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

Form 6-K

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

For the month of: September 2023

Commission file number: 001-36578

ENLIVEX THERAPEUTICS LTD.
(Translation of registrant's name into English)

14 Einstein Street, Nes Ziona, Israel 7403618
(Address of principal executive offices)

Indicate by check mark whether the registrant files or will file annual reports under cover of Form 20-F or Form 40-F.

Form 20-F ☒ Form 40-F ☐

Financial Statements

The unaudited condensed consolidated financial statements for Enlivex Therapeutics Ltd., a company organized under the laws of the State of Israel ("Enlivex"), as of and for the three and six month periods ended June 30, 2023 and 2022, and the Operating and Financial Review and Prospects of Enlivex for the corresponding periods are furnished as Exhibits 99.1 and Exhibit 99.2, respectively, to this Report on Form 6-K and incorporated by reference into Enlivex's registration statements on Forms S-8, F-3 and F-3MEF (File No. 333-256799, File No. 333-232413, File No. 333-232009, File No. 333-252926 and File No. 333-264561), filed with the Securities and Exchange Commission.

Exhibit No.

99.1	Unaudited condensed consolidated financial statements for Enlivex as of June 30, 2023 and December 31, 2022 and for the three and six month periods ended June 30, 2023 and 2022.
99.2	Operating and Financial Review and Prospects as of and for the three and six month periods ended June 30, 2023 and 2022.
101.INS	Inline XBRL Instance Document
101.SCH	Inline Taxonomy Extension Schema Document
101.CAL	Inline XBRL Taxonomy Extension Calculation Linkbase Document
101.DEF	Inline XBRL Taxonomy Defeinition 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 (embedded within the Inline XBRL document)

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.

Enlivex Therapeutics Ltd.
(Registrant)

By: /s/ Oren Hershkovitz
Name: Oren Hershkovitz
Title: Chief Executive Officer

Date: September 1, 2023

ENLIVEX THERAPEUTICS LTD.

CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

AS OF JUNE 30, 2023 AND DECEMBER 31, 2022
AND FOR THE THREE AND SIX MONTH PERIODS ENDED JUNE 30, 2023 AND 2022

ENLIVEX THERAPEUTICS LTD.

CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

AS OF JUNE 30, 2023 AND DECEMBER 31, 2022
AND FOR THE THREE AND SIX MONTH PERIODS ENDED JUNE 30, 2023 AND 2022

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CONDENSED CONSOLIDATED BALANCE SHEETS (UNAUDITED)

U.S. dollars in thousands (except share data)

	June 30, 2023	December 31, 2022
ASSETS		
Current Assets		
Cash and cash equivalents	$ 3,458	$ 49,945
Short term interest-bearing bank deposits	25,443	299
Prepaid expenses and other receivables	1,884	2,086
Total Current Assets	30,785	52,330
Non-Current Assets		
Long term interest-bearing bank deposits	7,159	-
Property and equipment, net	9,574	9,875
Other assets	5,510	5,437
Total Non-Current Assets	22,243	15,312
TOTAL ASSETS	$ 53,028	$ 67,642
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current Liabilities		
Accounts payable	$ 1,554	$ 1,948
Accrued expenses and other liabilities	3,437	4,659
Total Current Liabilities	4,991	6,607
Non-Current Liabilities		
Other long-term liabilities	3,702	4,194
Total Non-Current Liabilities	3,702	4,194
Commitments and Contingent Liabilities		
TOTAL LIABILITIES	8,693	10,801
SHAREHOLDERS' EQUITY		
Ordinary shares of NIS 0.4 par value: Authorized: 45,000,000 shares as of June 30, 2023 and December 31, 2022; Issued and outstanding: 18,589,139 and 18,421,852 as of June 30, 2023 and December 31, 2022;	2,136	2,117
Additional paid in capital	138,133	136,648
Foreign currency translation adjustments	1,101	1,101
Accumulated deficit	(97,035)	(83,025)
TOTAL SHAREHOLDERS' EQUITY	44,335	56,841
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	$ 53,028	$ 67,642

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

CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS AND LOSS (UNAUDITED)

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

	For the three months ended June 30,		For the six months ended June 30,	
	2023	**2022**	**2023**	**2022**
Revenues	$ -	$ -	$ -	$ -
Operating expenses:				
Research and development expenses	5,035	4,110	10,211	8,792
General and administrative expenses	1,614	1,761	3,221	3,483
	6,649	5,871	13,432	12,275
Operating loss	(6,649)	(5,871)	(13,432)	(12,275)
Other expenses, net	(143)	(4,042)	(578)	(5,863)
Net loss	(6,792)	(9,913)	(14,010)	(18,138)
Basic & diluted loss per share	$ (0.37)	$ (0.54)	$ (0.76)	$ (0.99)
Weighted average number of shares outstanding	18,584,801	18,375,206	18,550,702	18,372,521

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

CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY (UNAUDITED)

U.S. dollars in thousands (except share data)

	Ordinary Shares		Additional paid in capital	Currency translation reserve	Accumulated deficit	Total
	Shares	Amount				
Balance as of December 31, 2022	18,421,852	$ 2,117	$ 136,648	$ 1,101	$ (83,025)	$ 56,841
Changes during the three months period ended March 31, 2022:						
Restricted stock units vested	34,295	3	(3)	-	-	-
Issuance of shares for cash consideration of $470 net of $152 issuance costs	110,115	13	305	-	-	318
Stock based compensation	-	-	633	-	-	633
Net loss	-	-	-	-	(7,218)	(7,218)
Balance as of March 31, 2023 (unaudited)	18,566,262	2,133	137,583	1,101	(90,243)	50,574
Changes during the three months period ended June 30, 2023:						
Issuance of shares for cash consideration of $43 net of $1 issuance costs	14,056	2	40	-	-	42
Restricted stock units vested	8,821	1	(1)	-	-	-
Exercise of options	-	-	-	-	-	-
Stock based compensation	-	-	511	-	-	511
Net loss	-	-	-	-	(6,792)	(6,792)
Balance as of June 30, 2023 (unaudited)	18,589,139	$ 2,136	$ 138,133	$ 1,101	$ (97,035)	$ 44,335
Balance as of December 31, 2021	18,331,507	$ 2,107	$ 133,796	$ 1,101	$ (51,965)	$ 85,039
Changes during the three months period ended March 31, 2022:						
Restricted stock units vested	34,295	4	(4)	-	-	-
Exercise of options	7,625	1	49	-	-	50
Stock based compensation	-	-	788	-	-	788
Net loss	-	-	-	-	(8,225)	(8,225)
Balance as of March 31, 2022 (unaudited)	18,373,427	2,112	134,629	1,101	(60,190)	77,652
Changes during the three months period ended June 30, 2022:						
Exercise of options	7,625	1	49	-	-	50
Stock based compensation	-	-	697	-	-	697
Net loss	-	-	-	-	(9,913)	(9,913)
Balance as of June 30, 2022 (unaudited)	18,381,052	$ 2,113	$ 135,375	$ 1,101	$ (70,103)	$ 68,486

* Less than $1

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

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS (UNAUDITED)

U.S. dollars in thousands

	For the six months ended June 30,	
	2023	**2022**
Cash flows from operating activities		
Net (loss)	$ (14,010)	$ (18,138)
Adjustments required to reflect net cash used in operating activities:		
Income and expenses not involving cash flows:		
Depreciation	421	364
Non-cash operating lease expenses	434	411
Share-based compensation	1,144	1,485
Loss on marketable securities and short-term bank deposits	1,626	4,886
Changes in operating asset and liability items:		
Increase in prepaid expenses and other receivables	(169)	(205)
Decrease in accounts payable trade	(240)	(211)
Decrease in accrued expenses and other liabilities	(1,389)	(307)
Operating lease liabilities	(624)	(827)
Net cash used in operating activities	(12,807)	(12,542)
Cash flows from investing activities		
Purchase of property and equipment	(200)	(4,351)
Proceeds from sale of property and equipment	82	-
Investment in short-term interest bearing bank deposits	(34,218)	(35,234)
Release of short-term interest bearing bank deposits	288	
Purchases of marketable securities	-	(1,608)
Proceeds from sales of marketable securities	-	62,549
Net cash (used in) provided by investing activities	(34,048)	21,356
Cash flows from financing activities		
Proceeds from issuance of shares, net	360	-
Proceeds from exercise of options	-	100
Net cash provided by financing activities	360	100
Increase (decrease) in cash and cash equivalents	(46,495)	8,914
Cash and cash equivalents - beginning of period	50,357	11,636
Cash and cash equivalents - end of period	$ 3,862	$ 20,550
Supplemental disclosures of cash flow information:		
Cash paid for taxes	$ -	$ -
Cash paid (received) for interest, net	$ 233	$ 45

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

NOTE 1 – GENERAL

a. Enlivex Therapeutics Ltd. (the "Parent" and, including its consolidated subsidiaries, "we", "us", "our" or the "Company") is a clinical-stage macrophage reprogramming immunotherapy company originally incorporated on January 22, 2012 under the laws of the State of Israel.

The Company is developing Allocetra™, a universal, off-the-shelf cell therapy designed to reprogram macrophages into their homeostatic state. Resetting non-homeostatic macrophages into their homeostatic state is critical for immune system rebalancing and resolution of life-threatening conditions. Non-homeostatic macrophages contribute significantly to the severity of certain diseases, which include solid tumors, sepsis and others.

Allocetra™ is based on the discoveries of Professor Dror Mevorach, an expert on immune activity, macrophage activation and clearance of dying (apoptotic) cells, in his laboratory in the Hadassah University Hospital located in the State of Israel.

The Company's ordinary shares, par value of NIS 0.40 per share ("Ordinary Shares"), are traded under the symbol "ENLV" on both the Nasdaq Capital Market and on the Tel Aviv Stock Exchange.

b. Financial Resources

The Company devotes substantially all of its efforts toward research and development activities and raising capital to support such activities. The Company's activities are subject to significant risks and uncertainties, including failing to secure additional funding before the Company achieves sustainable revenues and profit from operations.

Research and development activities have required significant capital investment since the Company's inception. The Company expects that its operations will require additional cash investment to pursue the Company's research and development activities, including preclinical studies, formulation development, clinical trials and related drug manufacturing. The Company has not generated any revenues or product sales and has not achieved profitable operations or positive cash flow from operations. The Company has incurred net losses since its inception, and, as of June 30, 2023, had an accumulated deficit of $97,035 thousand.

The Company expects to continue to incur losses for at least the next several years, and the Company will need to raise additional debt or equity financing or enter into partnerships to fund its development. If the Company is not able to achieve its funding requirements, it may be required to reduce discretionary spending, may not be able to continue the development of its product candidates or may be required to delay its development programs, which could have a material adverse effect on the Company's ability to achieve its intended business objectives. There can be no assurances that additional financing will be secured or, if secured, will be on favorable terms. The ability of the Company to transition to profitability in the longer term is dependent on developing products and product revenues to support its expenses.

The Company's management and board of directors (the "Board") are of the opinion that the Company's current financial resources will be sufficient to continue the development of the Company's product candidates for at least twelve months from the date of filing of these financial statements on Form 6-K. The Company may determine, however, to raise additional capital during such period as the Board deems prudent. The Company's management plans to finance its operations with issuances of the Company's equity securities and, in the longer term, revenues. There are no assurances, however, that the Company will be successful in obtaining the financing necessary for its long-term development. The Company's ability to continue to operate in the long term is dependent upon additional financial support.

NOTE 2 – SIGNIFICANT ACCOUNTING POLICIES

These unaudited condensed consolidated financial statements include the accounts of the Company and have been prepared in accordance with U.S. generally accepted accounting principles ("U.S. GAAP") for interim financial information. Accordingly, certain information and footnote disclosures normally included in financial statements prepared in accordance with U.S. GAAP have been condensed or omitted. In the opinion of management, all adjustments (consisting of normal recurring adjustments) considered necessary for a fair presentation have been made.

NOTE 2 – SIGNIFICANT ACCOUNTING POLICIES (Cont.)

These unaudited condensed consolidated financial statements should be read in conjunction with the Company's audited annual financial statements and notes thereto included in the Company's 2022 Annual Report on Form 20-F, as filed with the SEC on April 10, 2023. The results of operations for the interim periods presented herein are not necessarily indicative of the operating results for any future period. The December 31, 2022 financial information has been derived from the Company's audited financial statements.

Use of Estimates

The preparation of interim financial statements in conformity with U.S. GAAP requires management to make certain estimates, judgments and assumptions that affect the reported amounts in the consolidated balance sheets and statements of operations, it also requires that management exercise its judgment in applying the Company's accounting policies. On an ongoing basis, management evaluates its estimates, including estimates related to its stock-based compensation expense and implicit interest rate on new lease liabilities. Significant estimates in these interim financial statements include estimates made for accrued research and development expenses and stock-based compensation expenses.

Functional Currency and Translation to The Reporting Currency

The functional currency of the Company is the U.S. dollar because the U.S. dollar is the currency of the primary economic environment in which the Company operates and expects to continue to operate in the foreseeable future.

Balances related to non-monetary assets and liabilities are based on translated amounts as of the date of the change, and non-monetary assets acquired and liabilities were translated at the approximate exchange rate prevailing at the date of the transaction. Transactions included in the statement of income were translated at the approximate exchange rate in effect at the time of the applicable transaction.

1 U.S. dollar = 3.7 NIS and 3.519 NIS as of June 30, 2023 and December 31, 2022, respectively.

The U.S. dollar increased against the NIS: 2.35%, 5.14%, 10.2% and 12.54% in the three and six month periods ended June 30, 2023 and 2022, respectively.

Recently Adopted Accounting Standards

During the six months ended June 30, 2023, the Company was not required to adopt any recently issued accounting standards.

Recently Issued Accounting Pronouncements Not Yet Adopted

The Company has evaluated other recently issued accounting pronouncements and does not currently believe that any of these pronouncements will have a material impact on its condensed consolidated financial statements and related disclosures.

Significant Accounting Policies

There have been no material changes to the significant accounting policies previously disclosed in the Company's Annual Report on Form 20-F for the year ended December 31, 2022.

Marketable Securities.

The Company has an investment policy that includes guidelines on acceptable investment securities, minimum credit quality, maturity parameters, and concentration and diversification. The Company from time-to-time invests a portion of its excess cash in mutual funds that are classified based on the nature of their underlying securities and their availability for use in current operations. The Company's marketable equity securities are measured at fair value with gains and losses recognized in other expense, net.

Net (loss) realized on equity securities for the three and six month periods ended June 30, 2023 and 2022 was $0, $0, $0 and $(1,982) thousand, respectively.

NOTE 3 – CASH, CASH EQUIVALENTS AND RESTRICTED CASH

(in thousands)	June 30, 2023	December 31, 2022
Cash held in banks	$ 1,024	$ 2,123
Bank deposits in U.S.$ (annual average interest rates 4.29%% and 0.1%)	2,434	47,822
Total cash and cash equivalents	3,458	49,945
Restricted cash – current – Prepaid expenses and other receivables	113	113
Restricted cash – noncurrent – Other assets	291	299
Total cash, cash equivalents and restricted cash shown in the statement of cash flows	$ 3,862	$ 50,357

NOTE 4 – SHORT TERM INTEREST-BEARING BANK DEPOSITS

(in thousands)	June 30, 2023	December 31, 2022
Bank deposits in U.S.$ (annual average interest rates 5.94% and 0.3%)	$ 6,165	$ 299
Bank deposits in NIS (annual average interest rates 4.31%)	19,278	-
Total short-term deposits	$ 25,443	$ 299

NOTE 5 – LONG TERM INTEREST-BEARING BANK DEPOSITS

(in thousands)	June 30, 2023	December 31, 2022
Bank deposits in U.S.$ (annual average interest rates 4.22%)	$ 7,159	$ -
Total long-term interest-bearing bank deposits	$ 7,159	$ -

NOTE 6 – PROPERTY AND EQUIPMENT

Property and equipment, net consisted of the following:

(in thousands)	June 30, 2023	December 31, 2022
Cost:		
Laboratory equipment	$ 2,837	$ 2,851
Computers	276	276
Office furniture & equipment	317	249
Leasehold improvements	8,672	8,606
	12,102	11,982
Accumulated depreciation:		
Laboratory equipment	1,690	1,432
Computers	242	203
Office furniture & equipment	34	28
Leasehold improvements	562	444
	2,528	2,107
Depreciated cost	$ 9,574	$ 9,875

Depreciation expenses for the three and six month periods ended June 30, 2023 and 2022 were $212, $421, $176 and $364 thousand, respectively.

NOTE 7 – OTHER ASSETS

(in thousands)	June 30, 2023	December 31, 2022
Restricted cash	$ 291	$ 299
Long-term prepaid expenses	485	113
Right-of-Use assets, net	4,734	5,025
	$ 5,510	$ 5,437

NOTE 8 – ACCRUED EXPENSES AND OTHER LIABILITIES

(in thousands)	June 30, 2023	December 31, 2022
Vacation, convalescence and bonus accruals	$ 461	$ 759
Employees and payroll related	612	539
Short term operating lease liabilities	667	653
Accrued expenses and other	1,697	2,708
	$ 3,437	$ 4,659

NOTE 9 – LEASES

The Company is a party to operating leases for its corporate offices, laboratory space and vehicles. The Company's real property operating leases have remaining lease terms of up to 3.25 years, some of which include options to extend the leases for up to five years.

(in thousands)	Six months ended June 30, 2023	2022
The components of lease expense were as follows:		
Operating leases expenses	$ 522	$ 517
Supplemental consolidated cash flow information related to operating leases follows:		
Cash used in operating activities	$ 520	$ 478
Non-cash activity:		
Right of use assets obtained in exchange for new operating lease liabilities	$ 145	$ 91

(in thousands)	June 30, 2023	December 31, 2022
Supplemental information related to operating leases, including location of amounts reported in the accompanying consolidated balance sheets, follows:		
Other assets - Right-of-Use assets	$ 6,590	$ 6,445
Accumulated amortization	1,856	1,420
Operating lease Right-of-Use assets, net	$ 4,734	$ 5,025
Lease liabilities – current - Accounts payable and accrued liabilities	$ 667	$ 653
Lease liabilities – noncurrent	3,702	4,194
Total operating lease liabilities	$ 4,369	$ 4,847
Weighted average remaining lease term in years	7.1	7.6
Weighted average annual discount rate	3.4%	3.4%

Maturities of operating lease liabilities as of June 30, 2022, were as follows:

2023(after June 30)	$ 344
2024	696
2025	717
2026	581
2027	551
2028 and onwards	2,069
Total undiscounted lease liability	$ 4,958
Less: Imputed interest	$ (589)
Present value of lease liabilities	$ 4,369

NOTE 10 – COMMITMENTS AND CONTINGENT LIABILITIES

The Company is required to pay royalties to the State of Israel (represented by the Israeli Innovation Authority (the "IIA")), computed on the basis of proceeds from the sale or license of products for which development was supported by IIA grants. These royalties are generally 3% - 5% of sales until repayment of 100% of the grants (linked to the dollar) received by the Company plus accrued interest

The gross amount of grants received by the Company from the IIA, including accrued interest as of June 30, 2023, was approximately $9.6 million. As of June 30, 2023, the Company had not paid any royalties to the IIA.

NOTE 11 – EQUITY

All Company warrants are classified as a component of shareholders' equity because such warrants are free standing financial instruments that are legally detachable, separately exercisable, do not embody an obligation for the Company to repurchase its own shares, and permit the holders to receive a fixed number of Ordinary Shares upon exercise, requires physical settlement and do not provide any guarantee of value or return.

	Number of Warrants	Weighted average exercise price
Outstanding January 1, 2023	202,251	$ 23.31
Outstanding and exercisable June 30, 2023	202,251	$ 23.31

Composed of the following:

Number of Warrants	Exercise Price Per Share	Issuance date	Expiration date
22,750	$ 10	February 26, 2020	February 24, 2025
160,727	$ 25	February 12, 2021	February 9, 2026
18,774	$ 25	February 17, 2021	February 9, 2026
202,251			

NOTE 12 – SHARE-BASED COMPENSATION

a) As of June 30, 2023, 5,028,704 Ordinary Shares were authorized for issuance to employees, directors and consultants under the 2019 Equity Incentive Plan, of which 1,537,973 shares were available for future grant.

b) The following table contains information concerning options granted under the existing equity incentive plan:

	Three months ended June 30,			
	2023		2022	
	Number of options	Weighted average exercise price	Number of options	Weighted average exercise price
Outstanding at beginning of period	2,929,868	$ 5.84	2,399,622	$ 5.95
Forfeited and expired	(14,375)	$ 6.82	(3,000)	$ 5.34
Exercised	-	$ -	(7,625)	$ 6.49
Outstanding at end of period	2,915,493	$ 5.84	2,388,997	$ 5.95
Exercisable at end of period	2,090,378	$ 5.59	1,728,623	$ 5.10
Non-vested at beginning of period	876,851	$ 6.48	722,749	$ 7.67
Vested	(37,861)	$ 11.13	(59,375)	$ (8.78)
Forfeited	(13,875)	$ 5.90	(3,000)	$ (5.34)
Non-vested at the end of period	825,115	$ 6.27	660,374	$ 7.59

NOTE 12 – SHARE-BASED COMPENSATION (Cont.)

	Six months ended June 30,			
	2023		2022	
	Number of options	Weighted average exercise price	Number of options	Weighted average exercise price
Outstanding at beginning of period	2,939,434	$ 5.85	2,142,547	$ 6.02
Granted	-		$ 264,700	$ 5.48
Forfeited and expired	(23,941)	$ 6.71	(3,000)	$ 5.34
Exercised	-		$ (15,250)	$ 6.49
Outstanding at end of period	2,915,493	$ 5.84	2,388,997	$ 5.95
Exercisable at end of period	2,090,378	$ 5.59	1,728,623	$ 5.10
Non vested at beginning of period	986,005	$ 6.46	529,082	$ 8.69
Granted	-	$ -	264,700	$ 5.48
Forfeited and expired	(15,375)	$ 6.73	(3,000)	$ 5.34
vested	(145,515)	$ 7.44	(130,408)	$ 7.82
Outstanding at end of period	825,115	$ 6.27	660,374	$ 7.59

During the three and six month periods ended June 30, 2023 and 2022, the Company recognized $427, $957, $509 and $1,074 thousand, respectively, of share-based compensation expenses related to stock options.

As of June 30, 2023, the total unrecognized estimated compensation cost related to outstanding non-vested stock options was $1,766 thousand, which is expected to be recognized over a weighted average period of 1.32 years.

c) Set forth below is data regarding the range of exercise prices and remaining contractual life for all options outstanding on June 30, 2023:

Exercise price	Number of options outstanding	Remaining contractual Life (in years)	Intrinsic Value of Options Outstanding (in thousands)	No. of options exercisable
$ 2.69	649,883	1.92	-	649,883
$ 3.66	250,000	6.84	-	250,000
$ 4.68	48,750	6.75	-	36,563
$ 5.34	208,825	8.75	-	53,800
$ 5.34	445,792	9.38	-	69,263
$ 5.96	150,000	9.38	-	-
$ 6.22	634,177	4.00	-	634,177
$ 8.19	150,000	6.38	-	112,500
$ 8.23	12,500	8.38	-	5,000
$ 9.02	40,500	7.38	-	20,250
$ 10.12	12,126	5.43	-	12,126
$ 12.23	250,000	7.91	-	194,444
$ 14.00	60,500	7.82	-	50,417
$ 21.40	1,940	6.07	-	1,455
$ 90.16	500	1.42	-	500
	2,915,493		-	2,090,378

NOTE 12 – SHARE-BASED COMPENSATION (Cont.)

d) The following table contains information concerning restricted stock units granted under the existing equity incentive plan:

	Three months ended June 30,			
	2023		2022	
	Number of shares	Weighted average grant date fair value	Number of shares	Weighted average grant date fair value
Nonvested at beginning of period	114,329	$ 9.97	184,787	$ 10.02
Vested	(3,438)	$ 10.28	(3,437)	$ 10.28
Forfeited	(313)	$ 14.67	-	$ -
Nonvested at end of period	110,578	$ 9.95	181,350	$ 10.02

	Six months ended June 30,			
	2023		2022	
	Number of shares	Weighted average grant date fair value	Number of shares	Weighted average grant date fair value
Nonvested at beginning of period	157,560	$ 10.02	229,331	$ 10.08
Vested	(46,544)	$ 10.15	(47,981)	$ 10.29
Forfeited	(438)	$ 14.67	-	$ -
Nonvested at end of period	110,578	$ 9.95	181,350	$ 10.02

The Company estimates the fair value of restricted stock units based on the closing sales price of the Ordinary Shares on the date of grant (or the closing bid price, if no sales were reported). For the three and six month periods ended June 30, 2023 and 2022, the Company recognized $84, $187, $188 and $411 thousand, respectively, of share-based compensation expense related to restricted stock units. Total share-based compensation expense related to restricted stock units not yet recognized as of June 30, 2023 was $331 thousand, which is expected to be recognized over a weighted average period of 0.66 years.

e) The following table summarizes share-based compensation expenses related to grants under the existing equity incentive plan included in the statements of operations:

	Three months ended June 30,		Six months ended June 30,	
(in thousands)	2023	2022	2023	2022
Research & development	$ 122	$ 119	$ 318	$ 509
General & administrative	389	578	826	976
Total	$ 511	$ 697	$ 1,144	$ 1,485

NOTE 13 – FAIR VALUE MEASUREMENT

The Company's financial assets and liabilities measured at fair value on a recurring basis consisted of the following types of instruments as of June 30, 2023 and December 31, 2022:

(in thousands)	June 30, 2023			
	Total	Level 1	Level 2	Level 3
Cash and cash equivalents	$ 3,862	$ 3,862	$ -	$ -
Short term deposits	25,443	25,443	-	-
Long term deposits	7,159	7,159	-	-
Restricted cash current	113	113	-	-
Restricted cash non-current	291	291	-	-
Total financial assets	$ 38,868	$ 38,868	$ -	$ -

(in thousands)	December 31, 2022			
	Total	Level 1	Level 2	Level 3
Cash and cash equivalents	$ 49,945	$ 49,945	$ -	$ -
Short term deposits	299	299	-	-
Restricted cash current	113	113	-	-
Restricted cash non-current	299	299	-	-
Total financial assets	$ 50,656	$ 50,656	$ -	$ -

NOTE 14 – EVENTS SUBSEQUENT TO THE BALANCE SHEET DATE

The Company evaluated all events and transactions that occurred subsequent to the balance sheet date and prior to the date on which these unaudited condensed consolidated financial statements were issued and determined that no subsequent event necessitated disclosure.

OPERATING AND FINANCIAL REVIEW AND PROSPECTS

This Operating and Financial Review and Prospects contains forward-looking statements, which may be identified by words such as "expects," "plans," "projects," "will," "may," "anticipates," "believes," "should," "would", "could", "intends," "estimates," "suggests," "has the potential to" and other words and phrases of similar meaning, including, without limitation, statements regarding expected cash balances, market opportunities for the results of current clinical studies and preclinical experiments, and the effectiveness of, and market opportunities for, ALLOCETRA™ programs, all of which statements are made pursuant to the safe harbor provisions of the Private Securities Litigation Reform Act of 1995. Investors are cautioned that forward-looking statements involve risks and uncertainties that may affect Enlivex's business and prospects, including the risks that Enlivex may not succeed in generating any revenues or developing any commercial products; that the products in development may fail, may not achieve the expected results or effectiveness and/or may not generate data that would support the approval or marketing of these products for the indications being studied or for other indications; that ongoing studies may not continue to show substantial or any activity; and other risks and uncertainties that may cause results to differ materially from those set forth in the forward-looking statements. The results of clinical trials in humans may produce results that differ significantly from the results of clinical and other trials in animals. The results of early-stage trials may differ significantly from the results of more developed, later-stage trials. The development of any products using the ALLOCETRA™ product line could also be affected by a number of other factors, including unexpected safety, efficacy or manufacturing issues, additional time requirements for data analyses and decision making, the impact of pharmaceutical industry regulation, the impact of competitive products and pricing and the impact of patents and other proprietary rights held by competitors and other third parties. In addition to the risk factors described above, investors should consider the economic, competitive, governmental, technological and other factors discussed in Enlivex's filings with the Securities and Exchange Commission, including in its Annual Report on Form 20-F for the year ended December 31, 2022. The forward-looking statements contained in this Operating and Financial Review and Prospects speak only as of the date the statements were made, and we do not undertake any obligation to update forward-looking statements, except as required under applicable law.

Overview

Enlivex Therapeutics, Ltd., a company organized under the laws of the State of Israel (including its consolidated subsidiaries, "we", "us", "our" or the "Company"), is a clinical-stage macrophage reprogramming immunotherapy company, developing Allocetra™, a universal, off-the-shelf cell therapy designed to reprogram macrophages into their homeostatic state. Resetting non-homeostatic macrophages into their homeostatic state is critical for immune system rebalancing and resolution of life-threatening conditions. Non-homeostatic macrophages contribute significantly to the severity of the respective diseases, which include solid tumors, sepsis and others.

We believe the Company's primary innovative immunotherapy, Allocetra™, represents a paradigm shift in macrophage reprogramming, moving from targeting a specific subset of macrophages or a specific pathway effecting macrophages activity, to a fundamental view of macrophage homeostasis. Restoring macrophage homeostasis may induce the immune system to rebalance itself to normal levels of operation, thereby promoting disease resolution.

The Company is focused on two main clinical verticals: sepsis and solid tumors (the "Indications"). The Company believes that negatively-reprogrammed macrophages may be key contributors to disease severity across the Indications, and thus effective reprogramming of these previously negative-reprogrammed macrophages into their respective homeostatic states may provide diseases resolution for these Indications, some of which are considered "unmet medical needs".

Financial Overview

Since inception, we have incurred significant losses in connection with our research and development and have not generated any revenue. We have funded our operations primarily through grants from the Israel Innovation Authority (the "IIA") and the sale of equity and equity linked securities in public and private offerings. As of June 30, 2023, we had approximately $36 million in cash and cash equivalents and bank deposits and had an accumulated deficit of approximately $97 million, see "—Liquidity and Capital Resources" below.

Although we provide no assurance, we believe that our existing funds will be sufficient to continue our business and operations as currently conducted through the fourth quarter of 2024. During 2022, we introduced a Company-wide cost cutting program designed to extend our cash runway potentially into 2025. We expect that we will continue to incur operating losses, which may be substantial over the next several years, and we will require additional funds to further develop our research and development programs.

Costs and Operating Expenses

Our current costs and operating expenses consist of two components: (i) research and development expenses; and (ii) general and administrative expenses.

Research and Development Expenses

Our research and development expenses consist primarily of research and development activities at our laboratory in Israel, including drug and laboratory supplies and costs for facilities and equipment, outsourced development expenses, including the costs of regulatory consultants and certain other service providers, salaries and related personnel expenses (including share based compensation) and fees paid to external service providers and the costs of preclinical studies and clinical trials. We charge all research and development expenses to operations as they are incurred. We expect our research and development expenses to remain our primary expenses in the near future as we continue to develop our product candidates. Increases or decreases in research and development expenditures are attributable to the number and duration of our preclinical and clinical studies.

We expect that a large percentage of our research and development expenses in the future will be incurred in support of our current and future preclinical and clinical development projects. Due to the inherently unpredictable nature of preclinical and clinical development processes, we are unable to estimate with any certainty the costs we will incur in the continued development of our product candidates in our pipeline for potential commercialization. Furthermore, although we expect to apply for additional grants from the IIA, we cannot be certain that we will obtain such grants. Clinical development timelines, the probability of success and development costs can differ materially from expectations. We expect to continue to test our product candidates in preclinical studies for toxicology, safety and efficacy and to conduct additional clinical trials for our product candidates.

While we are currently focused on advancing our product development, our future research and development expenses will depend on the clinical success of our product candidates, as well as ongoing assessments of each candidate's commercial potential. As we obtain results from clinical trials, we may elect to discontinue or delay clinical trials for our product candidates in certain of the Indications in order to focus our resources on more promising indications for any such product candidate. Completion of clinical trials may take several years or more, but the length of time generally varies according to the type, complexity, novelty and intended use of a product candidate.

We expect our research and development expenses to increase in the future as we continue the advancement of our clinical product development for the Indications and as we potentially pursue additional indications. The lengthy process of completing clinical trials and seeking regulatory approval for our product candidates requires the expenditure of substantial resources. Any failure or delay in completing clinical trials, or in obtaining regulatory approvals, could cause a delay in generating product revenue and cause our research and development expenses to increase and, in turn, have a material adverse effect on our operations.

General and Administrative Expenses

General and administrative expenses consist primarily of compensation (including share-based compensation) for employees in executive and operational roles, including accounting, finance, investor relations, information technology and human resources. Our other significant general and administrative expenses include facilities costs, professional fees for outside accounting and legal services, including legal work in connection with patent applications, travel costs and insurance premiums. We expect that our general and administrative expenses will increase over time, as we currently expect increases in the number of our executive, accounting and administrative personnel due to our anticipated growth.

Other expenses, net

Other expenses, net consists of bank fees, exchange rate differences and gains and losses resulting from our investments in bank deposits and marketable securities.

Critical Accounting Policies and Estimates

The preparation of financial statements in accordance with U.S. generally accepted accounting principles ("GAAP") requires management to make estimates and assumptions that affect the amounts reported in our financial statements and accompanying notes. Management bases its estimates on historical experience, market and other conditions, and various other assumptions it believes to be reasonable. Although these estimates are based on management's best knowledge of current events and actions that may impact us in the future, the estimation process is, by its nature, uncertain given that estimates depend on events over which we may not have control. If market and other conditions change from those that we anticipate, our financial statements may be materially affected. In addition, if our assumptions change, we may need to revise our estimates, or take other corrective actions, either of which may also have a material effect in our financial statements. We review our estimates, judgments, and assumptions used in our accounting practices periodically and reflect the effects of revisions in the period in which they are deemed to be necessary. We believe that these estimates are reasonable; however, our actual results may differ from these estimates.

We believe the following accounting policies to be the most critical to the judgments and estimates used in the preparation of our financial statements. For additional detail regarding our significant accounting policies, please see the notes to our audited consolidated financial statements contained in our Annual Report on Form 20-F for the year ended December 31, 2022 as filed with the SEC on April 10, 2023.

Share-Based Compensation

We have issued restricted stock units and options to purchase our ordinary shares. Share-based compensation cost is measured at the grant date based on the fair value of the award and is recognized as an expense over the requisite service/vesting period. Determining the appropriate fair value model and calculating the fair value of share-based payment awards require the use of highly subjective assumptions, including the expected life of the share-based payment awards and share price volatility.

We estimate the grant date fair value of share options and the related compensation expense, using the Black-Scholes option valuation model. This option valuation model requires the input of subjective assumptions including: (1) expected life (estimated period of time outstanding) of the options granted, (2) volatility, (3) risk-free rate and (4) dividends. In general, the assumptions used in calculating the fair value of share-based payment awards represent management's best estimates, but the estimates involve inherent uncertainties and the application of management judgment.

Leases:

We determine if an arrangement includes a lease at inception. Right-of-use assets represent our right to use an underlying asset for the lease term; and lease liabilities represent our obligation to make lease payments arising from the lease. Right-of-use assets and lease liabilities are recognized at the commencement date of the lease, renewal date of the lease or significant remodeling of the lease space based on the present value of the remaining future minimum lease payments. Leases with a term greater than one year are recognized on the balance sheet as right-of-use assets and short-term and long-term lease liabilities, as applicable.

Operating lease liabilities and their corresponding right-of-use assets are initially recorded based on the present value of lease payments over the expected remaining lease term. The interest rate implicit in lease contracts is typically not readily determinable. As a result, we utilize our incremental borrowing rate to discount lease payments, which reflects the fixed rate at which we could borrow on a collateralized basis the amount of the lease payments in the same currency, for a similar term, in a similar economic environment.

Our leases include options to extend or terminate the lease. In determining the lease term, management uses its judgement to determine whether or not an option would be reasonably certain to be exercised. Management considers all facts and circumstances, including their past practice and any cost that will be incurred to change the asset if an option to extend is not taken, to help determine the lease term. Extension options are only included in the lease term if the lease is reasonably certain to be extended.

Results of Operations

Six-Months Ended June 30, 2023 Compared to Six-Months Ended June 30, 2022

The table below provides our results of operations for the six months ended June 30, 2023 and June 30, 2022

	Six Months Ended June 30	
	2023	**2022**
	(In thousands, except per share data) (unaudited)	
Research and development expenses	$ 10,211	$ 8,792
General and administrative expenses	3,221	3,483
Operating loss	(13,432)	(12,275)
Other expense, net	(578)	(5,863)
Operating loss post other expenses, net	(14,010)	(18,138)
Taxes on income		-
Net loss	(14,010)	(18,138)
Basic loss per share	$ (0.76)	$ (0.99)
Diluted loss per share	$ (0.76)	$ (0.99)

Three-Months Ended June 30, 2023 Compared to Three-Months Ended June 30, 2022

The table below provides our results of operations for the three months ended June 30, 2023 and June 30, 2022:

	Three Months Ended June 30	
	2023	**2022**
	(In thousands, except per share data) (unaudited)	
Research and development expenses	$ 5,035	$ 4,110
General and administrative expenses	1,614	1,761
Operating loss	(6,649)	(5,871)
Other income(expenses), net	(143)	(4,042)
Operating loss post other expenses, net	(6,792)	(9,913)
Taxes on income		
Net income (loss)	(6,792)	(9,913)
Basic loss per share	$ (0.37)	$ (0.54)
Diluted loss per share	$ (0.37)	$ (0.54)

Research and Development Expenses

For the six and three months ended June 30, 2023 and 2022, we incurred research and development expenses in the aggregate of $10,211,000, $5,035,000, $8,792,000 and $4,110,000, respectively. The increase of $1,419,000, or 16%, in research and development expenses for the six months ended June 30, 2023 as compared to the comparable six month period in 2022 was primarily due to a $2,054,000 increase in expenses for clinical studies and pre-clinical studies, partially offset by a $189,000 decrease in share based compensation expense and a $379,000 decrease in lease payments and overhead expenses related to our manufacturing plant space in Yavne Israel, which is intended to be used for the manufacture of Allocetra™. Due to our management's decision in September 2022 to delay the use of this manufacturing plant space and to lease such space to potential clients for a period of approximately three years, all plant related expenses were classified as of that date to general and administrative expenses.

The increase of $925,000, or 22%, in research and development expenses for the three months ended June 30, 2023, as compared to the second quarter of 2022 was primarily due to a $1,137,000 increase in pre-clinical studies, clinical studies and consumption of materials, offset by a $219,000 decrease in lease payments and overhead expenses related to our manufacturing plant space.

General and Administrative Expenses

For the six and three months ended June 30, 2023 and 2022, we incurred general and administrative expenses in the aggregate of $3,221,000, $1,614,000, $3,483,000, and $1,761,000, respectively. The decrease of $262,000, or 8%, in general and administrative expenses for the six months ended June 30, 2023 as compared to the 2022 period was primarily due to a $150,000 decrease in stock-based compensation expense with respect to equity granted to employees and directors, a $119,000 decrease in insurance expenses, a $112,000 decrease in professional fees related to intellectual property regulatory expenses and a $165,000 decrease in payroll expenses, offset by a $345,000 increase in rent and maintenance expenses.

The decrease of $147,000, or 8%, in general and administrative expenses for the three months ended June 30, 2023 as compared to the 2022 period was primarily due to a $153,000 decrease in payroll expenses and a $125,000 decrease in professional fees related to intellectual property regulatory expenses, offset by a $159,000 increase in rent and maintenance expenses.

Operating Loss

Due to an increase in research and development expenses for the six and three month periods ended June 30, 2023, our operating loss was $13,432,000 and $6,649,000, respectively, representing an increase of $1,157,000 and $778,000, or 9% and 13%, respectively, as compared to our operating loss for the six and three month periods ended June 30, 2022. This increase resulted primarily from increased research and development expenses, including expenses relating to conducting clinical studies and trials.

Other Expenses, Net

Other expenses, net consists of the following:

- Interest earned on our cash and cash equivalents;
- Expenses or income resulting from fluctuations of the NIS and Euro, in which a portion of our assets and liabilities are denominated, against the U.S. dollar; and
- Realized and unrealized gains and losses from marketable equity securities.

For the six and three months ended June 30, 2023 and 2022, we recorded other expenses, net of $578,000, $143,000, $5,863,000 and $4,042,000 respectively. The decrease of $5,285,000, or 90%, in other expenses, net for the six months ended June 30, 2023 as compared to the six months ended June 30, 2022 was primarily due to $884,000 of interest income from bank deposits in 2023, as compared to $145,000 in 2022, a loss of $1,983,000 from marketable securities in 2022 that was not repeated in 2023, as well as by a loss of $1,458,000 resulting from foreign exchange currency fluctuations on cash and cash equivalents in 2023 as compared to a loss of $4,025,000 in 2022.

The decrease of $3,899,000, or 96%, in other expenses, net for the three months ended June 30, 2023 as compared to the three months ended June 30, 2022 was primarily due to $422,000 of income from interest on bank deposits in 2023 as compared to $100,000 in 2022, as well as by a loss of $558,000 resulting from foreign exchange currency fluctuations on cash and cash equivalents in 2023 as compared to $4,142,000 in 2022.

Net Loss

For the six and three months ended June 30, 2023, our net loss was $14,010,000, $6,792,000, $18,138,000 and $9,913,000 respectively, representing a decrease of $4,128,000 and $3,121,000, or 22% and 32%, respectively, as compared to our net loss for the comparable prior year periods This decrease resulted primarily from a decrease in other expenses, net, which was partially offset by an increase in the costs of clinical and pre-clinical studies.

Cash Flows

Six Months Ended June 30, 2023 Compared to Six Months Ended June 20, 2022

For the six months ended June 30, 2023 and 2022, net cash used in operations was $12,807,000 and 12,542,000, respectively. The increase in net cash used in operations for 2023 was primarily due to an increase in research and development expenses as a result of increases in the costs of clinical and pre-clinical studies.

For the six months ended June 30, 2023 and 2022, net cash (used in) provided by investing activities was $(34,048,000) and $21,356,000 respectively. The decrease in net cash provided by investing activities for 2023 as compared to 2022 resulted primarily from net investment in bank deposits of $33,930,000 as compared to net proceeds from sales of marketable securities of $60,941,000 in the comparable prior year period.

For the six months ended June 30, 2023 and 2022, net cash provided by financing activities was $360,000 and $100,000, respectively. This increase in cash provided by financing activities for 2023 as compared to 2022 resulted primarily from net proceeds of $360,000 from our issuance of ordinary shares under the ATM Agreement (as defined below) as compared to proceeds of $100,000 from the exercise of options in the comparable prior year period.

Liquidity and Capital Resources

We have incurred substantial losses since our inception. As of June 30, 2023, we had an accumulated deficit of approximately $97 million and working capital (current assets less current liabilities) of approximately $25.8 million. An additional $7.1 of our cash was classified as a long-term interest-bearing bank deposit, resulting in total working capital and deposits which mature within the next 18 months of $32.9 million as of June 30, 2023. We expect to incur losses from operations for the foreseeable future, and we expect to incur increasing research and development expenses, including expenses related to the hiring of personnel, conducting preclinical studies and clinical trials and outsourcing of certain development activities. We expect that general and administrative expenses will also increase as we expand our finance and administrative staff and add infrastructure.

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 will be sufficient to fund our projected cash requirements approximately through the fourth quarter of 2024. During 2022, we introduced a Company-wide cost cutting program designed to extend our cash runway potentially into 2025. 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 receipt of additional government grants;
- 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.

Other than under our ATM Agreement, 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, including under out ATM Agreement, 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 IIA, 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.

ATM Agreement

On December 30, 2022 we entered into an agreement (the "ATM Agreement") with Cantor Fitzgerald & Co. and JMP Securities LLC (each referred to as an "Agent", and together, the "Agents"), as sales agents, pursuant to which we may elect to sell, but are not obligated to sell, ordinary shares having an aggregate offering price of up to $100,000,000 from time to time through the Agents. Our offer and sale of ordinary shares under the ATM Agreement may be made in transactions deemed to be "at-the-market" offerings as defined in Rule 415 under the Securities Act, including sales made directly on or through the Nasdaq Capital Market, or any other existing trading market in the United States for the ordinary shares, sales made to or through a market maker other than on an exchange or otherwise, directly to an Agent as principal, in negotiated transactions, or in any other method permitted by law, which may include block trades. We have agreed to pay the Agents an aggregate commission of 3.0% of the gross sales price from each sale of ordinary shares under the ATM Agreement. Any sale of ordinary shares under the ATM Agreement will be made pursuant to our effective shelf registration statement on Form F-3, including the prospectus contained therein (File No. 333-264561). During the six months ended June 30, 2023, we received net proceeds of $360,000 from our issuance of ordinary shares under the ATM Agreement.

Foreign Currency Exchange Risk

Our foreign currency exposures give rise to market risk associated with exchange rate movements of the U.S. dollar, mainly against the NIS, and vice versa, because a considerable portion of our expenses are denominated in the NIS. Our NIS expenses consist principally of payments made to employees, sub-contractors and consultants for preclinical studies, clinical trials, rent and other research and development activities. We anticipate that a sizable portion of our expenses will continue to be denominated in the NIS. Our financial position, results of operations and cash flow are subject to fluctuations due to changes in foreign currency exchange rates. Our results of operations and cash flow are, therefore, subject to fluctuations due to changes in foreign currency exchange rates and may be adversely affected in the future due to changes in foreign exchange rates.