**UNITED STATES**
# SECURITIES AND EXCHANGE COMMISSION
**WASHINGTON, DC 20549**

# FORM 10-Q

**(Mark One)**

**☒ QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

**For the quarterly period ended June 30, 2022**

**OR**

**☐ TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

**For the transition period from to**

**Commission File Number: 001-38807**

# Chemomab Therapeutics Ltd.
**(Exact Name of Registrant as Specified in its Charter)**

| **Israel** | **81-3676773** |
|---|---|
| **(State or other jurisdiction of incorporation or organization)** | **(I.R.S. Employer Identification No.)** |

**Kiryat Atidim, Building 7**
**Tel Aviv, Israel 6158002**
**(Address of principal executive offices including zip code)**

**Registrant's telephone number, including area code: +972-77-331-0156**

**Securities registered pursuant to Section 12(b) of the Exchange Act:**

| Title of each class | Trading Symbol(s) | Name of each exchange on which registered |
|---|---|---|
| American Depositary Shares, each representing twenty (20) ordinary shares, no par value per share | CMMB | Nasdaq Capital Market |
| Ordinary shares, no par value per share | n/a | Nasdaq Capital Market* |

*Not for trading; only in connection with the registration of American Depository Shares

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

Yes ☒ No ☐

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§ 232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files).

Yes ☒ No ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act.

| | | | |
|---|---|---|---|
| Large accelerated filer | ☐ | Accelerated filer | ☐ |
| Non-accelerated filer | ☒ | Smaller reporting company | ☒ |
| | | Emerging growth company | ☒ |

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).

Yes ☐ No ☒

As of August 11, 2022, the registrant had 11,431,656 American Depositary Shares outstanding.

**CHEMOMAB THERAPEUTICS LTD.**

**QUARTERLY REPORT ON FORM 10-Q**
**FOR THE QUARTER ENDED JUNE 30, 2022**

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## CAUTIONARY NOTE ABOUT FORWARD-LOOKING STATEMENTS

This quarterly report contains forward-looking statements. All statements other than statements of historical fact are "forward-looking statements" for purposes of this Quarterly Report on Form 10-Q. These statements involve known and unknown risks, uncertainties and other factors that may cause our actual results, performance or achievements to be materially different from any future results, performance or achievements expressed or implied by the forward-looking statements. In some cases, you can identify forward-looking statements by terms including "anticipates," "believes," "could," "estimates," "expects," "intends," "may," "plans," "potential," "predicts," "projects," "should," "will," "would," or the negative of these terms or other similar expressions. Forward-looking statements reflect our current views with respect to future events and are based on assumptions and subject to risks and uncertainties. Actual results or events could differ materially from those set forth or implied by such forward-looking statements and related assumptions due to certain factors, including, without limitation, the risks set forth under the caption "Risk Factors" below, which are incorporated herein by reference as well as those business risks and factors described elsewhere in this report and in our other filings with the Securities and Exchange Commission (the "SEC"), specifically our most recent Annual Report on Form 10-K, our Quarterly Reports on Form 10-Q and our Current Reports on Form 8-K. All forward-looking statements speak only as of the date made, and we undertake no obligation to update or revise publicly any forward-looking statements, whether as a result of new information, future events or otherwise, except as required by law.

## CERTAIN TERMS USED IN THIS QUARTERLY REPORT ON FORM 10-Q

As used in this Quarterly Report on Form 10-Q, unless the context otherwise requires:

- references to "Chemomab Therapeutics Ltd.", "Chemomab," the "Company," "us," "we" and "our" refer to Chemomab Therapeutics Ltd. an Israeli company and its consolidated subsidiaries, although with respect to the presentation of financial results for historical periods that preceded the Merger (as defined below), these terms refer to the financial results of Chemomab Ltd., which was the accounting acquirer in the Merger;
- references to "ordinary shares," "our shares" and similar expressions refer to the Company's ordinary shares, no nominal (par) value;
- references to "ADS" refer to the American Depositary Shares listed on the Nasdaq Capital Market ("Nasdaq") under the symbol "CMMB," each representing twenty (20) ordinary shares; references to "dollars," "U.S. dollars" and "$" are to U.S. Dollars;
- references to "NIS" are to New Israeli Shekels;
- references to the "SEC" are to the U.S. Securities and Exchange Commission; and
- references to the "Merger" refer to the merger involving Anchiano Therapeutics Ltd. and Chemomab Ltd., whereby a wholly owned subsidiary of Anchiano Therapeutics Ltd. merged with and into Chemomab Ltd., with Chemomab Ltd. surviving as a wholly owned subsidiary of Anchiano Therapeutics Ltd. Upon consummation of the Merger, Anchiano Therapeutics Ltd. changed its name to "Chemomab Therapeutics Ltd." and the business conducted by Chemomab Ltd. became primarily the business conducted by the Company.

**PART I. – FINANCIAL INFORMATION**

**Item 1. Financial Statements**

# Chemomab Therapeutics Ltd. and its subsidiaries

## Condensed Consolidated Interim Financial Statements

## As of June 30, 2022

## (Unaudited)

**Unaudited Condensed Consolidated Interim Financial Statements as of June 30, 2022**

**Contents**

**Condensed Consolidated Balance Sheets**

In USD thousands (except share amounts)

| | Note | June 30, 2022 | December 31, 2021 |
|---|---|---|---|
| | | Unaudited | Audited |
| **Assets** | | | |
| **Current assets** | | | |
| Cash and cash equivalents | | **9,883** | 15,186 |
| Short term bank deposits | | **41,841** | 45,975 |
| Other receivables and prepaid expenses | | **3,106** | 1,527 |
| **Total current assets** | | **54,830** | 62,688 |
| **Non-current assets** | | | |
| Long term prepaid expenses | | **821** | 908 |
| Property and equipment, net | | **355** | 357 |
| Restricted cash | | **77** | 55 |
| Operating lease right-of-use assets | | **295** | 345 |
| **Total non-current assets** | | **1,548** | 1,665 |
| **Total assets** | | **56,378** | 64,353 |
| **Current liabilities** | | | |
| Trade payables | | **1,433** | 1,336 |
| Accrued expenses | | **1,712** | 555 |
| Employee and related expenses | | **1,117** | 653 |
| Operating lease liabilities | | **132** | 106 |
| **Total current liabilities** | | **4,394** | 2,650 |
| **Non-current liabilities** | | | |
| Operating lease liabilities - long term | | **148** | 237 |
| **Total non-current liabilities** | | **148** | 237 |
| **Commitments and contingent liabilities** | | | |
| **Total liabilities** | | **4,542** | 2,887 |
| **Shareholders' equity** | **1** | | |
| Ordinary shares no par value - Authorized: 650,000,000 shares as of June 30, 2022 and as of December 31, 2021; | | **-** | - |
| Issued and outstanding: 228,633,120 ordinary shares as of June 30, 2022 and 228,090,300 as of December 31, 2021 | | **-** | - |
| Additional paid in capital | | **99,303** | 97,639 |
| Accumulated deficit | | **(47,467)** | (36,173) |
| **Total shareholders' equity** | | **51,836** | 61,466 |
| **Total liabilities and shareholders' equity** | | **56,378** | 64,353 |

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

**Condensed Consolidated Interim Statements of Operations (Unaudited)**

In USD thousands (except share and per share amounts)

| | Note | Three months Ended June 30, 2022 | Three months Ended June 30, 2021 | Six months Ended June 30, 2022 | Six months Ended June 30, 2021 |
|---|---|---|---|---|---|
| **Operating expenses** | | | | | |
| Research and development | | **2,914** | 1,307 | **5,659** | 2,464 |
| General and administrative | | **3,340** | 1,446 | **5,915** | 1,988 |
| **Total operating expenses** | | **6,254** | 2,753 | **11,574** | 4,452 |
| Financing expense, net | | **480** | 17 | **264** | 22 |
| **Loss before taxes** | | **6,734** | 2,770 | **11,838** | 4,474 |
| Taxes on income (benefit) | | **(544)** | - | **(544)** | - |
| **Net loss for the period** | | **6,190** | 2,770 | **11,294** | 4,474 |
| Basic and diluted loss per Ordinary Share (*) (**) | | **0.027** | 0.013 | **0.050** | 0.024 |
| Weighted average number of Ordinary Shares outstanding, basic, and diluted (*) (**) | | **228,173,276** | 216,266,993 | **228,132,249** | 186,840,022 |

(*) Number of shares has been retroactively adjusted to reflect the share reverse split effected on March 16, 2021 (refer to Note 1B).
(**) 20 Ordinary Shares are equal to 1 American Depositary Share (ADS).

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

**Condensed Consolidated Interim Statements of Changes in Equity (Unaudited)**

In USD thousands (except share amounts)

| | Ordinary Shares | | Additional paid in capital | Accumulated Deficit | Total Shareholders' equity |
|---|---|---|---|---|---|
| | Number | USD | USD | USD | USD |
| **For the six-month period ended on June 30, 2022** | | | | | |
| **Balance as of January 1, 2022** | **228,090,300** | **-** | **97,639** | **(36,173)** | **61,466** |
| Share-based compensation | - | - | 874 | - | 874 |
| Net loss for the period | - | - | - | (5,104) | (5,104) |
| **Balance as of March 31, 2022** | **228,090,300** | **-** | **98,513** | **(41,277)** | **57,236** |
| | | | | | |
| Share-based compensation | - | - | 761 | - | 761 |
| Exercise of options | 542,820 | - | 29 | - | 29 |
| Net loss for the period | - | - | - | (6,190) | (6,190) |
| **Balance as of June 30, 2022** | **228,633,120** | **-** | **99,303** | **(47,467)** | **51,836** |

**Condensed Consolidated Interim Statements of Changes in Equity (Unaudited)**

In USD thousands (except share amounts)

| | Ordinary Shares (*) | | Additional paid in capital | Accumulated Deficit | Total Shareholders' equity |
|---|---|---|---|---|---|
| | Number | USD | USD | USD | USD |
| **For the six-month period ended on June 30, 2021** | | | | | |
| **Balance as of January 1, 2021 (*)** | **9,274,838** | **-** | **34,497** | **(23,695)** | **10,802** |
| Share-based compensation | - | - | 43 | - | 43 |
| Effect of reverse capitalization transaction | 152,299,702 | - | 2,476 | - | 2,476 |
| Issuance of shares and warrants, net of issuance costs | 52,385,400 | - | 43,547 | - | 43,547 |
| Net loss for the period | - | - | - | (1,704) | (1,704) |
| **Balance as of March 31, 2021** | **213,959,940** | **-** | **80,563** | **(25,399)** | **55,164** |
| | | | | | |
| Share-based compensation | - | - | 527 | - | 527 |
| Issuance of shares, net of issuance costs | 13,996,120 | - | 15,118 | - | 15,118 |
| Net loss for the period | - | - | - | (2,770) | (2,770) |
| **Balance as of June 30, 2021** | **227,956,060** | **-** | **96,208** | **(28,169)** | **68,039** |

(*) Number of shares has been retroactively adjusted to reflect the share reverse split effected on March 16, 2021 (refer to Note 1B).

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

**Condensed Consolidated Interim Statements of Cash flows (Unaudited)**

In USD thousands

| | Six months ended June 30, 2022 | Six months Ended June 30, 2021 |
|---|---|---|
| **Cash flows from operating activities** | | |
| Net loss for the period | **(11,294)** | (4,474) |
| | | |
| **Adjustments for operating activities:** | | |
| Depreciation | **27** | 14 |
| Change in other receivables and prepaid expenses | **(1,483)** | (2,529) |
| Change in operating lease liability | **(15)** | - |
| Change in trade payables | **97** | 312 |
| Change in accrued expenses | **1,157** | (993) |
| Change in employees and related expenses | **464** | 200 |
| Share-based compensation | **1,635** | 570 |
| | **1,882** | (2,426) |
| **Net cash used in operating activities** | **(9,412)** | (6,900) |
| | | |
| **Cash flows from investing activities** | | |
| Increase in deposits | **-** | (21,500) |
| Decrease in deposits | **4,134** | - |
| Sale of asset held for sale | **-** | 1,000 |
| Purchase of property and equipment | **(25)** | (105) |
| **Net cash provided by (used in) investing activities** | **4,109** | (20,605) |
| | | |
| **Cash flows from financing activities** | | |
| Cash acquired in reverse recapitalization | **-** | 2,427 |
| Exercise of options | **22** | - |
| Issuance of shares, net of issuance costs | **-** | 15,243 |
| Issuance of shares and warrants, net of issuance costs | **-** | 43,557 |
| **Net cash provided by financing activities** | **22** | 61,227 |
| | | |
| **Change in cash, cash equivalents and restricted cash** | **(5,281)** | 33,722 |
| | | |
| **Cash, cash equivalents and restricted cash at beginning of period** | **15,241** | 11,727 |
| | | |
| **Cash, cash equivalents and restricted cash at end of period** | **9,960** | 45,449 |
| | | |
| **Supplemental disclosure of non-cash investing and financing activities:** | | |
| Liabilities assumed, net of non-cash assets received in reverse merger | **-** | 49 |
| Receivable related to exercise of options | **7** | - |
| Accrued share issuance expenses | **-** | 135 |

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

**Note 1 - General.**

**A.** Chemomab Therapeutics Ltd. (the "Company") is an Israeli -based company incorporated under the laws of the State of Israel in September 2011. The Company's registered office is located in Kiryat Atidim, Tel Aviv, Israel. The Company is a clinical-stage biotech company discovering and developing innovative therapeutics for conditions with high-unmet medical need that involve inflammation and fibrosis.

**B.** On March 16, 2021, the Company, then known as Anchiano Therapeutics Ltd. ("Anchiano"), completed its merger with Chemomab Ltd., a privately-held Israeli limited company ("Chemomab Ltd."). Pursuant to the Agreement and Plan of Merger (the "Merger Agreement") dated as of December 14, 2020, by and among Anchiano, CMB Acquisition Ltd., an Israeli limited company and wholly-owned subsidiary of Anchiano ("Merger Sub"), and Chemomab Ltd., Merger Sub merged with and into Chemomab Ltd., with Chemomab Ltd. being the surviving entity and becoming a wholly owned subsidiary of Anchiano (the "Merger"). Upon consummation of the Merger, the Company changed its name from "Anchiano Therapeutics Ltd." to "Chemomab Therapeutics Ltd." and the business conducted by Chemomab Ltd. became primarily the business conducted by the Company.

For accounting purposes, Chemomab Ltd. is considered to have acquired Anchiano based upon the terms of the Merger as well as other factors including: (i) Chemomab Ltd.'s former shareholders owned approximately 90% of the combined Company's outstanding ordinary shares immediately following the closing of the Merger and (ii) Chemomab Ltd. management holds key management positions of the combined Company. The Merger has been accounted for as an asset acquisition (reverse recapitalization transaction) rather than a business combination, as the assets acquired and the liabilities assumed by Chemomab Ltd. do not meet the definition of a business under accounting principles generally accepted in the United States ("U.S. GAAP"). The net assets acquired in connection with the Merger were recorded at their estimated acquisition date fair market value as of March 16, 2021, the date of completion of the Merger.

Immediately prior to the effective date of the Merger, all preferred shares of Chemomab Ltd. were converted into ordinary shares of Chemomab Ltd. on a one-for-one basis.

In connection with the Merger, and following the effective time of the Merger, the Company effected a reverse share split of the Company's ordinary shares at a ratio of 4:1 (the "Reverse Split") and increased the number of ordinary shares underlying each American Depositary Share ("ADS") from 5 to 20. At the effective time of the Merger, each Chemomab Ltd. ordinary share outstanding immediately prior to the effective time of the Merger automatically converted into the right to receive approximately 12.86 ADSs, each representing 20 Anchiano ordinary shares, plus a warrant to purchase ADSs that may become exercisable only under certain circumstances.

The exchange ratio was calculated by a formula that was determined through arms-length negotiations between the Company and Chemomab Ltd. The combined Company assumed all of the outstanding options of Chemomab Ltd., vested and unvested, under the Chemomab Share Incentive Plan (the "2015 Plan"), with such options representing the right to purchase a number of ADSs equal to approximately 12.86 multiplied by the number of Chemomab Ltd. ordinary shares previously represented by such options.

**Note 1 - General. (Cont.)**

The accompanying unaudited condensed consolidated financial statements and notes to the unaudited condensed consolidated financial statements give retroactive effect to the exchange ratio and the Reverse Split for all periods presented.

The equity structure reflects the legal acquirer's equity structure. The balance sheet has been adjusted to reflect the par value of the outstanding shares of the legal acquirer, including the number of shares issued in the Merger. Any difference is recognized as an adjustment to the additional paid in capital.

Immediately after completion of the Merger, on March 16, 2021, the Company had 8,078,727 ADS issued and outstanding (9,003,357 on a fully diluted basis). In addition, immediately after the Merger, Chemomab Ltd. former shareholders owned approximately 90% of the number of issued and outstanding ordinary shares of the Company and the shareholders of the Company immediately prior to the Merger owned approximately 10% of the number of issued and outstanding ordinary shares of the Company (all on a fully diluted basis).

On March 16, 2021, immediately prior to the effectiveness of the Merger, Anchiano had 65,675,904 ordinary shares outstanding (prior to the effect of the Reverse Split) and a market capitalization of $58.7 million. The estimated fair value of the net assets of Anchiano on March 16, 2021, prior to the Merger, was approximately $2.5 million. The fair value of ordinary shares on the Merger closing date, prior to the Merger, was above the fair value of the Company’s net assets. As the Company’s net assets were predominantly composed of cash offset against current liabilities, the fair value of the Company’s net assets as of March 16, 2021, prior to the Merger, is considered to be the best indicator of the fair value and, therefore, the estimated preliminary purchase consideration.

The following table summarizes the net assets acquired based on their estimated fair values as of March 16, 2021, immediately prior to completion of the Merger (in thousands):

| | | |
|---|---|---|
| Cash and cash equivalents | $ | 2,427 |
| Asset held for sale | | 1,000 |
| Prepaid and other assets | | 236 |
| Accrued liabilities | | (1,187) |
| Net acquired assets | $ | 2,476 |

**C.** In connection with the Merger, on March 15, 2021, Anchiano entered into Securities Purchase Agreements with certain purchasers for the issuance and sale by Anchiano in a private placement (the “Private Placement”) of approximately $45.5 million of its ADSs and accompanying warrants to purchase ADSs. The warrants have an exercise price of approximately $17.35 per ADS, expire five years from the date of issuance, and if exercised in full, will provide additional proceeds to the Company of approximately $4.5 million. The Private Placement closed on March 22, 2021.

**Note 1 - General. (Cont.)**

**D.** Pursuant to an Asset Purchase and Assignment Agreement dated as of March 16, 2021, as amended on March 31, 2021, between the Company's wholly owned subsidiary, Anchiano Therapeutics, Inc., a Delaware corporation ("Anchiano Delaware") and Kestrel Therapeutics, Inc., a Delaware corporation ("Kestrel"), Anchiano Delaware agreed to sell to Kestrel all of the its rights and obligations in its business to the extent related to the research, development and commercialization of the Compounds and Products (as such terms are defined in the Collaboration and License Agreement entered into as of September 13, 2019, by and between ADT Pharmaceuticals, LLC and Anchiano Delaware), also known as the pan-RAS and PDE10/β-catenin programs. In consideration of the sale and transfer of the Compounds and Products, Kestrel paid the Company a total of $1.0 million.

**E.** On April 30, 2021, the Company entered into an At the Market Offering Agreement (the "ATM Agreement") with Cantor Fitzgerald & Co., ("Cantor"). According to the ATM Agreement, the Company may offer and sell, from time to time, its ADSs having an aggregate offering price of up to $75.0 million through Cantor pursuant to the ATM Agreement. From April 30, 2021 through June 30, 2022, the Company sold 699,806 ADSs at an average price of $22.75 per ADS under the ATM Agreement, resulting in gross proceeds of approximately $15.9 million. The offer and sale of ADSs under the ATM Agreement has been registered under the Company's effective registration statement on Form S-3 (File No. 333-255658), together with a prospectus forming a part thereof, filed with the SEC under the Securities Act of 1933, as amended (the "Securities Act"). Sales, if any, of ADS pursuant to the ATM Agreement may be made in any transactions that are deemed to be "at the market" offerings as defined in Rule 415(a)(4) under the Securities Act. The Company is not obligated to sell any ADSs under the ATM Agreement.

On April 25, 2022, the Company filed with the SEC a prospectus supplement to the above mentioned registration statement for the issuance and sale of up to $18,125,000 of the Company's ADSs under the ATM Agreement, which is within the $75 million maximum permitted under the ATM Agreement.

**F.** Since January 2020, the COVID-19 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. The Company's clinical trial sites have been affected by the COVID-19 pandemic, and as a result, commencement of the enrollment of Company's clinical trials of CM-101 in PSC was delayed and the enrollment rate has been affected as well. As a result, the Company extended patients recruiting to additional territories with significant recruitment potential. In addition, after enrollment in these trials, patients may drop out of the Company's trials because of the COVID-19 possible implications.

Based on management's assessment, the extent to which the coronavirus will further impact the Company's operations will depend on future developments, which are highly uncertain and cannot be predicted with confidence, including the duration and severity of the outbreak, and the actions that may be required to contain the coronavirus or treat its impact. The Company is carefully monitoring the restrictions due to the COVID-19 outbreak and will adjust activities accordingly.

**Note 1 - General. (Cont.)**

On March 27, 2020 and December 27, 2020, the President of the United States signed and enacted into law the Coronavirus Aid, Relief, and Economic Security Act (CARES Act) and the Consolidated Appropriations Act, 2021 (CAA). Among other provisions, the CARES Act and the CAA provide relief to U.S. federal corporate taxpayers through temporary adjustments to net operating loss rules, changes to limitations on interest expense deductibility, and the acceleration of available refunds for minimum tax credit carryforwards. The CARES Act also includes provisions for a carryback of any net operating loss (NOL) arising in a taxable year beginning after December 31, 2017, and before January 1, 2021, to each of the five taxable years preceding the taxable year in which the loss arises (carryback period).

Chemomab Therapeutics Inc., a wholly owned subsidiary of the Company, filed an application with the US Internal Revenue Service to carryback net operating losses. The Company expects to receive the refund during the second half of 2022.

**Note 2 - Basis of Presentation and Significant Accounting Policies**

**A. Basis of Preparation**

The condensed interim consolidated financial statements included in this quarterly report are unaudited. These financial statements have been prepared in accordance with U.S. GAAP and applicable rules and regulations of the SEC regarding interim financial reporting and reflect, in the opinion of management, all adjustments of a normal and recurring nature that are necessary for a fair statement of the Company's financial position as of June 30, 2022, and its results of operations for the three and six months ended June 30, 2022, and 2021, changes in shareholders' equity for the six months ended June 30, 2022 and 2021, and cash flows for the six months ended June 30, 2022 and 2021. The results of operations for the three and six months ended June 30, 2022 are not necessarily indicative of the results to be expected for the year ending December 31, 2022 or for any other future annual or interim period. These financial statements should be read in conjunction with the audited financial statements included in the Company's Annual Report on Form 10-K for the year ended December 31, 2021 filed with the SEC. The Company's significant accounting policies are disclosed in the audited financial statements for the year ended December 31, 2021 included in the Company's Annual Report on Form 10-K. Since the date of such financial statements, there have been no changes to the Company's significant accounting policies.

**B. Use of estimates**

The preparation of financial statements in conformity with accounting principles generally accepted in the United States requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ materially from those estimates.

**Note 3 - Contingencies**

During 2022, the Israeli tax authority ("ITA") notified the Company that it had initiated a routine VAT audit to include tax years 2017 through 2020. The ITA raised several claims, mainly in respect with the recoverability of VAT with respect to Merger Agreement related expenses and the classification of the Company as a holding company. On July 2022, the ITA proposed a settlement, which the Company rejected. As a result, the ITA issued an assessment. The Company plans to appeal the ITA's assessment. The Company has recorded a provision which is inherently subjective due to the inherent uncertainty of these matters and the judicial process. Therefore, the final outcome may differ from the estimated liability recorded by the Company during the period.

## Item 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

*You should read the following discussion and analysis of our financial condition and results of operations together with our condensed consolidated financial statements and the related notes included elsewhere in this Quarterly Report on Form 10-Q, as well as our audited consolidated financial statements and related notes for the year ended December 31, 2021, as filed in our Annual Report on Form 10-K for the year ended December 31, 2021 (the "2021 Annual Report"). Some of the information contained in this discussion and analysis, particularly with respect to our plans and strategy for our business and related financing, includes forward-looking statements that involve risks and uncertainties. You should read "Risk Factors" in Item 1A of our 2021 Annual Report for a discussion of important factors that could cause actual results to differ materially from the results described in or implied by the forward-looking statements contained in the following discussion and analysis.*

*References to "we," "us," "our" and "Chemomab" in this "Management's Discussion and Analysis of Financial Condition and Results of Operations" below refer to the Company after the Merger, and, with respect to historical periods preceding the Merger, refer to Chemomab Ltd., whose business became the business of the Company upon consummation of the Merger.*

### Overview

The Company is a clinical-stage biotechnology company focused on the discovery and development of innovative therapeutics for fibrotic and inflammatory diseases with high unmet need. Based on the unique and pivotal role of the soluble protein CCL24 in promoting fibrosis and inflammation, the Company developed CM-101, a monoclonal antibody designed to bind and block CCL24 activity. CM-101 has demonstrated the potential to treat multiple severe and life-threatening fibrotic and inflammatory diseases.

The Company has pioneered the therapeutic targeting of CCL24, a chemokine that promotes various types of cellular processes that regulate inflammatory and fibrotic activities through the CCR3 receptor. The chemokine is expressed in various types of cells, including immune cells, endothelial cells and epithelial cells. We have developed a novel CCL24 inhibiting product candidate with dual anti-fibrotic and anti-inflammatory activity that modulates the complex interplays of both of these inflammatory and fibrotic mechanisms that drive abnormal states of fibrosis and clinical fibrotic diseases. This innovative approach is being developed for difficult to treat rare diseases, also known as orphan indications or diseases, such as primary sclerosing cholangitis, or PSC, and systemic sclerosis, or SSc, for which patients have no established disease modifying standard of care treatment options.

CM-101, the Company's lead clinical product candidate, is a first-in-class humanized monoclonal antibody that attenuates the basic function of the soluble chemokine CCL24, also known as eotaxin-2, as a regulator of major inflammatory and fibrotic pathways. We have demonstrated that CM-101 interferes with the underlying biology of inflammation and fibrosis through a novel and differentiated mechanism of action. Based on these findings, the Company is actively developing CM-101 in Phase 2 clinical studies directed toward two distinct clinical indications including patients with liver, skin, and/or lung fibrosis. We are currently conducting a Phase 2 clinical study in PSC, a rare obstructive and cholestatic liver disease. In addition, we are planning a Phase 2 clinical trial in SSc focused on establishing biological proof-of-concept on clinically relevant aspects of this complex disease in this patient population. Although our primary focus relates to these two rare indications, an additional Phase 2 clinical study is currently ongoing in non-alcoholic steatohepatitis, or NASH. This trial is expected to provide important safety and PK data to support the development of a CM-101 subcutaneous formulation.

Fibrosis is the abnormal and excessive accumulation of collagen and extracellular matrix, the non-cellular component in all tissues and organs, that provides structural and biochemical support to surrounding cells. When present in excessive amounts, collagen and extracellular matrix lead to scarring and thickening of connective tissues, affecting tissue properties and potentially leading to organ failure. Fibrosis can occur in many different tissues, including lung, liver, kidney, muscle, skin, and the gastrointestinal tract, resulting in a wide array of progressive fibrotic conditions. Fibrosis and inflammation are intrinsically linked. While a healthy inflammatory response is necessary for efficient tissue repair; after injury, an excessive, uncontrolled inflammatory response can lead to tissue fibrosis.

### Recent Developments

*New Executive Appointments*

On June 16, 2022, our board of directors ("Board of Directors") appointed Ms. Jill M. Quigley, JD, as a Class I director and as a member of the audit committee of the Board of Directors (the "Audit Committee"). Additionally, our Board of Directors determined Ms. Quigley to be an independent director and designated her as the Audit Committee financial expert. Ms. Quigley is a highly accomplished biotechnology executive with broad experience in public company executive management, global operations, legal affairs, finances, and board membership. Ms. Quigley, as a Class I director, will serve in such capacity until the Company's annual general meeting to be convened in 2025. Ms. Quigley's appointment followed Mr. Joel Maryles' decision on May 31, 2022 not to stand for re-election as a Class I director at the Company's annual general meeting in 2022. Following the appointment of Ms. Quigley and departure of Mr. Maryles, the current composition of the Audit Committee is Dr. Claude Nicaise (chair), Dr. Alan Moses and Ms. Quigley.

On June 14, 2022, Mr. Ilan Vaknin, PhD, joined Chemomab as Vice President of Research & Development. Dr. Vaknin has more than 20 years of highly relevant experience in immunology, antibody development, biomarkers and drug development, including more than a decade in senior science roles at the biotechnology company Compugen.

*New CM-101 U.S. Patent*

On June 21, 2022, the United States Patent and Trademark Office issued a new patent the United States Patent and Trademark Office issued Chemomab a new patent that covers the use of CM-101 and other anti-CCL24 antibodies and binding fragments for the treatment of a range of fibro-inflammatory liver diseases, including PSC and other cholestatic-associated disorders. Liver diseases are an important target for CCL24-associated diseases--CM-101 is currently in a Phase 2 trial for the treatment of PSC, a potentially lethal disease affecting the bile ducts of the liver, and a Phase 2 liver fibrosis study of CM-101 is now concluding. In addition, there are a number of other liver diseases where CM-101 might have therapeutic value. This new method of use patent adds to the protections provided by CM-101's core composition of matter patents that have already issued in the U.S., Europe and other major global territories, U.S. Patent No.11365246, "Anti CCL24 (eotaxin 2) Antibodies for Use in the Treatment of Hepatic Disease" has a filing date of March 8, 2018, and a grant date of June 21, 2022, with corresponding first to expire claims in 2038 and a possible patent term extension of up to an additional five years, as provided under the Drug Price Competition and Patent Restoration Act (35 U.S.C. §156).

*Revisions to Chemomab's Clinical Programs*

On March 9, 2022, we announced that, following a comprehensive strategic review, we were revising our current clinical programs. The changes are designed to optimize the clinical development of lead product candidate CM-101 by maximizing the clinical information obtained, generating additional important data to support future advancement to registration trials, and decreasing the overall risk in the CM-101 clinical development program in the lead indications of PSC and SSc, as well as potentially in additional indications where the scientific rationale is strong. The key top-line changes that are being implemented in the clinical development programs include the following:

**Expanding our commitment to PSC with an enlarged clinical trial that adds an important dose finding component.** We are significantly expanding the Phase 2 clinical trial in PSC by implementing a dose finding component to the CM-101 development program. We will be increasing the size of the study to 93patients by adding two additional dose cohorts to the current 10 mg/kg cohort, a lower dose cohort to evaluate 5 mg/kg, and a higher dose cohort to evaluate 20 mg/kg. Additionally, we are changing the trial's primary outcome to an evaluation of CM-101's safety and tolerability. Each cohort will enroll 25 patients with PSC and the placebo cohort will enroll 18 patients. In addition, we plan to add an open-label extension to the trial to evaluate the safety, tolerability and durability of effect over a total of 48 weeks of treatment duration. We have begun regulatory submissions to support trial expansion and other relevant changes.

We will be performing a blinded interim safety analysis of the currently enrolling dose cohort in the PSC study, expected to be completed before the end of this year. The primary purpose of this safety analysis is to support review by the Data Monitoring Committee, a prerequisite to opening enrollment in this trial to the planned higher dose cohort of 20mg/kg.

Based on our ongoing efforts to expand the number of clinical trial sites, the current development landscape of trials in PSC, and the increased size of the study, we anticipate that the top-line data from this Phase 2 trial in PSC will be available in the second half of 2024.

**Focusing our clinical efforts in systemic sclerosis on establishing earlier biological proof-of-concept in clinically relevant aspects of this complex disease.** We are focusing our SSc trial towards establishing biological proof of concept in this patient population. We are revising the design of our planned SSc trial in a way that we believe should enable an expedited path to data supporting proof of the relevance of CCL-24 biology, provide further elucidation of the different mechanisms of action of CM-101, and potentially detect a CM-101 clinical efficacy signal for treating the skin, lung and vascular damage seen in SSc patients. We expect to launch the trial by the end of 2022.

**Early Conclusion of enrollment in our safety, pharmacokinetic and biomarker liver fibrosis study, yielding a data readout targeted near the end of 2022.** We concluded enrollment in our safety, tolerability and biomarker trial that is evaluating a subcutaneous formulation of CM-101 in NASH patients with liver fibrosis. We believe that the data from this trial could provide useful insights in support of the CM-101 development program and that the early completion of this study should be sufficient to achieve our key objectives: characterizing the safety and tolerability of CM-101 in NASH patients, assessing possible early signs of biomarker activity in these patients, and providing the tolerability and pharmacokinetic data needed to assess next steps in the development of our current subcutaneous formulation, while allowing us to focus our resources on our lead indications of PSC and SSc.

We expect that the changes we are making to the CM-101 development program will provide important data on clinical dose response relationships to inform the broader development program and to identify the optimal dose to advance into late development in PSC. The modifications are also expected to generate proof of mechanism data on biologically relevant aspects of SSc, a complex rheumatological disorder, to best inform the development path for a novel, first-in-class therapeutic like CM-101, along with relevant safety and tolerability data to support the evaluation of higher doses and inform decisions on next steps in the development of our current subcutaneous formulation.

*Shelf Registration Statement and ATM Offering*

On April 30, 2021, we filed a shelf registration statement on Form S-3 with the SEC (File No. 333-255658) for the issuance and sale by us of up to $200,000,000 of our ordinary shares, ADSs, debt securities, warrants and units comprising any combination of the foregoing securities (the "Shelf Registration Statement"). On the same date, we entered into a sales agreement (the "Sales Agreement") with Cantor Fitzgerald, pursuant to which we may offer and sell, from time to time, at our option, through or to Cantor Fitzgerald, up to an aggregate of $75,000,000 of our ADSs (the "ATM Facility"). During the period from April 30, 2021 through the date of this quarterly report on Form 10-Q, we had sold an aggregate of 699,806 ADSs pursuant to the Sales Agreement for a total gross consideration of approximately $15.9 million.

On April 25, 2022, we filed a prospectus supplement with the SEC for the issuance and sale of up to $18,125,000 of our ADSs in connection with the reactivation of the ATM Facility and pursuant to General Instruction I.B.6 of Form S-3, which, subject to certain exceptions, limits the amount of securities we are able to offer and sell under such registration statement to one-third of our unaffiliated public float. Any ADSs offered, or to be offered, and sold under the Sales Agreement were issued and sold, or will be issued and sold, pursuant to the Shelf Registration Statement and the applicable prospectus or prospectus supplement by methods deemed to be an "at the market offering" as defined in Rule 415(a)(4) promulgated under the Securities Act, or if specified by us, by any other method permitted by law.

During the period from April 25, 2022 through the date of this quarterly report on Form 10-Q, we did not sell ADSs pursuant to the Sales Agreement.

*Impact of COVID-19*

Since March 2020, the COVID-19 pandemic has dramatically expanded into a worldwide pandemic, creating macro-economic uncertainty and disruption in the business and financial markets. The continuing implications of the COVID-19 pandemic on Chemomab remain uncertain and will depend on future developments, including any adverse impact due to additional variants of the virus; its impact on our employees; the range of government mandated restrictions and other measures; and the success of the COVID-19 vaccines and their effectiveness against the virus and related variants. Furthermore, our clinical trial sites have been affected by the COVID-19 pandemic, and as a result, commencement of the enrollment in our clinical trials of CM-101 in PSC was delayed, and the enrollment rate has been affected as well. As a result, we expanded our patient recruiting efforts to additional territories. In addition, after enrollment in these trials, patients might still discontinue participation in these trials because of possible COVID-19 implications.

Based on management's assessment, the extent to which the COVID-19 pandemic will continue to impact our operations will depend on future developments, which are highly uncertain and cannot be predicted with confidence, including the ultimate duration and changing severity of the outbreak, and the actions that may be required to continue to contain COVID-19 or address its impact. We are monitoring the remaining limitations on patient recruitment due to the effects of the COVID-19 pandemic and if necessary, will adjust activities accordingly.

**Corporate Information**

We were incorporated on September 22, 2011 under the laws of the State of Israel. In March 2021, in connection with the Merger, we changed our name from Anchiano Therapeutics Ltd. to Chemomab Therapeutics Ltd. Our principal executive offices are located at Kiryat Atidim, Building 7, Tel Aviv, Israel 6158002, and our phone number is +972-77-331-0156. Our website is: *www.chemomab.com*. The information contained on, or that can be accessed through, our website is not incorporated by reference into this Quarterly Report on Form 10-Q. We have included our website address as an inactive textual reference only.

**Components of Operating Results**

***Revenues***

To date, we have not generated any revenue. We do not expect to generate any revenue unless and until we obtain regulatory approval and commercialize a product candidate, or until we receive revenue from a collaboration such as a co-development or out-licensing agreement. There can be no assurance that we will receive such regulatory approvals, and if any product candidate is approved, that we will be successful in commercializing it.

***Research and Development Expenses***

Research and development expenses consist primarily of costs incurred in connection with the development of our product candidates. These expenses include:

- expenses incurred under agreements with contract research organizations or contract manufacturing organizations, as well as investigative sites and consultants that conduct our clinical trials, preclinical studies and other scientific development services;
- manufacturing scale-up expenses and the cost of acquiring and manufacturing preclinical and clinical trial materials;
- employee-related expenses, including salaries, related benefits, travel and share-based compensation expenses for employees engaged in research and development functions, as well as external costs, such as fees paid to outside consultants engaged in such activities;
- license maintenance fees and milestone fees incurred in connection with various license agreements;
- costs related to compliance with regulatory requirements; and
- depreciation and other expenses.

We recognize external development costs based on an evaluation of the progress to completion of specific tasks using information provided to us by our service providers.

We do not allocate employee costs or facility expenses, including depreciation or other indirect costs, to specific programs because these costs are deployed across multiple programs and, as such, are not separately classified. We use our internal resources primarily to oversee research, as well as for managing our preclinical development, process development, manufacturing and clinical development activities. Our employees work across multiple programs and, therefore, we do not track costs by program.

Research and development activities are fundamental to our business. Product candidates in later stages of clinical development generally have higher development costs than those in earlier stages of clinical development, primarily due to the increased size and duration of later-stage clinical trials. As a result, we expect that our research and development expenses will increase substantially over the next several quarters and years as we continue to advance the development of our product candidates. We also expect to incur additional expenses related to milestone and royalty payments payable to third parties with whom we have entered into license agreements to acquire the rights to its product candidates.

***General and Administrative Expenses***

General and administrative expenses consist primarily of salaries, related benefits and share-based compensation expenses for personnel in executive and administrative functions. General and administrative expenses also include professional fees for legal, consulting, accounting and audit services.

We anticipate that our general and administrative expenses will increase in the future as we increase headcount and general activities to support our continued research activities and development of our product candidates as well as expanding our presence in the United States. We also anticipate that we will incur increased headcount, accounting, audit, legal, regulatory, compliance, director and officer insurance costs, as well as investor and public relations expenses associated with being a public company. We expect that the additional costs for these services will substantially increase our general and administrative expenses. Additionally, if and when we believe that regulatory approval of a product candidate appears likely, we expect to incur an increase in payroll and related expenses as a result of our preparation for commercial operations, especially as it relates to the sales and marketing of any product candidate.

**Results of Operations**

***Three and Six Months Ended June 30, 2022 Compared to the Three and Six Months Ended June 30, 2021***

Below is a summary of our results of operations for the periods indicated:

*Three Months Ended June 30, 2022 Compared to the Three Months Ended June 30, 2021*

| | Three months ended June 30, | | Increase/(decrease) | |
|---|---|---|---|---|
| | 2022 | 2021 | $ | % |
| | *(in thousands)* | | | |
| Operating expenses: | | | | |
| Research and development | $ 2,914 | $ 1,307 | $ 1,607 | 123% |
| General and administrative | 3,340 | 1,446 | 1,894 | 131% |
| Operating loss | (6,254) | (2,753) | 3,501 | 127% |
| Financing expense, net | 480 | 17 | 463 | 2,724% |
| Income Tax | (544) | - | (544) | 100% |
| Net loss | $ (6,190) | $ (2,770) | $ (3,420) | 123% |

*Six Months Ended June 30, 2022 Compared to the Six Months Ended June 30, 2021*

| | Six months ended June 30, | | Increase/(decrease) | |
|---|---|---|---|---|
| | 2022 | 2021 | $ | % |
| | *(in thousands)* | | | |
| Operating expenses: | | | | |
| Research and development | $ 5,659 | $ 2,464 | $ 3,195 | 130% |
| General and administrative | 5,915 | 1,988 | 3,927 | 198% |
| Operating loss | (11,574) | (4,452) | (7,122) | 160% |
| Financing expense, net | 264 | 22 | 242 | 1,100% |
| Income Tax (benefit) | (544) | - | (544) | 100% |
| Net loss | $ (11,294) | $ (4,474) | $ (6,820) | 152% |

Our results of operations have varied in the past and can be expected to vary in the future due to numerous factors. We believe that period-to-period comparisons of our operating results are not necessarily meaningful and should not be relied upon as indications of future performance.

*Research and development expenses*

Research and development expenses increased by approximately $1.6 million, or 123%, for the three months ended June 30, 2022, as compared to the same period in 2021. The increase was primarily due to increased clinical and pre-clinical activities.

Research and development expenses increased by approximately $3.2 million, or 130%, for the six months ended June 30, 2022, as compared to the same period in 2021 also due primarily to increased clinical and pre-clinical activities.

*General and administrative expenses*

General and administrative expenses increased by approximately $1.9 million, or 131%, for the three months ended June 30, 2022, as compared to the same period in 2021. The increase was primarily due to increase in salaries and related benefits expenses of $1.1 million mainly related to key additions to the senior management team, as well as increase in non-cash share-based expenses in the amount of $0.2 million and provision for expenses recorded in relation to an audit by the Israeli Tax Authority.

General and administrative expenses increased by approximately $3.9 million, or 198%, for the six months ended June 30, 2022, as compared to the same period in 2021. The increase was primarily due to the increase in non-cash share-based expenses in the amount of $1.0 million as well as increase in salaries and related benefits expenses of $1.6 million mainly related to key additions to the senior management team, and provision for expenses recorded in relation to an audit by the Israeli Tax Authority.

*Financing expenses, net*

Financing expenses, net increased by approximately $463 thousand for the three months ended June 30, 2022 from the same period in 2021. Financing expense, net for the three months ended June 30, 2022 was primarily related to foreign currency exchange rate loss. Financing expense, net for the three months ended June 30, 2021 was primarily related to foreign currency exchange rate loss which was partially offset by interest income from bank deposits.

Financing expenses, net increased by approximately $242 thousand for the six months ended June 30, 2022 from the same period in 2021. Financing expense, net for the six months ended June 30, 2022 was primarily related to foreign currency exchange rate loss which was partially offset by interest income from bank deposits. Financing expense, net for the six months ended June 30, 2021 was primarily related to foreign currency exchange rate loss.

**Liquidity and Capital Resources**

Since inception, we have not generated any revenue and have incurred significant operating losses and negative cash flows from our operations, resulting in an accumulated deficit at June 30, 2022 of $47.5 million. We have funded our operations to date primarily with proceeds from the sale of our ADSs, and, prior to the Merger, other equity securities. Cash in excess of immediate requirements is invested primarily with a view to liquidity and capital preservation.

During the period from April 30, 2021 through June 30, 2022, we sold an aggregate of 699,806 ADSs pursuant to the Sales Agreement for total gross consideration of $15.9 million. As of June 30, 2022, we had an aggregate of approximately $51.8 million of cash, cash equivalents and short-term deposits.

Developing product candidates, conducting clinical trials and commercializing products are expensive, and we will need to raise substantial additional funds to achieve our strategic objectives. We believe that our existing cash resources, including from the ADSs sold pursuant to the Sales Agreement, will be sufficient to fund our projected cash requirements through the end of 2023. Nevertheless, we will require significant additional financing in the future to fund our operations, including if and when we progress into additional clinical trials, obtain regulatory approval for any of our product candidates and commercialize the same. We believe that we will need to raise significant additional funds before we have any cash flow from operations, if at all. Our future capital requirements will depend on many factors, including:

- the progress and costs of our preclinical studies, clinical trials and other research and development activities;
- the scope, prioritization and number of our clinical trials and other research and development programs;
- the amount of revenues and contributions we receive under future licensing, development and commercialization arrangements with respect to our product candidates;
- the costs of the development and expansion of our operational infrastructure;
- the costs and timing of obtaining regulatory approval for our product candidates;
- the costs of filing, prosecuting, enforcing and defending patent claims and other intellectual property rights;
- the costs and timing of securing manufacturing arrangements for clinical or commercial production;
- the costs of contracting with third parties to provide sales and marketing capabilities for us;
- the costs of acquiring or undertaking development and commercialization efforts for any future products, product candidates or platforms;
- the magnitude of our general and administrative expenses; and
- any cost that we may incur under future in- and out-licensing arrangements relating to our product candidates.

We currently do not have any commitments for future external funding. In the future, we will need to raise additional funds, and we may decide to raise additional funds even before we need such funds if the conditions for raising capital are favorable. Until we can generate significant recurring revenues, we expect to satisfy our future cash needs through debt or equity financings, credit facilities or by out-licensing applications of our product candidates. The sale of equity or convertible debt securities may result in dilution to our existing shareholders. The incurrence of indebtedness would result in increased fixed obligations and could also subject us to covenants that restrict our operations. We cannot be certain that additional funding, whether through grants from the Israel Innovation Authority, financings, credit facilities or out-licensing arrangements, will be available to us on acceptable terms, if at all. If sufficient funds are not available, we may be required to delay, reduce the scope of or eliminate research or development plans for, or commercialization efforts with respect to, one or more applications of our product candidates, or obtain funds through arrangements with collaborators or others that may require us to relinquish rights to certain potential products that we might otherwise seek to develop or commercialize independently.

***Cash Flows***

The table below shows a summary of our cash flow activities for the periods indicated:

| | Six months ended June 30, | | Increase/(decrease) | |
|---|---|---|---|---|
| | 2022 | 2021 | $ | % |
| | *(in thousands)* | | | |
| Net cash used in operating activities | $ (9,412) | $ (6,900) | $ (2,512) | 36% |
| Net cash provided by (used in) investing activities | 4,109 | (20,605) | 24,714 | (120)% |
| Net cash provided by financing activities | 22 | 61,227 | (61,205) | (100)% |
| Net increase (decrease) in cash, cash equivalents and restricted cash | $ (5,281) | $ 33,722 | $ (39,003) | (116)% |

*Operating activities*

Net cash used in operating activities increased by $2.5 million, or 36%, for the six months ended June 30 2022 compared to the same period in 2021. The increase was primarily related to the increase in net loss of $6.8 million, offset by an increase in accrued expenses of $2.2 million, decrease in other receivables of $1.0 million and changes in non-cash activities adjustment of $1.1 million.

*Investing activities*

Net cash provided by investing activities for the six months ended June 30, 2022 increased by approximately $24.7 million compared to same period in 2021. The increase is primarily related to an increase in short term bank deposits. Net cash used in investing activities for the six months ended June 30, 2021 was primarily related to the deposit of proceeds received from a private placement in bank deposits.

*Financing activities*

Net cash provided by financing activities for the six months ended June 30, 2022 decreased by approximately $61.2 million, as compared to the same period in 2021. The decrease is primarily related to a decrease in proceeds from the issuance of ADSs of approximately $58.7 million (net of expenses), and cash acquired in the Merger of approximately $2.4 million, in each case in the six months ended on June 30, 2021.

Financing activities for the six months ended June 30, 2021 reflect proceeds received from the private placement as well as sales of the Company's ADSs under the ATM program.

**Contractual Commitments**

The Company’s contractual commitments at June 30, 2022 were as follows (in thousands):

| | |
|---|---|
| Remainder of 2022 | $ 5,021 |
| 2023 | 5,741 |
| 2024 | 146 |
| 2025-2027 | - |
| Total | $ 10,908 |

**Critical Accounting Policies**

The Company’s financial statements are prepared in accordance with generally accepted accounting principles in the United States (“GAAP”). The preparation of the Company’s financial statements and related disclosures in accordance with GAAP requires it to make estimates and judgments that affect the reported amounts of assets, liabilities, revenue, costs and expenses, and the disclosure of contingent assets and liabilities in the Company’s financial statements. The Company bases its estimates on historical experience, known trends and events and various other factors that it believes are reasonable under the circumstances, the results of which form the basis for making judgments about the carrying values of assets and liabilities that are not readily apparent from other sources. The Company evaluates its estimates and assumptions on an ongoing basis. The Company’s actual results may differ from these estimates under different assumptions or conditions.

While the Company’s significant accounting policies are described in more detail in Note 2 to the Company’s consolidated financial statements included elsewhere in the 2021 Annual Report, the Company believes that the following accounting estimates are those that include a higher degree of judgment or complexity and are reasonably likely to have a material impact on our financial condition or results of operations and are therefore considered critical accounting estimates.

*Share-Based Compensation*

We apply Accounting Standard Codification (ASC) 718-10, "Share-Based Payment," which requires the measurement and recognition of compensation expenses for all share-based payment awards made to employees and directors, including employee options under Chemomab's option plans based on estimated fair values.

ASC 718-10 requires that we estimate the fair value of equity-based payment awards on the date of grant using an option-pricing model. The fair value of the award is recognized as an expense over the requisite service periods in Chemomab's statements of comprehensive loss. Chemomab recognizes share-based award forfeitures as they occur, rather than estimate by applying a forfeiture rate.

In June 2018, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") 2018-07, "Compensation-Stock Compensation (Topic 718): Improvements to Nonemployee Share-Based Payment Accounting", which simplifies the accounting for nonemployee share-based payment transactions by aligning the measurement and classification guidance, with certain exceptions, to that for share-based payment awards to employees. The amendments expand the scope of the accounting standard for share-based payment awards to include share-based payment awards granted to non-employees in exchange for goods or services used or consumed in an entity's own operations and supersedes the guidance related to equity-based payments to non-employees. We adopted these amendments on January 1, 2019.

We recognize compensation expenses for the fair value of non-employee awards over the requisite service period of each award.

We estimate the fair value of options granted as equity awards using a Black-Scholes options pricing model. The option-pricing model requires a number of assumptions, of which the most significant are share price, expected volatility and the expected option term (the time from the grant date until the options are exercised or expire). The Company determines the fair value per share of the underlying stock by taking into consideration its most recent sales of stock, as well as additional factors that the Company deems relevant. The Company's board determined the fair value of ordinary shares based on valuations performed using the Option Pricing Method subject to relevant facts and circumstances. The Company has historically been a private company and lacks company-specific historical and implied volatility information of its stock. Expected volatility is estimated based on volatility of similar companies in the biotechnology sector. The Company has historically not paid dividends and has no foreseeable plans to issue dividends. The risk-free interest rate is based on the yield from governmental zero-coupon bonds with an equivalent term. The expected option term is calculated for options granted to employees and directors using the "simplified" method. Grants to non-employees are based on the contractual term. Changes in the determination of each of the inputs can affect the fair value of the options granted and the results of operations of the Company.

**Recently-Issued Accounting Pronouncements**

Certain recently-issued accounting pronouncements are discussed in Note 2, Summary of Significant Accounting Policies, to the audited consolidated financial statements in our 2021 Annual Report.

**Item 3. Quantitative and Qualitative Disclosures About Market Risk.**

We are an emerging growth company as defined by Rule 12b-2 of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), and are not required to provide the information under this item.

**Item 4. Controls and Procedures.**

**Evaluation of Disclosure Controls and Procedures**

Disclosure controls and procedures are designed to ensure that information required to be disclosed by us in our Exchange Act reports is recorded, processed, summarized, and reported within the time periods specified in the SEC's rules and forms, and that such information is accumulated and communicated to our management, including our principal executive officer and principal financial officer or persons performing similar functions, as appropriate to allow timely decisions regarding required disclosure.

Under the supervision and with the participation of our management, including our principal executive officer and principal financial and accounting officer, we conducted an evaluation of the effectiveness of our disclosure controls and procedures, as such term is defined in Rules 13a-15(e) and 15d-15(e) under the Exchange Act, as of June 30, 2022. Based on such evaluation, our principal executive officer and principal financial officer have concluded that our disclosure controls and procedures were effective as of June 30, 2022.

**Changes in Internal Control over Financial Reporting**

We consummated the Merger on March 16, 2021, which has been accounted for as a reverse capitalization for accounting purposes, and, upon consummation of the Merger, we reconstituted our Board of Directors and our senior management team. The Company's management has been in the process of strengthening the Company's internal control over financial reporting since the Merger, including during the quarter ended June 30, 2022, including adopting new policies and procedures appropriate to the Company's current business and management team. The foregoing actions are being taken solely in connection with the changes effected in connection with the Merger and not as the result of any material weakness or deficiency in the Company's internal control over financial reporting.

Except as described above, there have been no changes in our internal control over financial reporting that occurred during the last fiscal quarter that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

## PART II. – OTHER INFORMATION

**Item 1. Legal Proceedings**

From time to time, we may become involved in legal proceedings relating to claims arising from the ordinary course of business. Our management believes that there are currently no claims or actions pending against us, the ultimate disposition of which could have a material adverse effect on our results of operations, financial condition or cash flows.

**Item 1A. Risk Factors**

There have been no material changes from the information set forth in "Item 1A. Risk Factors" in our 2021 Annual Report.

**Item 2. Unregistered Sales of Equity Securities and Use of Proceeds.**

None.

**Item 3. Defaults Upon Senior Securities.**

Not applicable.

**Item 4. Mine Safety Disclosures.**

Not applicable.

**Item 5. Other Information.**

None.

**Item 6. Exhibits.**

(a) The following documents are filed as exhibits to this Quarterly Report or incorporated by reference herein.

| Exhibit Number | Description |
|---|---|
| 31.1* | Certification of Principal Executive Officer pursuant to Section 302 of the Sarbanes-Oxley Act |
| 31.2* | Certification of Principal Financial Officer pursuant to Section 302 of the Sarbanes-Oxley Act |
| 32.1** | Certification of Principal Executive Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 |
| 32.2** | Certification of Principal Financial Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 |
| 101. INS* | Inline XBRL Instance Document |
| 101. SCH* | Inline XBRL Taxonomy Extension Schema Document |
| 101. CAL* | Inline XBRL Taxonomy Extension Calculation Linkbase Document |
| 101. DEF* | Inline XBRL Taxonomy Extension Definition Linkbase Document |
| 101. LAB* | Inline XBRL Taxonomy Extension Label Linkbase Document |
| 101. PRE* | Inline XBRL Taxonomy Extension Presentation Linkbase Document |
| 104* | Cover Page Interactive Data File (formatted as Inline XBRL and contained in Exhibit 101) |
| * | Filed herewith. |
| ** | Furnished herewith. |

**SIGNATURES**

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

CHEMOMAB THERAPEUTICS LTD.

Date: August 12, 2022

By: /s/ Dale Pfost
Name: Dale Pfost
Title: Chief Executive Officer

Date: August 12, 2022

By: /s/ Donald Marvin
Name: Donald Marvin
Title: Chief Financial Officer

**Exhibit 31.1**

**CERTIFICATION PURSUANT TO**
**RULE 13a-14(a) UNDER THE SECURITIES EXCHANGE ACT OF 1934,**
**AS ADOPTED PURSUANT TO**
**SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002**

I, Dale Pfost, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q for the quarter ended June 30, 2022 of Chemomab Therapeutics Ltd.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period end covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the period end presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f) for the registrant and have:

   a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period end in which this report is being prepared;

   b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   c. Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period end covered by this report based on such evaluation; and

   d. Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

   a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: August 12, 2022
*/s/ Dale Pfost*
Dale Pfost
Chief Executive Officer
(*principal executive officer)*

**Exhibit 31.2**

**CERTIFICATION PURSUANT TO**
**RULE 13a-14(a) UNDER THE SECURITIES EXCHANGE ACT OF 1934,**
**AS ADOPTED PURSUANT TO**
**SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002**

I, Donald Marvin, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q for the quarter ended June 30, 2022 of Chemomab Therapeutics Ltd.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period end covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the period end presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f) for the registrant and have:

   a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period end in which this report is being prepared;

   b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   c. Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period end covered by this report based on such evaluation; and

   d. Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

   a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: August 12, 2022
*/s/ Donald Marvin*
Donald Marvin
Chief Financial Officer
(*principal financial and accounting officer)*

**Exhibit 32.1**

**CERTIFICATION PURSUANT TO**
**18 U.S.C. SECTION 1350,**
**AS ADOPTED PURSUANT TO**
**SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

In connection with the Quarterly Report of Chemomab Therapeutics Ltd. (the "Company") on Form 10-Q for the quarter ended June 30, 2022, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Dale Pfost, Chief Executive Officer of the Company, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that to the best of my knowledge:

(1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

*/s/ Dale Pfost*
Dale Pfost
Chief Executive Officer
(*principal executive officer)*
Chemomab Therapeutics Ltd.
August 12, 2022

**Exhibit 32.2**

**CERTIFICATION PURSUANT TO**
**18 U.S.C. SECTION 1350,**
**AS ADOPTED PURSUANT TO**
**SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

In connection with the Quarterly Report of Chemomab Therapeutics Ltd. (the "Company") on Form 10-Q for the quarter ended June 30, 2022, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Donald Marvin, Chief Financial Officer of the Company, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that to the best of my knowledge:

(1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

*/s/ Donald Marvin*
Donald Marvin
Chief Financial Officer
(*principal financial and accounting officer)*
Chemomab Therapeutics Ltd.
August 12, 2022