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 November 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): ☐

On November 15, 2021, Vascular Biogenics Ltd ("VBL") issued a press release announcing financial results for the third quarter and nine months ended September 30, 2021, which press release is furnished as Exhibit 99.1 to this Report of Foreign Private Issuer on Form 6-K. Also filed as Exhibits 99.2 and 99.3 to this Report of Foreign Private Issuer on Form 6-K are VBL's unaudited condensed consolidated interim financial statements as of September 30, 2021 and for the three and nine months ended September 30, 2021 and 2020 and a discussion of its operating and financial review and prospects for the third quarter and first nine months ended September 30, 2021.

Exhibits 99.2 and 99.3 to this Report of Foreign Private Issuer on Form 6-K shall be incorporated by reference into VBL'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Securities and Exchange Commission (the "SEC") on December 30, 2020 and April 19, 2021, respectively, to the extent not superseded by information subsequently filed or furnished (to the extent VBL expressly states that it incorporates such furnished information by reference) by VBL under the Securities Act of 1933, as amended (the "Act"), or the Securities Exchange Act of 1934, as amended (the "Exchange Act").

Exhibits

Exhibit No.	Description
99.1*	Press Release, dated November 15, 2021
99.2	Unaudited Condensed Consolidated Interim Financial Statements as of September 30, 2021 and for the Three and Nine Months ended September 30, 2021 and 2020
99.3	Operating and Financial Review and Prospects
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

* Furnished not filed

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: November 15, 2021

By: */s/ Dror Harats*
Name: Dror Harats
Title: Chief Executive Officer

Exhibit 99.1

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

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

- *Data from multiple VB-111 clinical trials expected in 2022, including the progression free survival (PFS) co-primary endpoint from the Phase 3 OVAL study expected in the second half of 2022*
- *More than 85% of the planned 400 patients in the OVAL Phase 3 study evaluating VB-111 in platinum resistant ovarian cancer have been enrolled; remains on track to complete enrolment in the first quarter of 2022*
- *VB-601, a monoclonal antibody targeting monocytes for prevalent and chronic inflammatory disorders, expected to enter the clinic in the second half of 2022*

TEL AVIV, Israel and NEW YORK, November 15, 2021 — VBL Therapeutics (Nasdaq: VBLT), a clinical stage biotechnology company developing first-in-class therapeutics for difficult-to-treat malignant solid tumors and immune or inflammatory indications, today announced financial results for the third quarter ended September 30, 2021, and provided a corporate update.

"We continue to execute on our development and strategic objectives which we believe positions 2022 as a potentially transformational year for VBL," said Dror Harats, M.D., Chief Executive Officer of VBL. "We look forward to completing the enrollment in the Phase 3 OVAL study in the first quarter of 2022 and the PFS co-primary endpoint top-line data readout in the second half of 2022. We also expect to initiate a first-in-human trial with VB-601, our monocyte targeting program, in the second half of 2022. With the recent strengthening of our management and board of directors, together with our newly established presence in the U.S., we are taking important steps to prepare VBL for continued growth and the planned commercialization of VB-111."

Third Quarter of 2021 and Recent Corporate Highlights

Development Programs

- More than 85% of the planned 400 patients have been enrolled in the OVAL study, a global registration-enabling Phase 3 clinical trial evaluating VB-111 in platinum-resistant ovarian cancer.
- The independent Data Safety Monitoring Committee (DSMC) conducted its fifth pre-planned data review of the OVAL study and provided clearance to proceed as planned with no changes to the protocol.
- The Chemistry, Manufacturing, and Controls group of the U.S. Food and Drug Administration provided VBL clearance of VB-111 batches produced in its commercial-scale facility located in Modiin, Israel, for use in the Company's clinical trials in the United States.
- Enrollment continues in the VB-111 investigator-sponsored Phase 2 clinical trials in recurrent glioblastoma multiforme (rGBM) and metastatic colorectal cancer (mCRC) with preliminary data expected from the mCRC study in the first half of 2022 and the rGBM study in the second half of 2022.
- IND-enabling toxicology studies are underway for VB-601, a monoclonal antibody targeting monocytes for prevalent and chronic inflammatory disorders, and VBL expects to initiate a first-in-human clinical trial for the program in the second half of 2022.

Corporate

- Further strengthened the management team with the appointment of Sam Backenroth as chief financial officer. In connection with the appointment, VBL established U.S. operations in New York, as the company prepares for anticipated growth.
- Enhanced the board of directors (Board) with the appointments of Alison Finger and Michael Rice, who bring significant commercialization and capital markets expertise to VBL. Also completed the planned chairman succession to Marc Kozin, who initially joined the Board as vice chairman in October 2020.

Financial Results for the Third Quarter of 2021

- At September 30, 2021, VBL had cash, cash equivalents, short-term bank deposits and restricted bank deposits of $50.8 million. After September 30, 2021, the company received a further $9.6 million in proceeds from warrant exercises. VBL expects that its cash, cash equivalents, short-term bank deposits, and restricted bank deposits will be sufficient to fund currently planned operating expenses and capital expenditures into the fourth quarter of 2023.
- For the quarter ended September 30, 2021, VBL reported a net loss of $6.5 million, or ($0.09) per basic share, compared to a net loss of $5.8 million, or ($0.12) per basic share, in the comparable period in 2020.
- Revenues for the quarter ended September 30, 2021, were $0.2 million, as compared to $0.2 million in the comparable period in 2020.
- For the quarter ended September 30, 2021, total operating expenses were approximately $6.6 million, consisting of $5.0 million in research and development expenses, net, and $1.6 million in general and administrative expenses. This compares with total operating expenses of $5.9 million in the third quarter ended September 30, 2020, which was comprised of $4.6 million in research and development expenses, net, and $1.3 million in general and administrative expenses.

Conference Call and Webcast:
Monday, November 15 at 8:30 a.m. ET
Conference ID: 10017250
US: 855-327-6837
Israel Local: 1-809-458-327
International: 631-891-4304
Webcast: https://edge.media-server.com/mmc/p/3bwajjar

The live webcast will be available online and may be accessed from the “Events and Presentation” page of VBL’s 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 Therapeutics

Vascular Biogenics Ltd., operating as VBL Therapeutics (VBL), is a clinical stage biopharmaceutical company focused on the discovery, development and commercialization of first-in-class treatments for difficult-to-treat malignant solid tumors and immune or inflammatory indications. VBL’s novel VTS™ gene-targeting platform and antibody-based monocyte targeting technology enable the creation of a pipeline of programs that harness the body’s innate biological processes to provide unique solutions for significant unmet medical needs. VBL’s lead oncology product candidate, ofranergene obadenovec (VB-111; `ofra-vec`), is an investigational, first-in-class, targeted anti-cancer gene-therapy agent in development to treat a wide range of solid tumors. VB-111 is currently being studied in a Phase 3 registration-enabling trial (NCT03398655) for platinum-resistant ovarian cancer. To learn more about VBL, please visit vblrx.com or follow the company on LinkedIn, Twitter, YouTube or Facebook.

About the OVAL Phase 3 Clinical Trial

The OVAL study (VB-111-701/GOG-3018) is a global Phase 3 randomized, pivotal registration-enabling clinical trial comparing a combination of VB-111 and paclitaxel to placebo plus paclitaxel, in adult patients with recurrent platinum-resistant ovarian cancer. The trial has two primary endpoints: progression free survival (PFS) and overall survival (OS). Successfully meeting either primary endpoint has the potential to support a biologics license application (BLA). The OVAL study is being conducted in collaboration with the GOG Foundation, Inc., an independent international non-profit organization with the purpose of promoting excellence in the field of gynecologic malignancies.

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 the timing of data readouts for multiple VB-111 clinical trials, timing of completion of enrollment in the Oval Phase 3 study, timing of the initiation of a first-in-human trial for VB-601, statements regarding 2022 being a transformational year and the impact of the U.S. presence, and other statements regarding VBL’s plans and beliefs regarding its programs, 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 the development of pharmaceutical product candidates, and include risks associated 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 VBL’s financial resources do not last for as long as anticipated, and that VBL may not realize the expected benefits of its intellectual property protection. In particular, the DSMC recommendation that the OVAL study proceed is not assurance that the study will meet its co-primary endpoints of PFS and OS once completed, or that VBL 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 VBL’s regulatory filings with the U.S. Securities and Exchange Commission, including in its 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 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:

Erez Feige, VP Business Operations
IR@vblrx.com

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

	September 30, 2021	December 31, 2020
	U.S. dollars in thousands	
ASSETS		
Current assets:		
Cash and cash equivalents	$ 25,278	$ 13,184
Restricted bank deposits	-	151
Short-term bank deposits	25,167	17,110
Trade receivables	-	129
Other current assets	912	1,419
Total current assets	51,357	31,993
Non-current assets:		
Restricted bank deposits	362	362
Long-term prepaid expenses	201	241
Funds in respect of employee rights upon retirement	341	354
Property, plant and equipment, net	6,752	6,632
Operating lease right-of-use assets	2,127	2,124
Total non-current assets	9,783	9,713
Total assets	$ 61,140	$ 41,706
LIABILITIES, ORDINARY SHARES SUBJECT TO POSSIBLE REDEMPTION AND SHAREHOLDERS' EQUITY		
Current liabilities:		
Accounts payable:		
Trade	$ 2,330	$ 1,960
Other	4,095	4,275
Deferred revenue	679	725
Current maturity of operating leases liability	508	393
Current maturity of finance lease liability	-	106
Total current liabilities	$ 7,612	$ 7,459
Non-current liabilities:		
Liability for employee rights upon retirement	456	474
Deferred revenue	176	704
Operating lease liability	1,884	2,029
Other non-current liability	173	123
Total non-current liabilities	2,689	3,330
Commitments		
Total liabilities	$ 10,301	$ 10,789
Ordinary shares subject to possible redemption, 615,366 shares at redemption value (see note 4)	1,598	-
Shareholders' equity:		
Ordinary shares, NIS 0.01 par value; Authorized as of September 30, 2021 and December 31, 2020, 150,000,000 shares; issued and outstanding as of September 30, 2021 and December 31, 2020 61,953,091 and 48,187,463 shares, respectively (excluding 615,366 and -0- shares subject to possible redemption, as of September 30, 2021 and December 31, 2020, respectively)	149	108
Additional paid in capital	293,502	252,561
Warrants	8,556	10,401
Accumulated deficit	(252,966)	(232,153)
Total equity	49,241	30,917
Total liabilities, ordinary shares subject to possible redemption and shareholders' equity	$ 61,140	$ 41,706

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

VASCULAR BIOGENICS LTD.

CONDENSED CONSOLIDATED INTERIM STATEMENTS OF NET LOSS AND COMPREHENSIVE LOSS

(UNAUDITED)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2021	2020	2021	2020
	U.S. dollars in thousands			
Revenues	$ 199	$ 193	$ 572	$ 717
Cost of revenues	(91)	(132)	(270)	(298)
Gross profit	108	61	302	419
Research and development expenses, net	$ 4,996	$ 4,600	$ 16,407	$ 13,773
General and administrative expenses	1,625	1,283	4,779	3,960
Operating loss	6,513	5,822	20,884	17,314
Financial income	(19)	(56)	(106)	(391)
Financial expenses	8	13	35	39
Financial income, net	(11)	(43)	(71)	(352)
Net loss and comprehensive loss	$ 6,502	$ 5,779	$ 20,813	$ 16,962
	U.S. dollars			
Loss per share (see note 3)				
Basic and diluted	$ 0.09	$ 0.12	$ 0.33	$ 0.40
	Number of shares			
Weighted average shares outstanding				
Basic and diluted	70,298,677	47,896,747	63,530,781	42,222,603

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

VASCULAR BIOGENICS LTD.
CONDENSED CONSOLIDATED INTERIM STATEMENTS OF CHANGES IN ORDINARY SHARES SUBJECT TO POSSIBLE REDEMPTION AND SHAREHOLDERS' EQUITY
(UNAUDITED)

	Ordinary shares		Additional paid in capital	Warrants	Accumulated deficit	Total equity
	Shares	Amount	U.S. dollars in thousands			
BALANCE AT JANUARY 1, 2020	35,882,928	$ 73	$ 235,974	$ 7,904	$ (207,928)	$ 36,023
CHANGES FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2020:						
Net loss	-	-	-	-	(16,962)	(16,962
Issuance of ordinary shares, net of issuance costs	12,014,008	35	12,624	4,313	-	16,972
Expired warrants	-	-	1,816	(1,816)	-	-
Share based compensation	-	-	1,328	-	-	1,328
BALANCE AT SEPTEMBER 30, 2020	47,896,936	$ 108	$ 251,742	$ 10,401	$ (224,890)	$ 37,361

	Ordinary shares		Additional paid in capital	Warrants	Accumulated deficit	Total equity	Ordinary shares subject to possible redemption	
	shares	Amount	U.S. dollars in thousands				shares	Amount
BALANCE AT JANUARY 1, 2021	48,187,463	$ 108	$ 252,561	$ 10,401	$ (232,153)	$ 30,917	-	-
CHANGES FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2021								
Net loss					(20,813)	(20,813)		
Issuance of ordinary shares, net of issuance costs	8,871,790	27	30,730		-	30,757		
Exercised warrants	4,893,838	14	8,879	(1,845)		7,048		
Issue of Ordinary shares subject to possible redemption							615,366	1,598
Share based compensation			1,332	-	-	1,332		
BALANCE AT SEPTEMBER 30, 2021	61,953,091	$ 149	$ 293,502	$ 8,556	$ (252,966)	$ 49,241	615,366	$ 1,598

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

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

	Nine Months Ended September 30,	
	2021	**2020**
	U.S. dollars in thousands	
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net loss	$ (20,813)	$ (16,962)
Adjustments to reconcile net loss to net cash used in operating activities:		
Depreciation	921	896
Interest income	(34)	(11)
Net changes in operating leases	(33)	10
Interest expenses on finance lease	(2)	(1)
Exchange losses (gains) on cash and cash equivalents and restricted cash	41	(137)
Changes in accrued liability for employee rights upon retirement	(5)	-
Share-based compensation	1,332	1,328
Changes in operating assets and liabilities:		
Decrease in other current assets and long-term prepaid expenses	547	179
Decrease (increase) in trade receivables	129	(123)
Increase (decrease) in accounts payable:		
Trade	370	(182)
Other (including other non-current liability)	(228)	(1,029)
Decrease in deferred revenue	(574)	(480)
Net cash used in operating activities	$ (18,349)	$ (16,512)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchase of property and equipment	(943)	(49)
Investment in short-term bank deposits	(25,108)	(29,085)
Maturity of short-term bank deposits	17,085	31,027
Net cash (used in) provided by investing activities	$ (8,966)	$ 1,893
CASH FLOWS FROM FINANCING ACTIVITIES:		
Proceeds from issuance of ordinary shares and warrants	32,959	18,647
Issuance costs	(2,202)	(1,675)
Proceeds from issuance of ordinary shares subject to possible redemption	1,598	-
Proceeds from exercised warrants	7,048	-
Finance lease payments	(104)	(288)
Net cash provided by financing activities	$ 39,299	$ 16,684
INCREASE IN CASH AND CASH EQUIVALENTS AND RESTRICTED CASH	11,984	2,065
CASH AND CASH EQUIVALENTS AND RESTRICTED CASH AT BEGINNING OF PERIOD	13,697	9,942
EFFECT OF EXCHANGE RATE ON CASH AND CASH EQUIVALENTS AND RESTRICTED CASH	(41)	137
CASH AND CASH EQUIVALENTS AND RESTRICTED CASH AT END OF PERIOD	$ 25,640	$ 12,144
SUPPLEMENTARY INFORMATION ON INVESTING AND FINANCING ACTIVITIES NOT INVOLVING CASH FLOWS:		
Right of use assets obtained in exchange for new operating lease liabilities	$ 271	$ 230
Purchase of property and equipment in payables	$ 98	-
RECONCILIATION OF CASH, CASH EQUIVALENTS, AND RESTRICTED CASH REPORTED IN THE STATEMENT OF FINANCIAL POSITION		
Cash and cash equivalents	25,278	11,633
Restricted bank deposits included in current and non-current assets	362	511
Total cash, cash equivalents, and restricted cash shown in the statement of cash flows	$ 25,640	$ 12,144
SUPPLEMENTARY DISCLOSURE ON CASH FLOWS		
Interest received	$ 83	$ 311
Interest paid	$ 2	$ 8

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

NOTE 1 – GENERAL

Vascular Biogenics Ltd. ("VBL" or the "Company") is a clinical-stage biopharmaceutical company focused on the discovery, development and commercialization of first-in-class treatments for difficult-to-treat cancer and immune or inflammatory indications. VBL's lead candidates are ofranergene obadenovec ("VB-111") which is being evaluated in a global Phase 3 clinical trial in platinum resistant ovarian cancer (the " OVAL Study"), and VB-601, a monoclonal antibody targeting monocytes, which is being advanced towards an Investigational New Drug application for inflammatory applications. In 2017, the Company entered into an exclusive license agreement with NanoCarrier Co., Ltd. (the "NanoCarrier License") for the development, commercialization, and supply of VB-111 in Japan for all indications.

Since inception, VBL has incurred significant losses, and it expects to continue to incur significant expenses and losses for at least the next several years. As of September 30, 2021, the Company had an accumulated deficit of $253.0 million. VBL'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 September 30, 2021, the Company had cash, cash equivalents, short-term bank deposits and restricted bank deposits of $50.8 million. Based on its current cash resources, VBL believes it will be sufficient to fund operating expenses and capital expenditure requirements into the fourth quarter of 2023. VBL may seek to raise more capital to pursue additional activities. VBL 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 VBL needs it or may not be available on terms that are favorable to VBL.

In September 2021, the Company established VBL Inc., a U.S. based subsidiary of VBL, and plans to begin U.S. operations from this entity beginning in the fourth quarter of 2021.

NOTE 2 – BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS

The accompanying unaudited condensed consolidated financial statements of VBL 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 the 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 financial statements in the Annual Report on Form 20-F for the year ended December 31, 2020, filed by VBL with the U.S. Securities and Exchange Commission (the "Commission") on March 25, 2021. 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 condensed consolidated 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

VBL 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 the net loss by the weighted average number of ordinary shares outstanding during the period. VBL 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 VBL's computation of net loss per share as such securities would have been anti-dilutive. There were 17,202,734 ordinary shares underlying outstanding options and warrants at September 30, 2021, and 22,021,422 ordinary shares underlying outstanding options and warrants at September 30, 2020.

NOTE 4 – SHAREHOLDERS' EQUITY

Warrant Exercises

During the nine months ended September 30, 2021, an aggregate of 4,893,838 warrants to purchase ordinary shares were exercised for cash. Accordingly, VBL issued 4,893,838 shares and received proceeds of $7.0 million.

Shares and pre-funded warrants offering

On April 9, 2021, the Company entered into a purchase agreement for the sale of 5,150,265 of its ordinary shares to certain investors at a price of $1.90 per ordinary share and 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 to purchase additional shares 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 were approximately $26.4 million, after deducting the underwriting discounts and commissions and the estimated offering expenses.

At-the-Market Offering ("ATM") and Ordinary Share Purchase Agreement

The Company previously entered into a $15 million ATM facility, and into an ordinary share purchase agreement with a single institutional investor for up to $20 million of VBL's ordinary shares, par value NIS 0.01 per share (the "Share Agreement"). The shares under the ATM may be sold from time to time and the shares sold pursuant to the Share Agreement may be sold from time to time until January 2024. During the nine months ended September 30, 2021, VBL sold an aggregate of 2,585,366 shares under the ATM and Share Agreement and received gross proceeds of approximately $6.3 million.

The Company failed to file a prospectus supplement specifying details of the share sales under the ATM. This may have constituted a violation of Section 5 of the U.S. Securities Act of 1933, as amended (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 VBL 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 its 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, VBL may become subject to fines and penalties imposed by the SEC and state securities agencies. Based on consultation with its counsel and management assessment, VBL did not recognize any provision related to this uncertainty.

VBL analyzed the classification of the ordinary shares. Based on ASC 480-10-S99-3A(f), VBL determined that since the redemption obligation is outside of its control the ordinary shares are considered as ordinary shares subject to possible redemption, $1.6 million is classified as temporary equity 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. The revenues are recognized according to ASC 606, "Revenues from Contracts with Customers."

VBL has identified two performance obligations in the NanoCarrier License: (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 nine months ended September 30, 2021, VBL recognized revenue of $0.6 million.

NOTE 6- SUBSEQUENT EVENTS

In October and November 2021, an aggregate of 6,630,159 warrants were exercised for cash. Accordingly, the company issued 6,630,159 ordinary shares and received proceeds of $9.6 million.

OPERATING AND FINANCIAL REVIEW AND PROSPECTS

The following discussion and analysis of our financial condition and results of operations should be read in conjunction with our annual audited 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 filed with the Securities and Exchange Commission ("SEC") on March 25, 2021) 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 U.S. GAAP, and our unaudited financial statements for the nine months then ended on September 30, 2021 (the "period") have been prepared in accordance with U.S. GAAP, "Interim Reporting" ("ASC 270"). Unless stated otherwise, comparisons included herein are made to the three and nine months period ended on September 30, 2020 (the "parallel period"). Unless the context requires otherwise, references in this Report on Form 6-K to the "Company", "VBL" "we," "us" and "our" refer to Vascular Biogenics Ltd. and its consolidated subsidiary.

Overview

We are a clinical-stage biopharmaceutical company focused on the discovery, development and commercialization of first-in-class treatments for difficult-to-treat cancer and immune or inflammatory indications. Our novel Vascular Targeting System gene-targeting platform, which we call VTS™, and antibody-based monocyte targeting technology, enable the creation of a pipeline of programs that harness the body's innate biological processes to provide unique solutions for significant unmet medical needs.

Our proprietary VTS gene-targeting platform is made up of three components: a viral vector, novel promoter, and death receptor. The viral vector delivers the genetic code into cells, while the novel promoter imparts specificity for angiogenic cells, and the death receptor executes the biological activity. We can use different combinations and modifications of these components to custom tailor the attributes of a VTS-based candidate to enhance its profile for a specific indication. We are currently developing the VTS technology for oncology applications.

Our lead product candidate utilizing the VTS platform is VB-111 (ofranergene obadenovec;`ofra-vec`) which is currently being evaluated in Phase 2 and Phase 3 clinical trials. VB-111's mechanism of action combines the blockade of tumor microvasculature (the blood vessels required for tumor growth) with an anti-tumor immune response. We believe VB-111 is highly differentiated as a potential treatment of solid tumors. Our VTS technology has provided the following characteristics and potential advantages to VB-111:

- *Viral vector (Adenovirus Type 5)*- Delivers gene construct to target cells and creates a localized immune response in the tumor micro-environment. Unlike challenges seen with therapeutics using an adeno-associated virus, our adenovirus can be re-dosed chronically.
- *Promoter (PPE 1-3x)*- Imparts specificity for angiogenic endothelial cells. Contains the anti-angiogenic effect to tumor microvasculature without affecting other healthy vasculature or tissues.
- *Death receptor (TNF-Induced)*- Takes advantage of high tumor necrosis factor ("TNF")- alpha levels in tumors to enhance activity. Once the TNF receptor is engaged in the tumor micro-environment, it induces a self-death process in the tumor microvasculature (blood vessels), leading to tumor starvation and immune recruitment via VB-111's dual mechanism of action.

VB-111 has received orphan drug designation for the treatment of ovarian cancer from the European Commission. It has also obtained fast track designation in the United States for recurrent glioblastoma and orphan drug designation for glioblastoma multiforme (GBM) in both the United States and Europe.

Final results from our Phase 1/2 clinical trial of VB-111 for recurrent platinum-resistant ovarian cancer were published in a peer-reviewed publication (Arend et al., Gynecol Oncol. 2020). The data demonstrated a median overall survival ("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.

We are currently enrolling a global Phase 3 randomized, multi-center, placebo-controlled registration-enabling clinical trial (the "OVAL study") evaluating the combination of VB-111 and paclitaxel to placebo plus paclitaxel, in patients with platinum-resistant ovarian cancer. We plan to enroll 400 patients in the OVAL study, out of which over 340 (85%) have been enrolled to date. The OVAL study includes co-primary endpoints of progression free survival ("PFS") and OS. Based on regulatory guidance, successfully meeting either primary endpoint is expected to be sufficient to support a Biologics License Application ("BLA") submission. The OVAL study is being conducted in collaboration with the GOG Foundation, Inc., a leading organization for research excellence in the field of gynecologic malignancies.

In March 2020, we announced encouraging results from a planned interim analysis in the OVAL study. The OVAL study independent Data Safety Monitoring Committee ("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 that the study continue as planned. 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 determined to be 58% or higher. Results of the interim analysis were published in a peer-reviewed manuscript (Arend et al., Gynecol Oncol. 2021).

A second interim analysis in the OVAL study was conducted in August 2020. The DSMC reviewed unblinded OS data from the first 100 enrolled subjects with a follow-up of at least three months. The committee also looked at the response rate and safety information. The DSMC recommended that the study continue as planned. Additional DSMC meetings have been conducted in 2021 after the randomization of 200 patients and 300 patients, respectively, and the committee 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 first quarter of 2022. We expect to complete patient enrollment in the OVAL study by the end of the first quarter of 2022, read out topline PFS results in the second half of 2022 and OS in 2023.

We believe that VB-111 may have utility on a wide variety of solid tumors due to its dual mechanism of action, which should translate to other indications. Several clinical trials evaluating VB-111 in other indications have been conducted including in iodine-resistant thyroid cancer and recurrent GBM ("rGBM").

In a Phase 2 study of VB-111 in recurrent, iodine-resistant differentiated thyroid cancer, the primary endpoint of the trial, defined as 6-month PFS ("PFS-6") of 25%, was met with a dose response. 47% 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®) or other kinase inhibitors.

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®) showed significant survival (414 vs 223 days; HR 0.48; p=0.043) and 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. A 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%.

We also conducted the Phase 3 GLOBE study in rGBM comparing upfront concomitant administration of VB-111, without priming, and bevacizumab to bevacizumab monotherapy. The treatment did not improve OS and PFS outcomes in rGBM, which conflicted with the results seen in a Phase 2 study where a VB-111 priming regimen was used. The full study results were published in a peer-reviewed publication (Cloughesy et al. Neuro Oncol. 2019) and 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. Preclinical data demonstrate that bevacizumab appears to neutralize the effect of VB-111 by inactivating the angiogenic process that VB-111 depends on. In March 2021, we initiated 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 and look to replicate the Phase 2 results in rGBM, utilizing the VB-111 monotherapy priming regimen which was not used in the GLOBE study. Enrollment in this study is ongoing and we expect preliminary data from this study in the second half of 2022. We do not believe that the results and confounding factors from the GLOBE study will necessarily have implications on the prospects for VB-111 in other regimens or tumor types.

VB-111 is also being studied in combination with nivolumab (OPDIVO®), 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. The open label exploratory Phase 2 study will investigate whether priming with VB-111 can enhance immune cell infiltration into advanced colorectal tumors. Enrollment in this clinical trial is ongoing and we expect preliminary data from this study in the first half of 2022.

We have built a new gene therapy manufacturing plant in Modiin, Israel which we expect to 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.). The facility has been certified by a European Union ("EU"), Qualified Person ("QP"), as being in compliance with EU Good Manufacturing Practices, and VB-111 produced from the facility was approved for use in clinical studies in the United States, including the Phase 3 OVAL study, by the U.S. Food and Drug Administration (the "FDA") in August 2021.

We have an exclusive license agreement with NanoCarrier Co., Ltd. (TSE Mothers: 4571) ("NanoCarrier") for the development, commercialization and supply of VB-111 in Japan. We retain rights to VB-111 in all other territories globally. Under terms of the agreement, we granted NanoCarrier an exclusive license for VB-111 in Japan in 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. Per the terms of the license, we received an up-front payment of $15 million, and are entitled to receive more 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.

The second technology we are developing is an antibody-based approach to target monocytes and block their ability to infiltrate tissue and cause inflammation. Monocytes are one of the three cell types implicated in inflammation and appear to be an important one driving disease chronicity. By inhibiting a novel target, MOSPD2, with our antibody technology, we have demonstrated the ability to block monocyte migration to sites of inflammation and reduce inflammation and tissue damage. We believe our monocyte targeting technology has the potential to treat a broad range of inflammatory indications, and are advancing VB-601, our lead pre-clinical candidate through IND-enabling toxicology studies. We have completed a Type B pre-IND meeting with the FDA regarding our development plan and plan to initiate a first-in-human study for the program in the second half of 2022.

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 and monocyte targeting platform technologies and developing our product candidates, including conducting pre-clinical studies of various candidates, manufacturing, and clinical trials of VB-111. 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 ("IIA") under the Israel Encouragement of Research and Development in Industry (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 September 30, 2021, we had raised an aggregate of $315.7 million to fund our operations, including $29.0 million from IIA grants.

Since inception, we have incurred significant losses. Our loss for the period was $20.8 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 September 30, 2021, we had an accumulated deficit of $253.0 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 September 30, 2021, we had cash and cash equivalents, short-term bank deposits and restricted bank deposits of $50.8 million. To fund further operations, we will need to raise additional capital. We may seek to raise additional capital to pursue further development 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 September 30, 2021, we had 38 employees and our operations were located in a single facility in Modiin, Israel.

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

We have 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. According to Israeli regulations, as a pharmaceutical company producing potential therapies for cancer patients, we are considered an essential facility and are therefore exempt from many labor work restrictions even under emergency conditions such as the COVID-19 pandemic. Our gene therapy pharmaceutical grade manufacturing plant in Modiin, Israel continues to operate as normal. However, like other companies in the industry, we are experiencing some supply chain interruptions, mostly regarding raw materials and disposables used for cell and gene therapy production. Although we have sufficient VB-111 supply for our clinical trials, the nature of the pandemic is highly uncertain, and we may encounter interruptions or delays in the future that may affect VB-111 production, process validation and optimization. At this time, our preclinical programs and research activities continue unabated in our facilities in Israel, but we are exposed to potential delays by third-party vendors, which has led to a delay in the production of VB-601 GMP grade material for our planned clinical trials. 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.

Note Regarding Forward-Looking Statements

Various statements in this report 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 include statements regarding initiation, timing, progress and results of our preclinical and clinical trials, and our research and development programs; our expectations about the availability of data from our clinical trials; our ability to advance product candidates into, and successfully complete, clinical trials; our plans for future clinical trials; our ability to manufacture our product candidates in sufficient quantities for clinical trials; and the timing or likelihood of regulatory filings and approvals, among others. 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; and 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 $16.5 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 $1.4 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, or enter into additional collaborative agreements for our product candidates.

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 manufacturing facility;
- expenses incurred under agreements with clinical research organizations 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 September 30, 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 other 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. The total gross amount of grants actually received by us from the IIA, including accrued LIBOR interest as of September 30, 2021 totaled $36.9 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, 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, patents 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.

We recognize full valuation allowance because we do not expect taxable income.

Results of Operations

Comparison of three and nine month periods ended September 30, 2021 and 2020 (in thousands):

	Three Months Ended September 30,		Increase (decrease)	Nine Months Ended September 30,		Increase (decrease)
	2021	2020	$	2021	2020	$
	(in thousands) (unaudited)			(in thousands) (unaudited)		
Revenues	$ 199	$ 193	$ 6	572	$ 717	$ (145)
Cost of revenues	(91)	(132)	41	(270)	(298)	28
Gross profit	108	61	47	302	419	(117)
Expenses:						
Research and development, gross	5,127	5,407	(280)	16,667	15,233	1,434
Government grants	(131)	(807)	676	(260)	(1,460)	1,200
Research and development, net	4,996	4,600	396	16,407	13,773	2,634
General and administrative	1,625	1,283	342	4,779	3,960	819
Operating loss	6,513	5,822	691	20,884	17,314	3,570
Financial expense (income), net	(11)	(43)	32	(71)	(352)	281
Loss	$ 6,502	$ 5,779	$ 723	$ 20,813	$ 16,962	$ 3,851

Revenues

Comparison of three-month periods ending September 30, 2021 and 2020

Revenues for the three months ended September 30, 2021 were $0.2 million, compared to $0.2 million for the parallel period in 2020.

Cost of revenue for the three months ended September 30, 2021 was $0.1 million, compared to $0.1 million for the parallel period. Cost of revenue is attributed to the labor costs and other expenses related to the performance obligations that were delivered during the period.

Comparison of nine-month periods ending September 30, 2021 and 2020

Revenues for the period ended September 30, 2021 were $0.6 million, compared to $0.7 million for the parallel period in 2020. The decrease is based on actual use of performance obligations relating to the development progress in Japan.

Cost of revenue for the period ended September 30, 2021 was $0.3 million, compared to $0.3 million for the parallel period. Cost of revenue 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 September 30, 2021 and 2020

Research and development expenses are shown net of IIA grants. Research and development expenses, net, for the three months ended September 30, 2021 were approximately $5.0 million, compared to approximately $4.6 million in the parallel period, an increase of approximately $0.4 million. 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 $0.7 million.

Comparison of nine-month periods ending September 30, 2021 and 2020

Research and development expenses, net, for the period ended September 30, 2021 were approximately $16.4 million for the period, compared to approximately $13.8 million in the parallel period, an increase of approximately $2.6 million. The increase in research and development expenses, net, in the period was mainly related to the increase in OVAL Study Phase 3 activity and VB-111 chemistry, manufacturing and controls development towards anticipated BLA submission of approximately $1.8 million, a decrease of $1.2 million in the IIA grant in 2021 compared to 2020 and a decrease in MOSPD2 activity for approximately $0.3 million.

General and administrative expenses

Comparison of three-month periods ending September 30, 2021 and 2020

General and administrative expenses for the three months ended September 30, 2021 were $1.6 million, compared to $1.3 million for the parallel period, an increase of $0.3 million. This increase is mainly attributed to higher premium costs for our directors' and officers' insurance compared to the parallel period.

Comparison of nine-month periods ending September 30, 2021 and 2020

General and administrative expenses for the period ended September 30, 2021 were $4.8 million, compared to $4.0 million for the parallel period, an increase of $0.8 million. This increase is mainly attributed to higher premium costs for our directors' and officers' insurance compared to the parallel period.

Financial expenses (income), net

Comparison of three-month periods ending September 30, 2021 and 2020

Financial income, net, for the three months ended September 30, 2021 was approximately $0.01 million, compared to approximately $0.04 million for the parallel period, a decrease of $0.03 million. The decrease was primarily attributable to lower interest income on short-term deposits in addition to unfavorable exchange rates.

Comparison of nine-month periods ending September 30, 2021 and 2020

Financial income, net, for the period ended September 30, 2021 was approximately $0.07 million, compared to approximately $0.35 million for the parallel period, a decrease of $0.28 million The decrease was primarily attributable to unfavorable exchange rates and lower interest income on short-term deposits in the during the period.

Liquidity, Capital Resources, and Financial Condition

We have incurred significant operating losses since inception and expect to continue to incur significant expenses and losses for at least the next several years. As of September 30, 2021, we had an accumulated deficit of $253.0 million. We have historically funded our operations through the sale of shares, warrants, and convertible notes. We received $26.4 million in net proceeds from the sale of ordinary shares and pre-funded warrants in April 2021 and $13.3 million in gross proceeds from warrant exercises, sales under our at-the-market ("ATM") facility, and direct shares sales under the ordinary share purchase agreement (the "Share Agreement") during the nine months ended September 30, 2021.

We expect to continue to incur significant operating losses for the foreseeable future and may never become profitable. 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.

On September 30, 2021, we had cash, cash equivalents, short-term bank deposits and restricted bank deposit totaling $50.8 million and working capital of $43.7 million. We expect that our cash and cash equivalents and short-term bank deposits will be sufficient to fund operating expenses and capital expenditure requirements for at least the next twelve months and into the fourth quarter of 2023. We have based this expectation on assumptions that may prove to be incorrect, and we may use our available capital resources sooner than we currently expect. 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.

In addition, we may elect to raise additional funds before we need them if the conditions for raising capital are favorable due to market conditions or strategic considerations, even if we expect we have sufficient funds for our current or future operating plans.

At present, we have no bank line of credit or other fixed source of capital reserves. Should we need additional capital in the future, we will be primarily reliant upon a private or public placement of our equity or debt securities, government grants, or a strategic transaction, and there is no guaranty that we will be successful in such efforts. If we are unable to maintain sufficient financial resources, our business, financial condition and results of operations will be materially and adversely affected. This could affect future development and business activities and clinical studies and/or other ventures. Failure to obtain additional equity or debt financing will have a material, adverse impact on our business operations. There can be no assurance that we will be able to obtain the needed financing to achieve our goals on acceptable terms or at all.

Cash Flows

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

	Nine Months Ended September 30,	
	2021	**2020**
	(in thousands) (unaudited)	
Cash used in operating activities	$ (18,349)	$ (16,512)
Cash (used in) provided by investing activities	(8,966)	1,893
Cash provided by financing activities	39,299	16,684
Net increase in cash and cash equivalents	$ 11,984	$ 2,065

Operating Activities

Net cash used in operating activities was approximately $18.3 million for the nine months ended September 30, 2021, as compared to approximately $16.5 million for the parallel period. Net cash used in operating activities in the nine months ended September 30, 2021 was primarily the result of our $20.8 million net loss, partially offset by a $0.2 million net increase in working capital and an aggregate of $2.2 million in non-cash charges. Net cash used in operating activities in the parallel period was primarily the result of our $17.0 million net loss and a $1.6 million net decrease in working capital, offset by an aggregate of $2.1 million in non-cash charges.

Investing Activities

Net cash used in investing activities was approximately $9.0 million for the nine months ended September 30, 2021, as compared to $1.9 million provided by investing activities in the parallel period. Net cash used in investing activities for the nine months ended September 30, 2021 was primarily due to the maturation of $17.1 million in short-term bank deposits, offset by $25.1 million of investments in short-term bank deposits and the purchase of $0.9 million in fixed assets. Net cash provided by investing activities in the parallel period was primarily due to the maturation of $31.0 million in short-term bank deposits, offset by $29.1 million of investments in short-term bank deposits.

Financing Activities

Net cash provided by financing activities was approximately $39.3 million for the nine months ended September 30, 2021, as compared to $16.7 million for the parallel period. Net cash provided by financing activities for the nine months ended September 30, 2021 primarily reflects the proceeds from the April underwritten public offering of ordinary shares and pre-funded warrants, as well as the sales of shares pursuant to the ATM and Share Agreement. In the parallel period, net cash provided by financing activities primarily reflects the proceeds from the sale of securities in May 2020.

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 38% of our expenses in the nine months ended September 30, 2021 were denominated in New Israeli Shekels (“NIS”). 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 has 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.