ 185	366	\$ (181)	(49)%
Cost of Revenues	(90)	(145)	55	(38)%
Gross profit	95	221	(126)	(57)%
Expenses:				
Research and development, gross	\$ 4,769	\$ 4,740	\$ 29	1%
Government grants	-	(231)	231	(100)%
Research and development, net	\$ 4,769	\$ 4,509	\$ 260	6%
General and administrative	1,673	1,339	334	25%
Operating loss	6,347	5,627	720	13%
Financial expense (income), net	(64)	(275)	211	(77)%
Net loss and comprehensive loss	\$ 6,283	\$ 5,352	\$ 931	17%

**Revenues.**Comparison of three-month periods ending March 31, 2021 and 2020

Revenues for the three months ended March 31, 2021 were \$185 thousand, compared to \$366 thousand for the parallel period in 2020, a decrease of 49%.

The Cost of revenues for the three months ended March 31, 2021 were \$90 thousand, compared to \$145 thousand for the parallel period. The cost of revenues is attributed to the labor costs and other expenses related to the performance obligations that were delivered during the period.

**Research and development expenses, net.**Comparison of three-month periods ending March 31, 2021 and 2020

Research and development expenses are shown net of IIA grants. Research and development expenses, net for the three months ended March 31, 2021 were approximately \$4.8 million, compared to approximately \$4.5 million in the parallel period, an increase of approximately \$0.3 million or 6%. The increase in research and development expenses, net, in the three-month period was mainly related to a decrease in the IIA grant of approximately \$0.2 million.

**General and administrative expenses.**Comparison of three-month periods ending March 31, 2021 and 2020

General and administrative expenses for the three months ended March 31, 2021 were \$1.7 million, compared to \$1.3 million for the parallel period, an increase of \$0.4 million or 25%.

**Financial expenses (income), net.**Comparison of three-month periods ending March 31, 2021 and 2020

Financial income, net for the three months ended March 31, 2021 were approximately \$64 thousand, compared to approximately \$275 thousand for the parallel period, a decrease of \$211 thousand or 77%. The decrease was primarily attributable to interest income on short-term deposits in addition to favorable exchange rates.

## Liquidity and Capital Resources

Since inception, we have incurred significant losses. Our loss for the period was \$6.3 million. For the years ended December 31, 2020 and 2019, our loss was \$24.2 million and \$19.4 million, respectively. We expect to continue to incur significant expenses and losses for at least the next several years. As of March 31, 2021, we had an accumulated deficit of \$238.4 million. Our losses may fluctuate significantly from quarter to quarter and year to year, depending on the timing of our clinical trials, the receipt of payments under any future collaborations we may enter into, and our expenditures on other research and development activities.

## Funding Requirements

On March 31, 2021, we had cash, cash equivalents, short-term bank deposits and restricted bank deposit totaling \$36.6 million and working capital of \$30.7 million. VBL expects that its cash and cash equivalents and short-term bank deposits, including the net proceed of \$26.4 million from April 2021 underwritten offering, will be sufficient to fund operating expenses and capital expenditure requirements through 2023. We are unable to estimate the amounts of increased capital outlays and operating expenses associated with completing the development of VB-111 and our other product candidates. Our future capital requirements will depend on many factors, including:

- the costs, timing and outcome of regulatory review of VB-111 and any other product candidates we may pursue;
- the costs of future development activities, including clinical trials, for VB-111 and any other product candidates we may pursue;
- the costs of preparing, filing and prosecuting patent applications, maintaining and enforcing our intellectual property rights and defending intellectual property-related claims;
- the extent to which we acquire or in-license other products and technologies; and
- our ability to establish any future collaboration arrangements on favorable terms, if at all.

Until such time, if ever, as we can generate substantial product revenue, we expect to finance our cash needs through a combination of equity offerings, debt financings, collaborations, strategic alliances and licensing arrangements. We do not have any committed external source of funds.

## Cash Flows

The following table sets forth the primary sources and uses of cash for each of the periods set forth below:

	<b>Three Months Ended March 31,</b>	
	<b>2021</b>	<b>2020</b>
	<b>(in thousands)</b> <b>(unaudited)</b>	
Cash used in operating activities	\$ (6,011)	\$ (5,945)
Cash provided by investing activities	4,874	8,989
Cash provided by (used in) financing activities	12,078	362
Net increase (decrease) in cash and cash equivalents	<u>\$ 10,941</u>	<u>\$ 3,406</u>

## **Operating Activities**

Cash used in operating activities for the Period was \$6.0 million and consisted primarily of net loss of \$6.3 million arising primarily from research and development activities in addition to net increase in working capital of \$0.4 million, partially offset by a net aggregate non-cash charges of \$0.7 million.

Cash used in operating activities for the Parallel Period was \$5.9 million and consisted primarily of net loss of \$5.4 million arising primarily from research and development activities and a net increase in working capital of \$1.1 million, partially offset by a net aggregate non-cash charges of \$0.5 million.

## **Investing Activities**

Net cash provided by investing activities was \$4.9 million for the Period. This was primarily due to the maturation of short-term bank deposits of \$5.0 million.

Net cash provided by investing activities was \$9.0 million for the Parallel Period. This was primarily due to the maturation of short-term bank deposits of \$13.0 million, offset by the investment of short-term bank deposits of \$4.0 million.

## **Financing Activities**

Net cash provided by financing activities was \$12.1 million for the Period compared to net cash used in financing activities of \$0.4 million for the Parallel Period. The increase was mainly due to the share purchases and warrants exercise per the Aspire Capital Fund LLC purchase agreement, the May 2020 securities offerings, and the ATM plan.

## **Contractual Obligations and Commitments**

During the three months ended March 31, 2021, there have been no material changes to our contractual obligations and commitments outside the ordinary course of business.

## **Off-Balance Sheet Arrangements**

Since our inception, we have not engaged in any off-balance sheet arrangements, as defined in the rules and regulations of the SEC, such as relationships with unconsolidated entities or financial partnerships, which are often referred to as structured finance or special purpose entities, established for the purpose of facilitating financing transactions that are not required to be reflected on our statement of financial positions.

## **Quantitative and Qualitative Disclosures about Market Risk**

We are exposed to market risks in the ordinary course of our business. Market risk represents the risk of loss that may impact our financial position due to adverse changes in financial market prices and rates. Our market risk exposure is primarily a result of foreign currency exchange rates. Approximately 40% of our expenses in the three months ended March 31, 2021 were denominated in New Israeli Shekels. Changes of 5% in the US\$/NIS exchange rate will increase or decrease the operating expenses by up to 2%.

## **Foreign Currency Exchange Risk**

Fluctuations in exchange rates, especially the NIS against the U.S. dollar, may affect our results, as some of our assets are linked to NIS, as are some of our liabilities. In addition, the fluctuation in the NIS exchange rate against the U.S. dollar may impact our results, as a portion of our operating cost is NIS denominated.

## **Inflation Risk**

We do not believe that inflation had a material effect on our business, financial condition or results of operations in the last two fiscal years. If our costs were to become subject to significant inflationary pressures, we may not be able to fully offset such higher costs through hedging transactions. Our inability or failure to do so could harm our business, financial condition and results of operations.

## Exhibits

<b>Exhibit No.</b>	<b>Description</b>
99.1	<a href="#">Press Release, dated May 11, 2021</a>
101.INS XBRL	Instance Document
101.SCH XBRL	Taxonomy Extension Schema Document
101.CAL XBRL	Taxonomy Extension Calculation Linkbase Document
101.DEF XBRL	Taxonomy Extension Definition Linkbase Document
101.LAB XBRL	Taxonomy Extension Label Linkbase Document
101.PRE XBRL	Taxonomy Extension Presentation Linkbase Document