Vaxil Bio Ltd.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF

FINANCIAL CONDITION AND RESULTS OF OPERATIONS

For the three-month period ended March 31, 2020

*The following is a discussion and analysis of the activities, consolidated results of operations and financial condition of Vaxil Bio. Ltd. ("**Vaxil**", "**we**", "**our**", "**us**", or the "**Company**") for the three-month periods ended March 31, 2020, which has been prepared on the basis of information available up until May 27, 2020. This Management's Discussion and Analysis ("**MD&A**") should be read in conjunction with the Company's interim consolidated financial statements for the three-month period ended March 31, 2020, as well as the annual consolidated financial statements for the year ended December 31, 2019, together with the notes thereto.*

All monetary amounts are reported in Canadian dollars and in accordance with IFRS unless otherwise noted.

Forward-Looking Statements

This MD&A (including, without limitation, the sections discussing Vaxil's Financial Conditions and Results of Operations) contains certain forward-looking statements. All statements other than statements of historical fact that address activities, events or developments that the Company believes, expects or anticipates will or may occur in the future are forward-looking statements. Forward-looking statements are often, but not always, identified by the use of words such as "seek", "anticipate", "contemplate", "target", "believe", "plan", "estimate", "expect" and "intend" and statements that an event or result "may", "will", "can", "should", "could" or "might" occur or be achieved and other similar expressions. These statements are based upon certain assumptions and analyses made by management in light of its experience and perception of historical trends, current conditions and expected future developments, as well as other factors management believes are appropriate in the circumstances. However, whether actual results and developments will conform with management's expectations is subject to a number of risks and uncertainties, including the considerations discussed herein and in other documents filed from time to time by the Company with Canadian security regulatory authorities, general economic, market or business conditions, the opportunities (or lack thereof) that may be presented to and pursued by management, competitive actions by other companies, changes in laws or regulations and other factors, many of which are beyond the Company's control. These factors may cause the actual results of the Company to differ materially from those discussed in the forward-looking statements and there can be no assurance that the actual results or developments anticipated by management will be realized or, even if substantially realized, that they will have the expected results on Vaxil. All of the forward-looking statements made herein are qualified by the foregoing cautionary statements. The Company expressly disclaims any obligation to update or revise any such forward-looking statements. The Company cautions that COVID-19 Vaccine Development is still under early stage research and development and is not making any express or implied claims that it has the ability to eliminate the COVID-19 virus at this time.

Business overview and Significant Developments during the period

Corporate Structure

Name and Incorporation

Vaxil Bio Ltd. ("Vaxil" or the "Company") was incorporated under the Business Corporations Act (BC) on July 26, 2006 and is listed on the TSX Venture Exchange under the symbol "VXL". The Company's head office is located at 3400 One First Canadian Place, Toronto, Ontario, M5X 1A4, Canada. Vaxil's Israel office is within the Weizmann Science Park, an Israeli biotech hub and adjacent to the famed Weizmann Institute of Science, at Pinchas Sapir Street 3, P.O. Box 4058, Nes Ziona, 74140, Israel. This is also the principal place of business where Vaxil currently hosts its scientific laboratory.

Business of Vaxil

Vaxil is an Israeli biotechnology company that is focused on a novel drug discovery and development platform based on Signal Peptides ("**SPs**") which the company deploys to fight infectious diseases and cancer.

Our most advanced product, ImMucin™, completed a Phase 1/2a clinical trial in multiple myeloma and received orphan drug status from the FDA and EMA. The company also announced a COVID-19 vaccine candidate in addition to its tuberculosis vaccine / treatment candidate that demonstrated promising preclinical results at a top US academic institution. Additional indications and mAb candidates are under evaluation as immuno-oncology and infectious disease treatments alone and in combination with other treatments.

Vaxil exploits the unique properties of signal peptide domains on crucial proteins to develop targeted therapies against cancer targets and infectious disease pathogens. VaxHit™, Vaxil's proprietary bioinformatic approach, mines candidate signal peptides with predicted high immunogenicity and wide coverage over varied HLA subtypes. The SPs induce a robust T- and B-cell response. Under normal conditions signal peptides are not presented on the cell surface, thus acting as a neoantigen in tumor cells. Since these neoantigens are not a result of a mutation, but are naturally occurring sequences, these sequences will be identical among most patients providing a unique class of therapeutics – universal neoantigens. The peptide platform targets affected cells, either transformed (i.e., cancer) or infected, by "educating" or specifically activating the immune system to recognize and specifically attack these cells, and only these cells. In addition, Vaxil's mAb platform directly recognizes the target epitopes presented on malignant cells and recruits other elements of the immune system to kill those cells.

In February 2020, the Company shifted much of the Company's resources to identifying and developing a potential vaccine for COVID-19 ("**Vaccine Candidate**"). The Vaccine Candidate is based on unique and patent-protected signal peptide technology and was discovered utilizing Vaxil's proprietary VaxHit™ bioinformatics platform. The Vaccine Candidate's design is based on knowledge gained from in vivo experiments including testing Vaxil's tuberculosis signal peptide vaccine candidate. The current work may also lead to other infectious disease applications.

Vaxil's technology provides unique advantages due to the use of signal peptides as the basis for a prophylactic and therapeutic vaccine. Those advantages include:

1. Induction of a complete adaptive immune response – cellular (T cell) and humoral (antibodies).
2. Stimulation of a robust immune response elicited by multiple antigens within the SP.
3. Wide coverage of diverse populations due to epitopes spanning varied HLA class I and class II restrictions.
4. Increased immune efficiency due to circumventing the viral and tumor immune evasions, such as TAP insufficiency and HLA downregulation.
5. Improved safety profile by specifically and only targeting affected cells.
6. Potential prevention of infectious disease resurgence and a novel universal class of neoantigen in oncology.
7. Greater susceptibility to adaptive immunity by targeting infected cells rather than the pathogen.

Preclinical studies and the clinical Phase 1/2a trial demonstrated a good safety profile coupled with signals of biological activity for Vaxil's SP platform and approach. Vaxil has created effective, scientifically-validated, platforms to develop targeted immuno-oncology and infectious disease treatments from discovery through clinical trials.

Vaxil's strategy comprises two key therapeutic areas

1. Signal Peptides - COVID-19 (and other infectious disease: Tuberculosis)
2. Signal Peptides - Oncology

COVID-19 Vaccine Candidate – Work performed to date

In March, 2020, the Company applied for two US patents (U.S 62/987,310 & 63/000,213) on a coronavirus vaccine candidate that are intended to provide broad patent protection for novel vaccines, pharmaceutical compositions and methods of treating and preventing an infectious disease as well as methods for producing a peptide vaccine against coronaviruses.

Vaxil has completed initial preclinical experiments to test the immune response of our COVID-19 vaccine candidate. These results provided the first pre-clinical validation of our in silico modelling announced a few weeks before.

As is common in such early preclinical trials/research programs, the early research is performed to validate the immune response in a screening protocol performed on healthy donor blood cells to establish that our signal peptides demonstrate a favorable and significant immune response (immunogenicity profile). The results of this work indeed exhibited proliferation in varying degrees across T cell population (CD3+) as well as in specific subpopulations: cytotoxic T lymphocytes (CD8+) and in T helper cells (CD4+).

The individual peptides as well as in combination responded more than unstimulated cells. This concurs with results seen in other Vaxil vaccine candidates, such as ImMucin™, which was used in our Phase 1/2a study for multiple myeloma, published by the Company in 2015.

Anomalies seen in earlier work were addressed, including in manufacturing of R&D material which we continue to optimize to maximize readiness for scale-up. We are assessing several large-scale contract manufacturers to develop a scaled GMP process to be ready to produce at the appropriate time.

Dr. Mordechai Applebaum, PhD, Vaxil's head of Research and Development, conducted and validated the work at the Company's laboratory in Nes Ziona, Israel. The results have not yet been independently verified.

The uniqueness of this multi-antigen SP platform is that it can employ both arms of the adaptive immune response by targeting infected cells rather than the pathogen which is targeted by traditional vaccines. Therefore, Vaxil's peptides have the potential to elicit a thorough and durable T cell (cellular) and B cell (humoral) immune response. We believe that this may lead to broader and more potent immune protection while maintaining a good safety profile, longer durability of protection and suitability to HLA-diverse populations.

Vaxil has already begun the next set of experiments in our preclinical program to better understand the immune responses and determine dosing. Vaxil intends to perform additional experiments including assessing patient plasma, in vitro cytotoxicity, in vivo immunogenicity and ex vivo T cell proliferation and cytokine release.

In early May 2020, the Company signed a collaboration agreement with the The Medical Research, Infrastructure, and Health Services Fund of the Tel Aviv Medical Center (the "**Tel Aviv Medical Center**") to advance the Company's research program to develop a potential peptide vaccine against COVID-19. This agreement provides Vaxil with vital access to Tel Aviv Medical Center's research resources including their unique bank of biological samples and its advanced research infrastructure. Dr. David Hagin, Director of the Allergy and Clinical Immunology Unit, will progress our pre-clinical work toward clinical trials.

Tuberculosis (TB)

In addition, Vaxil's platform has potential as a treatment for other infectious diseases. Over the past year, Vaxil advanced the signal peptide platform in infectious disease, focusing on tuberculosis with MTBuVax™. Preclinical studies have confirmed the efficacy of signal peptides in reducing bacterial load in the lungs in a murine protection model. Further studies will evaluate tuberculosis SPs as a boost to standard of care, in order to (1) increase treatment efficacy, (2) prolong the protective immunity effect and/or (3) expand the treated population. Vaxil has collaborations with world-renowned tuberculosis researchers at a top research university.

Oncology

Following the successful clinical trial of ImMucin™, Vaxil plans to develop our MUC1-SP as an adjunct therapy or combination therapy to synergistically improve the standard of care for solid tumors with high risk of metastasis. Preclinical studies are planned to support forthcoming clinical trials.

Vaxil's VaxHit™ has identified additional peptide candidates pertinent to a variety of cancers that can be developed as either SPs or mAbs. VaxHit™ will continue to be employed to identify other candidates for oncological and infectious disease indications.

During 2019, Vaxil enhanced its peptide production methodologies to increase yield and purity, improving and allowing future scale-up for prospective clinical trials as well as future commercial manufacturing.

Vaxil Intellectual Property

During the last several months, Vaxil has increased the number of patent families from three to five, including 30 granted patent and eight patent applications with more work being done to expand the portfolio.

- The first patent family relates to the ImMucin™ product, a MUC1 signal peptide-based vaccine. This patent family includes patents in US, Europe, Australia, Canada, Israel and India, relating to the ImMucin™ vaccine and methods for using ImMucin™ such as for treating cancer and T-cell enrichment.
- The second patent family relates to immunogenic composition, specifically against a pathogen (e.g., tuberculosis, malaria, toxoplasma, EBV, HIV, herpes virus, and influenza). This patent family includes patents in US, Europe and South Africa.
- The third patent family relates to the antibodies produced by MUC1 signal peptides, and diagnostic and therapeutic methods using these antibodies. This patent family includes a US granted patent and patent applications in Europe, Australia, Canada, Israel and India.
- The fourth patents family relates to selective delivery of the drugs such as anticancer to endothelial cells using polymer-drug conjugates. This patent family includes granted patents in the US, Europe, and Israel
- The fifth patent family relates to COVID-19 immunogenic peptides, such as for use as vaccines. This patent family includes two US provisional applications.

Additional Disclosure for Venture Issuers without Significant Revenues (in Thousands of Canadian Dollars):

	Three Month ended March 31	
	2020	**2019**
Research and development costs	**$ 82**	$ 163
General and administration costs	**70**	39
	$ 152	$ 202

Discussion of Operations

The following is a discussion of the results of operations which have been derived from the condensed consolidated interim financial statements of the Company for the three periods ended March 31, 2020 (in Thousands of Canadian Dollars):

	Three Month ended March 31	
	2020	**2019**
Expenses:		
Research and development costs	**$ 82**	$ 163
General and administration costs	**70**	39
Share based compensation	**19**	49
Total Expenses	**171**	251
Operating Loss	**(171)**	(251)
Financial Expenses	**2**	1
Net loss for the period	**(173)**	(252)
Other Comprehensive Loss		
Foreign currency translation adjustment	**(30)**	(7)
Net loss and comprehensive loss for the period	**$ (203)**	$ (259)

Three-month period ended March 31, 2020, compared to the three-month period ended March 31, 2019

Research and Development costs, net

For the three-month period ended March 31, 2020, research and development costs expenses amounted to $82 thousand as compared to $163 thousand for the three-month period ended March 31, 2019. The decrease in research and development costs is the result of reduction in non-essential preclinical work in the first quarter, which has already begun to increase in the second quarter due to the initiation of our COVID-19 preclinical program.

General and Administrative Expenses

For the three-month period ended March 31, 2020, general and administrative expenses amounted to $70 thousand as compared to $39 thousand for the three-month period ended March 31, 2019. The increase in general and administrative expenses in 2020 relates primarily to the increase of the cost incurred in connection with the issuance of convertible and non convertible loans.

Share based compensation

For the three-month period ended March 31, 2020, share-based compensation is $19 thousand as compared to $49 thousand for the three-month period ended March 31, 2019. The amount in 2020 and 2019 relates to the fair value of options granted to the CEO during the third quarter of 2018 that have vested during the current period.

Net Losses

The Company reported a net loss for the three-month period ended March 31, 2020 of $173 thousand as compared to a net loss of $252 thousand for the three-month period ended March 31, 2019. The increase in the loss in 2020 is due to change in fair value of convertible loans, partially offset by reduced research and development costs.

Inflation

During the three-month period ended March 31, 2020 and 2019, inflation has not had a material impact on our operations.

Summary of Quarterly Results

	31-Mar-20	31-Dec-19	30-Sep-19	30-Jun-19
	Canadians dollars in thousands, except per share data			
Net loss	$ (173)	$ (492)	$ (207)	$ (203)
Net loss and comprehensive loss	$ (203)	$ (489)	$ (211)	$ (201)
Net loss per share	$ (0.00)	$ (0.01)	$ (0.00)	$ (0.00)

	Quarter ended			
	31-Mar-19	31-Dec-18	30-Sep-18	30-Jun-18
	Canadians dollars in thousands, except per share data			
Net loss	$ (252)	$ (398)	$ (230)	$ (180)
Net loss and comprehensive loss	$ (259)	$ (386)	$ (236)	$ (141)
Net loss per share	$ (0.00)	$ (0.01)	$ (0.00)	$ (0.00)

The loss per quarter and related net loss per share is a function of the level of research and development activity that took place during that quarter. In 2018 and 2019 and during 2020, the losses per quarter relates to work completed in respect of preclinical studies.

Liquidity

Liquidity is a measure of a company's ability to meet potential cash requirements. The Company has historically met its capital requirements through the issuance of common shares.

The Company has an accumulated deficit of $16,349 thousand as of March 31, 2020 ($16,221 thousand as of December 31, 2019), the Company had negative cash flows from operations of $152 thousand for the three-month period ended March 31, 2020 (negative cash flows of $216 thousand during the three-month period ended March 31, 2019). The ability of the Company to continue as a going concern depends upon the ability of the Company to obtain financing to complete its research and development programs. The Company is an early stage biotech company and has not earned any revenues to date.

Three-month period ended March 31, 2020 compared to the three-month period ended March 31, 2019

During the three-month period ended March 31, 2020, the Company's overall position of cash and cash equivalents increased by $1,099 thousand. This increase in cash and cash equivalents can be attributed to the following activities:

The Company's net cash used in operating activities during the three-month period ended March 31, 2020 was $152 thousand as compared to $216 thousand for the three-month period ended March 31, 2019. This decrease is primarily due to the decrease in research and development expenses and Share based compensation.

Cash flowed from financing activities for the three-month period ended March 31, 2020 was $1,250 thousand as compared to cash used from financing activities of $9 thousand during the three-month period ended March 31, 2019. The amount in 2020 relates primarily to proceeds from exercise of warrants of $1,137 thousand, proceeds from unsecured loans $95 thousand, proceeds from unsecured convertible loans $36 thousand offset by lease repayments of $18 thousand.

Capital Resources

As of March 31, 2020, the Company's cash and cash equivalents were $1,152 thousand (December 31, 2019 - $83 thousand). The majority of this balance is being held in Canadian Dollars. Our working capital at March 31, 2020 was positive $291 thousand as compared to negative $667 thousand at December 31, 2019.

Commitments

The Company has an agreement for the lease of the offices in Israel for a period ending in February 2021, which can be terminated by giving three-months' notice. The total future minimum lease payments for three-months under the operating lease is $14 thousand.

Disclosure of Outstanding Share Data

As of the date of this report, the Company has 103,619,447 ordinary shares outstanding, 21,510,000 warrants outstanding and 5,032,199 options granted. Each warrant and option entitles the right of the holder thereof to acquire one ordinary share.

Management of Capital

The Company is an early-stage biotechnology research and development company and currently does not generate significant cash flows from operations. The Company's primary source of funds comes from the issuance of share capital. The Company does not use other sources of financing that require fixed payments of interest and principal and is not subject to any externally imposed capital requirements.

The Company defines its capital as share capital plus warrants. To effectively manage the Company's capital requirements, the Company has a planning and budgeting process in place to ensure that adequate funds are available to meet its strategic goals. The Company monitors actual expenses to budget to manage its costs and commitments.

The Company's capital management objective is to maximize investment returns to its equity-linked stakeholders within the context of relevant opportunities and risks associated with the Company's operations. Achieving this objective requires management to consider the underlying nature of research and development activities, the availability of capital, the cost of various capital alternatives and other factors. Establishing and adjusting capital requirements is a continuous management process.

Although the Company has been successful at raising funds in the past through the issuance of share capital, there can be no assurance that future financings will be successful.

Off-Balance Sheet arrangements

See "Commitments" above.

Transactions with Related Parties

No director or senior officer of the Company, and no associate or affiliate of the foregoing persons, and no insider has or has had any material interest, direct or indirect, in any transactions, or in any proposed transactions, which in either such case has materially affected or will materially affect the Company or the Company's predecessors since the beginning of the Company's last completed fiscal year except as follows:

During the three-month periods ended March 31, 2020, the Company incurred $41 thousand in employment costs of the CEO and consulting fees to the CFO, as compared to $41 thousand during the three-months ended March 31, 2019, that related to CEO and CFO costs, and consulting fees to directors.

These transactions are in the ordinary course of business and are measured at the amount of consideration set and agreed by the related parties.

As at March 31, 2020, the Company has outstanding liabilities to related parties of $133 thousand, including unsecured non-convertible loans and interest of $96 thousand (March 31, 2019 - $14 thousand).

These transactions are in the normal course of operations and are measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties.

Critical Accounting Policies and Estimates

Our results of operation and financial condition are based on our consolidated financial statements, which are presented in accordance with IFRS. Certain accounting principles require us to make certain estimates, judgments and assumptions. We believe that the estimates, judgments and assumptions upon which we rely are reasonable based upon information available to us at that time. These estimates, judgments and assumptions can affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities as of the date of the financial statements, as well as the reported amounts of revenues and expenses during the periods presented. To the extent there are material differences between these estimates, judgments or assumptions and actual results, our financial statements will be affected. The significant accounting policies and estimates that we believe are the most critical to aid in fully understanding and evaluating our reported financial results include the following:

The critical judgments and significant estimates in applying accounting policies that have the most significant effect on the amounts recognized in the consolidated financial statements are:

The series of loans made to the subsidiary company are considered part of the parent Company's net investment in a foreign operation as the Company does not plan to settle these balances in the foreseeable future. As a result of this assessment, the unrealized foreign exchange gains and losses on the intercompany loans are recorded through other comprehensive loss. If the Company determined that settlement of these amounts was planned or likely in the foreseeable future, the resultant foreign exchange gains and losses would be recorded through the statement of comprehensive profit and loss.

Disclosure Controls and Procedures and Internal Controls over Financial Reporting

There were no changes to the Company's internal controls over financial reporting during the three-month period ended March 31, 2020, which have materially affected, or are reasonably likely to materially affect, the Company's internal control over financial reporting.

As of March 31, 2020, the Company evaluated its disclosure controls and procedures and internal control over financial reporting, as defined by the Canadian Securities Administrators. These evaluations were carried out under the supervision of and with the participation of management, including the Company's chief financial officer. Based on these evaluations, the chief financial officer concluded that the design of these disclosure controls and procedures and internal control over financial reporting were effective.

Financial Instruments and Other Instruments

The following table shows the classification of financial instruments under IFRS 9:

Financial asset/liability	Classification under IFRS 9
Cash	Amortized cost
Amounts receivable	Amortized cost
Other accounts payable and accrued liabilities	Amortized cost
Long-term accounts payable	Amortized cost

The Company determines the classification of financial assets at initial recognition. The classification of its instruments is driven by the Company's business model for managing the financial assets and their contractual cash flow characteristics. Equity instruments that are held for trading (including all equity derivative instruments) are classified as fair value through profit and loss ("FVTPL"). For other equity instruments, on the day of acquisition the Company can make an irrevocable election (on an instrument-by-instrument basis) to designate them at fair value through other comprehensive income ("FVTOCI"). Financial liabilities are measured at amortized cost, unless they are required to be measured at FVTPL (such as instruments held for trading or derivatives) or the Company has opted to measure them at FVTPL.

Risks and Uncertainties

Credit risk

The Company manages credit risk, in respect of cash and cash equivalents and restricted deposits, by holding them at major Canadian and Israeli financial institutions in accordance with the Company's investment policy. The Company places its cash and cash equivalents with high credit quality Israeli and Canadian financial institutions. Concentration of credit risk exists with respect to the Company's cash and cash equivalents and other receivables. The Company's exposure as at March 31, 2020 and December 31, 2019 was $1,181 thousand and $110 thousand respectively, which consisted of $1,152 thousand (December 31, 2019 - $83 thousand) in cash held in bank accounts, and $29 thousand (December 31, 2019 - $27 thousand) in amounts receivable and prepaid expenses. None of the Company's amounts receivable are overdue as at March 31, 2020.

Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in obtaining funds to meet current obligations and future commitments. The Company's approach to managing liquidity risk is to forecast cash requirements to provide reasonable assurance that it will have sufficient funds to meet its liabilities when due. As of March 31, 2020, the Company had cash and cash equivalents of $1,152 thousand (December 2019, 83$ thousand) and accounts receivable and prepaid expenses of $29 thousand (December 2019, $27 thousand) to settle current liabilities in the amount of $983 thousand (December 2019, $777 thousand). From March through May 2020, we raised $1.4 million from the exercise of certain warrants issued in January 2018.

Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk is comprised of two types of risk: interest rate risk, and foreign currency risk.

(i) Interest rate risk

The Company is not exposed to significant interest rate risk due to the short-term maturity of its cash equivalents.

(ii) Foreign currency risk

The Company is exposed to financial risk related to the fluctuation of foreign exchange rates. The Company operates in Israel and most of the Company’s expenditures are currently incurred in NIS. However, the Company also has expenditures in US Dollars and Canadian Dollars. The Company has not hedged its exposure to currency fluctuations. An increase or decrease of 5% of the NIS or the US Dollar relative to the Canadian dollar would not have a significant effect on the Company.

Development Stage Company

Vaxil has only a limited history upon which one can evaluate its business and prospects as its technologies are still at an early stage of development and thus Vaxil has limited experience and has not yet demonstrated an ability to successfully overcome many of the risks and uncertainties frequently encountered by companies in new and rapidly evolving fields, particularly in the biopharmaceutical area. Vaxil has not begun to market or generate revenues from the commercialization of any products related to human health. The likelihood of the success of the Company must be considered in light of the risks inherent in, and the difficulties, costs and complications associated with the early growth stages of a business enterprise, as well as with the development and marketing of new products.

Future Capital Needs

The Company may not be able to fully implement and execute its business strategy without additional financing. There can be no assurance that such additional financing will be available, and if available, there can be no assurance that the cost of obtaining such financing will be on favorable or reasonable commercial terms or that it will not result in substantial dilution to its shareholders. If additional funds are raised through the issuance of equity or equity-linked debt securities, the percentage ownership in Vaxil of the shareholders will be reduced, and such securities may have rights, preferences, or privileges senior to or equal to those of the Company's shares held by the current shareholders, or any other securities outstanding on the date hereof.

If adequate funds are not available to satisfy ongoing capital requirements, the Company may be required to curtail its operations significantly or to obtain funds, if available, through arrangements with strategic partners or others that may require the Company to relinquish material rights to certain technologies or potential markets. There is no certainty that financing will be available in amounts or on acceptable terms, if at all.

Any failure to raise additional funds on favorable terms is likely to have a material adverse effect on the Company's liquidity and financial condition.

Dependence on Key Personnel

The Company's future success depends on its ability to retain key employees and attract, train, retain and successfully integrate new talent into its management team. Vaxil is dependent on the services of its senior management team. The loss of any of the members of the Company's senior management team could have a material adverse effect on the Company's results of operations, business and prospects. The Company's future success also depends, to a significant extent, on its ability to attract and retain talented personnel. Recruiting and retaining talented personnel, particularly those with the expertise required for the Company's business is vital to the Company's success and may prove difficult.

Changes in Technology and Industry Standards

The pharmaceutical and biotechnology drug development industry is susceptible to technological advances and the introduction of new technologies. Further, this industry is also subject to changing industry standards, market trends and customer preferences and to competitive pressures, which can, among other things, necessitate revisions in pricing strategies, price reductions and reduced profit margins. The success of the Company will depend, in part, on its ability to secure technological superiority in its products and operations and maintain such superiority in the face of new technologies. No assurance can be given that further modification of product offerings of Vaxil will not be required in order to meet demands or to make changes necessitated by developments made by competitors that might render services and operations of the Company less competitive. The future success of the Company will be influenced by its ability to continue to adapt its products. Although Vaxil has committed resources to research and develop its products, there can be no assurance that these efforts will be successful.

Applicability of Patents and Proprietary Technology

Competitors may have filed patent applications, or hold issued patents, relating to products or processes competitive with those Vaxil has developed or will in future develop. The Company's patent applications for a product may not be approved or approved as desired. The patents of the Company's competitors may impair its ability to do business in a particular area. Others may independently develop similar products or duplicate any of the Company's unpatented products or technologies. The Company's success will depend, in part, on its ability in the future to obtain patents, protect trade secrets and other proprietary information and operate without infringing the proprietary rights of others. Patent protection is uncertain and involves many complex legal, scientific and technical questions. The degree of legal protection afforded under patents is unclear. As a result, the scope of patents issued to Vaxil or their partners may not successfully prevent third parties from developing similar or competitive products.

Vaxil has and will continue to enter into confidentiality agreements with its employees, suppliers and vendors. However, these confidentiality agreements may be breached, and the Company may not have adequate remedies for such breaches. Others may independently develop substantially equivalent proprietary information without infringing upon any proprietary technology belonging to the Company. Third parties may otherwise gain access to the Company's proprietary information and adopt it in a competitive manner.

In addition, the coverage claimed in a patent application can be significantly reduced before a patent is issued. Also, Vaxil faces the following intellectual property risks: (i) some or all patent applications may not result in the issuance of a patent; (ii) patents issued may not provide the holder with any competitive advantages; (iii) patents could be challenged by third parties; (iv) the patents of others could impede our ability to do business; (v) competitors may find ways to design around our patented products; and (vi) competitors could independently develop products which duplicate our products.

Patent Litigation

A number of industry competitors and institutions have developed technologies, filed patent applications or received patents on various technologies that may be related to or affect our business. Claims by these companies that Vaxil infringes their proprietary technology may result in liability for damages or may delay the development and commercialization efforts for the Company's products. Such conflict could limit the scope of the patents, if any, that the Company may be able to obtain or result in the denial of its patent applications. In addition, if patents that cover the Company's activities are issued to other companies, there can be no assurance that Vaxil would be able to obtain licenses to these patents at a reasonable cost or be able to develop or obtain alternative technology. If the Company does not obtain such licenses, it could encounter delays in the introduction of products, or could find that the development, manufacture or sale of products requiring such licenses could be prohibited. In the pharmaceutical industry, it is not uncommon for competitors to advance such claims for strategic purposes. Furthermore, there can be no assurance that patent or other litigation will not arise in connection with any of the Company's or future products or product candidates. Patent litigation, with or without merit, is time-consuming and costly and may significantly impact the Company's financial condition and results of operations, even if the Company prevails. In addition, the Company could incur substantial costs in defending suits brought against it on patents it might infringe or in filing suits against others to have such patents declared invalid.

Covid-19 Pandemic

Since January 2020, the Coronavirus outbreak has dramatically expanded into a worldwide pandemic creating macro-economic uncertainty and disruption in the business and financial markets. Many countries around the world, including Israel, have been taking measures designated to limit the continued spread of the Coronavirus, including the closure of workplaces, restricting travel, prohibiting assembling, closing international borders and quarantining populated areas. Such measures present concerns that may dramatically affect the Company's ability to conduct its business effectively, including, but not limited to, adverse effect relating to employees' welfare, slowdown and stoppage of manufacturing, commerce, shipping, delivery, work, travel and other activities which are essential and critical for maintaining on-going business activities. Given the uncertainty around the extent and timing of the future spread or mitigation of COVID-19 and around the imposition or relaxation of protective measures, the Company cannot reasonably estimate the impact to its future results of operations, cash flows or financial condition; infections may become more widespread and the limitation on the ability to work, travel and timely sell and distribute products, as well as any closures or supply disruptions, may be extended for longer periods of time and to other locations, all of which would have a negative impact on the Company's business, financial condition and operating results. In addition, the unknown scale and duration of these developments have macro and micro negative effects on the financial markets and global economy which could result in an economic downturn that could affect demand for the Company's products and have a material adverse effect on its operations and financial results, earnings, cash flow and financial condition.

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