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

FORM 20-F

☐ **REGISTRATION STATEMENT PURSUANT TO SECTION 12(b) OR (g) OF THE SECURITIES EXCHANGE ACT OF 1934**

OR

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

For the fiscal year ended December 31, 2023

OR

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

OR

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

Date of event requiring this shell company report **----------**

For the transition period from _____ to _____

Commission file number: **000-30902**

_____

Compugen Ltd.

(Exact name of Registrant as specified in its charter)

_____

(Translation of Registrant's name into English)

_____

Israel
(Jurisdiction of incorporation or organization)

Azrieli Center, 26 Harokmim Street, Building D, Holon 5885849 Israel
(Address of principal executive offices)

_____

Alberto Sessa, Chief Financial Officer
Phone: +972-3-765-8585, Fax: +972-3-765-8555
Azrieli Center, 26 Harokmim Street, Building D, Holon 5885849 Israel

(Name, Telephone, E-mail and/or Facsimile number and Address of Company Contact Person)

_____

Securities registered or to be registered pursuant to Section 12(b) of the Act.

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Ordinary shares, par value NIS 0.01 per share	CGEN	The Nasdaq Stock Market LLC (The Nasdaq Global Market)

Securities registered or to be registered pursuant to Section 12(g) of the Act.

None
(Title of Class)

Securities for which there is a reporting obligation pursuant to Section 15(d) of the Act.

None
(Title of Class)

Indicate the number of outstanding shares of each of the issuer's classes of capital or common stock as of the close of the period covered by the annual report: **89,237,465 Ordinary Shares**

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act.

☐ Yes ☒ No

If this report is an annual or transition report, indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

☐ Yes ☒ No

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 or an emerging growth company. See definition of "accelerated filer" "large accelerated filer" and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer ☐ Accelerated filer ☒ Non-accelerated filer ☐ Emerging growth company ☐

If an emerging growth company that prepares its financial statements in accordance with U.S. GAAP, 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 ☐

† The term "new or revised financial accounting standard" refers to any update issued by the Financial Accounting Standards Board to its Accounting Standards Codification after April 5, 2012.

Indicate by check mark whether the registrant has filed a report on and attestation to its management's assessment of the effectiveness of its internal control over financial reporting under Section 404(b) of the Sarbanes-Oxley Act (15 U.S.C. 7262(b)) by the registered public accounting firm that prepared or issued its audit report. ☒

If securities are registered pursuant to Section 12(b) of the Act indicate by check mark whether the financial statements of the registrant included in the filing reflect the correction of an error to previously issued financial statement. ☐

Indicate by check mark whether any of those error corrections are restatements that required a recovery analysis of incentive-based compensation received by any of the registrant's executive officers during the relevant recovery period pursuant to §240.10D-1(b). ☐

Indicate by check mark which basis of accounting the registrant has used to prepare the financial statements included in this filing:

U.S. GAAP ☒ International Financial Reporting Standards as issued by the International Accounting Standards Board ☐ Other ☐

If "Other" has been checked in response to the previous question, indicate by check mark which financial statement item the registrant has elected to follow.

Item 17 ☐ Item 18 ☐

If this is an annual report, indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).

☐ Yes ☒ No

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CERTAIN DEFINED TERMS

All references in this Annual Report on Form 20-F to "Compugen," the "Company," "we," "us," "our," or similar references refer to Compugen Ltd. and our wholly owned subsidiary Compugen USA, Inc., except where the context otherwise requires or as otherwise indicated.

We have prepared our consolidated financial statements in United States dollars and in accordance with generally accepted accounting principles in the United States, or U.S. GAAP. All references herein to "dollars" or "$" are to United States dollars, and all references to "Shekels" or "NIS" are to New Israeli Shekels.

CAUTIONARY STATEMENT REGARDING

FORWARD-LOOKING STATEMENTS

This Annual Report on Form 20-F, or the Annual Report, includes "forward-looking statements" within the meaning of the Securities Act of 1933, as amended, or the Securities Act, the Securities Exchange Act of 1934, as amended, or the Exchange Act, and the safe-harbor provisions of the Private Securities Litigation Reform Act of 1995. Such forward-looking statements are based on our current beliefs, expectations and assumptions. Forward-looking statements can be identified by the use of terminology such as "will," "may," "assume," "expect," "anticipate," "could," "project," "estimate," "possible," "potential," "believe," "suggest," and "intend," and similar expressions that are intended to identify forward-looking statements, although not all forward-looking statements contain these identifying words. These forward-looking statements involve known and unknown risks and uncertainties that may cause our actual results, performance or achievements to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. Factors that could cause our actual results to differ materially from those projected in the forward-looking statements include, without limitation, the risk factors set forth under "Item 3. Key Information - D. Risk Factors," the information about us set forth under "Item 4. Information on the Company" and information related to our financial condition under "Item 5. Operating and Financial Review and Prospects." Any forward-looking statements represent our views only as of the date hereof and should not be relied upon as representing its views as of any subsequent date. We do not assume any obligation to update any forward-looking statements unless required by law.

PART I.

ITEM 1. IDENTITY OF DIRECTORS, SENIOR MANAGEMENT AND ADVISERS

Not applicable.

ITEM 2. OFFER STATISTICS AND EXPECTED TIMETABLE

Not applicable.

ITEM 3. KEY INFORMATION

A. [RESERVED]

Not applicable.

B. CAPITALIZATION AND INDEBTEDNESS

Not applicable.

C. REASONS FOR THE OFFER AND USE OF PROCEEDS

Not applicable.

D. RISK FACTORS

An investment in our ordinary shares involves a high degree of risk and many factors could affect our results, financial condition, cash flows and results of operations. You should carefully consider the following risk factors, as well as the other information in this Annual Report. If we do not, or cannot, successfully address the risks to which we are subject, we could experience a material adverse effect on our business, results of operations and financial condition, which could include the need to limit or even discontinue our business operations, and accordingly our share price may decline, and you could lose all or part of your investment. We can give no assurance that we will successfully address any of these risks. The principal risks we face are described below.

Summary Risk Factors

Our business is subject to a number of risks of which you should be aware of before making an investment decision. These risks are discussed more fully under the caption "Item 3. Key Information - D. Risk Factors" section of this Annual Report. These risks include, but are not limited to, the following:

- We have a history of losses and we expect to incur future losses and may never achieve or sustain profitability.
- We may need to raise additional funds in the future, and if we are unable to raise such additional funds, we may need to limit, curtail or cease operations. To the extent any such funding is based on the sale of equity, our existing shareholders would experience dilution of their shareholdings.
- We cannot provide assurance that our business model will succeed in generating substantial revenues.
- In the near term, we are highly dependent on the success of COM701, COM902 and COM503. We may not be able to advance our internal clinical stage programs through clinical development or manufacturing or successfully partner or commercialize them, or obtain marketing approval, either alone or with a collaborator, or may experience significant delays in doing so.
- Clinical trials of any product candidates that we, or any current or future collaborators may conduct, may fail to satisfactorily demonstrate safety and/or efficacy, and we, or any collaborator, may incur additional costs or experience delays in completing, or ultimately be unable to complete the development and commercialization of these product candidates.
- Clinical development involves a lengthy and expensive process, with an uncertain outcome. We may encounter substantial delays or even an inability to begin clinical trials for any specific product or may not be able to conduct or complete our trials on the timelines we expect.
- From time to time we publicly disclose preliminary data from our ongoing clinical trials. As more patient data become available the data and the interpretation of the data may change.
- We rely and expect to continue to rely on third parties to conduct our clinical trials. These third parties may not successfully or professionally carry out their contractual duties, comply with regulatory requirements or meet expected deadlines, and we may experience significant delays in the conduct of our clinical trials as well as significant increased expenditures.

- Serious adverse events or undesirable side effects or lack of efficacy, may emerge in clinical trials conducted by other companies running clinical trials investigating the same target as us, which could adversely affect our development programs or our capability to enroll patients or partner the program for further development and commercialization.

- We are subject to certain manufacturing risks, any of which could either result in additional costs or delays in completing, or ultimately make us unable to complete, the development and commercialization of our product candidates.

- From time to time, we may also publish preliminary biomarker data from our ongoing clinical trials. As more patient data become available the data and the interpretation of the data may change.

- Our current and future relationships, and/or the relationships of our collaborators through which we may market, sell, and distribute our products, with healthcare professionals, physicians and other parties in the United States and elsewhere may be subject, directly or indirectly, to applicable anti-kickback, fraud and abuse, false claims, physician payment transparency, health information and general privacy and security and other healthcare laws and regulations, which could expose us to adverse consequences.

- There are risks that are inherent in the development and commercialization of new therapeutic products.

- We have limited experience in the development of therapeutic product candidates, and we may be unable to implement our business strategy.

- Our approach to the discovery of therapeutic products is based on our predictive computational discovery capabilities that are not yet fully proven clinically, and we do not know whether we will be able to discover and develop additional potential product candidates or products of commercial value.

- We are focusing our discovery and therapeutic development activities on therapeutic product candidates for uses in immuno-oncology. Our current candidates may fail, and we may fail to continue to discover and develop therapeutic product candidates of industry interest in this field.

- We depend significantly on third parties to carry out the research, development and commercialization of our therapeutic product candidates. If we are unable to maintain our existing agreements or to enter into additional agreements with such third parties, mainly collaborators, in the future, our business will likely be materially harmed.

- Our dependence on collaboration agreements with third parties presents number of risks.

- Our existing partnership agreement with Gilead is subject to many risks.

- We operate in a highly competitive and rapidly changing industry which may result in others discovering, developing or commercializing competing products ahead of us or more successfully than we do.

- Given our level of managerial, operational, financial and other resources, our current activities and future growth may be limited.

- Our information technology systems, or those of the third parties upon whom we rely, including our cloud providers, CROs or other contractors or consultants, may fail or suffer security breaches, which could result in a material disruption of our pipeline and our business, as well as to regulatory investigations or actions; litigation; fines and penalties; reputational harm; loss of revenue and other adverse consequences.

- We are subject to stringent and changing obligations related to data privacy and security. Failure or perceived failure to comply with current or future obligations could lead to government enforcement actions (which could include civil or criminal penalties), private litigation, and/or adverse publicity and could negatively affect our operating results and business.

- If the scope of any patent protection we obtain is not sufficiently broad, or if we lose any of our patent protection, our ability to prevent our competitors from commercializing similar or identical product candidates would be adversely affected.

- We may need to obtain additional licenses of third-party technology or other rights that may not be available to us or are available only on commercially unreasonable terms, and which may cause us to operate our business in a more costly or otherwise adverse manner that was not anticipated.

- We, or potential collaborators and licensees, may infringe third-party rights and may become involved in litigation, which may materially harm our business.

- We may become involved in lawsuits to protect or enforce our patents or other intellectual property, which could be expensive, time consuming and unsuccessful.

- Conditions in Israel and in the Middle East may adversely affect our operations.

- Our results of operations may be adversely affected by the exchange rate fluctuations between the dollar and the New Israeli Shekel.

- We may not be able to meet the continued listing standards of Nasdaq, which require a minimum closing bid price of $1.00 per share, which could result in our delisting and negatively impact the price of our ordinary shares and our ability to access the capital markets.

- Future sales of our ordinary shares or securities convertible or exchangeable for our ordinary shares may depress our share price.

- If we sell ordinary shares in future financings, shareholders may experience immediate dilution and, as a result, our share price may decline.

- Our share price and trading volume have been volatile and may be volatile in the future and that could limit investors' ability to sell our shares at a profit and could limit our ability to successfully raise funds.

- If we are a passive foreign investment company, or PFIC, our U.S. shareholders may be subject to adverse U.S. federal income tax consequences.

Risks Related to our Business, Financial Results and Financing Needs

We have a history of losses and we expect to incur future losses and may never achieve or sustain profitability.

As of December 31, 2023, we had an accumulated deficit of approximately $474.5 million and had incurred net losses of approximately $18.8 million in 2023, $33.7 million in 2022 and approximately $34.2 million in 2021, in large part due to the expenditures associated with our ongoing research and development and limited revenues received to date. In addition, we expect to continue to incur net losses in the future due to our anticipated costs and expenses, primarily associated with our preclinical and clinical activities. We previously entered into three therapeutic pipeline program-based partnership agreements, one with Bayer Pharma AG, or Bayer, the other with AstraZeneca plc, or AstraZeneca, and the third with Bristol Myers Squibb Company, or Bristol Myers Squibb, under which, through the end of 2022, we received an aggregate amount of $90.7 million, including a $32.0 million equity investment from Bristol Myers Squibb. Currently, following the termination of the Bristol Myers Squibb and the Bayer collaborations in August 2022 and in February 2023, respectively, and after entering into an exclusive license agreement, or the License Agreement, with Gilead Sciences, Inc., or Gilead, on December 18, 2023, we have two therapeutic pipeline program-based partnership agreements in effect, one with AstraZeneca and the second with Gilead. In the first quarter of 2024, we received $51 million as an upfront payment from Gilead (after $9 million tax withheld at source) and $10 million as a milestone payment from AstraZeneca. We cannot be certain that we will receive additional revenues under any of these partnership agreements or that we will enter into additional arrangements for any of our therapeutic pipeline programs or with respect to our predictive computational discovery capabilities, or that such additional arrangements, if any, will provide sufficient revenues to achieve profitability.

We may need to raise additional funds in the future, and if we are unable to raise such additional funds, we may need to limit, curtail or cease operations. To the extent any such funding is based on the sale of equity, our existing shareholders would experience dilution of their shareholdings.

Based on our current plans and our expectation that IND clearance for COM503 will take place in the second half of 2024, we believe that our current existing cash and cash equivalents, short-term bank deposits, investment in marketable securities together with the COM503 IND clearance milestone payment from Gilead will be sufficient to fund operations into 2027, without considering the possible receipt of any additional funds, such as proceeds from existing or additional licensing and/or collaborative agreements, or from financings. However, if our plans change, our cash balances may only be sufficient for a shorter period of time. We cannot predict with any degree of certainty when, or even if, we will generate significant revenues or achieve profitability, and therefore we may need additional funds to continue financing our operations. We may seek additional capital for various reasons, including for our ongoing operations or strategic considerations, even if we believe we have sufficient funds for our current and future operating plans. Additional funds, including proceeds from license or collaborative agreements, or from other financings, may not be available to us on acceptable terms, or at all. In addition, the terms of any financing may adversely affect the holdings or the rights of our existing shareholders. For example, if we raise additional funds by issuing equity securities, our existing shareholders will experience dilution of their shareholdings. Debt financing, if available, may involve restrictive covenants that could limit our flexibility in conducting future business activities.

Any failure to raise funds as and when needed would materially harm our business, financial condition and results of operations, and result in us having to significantly curtail one or more of our research or development programs or otherwise reduce our operations and thereby not having the ability to have some or all of such therapeutic product candidates developed and have a negative impact on our ability to pursue our business strategy. We also could be required to seek funds through arrangements with partners or other investors that may require us to enter into arrangements on terms that would otherwise not be acceptable to us which could materially harm our business, financial condition and results of operations.

We cannot provide assurance that our business model will succeed in generating substantial revenues.

Our business model is primarily based on expected future revenues in various forms, including upfront fees, research funding, in-kind funding, milestone payments, license fees, royalties on product sales and other revenue sharing payments from development and commercialization of products by third parties, pursuant to various forms of collaborations for our novel targets and related drug product candidates at various stages of research and development. Our primary focus in immuno-oncology utilizes our predictive computational discovery capabilities to identify novel drug targets and develop potentially first-in-class therapeutics in the field of cancer immunotherapy. Drug target candidates discovered by our predictive computational discovery capabilities undergo initial target validation studies and, in selected cases, are advanced to the discovery and development of the therapeutic product candidate. Such drug target candidates and their related therapeutic product candidates may serve as the basis for licensing and other forms of third-party collaborations. Following the termination of the Bristol Myers Squibb and the Bayer collaborations in August 2022 and in February 2023, respectively, and after entering into the License Agreement with Gilead on December 18, 2023, we currently have two collaborations in effect, one with AstraZeneca and the second with Gilead. The termination of our existing or any future collaboration agreements may have varying impacts on our financial position and, specifically, our ability to generate revenue. For example, while the termination of our agreement with Bristol Myers Squibb has different effects on our operations, this termination caused us to lose free access to PD-1 immune checkpoint inhibitor, which has an adverse impact on our expenditure thereby requiring us to purchase PD-1 inhibitor for our clinical studies. The main effect of the termination of the collaboration agreement with Bayer was extinguishing our potential to achieve future revenues from such collaboration. The inability to derive adequate revenues, or at all, from our business model would materially harm our business, financial condition and results of operations and could result in the need to limit or even discontinue our business operations.

We have a limited operating history with respect to the partnering and commercialization aspects of our business model upon which investors can base an investment decision or upon which to predict future revenues.

Our ability to generate revenues from partnerships for our novel drug targets and related therapeutic product candidates at various stages of research and development has been limited. To date, we have entered into four partnership agreements with respect to our therapeutic pipeline programs under which we have received a total amount of $151.7 million (after $9 million withholding taxes), of which $32 million was the form of an equity investment. We recognized revenue of $33.5 million in 2023, $7.5 million in 2022 and $6.0 million in 2021 from our partnerships. There can be no guarantee that we will achieve the same level of revenue in the future.

We cannot be certain that our focus on discovery, research and drug development in the field of immuno-oncology, along with advancing selected programs to preclinical and clinical development partially or fully at our own expense, will generate a stable or significant revenue stream. Additionally, financial terms for agreements by other companies, to the degree disclosed, vary greatly and therefore financial terms that may be available for our candidates at the various R&D stages may vary greatly. The inability to derive adequate revenues within our field of focus and for our specific drug targets or product candidates would materially harm our business, financial condition and results of operations and could result in the need to limit or even discontinue our business operations. Moreover, our operating history with respect to the partnering and commercialization aspects of our model provides a limited basis to assess our ability to generate significant fees, research revenues, milestone payments, royalties or other revenue sharing payments from the licensing, development and anticipated future commercialization of our programs based on our existing and future novel drug targets and related therapeutic products and any future product candidates.

Our failure to establish and maintain effective internal control over financial reporting could result in material misstatements in our financial statements or a failure to meet our reporting obligations. This may cause investors to lose confidence in our reported financial information, which could result in the trading price of our shares to decline.

Our management is responsible for establishing and maintaining adequate internal control over financial reporting, as such term is defined in Rule 13a-15(f) of the Exchange Act. Under the supervision and with the participation of our management, including the Chief Executive Officer and the Chief Financial Officer, we carried out an evaluation of the effectiveness of our internal control over financial reporting as of December 31, 2023, using the criteria established in "Internal Control - Integrated Framework" issued by the Committee of Sponsoring Organizations of the Treadway Commission (2013 framework) (the COSO criteria). Based on our assessment under that framework and the criteria established therein, our management concluded that the Company's internal control over financial reporting was effective as of December 31, 2023, in providing reasonable assurance regarding the reliability of the Company's financial reporting.

However, if we conclude in the future that our internal controls over financial reporting are not effective, we may fail to meet our future reporting obligations on a timely basis, our financial statements may contain material misstatements, our operating results may be negatively impacted, and we may be subject to litigation and regulatory actions, causing investor perceptions to be adversely affected and potentially resulting in a decline in the market price of our shares. Even if we conclude that our internal controls over financial reporting are adequate, any internal control or procedure, no matter how well designed and operated, can only provide reasonable assurance of achieving desired control objectives and cannot prevent all mistakes or intentional misconduct or fraud.

Risks Related to Development, Manufacturing, Clinical Trials and Government Regulation

In the near term, we are highly dependent on the success of COM701, COM902 and COM503. We may not be able to advance our internal clinical stage programs through clinical development or manufacturing or successfully partner or commercialize them, or obtain marketing approval, either alone or with a collaborator, or may experience significant delays in doing so.

We currently have no products approved for sale and are investing a significant portion of our efforts and financial resources in the clinical development of COM701 and of COM902 and preclinical development of COM503. Our prospects are substantially dependent on our ability, or that of any existing and future partners, to manufacture, develop, obtain marketing approval for and successfully commercialize COM701, COM902 and COM503 as a stand alone or in combination with other drugs. We have reported favorable safety and toxicity profile and preliminary signals of antitumor activity in our ongoing Phase 1 trial with COM701 monotherapy, COM701 combination with nivolumab, and in the triplet combination of COM701, nivolumab and BMS-986207 (anti-TIGIT antibody). We have reported preliminary signals of antitumor activity from our Phase 1 dose escalation monotherapy trial of COM902 with a best response of stable disease. These preliminary clinical results may not predict the final results of the on-going clinical trials or future clinical trials or otherwise be sufficient to attract a partner or support a future drug approval. Many companies in the pharmaceutical, biopharmaceutical and biotechnology industries have suffered significant setbacks or failures in clinical trials after achieving positive results, and we cannot be certain that we will not face similar setbacks or failures.

Our pipeline currently consists of three clinical stage programs, which are at early stage of clinical development. Two, COM701 and COM902 are being developed internally and the third, rilvegostomig, is being developed by our collaborator, AstraZeneca. Our pipeline also consists of additional programs in early stage, the most advanced of which is COM503, which is in IND enabling studies and is licensed to Gilead and requires substantial development and investment.

If we are able to advance our programs throughout the different clinical development phases, we will need to expand our personnel and operational capabilities to support these activities. We may also need to raise additional capital in such event. In part because of our limited infrastructure, limited experience in conducting clinical trials and limited experience in interacting with regulatory authorities, we cannot be certain that our clinical trials will be completed on time, that our planned clinical trials will be initiated on time, if at all, that our planned development programs and development path forward will be designed well or would be acceptable to the U.S. Food and Drug Administration, or FDA, or other comparable foreign regulatory authorities, or that, even if approval is obtained, such investigational products can be successfully commercialized.

The success of COM701, COM902 and COM503 is dependent upon several factors, including the following:

- the successful clearance of IND for COM503;
- the successful clinical trial design (and implementation thereof) and results;
- our ability to fund clinical trials designed to obtain regulatory approval and to become commercially successful;
- our ability to design trials required to allow for a path for registration or obtain regulatory approval;
- the success of trials designed to allow for a path for registration/approval by regulatory authorities;
- our selected regulatory strategy;
- our timely initiation, enrollment and completion of clinical trials;
- the enrolled patient population's demographics, prior therapy/ies and other patients characteristics, even if they meet the inclusion/exclusion enrollment criteria;
- a safety, tolerability and efficacy profile, alone or in combination with other approved or investigational products, that is satisfactory to the FDA or comparable foreign regulatory authorities;
- a safety, tolerability and efficacy profile, alone or in combination with other approved or investigational products, that fits the competitive treatment landscape/ unmet patients' need;
- selection of drug dosing;
- selection of indications;
- selection of patient populations;
- selection of comparator study arm
- selection of drug(s) for combinations;
- access to drugs required for combination studies or approval;
- successful identification of biomarkers, including for patient selection;
- timely receipt of marketing approvals from applicable regulatory authorities;
- the performance of our current and future collaborators, if any;
- the extent of any required post-marketing approval commitments to applicable regulatory authorities;
- establishment, management and monitoring of CRO arrangements and processes with third-party service providers for conducting the clinical trial;
- ability to convince clinical investigators in the potential of our clinical drug candidates and their interest in enrolling patients to our studies;
- establishment and monitoring of manufacturing arrangements and processes with third-party service providers and clinical manufacturing organizations for manufacturing drug substance and drug product;
- establishment and monitoring of arrangements with third-party suppliers of raw materials and service for fill-finish, packaging and labeling;

- stability of our drug substance and drug products;
- supply of our drugs in sufficient quantities and quality for our clinical trials;
- establishment of arrangements with third-party manufacturers and processes monitoring to obtain commercial quality drug product that is appropriately packaged for sale;
- adequate ongoing availability of raw materials and drug product for clinical development and any commercial sales;
- protection of our rights in our intellectual property portfolio;
- successful launch of commercial sales following any marketing approval;
- a continued acceptable safety profile following any marketing approval; and
- commercial acceptance by patients, the medical community and third-party payors.

Many of these factors are beyond our control, including clinical development by us and our competitors, the regulatory submission and review process, potential threats to our intellectual property rights and the manufacturing, marketing and sales efforts of any current and future third party. If we are unable to develop, receive marketing approval for and successfully commercialize COM701, COM902 and COM503, on our own or with any collaborator, or experience delays as a result of any of these factors or otherwise, our business could be substantially harmed.

We depend on enrollment of patients in our clinical trials in order to continue development of our product candidates.

We are currently conducting two Phase 1 clinical trials one in metastatic microsatellite stable colorectal cancer and one in platinum resistant ovarian cancer, in which we test the combination of COM701 with COM902 and pembrolizumab. We completed our enrollment of 20 patients in the metastatic microsatellite stable colorectal cancer trial and expect to complete enrollment of at least 20 patients with platinum resistant ovarian cancer in the first quarter of 2024, later than we initially projected due to various reasons, including competing studies, trying to identify suitable enrolling sites and the general treatment landscape in this indication. Our anticipated time to data in these trials is subject to our ability to enroll a sufficient number of eligible patients that will need to be enrolled for observing clinical activity, if at all. There can be no assurance that we will complete enrollment or have data from the trials when we anticipate or at all or that our data will support the further development of our proposed combination. The timely completion of clinical trials in accordance with their protocols depends, among other things, on our ability to enroll a sufficient number of patients that are in line with our inclusions and exclusion criteria and our ability to monitor these patients as required.

We may experience difficulties in patient enrollment in our clinical trials for a variety of reasons. Patient enrollment is affected by many factors including the size and nature of the patient population, the eligibility criteria for the trial, the design of the clinical trial, the size of the patient population required for analysis of the trial's primary endpoints, the proximity of patients to clinical trial sites, our ability to recruit clinical trial investigators with the appropriate competencies and experience, the number of enrolling clinical sites, our ability to obtain and maintain patient consents, the risk that patients enrolled in clinical trials will drop out of the trials before completion or even before any/sufficient imaging assessment, the willingness of patients to attend clinic visits given epidemic and pandemic concerns, and competing clinical trials (including other clinical trials that we are conducting or will conduct in the future) and clinicians' and patients' perceptions as to the potential advantages of the drug being studied in relation to other available therapies, or competing drugs against the same target as well as a changing treatment landscape, including any new drugs that may be approved for the indications we are investigating. For example, the platinum resistant ovarian cancer landscape is continually evolving and becoming more competitive, with the approval of mirvetuximab and other competing studies, which may have an impact on our enrollment rate and may raise the bar for success in our clinical trial results.

Many pharmaceutical companies are conducting clinical trials in patients with the disease indications that COM701, COM902, COM503 and our future potential drug products may target. Additionally, other pharmaceutical companies are already clinically investigating their own therapeutic candidates against PVRIG, the target of COM701, or against TIGIT, the target of COM902, and the IL-18 pathway, which COM503 is targeting, which may hamper the enrollment of patients in our trials for COM701, COM902, or COM503. For example, in the case of COM701, there are currently several PVRIG antibodies in Phase 1 studies, such as GSK's GSK4381562 (formerly SRF813), Hengrui's PVRIG/TIGIT bi-specific, SHR-2002, Simcere's TIGIT/PVRIG bispecific antibody, SIM0348, Biotheus's PVRIG/TIGIT bi-specific, PM-1009, and Hefei TG ImmunoPharma's NM1F.

In the case of COM902, the landscape includes a significant number of anti-TIGIT antibodies at various stages of development, with the leading ones currently in Phase 3 clinical trials, such as tiragolumab by Roche, vibostolumab by Merck, rilvegostomigby AstraZeneca, ociperlimab by Beigene, domvanalimab by Arcus, as well as others at earlier stages in development. In the IL-18 pathway field, the programs that are more advanced than COM503 and are in clinical stage are ST-067, a mutated IL-18 fusion protein at Phase 1/2 and two IL-18 CART therapies in Phase 1. As a result, we must compete with these competitors for clinical sites, clinicians' interest and the limited number of patients who fulfill the stringent requirements for participation in clinical trials in general. Also, patient enrollment may be limited due to changes in the regulatory landscape in the indications of interest to us. Our clinical trials may be delayed or terminated due to the inability to enroll enough patients or lack of successful drug performance. The delay or inability to meet planned patient enrollment or successful results may result in increased costs and delay or termination of our trials, which could have a harmful effect on our ability to develop products.

Clinical trials of any product candidates that we, or any current or future collaborators may conduct, may fail to satisfactorily demonstrate safety and/or efficacy, and we, or any collaborator, may incur additional costs or experience delays in completing, or ultimately be unable to complete the development and commercialization of these product candidates.

We, and any current or future collaborators, are not permitted to commercialize, market, promote or sell any therapeutic product candidate in any jurisdiction without obtaining marketing approval from the relevant regulatory authority, such as the FDA in case of the United States. We, and any collaborators, must complete clinical trials to demonstrate the safety and efficacy of our therapeutic product candidates in humans before we will be able to obtain these approvals.

Clinical testing is expensive, is difficult to design and implement, can take many years to complete and is inherently uncertain as to outcome. We cannot guarantee that any clinical trials will be conducted as planned or completed on schedule, if at all. The clinical development of our therapeutic product candidates is susceptible to the risk of failure inherent at any stage of product development, including failure to demonstrate efficacy in a clinical trial or across population of patients, choosing the incorrect patient population or indication, the occurrence of adverse events that are severe or medically or commercially unacceptable, failure to comply with protocols or applicable regulatory requirements and determination by the FDA that a therapeutic product candidate may not continue development or is not approvable. The outcome of preclinical studies and early clinical trials may not predict the success of later clinical trials and interim results of a clinical trial do not necessarily predict final results. A number of companies in the pharmaceutical and biotechnology industries have suffered significant setbacks in advanced clinical trials due to lack of efficacy or unacceptable safety profiles, notwithstanding promising results in earlier trials. Despite the preliminary safety and anti-tumor activity results reported to date from our ongoing Phase 1 trial for COM701 and COM902, we do not know whether the clinical trials we or our partners may conduct will demonstrate adequate efficacy and safety to result in the further advancement of clinical development or regulatory approval to market of COM701 and/or COM902, or any other of our product candidates when they reach the clinic, in any particular jurisdiction or jurisdictions. The same applies to COM503 which has not yet entered the clinic. It is also possible that, even if one or more of our therapeutic product candidates has a beneficial effect, that effect will not be detected during clinical evaluation as a result of one or more of a variety of factors, including the size, patient population, duration, design, measurements, conduct or analysis of our clinical trials, patient monitoring, the dosing we choose and other factors.

Any inability to successfully complete preclinical and clinical development could result in additional costs to us, or any collaborators, and impair our ability to generate revenues from product sales, development, regulatory and commercialization milestones and royalties. Moreover, if we, or any collaborators, are required to conduct additional clinical trials or repeat clinical trials or other testing of our product candidates beyond the trials and testing that we or they contemplate, if we, or they, are unable to successfully complete clinical trials of our product candidates or other testing, or the results of these trials or tests are unfavorable, uncertain or are only modestly favorable, or there are unacceptable safety concerns associated with our product candidates, we, or any collaborators, may, among others:

- cease the development of the product candidates;
- incur additional unplanned costs;
- terminate or amend the respective collaboration, if applicable;
- not obtain approval to proceed to next development phase;
- be delayed in obtaining marketing approval for our product candidates;
- not obtain marketing approval at all;
- obtain approval for indications or patient populations that are not as broad as intended or desired;
- obtain approval with labeling that includes significant use or distribution restrictions or significant safety warnings, including boxed warnings;
- be subject to additional post-marketing testing or other requirements; or
- be required to remove the product from the market after obtaining marketing approval.

Our failure to successfully initiate and complete clinical trials of our product candidates and to demonstrate the efficacy and safety necessary to obtain regulatory approval to market any of our product candidates would significantly harm our business, could further result in significant harm to our financial position and results of operations and could result in the need to limit or even discontinue our business operations.

Clinical development involves a lengthy and expensive process, with an uncertain outcome. We may encounter substantial delays or even an inability to begin clinical trials for any specific product or may not be able to conduct or complete our trials on the timelines we expect.

Obtaining marketing approval from regulatory authorities for the sale of any therapeutic product requires substantial preclinical development and then extensive human clinical trials to demonstrate the safety and efficacy of such product candidates. It is impossible to predict when or if any of our programs or those of our collaborators based on our target discoveries will yield products that will be approved for human testing, or, if such testing is proven sufficiently safe and effective for further development or to receive regulatory approval for marketing. Preclinical and clinical testing is expensive, time consuming, and subject to uncertainty and will require significant additional financial and management resources. As a company, we have limited experience in conducting clinical trials and have never progressed a product candidate through to regulatory approval. In part because of this lack of experience, our clinical trials may require more time and incur greater costs than we anticipate. We cannot guarantee that any of our therapeutic drug candidates from our pipeline will be advanced into clinical trials or that our clinical trials will be conducted as planned or completed on schedule, if at all. The outcome of preclinical testing and early clinical trials may not be predictive of the success of later clinical trials, and interim results of a clinical trial do not necessarily predict final results. Moreover, preclinical and clinical data are often susceptible to varying interpretations and analyses, and many companies that have believed their product candidates performed satisfactorily in preclinical studies and clinical trials have nonetheless failed to continue to achieve such successes at later stages of the clinical studies or to obtain marketing approval for such products.

We submitted to the FDA an Investigational New Drug application, or IND, for COM701, which was cleared by the FDA in June 2018 and an IND for COM902, which was cleared by the FDA in October 2019 and we plan to submit IND to the FDA for COM503 in 2024. However, there can be no assurance that we will submit additional INDs, including for COM503, nor if submitted, the actual timing for such submission (including amendments), nor that such submissions will be accepted by the FDA at all or within anticipated timeframe, allowing clinical trials to begin or continue. There can be no assurance that clinical trials will begin at any predicted date or will be completed on schedule, if at all. Moreover, even if these clinical trials begin, issues may arise that could result in the suspension of or termination of such clinical trials. A failure of one or more clinical trials can occur at any stage of testing. Events that may prevent successful or timely completion of clinical development include:

- inability to generate sufficient preclinical, toxicology, or other data to support the initiation of clinical trials;
- lack of authorization from regulators or institutional review boards, or IRBs, or ethics committees to allow us or our investigators to amend a clinical trial or commence a clinical trial or conduct a clinical trial at a prospective trial site or continue such clinical trial;
- delays in sufficiently developing, characterizing, or controlling a manufacturing process suitable for clinical trials;

- inability to generate sufficient quantities or quality of our drug substance or drug product to support the initiation or continuation of clinical trials;
- delays in reaching a consensus with collaborators or regulatory agencies on trial design or trial amendment;
- delays in reaching agreement on acceptable terms with prospective CROs, and clinical trial sites, the terms of which can be subject to extensive negotiation and may vary significantly among different CROs and clinical trial sites;
- imposition of a temporary or permanent clinical hold by the FDA, or a similar delay imposed by foreign regulatory agencies for a number of reasons, including after review of an IND, other application or amendment; (i) as a result of a new safety finding that presents unreasonable risk to clinical trial participants; (ii) a negative finding from an inspection of our clinical trial operations or trial sites; (iii) developments on trials conducted by competitors for related technology that raises FDA concerns about risk to patients of the technology broadly; or (iv) if FDA finds that the investigational protocol or plan is clearly deficient to meet its stated objectives;
- clinical trials of any product candidates may fail to show safety or efficacy, produce negative or inconclusive results and we may decide, or regulators may require us, to conduct additional preclinical studies or clinical trials or we may decide to abandon product development programs;
- difficulty collaborating with patient groups and investigators;
- failure by our CROs, other third parties, or us to adhere to clinical trial and related regulatory requirements;
- failure to perform in accordance with the FDA's Good Clinical Practice, or GCP, requirements, or similar applicable regulatory guidelines in other countries;
- failure to perform in accordance with the FDA's Good Manufacturing Practice, or GMP, requirements, or similar applicable regulatory guidelines in other countries;
- the number of patients required for clinical trials of any product candidates may be larger than we anticipate or can financially support, enrollment in these clinical trials may be slower than we anticipate, or participants may drop out of these clinical trials or fail to return for post-treatment follow-up at a higher rate than we anticipate;
- delays in having patients complete their participation in a trial or return for post-treatment follow-up;
- occurrence of adverse events associated with the product candidate that are viewed to outweigh its potential benefits;
- changes in regulatory requirements and guidance that require amending or submitting new clinical protocols;
- changes in the standard of care or in the regulatory landscape on which a clinical development plan was based, which may require new or additional trials;
- the cost of clinical trials of our product candidates being greater than we anticipate;
- clinical trials of our product candidates producing negative or inconclusive results, or early results that will not be repeated in larger or future cohorts or randomized studies, which may result in our deciding, or regulators requiring us, to conduct additional clinical trials or abandon product development programs;
- choosing the wrong dosing regimen and/or the wrong drug combination;
- delays or failure to secure supply agreements with suitable reagent suppliers, or any failures by suppliers to meet our quantity or quality requirements for necessary reagents; and
- delays in manufacturing, testing, releasing, validating, or importing/exporting sufficient stable quantities of our product candidates for use in clinical trials or the inability to do any of the foregoing.

Our product development and other costs will increase if we experience delays in clinical trials (including termination thereof) or in obtaining marketing approvals. We do not know whether any of our preclinical studies or clinical trials will begin as planned, and once begun whether will need to be restructured or will be completed on schedule, or at all. Significant preclinical or clinical trial delays also may allow our competitors to bring products to market before we do, potentially impairing our ability to be first-in-class or successfully commercialize our product candidates and harming our potential market share and business and results of operations. Any delays in our preclinical or clinical development programs may harm our business, financial condition and prospects significantly.

From time to time, we publicly disclose preliminary data from our ongoing clinical trials. As more patient data become available the data and the interpretation of the data may change.

From time to time, we publish preliminary or interim investigator assessed data from our ongoing clinical trials. Preliminary data remain subject to audit confirmation and verification procedures that may result in the final data being materially different from the preliminary data we previously published. Preliminary data are also subject to the risk that one or more of the clinical outcomes may materially change as time goes by and cutoff date changes, patient enrollment continues and with further patient monitoring where more patient data become available. As a result, preliminary data should be viewed with caution until clinical trial completion where the final data are available. Also, data may also change upon the further assessment in additional studies. Material adverse changes in the data along the clinical development process could significantly harm our business prospects, financial condition and results of operations.

We rely and expect to continue to rely on third parties to conduct our clinical trials. These third parties may not successfully or professionally carry out their contractual duties, comply with regulatory requirements or meet expected deadlines, and we may experience significant delays in the conduct of our clinical trials as well as significant increased expenditures.

We do not have the ability to independently conduct clinical trials. We rely and will continue to rely on medical institutions, clinical investigators, contract manufacturing research organizations, contract laboratories, outsourced preclinical and clinical service providers and other third parties, such as CROs and advisors, to conduct or otherwise support our clinical trials. We rely heavily and will continue to rely heavily on these parties for execution of clinical trials for COM701 and COM902 and any other future product candidates we may take to the clinic, including COM503 (to the extent we take it to the clinic), and we control only certain aspects of their activities. Nevertheless, we are responsible for ensuring that each of our internal clinical trials is conducted in accordance with the applicable protocol, legal and regulatory requirements and scientific standards, and our reliance on these third parties, including our CROs, will not relieve us of our regulatory responsibilities. For any violations of laws and regulations during the conduct of our clinical trials, we could be subject to untitled and warning letters or enforcement action that may include civil penalties up to and including criminal prosecution.

We believe that our financial results and the commercial prospects for COM701, COM902, and any other future therapeutic product candidates we may take to the clinic, including COM503 (to the extent we take it to the clinic), would be harmed, our costs could materially increase and our ability to generate revenue could be significantly adversely impacted, if our clinical investigators, CROs or other third parties providing us services fail to successfully carry out their contractual duties or obligations diligently and in a professional manner or fail to meet their expected deadlines.

Serious adverse events or undesirable side effects or lack of efficacy, may emerge in clinical trials conducted by other companies running clinical trials investigating the same drug target as us, which could adversely affect our development programs or our capability to enroll patients or partner the program for further development and commercialization.

We initiated a Phase 1 clinical trial for COM902, which targets TIGIT, in March 2020. There are additional companies that have a program targeting TIGIT in advanced clinical trials, such as Merck, Roche, Gilead/Arcus, AstraZeneca, and BeiGene. We have no control over their clinical trials or development programs, and lack of or insufficient efficacy such as recently reported for Roche's TIGIT targeting antibody tiragolumab in SCLC and NSCLC, adverse events or undesirable side effects experienced by subjects in their clinical trials could affect our development and regulatory path of COM902 or the enthusiasm of clinicians recruiting patients for our clinical trials for COM902 or any other service provider or harm its potential to be partnered for further development and commercialization and generate revenues for the Company.

Furthermore, any negative results that may be reported in clinical trials of other programs targeting TIGIT may make it difficult or impossible to recruit and retain subjects in our clinical trials of COM902. Delays in patient enrollment may result in increased costs or may affect the timing or outcome of the planned clinical trials, which could prevent completion of these trials and adversely affect our ability to advance the development of COM902. Failures in planned subject enrollment or retention may result in increased costs or program delays and could render further development impossible.

The same risk applies to COM701 since other anti-PVRIG antibodies such as GSK's GSK4381562 (formerly SRF813), Hengrui's PVRIG/TIGIT bi-specific, SHR-2002, Simcere's TIGIT/PVRIG bispecific antibody, SIM0348, Biotheus's PVRIG/TIGIT bi-specific, PM-1009, and Hefei TG ImmunoPharma's NM1F which entered the clinic.

The same risk applies to COM503 as Simcha Therapeutics Inc. entered its Phase I/II with ST-067, with results expected by June 2024. There are three IL-18 related CAR-T therapies CMN-008 by Co-Immune, huCART19-IL18 by University of Pennsylvania and EU-307 by Eutilex that have entered Phase 1 studies.

We are subject to certain manufacturing risks, any of which could either result in additional costs or delays in completing, or ultimately make us unable to complete, the development and commercialization of our product candidates.

The process of manufacturing biologics, in addition to the shipment and storage thereof, is susceptible to product loss or unavailability due to contamination, degradation, instability, equipment failure, lack of critical reagents or disposables, improper installation or operation of equipment, vendor or operator error leading to process deviations or any other factor. Even minor deviations from normal manufacturing processes could result in reduced production yields, product defects and other supply disruptions up to supply termination. If microbial, viral or other contaminations are discovered in our products or in the manufacturing facilities in which our products are made, the products may need to be manufactured again and/or such manufacturing facilities may need to be closed for an extended time to investigate and remediate the contamination. In addition, the product manufactured may be determined at later stage to be insufficiently stable or qualified as a therapeutic agent, even following treatment.

We have not contracted with alternate suppliers to support us in the event we experience any problems with our current manufacturers. If we are unable to arrange for alternative third-party manufacturing sources or are unable to reserve another manufacturing slot with our current manufacturers or are unable to do so on commercially reasonable terms or in a timely manner, or are unable to provide backup drug, we may incur additional costs or be delayed in the development or delivery of our current and future product candidates, and even fail to supply drug to patients on study treatment on time or at all, or meet other obligations, each event of which can cause us material harm.

It may be difficult to manufacture therapeutic products addressing our drug target candidates.

Our therapeutic pipeline is focused mainly on monoclonal antibodies, or mAbs, generated against our discovered targets. These types of therapeutics can be difficult to manufacture in the quantity and quality needed for preclinical, clinical and commercial use. The production of mAbs must be conducted pursuant to a well-controlled and reproducible process and the resulting product testing must conform to defined quality standards. Should it prove to be difficult to manufacture or repeat manufacturing, of any therapeutics addressing our drug candidates in sufficient quantities or commercial scale, meeting the required quality standards or in an economical manner to conduct clinical trials and to commercialize any approved therapeutic candidate, our business, financial condition and results of operations would be materially harmed.

We or any of our collaborators, or third-party manufacturers, may fail to comply with regulatory and legal requirements, and we or they could be subject to enforcement or other regulatory actions.

If we or any of our collaborators or third-party manufacturers with whom we work or with whom we may enter into agreements in the future fail to comply with applicable federal, state or foreign laws or regulations, or other legal obligations we or they could be subject to enforcement or other regulatory actions. These actions may include:

- warning letters;
- clinical trial holds;
- recalls, product seizures or medical product safety alerts;
- data lock or order to destroy or not use personal data;
- restrictions on, or prohibitions against, marketing such products;
- restrictions on importation of such products;

- suspension of review or refusal to accept or approve new or pending applications;
- withdrawal of product approvals;
- injunctions;
- civil and criminal penalties and fines; or
- debarment or other exclusions from government programs.

If we or our collaborators become subject to such enforcement actions, these enforcement actions could affect the ability to successfully develop, market and sell therapeutic products based on our discoveries and could significantly harm our financial status and/or reputation and lead to reduced acceptance of such products by the market. In addition, we may be subject to significant civil, criminal and administrative penalties, damages, fines, disgorgement or imprisonment.

We may require companion or complementary diagnostics and/or biomarkers for our clinical trials, or a portion of our clinical trials, and may be required to have such in order to obtain marketing approval or commercialization of our therapeutic programs. Failure to successfully discover, develop, validate and obtain regulatory clearance or approval for such tests could harm our patients' selection strategy and may harm our clinical outcome.

Companion or complementary diagnostics are subject to regulation by the FDA and comparable foreign regulatory authorities and may require separate regulatory authorization prior to commercialization. We may require for our clinical trials or for certain portions of our clinical programs, companion diagnostics and/or biomarkers to correctly identify the right patients for the appropriate indications. We rely on access to patient tumor and blood samples for analysis of protein, DNA, and RNA biomarkers. We may rely on third parties for the tumor and blood samples' handling, processing, and analysis, discovery, development, and validation of these potential biomarker candidates, biomarkers and/or companion diagnostics, as well as the application for and receipt of any required regulatory authorization. If we, or the third parties we engage for this purpose, are unable to successfully discover, validate and/or develop the required companion diagnostics and/or biomarkers for our clinical programs, or develop with altered specifications, or experience delays in doing so, the development of our clinical candidates may be adversely affected and this can harm our patient selection and our clinical outcome, as well as obtaining marketing authorization for these product candidates.

From time to time, we may also publish preliminary biomarker data from our ongoing clinical trials. As more patient data become available the data and the interpretation of the data may change.

Preliminary biomarker data are subject to the risk that it may materially change as patient enrollment continues, as assay or reagents conditions change, as selected signal cutoff changes and it remains subject to audit confirmation and verification procedures that may result in the final data being materially different from the preliminary data we previously published. As a result, preliminary data should be viewed with caution. Material adverse changes in the biomarker data along the clinical development process could harm our patient selection, the success of our studies and could cause other damages and could eventually significantly harm our business prospects, financial condition and results of operations.

Our current and future relationships, and/or the relationships of our collaborators through which we may market, sell, and distribute our products, with healthcare professionals, physicians and other parties in the United States and elsewhere may be subject, directly or indirectly, to applicable anti-kickback, fraud and abuse, false claims, physician payment transparency, health information and general privacy and security and other healthcare laws and regulations, which could expose us to adverse consequences.

Our current and future business operations, and our or our collaborators' business and financial arrangements and relationships with healthcare providers, physicians and other parties through which we or our collaborators may market, sell and distribute our products, once approved, may be subject to extensive U.S. federal, U.S. state and foreign healthcare fraud and abuse, transparency, health information and general data privacy and security laws. For example, U.S. federal civil and criminal laws and regulations prohibit, among other things: knowingly and willfully soliciting, receiving, offering or providing remuneration, directly or indirectly, to induce or reward either the referral of an individual, or the furnishing, recommending or arranging for a good or service, for which payment may be made under a federal healthcare program, such as the Medicare and Medicaid programs; knowingly presenting or causing to be presented, a false or fraudulent claim for payment by a federal healthcare program; and knowingly and willfully executing, or attempting to execute, a scheme to defraud any healthcare benefit program (including a private payor), or knowingly and willfully falsifying, concealing or covering up a material fact or making any materially false statement in connection with the delivery of, or payment for, healthcare benefits, items or services. Many U.S. states and foreign countries have analogous prohibitions that may be broader in scope and apply regardless of payor. In addition, we may be subject to U.S. federal, U.S. state and foreign laws that require us to report information related to certain payments and other transfers of value to certain health care professionals, as well as ownership and investment interests in our company held by those health care professionals and their immediate family members, and health information and general security and privacy laws that restrict our practices with respect to the use and storage of certain health information and other data.

If we or our collaborators are found to be in violation of any of these laws, we or our collaborators could be subject to significant civil, criminal and administrative penalties, including damages, fines, disgorgement, imprisonment, exclusion from participation in government healthcare programs, additional integrity oversight and reporting obligations, contractual damages, reputational harm and the curtailment or restructuring of our operations, any of which, whether enforced against us or our collaborators, could significantly harm our business and our royalties from any of our products, once approved, that we license to such collaborators.

Risks Related to our Discovery and Development Activities

There are risks that are inherent in the development and commercialization of new therapeutic products.

We and our collaborators face a number of risks of failure that are inherent in the lengthy and costly process of developing and commercializing new therapeutic products. These risks, which typically result in very high failure rates even for successful biopharmaceutical companies, include, among others, the possibility that:

- we will not be able to discover additional drug targets;
- our new target candidates will prove to be inappropriate for treatment of cancer;
- our new target candidates will prove to be inappropriate targets for therapeutic product candidates;
- our new target candidates will prove to be inappropriate targets for immunotherapy;
- we will not succeed in selecting the appropriate tumor type, indication or patient population for the therapeutic product candidate;
- we will not succeed in developing or choosing the appropriate mAb for these targets, or the appropriate mAb lead or the appropriate mAb isotype;
- we will not succeed in identifying or developing a biomarker or companion diagnostic for our therapeutic product candidates;
- we will not succeed in choosing the appropriate drug modality for these targets;
- our therapeutic product candidates will fail to progress to preclinical studies or clinical trials;
- our therapeutic product candidates will be found to be therapeutically ineffective;
- we will not choose or have access to the right drug combination for our therapeutic product candidates;
- we will not select or find the appropriate dosing regimen;
- our therapeutic product candidates will be found to be toxic or to have other unacceptable side effects or negative consequences;
- our therapeutic product candidates will be inferior, or not show added value, compared to competing products or the standard of care;
- our early-stage development efforts may provoke competition by others or may face competition by others;
- our early-stage development efforts will bear significant delays in the development of additional preclinical stage programs;
- our products covered by our collaborations may face internal competition from our partners' internal pipeline;

- we or our collaborators will fail to receive required regulatory approvals;
- we or our collaborators will fail to manufacture our therapeutic product candidates in the quantity or quality needed for preclinical studies or clinical trials on a large or commercial scale, on time or in a cost-effective manner or with the drug stability required;
- the discovery of drug targets and the discovery, development or commercialization of our therapeutic product candidates will infringe third-party intellectual property rights;
- the development, marketing or sale of our therapeutic product candidates will fail because of our inability or failure to protect or maintain our own intellectual property rights;
- once a product is commercially available, there will be little or no demand for it for a number of possible reasons, including lack of acceptance by the medical community or by patients, lack of or insufficient coverage and payment by third-party payors, inefficient or insufficient marketing and sales activities or as a result of there being more attractive, less risky or less expensive, products available for the same use; and
- the product will be withdrawn from the market, or sales limited due to side effects observed in clinical practice.

If one or more of these risks or any similar risks should materialize, our business, financial condition and results of operations may be materially harmed.

We have limited experience in the development of therapeutic product candidates, and we may be unable to implement our business strategy.

Our experience in the development of therapeutic product candidates is limited. Therefore, we may encounter unforeseen expenses, difficulties, complications, delays and other known or unknown factors in achieving our business objectives. To successfully develop and commercialize therapeutic products, we must either access such expertise via collaborations, consultants or service providers, and/or enhance and improve our internal expertise and capabilities.

If we are not able to attract, retain and motivate necessary personnel or third party service providers or collaborators to accomplish our business objectives or fail to have available, at the appropriate times, the required experience and expertise for the further development and commercialization of our therapeutic product candidates, we may be unsuccessful in these activities, or these activities may be significantly delayed and as a result we may be unable to implement our business strategy and our business would be materially harmed.

Our computational target discovery activities are primarily focused on the discovery of new drug target candidates and our therapeutic pipeline is based on our discovered targets.

While we believe that our drug target programs represent a compelling and unique opportunity to generate potentially first-in-class therapeutics in the field of cancer immunotherapy, they require significant investment in the research and validation of the drug target candidate and in the discovery and development of the respective therapeutic product candidate and bear high risk. Our predictive computational discovery capabilities are a source for the development of potential first-in-class therapeutics in the field of cancer immunotherapy, but the inherent lack of sufficient published scientific and clinical data to support the potential of these new drug targets candidates to serve as therapeutic opportunities, increases the risk of failure. Although we have built the target identification, validation and drug discovery infrastructure and capabilities that we believe are required to scientifically validate our new drug targets and to later translate them into therapeutic antibody development programs, we cannot be assured that our investment in such new discoveries will result in validated drug targets that will enable the development of effective cancer immunotherapies, nor that we will realize success in product development or our ability to partner and commercialize such opportunities and generate revenues.

Our approach to the discovery of therapeutic products is based on our predictive computational discovery capabilities that are not yet fully proven clinically, and we do not know whether we will be able to discover and develop additional potential product candidates or products of commercial value.

Our method of identifying novel drug targets is based on our predictive computational discovery capabilities and involves first identifying unmet needs in the field of cancer immunotherapy, where we believe our predictive computational discovery capabilities would be relevant or could be modified to be relevant. We focus on the discovery of drug targets that could serve as the basis for the development of possible treatments for patients non-responsive, refractory or relapsing to existing cancer immunotherapies. In this field, we apply our predictive computational target discovery capabilities, or develop new capabilities, to identify novel drug targets for addressing such unmet patient need.

While we believe that applying our predictive computational discovery capabilities to identify new drug targets may potentially enable the development of potentially first-in-class therapeutics in the field of cancer immunotherapy, our capabilities are yet not fully proven clinically and our efforts may not result in the discovery and development of therapeutic products, or commercially viable or successful therapeutic products. Although our approach has resulted in the discovery of several new drug targets and their related potential first-in-class or best-in-class therapeutic product candidates in the field of cancer immunotherapy, they are in early stages of research and development or in clinical stage, with COM701 having entered the clinic in 2018, COM902 which entered the clinic in March 2020 and rilvegostomigwhich entered the clinic in the fourth quarter of 2021. Our approach may not result in time savings, higher success rates or reduced costs, or clinically meaningful programs and if not, we may not attract collaborators or develop new drugs as quickly or cost effectively or at all and therefore we may not be able to partner and commercialize our products as expected.

We are focusing our discovery and therapeutic development activities on therapeutic product candidates for uses in immuno-oncology. Our current candidates may fail, and we may fail to continue to discover and develop therapeutic product candidates of industry interest in this field.

The focus of our discovery and therapeutic development activities is on mAb therapeutics in the field of immuno-oncology for treatment of cancer. As a result, we are not undertaking internal discovery and development activities in other therapeutic areas, and presently we only pursue activities in our area of focus. If our current candidates fail, or if we fail to continue to discover and develop therapeutic product candidates of clinical value and medical interest in this field, or if we are unable to discover drug targets for mAb therapeutics, or if other modalities would be more successful in treating cancer patients, our business will likely be materially harmed. With respect to cancer immunotherapies, although there have been positive clinical results reported by others resulting in some products gaining approval by the FDA, there can be no assurance that our therapeutic product candidates or our earlier stage immuno-oncology target candidates in our pipeline, will provide similar clinical advantages or interest, that no long term adverse effects will be seen, or that other classes of targets or other products will not be discovered and developed with comparable or superior attributes or clinical activity. In the event of any of these occurrences, the actual and/or perceived value of a substantial portion of our pipeline would likely be reduced in which case our business may be materially harmed. To date, we have signed four partnership agreements involving our therapeutic product candidates, two of which, one with AstraZeneca and one with Gilead, are in effect. There is no assurance that we will be able to enter into additional collaborations or agreements on reasonable terms, if at all. In addition, if we fail to continue to discover and validate drug targets or develop product candidates of industry interest in our field of focus, our business will likely be materially harmed. There are many risks associated with our decision to focus on immuno-oncology that include, among others:

- not being able to discover new drug targets in this field;
- our full scope of target discovery capabilities may not be adequate;
- not having chosen the right therapeutic area;
- having chosen a therapeutic area with a very high degree of competition;
- industry interest in this area or in specific classes/families of drug targets within this area of focus would decrease over time;
- the checkpoint inhibitors field is facing fatigue;
- having chosen a therapeutic area of great biological complexity and with very high failure rates in product development;
- not choosing the appropriate drug modality;
- having insufficient knowledge, expertise, personnel or capabilities in our chosen therapeutic area to identify the right unmet medical needs, or drug targets, or to timely, properly and efficiently validate the targets and/or select the appropriate mAb for further development as therapeutic product candidates, or to timely, properly or efficiently further them in development; and
- the inherent risk of high program failure rate throughout therapeutic development.

In each case, our failure could be due to lack of experience and expertise, delays in our internal research programs or applying the wrong criteria or experimental systems and procedures, or selecting an inappropriate drug modality, or unanticipated scientific, safety, activity or efficacy issues with our selected drug targets or product candidates, with the possible result that none of our product candidates result in licensed or marketable products. If any of these risks should materialize, our business, financial condition and results of operations would be materially harmed.

Risks Related to Our Dependence on Third Parties

We depend significantly on third parties to carry out the research, development and commercialization of our therapeutic product candidates. If we are unable to maintain our existing agreements or to enter into additional agreements with such third parties, mainly collaborators, in the future, our business will likely be materially harmed.

Our primary strategy for the development and commercialization of products based on our drug targets and therapeutic product candidates depends on third parties to carry out and/or finance, the research, development and commercialization of such products, principally by pharmaceutical and biotechnology companies and other healthcare related organizations and CROs, either on their own or in collaboration with us. To date, we have entered into four partnership agreements with respect to our drug target candidates, two of which (one with AstraZeneca and one with Gilead) are in effect. We cannot be sure that the partnership agreements with AstraZeneca or Gilead will result in the successful development or commercialization of any product. Further, we cannot provide assurance that we will succeed in identifying additional suitable parties or entering into any other additional agreements on satisfactory terms or at all for the discovery, research, development and/or commercialization of our drug target or therapeutic product candidates. If we are unable to identify such additional suitable parties or enter into new agreements on satisfactory terms, or at all, our business will likely be materially harmed.

We rely and expect to continue to rely completely on third parties to manufacture and supply our preclinical and clinical drug supplies. Our business could be harmed if those third parties fail to provide us with sufficient quantities of drug product or fail to do so at acceptable quality and quantity levels, prices or timelines.

We do not currently have, nor do we plan to acquire, the infrastructure or capability internally to manufacture our preclinical and clinical drug supplies for use in the conduct of preclinical testing and our clinical trials, and we lack the resources and the capability to manufacture any of our product candidates on a clinical or commercial scale. In order to develop products, apply for regulatory approvals and commercialize our products, we need to develop, contract for, or otherwise arrange for access to the necessary manufacturing capabilities. We rely and expect to continue to rely on contract manufacturing organizations, or CMOs, and other third-party contractors to manufacture formulations and produce larger scale amounts and/or commercial-scale of drug substance and drug products required for any clinical trials that we initiate and other related services. Such third parties may not be able to deliver in a timely manner, or at all, or may fail to comply with the FDA's current Good Manufacturing Practice, or cGMP, to manufacture our drugs in the required quality or quantity. We have entered into manufacturing and supply agreements with third parties for the manufacturing and respective analytics of each of COM701, COM902 and COM503.

The manufacturing process for any products based on our technologies that we or our partners may develop is subject to the FDA regulation and foreign regulatory authority approval process, and we will need to contract with manufacturers who can meet cGMP requirements and foreign regulatory authority requirements on an ongoing basis. In addition, if we receive the necessary regulatory approval for any therapeutic drug candidate, we also expect to rely on third parties, to produce materials required for late-stage pivotal clinical trial(s) and commercial supply. We may experience difficulty in obtaining adequate manufacturing capacity for our needs, adequate and sufficient material as well as difficulties and challenges in technology transfer from one manufacturer to the other, as needed. If we are unable to obtain or maintain adequate manufacturing sources for these product candidates, or to do so on commercially reasonable terms and adequate timeline, quality and quantity, we may not be able to successfully develop and commercialize our products.

We are also dependent upon these third parties with respect to critical reagents supply, supplies required for our manufacturing and quality control, packaging, labelling, storage and others. The failure of a third-party manufacturer or supplier to perform its obligations as expected could adversely affect our business in a number of ways, including:

- we may not be able to initiate or continue preclinical and clinical trials of products that are under development;
- we may experience significant disruption and delay to our clinical supply chain;
- we may experience significant adverse effect if we are unable to transfer the manufacturing process to a different third-party manufacturer in a timely and efficient manner;
- we may need to repeat clinical trials or stop our clinical trials;
- we may be delayed in submitting regulatory applications, or receiving regulatory approvals, for our product candidates;
- we may lose the cooperation of our collaborators;
- we may be required to cease distribution or recall some or all batches of our products; and
- ultimately, we may not be able to meet commercial demands for our products, if approved.

If a third-party manufacturer or supplier with whom we contract fails to perform its obligations, we may be forced to manufacture or otherwise obtain the materials ourselves, for which we do not currently and may not in the future have the capabilities or resources, or identify and qualify a different third-party manufacturer, which we may not be able to do timely or on reasonable terms, if at all. In some cases, the technical skills or processes required to manufacture our product may be unique to the original manufacturer and we may have difficulty transferring such skills or processes to a back-up or alternate manufacturer or supplier, or we may be unable to transfer such skills or processes at all. In addition, if we are required to change manufacturers for any reason, we will be required to verify that the new manufacturer maintains facilities and procedures that comply with quality standards and with all applicable regulations and guidelines. We will also be required to demonstrate that the newly manufactured material is similar to the previously manufactured material, or we may need to repeat clinical trials with the newly manufactured material. The delays associated with the verification of a new manufacturer could negatively affect our ability to develop product candidates or commercialize approved products in a timely manner or within budget. Furthermore, a manufacturer may possess technology related to the manufacture of our product candidate that such manufacturer owns independently, which would increase our reliance on such manufacturer or require us to obtain a license from such manufacturer in order to have another third-party manufacture our products.

Our dependence on collaboration agreements with third parties presents number of risks.

The risks that we face in connection with our existing collaborations and other business alliances as well as those that we may enter into in the future include, among others, the following:

- we may be unable to reach mutually agreeable terms and conditions with respect to potential new collaborations;
- we or our current and/or future collaborators may be unable to comply or fully comply with the obligations under collaboration agreements to which we are (or will become) a party, and as a result, we may not generate milestone payments or royalties from such agreements, and our ability to enter into additional agreements may be harmed;
- our obligations under existing or future collaboration agreements may harm our ability to enter into additional collaboration agreements;
- collaborators generally have significant discretion in electing whether to pursue any of the planned activities and the manner in which it will be done, including the amount and nature of the resources to be devoted to the development and commercialization of our product candidates;
- collaborators generally have significant discretion in terminating the collaborations for scientific, clinical, business or other reasons;
- if our current and/or future collaborators breach or terminate an agreement with us, the development and commercialization of our therapeutic product candidates could be adversely affected because at such time we may not have sufficient financial or other resources or capabilities or access to the other partner’s data and drug(s) to successfully develop and commercialize these therapeutics on our own or find other partners or enforce our rights under breached or terminated agreement;
- our current and/or future collaborators may require us changing or adopting the trial design to fit their business priorities, standards and other objectives;

- changes in a collaborator's business strategy may negatively affect its willingness or ability to complete its obligations under its arrangement or to continue with its collaboration with us;

- our current and/or future collaborators may terminate the program or the agreement and then compete against us in the development or commercialization of similar therapeutics;

- disagreements between us and our current and/or future collaborators may lead to delays in, or termination of, the collaboration;

- our current and/or future collaborations may face internal competition by their internal pipelines;

- prospective collaborators may hesitate to pursue collaborations on novel target candidates that lack robust validation to serve as a basis for the development of therapeutics; and

- our current and/or future collaborators may be acquired by, acquire, or merge with, another company, and the resulting entity may have different priorities or competitive products to the collaboration product being developed previously by these collaborators.

If any of these risks should materialize, our business, financial condition and results of operations may be materially harmed.

Our existing partnership agreement with AstraZeneca is subject to many risks.

In March 2018, we entered into an exclusive license agreement with MedImmune Limited, the global biologics research and development arm of AstraZeneca, which is currently part of AstraZeneca. Under the terms of the license agreement, we provided an exclusive license to AstraZeneca to use our monospecific antibodies that bind to TIGIT, including COM902, for the development of bi-specific and multi-specific antibody products, excluding such bi-specific and multi-specific antibodies that also bind to PVRIG, PVRL2 and/or TIGIT. In connection with such license agreement, AstraZeneca developed rilvegostomig, a novel TIGIT/PD-1 bi-specific antibody with a TIGIT component that is derived from our COM902. Subject to termination rights for material breach, bankruptcy or by us for patent challenge by AstraZeneca, the term of the license agreement continues until the expiration of the last royalty term in the territory as further specified in the license agreement. In addition, AstraZeneca may terminate the agreement for convenience upon prior written notice.

If significant adverse unforeseen events occur in this collaboration or it is terminated, particularly prior to our signing additional collaboration agreements, our business and financial condition may be materially harmed.

Our existing partnership agreement with Gilead is subject to many risks.

In December 2023, we entered into the License Agreement with Gilead. Under the terms of the License Agreement, we granted Gilead an exclusive license under our preclinical antibody program against IL-18 binding protein and all intellectual property rights subsisting therein, to use, research, develop, manufacture and commercialize products, including COM503, and additional products that may be so developed by Gilead, together with COM503, or the Licensed Products.

Pursuant to the License Agreement, we will be responsible for conducting a Phase 1 clinical trial for COM503, including handling the regulatory matters in connection therewith, and will bear the costs of such trial (including the COM503 drug supply), with Gilead providing at no cost an anti-PD-1/PD-L1 antibody for such trial. Nevertheless, in certain circumstances, Gilead may require us to transfer to them the role of conducting the Phase 1 clinical trial, before the Phase 1 clinical trial is initiated or completed. In such case,our business and financial condition may be harmed.

In addition, Gilead may terminate the agreement for material breach, bankruptcy and even for convenience and therefore, if this agreement is terminated, particularly prior to our signing additional collaboration agreement at that scale, our business and financial condition may be materially harmed. If significant adverse unforeseen events occur in this collaboration or it is terminated, our business and financial condition may be materially harmed.

Our reliance on third parties for the performance of key activities heightens the risks faced by our business.

We outsource many of our activities and many key functions to third parties, including major preclinical activities, drug development activities, manufacturing operations, research, validation, discovery and others. We do not control the third parties to whom we outsourced these functions and have limited internal expertise to appropriately manage their activities. However, we are dependent on them to undertake activities and provide services, results, our product candidates or materials, including the production of certain biological reagents, which may be significant to us. If these third parties fail to properly or timely perform these activities or provide us with incorrect or incomplete services or results or fail to produce and/or provide certain materials, tests or analysis, this could lead to significant delays in the program or even program failure, along with significant additional costs and damage. In addition, should any of these third parties fail to comply with the applicable laws and regulations and/or research and development or manufacturing accepted standards in the course of their performance of services for us, there is a risk that we could be held responsible for such violations of law as well. Any such failures by third parties could have a material adverse effect on our business, financial condition or results of operations.

Moreover, we do not always independently verify the results obtained by such third parties and in some cases, primarily with respect to clinical data, we have to rely upon the data provided by the third-party. If we fail to identify and obtain accurate and quality data, services and/or technologies from such third parties, or if the contractual demands of such third parties become unreasonable and we are not able to reach satisfactory agreements with such third parties, we may lose our investment in these services, fail to receive the expected benefits from our discoveries, and our validation and development capabilities, clinical trials or other activities or our final products, may be significantly harmed, delayed or terminated.

We may need to obtain third-party drugs for combination with our clinical programs that may not be available to us or are available only on commercially unreasonable terms or may not serve us as well as other drugs.

We may need to obtain certain drugs from third parties or to acquire marketed drugs to further develop our drug candidates to work in combinations with other drugs for selected indications. If we fail to obtain these drugs or license thereof, our drug candidates may not be sufficiently efficient, and we may not be able to pursue them through development. We will also need to obtain certain drugs from third parties in order to register and commercialize our drug candidates. If we fail to enter into collaboration with the marketing authorization holder, we may not be able to pursue our combination drugs through registration and commercialization. Furthermore, if we pursue clinical trials with third parties to further develop our drug candidates to work in combinations with such other drugs for selected indications and those third parties' drugs have not received regulatory approval for an indication of interest to us, such clinical trials may not provide us a path for registration and therefore may not serve us best as other drug(s) in the relevant indication.

Risks Related to Competition and Commercialization

Our business model is challenging to implement and to date has not yielded significant revenues.

Our discovery and development capabilities are designed to identify and develop novel products addressing a specific unmet need and enter into collaborations with partners with respect to such novel products. Our objective is that under these collaborations, we will have the right to receive various forms of revenues from such products or product candidates. To date, we have entered into four partnership agreements with respect to our pipeline programs, only two of which are in effect. There can be no assurance that our current or any future agreements for novel targets based on our discoveries and associated product candidates will be successful and thus provide significant revenues to us, nor can there be any assurance that we will be able to enter into additional future agreements. If we are unable to succeed in securing additional license agreements or other collaboration arrangements related to our discoveries and product candidates, our business may be materially harmed.

Currently we have an ongoing collaboration with AstraZeneca, pursuant to which rilvegostomig, a novel PD-1/TIGIT bispecific antibody with a TIGIT component that is derived from our COM902 program, entered into a Phase 3 clinical trial in the fourth quarter of 2023 and a collaboration with Gilead, pursuant to which we granted Gilead an exclusive license under our preclinical antibody program against IL-18 binding protein and all intellectual property rights subsisting therein, to use, research, develop, manufacture and commercialize products, including our COM503 product candidate, which is in IND enabling studies, and additional products that may be so developed by Gilead. In addition, we have two clinical programs fully owned by us, COM701 and COM902, that are available for partnering arrangements.

There can be no assurance that we will be able to establish collaborations for COM701 or COM902 or any collaboration for our early-stage programs. Failure to enter into collaborations, may materially harm our business. The research and validation data generated to date for our early-stage pipeline and the clinical data generated to date for COM701 and COM902 may not be sufficient to attract interest from prospective collaborators and we may fail to generate data suitable to draw interest with potential partners. Furthermore, our drug target candidates or therapeutic product candidates may not fit their corporate or clinical strategy or will present a sufficient market competitive edge, or not at all. These companies may require more data, including their independent testing of our early-stage therapeutic product candidate, before considering a collaboration. We are therefore dependent on the potential fit of our programs with individual pharmaceutical company strategies and there can be no assurance that we will be able to identify additional partners interested in our programs at their current stages. This may adversely affect our ability to enter into additional agreements for the research, development, license or other form of collaborative arrangements of our therapeutic product candidates, and as a result may harm our business.

Additionally, we may not be able to demonstrate efficacy or safety, prove our scientific or preclinical hypothesis or obtain approval for and commercialize our products as monotherapy treatments. We may be required to combine our product candidates with other products to provide sufficient data for approval by FDA and other regulatory authorities, in all or in specific indications (which may require our dependency on third-party drugs). As part of our business strategy, we are looking to establish clinical collaborations with pharmaceutical and biotechnology companies to specifically test the hypothesis that there may be greater effects when combining our products with other products. There can be no assurance that we will be able to establish clinical collaborations or to maintain our existing collaborations. Failure to enter into clinical collaborations to pursue drug combinations may materially harm our business. These potential combination products may include both marketed as well as investigational products, and as such, adverse events resulting from combining the products or investigational agents are unknown and could be severe, including resulting in death of the patient due to these unknown toxicities. Furthermore, using our therapeutic product candidates as part of combinations therapy may result in a situation under which our therapeutic product candidates will be entitled to only a fraction of the anticipated product revenues.

We operate in a highly competitive and rapidly changing industry which may result in others discovering, developing or commercializing competing products ahead of us or more successfully than we do.

The biotechnology and biopharmaceutical industries are highly competitive, characterized by rapid and significant technological advancements, and have a strong emphasis on proprietary products. Our success is highly dependent upon our ability to identify, develop and obtain regulatory approvals for therapeutic products based on our discovered novel drug targets. In doing so, we face and will continue to face intense competition from a variety of businesses, including large, fully integrated, well-established pharmaceutical companies, specialty pharmaceutical and biopharmaceutical companies, academic institutions, government agencies and other private and public companies and research institutions.

Many of the companies against which we are competing or against which we may compete in the future have significantly greater resources and expertise in research and development, manufacturing, preclinical testing, conducting clinical trials, obtaining regulatory approvals and marketing approved drugs than we do. These competitors and others may develop competing products targeting the same mechanisms, the same drug targets and pathways as our products, or the same therapeutic indications and they can leverage their resources or use different approaches than we do to receive marketing approval before our products. For example, in case of COM701, there are currently several PVRIG antibodies in Phase 1 studies, such as GSK's GSK4381562 (formerly SRF813), Hengrui's PVRIG/TIGIT bi-specific, SHR-2002, Simcere's TIGIT/PVRIG bispecific antibody, SIM0348, Biotheus's TIGIT/PVRIG bispecific, PM-1009, and Hefei TG ImmunoPharma's NM1F. In the IL-18 pathway field, Simcha therapeutics is leading with its ST-067, a mutated IL-18 fusion protein at Ph 1/2. There are three IL-18 related CAR-T therapies CMN-008 by Co-Immune, huCART19-IL18 by University of Pennsylvania and EU-307 by Eutilex that have entered Phase 1 studies. BrightPeak Therapeutics, Sonnet Biotherapeutics, and Xencor are examples of companies who are developing recombinant IL-18 and are in the preclinical phase or IND enabling stages. Antibodies for IL-18BP are also being developed in Lassen Therapeutics (LASN-500) in the discovery stage. Additionally, these third parties compete with us in recruiting and retaining qualified scientific, drug development and management personnel and advisors, establishing clinical trial sites and patient enrollment for clinical trials, as well as in acquiring technologies complementary to, or necessary for, our programs. Mergers and acquisitions in the biopharmaceutical industry could result in even more resources being concentrated among a small number of our competitors or a change in potential acquirers' preferences. In addition, increased industry interest and deals in the anti-TIGIT and anti-PVRIG field may further enhance the competition for our clinical stage assets COM902 and COM701 and may include companies with significantly greater resources and capabilities than we have. For example, in January 2022 Coherus exercised its option to Junshi Biosciences' TIGIT-targeted antibody JS006 and initiated phase 1 clinical trials, in May 2021 Bristol Myers Squibb licensed Agenus's anti TIGIT bi specific program, in November 2021 Gilead and Taiho each exercised its option to Arcus' anti-TIGIT antibodies domvanalimab and AB308 each pursuant to its respective territorial rights, in June 2021 GSK and iTeos Therapeutics entered into an agreement to co-develop and co-commercialize iTeos' anti-TIGIT antibody EOS-448, and in December 2020 GSK licensed worldwide development and commercial rights to Surface Oncology's preclinical program SRF813 (now GSK4381562), an antibody targeting PVRIG which has received FDA IND clearance in December 2021 and initiated phase I studies.

In addition to the competition we face in the drug target space, we also face competition in the drug modality field. Technological breakthroughs in new modalities will be a key driver of growth for the biopharma industry over the next decade. Drug discovery and development has undergone an impressive transformation over recent years driven by the emergence of new drug modalities. This expansion in innovative drug modalities has provided an impressive drug modality toolbox to enhance the drug effectiveness and also allow to enhance the potential from such targets that the efficacy of a naked antibody targeting these drug targets has been limited. Such drug modalities include among others, bi-specifics, T cell engagers (TCE), cell therapies, antibody drug conjugates (ADC), protein degraders, molecular glues, and mRNA therapeutics. An example of a drug modality gaining a lot of interest and attention are the ADC, with eleven (11) FDA approvals as of June 2023 and the significant investment as exemplified by the Pfizer's $43 billion acquisition Seagen for its ADC.

Competition may further increase as a result of advances in the commercial applicability of technologies similar to our predictive computational discovery capabilities and greater availability of capital for investment in these industries. Over the last several years, there has been an increase in the interest of pharmaceutical companies, the healthcare community and the investment community in applying computational methodologies, mostly Artificial Intelligence (AI) and Machine Learning (ML) algorithms, to the field of data-driven drug discovery/healthcare. This interest may be seen in the increase in the number of companies within the pharmaceutical and biotech industries which focus on this area, including by way of establishing internal AI and/or ML capabilities or receiving investments or entering into partnerships or acquisitions in furtherance thereof. Several companies that utilize AI/ML for target discovery in the field of immuno-oncology/cancer include Exscientia, Recursion, Benevolent, and InSilico Medicine. Our competitors may succeed in discovering targets and therefore also develop products that are competitive to ours.

In addition, there is a trend towards mergers and acquisitions in the pharmaceutical, diagnostic and biotechnology industry, which may result in the remaining companies having greater financial resources and discovery and technological capabilities, thus intensifying competition in our industry. Several top mergers and acquisitions in 2023 include Pfizer's acquisition of Seattle Genetics for $43 billion, Amgen's acquisition of Horizon Therapeutics for approximately $27.8 billion, and Merck's acquisition of Promethus for approximately $10.8 billion. In January 2024, several planned mergers and acquisitions were announced, such as J&J/Ambrx, Merck/Harpoon Therapeutics, and Novartis/ Calypso Biotech. In addition, it is possible that because of adverse or volatile capital market conditions, companies may be willing to enter into mergers and acquisition transactions or other sale of asset transactions on terms more favorable to acquirer and thereby further intensify competition. This trend may also result in fewer potential collaborators or licensees for our therapeutic product candidates. Also, if a consolidating company is already doing business with our competitors, we may lose existing or potential licensees or collaborators as a result of such consolidation. In addition, if a consolidating company is already doing business with us, we may lose the interest of the consolidating parties in our discovery capabilities or individual discoveries or product candidates as a result of a modified strategy, new priorities, competition and revised capabilities or portfolio of such consolidated entity. This trend may adversely affect our ability to enter into agreements for the development and commercialization of our therapeutic product candidates or to keep current collaboration in place or on-track and as a result may harm our business.

Established biopharmaceutical companies may invest heavily to accelerate discovery and development of novel drug targets or therapeutic products or to in-license novel drug targets or therapeutic products that could make our product candidates less competitive. In addition, any new product that competes with an approved product must demonstrate compelling advantages in efficacy, compliance regimen, tolerability and safety in order to overcome price competition and to be commercially successful. Accordingly, our competitors may succeed in obtaining patent protection, discovering, developing, receiving FDA approval for or commercializing drugs before we do, which would have an adverse impact on our business and results of operations.

Potential collaborators, including major pharmaceutical companies, might be hesitant to pursue target validation and preclinical and clinical development programs based on novel targets lacking robust experimental scientific support particularly those discovered through a computational discovery approach.

There is a need for new drug targets generating new treatment options for patients who are non-responsive or refractory to current immunotherapies. Our business model includes selectively entering into collaborations for novel targets and related therapeutic product candidates at various stages of research and development under various revenue-sharing arrangements. Entering into collaborations with product candidates and targets at an early validation stage or drug discovery stage is significantly more challenging than identifying partnerships for later-stage products that would have a more complete data package to support its clinical, business and commercial potential. In addition, although we have demonstrated success in validating our predictive computational discovery capabilities with product candidates in human clinical trials, major pharmaceutical companies may be hesitant to enter into early-stage collaborations based on newly discovered targets, more so if discovered by computer prediction and has no or limited published scientific support, as opposed to drug targets backed with human clinical trial data, or product candidates with significant published experimental validation and scientific support. Therefore, we cannot assure that our business model to enter into partnering arrangements for our early-stage novel targets and product candidates will be successful.

The agreement cycle for potential collaborations is complex and long to implement and, if we are not able to establish collaborations on commercially reasonable terms, we may expend substantial funds and management resources with no assurance of success.

In general, each potential license agreement or other form of collaboration we may enter into will require negotiating with our potential collaborator, a large number of scientific, legal and business terms and conditions that can vary significantly in each instance due to the specific drug target or therapeutic product candidate or candidates involved, the potential market opportunity, the potential collaborator's licensing, development and business operations and strategy, and competition in the partnering and business development space. The accommodation of these requirements mandates a thorough consideration of both the scientific and business aspects of each transaction.

Whether we reach a definitive agreement for new collaborations will depend, among other things, upon our assessment of the collaborator's resources, capabilities and expertise, the terms and conditions of the proposed collaboration, the proposed collaborator's evaluation of our business, drug targets and therapeutic product candidates, and the competition in the business development space. We may not be successful in our efforts to establish a collaboration or other alternative arrangements for future product candidates because they may be deemed to be at too early of a stage of development for collaborative effort and third parties may not view them as having the requisite potential to demonstrate safety and efficacy or may find any other development hurdles and challenges as a limiting factor. If we are unable to do so, we will need to expend substantial funds and substantial key personnel time and effort into these business development activities with no assurance of successfully entering into agreements with potential collaborators and this could harm our business.

We rely on our predictive computational discovery capabilities to identify drug targets. Our competitive position could be materially harmed if our competitors develop capabilities similar to ours and identify and develop rival drug targets and product candidates.

We rely on know-how and other proprietary computational processes and tools to maintain our competitive computational discovery position. We consider know-how to be our primary intellectual property with respect to our predictive computational discovery capabilities. Know-how can be difficult to protect and enforce. In particular, we anticipate that with respect to our capabilities, this know-how may over time be disseminated within the industry through independent development and the movement of skilled personnel.

We cannot rule out that our competitors may have or obtain the knowledge necessary to identify and develop therapeutic products based on novel drug targets that could compete with the drug targets we identify. Our competitors may have significantly greater experience in artificial intelligence, computer sciences, algorithmic tool development and alike to identify targets and greater experience in using translational science to develop product candidates and may also have significantly greater financial, product development, scientific, technical and human resources than we do to discover novel drug targets and develop product candidates.

We may not be able to prohibit our competitors from using methods to identify and develop product candidates, including such methods that are the same as or similar to our own. Since our competitors develop products that compete with COM701, COM902 or COM503 or any future product candidates we develop, our ability to develop and commercialize these product candidates may diminish substantially, which could have a material adverse effect on our business prospects, financial condition, and results of operations.

The biotechnology and pharmaceutical industries are highly competitive, and we may be unable to compete effectively.

The biotechnology and pharmaceutical industries in general, and the immuno-oncology field in particular, are highly competitive. Numerous entities in the United States, Europe and elsewhere compete with our efforts to discover, validate, develop and partner with licensees and/or collaborators to commercialize drug target and therapeutic products candidates. Clinical trial failures of novel agents in the immuno-oncology field may adversely impact our ability to sign early-stage collaborations, and as a result we may be required to advance our programs into clinical development and show clinical proof of concept before we may attract potential collaborators. Our competitors include pharmaceutical and biotechnology companies, academic and research institutions and governmental and other publicly funded agencies. We face, for COM701, COM902, and COM503, and expect to continue to face for our future therapeutic product candidates, competition from these entities to the extent they develop products that have a function similar or identical to or competing with the function of our therapeutic product candidates in the field of immuno-oncology that may attract our potential collaborators or that may reach the market sooner. We also face, and expect to continue to face, competition from entities that seek to develop technologies that enable the discovery of novel targets and therapeutic agents in the field of immuno-oncology. These competitors include traditional pharmaceutical and biotechnology companies and additionally, an increasing number of new entities looking to apply computer science, bioinformatics, AI or ML technologies to the field of target discovery. Many of our competitors have one or more of the following:

- much greater financial, technical and human resources than we have at every stage of the discovery, development, manufacture and commercialization process;
- more extensive experience in computational discovery, preclinical testing, conducting clinical trials, obtaining regulatory approvals, and in manufacturing and marketing therapeutics;
- more extensive experience in oncology and immuno-oncology and in the fields of mAb therapeutics;
- accessibility to enhanced technologies that may result in better products;
- access to and experience in the development of therapeutic modalities that are competitive to mAb therapeutics;
- more extensive experience in oncology and immuno-oncology and in the field of target discovery;
- more extensive experience in the research and development of biological or genetic markers to determine response of or responders to therapeutic agents or for patient selection;
- greater accessibility to data and proprietary data from patients;
- access to internally developed, proprietary technologies for the discovery, research, development, or manufacturing of therapeutic agents;
- greater resources and means to compete with us on target discovery and as well as in acquiring or generating technologies complementary to, or necessary for, our programs as well as in recruiting and retaining qualified scientific and management personnel and establishing clinical trial sites;
- products that have been approved or are in late stages of development and in many cases, PD-1 or PDL-1 inhibitors that are serving or will be serving as the backbone of cancer immunotherapy;
- reduced reliance on collaborations or partnerships with third parties in order to further develop and commercialize competitive therapeutic products; and
- collaborative arrangements in our target markets with leading companies and research institutions.

Since we are a small company with limited human and financial resources, we are not able to work with a large number of collaborators in parallel and/or advance a large number of drug target or therapeutic product candidates in parallel. Our competitors may develop or commercialize products with significant advantages over any therapeutic products we, our collaborators or third-party licensees may develop. They may also obtain patents and other intellectual property rights before us, or broader than ours, and thereby prevent us from pursuing the development and commercialization of our discoveries. They may also develop products faster than us and therefore limit our market share. Our competitors may therefore be more successful in developing and/or commercializing products than we, our collaborators, or third-party licensees are, which could adversely affect our competitive position and business. If we are unable to compete successfully against existing or potential competitors, our financial results and business may be materially harmed.

Healthcare policy is volatile and changes in healthcare policy could increase our expenses, decrease our revenues and impact sales of, and reimbursement for, our products.

Our ability to commercialize our future therapeutic product candidates successfully, alone or with collaborators, will depend in part on the extent to which coverage and reimbursement for these product candidates will be available from government health programs, such as Medicare and Medicaid in the United States, private health insurers and other third-party payors. At present, significant changes in healthcare policy, in particular the continuing efforts of the U.S. and other governments, insurance companies, managed care organizations and other payors to contain or reduce health care costs are being discussed, considered and proposed. Drug prices in particular are under significant scrutiny and continue to be subject to intense political and societal pressures, which we anticipate will continue and escalate on a global basis.

For example, in the United States, there have been several initiatives implemented to achieve these aims. The Patient Protection and Affordable Care Act, as amended by the Health Care and Education Affordability Reconciliation Act, and collectively, the ACA, represents the biggest regulatory overhaul to the health care system in decades and substantially changes the way health care is financed by both governmental and private insurers. Since its enactment, there have been congressional, judicial, and executive challenges to the ACA, which have resulted in delays in the implementation of, and action taken to repeal or replace, certain aspects of the ACA For example, on June 17, 2021 the U.S. Supreme Court dismissed a challenge on procedural grounds that argued the ACA is unconstitutional in its entirety because the "individual mandate" was repealed by Congress. In addition, there have been a number of health reform initiatives by the Biden administration that have impacted the ACA. On August 16, 2022, President Biden signed the Inflation Reduction Act of 2022, or the IRA, into law, which among other things, extends enhanced subsidies for individuals purchasing health insurance coverage in ACA marketplaces through plan year 2025. The IRA also eliminates the "donut hole" under the Medicare Part D program beginning in 2025 by significantly lowering the beneficiary maximum out-of-pocket cost through a newly established manufacturer discount program. It is possible that the ACA will be subject to judicial or congressional challenges or additional health reform measures of the Biden administration will impact the ACA and our business.

In addition, the IRA, among other things, (i) directs the Secretary of HHS to negotiate the price of certain high-expenditure, single-source drugs and biologics covered under Medicare Part B and Medicare Part D, and subjects drug manufacturers to civil monetary penalties and a potential excise tax by offering a price that is not equal to or less than the negotiated "maximum fair price" under the law, and (ii) imposes rebates under Medicare Part B and Medicare Part D to penalize price increases that outpace inflation. The IRA permits HHS to implement many of these provisions through guidance, as opposed to regulation, for the initial years. These provisions take effect progressively starting in fiscal year 2023. On August 29, 2023, HHS announced the list of the first ten drugs that will be subject to price negotiations, although the Medicare drug price negotiation program is currently subject to legal challenges. It is currently unclear how the IRA will be implemented but is likely to have a significant impact on the pharmaceutical industry. At the state level, legislatures have increasingly passed legislation and implemented regulations designed to control pharmaceutical and biological product pricing, including price or patient reimbursement constraints, discounts, and restrictions on certain product access. In some cases, such legislation and regulations have been designed to encourage importation from other countries and bulk purchasing.

We expect that the ACA, the IRA, and any other healthcare reform measures that may be adopted in the future may result in additional reductions in Medicare and other healthcare funding, more rigorous coverage criteria, new payment methodologies and additional downward pressure on the price that we receive for any approved product. Any reduction in reimbursement from Medicare or other government programs may result in a similar reduction in payments from private payors. The implementation of cost containment measures or other healthcare reforms may prevent us from being able to generate revenue, attain profitability or commercialize our product candidates, if approved.

The commercial success of our products depends on the availability and sufficiency of third-party payor coverage and reimbursement.

Market acceptance of drug products is dependent on the extent to which coverage and reimbursement is available from third-party payors. Significant uncertainty exists as to the coverage and reimbursement status of any products for which we may obtain regulatory approval. Coverage decisions may not favor new products when more established or lower cost therapeutic alternatives are already available. Even if we obtain coverage for a given product, the associated reimbursement rate may not be adequate to cover our costs, including research, development, intellectual property, manufacture, sale and distribution expenses, or may require co-payments that patients find unacceptably high. Patients are unlikely to use our products unless reimbursement is adequate to cover all or a significant portion of the cost of our products.

Coverage and reimbursement policies for products can differ significantly from payor to payor as there is no uniform policy of coverage and reimbursement for products among third-party payors in the United States. There may be significant delays in obtaining coverage and reimbursement as the process of determining coverage and reimbursement is often time consuming and costly which will require us to provide scientific and clinical support for the use of our products to each payor separately, with no assurance that coverage or adequate reimbursement will be obtained. It is difficult to predict at this time what government authorities and third-party payors will decide with respect to coverage and reimbursement for our drug products.

Additionally, we or our collaborators may develop companion diagnostic tests for use with our product candidates. We, or our collaborators, will be required to obtain coverage and reimbursement for these tests separate and apart from the coverage and reimbursement we seek for our product candidates, once approved. While we have not yet developed any companion diagnostic test for our product candidates, if we or our collaborators do, there is significant uncertainty regarding our ability to obtain coverage and adequate reimbursement for the same reasons applicable to our product candidates.

Risks Related to our Operations and Other Risks Related to our Business

Given our level of managerial, operational, financial and other resources, our current activities and future growth may be limited.

We manage our operations, including clinical trials and preclinical development activities of our therapeutic candidates with a limited workforce, which is spread globally, and by using third parties to provide us services that we do not possess in-house. Our personnel, systems and facilities currently in place may not be adequate to support our current activities or future growth.

If we are unable to maintain or expand our managerial, operational, financial and other resources to the extent required to manage our development and commercialization activities, our business may be materially adversely affected.

We may be unable to hire or retain key personnel or sufficiently qualified management, clinical and scientific personnel.

Our business is highly dependent upon the continued services of our senior management and key scientific and clinical personnel. While members of our senior management and other key personnel have entered into employment or consulting agreements and non-competition and non-disclosure agreements, they can terminate their employment agreements with us at any time without cause. We cannot be sure that these key personnel and others will not leave us or compete with us, which could harm our business activities and operations.

It can also be difficult for us to find employees with appropriate experience for our business, which difficulty is further heightened when seeking experienced personnel in Israel, and specifically considering the ongoing war situation in Israel. We require a multidisciplinary approach and some of our researchers require an understanding in both exact and biological sciences. In addition, we require experience in drug and clinical development and immuno-oncology, for which there is significant competition for highly qualified personnel in these fields. As a result and taking into consideration the ongoing war in Israel and the effect thereof outside of Israel, we may face higher than average employee turnover or challenges in hiring due to such competition.

The competition for qualified personnel in the pharmaceutical and biotech industry is intense. The loss of service of any of our key personnel could harm our business. Due to our limited resources, we may not be able to effectively retain our existing key personnel or attract and recruit additional qualified key personnel.

Our information technology systems, or those of the third parties upon whom we rely, including our cloud providers, CROs or other contractors or consultants, may fail or suffer security breaches, which could result in a material disruption of our pipeline and our business, as well as to regulatory investigations or actions; litigation; fines and penalties; reputational harm; loss of revenue and other adverse consequences.

We, and the third parties upon whom we rely, process, collect, receive, store, process, generate, use, transfer, disclose, make accessible, protect, secure, dispose of, transmit, and share (collectively, process) proprietary, confidential, and sensitive data, including personal data (such as health-related data and clinical trial data), intellectual property, trade secrets and other sensitive data (collectively, sensitive information). Our business is increasingly dependent on critical, complex and interdependent information technology systems to support business processes as well as internal and external communications. Despite the implementation of security measures, our information technology systems, cloud-based computers and those of the third parties upon whom we rely, including without limitation our CROs and other contractors and consultants, are vulnerable to damage.

Cyber-attacks, malicious internet-based activity, online and offline fraud, and other similar activities threaten the confidentiality, integrity, and availability of our sensitive information and information technology systems, and those of the third parties upon which we rely. Such threats are prevalent and continue to rise, are increasingly difficult to detect, and come from a variety of sources, including traditional computer "hackers," threat actors, "hacktivists," organized criminal threat actors, personnel (such as through theft or misuse), sophisticated nation states, and nation-state-supported actors. Some actors now engage and are expected to continue to engage in cyber-attacks, including without limitation nation-state actors for geopolitical reasons and in conjunction with military conflicts and defense activities. During times of war and other major conflicts, including the current situation in Israel, we or the third parties upon which we rely may be vulnerable to a heightened risk of these attacks, including retaliatory cyber-attacks, that could materially disrupt our systems and operations. For example, we have operations in Israel, where businesses have experienced an increase in cyberattacks in relation to the Israel/Hamas conflict.

Our information technology systems, and those of the third parties upon which we rely, are vulnerable to a variety of evolving threats including, but are not limited to, social-engineering attacks (including through deep fakes, which may be increasingly more difficult to identify as fake, and phishing attacks), malicious code (such as viruses), malware, denial-of-service attacks, credential stuffing attacks, credential harvesting, personnel misconduct or error, ransomware attacks, supply-chain attacks, server malfunctions, software or hardware failures, attacks enhanced or facilitated by artificial intelligence, or other disruptive events including but not limited to natural disasters such as fire, storm, flood, power loss, earthquakes, telecommunications failures, physical or software break-ins or similar events.

In particular, severe ransomware attacks are becoming increasingly prevalent and can lead to significant interruptions in our operations, loss of sensitive data, reputational harm, and diversion of funds. Extortion payments may alleviate the negative impact of a ransomware attack, but we may be unwilling or unable to make such payments due to, for example, applicable laws or regulations prohibiting such payments.

Remote work has become more common and has increased risks to our information technology systems and data, as more of our employees utilize network connections, computers and devices outside our premises or network, including working at home, while in transit and in public locations. Future business transactions (such as acquisitions or integrations) could expose us to additional cybersecurity risks and vulnerabilities, as our systems could be negatively affected by vulnerabilities present in acquired or integrated entities' systems and technologies.

We rely on certain third parties, including service providers, vendors, and partners, and their technologies to operate critical business systems to process sensitive information in a variety of contexts, including, without limitation, cloud-based infrastructure, data center facilities, encryption and authentication technology, employee email and other communication functions, and other functions, and to provide other services necessary to operate our business, including our CROs and to keep financial and corporate records. Our ability to monitor these third parties' information security practices is limited, and these third parties may not have adequate information security measures in place. If the third parties upon which we rely experience a security incident or other interruption, we could experience adverse consequences. While we may be entitled to damages if the third parties upon which we rely fail to satisfy their privacy or security-related obligations to us, any award may be insufficient to cover our damages, or we may be unable to recover such award. In addition, supply-chain attacks have increased in frequency and severity, and we cannot guarantee that third parties' infrastructure in our supply chain or the third parties' upon whom we rely supply chains have not been or will not be compromised.

If we or the third parties upon whom we rely were to suffer a security breach or other interruption, we could experience unauthorized, unlawful, or accidental acquisition, modification, destruction, loss, alteration, encryption, disclosure of, or access to our data or data held by us or our vendors and partners (including personally identifiable information or personal data and other confidential information). Although we have implemented security measures designed to protect against security breaches and other incidents and maintain offsite back-ups of our data, such measures may fail. We may not detect and remediate all vulnerabilities, including on a timely basis. Further, we may experience delays in developing and deploying remedial measures and patches designed to address identified vulnerabilities. Vulnerabilities could be exploited and result in a security incident.

We may expend significant resources or modify our activities to try to protect against security incidents. Certain data privacy and security obligations may require us to implement and maintain specific security measures or industry-standard or reasonable security measures to protect our information technology systems and sensitive information. Applicable data privacy and security obligations may require us to notify relevant stakeholders, including affected individuals, customers, regulators, and investors, of security incidents. Such disclosures are costly, and the disclosure or the failure to comply with such requirements could lead to adverse consequences.

If we or the third parties upon whom we rely experience (or are perceived to have experienced) a security breach or other incident or disruption, we may experience adverse consequences, including but not limited to, government enforcement actions (e.g., investigations, fines, penalties, audits, and inspections), federal, state and/or foreign data breach notification obligations, additional reporting requirements and/or oversight, restrictions on processing data (including clinical trial data and other personal data), litigation, indemnification obligations, loss of data (including clinical trial data and other sensitive information) or damage to the integrity of that data, negative publicity, reputational harm, monetary fund diversions, interruptions in our operations, financial loss, and other similar harms. Such attendant consequences may interrupt our clinical trials, reduce demand for our product candidates, and delay or negatively impact the development and commercialization of our product candidates and ability to grow and operate our business. For example, the loss of clinical trial data from the clinical trials of our therapeutic product candidate could result in delays in our regulatory approval efforts and significantly increase our costs to recover or reproduce the data. Furthermore, our contracts may not contain limitations of liability, and even where they do, there can be no assurances that limitations of liability in our contracts are sufficient to protect us from liabilities, damages, or claims related to our data privacy and security obligations. We cannot be sure that our insurance coverage will be adequate or sufficient to protect us from or to mitigate liabilities arising out of our privacy and security practices, that such coverage will continue to be available on commercially reasonable terms or at all, or that such coverage will pay future claims.

We are subject to stringent and changing obligations related to data privacy and security. Failure or perceived failure to comply with current or future obligations could lead to government enforcement actions (which could include civil or criminal penalties), private litigation, and/or adverse publicity and could negatively affect our operating results and business.

We and the third parties upon whom we rely process sensitive information. We and the third parties upon whom we rely may be subject to numerous data privacy and security obligations, such as various federal, state, local and foreign data laws, regulations, guidance, industry standards, external and internal privacy and security policies, contracts, and other obligations that govern the processing of personal data by us and on our behalf.

In the United States, numerous federal, state, and local laws and regulations, including federal health information privacy laws, state data breach notification laws, state health information privacy laws and federal and state consumer protection laws, that govern the collection, use, disclosure and protection of health-related and other personal data may apply to our operations or the operations of our collaborators. For example, the federal Health Insurance Portability and Accountability Act of 1996, or HIPAA, as amended by the Health Information Technology for Economic and Clinical Health Act, or HITECH, imposes specific requirements relating to the privacy, security, and transmission of individually identifiable health information. As another example, the Controlling the Assault of Non-Solicited Pornography and Marketing Act of 2003 (“CAN-SPAM”) imposes specific requirements on our correspondence with subscribers for email communication. Additionally, laws in all 50 states require businesses to provide notice to parties whose personally identifiable information has been disclosed as a result of a data breach. The laws are not consistent, and compliance in the event of a widespread data breach is costly.

Furthermore, California enacted the California Consumer Privacy Act, or the CCPA, which provides for civil penalties for violations, as well as a private right of action for data breaches. The CCPA, as amended requires businesses to provide specific disclosures in privacy notices and honor requests of California residents (including consumers, business representatives, and employees) to exercise certain privacy rights. The CCPA provides for fines of up to $7,500 per intentional violation and allows private litigants affected by certain data breaches to recover significant statutory damages. Although the CCPA exempts some data processed in the context of clinical trials, the CCPA increases compliance costs and potential liability with respect to other personal data we maintain about California residents. Other states, such as Virginia and Colorado, have also passed comprehensive privacy laws, and similar laws are being considered in several other states, as well as at the federal and local levels. While these states, like the CCPA, also exempt some data processed in the context of clinical trials, these developments further complicate compliance efforts, and increase legal risk and compliance costs for us and the third parties upon whom we rely.

Additionally, an increasing number of foreign data protection laws may also apply to health-related and other personal data obtained from individuals outside of the United States. For example, the European Union's General Data Protection Regulation, or EU GDPR introduced new data protection requirements in the EU, as well as potential fines for noncompliant companies of up to the greater of €20 million or 4% of annual global revenue, temporary or definitive bans on data processing, and other corrective actions. Additionally, private litigation related to processing of personal data can be brought under the EU GDPR by classes of data subjects or consumer protection organizations authorized at law to represent their interests. In addition, we are also subject to the Israeli Privacy Protection Law 5741-1981 and the regulations promulgated thereunder, or the PPL, including the Israeli Privacy Protection Regulations (Data Security) 2017, imposing obligations with respect to the manner personal data is processed, maintained, transferred, disclosed, accessed and secured, as well as the guidelines of the Israeli Privacy Protection Authority. In this respect, the PPL may require us to adjust certain data protection and data security practices, information security measures, certain organizational procedures, applicable positions and other technical and organizational security measures. Failure to comply with the PPL and with guidelines issued by the Israeli Privacy Protection Authority, may expose us to administrative fines, civil claims (including class actions) and in certain cases criminal liability.

Furthermore, Europe and other jurisdictions have enacted data localization laws and cross-border personal data transfer laws, which could make it more difficult to transfer information across jurisdictions (such as transferring or receiving personal data that originates in the European Economic Area). In particular, the European Economic Area (EEA) and the United Kingdom (UK) have significantly restricted the transfer of personal data to the United States and other countries whose privacy laws it generally believes are inadequate. Although there are currently various mechanisms that may be used to transfer personal data from the EEA and UK to the United States in compliance with law, such as the EEA standard contractual clauses, the UK's International Data Transfer Agreement / Addendum, and the EU-U.S. Data Privacy Framework and the UK extension thereto (which allows for transfers to relevant U.S.-based organizations who self-certify compliance and participate in the Framework), existing mechanisms that may facilitate cross-border personal data transfers may change, be challenged or be invalidated, and there is no assurance that we can satisfy or rely on these measures to lawfully transfer personal data to the United States. If we cannot implement a valid compliance mechanism for cross-border data transfers, we could experience material adverse effects.

We publish privacy policies and other statements regarding data privacy and security. If these policies or statements are found to be deficient, lacking in transparency, deceptive, unfair, or misrepresentative of our practices, we may be subject to investigation, enforcement actions by regulators or other adverse consequences.

Our obligations related to privacy and security are quickly changing in an increasingly stringent fashion, creating some uncertainty as to the effective future legal framework. Additionally, these obligations may be subject to differing applications and interpretations, which may be inconsistent or in conflict among jurisdictions. Preparing for and complying with these obligations requires us to devote significant resources (including, without limitation, financial and time-related resources). These obligations may necessitate changes to our practices and to those of any third parties that process personal data on our behalf. In addition, these obligations may require us to change our business model. Compliance with privacy and security obligations could require us to take on more onerous obligations in our contracts, restrict our ability to collect, use and disclose data, or in some cases, impact our ability to operate in certain jurisdictions. Failure or perceived failure by us or the third parties upon whom we rely to comply with U.S. and foreign data privacy or security obligations could result in government enforcement actions (which could include civil or criminal penalties), private litigation or mass arbitration demands, bans on processing personal data, additional reporting requirements or oversight, orders to destroy or not use personal data, and/or adverse publicity and could negatively affect our operating results and business. Claims that we have violated individuals' privacy rights or failed to comply with privacy or security obligations, even if we are not found liable, could be expensive and time consuming to defend, could result in adverse publicity and could have a material adverse effect on our business, financial condition, results of operations and prospects.

If a successful liability claim or other claim for damages or series of claims is brought against us for uninsured liabilities or in excess of insured liabilities, we could be forced to pay substantial damage awards.

The use of any of our therapeutic product candidates in clinical trials might expose us to liability. We have obtained clinical trial insurance coverage in amounts that we believe are reasonable and customary in our industry based on the size and design of our clinical trials. However, there can be no assurance that such insurance coverage will fully protect us against some or all of the claims to which we might become subject. We might not be able to maintain adequate insurance coverage at a reasonable cost or in sufficient amounts or scope to protect us against potential losses. In the event a claim is brought against us, we might be required to pay legal and other expenses to defend the claim, as well as uncovered damages awards resulting from a claim brought successfully against us. Furthermore, whether or not we are ultimately successful in defending any such claims, we might be required to direct financial and managerial resources to such defense and adverse publicity could result, all of which could harm our business.

If we fail to comply with laws regulating the protection of the environment and health and human safety, our business could be adversely affected.

Our research and development activities involve the use of hazardous materials and chemicals, and we maintain quantities of microbial agents, various flammable and toxic chemicals in our facilities. Although we believe our safety and other procedures for storing, handling and disposing these materials in our facilities comply with applicable governmental and local regulations and guidelines, the risk to our employees or others of accidental contamination or injury from these materials cannot be eliminated. If an accident occurs, we could be held liable for resulting damages, which may exceed our financial resources and may seriously harm our business. We are also subject to numerous environmental, health and workplace safety laws and regulations, including those governing laboratory procedures, exposure to blood-borne pathogens and the handling of biohazardous materials. We may be subject to liability and may be required to comply with new or existing laws and regulations regulating pharmaceuticals or be subject to substantial fines or penalties if we violate any of these laws or regulations.

Risks Related to Intellectual Property.

If the scope of any patent protection we obtain is not sufficiently broad, or if we lose any of our patent protection, our ability to prevent our competitors from commercializing similar or identical product candidates would be adversely affected.

We have applied for patents covering proteins, therapeutic and diagnostic product candidates and their method of use, and the success of our business depends, to a large extent, on our ability to obtain and maintain such patents and any additional patents covering our future product candidates. We design our patent strategy to fit the business competitive landscape and continual legislative changes. In addition, we periodically analyze and examine our patent portfolio to align it with our pipeline strategy and business needs. We have issued patents and pending patent applications that are related to our product candidates in the U.S., Europe, and other territories. We plan to continue to apply for patent protection for our therapeutic and diagnostic inventions, but we cannot be sure that any of our patent applications will be accepted, or that they will be accepted to the extent that we seek or that they will not be challenged. Additionally, we file for patent protection in selected countries and not in all countries of the world. Therefore, we are exposed to competition in those countries in which we have no patent protection. Also, due to our early-stage pipeline and various business considerations, we may be required to seek patent protection at a very early-stage. This may cause us to file with insufficient supportive data, possibly making it difficult to obtain patents in jurisdictions that do not accept post filing evidence to support the claims, and thus enabling others to compete with us. This may also cause issuance of a patent at an earlier stage creating a shorter commercialization period under patent protection, possibly enabling others to compete with us. Delays in filing patents may preclude us from obtaining protection on some or all of our product candidates due to others filing ahead of us. Patent applications filed before us, but yet unpublished, may cause us to spend significant resources in areas that due to these previously filed patents or applications we will not be able to obtain patent protection, practice the claimed invention without infringing upon such earlier patents (if granted), or will only be able to obtain a narrower scope of protection than contemplated.

Because the patent position of biopharmaceutical companies involves complex legal and factual questions, we cannot predict the validity, scope or enforceability of patents with certainty. The issuance of a patent is not conclusive as to its inventorship, scope, validity or enforceability and our patents may be subject to a third party pre issuance submission of prior art to the patent authorities or become involved in opposition, derivation, revocation, reexamination, post-grant and *inter partes* review, or other similar proceedings challenging our patent rights in the United States and other jurisdictions which may result in such patents being narrowed, invalidated, or held unenforceable, and thus could limit our ability to stop competitors from marketing related products or limit the length of the term of patent protection that we may have for our product candidates. Such proceedings also may result in substantial cost and require our pending patent applications, and those we may file in the future may not result in patents being issued. Furthermore, even if our patents do issue, and even if they are unchallenged, our patents may not adequately protect all our intellectual property or prevent others from designing their products in a way to avoid being covered by our claims. If the breadth or strength of protection provided by the patents we hold is threatened, this could dissuade companies from collaborating with us to develop and could threaten our ability to commercialize product candidates and expose us to unexpected competition that could have a material adverse impact on our business. For example, in October 2020, two parties, one being GSK (following an assignment), filed oppositions in the European Patent Office, or EPO, requesting revocation of our granted European patent relating to anti-PVRIG antibodies and following different proceedings, on July 11, 2023 in an oral proceedings hearing, the opposition division of the European Patent Office ruled in favor of maintaining the broad claims in the patent as granted to us. The opposition division's written decision was received on January 18, 2024. The opponents have until March 18, 2024 to file an appeal. If an appeal is not filed by that time, the decision will become final and unappealable. In January 2023, another opposition was filed by GSK, requesting revocation of our granted European patent relating to method of screening for inhibitors of the binding association of PVRIG polypeptide with PVRL2 and we already responded to this opposition. In May 2023, two other European oppositions were filed by GSK and another party, with respect to anti-PVRIG antibodies competing with COM701 and we already provided our response.

Furthermore, changes in either the patent laws or interpretation of the patent laws in the United States or other jurisdictions could weaken our ability to obtain new patents or to enforce our existing patents and patents that we might obtain in the future and increase the uncertainties and costs surrounding the prosecution of patent applications, and the enforcement or defense of our issued patents. Such changes could diminish the value of our patents and applications, thereby impairing our ability to protect our product candidates, and could have a material adverse effect on our business, financial condition, results of operations and prospects. For example, the U.S. Supreme Court has ruled on several patent cases in recent years, either narrowing the scope of patent protection available in certain circumstances or weakening the rights of patent owners in certain situations. In October 2017, in *Amgen v. Sanofi*, the Federal Circuit overturned the "newly characterized antigen" test, which permitted patentees to claim a genus of antibodies by describing the structure of a corresponding antigen, on the grounds that it failed to satisfy the requirements found in Section 112 of the Patent Act, 35 U.S.C. § 112. In doing so, the Federal Circuit called into question the validity of numerous existing patents. On May 18, 2023, the Supreme Court affirmed the Federal Circuit's judgement in *Amgen v. Sanofi*. Thus, in the current IP environment in the U.S., we may not be able to obtain or defend broad patent protection on our antibody inventions. In addition, recent U.S. court decisions raise questions regarding the award of patent term adjustment (PTA) for patens in families where related patents have issued without PTA. Thus, it cannot be said without certainty how PTA will/will not be viewed in the future and whether patent expiration dates may be impacted. Similarly, changes in patent law and regulations in other countries or jurisdictions or changes in the governmental bodies that enforce them or changes in how the relevant governmental authority enforces patent laws or regulations may weaken our ability to obtain new patents or to enforce patents. For example, the complexity and uncertainty of European patent laws have increased in recent years. In Europe, a new unitary patent system took effect June 1, 2023, which will significantly impact European patents, including those granted before introduction of the system. Under the unitary patent system, European applications have the option, upon receipt of a patent, of becoming a Unitary Patent subject to the jurisdictions of the Unitary Patent Court (UPC). As the UPC is a new court system, there is no precedent for the court, increasing the uncertainty of any litigation. Patents granted before implementation of the UPC have the option of opting out of the jurisdiction of the UPC and remaining as national patents in the UPC countries. Patents that remain under jurisdiction of the UPC will be potentially vulnerable to a single UPC-based revocation challenge that, if successful, could invalidate the patent in all countries who are signatories to the UPC. All our patents and patent applications for which a request for opt out was available in the sunrise period were opted out. We cannot predict with certainty the long-term effects of any potential changes.

Moreover, because of the extensive time required for development, testing and regulatory review of a potential product, it is possible that, before any particular product candidate can be commercialized, any related patent may expire or remain in force for only a short period following commercialization, thereby reducing any advantage of the patent protection.

The process of obtaining patents for inventions that cover our products is uncertain for a number of reasons, including but not limited to:

- the patenting of inventions involves complex legal issues relating to intellectual property laws, prosecution and enforcement of patent claims across a number or patent jurisdictions, many of which have not yet been settled;
- legislative and judicial changes, or changes in the examination guidelines of governmental patent offices may negatively affect our ability to obtain patent claims to certain biological molecules- and/or use of certain therapeutic targets;
- if we are not the first to file a patent application on one of our inventions, we may not be able to obtain a patent on our invention, and may not be able to protect one or more of our therapeutic product candidates;
- competition from other biotechnology and pharmaceutical companies who have already sought patent protection relating to proteins and protein based products, as well as therapeutic antibodies or other modulators specifically binding these proteins, and their utility based discoveries that we may intend to develop and commercialize; such prior patents may negatively affect our ability to obtain patent claims on antibodies or certain proteins or other biologic modulators, or may hinder our ability to obtain sufficiently broad patent claims for our inventions, and/or may limit our freedom to operate;
- publication of data on gene products or proteins by non-commercial and commercial entities may hinder our ability to obtain sufficiently broad patent claims for our inventions;
- even if we succeed in obtaining patent protection, such protection may not be sufficient to prevent third parties from circumventing our patent claims;
- even if we succeed in obtaining patent protection, we may face freedom to operate issues;
- even if we succeed in obtaining patent claims protecting our inventions and product candidates, our patents could be subject to challenge and litigation by our competitors, and may be partially or wholly invalidated as a result of such legal/judicial challenges and in connection with such challenges;
- significant costs that may need to be incurred in registering and filing patents;
- insufficient data to support our claims and/or may support others in strengthening their patents;
- seeking patent protection at an early stage may prevent us from providing comprehensive data supporting the patent claims and may prevent allowance of certain patent claims or limit the scope of patent claim coverage;
- we may not be able to supply sufficient data to support our claims, within the legally prescribed time following our initial filing in order to support our patent claims and this may harm our ability to get appropriate patent protection or protection at all;
- our claims may be too broad and not have sufficient enablement, in which case such claims might be rejected by patent offices or invalidated in court; and
- we might fail to demonstrate a unique technical feature for our antibodies as compared to existing prior art, in which case our claims might be rejected by the respective patent office, requiring superiority over prior art.

If we do not succeed in obtaining patent protection for our inventions (should it be discoveries, drug targets candidates and product candidates) to the fullest extent for which we seek protection, or if we fail to select the best inventions to seek such protection, our business and financial results could be materially harmed.

We may not be able to protect our intellectual property rights throughout the world.

Patents are of national or regional effect, and filing, prosecuting and defending patents on all of our investigational products throughout the world would be extremely expensive. Thus, we may not be able to prevent third parties from practicing or from selling or importing products made using our inventions in all countries. Further, the legal systems of certain countries, particularly certain developing countries, do not favor the enforcement of patents and other intellectual property protection, which could make it difficult for us to stop the infringement of our patents or marketing of competing products in violation of our proprietary rights generally. In addition, certain countries have compulsory licensing laws under which a patent owner may be compelled to grant licenses to third parties. In those countries, we and our licensors may have limited remedies if patents are infringed or if we or our licensors are compelled to grant a license to a third party, which could materially diminish the value of those patents. This could limit our potential revenues. Accordingly, our efforts to enforce our intellectual property rights around the world may be inadequate to obtain a significant commercial advantage from the intellectual property that we develop or license.

The existence of third-party intellectual property rights may prevent us from developing our discoveries and/or discoveries we licensed to partners, or require us to expend financial and other resources to be able to continue to do so.

In selecting a drug target or a therapeutic product candidate for development, we take into account, among other considerations, the existence of third-party intellectual property rights that may hinder our right to develop and commercialize that product candidate. To our knowledge, third parties, including our competitors, have been filing patent applications covering an increasing portion of the human proteome or antibodies directed thereto. As a result of the existence of third-party intellectual property rights, we may be further required to:

- forgo the research, development and commercialization of certain drug target candidates and product candidates that we discover, notwithstanding their promising scientific and commercial merits; or

- invest substantial management and financial resources to either challenge or in-license such third-party intellectual property, and we cannot be sure that we will succeed in doing so on commercially reasonable terms, if at all.

We do not always have available to us, in a timely manner, information of the existence of third-party intellectual property rights related to our own discoveries. The content of U.S. and other patent applications remains unavailable to the public for a period of approximately 18 months from the filing date and therefore we cannot be certain that we were the first to file any patent application related to our product candidate. In some instances, the content of U.S. patent applications remains unavailable to the public until the patents are issued. Moreover, when patents ultimately are issued, the claims may be substantially different from those that were originally published and may vary from country to country. Furthermore, there may be issued patents or pending patent applications that we are aware of, but that we believe are irrelevant to our therapeutic product candidates, but which may ultimately be found to be infringed by the manufacture, sale, or use of such product candidates. As a result, we can never be certain that programs that we commence will be free of third-party intellectual property rights. If we become aware of the existence of third-party intellectual property rights only after we have commenced a particular program, we may have to forgo such project after having invested substantial resources in it or, to the extent such third-party right has not expired, obtain a license which may involve substantial financial resources.

We may need to obtain additional licenses of third-party technology or other rights that may not be available to us or are available only on commercially unreasonable terms, and which may cause us to operate our business in a more costly or otherwise adverse manner that was not anticipated.

We may be required to license technology or other rights from third parties to further develop or commercialize our investigational products. Should we be required to obtain licenses to any third-party technology, such licenses may not be available to us on commercially reasonable terms, or at all. The inability to obtain any third-party license required to develop or commercialize any of our products could cause us to abandon any related efforts, which could seriously harm our business and operations.

We, or potential collaborators and licensees, may infringe third-party rights and may become involved in litigation, which may materially harm our business.

If a third-party accuses us, our collaborators or a potential collaborator and licensee of infringing its intellectual property rights or if a third-party commences litigation against us, our collaborators or a potential collaborator and licensee for the infringement of patent or other intellectual property rights, we may incur significant costs in obtaining a license or defending such action, whether or not we ultimately prevail. We are aware of U.S. and foreign issued patents and pending patent applications controlled by third parties that may relate to the areas in which we are developing therapeutic products. Because all issued patents are entitled to a presumption of validity in many countries, including the United States and many European countries, issued patents held by others with claims related to products, may limit our freedom to operate unless and until these patents expire or are declared invalid or unenforceable in a court of applicable jurisdiction, if we do not obtain a license or other right to practice the claimed inventions. Typically, patent litigation in the pharmaceutical and biotechnology industry is expensive and prolonged. Some claimants may have substantially greater resources than we do and may be able to sustain the costs of complex intellectual property litigation to a greater degree and for longer periods of time than we could. Costs that we may incur in defending third-party infringement actions would also result in the diversion of management's and technical personnel's time. In addition, parties making claims against us may be able to obtain injunctive or other equitable relief that could prevent us or our collaborators and licensees from further developing our discoveries or commercializing our products.

In the event of a successful claim of infringement against us or a potential collaborator and licensee, we may be required to pay damages, including treble damages and attorney's fees if we are found to be willfully infringing a third-party's patent, or obtain one or more licenses from the prevailing third-party (if not obtained prior to such litigation), which may not be available to us on commercially reasonable terms, if at all. Even if we were able to obtain a license, the rights may be nonexclusive, which would give our competitors access to the same intellectual property. If we are not able to obtain such a license or not able to obtain such a license at a reasonable cost, we could be prevented from commercializing a product until the relevant patents expired, or we could be forced to redesign our products, or to cease some aspect of our business operations, and we could encounter delays in product introductions and loss of substantial resources while we attempt to develop alternative products. Defense of any lawsuit or failure to obtain any such license could prevent us or our partners from commercializing available products and could cause us to incur substantial expenditures and would divert management's attention from our core business.

We may become involved in lawsuits to protect or enforce our patents or other intellectual property, which could be expensive, time consuming and unsuccessful.

Competitors may infringe, misappropriate or otherwise violate our patents, trademarks, copyrights or other intellectual property, or those of our licensors. To counter infringement, misappropriation, unauthorized use or other violations, we may be required to file legal claims, which can be expensive and time consuming and divert the time and attention of our management and scientific personnel.

Additionally, after a patent is granted, it can be annulled, or its scope of protection restricted through an appeal, revocation or invalidation procedure. Such procedures are lengthy, expensive and time consuming, and may have an adverse effect on us.

We may not be able to prevent, alone or with our licensees or any future licensees, infringement, misappropriation or other violations of our intellectual property rights, particularly in countries where the laws may not protect those rights as fully as in the United States. Any claims we assert against perceived infringers could provoke these parties to assert counterclaims against us alleging that we infringe their patents. In addition, in a patent infringement or opposition proceeding, there is a risk that a court will decide that a patent of ours is invalid or unenforceable, in whole or in part, and that we do not have the right to stop the other party from using the invention at issue. In this respect, as stated above, we are currently facing two outstanding European oppositions and one opposition in which we prevailed but remains subject to appeal. There is also a risk that, even if the validity of such patents is upheld, the court will construe the patent's claims narrowly or decide that we do not have the right to stop the other party from using the invention at issue on the grounds that our patents do not cover the invention. An adverse outcome in a litigation or proceeding involving our patents could limit our ability to assert our patents against those parties or other competitors and may curtail or preclude our ability to exclude third parties from making and selling similar or competitive products. Any of these occurrences could adversely affect our competitive business position, business prospects and financial condition. Similarly, if we assert trademark infringement claims, a court may determine that the marks we have asserted are invalid or unenforceable, or that the party against whom we have asserted trademark infringement has superior rights to the marks in question. In this case, we could ultimately be forced to cease use of such trademarks.

In any infringement, misappropriation or other intellectual property litigation, any award of monetary damages we receive may not be commercially valuable. Even if we establish infringement, the court may decide not to grant an injunction against further infringing activity and instead award only monetary damages, which may or may not be an adequate remedy. Furthermore, because of the substantial amount of discovery required in connection with intellectual property litigation, there is a risk that some of our confidential information could be compromised by disclosure during litigation. There could also be public announcements of the results of hearings, motions or other interim proceedings or developments. If securities analysts or investors perceive these results to be negative, it could have an adverse effect on our share price. Moreover, there can be no assurance that we will have sufficient financial or other resources to file and pursue such infringement claims, which typically last for years before they are concluded. Even if we ultimately prevail in such claims, the monetary cost of such litigation and the diversion of the attention of our management and scientific personnel could outweigh any benefit we receive as a result of the proceedings.

Increased progress in our scientific and technological environment may reduce our chances of obtaining a patent.

In order to obtain a patent to protect one of our therapeutic product candidates, we must show that the underlying invention (that is, the product candidate itself or its use) is inventive. As an increasing amount of scientific knowledge is becoming available regarding genes, proteins, biological mechanisms, and the relevance of the genes and proteins to various clinical indications, the bar is increasingly raised to show sufficient inventiveness, as inventiveness is judged against all publicly available information available prior to filing of the patent application (the exact date may vary by country or due to other circumstances). As an increasing amount of scientific knowledge is becoming available for various proteins and their potential use as drug targets, with time we may be limited or may not be able to obtain patents for our product candidates due to the increased information published in this area. Our own published patent applications and other publications also serve as prior art against our new inventions and patent applications and may prevent us from obtaining new patents.

We may become subject to claims for remuneration or royalties for assigned service invention rights by our employees, which could result in litigation and adversely affect our business.

We enter into assignment of invention agreements with our employees pursuant to which such individuals agree to assign to us all rights to any inventions created in the scope of their employment or engagement with us. A significant portion of our intellectual property has been developed by our employees in the course of their employment for us. Under the Israeli Patent Law, 5727-1967, or the Patent Law, inventions conceived by an employee due to and during his or her employment with a company are regarded as "service inventions", which belong to the employer, unless the employee and employer have entered into a specific agreement stating otherwise, except if the employer waived the service invention within six months of receipt of a notice by the employee regarding the creation of the service invention (in accordance with provisions of the Patent Law). The Patent Law also provides that if there is no agreement with respect to whether the employee is entitled to remuneration for his or her service invention, to what extent and under what conditions, such entitlement and terms shall be determined by the Israeli Compensation and Royalties Committee, or the Committee, a body constituted under the Patent Law. Decisions by the Committee and Israeli courts have created some uncertainty in this area. Although our employees have agreed to assign to us service invention rights and have waived any rights for additional compensation for such service inventions, we may still face claims demanding remuneration in consideration for assigned service inventions. As a consequence of such claims, we could be required to pay additional remuneration or royalties to our current and/or former employees, or be forced to litigate such claims, which could negatively affect our business.

Obtaining and maintaining our patent protection depends on compliance with various procedural, document submission, fee payment and other requirements imposed by governmental patent agencies, and our patent protection could be reduced or eliminated for non-compliance with these requirements.

The USPTO and various foreign patent agencies require compliance with a number of procedural, documentary, fee payment and other provisions to maintain patent applications and issued patents. Noncompliance with these requirements can result in abandonment or lapse of a patent or patent application, resulting in partial or complete loss of patent rights in the relevant jurisdiction. In such an event, competitors might be able to enter the market earlier than would otherwise have been the case.

We may be subject to claims that we or our employees or consultants have infringed, misappropriated or otherwise violated the intellectual property of a third-party, or claiming ownership of what we regard as our own intellectual property.

We may be subject to claims that we or our employees or consultants have inadvertently or otherwise used or disclosed confidential information of former employers, competitors or other third-parties. We may be further subject to ownership disputes in the future arising, for example, from conflicting obligations of consultants or others who are involved in developing our product candidates, resulting, among others, in disputes regarding ownership interest in our patents or other intellectual property. Although we have implemented reasonable measures to ensure that our employees and consultants do not use the intellectual property of others in their work for us, we may become subject to claims that we caused an employee or consultant to breach, among others, the terms of his or her non-competition, or that we or these individuals have, inadvertently or otherwise, used or disclosed the alleged proprietary information of a former employer, competitor or other third-party.

While we may litigate to defend ourselves against these claims, even if we are successful, litigation could result in substantial costs and could distract the attention of our management. If our defenses to these claims fail, in addition to requiring us to pay monetary damages, a court could deprive our rights in such technologies or features that are essential to our investigational products, if such technologies or features are found to incorporate or be derived from the proprietary information of third-parties and prohibit us from using them. Moreover, any such litigation may adversely affect our ability to form strategic alliances, engage with scientific advisors or hire employees or consultants.

In addition, while we typically require our employees, consultants and contractors who may be involved in the development of intellectual property to execute agreements assigning such intellectual property to us, we may be unsuccessful in executing such an agreement with each party who in fact develops intellectual property. To the extent that we fail to obtain such assignments, or such assignments do not contain a self-executing assignment of intellectual property rights, or such assignments are breached, we may be forced to bring claims against third parties, or defend claims they may bring against us, to determine the ownership of what we regard as our intellectual property. If we fail in prosecuting or defending any such claims, in addition to paying monetary damages, we may lose valuable intellectual property rights. Such intellectual property rights could be awarded to a third-party, and we could be required to obtain a license from such third-party to commercialize our technology or products. Such a license may not be available on commercially reasonable terms or at all. Even if we are successful in prosecuting or defending against such claims, litigation could result in substantial costs and be a distraction to our management and scientific personnel.

We may become subject to claims challenging the inventorship or ownership of our patents.

We may be subject to claims that former employees, collaborators or other third parties have an interest in our patents as co-inventor. The failure to name the proper inventors on a patent application can result in the patents issuing thereon being unenforceable. Inventorship disputes may arise from conflicting views regarding the contributions of different individuals, the effects of foreign laws where foreign nationals are involved in the development of the subject matter of the patent, conflicting obligations of third parties involved or as a result of questions regarding co-ownership of potential joint inventions. Litigation may be necessary to resolve claims challenging inventorship and/or ownership. If we fail in defending any such claims, in addition to paying monetary damages, we may lose valuable intellectual property rights, such as exclusive ownership of, or right to use, valuable intellectual property. Such an outcome could have a material adverse effect on our business. Even if we are successful in defending against such claims, litigation could result in substantial costs and be a distraction to management and other employees.

Patent terms may be inadequate to protect our competitive position on our product candidates for an adequate amount of time.

Patents have a limited lifespan. In the United States, if all maintenance fees are timely paid, the natural expiration of a patent is generally 20 years from its earliest U.S. non-provisional filing date. Various extensions may be available, but the life of a patent, and the protection it affords, is limited. Even if patents covering our product candidates are obtained, once the patent life has expired, we may be open to competition from competitive products, including generics or biosimilars. Given the amount of time required for the development, testing and regulatory review of new product candidates, patents protecting such candidates might expire before or shortly after such candidates are commercialized. As a result, our owned and licensed patent portfolio may not provide us with sufficient rights to exclude others from commercializing products similar or identical to ours.

Intellectual property rights do not necessarily address all potential threats to our business.

Once granted, patents may remain open to opposition (as specified above generally and with respect to us specifically), interference, re-examination, post-grant review, *inter partes* review, nullification or derivation action in court or before patent offices or similar proceedings for a given period after allowance or grant, during which time third parties can raise objections against such grant. In the course of such proceedings, which may continue for a protracted period of time, the patent owner may be compelled to limit the scope of the allowed or granted claims thus attacked or may lose the allowed or granted claims altogether. In addition, the degree of future protection afforded by our intellectual property rights is uncertain because even granted intellectual property rights have limitations and may not adequately protect our business. The following examples are illustrative:

- issued patents that we may own or that we license may be held invalid or unenforceable, as a result of legal challenges;
- others may be able to make products that are similar to our products but that are not covered by the claims of our patent rights;
- we or our licensors or any future strategic partners might not have been the first to file patent applications on the inventions covered by the issued patent or pending patent application that we own or have exclusively licensed;
- others may independently develop similar or alternative technologies without infringing our intellectual property rights;
- it is possible that our pending patent applications will not lead to issued patents;
- issued patents that we may own or that we license may not provide us with any competitive advantage;
- our competitors might conduct research and development activities in countries where we do not have patent rights and then use the information learned from such activities to develop competitive products for sale in our major commercial markets;
- third parties performing manufacturing or testing for us using our product candidates or technologies could use the intellectual property of others without obtaining a proper license;
- we may not develop additional proprietary technologies that are patentable; and
- the patents of others may have an adverse effect on our business.

Should any of these events occur, they could have a material adverse effect on our business, financial condition, results of operations and prospects.

We may rely on trade secret and proprietary know-how which can be difficult to trace and enforce.

In addition to seeking patent protection for some of our technology and investigational products, we also rely on trade secrets, including unpatented know-how, technology and other proprietary information, to maintain our competitive position. Trade secrets and know-how can be difficult to protect. Any disclosure, either intentional or unintentional, by our employees or third-party consultants and vendors that we engage to perform research, clinical trials or manufacturing activities, or misappropriation by third parties (such as through a security breach) of our trade secrets or proprietary information could enable competitors to duplicate or surpass our technological achievements, thus eroding our competitive position in our market.

We require our employees to enter into written employment agreements containing provisions of confidentiality and obligations to assign to us any inventions generated in the course of their employment. We further seek to protect our potential trade secrets and proprietary know-how by entering into non-disclosure and confidentiality agreements with any third parties who are given access to them, including our collaborators, contract manufacturers, consultants, advisors and other third parties. With our consultants, contractors, and collaborators, these agreements typically include invention assignment obligations. Despite these efforts, any of these parties may breach the agreements and disclose our proprietary information or assign our inventions to third parties, which may be difficult to trace, and we may not be able to obtain adequate remedies for such breaches. Enforcing a claim that a party illegally disclosed or misappropriated a trade secret is difficult, expensive and time-consuming, and the outcome is unpredictable.

If we are unable to adequately protect our proprietary know-how and trade secrets, competitors may be able to develop technologies and resulting discoveries and inventions that are identical, similar to or better than our own discoveries and inventions, which could materially harm our business, financial condition and results of operations. Costly and time-consuming litigation could be necessary to enforce and determine the scope of our proprietary rights, and failure to maintain trade secret protection could adversely affect our competitive business position. In addition, others may independently discover or develop our trade secrets and proprietary information, and the existence of our own trade secrets affords no protection against such independent discovery.

Risks Related to Operations in Israel

Conditions in Israel and in the Middle East may adversely affect our operations.

Our headquarters and research and development facilities are located in Israel. Accordingly, we are directly influenced by the political, economic and military conditions affecting Israel. Specifically, we could be adversely affected by:

- hostilities involving Israel;
- a full or partial mobilization of the reserve forces of the Israeli army;
- the interruption or curtailment of trade between Israel and its present trading partners; and
- a downturn in the economic, political, social or financial condition in Israel.

Since its establishment in 1948, Israel has been subject to a number of armed conflicts that have taken place between it and its Middle Eastern neighbors. While Israel has entered into peace agreements with both Egypt and Jordan and has entered into several normalization agreements in 2020 with the United Arab Emirates, Bahrain, Sudan and Morocco, Israel has no peace or arrangements with any other neighboring or Arab country. Further, all efforts to improve Israel's relationship with the Palestinians have failed to result in a permanent peaceful solution, and there have been numerous periods of hostility as well as civil insurrection of Palestinians in the West Bank and the Gaza Strip in recent years. In general, Israel is engaged, from time to time (and more recently during the ongoing "Swards of Iron" war), in armed conflicts with Hamas (a militia group and political party controlling the Gaza Strip), which in some occasions resulted in missiles being fired from the Gaza Strip against civilian targets in various parts of Israel, including areas in which our employees are located, and negatively affected business conditions in Israel.

On October 7, 2023, the "Swords of Iron" war broke between Israel and the terrorist organizations in the Gaza Strip, following a surprise attack on Israel led by certain armed groups in the Gaza Strip that included massacres, terrorism and crimes against humanity. As of the date hereof, the majority of the fighting is concentrated in the southern region of the State of Israel, whereas the Hezbollah (a Shia Islamist political party and militant group based in Lebanon) also joined the war with low intensity. In addition, the Houthi movement in Yemen, aligned with Hamas, launched attacks targeting Israel and ships claimed to be destined for Israel, and in response to such attacks, the U.S. announced the creation of a multilateral naval task force of protective escorts for commercial vessels in the region, and has launched "Operation Prosperity Guardian" in December 2023. Israel responds to the attacks against it with airstrikes and extensive mobilization of armed forces, including reserves, in the Gaza Strip and in the north of Israel. Our headquarters and research and development facilities are located in Holon, which is about 50 kilometers from the Gaza Strip. Our facilities did not sustain any damage and in accordance with the instructions of the Israeli National Emergency Management Authority, there is currently no limitation or denial of access or activity limitation in our facilities. None of our employees were directly harmed as a result of the war. As of the date hereof, we operate continuously, and so far, the situation in Israel does not have a material effect on our operations and business. We monitor closely the directives of the Israeli National Emergency Management Authority and where needed, make required adjustments to our operations in accordance with such directives, including by instructing our workforce to work remotely.

Also, relations between Israel and Iran continue to be hostile, due to the fact that Iran is perceived by Israel as sponsor of Hamas and Hezbollah, while maintaining a military presence in Syria and Lebanon and has threatened to attack Israel in the course of the "Swords of Iron", and with regard to Iran's nuclear program. In addition, the normalization agreements that Israel has entered into with some Arab countries in the Middle East may affect the geo-political condition in the Middle East in general, and the relations between Israel and Iran in particular.

All of the above raise a concern as to the stability in the region which may affect the security, social, economic and political landscape in Israel and therefore could adversely affect our business, financial condition and results of operations.

Furthermore, certain countries, primarily in the Middle East but also in Malaysia and Indonesia, as well as certain companies and organizations in different parts of the world, continue to participate in a boycott of Israeli brands and others doing business with Israel and Israeli companies. The boycott, restrictive laws, policies or practices directed towards Israel or Israeli businesses could, individually or in the aggregate, have a material adverse effect on our business in the future. In addition, should the BDS Movement, the movement for boycotting, divesting and sanctioning Israel and Israeli institutions (including universities) and products become increasingly influential in the United States and Europe, this may also adversely affect our business and financial condition. Further deterioration of Israel's relationship with the Palestinians or countries in the Middle East could expand the disruption of international trading activities in Israel, may materially and negatively affect our business conditions, could harm our results of operation and adversely affect the share price of our Company.

Our business may also be disturbed by the obligation of personnel to perform military service. Our employees who are Israeli citizens are generally subject to a periodic obligation to perform reserve military service, until they reach the age of 40 (or older, for reservists with certain occupations), but during military conflicts, these employees may be called to active duty for longer periods of time, as occurred, and may continue to occur, during the "Swords of Iron" war. In response to the increase in violence and terrorist activity in the past years, and especially during the "Swords of Iron" war, there have been, and may continue to be, periods of significant call-ups for military reservists. In case of further regional instability such employees, who may include one or more of our key employees, may be absent for extended periods of time which may materially adversely affect our business.

In addition, recent political and civil actions in Israel which began in early 2023, resulting from, among other things, proposed changes to certain Israeli constitutional legislation, may have an adverse effect on the Israeli social, economic and political landscape and in turn, on us. However, it is difficult to predict at this time what the effect of such actions will be, if any.

We can give no assurance that the political, economic and security situation in Israel will not have a material adverse impact on our business in the future.

Furthermore, our Company's insurance does not cover any loss arising of events related to the security situation in the Middle East. While the Israeli government generally covers the reinstatement value of direct damages caused by acts of war or terror attacks, we cannot be certain that such coverage will be maintained or that it will sufficiently cover our damages.

Our results of operations may be adversely affected by the exchange rate fluctuations between the dollar and the New Israeli Shekel.

We hold most of our cash, cash equivalents and short-term and long-term bank deposits in dollars but incur a significant portion of our expenses, principally salaries and related personnel expenses and administrative expenses for our Israeli based operations, in NIS. As a result, we are exposed to exchange rate fluctuations between the dollar and the NIS, which may have a material adverse effect on our financial condition. For example, if the dollar significantly devaluates against the NIS, then the dollar cost of our operations in Israel would increase and our results of operations would be adversely affected. In 2023 and 2022 the dollar appreciated against the NIS by 3.1% and 13.2%, respectively, while in 2021 the dollar depreciated against the NIS by 3.3%. As a result of these fluctuations, our NIS denominated expenses were affected.

The dollar cost of our operations in Israel will increase to the extent increases in the rate of inflation in Israel are not offset by a devaluation of the NIS in relation to the dollar, which would harm our results of operations.

Inflation in Israel, was 3.0% and 5.3% in 2023 and 2022, respectively, has affected us by increasing the costs of materials and labor needed to operate our business and could continue to adversely affect us in future periods. Additionally, since a considerable portion of our expenses such as employees' salaries are linked to an extent to the rate of inflation in Israel, the dollar cost of our operations is influenced by the extent to which any increase in the rate of inflation in Israel is or is not offset by the devaluation of the NIS in relation to the dollar. As a result, we are exposed to the risk that the NIS, after adjustment for inflation in Israel, will appreciate in relation to the dollar. In that event, the dollar cost of our operations in Israel will increase and our dollar-measured results of operations will be adversely affected. We cannot predict whether the NIS will appreciate against the dollar or vice versa in the future. Any increase in the rate of inflation in Israel, unless the increase is offset on a timely basis by a devaluation of the NIS in relation to the dollar, will increase labor and other costs, which will increase the dollar cost of our operations in Israel and harm our results of operations.

We may not be entitled to certain Israeli tax benefits.

In the future, we may be entitled to benefit from certain Israeli government programs and enjoy certain tax benefits, particularly tax exemptions, resulting from the 'Benefiting Enterprise' status, or Benefiting Enterprise, granted to us under the Israel Law for Encouragement of Capital Investments, 1959, or the Investment Law. The availability of these tax benefits, however, is subject to us meeting certain conditions under the Investment Law, including making specified investments in fixed assets and equipment. The tax benefits that we anticipate receiving under the "Benefiting Enterprise" program may not be continued in the future at their current levels or at all. To date, we have not actually received any such tax benefits because we have not yet generated any taxable income.

It may be difficult to enforce certain U.S. judgments against us, or our officers and directors or to assert U.S. Securities law claims in Israel.

We are incorporated under the laws of the State of Israel. Service of process upon our directors and officers, the majority of whom reside outside the United States, may be difficult to obtain within the United States. Furthermore, because the majority of our assets and investments, and a majority of our directors and officers are located outside the United States, any judgment obtained in the United States against us or any of them may not be collectible within the United States.

Furthermore, it may be difficult for an investor, or any other person or entity, to assert U.S. securities law claims in original actions instituted in Israel. Israeli courts may refuse to hear a claim based on an alleged violation of U.S. securities laws reasoning that Israel is not the most appropriate forum to bring such a claim. In addition, even if an Israeli court agrees to hear such a claim, it is not certain whether Israeli law or U.S. law will be applicable to the claim. If U.S. law is found to be applicable, the content of applicable U.S. law must be proven as a fact by expert witnesses, which can be a time consuming and costly process. Certain matters of procedure will also be governed by Israeli law. There is little binding case law in Israel that addresses the matters described above. Under certain circumstances, Israeli courts might not enforce judgments rendered outside Israel, which may make it difficult to collect on judgments rendered against us or our non-U.S. officers and directors.

Moreover, an Israeli court will not enforce a non-Israeli judgment if it was given in a state whose laws do not provide for the enforcement of judgments of Israeli courts (subject to exceptional cases), if its enforcement is likely to prejudice the sovereignty or security of the State of Israel, if it was obtained by fraud or in the absence of due process, if it is at variance with another valid judgment that was given in the same matter between the same parties, or if a suit in the same matter between the same parties was pending before a court or tribunal in Israel at the time the foreign action was brought.

Our amended and restated Articles of Association provide that unless we consent to an alternative forum, the federal district courts of the United States of America shall be the exclusive forum of resolution of any claims arising under the Securities Act which may impose additional litigation costs on our shareholders

Our amended and restated Articles of Association, or Articles, provide that the federal district courts of the United States shall be the exclusive forum for the resolution of any complaint asserting a cause or causes of action, or a claim or claims arising under the Securities Act, including all causes of action or claims asserted against any defendant to such complaint. Section 22 of the Securities Act creates concurrent jurisdiction for federal and state courts over all such Securities Act actions. Accordingly, both U.S. state and federal courts have jurisdiction to entertain such claims. This choice of forum provision may limit a shareholder's ability to bring a claim in a judicial forum that it finds favorable for disputes with us or our directors, officers or other employees and may increase the costs associated with such lawsuits, which may discourage such lawsuits against us and our directors, officers and employees. Alternatively, if a court were to find these provisions of our Articles inapplicable to, or unenforceable in respect of, one or more of the specified types of actions or proceedings, we may incur additional costs associated with resolving such matters in other jurisdictions, which could adversely affect our business and financial condition. Any person or entity purchasing or otherwise acquiring any interest in our share capital shall be deemed to have notice of and to have consented to the choice of forum provisions of our Articles described above. This provision does not apply to causes of action arising under the Exchange Act.

Our Articles of Association provide that unless the Company consents otherwise, the competent courts of Tel Aviv, Israel shall be the sole and exclusive forum for substantially all disputes between the Company and its shareholders under the Companies Law and the Israeli Securities Law, which could limit its shareholders ability to bring claims and proceedings against, as well as obtain favorable judicial forum for disputes with the Company, its directors, officers and other employees.

The competent courts of Tel Aviv, Israel shall be the exclusive forum for (i) any derivative action or proceeding brought on behalf of the Company, (ii) any action asserting a claim of breach of fiduciary duty owed by any director, officer or other employee of the Company to the Company or the Company's shareholders, or (iii) any action asserting a claim arising pursuant to any provision of the Companies Law, 5759-1999, as amended together with all regulations promulgated thereunder, or the Companies Law, or the Securities Law, 5728-1968, as amended and the regulations promulgated thereunder, or the Israeli Securities Law. This exclusive forum provision is intended to apply to claims arising under Israeli Law and would not apply to claims brought pursuant to the Securities Act or the Exchange Act or any other claim for which federal courts would have exclusive jurisdiction. Such exclusive forum provision in our Articles will not relieve the Company of its duties to comply with federal securities laws and the rules and regulations thereunder, and shareholders of the Company will not be deemed to have waived the Company's compliance with these laws, rules and regulations. This exclusive forum provision may limit a shareholder's ability to bring a claim in a judicial forum of its choosing for disputes with the Company or its directors or other employees which may discourage lawsuits against the Company, its directors, officers and employees.

Provisions of Israeli law may delay, prevent or make undesirable an acquisition of all or a significant portion of our shares or assets.

Israeli corporate law regulates mergers and acquisitions and requires that a tender offer be affected when certain thresholds of percentage ownership of voting power in a company are exceeded (subject to certain conditions), which may have the effect of delaying, preventing or making more difficult a merger with, or acquisition of, us. See "Item 10. Additional Information – B. Memorandum and Articles of Association." Further, Israeli tax considerations may make potential transactions undesirable to us or to some of our shareholders whose country of residence does not have a tax treaty with Israel granting tax relief to such shareholders from Israeli tax. With respect to mergers, Israeli tax law allows for tax deferral in certain circumstances but makes the deferral contingent on the fulfillment of numerous conditions, including a holding period of two years from the date of the transaction during which certain sales and dispositions of shares of the participating companies are restricted. Moreover, with respect to certain share swap transactions, the tax deferral is limited in time, and when such time expires, the tax becomes payable even if no actual disposition of the shares has occurred. See "Item 10. Additional Information – E. Taxation – Israeli Taxation."

In addition, in accordance with the Restrictive Trade Practices Law, 1988 and under the Israeli Law for the Encouragement of Industrial Research and Development of 1984 and regulations promulgated thereunder, together, the R&D Law, approvals regarding a change in control (such as a merger or similar transaction) may be required in certain circumstances. For more information regarding such required approvals please see "Item 5. Operating and Financial Review and Prospects - C. Research and Development, Patents and Licenses – The Israel Innovation Authority." In addition, as a corporation incorporated under the laws of the State of Israel, we are subject to the Israeli Economic Competition Law, 1988 and the regulations promulgated thereunder (formerly known as the Israeli Antitrust Law, 1988), under which we may be required in certain circumstances to obtain the approval of the Israel Competition Authority (formerly known as the Israel Antitrust Authority) in order to consummate a merger or a sale of all or substantially all of our assets.

These provisions of Israeli law could have the effect of delaying or preventing a change in control and may make it more difficult for a third-party to acquire us, even if doing so would be beneficial to our shareholders and may limit the price that investors may be willing to pay in the future for our ordinary shares.

We received grants from the IIA that may require us to payment of royalties and restrict the transfer of know-how that we develop.

We have received governmental grants from the Israeli Innovation Authority, or the IIA, for the financing of a portion of our research and development expenditures. Accordingly, we are obligated to repay the grants by way of royalty payments from revenues generated by the sale of products and/or services developed in the framework of the approved R&D program using financing from such grants, or Financed Know-How. Such royalties are payable until 100% of the amount of the grant (as adjusted for fluctuation in the USD/NIS exchange rate) is repaid with applicable interest. Even following full repayment of any IIA grants (together with the applicable interest), and unless agreed otherwise by the applicable authority of the IIA, we must nevertheless continue to comply with the requirements of the R&D Law with respect to the Financed Know-How. In addition to the obligation to pay royalties to the IIA, the R&D Law requires that products which incorporate Financed Know-How be manufactured in Israel and prohibits the transfer of the Financed Know-How and any right derived therefrom to third parties, unless otherwise approved in advance by the IIA; Such prior approval may be given by the IIA subject to payment of increased royalties. Failure to comply with the requirements under the R&D Law may subject us to financial sanctions, to mandatory repayment of grants received by us (together with interest and penalties), as well as expose us to criminal proceedings. Although such restrictions do not apply to the export from Israel of Company's products developed with such Financed Know-How, they may prevent us from engaging in transactions involving the sale, outsource or transfer of such Financed Know-How or of manufacturing activities with respect to any product or technology based on Financed Know-How, outside of Israel, which might otherwise be beneficial to us. Furthermore, the consideration available to our shareholders in a transaction involving the transfer outside of Israel of Financed Know-How (such as a merger or similar transaction) may be reduced by any amounts that we are required to pay to the IIA. Moreover, the government of Israel may from time to time audit sales of products which it claims incorporate Financed Know-How and this may lead to royalties being payable on additional products, and may subject such products to the restrictions and obligations specified hereunder. For more information regarding such restrictions please see "Item 5. Operating and Financial Review and Prospects- C. Research and Development, Patents and Licenses – The Israel Innovation Authority."

Being a foreign private issuer exempts us from certain SEC requirements and Nasdaq rules, which may result in less protection that is afforded to investors under rules applicable to domestic issuers.

We are a "foreign private issuer" within the meaning of rules promulgated by the SEC. As such, we are exempt from certain provisions under the Exchange Act, applicable to U.S. public companies, including:

- the rules under the Exchange Act requiring the filing with the SEC of quarterly reports on Form 10-Q and current reports on Form 8-K;
- the sections of the Exchange Act regulating the solicitation of proxies, consents or authorizations in respect of a security registered under the Exchange Act, including extensive disclosure of compensation paid or payable to certain of our highly compensated executives as well as disclosure of the compensation determination process;
- the provisions of Regulation FD aimed at preventing issuers from making selective disclosures of material information; and
- the sections of the Exchange Act requiring insiders to file public reports of their stock ownership and trading activities and establishing insider liability for profits realized from any "short-swing" trading transaction (a purchase and sale, or sale and purchase, of the issuer's equity securities within less than six months).

In addition, we may follow home country corporate governance practices and law instead of those rules and practices otherwise required by Nasdaq for domestic issuers. For instance, we have relied on the foreign private issuer exemption with respect to shareholder approval requirements for equity-based incentive plans for our employees. For the list of specific exemptions that we chose to adopt, please see "Item 16G – Corporate Governance."

Following our home country corporate governance practices as opposed to the requirements that would otherwise apply to a U.S. company listed on Nasdaq may provide less protection to investors than is afforded to investors under the Nasdaq Listing Rules applicable to domestic issuers.

We may lose our status as a foreign private issuer, which would increase our compliance costs and could negatively impact our operations results.

We may lose our foreign private issuer status if (a) a majority of our outstanding voting securities are either directly or indirectly owned of record by residents of the United States and (b)(i) a majority of our executive officers or directors are U.S. citizens or residents, (ii) more than 50% of our assets are located in the United States or (iii) our business is administered principally in the United States. If we will not be a foreign private issuer, we will be required to file periodic reports and registration statements on U.S. domestic issuer forms with the SEC, which are more extensive than the forms available to a foreign private issuer. We would also be required to follow U.S. proxy disclosure requirements, including the requirement to disclose, under U.S. law, more detailed information about the compensation of our senior executive officers on an individual basis. We may also be required to modify certain of our policies to comply with accepted governance practices associated with U.S. domestic issuers. Such conversion and modifications will involve increased costs. In addition, we would lose our ability to rely upon exemptions from certain corporate governance requirements on U.S. stock exchanges that are available to foreign private issuers, as described in the previous risk factor above.

Our shareholders rights and responsibilities are governed by Israeli law which differs in some material respects from the rights and responsibilities of shareholders of U.S. companies.

Because we are incorporated under Israeli law, the rights and responsibilities of our shareholders are governed by our Articles and Israeli law. These rights and responsibilities differ in some respects from the rights and responsibilities of shareholders in U.S.-based corporations. In particular, a shareholder of an Israeli company has a duty to act in good faith and in a customary manner in exercising its rights and performing its obligations towards the company and other shareholders and to refrain from abusing its power in the company, including, among other things, in voting at the general meeting of shareholders on certain matters, such as an amendment to a company's articles of association, an increase of a company's authorized share capital, a merger of a company and approval of interested party transactions that require shareholder approval. A shareholder also has a general duty to refrain from discriminating against other shareholders. In addition, a controlling shareholder or a shareholder who knows that it possesses the power to determine the outcome of a shareholders' vote or to appoint or prevent the appointment of an office holder in a company or has another power with respect to a company, has a duty to act in fairness towards such company. Israeli law does not define the substance of this duty of fairness and there is limited case law available to assist us in understanding the nature of this duty or the implications of these provisions. These provisions may be interpreted to impose additional obligations and liabilities on our shareholders that are not typically imposed on shareholders of U.S. corporations.

Risks Related to our Ordinary Shares

We may not be able to meet the continued listing standards of Nasdaq, which require a minimum closing bid price of $1.00 per share, which could result in our delisting and negatively impact the price of our ordinary shares and our ability to access the capital markets.

Our ordinary shares are listed on The Nasdaq Capital Market. The Nasdaq Stock Market LLC, or the Nasdaq, provides various continued listing requirements that a company must meet in order for its shares to continue trading on the exchange. Among these requirements is the requirement that our shares trade at a minimum bid price of $1.00 per share. On October 31, 2022, we received a written notice from the Listing Qualifications Department of Nasdaq, notifying us that our ordinary shares failed to maintain a minimum bid price of $1.00 over the previous 30 consecutive business days as required by the applicable Nasdaq minimum bid price rules and on June 12, 2023 (after the transfer of the listing of our ordinary shares from the Nasdaq Global Market to the Nasdaq Capital Market), we received a notification letter from the Listing Qualifications Department of Nasdaq notifying us that we had regained compliance with the applicable minimum bid price rules.

Thereafter, on November 3, 2023, we received a notification letter from the Listing Qualifications Department of Nasdaq notifying us that our ordinary shares failed to maintain a minimum bid price of $1.00 over the previous 30 consecutive business days as required by the applicable minimum bid price rules and on January 4, 2024, we received a notification letter from the Listing Qualifications Department of Nasdaq notifying us that we had regained compliance with the applicable minimum bid price requirement.

While currently we are in compliance with the applicable Nasdaq minimum bid price rules, there is no assurance that our share price will trade at or above a minimum bid price of $1.00 per share and if we fail to meet minimum listing requirements, there can be no assurance that we will be able to regain compliance with the applicable minimum bid price rules or will otherwise be in compliance with other Nasdaq listing criteria. Any such delisting could adversely affect our ability to obtain financing for the continuation of our operations and could result in the loss of confidence by investors, collaborators and employees.

Future sales of our ordinary shares or securities convertible or exchangeable for our ordinary shares may depress our share price.

If our existing shareholders or holders of our options sell, or indicate an intention to sell, substantial amounts of our ordinary shares in the public market, the trading price of our ordinary shares could decline. The perception in the market that these sales may occur could also cause the trading price of our ordinary shares to decline. As of December 31, 2023, we had a total of 89,237,465 ordinary shares outstanding.

Based on the number of shares subject to awards under our 2010 Share Incentive Plan, as amended, or 2010 Plan, and our 2021 Employee Share Purchase Plan, or ESPP, as of December 31, 2023, 9,690,192 ordinary shares that are either subject to outstanding options or reserved for future issuance under our 2010 Plan and ESPP were eligible for sale in the public market, subject to, in the case of shares issued to directors, executive officers and other affiliates, the volume limitations under Rule 144 under the Securities Act. If these additional ordinary shares are sold, or if it is perceived that they will be sold, in the public market, the trading price of our ordinary shares could decline.

In addition, our directors, executive officers and other affiliates may establish, and certain executive officers and directors have established, programmed selling plans under Rule 10b5-1 of the Exchange Act, for the purpose of effecting sales of our ordinary shares. Any sales of securities by these shareholders, or the perception that those sales may occur, including the entry into such programmed selling plans, could have a material adverse effect on the trading price of our ordinary shares.

If we sell ordinary shares in future financings, shareholders may experience immediate dilution and, as a result, our share price may decline.

In order to raise additional capital, we may at any time offer additional ordinary shares or other securities convertible into or exchangeable for our ordinary shares, through our "at-the-market offering" (ATM) facility pursuant to a sales agreement entered with Leerink Partners on January 31, 2023 or other manners, at prices that may not be the same as the price paid for our ordinary shares by our shareholders. The price per share at which we sell additional ordinary shares, or securities convertible or exchangeable into ordinary shares, in future transactions may be higher or lower than the price per share paid by our existing shareholders. If we issue ordinary shares or securities convertible into ordinary shares, our shareholders will experience additional dilution and, as a result, our share price may decline.

In addition, as opportunities present themselves, we may enter into financing or similar arrangements in the future, including the issuance of debt securities or ordinary shares with or without additional securities convertible or exchangeable into ordinary shares. Whether or not we issue additional shares at a discount, any issuance of ordinary shares will, and any issuance of other equity securities or of options, warrants or other rights to purchase ordinary shares may, result in additional dilution of the percentage ownership of our shareholders and could cause our share price to decline. New investors could also gain rights, preference and privileges senior to those of our shareholders, which could cause the price of our ordinary shares to decline. Debt securities may also contain covenants that restrict our operational flexibility or impose liens or other restrictions on our assets, which could also cause the price of our ordinary shares to decline.

Our share price and trading volume have been volatile and may be volatile in the future and that could limit investors' ability to sell our shares at a profit and could limit our ability to successfully raise funds.

During the 2023 calendar year, our closing share price on Nasdaq ranged from a low of $0.53 to a high of $2.00 and trading volume was volatile. The volatile price of our shares and periodic volatile trading volume may make it difficult for investors to predict the value of their investment, to sell shares at a profit at any given time, or to plan purchases and sales in advance. A variety of factors may affect the market price of our ordinary shares including:

- global or regional macroeconomic developments;
- general market, political and economic conditions in the countries in which Compugen operates, including Israel and the effect of the evolving nature of the recent "Swords of Iron" war in Israel;
- the spread, and resulting actions, of COVID-19 or other global or regional health pandemics or epidemics;

- clinical data disclosed by us or our competitors;
- massive sell of our shares by a large shareholder;
- our success (or lack thereof) in entering into collaboration agreements and achieving certain research and developmental milestones thereunder;
- our need to raise additional capital and our success or failure in doing so;
- our ability (or lack thereof) to disclose key discoveries or developments due to competitive concerns or need to secure our intellectual property position;
- achievement or denial of regulatory approvals by us or our competitors;
- announcements of technological innovations or new commercial products by our competitors;
- trends in share price of companies in our field or industry;
- announcement of corporate transactions, merger and acquisition activities or other similar events by companies in our field or industry;
- changes and developments effecting our field or industry;
- developments concerning material proprietary rights, including material patents;
- developments concerning our existing or new collaborations;
- regulatory developments in the United States, Israel and other countries;
- changes in the structure of healthcare payment systems;
- delay or failure by us or our partners in initiating, completing or analyzing preclinical or clinical trials or the unsatisfactory design or results of such trials;
- period to period fluctuations in our results of operations;
- changes in estimates by securities analysts;
- changes in senior management or the board of directors or changes in the size or structure of the company;
- our ability (or lack thereof) to disclose the commercial terms of, or progress under, our collaborations;
- our ability (or lack thereof) to show and accurately predict revenues; and
- transactions with respect to our ordinary shares by insiders or institutional investors.

We are not able to control many of these factors, and we believe that period-to-period comparisons of our financial results will not necessarily be indicative of our future performance.

In addition, the stock market in general, and the market for biotechnology companies in particular, have experienced extreme price and volume fluctuations that may be unrelated or disproportionate to the operating performance of individual companies. These broad market and industry factors may seriously harm the market price of our ordinary shares, regardless of our operating performance.

Furthermore, the market prices of equity securities of companies that have a significant presence in Israel may also be affected by the current and changing security situation in the Middle East and particularly in Israel and the effect of the evolving nature of the recent “Swords of Iron” war. As a result, these companies may experience volatility in their stock prices and/or difficulties in raising additional financing required to effectively operate and grow their businesses. Thus, market and industry-wide fluctuations and political, economic and military conditions in the Middle East, but also in the United States and worldwide may adversely affect the trading price of our ordinary shares, regardless of our actual operating performance.

As a result of the volatility of our share price, we could be subject to securities litigation, which could result in substantial costs and divert management’s attention and company resources from our business.

Because we do not intend to declare cash dividends on our ordinary shares in the foreseeable future, shareholders must rely on appreciation of the value of our ordinary shares for any return on their investment and may not receive any funds without selling their ordinary shares.

We have never declared or paid cash dividends on our ordinary shares and do not anticipate declaring or paying any cash dividends in the foreseeable future. In addition, the terms of any future debt agreements may preclude us from paying dividends. As a result, we expect that only appreciation of the price of our ordinary shares, if any, could provide a return to investors for the foreseeable future. In addition, because we do not intend to declare cash dividends on our ordinary shares in the foreseeable future, if our shareholders want to receive funds in respect of our ordinary shares, they must sell their ordinary shares to do so.

Our ordinary shares are traded on more than one market and this may result in price variations.

In addition to being traded on The Nasdaq Capital Market, our ordinary shares are also traded on the Tel Aviv Stock Exchange, or TASE. Trading in our ordinary shares on these markets take place in different currencies (dollars on Nasdaq and NIS on the TASE), and at different times (resulting from different time zones, trading days and public holidays in the United States and Israel). The trading prices of our ordinary shares on these two markets may differ due to these and other factors. Any decrease in the price of our ordinary shares on one market could cause a decrease in the trading price of our ordinary shares on the other market.

If we are a passive foreign investment company, or PFIC, our U.S. shareholders may be subject to adverse U.S. federal income tax consequences.

For U.S. federal income tax purposes, we generally will be classified as a PFIC for any taxable year in which, after the application of certain look-through rules with respect to our subsidiaries, either: (i) 75% or more of our gross income is passive income or (ii) at least 50% of the average value (determined on the basis of a weighted quarterly average) of our total assets for the taxable year produce or are held for the production of passive income. For purposes of these tests, passive income includes, among other things, dividends, interest, and gains from the sale or exchange of investment property and certain rents or royalties (excluding rents and royalties that are received from unrelated parties in connection with the active conduct of a trade or business). Assets that produce or are held for the production of passive income may include cash, (unless held in a non-interest bearing account for short term working capital needs), marketable securities, and other assets that may produce passive income. Generally, in determining whether a non-U.S. corporation is a PFIC, a non-U.S. corporation that directly or indirectly owns at least 25% by value of the shares of another corporation is treated as holding and receiving directly its proportionate share of assets and income of such corporation.

Based on our analysis of our estimated income, estimated assets, activities and market capitalization, we believe that we were a PFIC for the taxable year ended December 31, 2023. However, the determination of whether or not we are a PFIC is a fact-intensive determination made on an annual basis and because the applicable law is subject to varying interpretations, we cannot provide any assurance regarding our PFIC status and our U.S. counsel expresses no opinion with respect to our PFIC status for any taxable year. If we are classified as a PFIC for any taxable year during which a U.S. shareholder holds our ordinary shares, U.S. investors could be subject to adverse tax consequences regardless of whether we continue to qualify as a PFIC, including the treatment of gains realized on the sale of our ordinary shares as ordinary income, rather than as capital gain, the loss of the preferential rate applicable to dividends received on our ordinary shares by individuals who are U.S. holders (as defined in "Item 10. Additional Information – E. Taxation – Certain Material U.S. Federal Income Tax Considerations to U.S. Holders"), the addition of interest charges on certain taxes treated as deferred taxes, and additional reporting requirements. A U.S. shareholder of a PFIC generally may mitigate these adverse U.S. federal income tax consequences by making a "qualified electing fund" election, or QEF election, or, in some circumstances, a "mark to market" election. We may provide the information necessary for U.S. holders to make QEF elections if we were treated as a PFIC for any taxable year. There is no assurance that we will have timely knowledge of our status as a PFIC in the future. Accordingly, U.S. holders may be unable to make a timely QEF election with respect to our ordinary shares.

For further discussion of the PFIC rules and the adverse U.S. federal income tax consequences in the event we are classified as a PFIC, as well as certain elections that may be available to U.S. holders, see "Item 10. Additional Information – E. Taxation – Certain Material U.S. Federal Income Tax Considerations to U.S. Holders – Passive Foreign Investment Company Rules".

If we are a controlled foreign corporation, there could be materially adverse U.S. federal income tax consequences to certain U.S. Holders of our ordinary shares.

Each "Ten Percent Shareholder" (as defined below) in a non-U.S. corporation that is classified as a controlled foreign corporation, or a "CFC", for U.S. federal income tax purposes generally is required to include in income for U.S. federal tax purposes such Ten Percent Shareholder's pro rata share of the CFC's "Subpart F income" (as defined below), "global intangible low taxed income," and investment of earnings in U.S. property, regardless of whether we make any distributions. Subpart F income generally includes dividends, interest, rents, royalties, gains from the sale of securities and income from certain transactions with related parties. In addition, a Ten Percent Shareholder that realizes gain from the sale or exchange of shares in a CFC may be required to classify a portion of such gain as dividend income rather than capital gain. An individual that is a Ten Percent Shareholder with respect to a CFC generally would not be allowed certain tax deductions or foreign tax credits that would be allowed to a Ten Percent Shareholder that is a U.S. corporation. We cannot provide any assurance that we will assist investors in determining whether we or any of our future non-U.S. subsidiaries are treated as a CFC or furnish to any U.S. holder the information required to comply with the reporting and tax-paying obligations discussed above. Failure to comply with these reporting obligations may subject a Ten Percent Shareholder to significant monetary penalties and may prevent the statute of limitations with respect to such Ten Percent Shareholder's U.S. federal income tax return for the year for which reporting was due from starting.

A non-U.S. corporation generally will be classified as a CFC for U.S. federal income tax purposes if Ten Percent Shareholders own, directly or indirectly, more than 50% of either the total combined voting power of all classes of stock of such corporation entitled to vote or of the total value of the stock of such corporation. A "Ten Percent Shareholder" is a United States person (as defined by the Internal Revenue Code of 1986, as amended, or, the Code) who owns (directly or indirectly) 10% or more of the total combined voting power of all classes of stock entitled to vote or 10% or more of the total value of all classes of stock of such corporation.

The determination of CFC status is complex and includes attribution rules, the application of which is not entirely certain. In addition, changes to the attribution rules relating to the determination of CFC status may make it difficult to determine our CFC status for any taxable year. Because our group includes at least one U.S. subsidiary (Compugen USA, Inc.), those changes to the attribution rules may cause any non-U.S. subsidiaries that we form or acquire in the future to be treated as controlled foreign corporations.

Each U.S. holder (as defined in Item 10. Additional Information – E. Taxation – Certain Material U.S. Federal Income Tax Considerations to U.S. Holders") should consult its own tax advisors with respect to the potential adverse U.S. tax consequences of becoming a Ten Percent Shareholder in a CFC. If we are classified as both a CFC and a PFIC (as defined above), we generally will not be treated as a PFIC with respect to those U.S. holders that meet the definition of a Ten Percent Shareholder during the period in which we are a CFC.

Shareholder activism can negatively affect our business.

In recent years, shareholder activists have become involved in numerous public companies. Shareholder activists could propose to involve themselves in the governance, strategic direction and operations of a company. We encountered such activism prior to our 2017 annual general shareholders' meeting, when we received a formal request from an individual private shareholder, holding approximately 1.3% of the Company's voting rights at that time, to add to the agenda of the meeting the proposed appointment of two new director candidates, both of whom were not recommended by management. This proposal was rejected by the shareholders at the meeting. Shareholder activism, including potential proxy contests, divert our management's and board of directors' attention and resources from our business, could give rise to perceived uncertainties as to our future direction and could result in the loss of potential business opportunities and make it more difficult to attract and retain qualified personnel for positions in both management and on the board level and to raise funds. If nominees advanced by activist shareholders are elected or appointed to our board of directors with a specific agenda, it may adversely affect our ability to effectively and timely implement our strategic plans or to realize long-term value from our assets. Also, we may be required to incur significant expenses including legal fees related to activist shareholder matters. Further, our share price could be subject to significant fluctuations or otherwise be adversely affected by the events, risks and uncertainties of any shareholder activism.

General Risks

Unfavorable global or domestic political or economic conditions could adversely affect our business, financial condition or results of operations.

The global economy continues to experience significant volatility, and the economic environment may continue to be, or become, less favorable than that of past years. Higher costs for goods and services, inflation, deflation, the imposition of tariffs or other measures that create barriers to or increase the costs associated with international trade, overall economic slowdown or recession and other economic factors in Israel, the U.S. or in any other markets in which we operate could adversely affect our operations and operating results. Among other matters, the continued risk of a debt default by one or more European countries, related financial restructuring efforts in Europe, and/or evolving deficit and spending reduction programs instituted by the U.S. and other governments could negatively impact the global economy and/or pharmaceutical industry.

In addition, recent political and civil actions in Israel which commenced in the beginning of 2023, resulting from, among other things, proposed changes to certain Israeli constitutional legislation, may have an adverse effect on the Israeli social, economic and political landscape and in turn, on us. However, it is difficult to predict at this time what the effect of such actions will be, if any. Furthermore, although to date we have not been directly impacted by the current military conflict between Russia and Ukraine, this conflict, or any expansion thereof, could disrupt or otherwise adversely impact our operations and those of third parties upon which we rely. Related sanctions, export controls or other actions have been or may in the future be initiated by nations including the United States, the European Union or Russia (e.g., potential cyberattacks, disruption of energy flows, etc.), which could adversely affect our business and/or our supply chain, our CROs, CMOs and other third parties with whom we conduct business. Any of the foregoing could harm our business and we cannot anticipate all of the ways in which the current economic climate and financial market conditions could adversely impact our business.

Environmental, social and governance matters may impact our business and reputation.

In addition to the importance of their financial performance, companies are being increasingly judged by their performance on a variety of environmental, social and governance, or ESG, matters, which are considered to contribute to the long-term sustainability of companies' performance.

A variety of organizations measure the performance of companies on such ESG topics, and the results of these assessments are widely publicized. In addition, investment in funds that specialize in companies that perform well in such assessments are increasingly popular, and major institutional investors have publicly emphasized the importance of such ESG measures to their investment decisions. Topics taken into account in such assessments include, among others, the company's efforts and impacts on climate change and human rights, ethics and compliance with the law, and the role of the company's board of directors in supervising various sustainability issues. In addition to the topics typically considered in such assessments, in the healthcare industry, issues of the public's ability to access a company's medicines are of particular importance.

In light of investors' increased focus on ESG matters, there can be no certainty that we will manage such issues successfully, or that we will successfully meet society's expectations as to our proper role. Our actual or perceived failure to meet investors, partners or employees' expectations on ESG matters could adversely affect our brand and reputation, our employees' engagement and reputation, and the willingness of our partners to do business with us.

Climate change, or legal or regulatory measures to address climate change, may negatively affect us.

Climate change resulting from increased concentrations of carbon dioxide and other greenhouse gases in the atmosphere could present risks to our operations. For example, we have operations in California, where serious drought has made water less available and more costly and has increased the risk of wildfires. Changes in climate patterns leading to extreme heat waves or unusual cold weather at some of our locations can lead to increased energy usage and costs, or otherwise adversely impact our facilities and operations and disrupt our supply chains and distribution systems. Concern over climate change can also result in new or additional legal or regulatory requirements designed to reduce greenhouse gas emissions or mitigate the effects of climate change on the environment. Any such new or additional legal or regulatory requirements may increase the costs associated with, or disrupt, sourcing, manufacturing and distribution of our products, which may adversely affect our business and financial results. In addition, any failure to adequately address stakeholder expectations with respect to ESG matters may result in the loss of business, adverse reputational impacts, diluted market valuations and challenges in attracting and retaining customers and talented employees. In addition, our adoption of certain standards or mandated compliance to certain requirements could necessitate additional investments that could impact our cash position and expected cash runway.

ITEM 4. INFORMATION ON THE COMPANY

A. HISTORY AND DEVELOPMENT OF THE COMPANY

History

Our legal and commercial name is Compugen Ltd. We were incorporated on February 10, 1993, as an Israeli corporation and operate under the Companies Law. Our principal offices are located at 26 Harokmim Street, Holon 5885849, Israel, and our telephone number is +972-3-765-8585. Our web address is *www.cgen.com*. Information contained on our website does not constitute a part of this Annual Report. The SEC maintains an internet site, http://www.sec.gov that contains reports, proxy and information statements, and other information regarding issuers that file electronically with the SEC. Neither such internet addresses are a part of this Annual Report.

Our agent for service of process in the United States is Compugen USA, Inc., our wholly owned U.S. subsidiary located at 225 Bush Street, Suite 348, San Francisco, CA 94104, which was incorporated in Delaware in March 1997 and is qualified to do business in California. This subsidiary did not have any significant operations from 2008 to March 2012.

Principal Capital Expenditures

In the years ended December 31, 2023, 2022 and 2021, our capital expenditures were $0.2 million, $0.4 million and $0.4 million, respectively. As of December 31, 2023, we had no significant commitments for capital expenditures.

B. BUSINESS OVERVIEW

Summary

We are a clinical-stage therapeutic discovery and development company utilizing our broadly applicable predictive computational discovery capabilities to identify novel drug targets and new biological pathways to develop therapeutics in the field of cancer immunotherapy. Our innovative immuno-oncology pipeline consists of three clinical stage programs, COM701, COM902 and rilvegostomig, targeting immune checkpoints we discovered computationally. Two programs that we are pursuing internally, COM701, a potential first-in-class anti-PVRIG antibody, and COM902, a potential best-in-class therapeutic anti-TIGIT antibody, are in Phase 1 clinical trials and have been evaluated for the treatment of solid tumors as a monotherapy and in combination of dual (PVRIG/PD-1, PVRIG/TIGIT) and triple (PVRIG/PD-1/TIGIT) blockade. Based on the data from the Phase 1 trials and as part of our focus on two specific tumor types for the further clinical evaluation of COM701 and COM902, we initiated in 2023 two clinical trials evaluating the triple combination treatment of COM701, COM902 and pembrolizumab, one in metastatic microsatellite stable colorectal cancer patients and one in platinum resistant ovarian cancer patients. We plan to report data from our metastatic microsatellite stable colorectal clinical trial in the first half of 2024 and from our platinum resistance ovarian cancer in the fourth quarter of 2024. Rilvegostomig, a novel anti PD-1/TIGIT bispecific antibody with a TIGIT-specific component that is derived from our COM902 antibody, is being developed by AstraZeneca pursuant to an exclusive license agreement between us and AstraZeneca and is being evaluated in multiple clinical trials, including in Phase 3 clinical trial in patients with biliary tract cancer who will be randomized to receive rilvegostomig or placebo with investigator choice chemotherapy as adjuvant treatment after resection with curative intent. Our therapeutic pipeline of early-stage immuno-oncology programs consists of programs aiming to address various mechanisms of immune resistance. Our most advanced early-stage program, COM503, is in IND enabling studies and was licensed to Gilead in December 2023. COM503 is a potential first-in-class high affinity antibody, which blocks the interaction between IL-18 binding protein and IL-18, thereby freeing natural IL-18 in the tumor microenvironment to inhibit cancer growth. Our business model is to selectively enter into collaborations for our novel targets and drug product candidates at various stages of research and development under various revenue-sharing arrangements. Integrating cutting edge computational capabilities with ground-breaking immuno-oncology research and drug development expertise is our differentiator and has enabled the advancement of drug targets from computer prediction through successful preclinical studies to the clinic and as a result, we believe that we are uniquely positioned to discover and develop potential new, first-in-class treatment options for cancer patients.

Our Strategy

We aim to transform patient lives by developing first-in-class therapeutics in the field of cancer immunotherapy based on our computational target discovery capabilities. Our pipeline strategy for the development of potentially first-in-class cancer immunotherapies is differentiated in the competitive landscape of immuno-oncology in the following manner:

- We integrate our cutting-edge computational capabilities with our ground-breaking immuno-oncology research and drug development expertise to discover novel drug targets and biological pathways with the potential to address the unmet need of patients non-responsive to current cancer immunotherapies

- We harness these capabilities to inform our drug development process; and

- We identify drug combinations and design biomarker strategy for potential future patient selection.

We believe this uniquely positions us in the discovery and the development of first-in-class drugs for cancer immunotherapy.

In our clinical therapeutic pipeline, our most advanced programs are:

- **COM701** is our internal lead immuno-oncology pipeline program. COM701 is a humanized antibody that binds with high affinity to PVRIG, a novel immune checkpoint target candidate discovered by us that blocks the interaction with its ligand, PVRL2. Our data suggests that the PVRIG pathway is parallel and complementary to TIGIT, an immune checkpoint discovered computationally by us in 2009. These two pathways intersect with DNAM-1, a costimulatory receptor on T cells and NK cells. The PD-1 pathway also intersects with DNAM-1. In certain tumors, and in certain patient populations, the simultaneous blockade of these pathways may be required to stimulate an antitumor immune response. Phase 1 trials for COM701 were initiated in September 2018.

- **COM902** is a high affinity, fully human antibody developed by us, targeting TIGIT, an immune checkpoint. COM902 blocks the interaction of TIGIT with PVR, its ligand. As part of the DNAM-1 axis signaling, in certain tumors, and in certain patient populations, the simultaneous blockade of TIGIT, PVRIG and PD-1 may be required to stimulate an antitumor immune response. Phase 1 trials for COM902 were initiated in March 2020.

- **Rilvegostomig** is a novel PD-1/TIGIT bispecific antibody with a TIGIT component that is derived from COM902 and is being developed by AstraZeneca pursuant to an exclusive license agreement with AstraZeneca. AstraZeneca initiated its Phase 3 ARTEMIDE-Bil01 trial as adjuvant therapy for biliary tract cancer after resection in combination with chemotherapy at the end of 2023 dosing its first patient in such trial in December 2023. In addition, AstraZeneca is also running several Phase 1 and 2 trials with rilvegostomig in additional indications.

In addition to our clinical therapeutic pipeline, bapotulimab, an antibody targeting ILDR2, a drug target discovered by us, which was licensed for further research and development to Bayer, under a research and discovery collaboration and license agreement, the RDCLA. Bapotulimab has been evaluated in Phase 1 clinical trials in naïve head and neck squamous cell carcinoma patients. As of February 27, 2023, the license granted to Bayer was terminated, and the rights previously licensed to Bayer reverted us, at which time, we also exercised our right to get a license to certain intellectual property rights developed by Bayer under such license agreement. We have the right to continue the development and commercialization of bapotulimab, should we choose to do so.

In our preclinical therapeutic pipeline, our most advanced program is:

- **COM503** is a potential first-in-class high affinity antibody, which blocks the interaction between IL-18 binding protein and IL-18, thereby freeing natural IL-18 in the tumor microenvironment to inhibit cancer growth. “interleukin-18 binding protein and interleukin-18 complex” is a potential dominant immunosuppressive mechanism which is used by tumors to escape the immune system. The inflammasome-induced pro-inflammatory cytokine, interleukin-18, is present at high levels in the tumor microenvironment, where it is expected to naturally activate anti-tumor effector cells, such as T and NK cells. But IL-18 is one of the rare cytokines that is naturally blocked by an endogenous high affinity inhibitor, called IL-18 binding protein.

Research Focus - Immuno-Oncology

Our research and development efforts focus on identifying novel drug targets and developing first-in-class therapeutics in the field of cancer immunotherapy.

Cancer immunotherapies represents a significant commercial market. Sales of therapies targeting immune checkpoints registered approximately $37.12 billion worldwide in 2022 and $43 billion in 2023 and are predicted to reach approximately $169 billion by 2032 with a registered CAGR of 16.4% during the forecast period 2023 to 2032, as reported by Precedence Research.

The immune system is naturally programmed to seek out and destroy abnormal cells. Cancer is believed to thrive, in part, because of a number of cellular mechanisms that aid in the evasion of immune response. Such mechanisms of immune system evasion include masking or reducing the expression of tumor antigens to avoid detection, recruiting T-cell suppressor cells or expressing inhibitory molecules that suppress immune activation, inducing conditions in the tumor microenvironment that promote tumor cell proliferation and survival, and a number of other factors. Immuno-oncology therapies that overcome immune suppression by stimulating responses directed to cancer cells are emerging as a powerful means of counteracting the cellular mechanisms that enable the growth and spread of tumors. Immuno-oncology agents are expanding as a potential path to durable and long-lasting responses in certain patients.

Our discovery strategy is focused on the discovery of new drug targets involved in mechanisms of immune resistance and which may consequently provide new cancer immunotherapies for enhancing anti-tumor immune responses in cancer patients.

While immunotherapy revolutionized the landscape for oncology treatments by providing a new treatment option leading to lasting benefits for some patients; the response rates to immunotherapy vary greatly across different cancer indications. However, a large proportion of patients do not respond to these therapies, averaging approximately between 15% to 30% overall, thereby leaving a significant unmet medical need for many patients that may be addressed by the discovery of new biological pathways that could serve for the development of new cancer immunotherapies.

Therapeutic Pipeline

- ***COM701 - a therapeutic antibody targeting PVRIG***

  Pathway expression and preclinical data

  COM701 is a potentially first-in-class humanized antibody that binds with high affinity to PVRIG, a novel immune checkpoint target candidate discovered by Compugen, blocking the interaction with its ligand, PVRL2. Blockade of PVRIG by COM701 has demonstrated potent, reproducible enhancement of T cell activation, consistent with the desired mechanism of action of activating T cells in the tumor microenvironment to generate anti-tumor immune responses. In addition, COM701 combined with anti-PD-1 antibodies has demonstrated synergistic effects in enhancing human T cell stimulation and inhibiting tumor growth in murine models, supporting the suggested intersection of the PVRIG and PD-1 inhibitory pathways and the potential of these combinations to further enhance immune response against tumors.

  PVRIG and TIGIT constitute parallel immune checkpoint pathways that interact with DNAM-1, a costimulatory molecule on T cells and NK cells. While PVRIG and TIGIT are complementary and part of the same biological axis, our research shows that they are in fact distinct. PVRIG and TIGIT bind to different ligands (PVRL2 and PVR, respectively), they are expressed on different immune cell types and their ligands have different expression patterns.

  Furthermore, our data show that, PVRIG is expressed in stem-like memory T cells (TSCM) and PVRL2 is expressed in both dendritic cells and tertiary lymphoid structures, as well as in PD-L1 low less inflamed tumors. TSCM cells, dendritic cells and tertiary lymphoid structures have all been shown to be important in clinical response to checkpoint inhibitors and this unique expression pattern might enable PVRIG blockade to be active in patients with less inflamed tumors. In addition, expression studies showed that PVRIG, TIGIT, and their respective ligands, are expressed in a broad variety of tumor types, such as breast endometrial and ovarian. These two pathways intersect with DNAM-1, a costimulatory receptor on T cells and NK cells. The PD-1 pathway also intersects with DNAM-1. In certain tumors, and in certain patient populations, the simultaneous blockade of these pathways may be required to stimulate an antitumor immune response. COM701 is in a Phase 1 clinical trial in patients with advanced solid tumors, to evaluate in combination therapy with PD-1 inhibitor + TIGIT inhibitor.

Clinical Development - Bristol Myers Squibb Collaboration

In October 2018, we entered into a master clinical trial collaboration agreement, or the MCTC, with Bristol Myers Squibb to evaluate the safety and tolerability of COM701 in combination with Bristol Myers Squibb's PD-1 immune checkpoint inhibitor Opdivo® (nivolumab). In February 2020, the MCTC was amended to include a Phase 1/2 clinical trial, sponsored by Compugen, to evaluate the safety, tolerability and antitumor activity of COM701 in combination with Opdivo® (nivolumab), and Bristol Myers Squibb's investigational antibody targeting TIGIT known as BMS-986207, in patients with advanced solid tumors. In February 2021, the MCTC was further amended to include an expansion of the Phase 1 combination trial designed to evaluate the dual combination of COM701 and Opdivo® in patients with advanced solid tumors and in November 2021 the MCTC was amended again to, among other things, establish a joint steering committee (alongside the existing joint development committee which acts at an operational level) to facilitate strategic oversight and guidance for the programs run under the collaboration.

On August 3, 2022, in efforts to adapt to challenging market conditions, we took a strategic decision to focus on prioritized indications and to wind down our broad Phase 1 cohort expansion program and therefore entered into a letter agreement with Bristol Myers Squibb pursuant to which the MCTC between the parties was terminated as of such date. In connection with such termination, the parties agreed to use reasonable efforts to wind down activities under the CTCA with respect to the dual combination study of COM701 with Opdivo® and the triple combination study of COM701 with Opdivo® and Bristol Myers Squibb's investigational anti-TIGIT antibody BMS- 986207 and to create a sub-team of the parties to oversee such wind-down activities. See "Business Strategy and Partnerships - Bristol Myers Squibb Collaboration" below. Until the conclusion of the wind down of the combination studies with Bristol Myers Squibb, Bristol Myers Squibb continues to supply at no cost Opdivo® and its investigational antibody targeting TIGIT known as BMS-986207 for the triple combination trial. As of January 1, 2024, we had two patients receiving study treatment on the triplet study of COM701 with Opdivo® BMS- 986207.

COM701 Clinical Programs

In September 2018, we dosed our first patient in the Phase 1 clinical trial of COM701.

Phase 1 Arm A of the trial evaluated the safety and tolerability and preliminary antitumor activity of COM701 monotherapy. We completed the enrollment to both the dose escalation and expansion cohorts.

The patient population enrolled in the dose escalation was all comers and included patients who have failed prior therapies including other checkpoint inhibitors and have no other available approved therapies.

Phase 1 Arm B of the trial evaluated the safety and tolerability and preliminary antitumor activity of COM701 in combination with a PD-1 inhibitor (nivolumab). A patient population with similar eligibility criteria as enrolled for the dose escalation cohorts in Arm A was enrolled for this part of the trial and enrollment was completed during 2020.

In June 2021, we announced that the first patient in the combination expansion cohort of this Phase 1 Arm B clinical has been dosed. The indications for the combination therapy expansion cohort, ovarian, breast, endometrial and colorectal cancers were selected based on preclinical biomarker assessments and based on emerging clinical data from the dose-escalation cohorts of the trial.

Following the completion of enrollment of few cohorts in the study and data disclosure from completed cohorts, we are currently winding down this study and do not plan to further enroll additional patients.

Data disclosed from this arm in 2022:

In November 2022, at the 37th Annual Meeting of the Society for Immunotherapy of Cancer (SITC), we presented preliminary data in a poster titled "PVRIG, a novel T cell checkpoint, is preferentially expressed in TLS on stem-like memory T cells, potentially inhibiting their expansion". Key findings from the poster included:

- COM701 in combination with nivolumab induced preliminary anti-tumor activity and TME immune-modulation in patients with MSS-CRC typically not responsive to approved checkpoint inhibitors
- PVRIG has a unique dominant expression on early differentiated T like stem cells (Tscm) and its ligand, PVRL2, is expressed on dendritic cells (DCs)
- Spatial transcriptomic analysis showed that Tscm and DCs preferentially localize to Tertiary Lymphoid Structures (TLS) regions while exhausted T cells localize to the tumor
- PVRIG is dominantly expressed on CD8+ T cells in TLS region
- PVRIG blockade may enhance Tscm activation by DCs in lymph-nodes and TLS, a mechanism which potentially could lead to increased T cell expansion and infiltration into cold tumors

In November 2022, at the 37th Annual Meeting of the Society for Immunotherapy of Cancer (SITC), we presented preliminary data in a poster titled "COM701 plus nivolumab demonstrates preliminary antitumor activity and immune modulation of tumor microenvironment in patients with metastatic MSS-CRC and liver metastases". Key findings from the poster, with a data cut-off date of June 17, 2022, included:

- COM701+ nivolumab combination is well tolerated with a favorable safety profile
- ORR 2/22 (9%) higher than ORR (1-2%) reported for standard of care - regorafenib or TAS-102
- Encouraging preliminary antitumor activity in the subset of MSS-CRC patients with liver metastases, ORR 2/17 (12%), compared to 0% ORR historically for other immunotherapies in a U.S. patient population
- Translational data demonstrated potent TME immune activation, in the majority of patients based on 13 paired biopsies, most notable in responders and consistent with COM701 mechanism of action. Such modulation is not typical of checkpoint inhibitors in cold indications

In December 2022, at the European Society of Medical Oncology Immuno-Oncology (ESMO-IO), we presented preliminary data from poster "COM701 in combination with nivolumab demonstrates preliminary antitumor activity in patients with platinum resistant epithelial ovarian cancer". Key findings from the poster, with a data cut-off date of November 23, 2022, included:

- In 20 patients who had exhausted all standard therapies, with a median number of 6 prior therapies, the dual combination demonstrated:
  - Encouraging overall response rate of 10%, with 2 partial responses and 1 ongoing at the data cut-off date
  - Disease control rate of 45% (2 confirmed partial responses, 7 stable disease)
  - Translational assessment of peripheral blood, showed a pharmacodynamic activation of the immune system
  - One patient with a partial response supported by increased infiltration of CD8 cells into the tumor microenvironment, had high grade serous adenocarcinoma, 7 prior lines of treatment including best response of progressive disease on the combination of nivolumab and lucitanib (an investigational agent)
  - Most frequent treatment related adverse events grade 1/2, no grade 4/5 adverse events
- 65% of the patients had high-grade serous adenocarcinoma, including the two responders

In December 2022, at the European Society of Medical Oncology Immuno-Oncology (ESMO-IO), we presented preliminary data from poster "COM701 ± Nivolumab – preliminary results of antitumor activity from a phase 1 trial in patients with metastatic NSCLC who have received prior PD-1/PD-L1 inhibitor". Key findings from the poster, with a data cut-off date of November 23, 2022, showed that COM701 ± nivolumab demonstrates preliminary encouraging signal of antitumor activity in a heavily pretreated population of patients with NSCLC with prior ICI treatment. Most of the patients 4/7 [57%] received ≥2 prior lines of immune checkpoint inhibitors, all 4 patients with SD, with 2/4 [50%] with SD ≥6 months median overall survival (median of 4 prior lines of therapy including multiple ICI in 57% of patients): COM701 + nivolumab (10 months), COM701 monotherapy (9.5 months). Historical data with LungMAP2: post ICI NSCLC data - 1 prior line of ICI in metastatic setting, median overall survival 14.5 months (80% CI: 13.9 to 16.1) for ramucirumab + pembrolizumab vs standard of care of 11.6 months (80% CI 9.9 to 13.0).

Data disclosed from this arm in 2023:

In November 2023, at the Annual Meeting of the Society for Immunotherapy of Cancer (SITC) we presented data from poster: "The combination of COM701 + nivolumab demonstrates preliminary antitumor activity in patients with metastatic breast cancer." Key findings from the poster, with a data cut-off date of September 5, 2023, included:

- Metastatic breast cancer adds to previous indications in which COM701 combinations show clinical benefit in tumors typically not responding to immunotherapy
- Presentation of new data from the metastatic breast cancer cohort expansion study of patients treated with COM701 and nivolumab, another indication showing clinical benefit in patients typically not responding to immunotherapy with initial data showing that baseline PVRL2 levels are higher in patients with clinical benefit supporting the findings in platinum resistant ovarian cancer patients (see below finding in platinum resistant ovarian cancer patients)

Phase 1/2 trial was designed to evaluate the safety, tolerability and antitumor activity of COM701 in combination with Opdivo® and BMS-986207. The trial was designed to evaluate a safe and tolerable dose of the combination during dose escalation and antitumor activity in selected tumor types in the expansion cohorts (ovarian cancer, endometrial cancer, head and neck and a biomarker-driven arm of tumor types with high expression of PVRL2). Dose levels for Opdivo® and BMS-986207 combinations have already been determined through prior testing by Bristol Myers Squibb, allowing for dose escalation of COM701 with fixed doses of Opdivo® and BMS-986207.

In July 2021 we dosed the first patient in this trial. Following the completion of enrollment of the ovarian cohort in the study and its respective data disclosure we are currently winding down this study and do not plan to further enroll additional patients.

Data disclosed from this trial in 2022:

In December 2022, at the European Society of Medical Oncology Immuno-Oncology (ESMO-IO), we presented data from poster: "Triple blockade of the DNAM-axis with COM701 + BMS-986207 + nivolumab demonstrates preliminary antitumor activity in patients with platinum resistant OVCA." Key findings from the poster, with a data cut-off date of November 23, 2022, included:

- In 20 patients who had exhausted all standard therapies, with a median number of 4 prior therapies, the triple combination demonstrated:
  - Encouraging overall response rate of 20%, with 4 confirmed partial responses, out of which 3 are responding for at least 9 months. All 4 responders are still on study treatment at the data cut-off date, therefore median duration of response has not been reached
  - Disease control rate of 45% (4 confirmed partial responses, 5 stable disease)
- Low pre-treatment PD-L1 expression in 2 of the responders (CPS <1 and 3), analysis of the other responders is still ongoing
  - Translational assessment of peripheral blood, including profiling of cytokines and circulating immune cells, showed a pharmacodynamic activation of the immune system
  - Most frequent treatment related adverse events grade 1/2, no grade 4/5 treatment related adverse events

55% of the patients had high-grade serous adenocarcinoma, including three of the responders

Data disclosed from this arm in 2023:

In June 2023, at the American Society of Clinical Oncology (ASCO) Annual Meeting we presented data from poster: "Preliminary antitumor activity of the combination of COM701 + BMS-986207 + nivolumab in patients with recurrent, metastatic MSS endometrial cancer." Key findings from the poster, with a data cut-off date of April 10, 2023, included:

- COM701 in combination with nivolumab and BMS-986207 (anti-TIGIT) resulted in encouraging confirmed durable partial responses (overall response rate 22% (2/9) and disease control rate 44%) with a favorable safety profile
- Partial response reported in a patient on study treatment for almost 7 months who was previously refractory to standard of care lenvatinib and pembrolizumab
- Greater peripheral immune activation seen in patients experiencing clinical benefit
- Data further support potential of COM701 in hard-to-treat tumors including those refractory to immune checkpoint inhibitors

In November 2023, at the Annual Meeting of the Society for Immunotherapy of Cancer (SITC) we presented several posters. Key findings from the posters, included:

- COM701 + nivolumab + BMS-986207 (anti-TIGIT) resulted in clinically meaningful durable partial responses > 16 months in platinum resistant ovarian cancer patients
- COM701 dual and triple combinations mediated clinical benefit in platinum resistant ovarian cancer patients, independent of baseline inflammatory status and was associated with an increase in T cell infiltration to the tumor
- PVRL2, the PVRIG ligand, identified as potential predictive biomarker to help enrich for patients who may derive benefit from COM701 combinations for certain indications

Phase 1 Combination of COM902 with COM701 – For details please see information below under the header "COM902 - a therapeutic antibody targeting TIGIT*".*

- ***COM902 - a therapeutic antibody targeting TIGIT***

Pathway expression and preclinical data

COM902, a high affinity, fully human and a potentially best-in-class antibody targeting TIGIT, an immune checkpoint is developed by us. COM902 was shown to have superior binding affinity to T cells with similar and or greater in vitro function compared to several clinical anti-TIGIT antibodies. COM902 is a mouse-cross reactive Ab and inhibited tumor growth and increased survival when combined with anti-PVRIG or anti-PD-L1 antibodies in in-vivo studies. Preclinical data demonstrated that TIGIT inhibition, either alone or in combination with other checkpoint inhibitors, can enhance T cell activation and increase anti-tumor immune responses. In preclinical studies, parallel inhibition of TIGIT and PVRIG, two coinhibitory arms of the DNAM-1 axis, resulted in synergistic effects on effector T cell function and tumor growth inhibition in various model systems that can be further increased with the addition of PD-1 blockade. Based on preclinical data these combinations may be clinically important for enhancing anti-tumor immune response and expanding the patient population responsive to checkpoint inhibition.

We discovered TIGIT in 2009 with our immune checkpoint computational discovery capabilities through which PVRIG was also discovered. The TIGIT discovery was published by us in October 2009 in the Proceedings of the National Academy of Sciences (PNAS).

Expression studies show that PVRIG and TIGIT, and their respective ligands, are expressed in a broad variety of tumor types, such as breast, endometrial, ovarian, lung, kidney, and head & neck cancers. These results indicate that within the same tumor indications there are variations with respect to the possible dominance of the two pathways, and that in patient populations where the two pathways are operative, the blockade of both TIGIT and PVRIG may be required to sufficiently stimulate an anti-tumor immune response.

Clinical Development

In March 2020, we dosed our first patient in the Phase 1 clinical trial of COM902.

COM902 Clinical Programs

Phase 1 Monotherapy trial evaluated the safety and tolerability of COM902 in patients with advanced malignancies through sequential dose escalations. The patient population enrolled to the dose escalation cohort is all comers and included patients who have failed prior therapies including other checkpoint inhibitors and have no other available approved therapies.

We completed the monotherapy dose escalation trial, and enrolled patients to the expansion cohort.

Phase 1 Combination of COM902 with COM701 was designed to assess the safety, tolerability and preliminary antitumor activity of COM902 in combination with COM701 in patients with advanced malignancies during dose escalation and in selected tumor types in the expansion cohorts (colorectal cancer, non-small cell lung cancer and head and neck). Enrollment to these cohorts was terminated in conjunction with the winding down of the studies under collaboration with Bristol Myers Squibb and the decision to focus on two tumor types for further studies. We amended the study protocol to include patients with metastatic CRC (MSS) and platinum resistant ovarian cancer. These patients with MSS-CRC and platinum resistant ovarian cancer receive study treatment with COM902 + COM701 + pembrolizumab.

Phase 1 Combination of COM902 with COM701 and Pembrolizumab small proof-of-concept trials were designed to evaluate this triplet combination in patients with microsatellite stable colorectal cancer and platinum resistant ovarian cancer. In March 2023 we announced the dosing of the first patient in themicrosatellite stable colorectal cancer cohort in this Phase 1 triple immunotherapy combination proof-of-concept trial and in November 2023 we announced the enrollment completion of all patients in such cohort (n=20). In June 2023 we announced the dosing of the first patient in platinum resistant ovarian cancer cohort in this trial.

- ***Rilvegostomig - a therapeutic PD-1/TIGIT bi-specific antibody with a TIGIT component that is derived from our COM902***

  Rilvegostomig is a novel PD-1/TIGIT bi-specific antibody with a TIGIT component that is derived from our COM902 being developed by AstraZeneca pursuant to an exclusive license between us and AstraZeneca.

  In March 2018, we entered into an exclusive license agreement with AstraZeneca, pursuant to which, we granted to AstraZeneca an exclusive license to use our monospecific antibodies that bind to TIGIT, including COM902, for the development of bi-specific and multi-specific antibody products, excluding such bi-specific and multi-specific antibodies that also bind to PVRIG, PVRL2 and/or TIGIT.

  Rilvegostomig is currently being evaluated by AstraZeneca in a Phase 3 ARTEMIDE-Bil01 trial as adjuvant therapy for biliary tract cancer after resection in combination with chemotherapy with the first patient dosed in December 2023. In addition, AstraZeneca is also running several Phase 1 and 2 trials with rilvegostomig in additional indications.

- ***Bapotulimab (formerly known as BAY1905254) – a therapeutic antibody targeting CGEN-15001T/ILDR2***

  Bapotulimab (formerly known as BAY1905254, an antibody to ILDR2 (formerly CGEN-15001T), a novel immune checkpoint target discovered by Compugen, was developed with Bayer pursuant to a research and discovery collaboration and license agreement signed in August 2013. See “Business Strategy and Partnerships - Bayer Collaboration” below. Studies testing the immune function of ILDR2 demonstrated inhibitory effects on T cells consistent with it being an immune checkpoint ligand. ILDR2 appears to have a unique mechanism of action relative to other immune checkpoints currently being targeted in clinical testing. ILDR2 is expressed in lymph nodes, suggesting that bapotulimab exerts its effects on immune cell priming rather than on directly enhancing immune cell killing effects in the tumor microenvironment.

In April 2018, Bayer disclosed bapotulimab a human/monkey/mouse cross-reactive antibody blocking the immunosuppressive activity of ILDR2. Bapotulimab has exhibited anti-tumor activity as a monotherapy in various mouse models and was also shown to have additive anti-tumor effects in combination with other cancer therapy approaches, indicating the possibility for multiple combination uses in cancer immunotherapy.

Under the collaboration agreement, bapotulimab was previously evaluated by Bayer in a Phase 1 expansion trial in combination with Keytruda, in head and neck cancer that has returned or is discovered to be metastatic and is expressing PDL1 to evaluate the combination treatment.

On November 29, 2022, Bayer notified us that it has resolved to terminate, effective as of February 27, 2023, our 2013 research and development collaboration and license agreement.

In accordance with the terms of said agreement, we obtained from Bayer such rights necessary to allow us to continue the development and commercialization of bapotulimab, should we choose to do so.

Biomarker Driven Strategy

We recognize that one of the major limitations of current immunotherapy approaches is the lack of tools to help predict patient responses. Through the use of informed biomarker driven strategies, based on the new biological pathways we discover, we aim to identify biomarkers that can help us predict which patients are most likely to respond to our novel therapies. This long-term approach also seeks to improve the probability of success of our clinical studies.

We are using three approaches in our biomarker strategy. We are computationally analyzing omics data to identify tumor indications in which the pathway of our target is elevated. This analysis is thereafter being validated experimentally, and the validated data is used for indication selection for our clinical trials. We used this approach for COM701 to select the tumor types for inclusion in our cohort expansion studies. Such antitumor activity further supports our biomarker-informed approach and predictive discovery capabilities.

The second part of our biomarker strategy is the identification of potential biomarkers for future patient selection. In this approach, being used for our COM701 program as a stand-alone and in combination, we are using various cutting-edge technologies and methodologies on both biopsies, liquid biopsies, and blood samples. The different technologies include immunohistochemistry, transcriptomic, genomic and proteomic analysis. Data generated by these technologies also inform us on the suggested mechanism of action of COM701. In the immunohistochemistry analysis, we are currently evaluating the correlation between the expression of PDL-1 and the PVRIG pathway with clinical response.

Thirdly, we have a pharmacodynamic biomarker approach where we measure immune modulation induced by COM701 and combinations in peripheral and tumor patient samples obtained before and during treatment. In this analysis we measure both protein and sequence analytics, such as cytokine analysis, immune phenotyping, proteomic changes, transcriptomics analysis, and TCR clonality. This again serves for the identification of potential biomarkers and also inform us on the suggested mechanism of action of COM701.

At SITC 2023, we presented new translational data and initial biomarker data from platinum resistant ovarian cancer studies evaluating COM701 + nivolumab ± BMS anti-TIGIT and in a small breast cancer cohort treated with COM701 +/- nivolumab, both supporting a COM701 mediated clinical benefit and initial data to suggest PVRL2 as a potential biomarker for patients who may derive benefit from COM701 combinations.

Early-Stage Pipeline

Immuno-oncology represents a paradigm shift in the treatment of cancer, and biological drugs blocking immune checkpoint targets have already resulted in long-term patient survival in certain cancer types. Despite their potential, current checkpoint inhibitors are limited to a few targets and are only effective in certain patients and in certain cancers. We believe that the identification of new drug targets and new biological pathways has the potential to broaden the reach of cancer immunotherapies to more types of cancers and many more patients.

Our early-stage programs were discovered using our discovery capabilities and consists of drug targets with the potential to address various mechanisms of immune resistance and consequently may provide new cancer immunotherapies for patients non-responsive to current cancer therapies.

Our most advanced early-stage program, COM503, was licensed to Gilead in December 2023 and is currently being advanced by us towards IND clearance, which we expect to take place in 2024.

Our Predictive Computational Discovery Approach

Our target discovery is a predictive, proprietary computational process that we initiate based on a clinical need. The unmet clinical need and the therapeutic strategy dictate the target discovery approach, the appropriate tools and most relevant data to be employed. We have developed predictive drug target discovery capabilities that leverage the power of computational modeling, guided by our scientific expertise and extensive public and proprietary datasets, to identify novel drug targets and new biological pathways towards the development of new cancer immunotherapy treatments. Our multi-omics data analysis is designed to identify first-in-class drug target candidates, which are generally difficult to identify using traditional experimental approaches. We believe that our cutting-edge computational capabilities integrated with our ground-breaking immuno-oncology research and drug development expertise is a key differentiator from others employing computational discovery approaches.

Our broadly applicable predictive drug target discovery capabilities employ a suite of cloud-based computational solutions and purpose-built algorithms to sort through both public and proprietary datasets encompassing genomics, single cell and spatial transcriptomics, proteomics and machine learning based analysis of IHC images. From these massive datasets, our platforms analyze characteristics, such as gene structure, protein domains, predicted cellular localization, expression pattern, as well as other characteristics to identify potential druggable targets and predict their biological functions. Over the past decade, we have continued to refine our analysis by incorporating new public and in-house experimental data.

We have demonstrated the applicability of our discovery approach in computationally identifying multiple in-silico targets, including PVRIG, TIGIT and ILDR2, the first two now serve as the targets for therapeutic antibodies currently being evaluated in the clinic by us and others. The antibodies designed to block these targets have all been evaluated in Phase 1 clinical trials by us (COM701 and COM902) or by our partners (bapotulimab and rilvegostomig). In addition, more recently we have identified IL-18BP as a dominant tumor-associated-macrophages immune resistance mechanism and based on this biological understanding, developed COM503, a potential first-in-class antibody that is licensed to Gilead in accordance with our license agreement dated December 18, 2023, and is currently being advanced by us towards IND clearance.

Business Strategy and Partnerships

Our business strategy includes entering into various forms of revenue-sharing collaborations with pharmaceutical or biotechnology partners for our novel drug targets and product candidates at various stages of research and development. Such collaborations or other types of partnering arrangements might include one or more of our therapeutic pipeline programs. Through these collaborations we seek to create, further develop and commercialize our therapeutic product candidates. Additionally, our discovery capabilities designed to feed our internal pipeline may allow for future research and discovery collaborations aimed at harnessing our capabilities towards a potential partner's pipeline needs. Potential revenue sources in line with this business strategy could include upfront fees, research funding, in-kind funding, milestones payments, license fees, royalties and other revenue sharing payments. We may also seek co-development arrangements pursuant to which we would further advance partnered programs under any such partnership in order to potentially retain a higher share of proceeds from future collaborations.

Gilead License

On December 18, 2023, we entered into the License Agreement, pursuant to which we granted Gilead an exclusive license under our preclinical antibody program against IL-18 binding protein and all intellectual property rights subsisting therein, to use, research, develop, manufacture and commercialize products, including COM503, and additional products that may be so developed by Gilead, together with COM503, referred to herein as the Licensed Products.

Pursuant to the License Agreement, Gilead paid us a $60 million upfront license payment and we are also eligible to receive from Gilead $30 million in the form of a milestone payment upon clearance of the IND application for COM503. We are also eligible to receive up to approximately $758 million in additional milestone payments upon the achievement of certain development, regulatory and commercial milestones. We are further eligible to receive single-digit to low double-digit tiered royalties on worldwide net sales of Licensed Products. We are required to make certain upstream payments to certain service providers with respect to the Licensed Products.

We will be responsible for conducting a Phase 1 clinical trial for COM503, including handling the regulatory matters in connection therewith, and will bear the costs of such trial (including the COM503 drug supply), with Gilead providing at no cost an anti-PD-1/PD-L1 antibody for such trial. In certain circumstances, Gilead may assume the role of conducting the Phase 1 clinical trial.

Upon completion of the Phase 1 clinical trial for COM503, we will initiate the transfer of development activities related to COM503 to Gilead, following which, Gilead will have sole responsibility to develop and commercialize the Licensed Products.

During the term of the License Agreement, we are prohibited from researching, developing, making and commercializing any compounds, molecules, products or treatment methods that are directed to IL-18 or any companion diagnostics for an IL-18 product.

Unless terminated early by a party pursuant to its terms, the License Agreement will continue in effect on a Licensed Product-by-Licensed Product and country-by-country basis until the expiration of the last royalty term in such country.

Gilead withheld at source 15% from the upfront payment amount paid to us in January 2024, and is expected to continue to withhold at source all taxes required by law from all payments payable to us under the License Agreement.

The License Agreement contains customary representations, warranties, covenants, and terms governing the prosecution and enforcement of certain intellectual property and issues related to technology transfer, manufacturing transfer, provisions with respect to establishment of joint steering committee and its governance covenants with respect change of control and others.

AstraZeneca License

In March 2018, we entered into an exclusive license agreement with AstraZeneca, to enable the development of bi-specific and multi-specific immuno-oncology antibody products.

Under the terms of the license agreement, we granted an exclusive license to AstraZeneca to use our monospecific antibodies that bind to TIGIT, including COM902, for the development of bi-specific and multi-specific antibody products, excluding such bi-specific and multi-specific antibodies that also bind to PVRIG, PVRL2 and/or TIGIT. AstraZeneca has the right to create multiple products under this license and will be solely responsible for all research, development and commercial activities under the agreement. In connection with such license agreement, AstraZeneca developed rilvegostomig, a novel PD-/TIGIT bi-specific antibody with a TIGIT component that is derived from our COM902 and entered the clinic in September 2021 and initiated Phase 3 with first patient dosing in Phase 3 in December 2023.

We received a $10 million upfront payment and are eligible to receive up to $200 million in development, regulatory and commercial milestones for the first product as well as tiered royalties on future product sales, out of which we accrued $2 million in 2020 as a preclinical milestone, $6 million in 2021 as a clinical milestone (triggered by the dosing of the first patient in a Phase 1/2 trial evaluating rilvegostomig), additional $7.5 million in 2022 as a clinical milestone (triggered by the dosing of the first patient in its ARTEMIDE Phase 2 trial evaluating rilvegostomig) and an additional $10 million in 2023 as a clinical milestone (triggered by the dosing of the first patient in its ARTEMIDE-Bil01 Phase 3 trial evaluating rilvegostomig). If additional products are developed, additional milestones and royalties would be due to us for each product. We retained all other rights to our entire pipeline of programs as monotherapies and in combination with other products.

Subject to termination rights for material breach, bankruptcy or by us for patent challenge by AstraZeneca, the term of the license agreement continues until the expiration of the last Royalty Term in the Territory, each as defined in the license agreement. In addition, AstraZeneca may terminate the agreement for convenience upon prior written notice.

Bayer Collaboration

On August 5, 2013, we entered into a collaboration with Bayer, or the Bayer Collaboration, for the research, development, and commercialization of antibody-based therapeutics against two novel Compugen-discovered immune checkpoint regulators, CGEN 15001T/ILDR2 and CGEN 15022.

Under the terms of the Bayer Collaboration, we received an upfront payment of $10 million, and, following the return of the CGEN 15022 program to us, we were eligible to receive an aggregate of over $250 million in potential milestone payments for bapotulimab (formerly known as BAY1905254) (an antibody against CGEN 15001T/ILDR2), not including aggregate milestone payments of approximately $23 million received to date. Additionally, we were eligible to receive mid-to-high single digit royalties on global net sales of any approved products under the collaboration.

In 2014, we achieved the first and second preclinical milestones and in 2015 we achieved the third preclinical milestone with respect to bapotulimab. Pursuant to the terms of the Bayer Collaboration, this program was transferred to Bayer's full control for further preclinical and clinical development activities, and worldwide commercialization under milestone and royalty bearing licenses from us. In September 2018, the program achieved the fourth milestone, following the dosing of the first patient in the Phase 1 clinical trial of bapotulimab.

On November 29, 2022, Bayer notified us that it has resolved to terminate, effective as of February 27, 2023, our 2013 research and development collaboration and license agreement.

In accordance with the terms of said agreement, we obtained from Bayer such rights necessary to allow us to continue the development and commercialization of bapotulimab, should we choose to do so.

Bristol Myers Squibb Collaboration

On October 10, 2018, we entered into the MCTC with Bristol Myers Squibb to evaluate the safety and tolerability of COM701 in combination with Bristol Myers Squibb's PD-1 immune checkpoint inhibitor Opdivo® (nivolumab), in patients with advanced solid tumors.

The collaboration was also designed to address potential future combinations, including trials to investigate combined inhibition of checkpoint mechanisms. The parties agreed that Bristol Myers Squibb and Compugen will each supply the other company with its own compound for the other party's study, and otherwise each party will be responsible for all costs associated with the study that it is conducting. Any combination trial performed under this agreement is referred to as a Combined Therapy Study.

Pursuant to the terms of MCTC, as amended from time to time, we conducted triple combination clinical trials to evaluate the safety, tolerability and antitumor activity of COM701 in combination with Opdivo® (nivolumab), and Bristol Myers Squibb's investigational antibody targeting TIGIT known as BMS-986207, in patients with advanced solid tumors, and dual combination clinical trials to evaluate the dual combination of COM701 and Opdivo® in patients with advanced solid tumors. In all these clinical trials we were responsible for and sponsored all the clinical trials and Bristol Myers Squibb provided us with Opdivo® and BMS-986207 at no cost to us.

The MCTC provided Bristol Myers Squibb a right to negotiate a license for commercialization and further provided Bristol Myers Squibb with certain exclusivity rights.

In conjunction with the signing of the MCTC in October 2018, Bristol Myers Squibb made a $12 million investment in us and in conjunction with the signing one of the amendments to the MCTC in November 2021, Bristol Myers Squibb made additional $20 million investment in us. In both investments, the share price paid by Bristol Myers Squibb represented a 33% premium over the closing price of our ordinary shares on the last trading day immediately prior to the execution of the applicable securities purchase agreement. In these two investments, we issued to Bristol Myers Squibb 4,757,058 ordinary shares aggregately.

On August 3, 2022, in an effort to adapt to challenging market conditions, we took a strategic decision to focus on prioritized indications and to wind down our broad Phase 1 cohort expansion program and therefore entered into a letter agreement with Bristol Myers Squibb pursuant to which the MCTC between the parties was terminated as of such date and all ongoing clinical trials at the time of the termination entered into a winding down process. Please see "Item 5. Operating and Financial Review and Prospects Finance - B. Liquidity and Capital Resources."

Competition

The biotechnology and pharmaceutical industries are highly competitive and characterized by the rapid evolution of new technologies and the adoption of new therapies. Additionally, the oncology therapeutic space, and in particular the immuno-oncology or cancer immunotherapy subsector, represents the therapeutic area with what we believe to be one of the highest industry focus and investment. In addition, in recent years, computational approaches and systems are being integrated into multiple life science aspects, including the formation of new companies focusing on computational drug target discovery. Our competitors include biotechnology and pharmaceutical companies both small and large, the research and discovery groups within pharmaceutical companies, computational discovery and development companies, academic and research institutions, newly founded companies and governmental and other publicly funded agencies.

Any product candidates that we successfully develop will compete with currently approved therapies and new therapies that may become available in the future. We face, and expect to continue to face, ongoing competition from entities that discover novel targets and develop novel products, and that have therapeutic product candidates or products that address the same drug targets or act by similar, or possibly identical, mechanism of action (MOA) as well as by different mechanisms but address the same drug target or patient population or unmet clinical need. Our potential competitors are also comprised of companies that discover and develop monoclonal antibody therapies and/or therapeutic proteins to novel targets, and/or other modalities, including cell therapies for oncology diseases. Specifically, in the field of immune checkpoints for cancer immunotherapy, there are several leading pharmaceutical and biotechnology companies as well as smaller biotechnology companies and academic institutions that are developing cancer immunotherapies to enhance immune response towards tumors, some of which may be based on the same targets we pursue. For example, there are a significant number of anti-TIGIT antibodies that are currently in advanced Phase 3 clinical studies, such as tiragolumab by Roche, vibostolumab by Merck, rilvegostomig by AstraZeneca, ociperlimab by Beigene, domvanalimab by Gilead/Arcus, and others at earlier clinical stages of development. There are a number of anti-PVRIG antibodies in Phase 1 clinical development, for example, GSK4381562 (formerly SRF813) by GSK, SHR-2002, a PVRIG/TIGIT bi specific by Hengrui, SIM-0348, a PVRIG/TIGIT bi specific by Simcere Pharmaceutical, PM-1009, a PVRIG/TIGIT bi specific by Biotheus and NM1F by Hefei TG ImmunoPharma. In the IL-18 pathway field, Simcha therapeutics is leading with its ST-067, a mutated IL-18 fusion protein at Ph 1/2. There are three IL-18 related CAR-T therapies CMN-008 by Co-Immune, huCART19-IL18 by Univ of Pennsylvania and EU-307 by Eutilex that have entered Phase 1 studies. BrightPeak Therapeutics, Sonnet Biotherapeutics, and Xencor are examples of companies who are developing recombinant IL-18 and are in the preclinical phase or IND enabling stages. Antibodies for IL-18BP are also being developed in Lassen Therapeutics (LASN-500) in the discovery stage.If advanced or approved, such cancer immunotherapy products would compete with our product candidates for commercialization or approved products in the respective fields. If in development stage, such cancer immunotherapy products would compete with our product candidates for entering into strategic partnerships with pharmaceutical and biotechnology companies which form the basis of our business model.

Our discovery program depends, in large part, on our computational discovery capabilities in integration with our immune-oncology experimental capabilities and drug development capabilities as well as our proprietary data to make inventions and establish intellectual property rights in our drug target candidates and product candidates. There are additional companies exploring computational approaches and systems for drug target discovery and number of other means by which such inventions and intellectual property can be generated. We believe that our computational capabilities, and specifically our IO predictive computational discovery capabilities, provide us with a competitive advantage in predicting new protein functions and linking proteins to specific mechanisms and diseases, and as a result, predicting new immune-oncology drug targets. We believe that this advantage is made possible by building an integrated immune-oncology platform for predictive discovery based on the integration of scientific understanding and predictive models as well as our unique team of multidisciplinary research scientists, who have vast experience in computational discovery, including developing and handling advance data science approaches, and who over time discovered three drug targets that entered clinical studies and have generated peer reviewed publications in scientific journals.

Many of our potential competitors, either alone or with their collaborative partners, have substantially greater financial, technical and human resources than we do and significantly greater experience in computational approaches and the discovery, development and manufacturing of therapeutics, obtaining FDA and other regulatory approvals, and commercialization of products. Accordingly, our competitors may be more successful than we may be in identifying new drug targets and product candidates, protecting them with patent applications, developing them, accelerating their development process, obtaining FDA and other regulatory approvals and achieving widespread market acceptance. We anticipate that we will face intense and increasing competition as advanced technologies or new therapy modalities become available.

Intellectual Property Rights

Our intellectual property assets are our principal assets. These assets include the intellectual property rights subsisting in our proprietary know-how and trade secrets underlying our predictive biology capabilities and discovery capabilities, our patents and patent applications, particularly with respect to our discovered proteins, therapeutic and diagnostic product candidates. We seek to vigorously protect our rights and interests in our intellectual property. We expect that our commercial success will depend on, among other things, our ability to obtain commercially valuable patents, especially for our therapeutic and diagnostic product candidates, maintain the confidentiality of our proprietary know-how and trade secrets, and otherwise protect our intellectual property. We design our patent strategy to fit the business competitive landscape and continual legislative changes. In addition, we periodically analyze and examine our patent portfolio to align it with our pipeline strategy and business needs. We seek patent protection for certain promising inventions that relate to our therapeutic and diagnostic product candidates. As of February 1, 2024, we had a total of 61 issued and allowed patents, of which 17 are U.S. patents, 8 are European patents and additional 36 patents in other territories. Our issued and allowed patents expire between 2028 and 2038. As of February 1, 2024, we had over 138 pending patent applications that have been filed in the United States, Europe and in other territories as well as pending patent applications that have been filed under the Patent Cooperation Treaty for which we have not yet designated the countries of filing. The patents issued in the U.S. and Europe for COM701 and COM902 were issued between 2017 and 2023 and should expire no earlier than 2036. These patents include issued claims directed to, among others, the composition of these product candidates and/or methods of using the same to treat cancer by activating T cells and/or NK cells, and/or combinations of our product candidates with other checkpoint inhibitors. Our general policy is to continue patent filings and maintenance for our therapeutic and diagnostic product candidates, only with respect to candidates or programs that are being actively pursued internally or with partners, or that we believe to have future commercial value. We routinely abandon patent applications and may choose to abandon maintenance of patents supporting candidates or programs that do not meet these criteria.

We also seek protection for our proprietary know-how and trade secrets that are not protectable or protected by patents, by way of safeguarding them against unauthorized disclosure. This is done through the extensive use of confidentiality agreements and assignment agreements with our employees, consultants and third parties as well as by technological means. We use license agreements both to access third-party technologies and to grant licenses to third parties to exploit our intellectual property rights.

In October 2020, two parties, one being GSK (following an assignment), filed oppositions in the European Patent Office, or EPO, requesting revocation of our granted European patent relating to anti-PVRIG antibodies, that expires in 2036. Following different proceedings, on July 11, 2023, in an oral proceedings hearing, the opposition division of the European Patent Office ruled in favor of maintaining the broad claims in the patent as granted to us. The opponents can still appeal this decision. In January 2023, another opposition was filed by GSK, requesting revocation of our granted European patent relating to method of screening for inhibitors of the binding association of PVRIG polypeptide with PVRL2 and we already responded to this opposition. In May 2023, two other oppositions were filed by GSK and another party requesting revocation of our granted European patent relating to anti PVRIG antibodies competing with COM701, and we already provided our response.

Manufacturing

We currently rely on contract manufacturers or our collaborative partners to produce and control materials, drug substances and drug products required for the research and development activities. We do not currently own or operate manufacturing facilities for the production of clinical or commercial quantities of our therapeutic drug candidates. We do not have, and we do not currently plan to acquire or develop the facilities or capabilities to manufacture bulk drug substance or filled drug product for use in human clinical trials. We rely on CMOs, advisors and third-party contractors to generate formulations and produce small scale and larger scale amounts of GLP, cGMP clinical and commercial drug substance and the drug product required for our clinical trials for the foreseeable future. We also contract with CMOs and third-party contractors for the labeling, packaging, storage and distribution of investigational drug products.

We entered into agreements with certain CMOs for the manufacturing and respective analytics of COM701, COM902 and COM503. Our manufacturing strategy is currently structured to support the current clinical development of COM701 and COM902 and to support the current preclinical development and future clinical development of COM503. Although we believe the general manufacturing strategy developed for the United States will be applicable in other geographies, specific strategies for other geographies will be developed as part of our clinical and commercial plans for such other geographies. See “Item 3. Key Information - D. Risk Factors - Risks Related to Our Dependence on Third Parties - We rely and expect to continue to rely completely on third parties to manufacture and supply our preclinical and clinical drug supplies. Our business could be harmed if those third parties fail to provide us with sufficient quantities of drug product or fail to do so at acceptable quality and quantity levels, prices or timelines.”

Government Regulation

Regulation of Therapeutic Product Candidates

In the United States, the FDA regulates pharmaceutical and biologic products under the Federal Food, Drug, and Cosmetic Act, or FDCA, the Public Health Service Act, other statutes and regulations and implementing regulations. We anticipate that our product candidates will be regulated as biologics. The process of obtaining regulatory approvals and the subsequent compliance with applicable federal, state and local statutes and regulations require the expenditure of substantial time and financial resources. Failure to comply with the applicable United States requirements at any time during the product development process, approval process or after approval, may subject an applicant to administrative or judicial sanctions. The process required by the FDA before a biologic may be marketed in the United States generally involves the following:

- completion of preclinical laboratory tests and animal studies in compliance with the FDA's GLP or other applicable regulations;
- submission to the FDA of an IND, which must become effective before human clinical trials may begin;
- performance of adequate and well-controlled human clinical trials in accordance with GCPs to establish the safety and efficacy of the product for its intended use;
- submission of annual reports to regulatory authorities;
- submission to the FDA of a biologics license application, or BLA;
- satisfactory completion of an FDA inspection of the manufacturing facility or facilities at which the drug or biologic is produced to assess compliance with current Good Manufacturing Practice, or cGMP, to assure that the facilities, methods and controls are adequate to preserve the product's identity, strength, quality and purity; and
- FDA review and approval of the BLA.

Once a pharmaceutical candidate is identified for development it enters the preclinical testing stage. Preclinical tests include laboratory evaluations of product chemistry, toxicity and formulation, as well as animal studies. An IND sponsor must submit the results of the preclinical tests, together with manufacturing information and analytical data, among other information, to the FDA as part of the IND. The sponsor will also include a clinical protocol detailing, among other things, the objectives of the first phase of the clinical trial, the parameters to be used in monitoring safety, and the effectiveness criteria to be evaluated, if the first phase lends itself to an efficacy evaluation. The IND automatically becomes effective 30 days after receipt by the FDA, unless the FDA, within the 30-day time period, places the clinical trial on a clinical hold. In such a case, the IND sponsor and the FDA must resolve any outstanding concerns before the clinical trial can begin. Clinical holds also may be imposed by the FDA at any time before or during a clinical trial due to, among other things, safety concerns or non-compliance with applicable requirements.

All clinical trials must be conducted under the supervision of one or more qualified investigators in accordance with GCPs. An IRB at each institution participating in the clinical trial must review and approve the study plan for any clinical trial before it commences at that institution. An IRB considers, among other things, whether the risks to individuals participating in the trials are minimized and are reasonable in relation to anticipated benefits. The IRB also reviews the information regarding the trial, participant recruiting materials and the informed consent form that must be provided to each trial subject or his or her legal representative before participating in the trial. In addition, the IRB will monitor the trial until completed.

Each new clinical protocol must be submitted to the FDA, and to the IRBs. Protocols detail, among other things, the objectives of the study, dosing procedures, subject selection and exclusion criteria, and the parameters to be used to monitor subject safety and determine efficacy.

Human clinical trials are typically conducted in three sequential phases that may overlap or be combined:

- *Phase 1:* The product candidate is initially introduced into healthy human subjects and tested for safety, dosage tolerance, absorption, metabolism, distribution and excretion. In the case of some products, usually for severe or life-threatening diseases, especially when the product may be too inherently toxic to ethically administer to healthy volunteers, the initial human testing may be conducted in patients.

- *Phase 2:* Involves studies in a limited patient population to identify possible adverse effects and safety risks, to preliminarily evaluate the efficacy of the product for specific targeted diseases and to determine dosage tolerance and optimal dosage.

- *Phase 3:* Involves studies undertaken to further evaluate dosage, clinical efficacy and safety in an expanded patient population at geographically dispersed clinical trial sites. These studies are intended to establish the overall risk-benefit ratio of the product and provide an adequate basis for product labeling and approval.

Progress reports detailing the results of the clinical trials must be submitted at least annually to the FDA and safety reports for serious and unexpected adverse events must be submitted to the FDA and the investigators more frequently. The FDA or the sponsor may suspend or terminate a clinical trial at any time on various grounds, including a finding that the research subjects or patients are being exposed to an unacceptable health risk. Similarly, an IRB can suspend or terminate approval of a clinical trial at its institution if the clinical trial is not being conducted in accordance with the applicable regulations or IRB requirements or if the drug has been associated with unexpected serious harm to patients.

Concurrent with clinical trials, companies usually complete additional nonclinical studies and must also finalize a process for manufacturing the product in commercial quantities in accordance with cGMP requirements. The manufacturing process must be capable of consistently producing quality batches of the product within required specifications and, among other things, the manufacturer must develop methods for testing the identity, strength, quality and purity of the product. Additionally, appropriate packaging must be selected and tested, and stability studies must be conducted to demonstrate that the product does not undergo unacceptable deterioration over its shelf life.

United States Review and Approval Processes

The results of product development, nonclinical studies and clinical trials, along with descriptions of the manufacturing process, analytical tests, proposed labeling, and other relevant information are submitted to the FDA as part of a BLA requesting approval to market the product for one or more indications. The FDA initially reviews all BLAs submitted to ensure that they are sufficiently complete for substantive review before it accepts them for filing. The FDA may request additional information rather than accept a BLA for filing. Once the submission is accepted for filing, the FDA begins an in-depth substantive review. The FDA may refer the BLA to an advisory committee for review, evaluation and recommendation as to whether the application should be approved and under what conditions. The FDA is not bound by the recommendation of an advisory committee.

The review process is lengthy, and the FDA may issue a complete response letter rather than approve a BLA if the applicable regulatory criteria are not satisfied or may require the submission of additional clinical or other data and information. Even if such data and information are submitted, the FDA may ultimately decide that the BLA does not satisfy the criteria for approval.

If a product receives regulatory approval, the approval will be limited to specific diseases and dosages or the approved indications for use may otherwise be limited, which could restrict the commercial value of the product. In addition, the FDA may require a company to conduct post-approval testing and clinical trials, to further assess a product's safety and effectiveness after BLA approval and may require testing and surveillance programs to monitor the safety of approved products which have been commercialized including Risk Evaluation and Mitigation Strategy (REMS) programs to ensure that the benefits of a product outweigh its risks.

Post-approval Requirements

Approved biologics are subject to extensive and continuing regulation by the FDA, including, among other things, cGMP compliance, record-keeping requirements, reporting of adverse experiences, providing the FDA with updated safety and efficacy information, and complying with FDA promotion and advertising requirements. After an approval is granted, the FDA may withdraw the approval if compliance with regulatory requirements is not maintained or if serious problems occur after the product reaches the market. Biologics may be promoted for use only for the approved indication or indications and in accordance with the provisions of the approved label. The FDA and other federal and state agencies actively enforce the laws and regulations prohibiting the promotion of off-label uses, and a company that is found to have improperly promoted off-label uses may be subject to criminal and civil penalties. However, physicians may, in their independent medical judgment, prescribe legally available products for off-label uses. The FDA does not regulate the behavior of physicians in their choice of treatments, but the FDA does restrict manufacturer's communications on the subject of off-label use of their products.

Other Healthcare Laws

Our current and future business operations, including, among other things, our clinical research activities and our business and financial arrangements and relationships with healthcare providers, physicians and other parties through which we may market, sell and distribute our products, once approved, may be subject to extensive U.S. federal, U.S. state and foreign healthcare fraud and abuse, transparency, and data privacy and security laws. For example, U.S. federal civil and criminal laws and regulations prohibit, among other things: knowingly and willfully soliciting, receiving, offering or providing remuneration, directly or indirectly, to induce or reward either the referral of an individual, or the furnishing, recommending or arranging for a good or service, for which payment may be made under a federal healthcare program, such as the Medicare and Medicaid programs; knowingly presenting or causing to be presented, a false or fraudulent claim for payment by a federal healthcare program; and knowingly and willfully executing, or attempting to execute, a scheme to defraud any healthcare benefit program (including a private payor), or knowingly and willfully falsifying, concealing or covering up a material fact or making any materially false statement in connection with the delivery of, or payment for, healthcare benefits, items or services. Many U.S. states and foreign countries have analogous prohibitions that may be broader in scope and apply regardless of payor. In addition, we may be subject to U.S. federal, U.S. state and foreign laws that require us to report information related to certain payments and other transfers of value to certain health care professionals, as well as ownership and investment interests in our company held by those health care professionals and their immediate family members, and data security and privacy laws that restrict our practices with respect to the use and storage of certain data.

Efforts to ensure that our current and future business arrangements with third parties comply with applicable healthcare laws and regulations may involve substantial costs. If we are found to be in violation of any of these laws, we could be subject to significant civil, criminal and administrative penalties, including damages, fines, disgorgement, imprisonment, exclusion from participation in government healthcare programs, additional integrity oversight and reporting obligations, contractual damages, reputational harm and the curtailment or restructuring of our operations.

Healthcare Policy and Reform

Our ability to commercialize our future therapeutic product candidates successfully, alone or with collaborators, will depend in part on the extent to which coverage and reimbursement for these product candidates will be available from government health programs, such as Medicare and Medicaid in the United States, private health insurers and other third-party payors. At present, significant changes in healthcare policy, in particular the continuing efforts of the U.S. and other governments, insurance companies, managed care organizations and other payors to contain or reduce health care costs are being discussed, considered and proposed. Drug prices in particular are under significant scrutiny and continue to be subject to intense political and societal pressures, which we anticipate will continue and escalate on a global basis.

For example, in the United States, there have been several initiatives implemented to achieve these aims. The Patient Protection and Affordable Care Act, as amended by the Health Care and Education Affordability Reconciliation Act, collectively, the ACA, substantially changed the way healthcare is financed by both governmental and private insurers and significantly affects the pharmaceutical industry. With regard to biopharmaceutical products, the ACA has, among other things, expanded and increased industry rebates for products covered under Medicaid programs and changed the coverage requirements under the Medicare Part D program. There have been congressional, judicial, and executive branch challenges to the ACA, which has resulted in delays in the implementation of, and action taken to repeal or replace, certain aspects of the ACA. For example, on June 17, 2021, the U.S. Supreme Court dismissed a challenge on procedural grounds that argued the Affordable Care Act is unconstitutional in its entirety because the "individual mandate" was repealed by Congress. In addition, there have been a number of health reform initiatives by the Biden administration that have impacted the ACA. On August 16, 2022, President Biden signed the Inflation Reduction Act of 2022, or the IRA, into law, which among other things, extends enhanced subsidies for individuals purchasing health insurance coverage in ACA marketplaces through plan year 2025. The IRA also eliminates the "donut hole" under the Medicare Part D program beginning in 2025 by significantly lowering the beneficiary maximum out-of-pocket cost through a newly established manufacturer discount program. It is possible that the ACA will be subject to judicial or congressional challenges in the future. It is unclear how other such challenges and any additional healthcare reform measures of the Biden administration will impact the ACA and the pharmaceutical industry.

In addition, other legislative changes have been proposed and adopted since the ACA was enacted. The Budget Control Act of 2011, triggered automatic reduction to several government programs, including reductions to Medicare payments to providers, which went into effect in April 2013 and will remain in effect until 2032, unless additional congressional action is taken.

Additionally, there has been increasing legislative and enforcement interest in the United States with respect to drug pricing practices. Specifically, there have been several recent U.S. congressional inquiries, presidential executive orders and legislation designed to, among other things, bring more transparency to drug pricing, reduce the cost of prescription drugs under Medicare, review the relationship between pricing and manufacturer patient programs and reform government program reimbursement methodologies for drugs. For example, in July 2021, the Biden administration released an executive order, "Promoting Competition in the American Economy," with multiple provisions aimed at prescription drugs. In response to Biden's executive order, on September 9, 2021, HHS released a Comprehensive Plan for Addressing High Drug Prices that outlines principles for drug pricing reform and sets out a variety of potential legislative policies that Congress could pursue to advance these principles. In addition, the IRA, among other things, (i) directs the Secretary of HHS to negotiate the price of certain high-expenditure, single-source drugs and biologics covered under Medicare Part B and Medicare Part D, and subjects drug manufacturers to civil monetary penalties and a potential excise tax by offering a price that is not equal to or less than the negotiated "maximum fair price" under the law, and (ii) imposes rebates under Medicare Part B and Medicare Part D to penalize price increases that outpace inflation. The IRA permits HHS to implement many of these provisions through guidance, as opposed to regulation, for the initial years. These provisions take effect progressively starting in fiscal year 2023. On August 29, 2023, HHS announced the list of the first ten drugs that will be subject to price negotiations, although the Medicare drug price negotiation program is currently subject to legal challenges. It is currently unclear how the IRA will be implemented but is likely to have a significant impact on the pharmaceutical industry.

We cannot predict what healthcare reform initiatives may be adopted in the future. However, we anticipate that Congress, state legislatures, and third-party payors may continue to review and assess alternative healthcare delivery and payment systems and may in the future propose and adopt legislation or policy changes or implementations effecting additional fundamental changes in the healthcare delivery system. We also expect ongoing legislative and regulatory initiatives to increase pressure on drug pricing.

Coverage and Reimbursement

Market acceptance of products is dependent on the extent to which coverage and reimbursement is available from third-party payors. Significant uncertainty exists as to the coverage and reimbursement status of any products for which we may obtain regulatory approval. Coverage decisions may not favor new products when more established or lower cost therapeutic alternatives are already available. Even if we obtain coverage for a given product, the associated reimbursement rate may not be adequate to cover our costs, including research, development, intellectual property, manufacture, sale and distribution expenses, or may require co-payments that patients find unacceptably high. Coverage and reimbursement policies for products can differ significantly from payor to payor as there is no uniform policy of coverage and reimbursement for products among third party payors in the United States. Additionally, we, or our collaborators, may develop companion diagnostic tests for use with our product candidates, once approved. We, or our collaborators, will be required to obtain coverage and reimbursement for these tests separate and apart from the coverage and reimbursement we seek for our product candidates, once approved.

Non-U.S. Regulations

In addition to regulations in the United States, biologics are subject to a variety of foreign laws and regulations governing clinical trials and commercial sales and distribution before they may be sold outside the United States. Whether or not we obtain FDA approval for a product, we must obtain the necessary approvals from comparable regulatory authorities of foreign countries before we can commence clinical trials or marketing of the product in those countries. The approval process varies from country to country and the time may be longer or shorter than that required for FDA approval. In some countries, we will also have to get pricing approval.

Environmental Regulation

Some of our research and development activities involve the controlled use of biologic and chemical materials, a small amount of which could be considered to be hazardous. We are subject to laws and regulations in the U.S., European Union and Israel governing the use, storage, handling and disposal of all these materials and resulting waste products. We store relatively small amounts of biologic and chemical materials. To our knowledge, we substantially comply with these laws and regulations. However, the risk of accidental contamination or injury from these materials cannot be entirely eliminated. In the event of an accident, we could be held liable for any resulting damages, and any liability could exceed our resources.

Regulation of Use of Human Tissue

We need to access and use various human or non-human tissue samples for the purpose of research, development and or validation of some of our product candidates. Our access and use of these samples are subject to government regulation, in the United States, Israel and elsewhere and may become subject to further regulation. The use of clinical data associated with human tissue samples is also heavily regulated in the United States, Israel and elsewhere. United States and other governmental agencies may also impose restrictions on the use of data derived from human or other tissue samples.

Regulations Concerning the Use of Animals in Research

We also are subject to various laws and regulations regarding laboratory practices and the use of animals in our research. In the United States, the FDA regulations describe good laboratory practices, or GLPs, for various types of nonclinical laboratory studies that support or are intended to support applications for research or marketing permits for products regulated by the FDA, including INDs. Nonclinical animal studies conducted by us or third parties on our behalf may be subject to the U.S. Animal Welfare Act, the U.S. Public Health Service Policy on Humane Animal Care and Use, U.S. Department of Agriculture regulations for certain animal species or applicable laws and regulations of other countries where we or third parties on our behalf conduct these studies. In Israel, the Council on Animal Experimentation has regulatory and enforcement powers, including the ability to suspend, change or withdraw approvals, among other powers. To our knowledge, we and the third-party service providers we work with, as applicable, substantially comply with these regulatory requirements.

Regulation of Products Developed with the Support of Research and Development Grants

For a discussion of regulations governing products developed with research and development grants from the Government of Israel, see "Item 5. Operating and Financial Review and Prospects - C. - Research and Development, Patents and Licenses - The Israel Innovation Authority."

C. ORGANIZATIONAL STRUCTURE

We were incorporated under the laws of the State of Israel on February 10, 1993, as Compugen Ltd., which is both our legal and commercial name. Compugen USA, Inc., our wholly owned subsidiary, was incorporated in Delaware in March 1997 and is qualified to do business in California.

D. PROPERTY, PLANTS AND EQUIPMENT

In December 2015, we moved to new facilities in Holon, Israel where we leased an aggregate of approximately 35,250 square feet of office, biology laboratory facilities and warehouse. Following the exercise of our first option, we lease 30,140 square feet under that lease that expires on March 14, 2026 (with an option to extend the lease for additional five-year period). In addition, Compugen USA, Inc. currently leases approximately 400 square feet of office space in San Francisco, California, under a lease that expires on October 31, 2025.

To our knowledge, there are no environmental issues that affect our use of the properties that we lease.

ITEM 4A. UNRESOLVED STAFF COMMENTS

None

ITEM 5. OPERATING AND FINANCIAL REVIEW AND PROSPECTS

The following discussion of our operating and financial review and prospects should be read in conjunction with our consolidated financial statements and related notes, prepared in accordance with U.S. GAAP as of December 31, 2023, and with any other financial data included elsewhere in this Annual Report.

Background

We are a clinical-stage therapeutic discovery and development company utilizing our broadly applicable predictive computational discovery capabilities to identify novel drug targets and new biological pathways to develop therapeutics in the field of cancer immunotherapy. Our innovative immuno-oncology pipeline consists of three clinical stage programs, COM701, COM902 and rilvegostomig, targeting immune checkpoints we discovered computationally. Two programs that we are pursuing internally, COM701, a potential first-in-class anti-PVRIG antibody, and COM902, a potential best-in-class therapeutic anti-TIGIT antibody, are in Phase 1 clinical trials and have been evaluated for the treatment of solid tumors as a monotherapy and in combination of dual (PVRIG/PD-1, PVRIG/TIGIT) and triple (PVRIG/PD-1/TIGIT) blockade. Based on the data from the Phase 1 trials and as part of our focus on two specific tumor types for the further clinical evaluation of COM701 and COM902, we initiated in 2023 two clinical trials evaluating the triple combination treatment of COM701, COM902 and pembrolizumab, one in metastatic microsatellite stable colorectal cancer patients and one in platinum resistant ovarian cancer patients. Rilvegostomig, a novel anti PD-1/TIGIT bispecific antibody with a TIGIT-specific component that is derived from our COM902 antibody, is being developed by AstraZeneca pursuant to an exclusive license agreement between us and AstraZeneca and is being evaluated in multiple clinical trials, including in Phase 3 clinical trial in patients with biliary tract cancer who will be randomized to receive rilvegostomig or placebo with investigator choice chemotherapy as adjuvant treatment after resection with curative intent. Our therapeutic pipeline of early-stage immuno-oncology programs consists of programs aiming to address various mechanisms of immune resistance. Our most advanced early-stage program, COM503, is in IND enabling studies and was licensed to Gilead in December 2023. COM503 is a potential first-in-class high affinity antibody, which blocks the interaction between IL-18 binding protein and IL-18, thereby freeing natural IL-18 in the tumor microenvironment to inhibit cancer growth. Our business model is to selectively enter into collaborations for our novel targets and drug product candidates at various stages of research and development under various revenue-sharing arrangements. Integrating cutting edge computational capabilities with ground-breaking immuno-oncology research and drug development expertise is our differentiator and has enabled the advancement of drug targets from computer prediction through successful preclinical studies to the clinic and as a result, we believe that we are uniquely positioned to discover and develop potential new, first-in-class treatment options for cancer patients.

A. OPERATING RESULTS

Overview

Since our inception, we have incurred significant losses and, as of December 31, 2023, we had an accumulated deficit of $474.5 million. We expect to continue to incur net losses for the foreseeable future.

While our predictive computational discovery capabilities have potentially broad applicability and is not limited to a certain indication or therapeutic field, we focus our predictive computational discovery efforts on the discovery of novel drug targets and new biological pathways towards the development of new therapeutic antibodies for cancer, a significant unmet medical need for cancer patients. We have discovered new targets through computational prediction with three different product candidates currently being clinically evaluated, supporting the power and validity of our computational capabilities.

We are currently pursuing clinical development of COM701 and COM902 independently and have two partnerships in place, one with AstraZeneca, who is developing rilvegostomig, a novel anti PD-1/TIGIT bispecific antibody with a TIGIT-specific component that is derived from our COM902 antibody and is in Phase 3 clinical trials, and the second, with Gilead, pursuant to the License Agreement for our preclinical COM503 program, which is expected to receive IND clearance in 2024.

We incurred net losses of approximately $34.2 million in 2021, approximately $33.7 million in 2022 and approximately $18.8 million in 2023. We expect to continue to incur net losses for the foreseeable future due in part to the costs and expenses associated with our research, discovery and development activities. While we currently have two collaborations, our business model primarily involves establishing collaborations for our novel targets and therapeutic product candidates at various stages of research and development providing us with potential milestone payments and royalties on product sales or other forms of revenue sharing payments.

Our research and development expenses are expected to continue to be our major operating expense in 2024, expected to account for approximately 80% of our expected total 2024 operating expenses. Our research and development expenditures have always comprised a significant portion of our total cash expenditures, and they are expected to remain in 2024 at a similar level compared to 2023.

We believe that we have sufficient cash and cash equivalents, short-term bank deposits and investment in marketable securities in order to sustain our operations into 2027, based on our current plans and our expectation that we will receive IND clearance for COM503 in the second half of 2024, resulting in the receipt from Gilead of the respective milestone payment without considering the possible receipt of any additional funds, such as proceeds from existing or additional licensing and/or collaborative agreements, or from financings. However, if our plans change, our cash balances may only be sufficient for a shorter period of time. For a detailed description of our cash and cash equivalents position, see "Item 5. Operating and Financial Review and Prospects - B. Liquidity and Capital Resources."

Years Ended December 31, 2023 and 2022

Revenues. Revenues for the year ended December 31, 2023, were approximately $33.5 million, compared with $7.5 million in the comparable period of 2022. The revenues for 2023 include the portion of the upfront payment from the license agreement with Gilead allocated to the license and the clinical milestone from the license agreement with AstraZeneca in the amount of $10 million, while the revenues for 2022 reflect the previous clinical milestones from the license agreement with AstraZeneca.

Cost of Revenues. During the year ended December 31, 2023, the Company had approximately $2.0 million in cost of revenues compared with approximately $1.0 million cost of revenues in the comparable period of 2022. Cost of revenues for the years ended December 31, 2023 and 2022, represent milestone and royalty payments in connection with our revenues.

Research and Development Expenses. Research and development expenses during 2023 increased by 12% and totaled approximately $34.5 million compared with approximately $30.6 million in the comparable period of 2022. The increase is mainly due to lower amortization of the deferred participation in R&D expenses following the termination of the agreement with Bristol Myers Squibb offset by decrease in headcount related expenses. Research and development expenses, as a percentage of total operating expenses, were 78% in 2023 compared to 73% in 2022.

Marketing and Business Development Expenses. Marketing and business development expenses decreased by 74% and totaled in approximately $0.2 million in 2023 compared with approximately $0.9 million in the comparable period of 2022. The decrease is mainly due to headcount reduction. Marketing and business development expenses, as a percentage of total operating expenses, were 1% in 2023 compared to 2% in 2022.

General and Administrative Expenses. General and administrative expenses during 2023 decreased by 6% and totaled approximately $9.7 million in 2023 compared with approximately $10.3 million in the comparable period of 2022. The decrease during 2023 was attributed mostly to decrease in D&O insurance premium costs and in non-cash stock option related expenses. General and administrative expenses, as a percentage of total operating expenses, were 22% in 2023 compared to 25% in 2022.

Financial and Other Income, Net. Financial and other income increased by 85% to approximately $3.2 million in 2023 up from approximately $1.7 million in the comparable period of 2022. The increase is attributed mainly to increased interest income due to higher interest rates in the market offset by a lower level of cash and deposits balances.

Taxes on Income. Taxes on income were approximately $9.0 in 2023 compared with $0.1 million in 2022. The taxes on income in 2022 represent state income taxes of our U.S. subsidiary, and in 2023, taxes withheld by Gilead on the upfront payment, offset by a negligible U.S. state income tax benefit.

Years Ended December 31, 2022 and 2021

Revenues. Revenues for the year ended December 31, 2022, were $7.5 million, compared with $6.0 million in the comparable period of 2021. The revenues for 2022 and 2021 reflect clinical milestones from the license agreement with AstraZeneca.

Cost of Revenues. During the year ended December 31, 2022, the Company had approximately $1.0 million in cost of revenues compared with approximately $0.7 million cost of revenues in the comparable period of 2021. Cost of revenues for the years ended December 31, 2022 and 2021, represent milestone and royalty payments in connection with our revenues.

Research and Development Expenses. Research and development expenses during 2022 increased by 7% and totaled approximately $30.6 million compared with approximately $28.7 million in the comparable period of 2021. The increase is mainly due to higher expenses associated with our preclinical and CMC activities, offset by higher Bristol Myers Squibb participation in R&D expenses. Research and development expenses, as a percentage of total operating expenses, were 73% in 2022 compared to 71% in 2021.

Marketing and Business Development Expenses. Marketing and business development expenses increased by 11% and totaled approximately $0.9 million in 2022 compared with approximately $0.8 million in the comparable period of 2021. Marketing and business development expenses, as a percentage of total operating expenses, were 2% in 2022 and 2021.

General and Administrative Expenses. General and administrative expenses during 2022 decreased by 5% and totaled approximately $10.3 million in 2022 compared with approximately $10.9 million in the comparable period of 2021. The decrease during 2022 was attributed mostly to decrease in D&O insurance premium costs (that effected our industry) and in non-cash stock option related expenses. General and administrative expenses, as a percentage of total operating expenses, were 25% in 2022 compared to 27% in 2021.

Financial and Other Income, Net. Financial and other income increased to approximately $1.7 million in 2022 from approximately $0.9 million in the comparable period of 2021. The increase is attributed mainly to increased interest income due to higher interest rates in the market offset by lower level of cash and deposits balances.

Taxes on Income. Taxes on income were approximately $0.1 million in 2022. The taxes on income represent state income taxes of our U.S. subsidiary.

Governmental Policies that Materially Affected or Could Materially Affect Our Operations

Our income tax obligations consist of those of Compugen Ltd. in Israel and of Compugen USA, Inc. in its taxing jurisdictions.

The corporate tax rate in Israel was 23% in 2023, 2022 and 2021.

In the future, if and when we generate taxable income, our effective tax rate may be influenced by, among others: (a) the split of taxable income between the various tax jurisdictions; (b) the availability of tax loss carry forwards and the extent to which valuation allowance has been recorded against deferred tax assets; (c) the portion of our income which is entitled to tax benefits pursuant to the Investment Law; (d) the changes in the exchange rate of the dollar to the NIS and (e) the Company's election to submit its tax returns for 2014 and onwards on a dollar basis, which may not be accepted by the Israeli Tax Authority. We may benefit from certain government programs and tax legislation, particularly as a result of the Benefiting Enterprise status that resulted from our eligibility for tax benefits under the Investment Law. To be eligible for these benefits, we need to meet certain conditions. Should we fail to meet such conditions, these benefits could be cancelled, and we might be required to refund the amount of the benefits previously received, if any, in whole or in part, together with interest and linkage differences to the Israeli CPI, or other monetary penalty. We also benefit from a Government of Israel program under which we received grants from the IIA. For more information, please see "Item 5 Operating and Financial Review and Prospects - C. Research and Development, Patents and Licenses - The Israel Innovation Authority." There can be no assurance that these programs and tax legislation will continue in the future or that the available benefits will not be reduced.

The termination or curtailment of these programs or the loss or reduction of benefits under the Investment Law could have a material adverse effect on our business, financial condition and results of operations.

Currently we have one Benefiting Enterprise program under the Investment Law. The tax benefits period with respect to this program has not yet begun as we have not yet generated any taxable income. These benefits should result in income recognized by us being tax exempt or taxed at a lower rate for a specified period of time after we begin to report taxable income and exhaust any net operating loss carry-forward. However, these benefits may not be applied to reduce the U.S. federal tax rate for any income that our U.S. subsidiary may generate.

In April 2005, substantive amendments to the Investment Law came into effect. Under these amendments, eligible investment programs of the type in which we participated prior to the amendment were eligible to qualify for substantially similar benefits as a 'Benefiting Enterprise', subject to meeting certain criteria. This replaced the previous terminology of 'Approved Enterprise', which required pre-approval from the Investment Center of the Ministry of the Economy of the State of Israel. As a result of these amendments, tax-exempt income generated from Benefiting Enterprises under the provisions of the amended law will, if distributed upon liquidation or if paid to a shareholder for the purchase of his or her shares, be deemed distributed as a dividend and will subject the Company to the applicable corporate tax that would otherwise have been payable on such income. Therefore, a company may be required to record deferred tax liability with respect to such tax-exempt income, which would have an adverse effect on its results of operations.

Additional amendments to the Investment Law became effective in January 2011, or the 2011 Amendment. Under the 2011 Amendment, income derived by 'Preferred Companies' from 'Preferred Enterprises' (both as defined in the 2011 Amendment) would be subject to a uniform rate of corporate tax for an unlimited period as opposed to the incentives prior to the 2011 Amendment that were limited to income from Approved or Benefiting Enterprises during their benefits period. According to the 2011 Amendment, the uniform tax rate on such income, referred to as 'Preferred Income', would be 10% in areas in Israel that are designated as Development Zone A and 15% elsewhere in Israel during 2011-2012, 7% and 12.5%, respectively, in 2013, and 9% and 16%, respectively, thereafter. Income derived by a Preferred Company from a 'Special Preferred Enterprise' (as defined in the Investment Law) would enjoy further reduced tax rates for a period of ten years of 5% in Development Zone A and 8% elsewhere. As of January 1, 2014, dividends distributed from Preferred Income would subject the recipient to a 20% tax (or lower, if so provided under an applicable tax treaty, subject to the receipt in advance of a valid tax certificate from the Israel Tax Authority allowing for a reduced tax rate), which would generally be withheld by the distributing company, provided however that dividends distributed from 'Preferred Income' from one Israeli corporation to another, would not be subject to tax. Under the transitional provisions of the 2011 Amendment, companies may elect to irrevocably implement the 2011 Amendment with respect to their existing Approved and Benefiting Enterprises while waiving benefits provided under the legislation prior to the 2011 Amendment or keep implementing the legislation prior to the 2011 Amendment. Should a company elect to implement the 2011 Amendment with respect to its existing Benefiting Enterprises prior to June 30, 2015 dividends distributed from taxable income derived from Benefiting Enterprises to another Israeli company would not be subject to tax. While a company may incur additional tax liability in the event of distribution of dividends from tax exempt income generated from its Benefiting Enterprise, as previously described, no additional tax liability will be incurred by a company in the event of distribution of dividends from Preferred Income. We have not elected to implement the 2011 Amendment and we do not currently have any Preferred Enterprises.

In December 2016, the Economic Efficiency Law (Legislative Amendments for Applying the Economic Policy for the 2017 and 2018 Budget Years), 2016 which includes Amendment 73 to the Law, or Amendment 73, was published. According to Amendment 73, a Preferred Enterprise located in development area A will be subject, under certain conditions, to a tax rate of 7.5% instead of 9% effective from January 1, 2017, and thereafter (the tax rate applicable to preferred enterprises located in other areas remains at 16%). Amendment 73 also prescribes special tax tracks for Technological Enterprises, which are subject to regulations issued by the Minister of Finance on May 16, 2017.

The new tax tracks under the Amendment are as follows:

Technological Preferred Enterprise - an enterprise for which total consolidated revenues of its parent company and all subsidiaries are less than NIS 10 billion. A Technological Preferred Enterprise, as defined in the Law, which is located in the center of Israel will be subject to tax at a rate of 12% on profits deriving from intellectual property (in development area A - a tax rate of 7.5%).

Special Technological Preferred Enterprise - an enterprise for which total consolidated revenues of its parent company and all subsidiaries exceed NIS 10 billion. Such enterprise will be subject to tax at a rate of 6% on profits deriving from intellectual property, regardless of the enterprise's geographical location.

Any dividends distributed to "foreign companies", as defined in the Law, deriving from income from the Technological Enterprises will be subject, under certain conditions, including holding at least 90% of the share capital, to tax at a rate of 4%.

As of December 31, 2023, our net operating loss carry-forward for Israeli tax purposes amounted to approximately $401.1 million. Under Israeli law, these net operating losses may generally be carried forward indefinitely and offset against certain future taxable income.

As of December 31, 2023, the net operating loss carry-forward of our U.S. subsidiary for federal income tax purposes amounted to approximately $3.0 million. Approximately $1.9 million of these losses are available to offset any future U.S. taxable income of our U.S. subsidiary and will expire between 2024 and 2032.

Use of our U.S. net operating losses may be subject to substantial annual limitation due to the "change in ownership" provisions of the Code and similar state provisions. The annual limitation may result in the expiration of net operating losses before utilization.

For a description of Israel government policies that affect our research and development expenses, and the financing of our research and development, see "Item 5. Operating and Financial Review and Prospects - C. Research and Development, Patents and Licenses - The Israel Innovation Authority."

B. LIQUIDITY AND CAPITAL RESOURCES

Public Offering of Ordinary Shares

Registered Direct Offering

On June 14, 2018, we entered into a definitive securities purchase agreement with certain institutional investors and a placement agency agreement with JMP Securities LLC, in connection with a registered direct offering which resulted in the issuance of 5,316,457 of our ordinary shares at a purchase price of $3.95 per share. In connection with the issuance of the ordinary shares, we also issued warrants to purchase up to approximately 4.3 million additional ordinary shares. The warrants had an exercise price of $4.74 per share and had a term of five years from the date of issuance and therefore already expired. Gross proceeds from the sale of the ordinary shares were approximately $21 million, before deducting placement agent discounts and commissions and offering expenses paid by us.

During 2020, the Company issued and sold 3,866,139 ordinary shares underlying 3,866,139 warrants (with proceeds of approximately $18.3 million). During 2021, the Company issued and sold 89,557 ordinary shares underlying 89,557 warrants (with proceeds of approximately $0.4 million). As of December 31, 2023, no warrants remained outstanding.

Public Offering

On March 11, 2020, we entered into an underwriting agreement with Leerink Partners LLC, or Leerink, and Stifel, Nicolaus & Company, Incorporated, as representatives of the several underwriters named therein, for the issuance and sale in a public offering of 8,333,334 of our ordinary shares at a price to the public of $9.00 per share. In addition, we granted the underwriters a 30-day option to purchase up to 1,250,000 additional ordinary shares at the public offering price, less the underwriting discounts and commissions.

In this underwritten public offering we issued a total of 8,816,339 ordinary shares (including the shares issued upon exercise of the underwriters' option) at said $9.00 price per share. Gross proceeds from the sale of the ordinary shares were approximately $79 million, before deducting underwriting discounts and commissions and offering expenses paid by us.

Sales Agreement with Leerink Partners LLC

On January 31, 2023, we entered into a Sales Agreement, or the Sales Agreement with Leerink, as sales agent, pursuant to which we may offer and sell, from time to time through Leerink, our ordinary shares. The offer and sale of our ordinary shares, if any, will be made pursuant to our shelf registration statement on Form F-3, as supplemented by the prospectus supplement filed on January 31, 2023. Pursuant to the said prospectus supplement, we may offer and sell up to $50 million of our ordinary shares.

We are not obligated to make any sales under the Sales Agreement and no assurance can be given that we will sell any ordinary shares under the Sales Agreement, or, if we do, as to the price or number of ordinary shares that we will sell, or the dates on which any such sales will take place.

Since the date the Company entered into the Sales Agreement and through December 31, 2023, and for the period between January 1, 2024, and February 20, 2024, the Company sold 2,612,822 ordinary shares and 292,728 ordinary shares, respectively, through the Sales Agreement, for gross proceeds of approximately $ 3.6 million and $0.6 million, respectively, and net proceeds (after deducting commission paid) of approximately $3.5 million and $0.6 million, respectively.

Shelf Registration Statement

On March 30, 2023, we filed a shelf registration statement on Form F-3 with the SEC under which we may offer and sell from time to time in one or more offerings, our ordinary shares, debt securities, rights, warrants and units having an aggregate offering price of up to $350 million, $50 million of which may be offered, issued and sold under the above mentioned Sales Agreement with Leerink. This registration statement was declared effective by the SEC on June 27, 2023. Although we believe that we have sufficient cash, cash equivalents, short-term bank deposits and investment in marketable securities in order to sustain our operations at least into 2027, based on our different expectations and assumptions as specified above, nevertheless, we may seek additional capital or various reasons, including for our ongoing operations.

Securities Purchase Agreement

Bristol Myers Squibb Securities Purchase Agreement

On November 10, 2021, the Company and Bristol Myers Squibb entered into a securities purchase agreement pursuant to which Bristol Myers Squibb made a $20 million investment in Compugen comprised of the purchase of 2,332,815 ordinary shares of Compugen at $8.57333 per share, which represented a 33% premium over the closing price of our ordinary shares on the last trading day immediately prior to the execution of this agreement. This investment is in addition to Bristol Myers Squibb's $12 million investment (at $4.95 per share, which represented a 33% premium over the average closing price on the last 20 Nasdaq trading days prior to signing) that took place in October 2018.

License Agreement

AstraZeneca License Agreement

On March 30, 2018, we and AstraZeneca, entered into an exclusive license agreement to enable the development of bi-specific and multi-specific immuno-oncology antibody products based on the Company's monospecific antibodies that bind to TIGIT, including COM902, pursuant to which the Company received an upfront payment of $10 million and is eligible to receive up to $200 million in development, regulatory and commercial milestones for the first product as well as tiered royalties on future product sales, out of which we accrued $2 million in 2020 as a preclinical milestone, $6 million in 2021 as a clinical milestone (triggered by the dosing of the first patient in a Phase 1/2 trial evaluating rilvegostomig), $7.5 million in 2022 as a clinical milestone (triggered by the dosing of the first patient in its ARTEMIDE Phase 2 trial evaluating rilvegostomig) and $10 million in 2023 as a clinical milestone (triggered by the dosing of the first patient in its ARTEMIDE-Bil01 Phase 3 trial evaluating rilvegostomig). If additional products are developed, additional milestones and royalties would be due to us for each product.

Gilead License Agreement

On December 18, 2023, we and Gilead, entered into an exclusive license agreement, or the License Agreement, pursuant to which we granted Gilead an exclusive license under our preclinical antibody program against IL-18 binding protein and all intellectual property rights subsisting therein, to use, research, develop, manufacture and commercialize products, including our COM503 product candidate, or together, the COM503, and additional products that may be developed by Gilead, together with COM503, the Licensed Products.

Pursuant to the License Agreement, Gilead paid us a gross amount of $60 million upfront license payment (with a net amount of $51, after withholding taxes of $9 million at source). We are eligible to receive from Gilead $30 million in the form of a milestone payment upon clearance of the IND application for COM503. We are also eligible to receive up to approximately $758 million in additional milestone payments upon the achievement of certain development, regulatory and commercial milestones. We are further eligible to receive single-digit to low double-digit tiered royalties on worldwide net sales of Licensed Products.

Unless terminated early by a party pursuant to its terms, the License Agreement will continue in effect on a Licensed Product-by-Licensed Product and country-by-country basis until the expiration of the last royalty term in such country.

Gilead will withhold at source all taxes required by law from all payments payable to us under the License Agreement.

If additional products are developed, additional milestones and royalties would be due to us.

Capital Resources

In 2023, our primary sources of cash were:

- cash at hand and yield on investment of such cash balances; and
- proceeds from ordinary shares sold through the Sales Agreement with Leerink.

We used these funds primarily to finance our business operations.

We expect that our sources of cash for 2024 will include cash at hand at the end of 2023, proceeds received from AstraZeneca in connection with its Phase 3 milestone payment and proceeds received from Gilead in connection with its upfront payment (both took place in 2024) and expected milestone payment upon clearance of the IND application for COM503. Additional sources of cash may include proceeds generated from agreements with collaborators and other third parties with respect to our novel targets and therapeutic drug candidates and proceeds from issuance of ordinary shares as a result of exercise of options, issuance of ordinary shares pursuant to our employee share purchase plan and/or from financing transactions. In addition, if we choose to do so, we may generate additional proceeds from sales of our ordinary shares pursuant to the Sales Agreement.

Net Cash Used in Operating Activities

Net cash used in operating activities was approximately $22.7 million in 2021, approximately $34.1 million in 2022 and approximately $35.9 million in 2023. Increase in net cash used in 2023 compared to 2022 is mainly due to $7 million clinical milestones from the license agreement with AstraZeneca collected, net of milestone payment paid in 2022, offset by higher interest and yield collected on our cash deposits and marketable securities and a decrease in cash operating expenses, mainly expenses associated with our CMC and research and drug development activities and headcount related expenses in 2023.

Net Cash Provided by Investing Activities

Net cash provided by investing activities was approximately $6.6 million in 2021, $37.1 million in 2022 and $35.5 million in 2023. Changes in net cash during the years are affected by the level of cash in the Company over the years which are deposited or withdrawn from bank deposits, or invested or received from maturity of marketable securities based on the cash needs to fund our operating activities. During 2023 cash provided by investing activities was lower than 2022 as a result of ordinary shares sold through the Sales Agreement with Leerink in 2023 compared to much lower proceeds from exercise of stock based awards in 2022, offset by higher cash used in operating activities in 2023.

Net Cash Provided by Financing Activities

Net cash provided by financing activities was approximately $16.8 million in 2021, approximately $0.4 million in 2022 and approximately $3.1 million in 2023. The principal source of cash provided by financing activities in 2023 was proceeds received sale of ordinary shares through the Sales Agreement with Leerink. The principal source of cash provided by financing activities in 2022 was proceeds received from stock-based awards exercises.

Net Liquidity

Liquidity refers to the liquid financial assets available to fund our business operations and pay for near-term obligations. These liquid financial assets mostly consist of cash and cash equivalents as well as short-term bank deposits and investment in marketable securities. As of December 31, 2023, we had cash and cash equivalents, short-term bank deposits and investment in marketable securities of approximately $50.7 million compared to approximately $83.3 million on December 31, 2022. We believe that our existing cash, cash equivalents, short-term bank deposits and investment in marketable securities will be sufficient to fund our operations over the next 12 months. We believe we will meet longer-term expected future cash requirements into 2027 based on our current plans and different expectations and assumptions specified above. We believe that our working capital is sufficient for our present requirements.

The table below summarizes our contractual obligations as of December 31, 2023, and should be read together with the accompanying comments that follow.

	Payments due by period (US$ in thousands)				
	Total	**Less than 1 year**	**1-3 years**	**3-5 years**	**More than 5 years**
Operating Lease Obligations[1]	1,436	690	746	-	-
Accrued Severance Pay, net[2]	421	-	-	-	421
Total	1,857	690	746	-	421

(1) Consists of operating leases for our facilities and for motor vehicles. Includes the first five-year option period of the lease of the Israeli facility. The first option was exercised during 2020.

(2) Severance pay obligations to our Israeli employees. For more information, see "Item 6. Directors, Senior Management and Employees – D. Employees."

The above table does not include royalties that we may be required to pay to the IIA. For more information, see "Item 5. Operating and Financial Review and Prospects - C. Research and Development, Patents and Licenses."

The above table also does not include contingent contractual obligations or commitments that may enter into effect in the future, such as contractual undertakings to pay royalties subject to certain conditions occurring.

Although we have sufficient cash, cash equivalents, short-term bank deposits and investment in marketable securities that we believe will enable us to fund our operations into 2027 based on our different expectations and assumptions specified above, our ability to fund our capital needs depends on our ongoing ability to generate cash from existing and future collaborations and from our ability to raise additional funds.

C. RESEARCH AND DEVELOPMENT, PATENTS AND LICENSES

We invest heavily in research and development. Research and development expenses were our major operating expenses representing approximately 74% of total operating expenses in 2023, 2022 and 2021. Our research and development expenses, net, were approximately $34.5 million in 2023, approximately $30.6 million in 2022 and approximately $28.7 million in 2021. As of December 31, 2023, 46 of our employees were engaged in research and development on a full-time basis. This represents approximately 70% of our entire work force at that time.

We focus our efforts on the development of our discovery capabilities and related technologies, and the discovery and validation of our drug targets and the preclinical and clinical development of the respective therapeutic product. Our pipeline programs are continuously evolving and we are working to advance selected drug target programs through research into preclinical and clinical development of therapeutic products. We expect that in 2024 our research and development expenses will continue to be our major operating expense.

We believe that our future success will depend, in large part, on our ability to discover promising drug target candidates and therapeutic product candidates and to successfully advance the research and development of certain of our product candidates in our internal pipeline towards preclinical and clinical studies and to successfully enter into revenue-sharing partnering agreements with pharmaceutical companies with respect to our product candidates at the various development stages. In addition, we expect to continue to expand our discovery infrastructure and capabilities which provide us with the underlying engine for the discovery of promising drug targets for our therapeutic pipeline.

Research and Development Grants

We have participated in programs offered by the IIA that support research and development activities. See Note 7b to our 2023 consolidated financial statement. We have not applied for additional grants from the IIA for research and technological development since 2012.

The Israel Innovation Authority

The government of Israel encourages research and development projects in Israel through the IIA, pursuant to and subject to the provisions of the R&D Law. Under the R&D Law, research and development projects which are approved by the Research Committee of the IIA are eligible for grants, in exchange for payment of royalties from revenues generated by the products and/or services developed within the framework of such approved project and subject to compliance with certain requirements and restrictions under the R&D Law as detailed below, which must generally continue to be complied with even following full repayment of all IIA grants (as adjusted for fluctuation in the USD/NIS exchange rate), with applicable interest.

We received grants from the IIA for several projects and may receive additional grants in the future. Under the terms of the grants received, we are required to pay royalties ranging between 3% to 5% of the revenues we generate from our products and/or services which incorporate Financed Know-How, or IIA Products, until 100% of the dollar value of the grant is repaid, plus, as follows: (i) with respect to grants received on or after January 1, 1999 and until December 31, 2023, the applicable interest is (a) LIBOR interest until December 31, 2023, and (b) from January 1, 2024, the 12 months Term SOFR interest as published on the first trading day of each year by CME Group, or by any other party authorized by the Federal Reserve, or in alternative publication by the Bank of Israel, together with an additional 0.71513% to the applicable interest rate, and (ii) with respect to grants received on or after January 1, 2024, the applicable interest shall be the 12 months Term SOFR interest as detailed in section (b) above. As of December 31, 2023, we received grants from the IIA in the principal amount of approximately $7.3 million. Therefore, our contingent obligation for royalties, net of royalties already paid or accrued in the sum of approximately $3.0 million, along with the accumulated LIBOR interest to date of approximately $4.7 million, totaled to approximately $9.0 million as of December 31, 2023.

In addition, the Company participated in four MAGNET Consortium programs - Drugs and Diagnostic Kits, or DAAT Consortium, Tevel Biotechnology Consortium, Pharmalogica Consortium and Rimonim Consortium – for which it received from the IIA a total amount of approximately $2.1 million, and in two MAGNETON programs, for which it received from the IIA approximately $0.5 million. These grants do not bear any royalty obligations, but as the R&D Law applies to these programs, the restrictions on transfer of know-how or manufacturing outside of Israel, as detailed below, do apply. The R&D Law requires that the manufacture of products which incorporate Financed Know-How will be carried out in Israel, unless the IIA provides its approval to the contrary. This approval may be subject to various conditions, including the repayment of increased royalties equal to up to 300% of the total grant amount plus applicable interest and an increase of 1% in the royalty rate, depending on the extent of the manufacturing that is to be conducted outside of Israel. The R&D Law also provides that Financed Know-How and any right derived therefrom may not be transferred to third parties, unless such transfer was approved in accordance with the R&D Law. The Research Committee operating under the IIA may approve the transfer of Financed Know-How between Israeli entities, provided that the transferee undertakes all the obligations in connection with the grant as prescribed under the R&D Law. In certain cases, the research committee may also approve a transfer of the Financed Know-How outside of Israel, in both cases, subject to the receipt of certain payments calculated according to a formula set forth in the R&D Law. In the case of transfer outside of Israel, a payment of up to 600% of the total amount of grants plus applicable interest; and in the case the R&D activity related to the know-how remains in Israel, a payment of up to 300% of such total amount. These approvals are not required for the sale or export of any products resulting from such R&D activity or based on such Financed Know-How. In addition, the government of Israel may from time to time audit sales of products which it claims incorporate Financed Know-How and this may lead to royalties being payable on additional products, and may subject such products to the restrictions and obligations specified hereunder. Failure to comply with the requirements under the R&D Law may subject us to financial sanctions, to mandatory repayment of grants received by us (together with interest and penalties), as well as expose us to criminal proceedings.

For a discussion regarding the effects of the grants we received from the IIA on our business, see “Item 3. Key Information – D. Risk Factors - Risks Related to Operations in Israel - We received grants from the IIA that may require us to payment of royalties and restrict the transfer of know-how that we develop.”

D. TREND INFORMATION

We are unable to predict with a reasonable degree of accuracy the outcome of our research and development efforts. As such, it is not possible for us to predict with a reasonable degree of accuracy any material trends, uncertainties, or other events that are reasonably likely to have a material effect on our net loss, liquidity or capital resources, or that would cause financial information to not necessarily be indicative of our future operating results or our financial condition. However, subject to such limitation, we did identify certain trends that may have an effect on us, some of which are as specified below, and as covered in the risk factors set forth under “Item 3. Key Information - D. Risk Factors.”

Access to Additional Funds

Should we need to secure additional sources of liquidity, we believe that we could finance our needs through the issuance of equity securities, including through our Sales Agreement with Leerink, debt securities or other arrangements. However, we cannot guarantee that we will be able to obtain financing through the issuance of any of the above arrangements on reasonable terms.

Unfavorable Global or Domestic Political or Economic Conditions

The global economy continues to experience significant volatility, and the economic environment may continue to be, or become, less favorable than that of past years. Higher costs for goods and services, inflation, deflation, the imposition of tariffs or other measures that create barriers to or increase the costs associated with international trade, overall economic slowdown or recession and other economic factors in Israel, the U.S. or in any other markets in which we operate could adversely affect our operations and operating results and can result in increased operations costs. On February 9, 2024, Moody's Investors Service, or Moody's, downgraded the Government of Israel's foreign-currency and local-currency issuer ratings to A2 from A1 and assigned it a "negative" credit outlook. In addition, on February 13, 2024, Moody's downgraded the deposit ratings of Israel's five largest banks to A3 from A2. While these downgrades do not have an immediate nor direct impact on us, an extended period of economic disruption, including a continued market downfall, in Israel, the United States or any other major market in which we or our partners operate, could materially affect our ability to secure additional funds and could further materially affect our business, strategy, results of operations and financial condition.

To date, our operations and business have not been materially impacted by the "Swards of Iron" war and the Russia and Ukraine conflict. However, the "Swards of Iron" war in Gaza and the hostility around Israel and the ongoing Russia and Ukraine conflict and other global economic factors, have caused a negative impact on the outlook for the global economy and created significant volatility and disruption of financial markets. In addition, the "Swards of Iron" war in particular has a potential to have a greater effect for companies that have a significant presence in Israel. For instance, the "Sward of Iron" war, may have an adverse effect on the Israeli social, economic and political landscape and in turn, on us, and may cause, among other things, major devaluation in the NIS.Should any of these conflicts still persist or expand to include additional countries or regions, we could be impacted. We will continue to assess global and regional conflicts and the situation in the financial markets and any impact they may have on our ability to access additional funds.

Exchange Rate

A significant portion of our expenses is denominated in currencies other than the dollar. The Company is therefore subject to non-U.S. currency risks and non-U.S. exchange exposure, especially the NIS. Exchange rates can be volatile and a substantial change of foreign currencies against the dollar could increase or reduce the Company's expenses and net loss and impact the comparability of results from period to period. The appreciation (devaluation) of the dollar against the NIS was 3.1%, 13.2% and (3.3%) in 2023, 2022 and 2021, respectively. For example, for the year ended December 31, 2023, assuming a 10% devaluation of the dollar against the NIS, we would have experienced an increase in our net loss of approximately $1.4 million, while assuming a 10% appreciation of the dollar against the NIS, we would experience a decrease in our net loss of approximately $1.1 million. Should Moody's or other financial rating firms further downgrade the Government of Israel's foreign-currency and local-currency issuer ratings, this could have a negative impact on the value of our NIS denominated holdings. For more information regarding exchange rate risk please see "Item 11. Quantitative And Qualitative Disclosures About Market Risk – Interest Rate Risk."

Interest rate

A significant portion of our cash and cash equivalents is invested in bank deposits or in marketable securities and bear interest or yield that depend on the interest rate. The Company's financial income is therefore subject to interest rate risk. Interest rates can be volatile, and a substantial change in interest rates could increase or reduce the Company's financial income and net loss. In addition to the impact on our cash and cash equivalents, rising interest rates, or the perception thereof, may have wide economic impacts, including an adverse impact on capital markets, the price of our shares and on supplies that we require to conduct our different operations. For more information regarding interest rate risk please see "Item 11. Quantitative And Qualitative Disclosures About Market Risk – Interest Rate Risk."

Trend Towards Biologics

Biologics (monoclonal and bispecific antibodies, ADCs, enzymes and pegylated proteins) represent one of the fastest growing segments in the drug industry, making up 31% of FDA approved drugs in 2023. The growth of this class has driven a large number of companies to invest in new technologies (e.g., bi-specific monoclonal antibodies, multi-specific antibodies, antibody fragments, T cell engagers) and new approaches to fully exploit the potential of this class. In addition, the striking efficacy and recent approval ofcell therapies for the treatment of cancer, such as CAR-T therapies, has also captured much attention in the pharma industry. The availability of such new technologies and approaches to address drug targets may increase the differentiation and attractiveness of our novel therapeutic candidates.

E. CRITICAL ACCOUNTING ESTIMATES

The preparation of our consolidated financial statements and other financial information appearing in this Annual Report requires our management to make estimates and judgments that affect the reported amounts of assets, liabilities, revenues and expenses, and related disclosure of contingent assets and liabilities. We evaluate on an on-going basis these estimates, mainly related to share-based payments, deferred participation in research and development expenses, revenue recognition, and research and development expenses.

We base our estimates on our experience and on various assumptions that we believe are reasonable under the circumstances. The results of our estimates form the basis for our management's judgments about the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates under different assumptions or conditions.

Share Based Payments

We account for stock-based compensation in accordance with ASC 718, "Compensation - Stock Compensation", or ASC 718, which requires companies to estimate the fair value of equity-based payment awards on the date of grant using an option-pricing model. We account for forfeitures as they occur. The value of the pro-rata portion of the award, assuming no forfeiture, is recognized in our consolidated statement of comprehensive loss as an expense over the requisite service periods. Upon forfeiture the expense is adjusted so that expense is recognized for the portion of the award that actually vested.

We selected the Black-Scholes-Merthon option pricing model as the most appropriate method for estimating the fair value of our share-based awards. The resulting cost of an equity incentive award is recognized as an expense over the requisite service period of the award, which is usually the vesting period. We recognize compensation expense over the vesting period using the straight-line method and classify these amounts in the consolidated financial statements based on the department to which the related employee reports.

This model evaluates the options as if there is a single exercise point, and thus considers expected option life (expected term). The input factored in this model is constant for the entire expected life of the option.

The determination of the grant date fair value is affected by estimates and assumptions regarding a number of complex and subjective variables, including the expected term of the options, the expected volatility of our share price over the expected term, risk-free interest rates and expected dividends. The computation of expected volatility is based on historical volatility of our shares. The risk-free interest rate assumption is the implied yield currently available on United States treasury zero-coupon issues with a remaining term equal to the expected life term of the options. We determined the expected life of the options based on historical experience, representing the period of time that options granted are expected to be outstanding.

Share-based compensation expense recognized under ASC 718 was approximately $3.6 million, $4.3 million and $4.3 million for the years ended December 31, 2023, 2022 and 2021, respectively.

Revenue Recognition

Our revenues are generated mainly from collaborative and license agreements. In the agreements, revenues are typically derived mainly from upfront payment and contingent payments related to milestone achievements.

The Company recognizes revenue in accordance with ASC 606 - "Revenue from Contracts with Customers."

As such, the Company analyzes its collaborative and license agreements to assess whether they are within the scope of ASC 606. In determining the appropriate amount of revenue to be recognized as the Company fulfills its obligations under each of its agreements, the Company performs the following five steps: (i) identification of the contract, or contracts, with a customer; (ii) identification of the performance obligations in the contract; (iii) determination of the transaction price; (iv) allocation of the transaction price to the performance obligations in the contract; and (v) recognition of revenue when, or as, we satisfy a performance obligation.

The consideration promised in a contract with a customer may include fixed amounts, variable amounts, or both. Variable consideration will only be included in the transaction price when it is not considered constrained. We use assumptions to determine the standalone selling price of each performance obligation identified in the contract. We then allocate the total transaction price to each performance obligation based on the estimated standalone selling prices of each performance obligation. We recognize as revenue the amount of the transaction price that is allocated to the respective performance obligation when the performance obligation is satisfied.

After contract inception, the transaction price is reassessed at every period end and updated for changes such as resolution of uncertain events. Any change in the transaction price is allocated to the performance obligations on the same basis as at contract inception.

In December 2020 the program under the exclusive license agreement with AstraZeneca achieved a preclinical milestone and in September 2021, November 2022 and December 2023 such program achieved clinical milestones and in connection with such milestones, we recognized revenues in an amount of $2 million, $6 million, $7.5 million and $10 million, in the years 2020, 2021, 2022, and 2023, respectively, in accordance with the criteria prescribed under ASC 606. See Note 2k to our 2023 consolidated financial statements.

In December 2023, following entrance into license agreement with Gilead, we assessed the promises under the license agreement and concluded that its promise to deliver the COM503 License, the promise to perform IND research and development activities and Phase 1 research and development activities represented separate performance obligations in the license agreement.

We also evaluated as a possible variable consideration all milestones and royalties. With respect to clinical development and regulatory milestones, we concluded that all such amounts should be fully constrained and are not included in the initial transaction price. Accordingly, we did not include any potential clinical development, regulatory and sales milestones and royalties in the initial transaction price.

We allocated the transaction price to each performance obligation on a relative estimated standalone selling price basis. We developed the estimated standalone selling price for the license. In developing such an estimate, we applied judgement in determining the timing needed to develop the licensed product, the probability of success, and the discount rate. We developed the estimated standalone selling price for the IND research and development activities using a “cost plus” reasonable margin approach. To determine the estimated standalone selling price of the Phase 1 research and development activities obligation, we estimated the standalone selling price of the underlying performance obligations and estimated the probability of our performance of such obligations.

We determined that the license granted was a functional license since the underlying intellectual property has significant standalone functionality and recognized the entirety of the initial transaction price allocated to the license performance obligation during the year ended December 31, 2023, in the amount of $23.5.

The IND research and development activities and Phase 1 research and development activities performance obligations are recognized over time when, or as, we perform the required services. We determined that the input method under ASC 606 is the best measure of progress towards satisfying the performance obligation and reflects a faithful depiction of the transfer of goods and services. The method of measuring progress towards delivery of the services incorporates actual internal and external costs incurred, relative to total internal and external costs expected to be incurred to satisfy the performance obligation. The period over which total costs were estimated reflected our best estimate of the period over which it would perform the activities to achieve clearance of an IND application and completion of the phase 1 clinical trial.

Research and Development Expenses

Research and development costs are charged to the statement of comprehensive loss as incurred.

The Company accrues costs for preclinical and clinical trial activities based upon estimates of the services received and related expenses incurred that have yet to be invoiced by the contract research organizations or other preclinical or clinical trial vendors that perform the activities. In certain circumstances, the Company is required to make nonrefundable advance payments to vendors for goods or services that will be received in the future for use in research and development activities. In such circumstances, the nonrefundable advance payments are deferred and capitalized, even when there is no alternative future use for the research and development, until related goods or services are provided. Payments made in advance of the performance of the related services are recorded as prepaid expenses until the services are rendered.

The portion of the Bristol Myers Squibb $12.0 million investment in 2018 over the fair market value of the shares issued in the amount of approximately $4.1 million and the portion of the Bristol Myers Squibb $20.0 million investment in 2021 over the fair market value of the shares issued in the amount of $5.0 million were considered as deferred participation of Bristol Myers Squibb in research and development expenses which was amortized over the period of the clinical trial based on the progress in the research and development, in accordance with ASC 808 "Collaborative Arrangements", see Note 1f and Note 8b to our 2023 consolidated financial statements.

Amortization of participation in research and development expenses for the years ended December 31, 2023, 2022 and 2021 were approximately $0.3 million, $6.0 million and $1.3 million, respectively.

Recent Accounting Pronouncements

See Note 2t to our 2023 consolidated financial statement.

ITEM 6. DIRECTORS, SENIOR MANAGEMENT AND EMPLOYEES

A. DIRECTORS AND SENIOR MANAGEMENT

The following table sets forth information with respect to Compugen's directors and senior management as of February 20, 2024:

Name	Age	Positions
Paul Sekhri[3]	65	Chairman of the Board of Directors (Chairman of the Nomination and Corporate Governance Committee)
Anat Cohen-Dayag, Ph.D.	57	President and Chief Executive Officer, Director
Mathias Hukkelhoven, Ph.D.	70	Director
Gilead Halevy[2]	57	Director (Chairman of the Audit Committee)
Kinneret Livnat Savitzky, Ph.D.[1][3]	56	Director
Eran Perry[1][2]	53	Director
Sanford (Sandy) Zweifach[1][2][3]	67	Director (Chairman of the Compensation Committee)
Alberto Sessa	61	Chief Financial Officer
Henry Adewoye, MD[4]	59	Senior Vice President and Chief Medical Officer
Zurit Levine, Ph.D.	56	Senior Vice President, Technology Innovation
Yaron Turpaz, Ph.D.	53	Senior Vice President and Senior Advisor, Data and Informatics Solutions
Eran Ophir, Ph.D.	46	Chief Scientific Officer
Pierre Ferre, Ph.D.	47	Vice President, Preclinical Development

(1) Member of our Compensation Committee

(2) Member of our Audit Committee

(3) Member of our Nomination and Corporate Governance Committee

(4) Dr. Henry Adewoye retired from his position on February 29, 2024.

Paul Sekhri joined Compugen's Board of Directors as its Chairman in October 2017. Mr. Sekhri serves as the President and Chief Executive Officer of vTv Therapeutics Inc. Prior to joining vTv Therapeutics Inc., from January 2019 until April 2022, Mr. Sekhri served as the President and CEO of eGenesis, Inc. since January 2019. Prior to joining eGenesis, Inc., Mr. Sekhri served as President and CEO of Lycera Corp. from February 2015 through December 2018. From April 2014 through January 2015, Mr. Sekhri served as Senior Vice President, Integrated Care for Sanofi. From May 2013 through March 2014, Mr. Sekhri served as Group Executive Vice President, Global Business Development and Chief Strategy Officer for Teva Pharmaceutical Industries Ltd. Prior to joining Teva, Mr. Sekhri spent five years as Operating Partner and Head of the Biotechnology Operating Group at TPG Biotech, the life sciences venture capital arm of TPG Capital. From 2004 to 2009, Mr. Sekhri was Founder, President, and Chief Executive Officer of Cerimon Pharmaceuticals, Inc. Prior to founding Cerimon, Mr. Sekhri was President and Chief Business Officer of ARIAD Pharmaceuticals, Inc. Previously, Mr. Sekhri spent four years at Novartis, as Senior Vice President, and Head of Global Search and Evaluation, Business Development and Licensing for Novartis Pharma AG. Mr. Sekhri also developed the Disease Area Strategy for Novartis, identifying those specific therapeutic areas upon which the company would focus. Mr. Sekhri's first role at Novartis was as Global Head, Early Commercial Development. Mr. Sekhri completed graduate work in Neuroscience at the University of Maryland School of Medicine, where he also received his BS in Zoology. Mr. Sekhri is currently a member of the Board of Directors of vTv Therapeutics Inc., eGenesis, Inc., Veeva Systems Inc., and Spring Discovery and Chairman of the Board of Directors of Longboard Pharmaceuticals, Inc. Additionally, Mr. Sekhri is the Chairman of the Board of the Young Concert Artists (YCA), and a member of Boards of The Metropolitan Opera. Mr. Sekhri is also an active member of the Patrons Council of Carnegie Hall, where he established the Life Sciences Council of Carnegie Hall.

Anat Cohen-Dayag, Ph.D. joined Compugen's Board of Directors in February 2014. Dr. Anat Cohen-Dayag has over 25 years of experience in the biotech industry, both in R&D and executive leadership roles. Anat joined Compugen in 2002, and has held various senior managerial positions, including VP R&D, before being appointed President and CEO in 2010. Under her leadership, Compugen transformed from a service provider in the field of computational biology to a therapeutic discovery and development company advancing an innovative immuno-oncology pipeline originating from the company's computational discovery platforms. Anat is also a member of the Board of Directors of Pyxis Ltd. Prior to Compugen, Anat was the Head of R&D and was a member of the executive management team of Mindsense Biosystems Ltd. Anat holds a B.Sc. in Biology from Ben-Gurion University, and an M.Sc. in Chemical Immunology and a Ph.D. in Cellular Biology, both from the Weizmann Institute of Science.

Dr. Mathias (Math) Hukkelhoven joined Compugen's Board of Directors in March 2022. Dr. Hukkelhoven has a wealth of experience in global regulatory affairs and drug development, evidenced by his contribution to more than 50 NCEs and hundreds of new indications and line extensions over his career to date. Dr. Hukkelhoven has participated in activities that have shaped health authority interactions for the industry, including serving as chairperson of the Regulatory Affairs Coordinating Committee at PhRMA, and recently as a PhRMA negotiator for the PDUFA VII negotiations with the FDA. Since his retirement from Bristol Myers Squibb in July 2021, Math has been a consultant for several biotech companies, R&D Strategy Advisor for LianBio and Senior Advisor for McKinsey and on July 1, 2022 he joined the Board of Directors of Centessa Pharmaceuticals plc. Math joined Bristol Myers Squibb in March 2010 as the Senior Vice President, Global Regulatory, Safety & Biometrics and was also responsible for the R&D group in BMS China and the Clinical Pharmacology and Pharmacometrics group. As such, he had responsibility for a large part of the global Bristol Myers Squibb development organization. Since the acquisition of Celgene by Bristol Myers Squibb, he was responsible for Global Regulatory and Safety Sciences at Bristol Myers Squibb. He was accountable for setting regulatory strategy and driving execution of global regulatory and pharmacovigilance plans for Bristol Myers Squibb. He led the regulatory and development efforts across the product development and commercialization process to ensure optimal regulatory strategy and interactions at each step of the process – research and development, manufacturing, and commercialization. Prior to joining Bristol Myers Squibb, Math held the role of Chairman Portfolio Stewardship Board at Novartis Pharmaceuticals. From 2001 to 2009, he was the Senior Vice President, Global Head Drug Regulatory Affairs at Novartis. Math received his B.S. and Ph.D. honors degrees in Biology and Biochemistry from the University of Nijmegen, the Netherlands.

Gilead Halevy joined Compugen's Board of Directors in June 2018. Mr. Halevy serves as a general partner of Kedma Capital Partners, a leading Israeli private equity fund, of which he is also a founding member, since 2006. Prior to establishing Kedma, Mr. Halevy served as a Director at Giza Venture Capital from 2001 to 2006, where he led investments in communication and information technology companies and directed Giza's European business activities. From 1998 to 2001, Mr. Halevy practiced law at White & Case LLP. Mr. Halevy was also a founding member of the White & Case Israel practice group during that time. Mr. Halevy currently serves as chairman of board of directors of Carmel Wineries; Continuity Software Ltd., Zriha Hlavin Industries Ltd. and a director of S. AL Holdings Ltd., Plas-Fit Ltd. and A.A. Politiv Ltd. Mr. Halevy holds a B.A. in Humanities (multidisciplinary program for exceptional students) and an LL.B. (Magna Cum Laude) both from the Hebrew University of Jerusalem.

Dr. Kinneret Livnat Savitzky joined Compugen's Board of Directors in June 2018. Dr. Livnat Savitzky currently serves as an entrepreneur in residence at Team8 Dr. Livnat Savitzky also serves on the boards of the following biotechnology or healthcare companies: Ramot (TTO of Tel-Aviv University), DreaMed Diabetes Ltd., and Biomica Ltd. Between 2017 and 2021 she served as the CEO of FutuRx Ltd., an Israeli biotechnology accelerator established by OrbiMed Israel Partners, Johnson & Johnson Innovation, Takeda Ventures Inc., and LEAPS, the venture arm of Bayer. From 2010 to 2016, Dr. Livnat Savitzky served as CEO of BioLineRX Ltd., a Nasdaq-listed drug development company focused on oncology and immunology. During her tenure, BioLineRX signed a strategic collaboration with Novartis as well as licensing agreements with Merck (MSD), Genentech and others. Prior to being appointed CEO of BioLineRX, Dr. Livnat Savitzky held various R&D management positions at BioLineRX and Compugen. Dr. Livnat Savitzky holds a B.Sc. in Biology from The Hebrew University of Jerusalem, and an M.S.c and Ph.D. with distinction in Human Genetics from Tel Aviv University.

Eran Perry joined Compugen's Board of Directors in July 2019. Eran Perry brings to Compugen over 20 years of diverse experience across various segments of the healthcare industry as an entrepreneur and venture capital investor as well as in general management and strategy. In 2018, Mr. Perry co-founded MII Fund & Labs, a dermatology-focused venture capital fund where he also serves as Managing Director and Chairman of the Investment Committee. Mr. Perry is also the co-founder and board member of several pharmaceutical companies including ICD Pharma, Seanergy Dermatology, Follicle Pharma and Upstream Bio. Mr. Perry also serves on the board of directors of MyBiotics Pharma and Noon Aesthetics. From 2006 to 2016, he served as Managing Director and Partner of Israel Healthcare Ventures (IHCV) and represented IHCV in numerous portfolio companies. Prior to IHCV, Mr. Perry was a consultant in McKinsey & Company, serving clients worldwide in the pharmaceutical industry, among others. Prior to that, he was a member of the Global Marketing group at Novartis Oncology. Before moving to the private sector, Mr. Perry served in the Israeli Ministry of Justice. Mr. Perry holds an MBA from Columbia University, and an LL.B. in Law and a B.Sc. in Mathematics and Computer Science, both from Tel Aviv University.

Sanford (Sandy) Zweifach joined Compugen's Board of Directors in June 2018. Mr. Zweifach is the Founder of Nuvelution Pharma, Inc. and since 2015 through 2019 was the Chief Executive Officer of Nuvelution Pharma, Inc. From 2010 to 2015, Mr. Zweifach served as CEO of Ascendancy Healthcare, Inc., which he also founded. He has also been a Partner at Reedland Capital Partners, a boutique investment bank, from 2005 to 2010, where he headed its life sciences M&A and advisory efforts. From 2003 to 2005, he was CEO of Pathways Diagnostics, a biomarker development company. Mr. Zweifach was a Managing Director/CFO of Bay City Capital, a venture capital/merchant banking firm, specializing in the biotech and the life science industry, where he was responsible for oversight of the firm's finance department, as well as President of the firm's M&A and financing division. Prior to this, he was President and CFO of Epoch Biosciences, which was acquired by Nanogen in 2004. Currently Mr. Zweifach serves as an Executive Chairman of the Board of Directors of Kaerus Bioscience, Chairman of the Board of Directors of Carisma Therapeutics, Inc., President, CBO and Chair of the Business Advisory Board of IMIDomics, S.L. and as a member of the Board of Directors of Essa Pharma, Inc. Earlier in his career, Mr. Zweifach was a Certified Public Accountant (US) for Coopers & Lybrand and held various investment banking positions focusing on biotech. He received his B.A. in Biology from UC San Diego and an M.S. in Human Physiology from UC Davis.

Alberto Sessa joined Compugen in November 2022 as Chief Financial Officer. Alberto brings more than 30 years of industry experience to Compugen by serving in public and private companies. Throughout his career he has gained vast experience in leading financing, investor relations, M&A, and business development transactions. He most recently served as acting CFO at several startup companies in the high-tech industry. Prior to this, as CFO at Nasdaq and TASE listed Allot, he was instrumental in helping turn around the company to reach a path of sustained growth. Previously, Alberto spent seven years as Worldwide Group CFO at Nasdaq listed Amdocs with responsibility for the global financial business activities. Alberto holds a Master of Business Administration and bachelor's in economics and statistics from the Hebrew University of Jerusalem.

Dr. Henry Adewoye joined Compugen in March 2018 as Chief Medical Officer, bringing to Compugen over 20 years of extensive experience in leading multiple clinical trials in Oncology and Hematology in both the biopharmaceutical industry and academia. Before Compugen, Dr. Adewoye was with Gilead Sciences Inc., as Clinical Director in Oncology Clinical Research and was on the Oncology Leadership Team. He most recently served as Project Team and Clinical Lead for Idelalisib (first-in-class PI3K delta inhibitor approved for the treatment of relapsed CLL, FL/SLL) and Andecaliximab (MMP9 mAb inhibitor). Previously, he was Clinical Research Medical Director in Oncology at Amgen Inc. Dr. Adewoye was the Global Medical Monitor for the initial registrational trial of the bi-specific antibody blinatumomab (Blincyto®) and several Phase 2 and 3 studies evaluating VEGF inhibitors (Motesanib, Trebananib) in patients with solid tumors. Dr. Adewoye completed his fellowship in Hematology/Oncology at Boston Medical Center and completed his residency in Internal Medicine at Meharry Medical College. Dr. Adewoye received his medical degree at the University of Jos, Nigeria and Fellowship training in Hematology and Laboratory medicine at the University College Hospital Ibadan, Nigeria. Dr. Adewoye has initial board certifications by the American Board of Internal Medicine in Medical Oncology, Hematology and Internal Medicine.

Zurit Levine, Ph.D. was appointed as Senior Vice President, Technology Innovation in 2018, responsible for leading and advancing the Company's computational innovation towards new discovery fields and areas. In this capacity, Dr. Levine is also responsible for the Company's IP strategy and portfolio. Dr. Levine joined Compugen in 1999 and has held several positions in Compugen's Research & Development department. In 2004, she was appointed Director of Therapeutic Selection & Validation, which position she held until 2007 when she was appointed Director of Therapeutic Discovery. In 2009, she was appointed Executive Director of Research & Development. From January 2010 to August 2011, she held the position of Vice President, Research and Development. In August 2011 she was appointed Vice President, Research and Discovery. Dr. Levine holds a B.Sc. in Biology, a M.Sc. in Biochemistry and a Ph.D. in Biochemistry, all from the Tel Aviv University, Israel.

Yaron Turpaz, Ph.D. was appointed as Senior Vice President and Senior Advisor, Data and Informatics Solutions in May 2023. In his role, Dr. Turpaz is responsible for the overall data flow inside and outside the organization. Dr. Turpaz supports the Computational Discovery unit in the ongoing development of the computational platforms, and also oversees the establishment of systems for data analytics across the organization. Dr. Turpaz joined Compugen in November 2019 as Senior Vice President and Senior Advisor, Computational Discovery. Dr. Turpaz has over 15 years of experience in the fields of research and development informatics, data sciences and technology in the biotech and pharma space with hands-on experience using cloud-based high throughput computational, machine learning and genomics platforms for drug discovery and development applications in precision medicine. In his extensive pharma and biotech career, he held senior R&D Informatics roles at Human Longevity, AstraZeneca, Eli Lilly, Global Gene Corp. and Affymetrix. Dr. Turpaz continues to serve as Chief Information Officer and Senior Advisor at Engine Biosciences. Dr. Turpaz received a B.Sc. in Biology from Tel Aviv University, a Ph.D. in Bioengineering from the University of Illinois and an MBA from the University of Chicago, Booth School of Business. He also held an Adjunct Assistant Professor position at the Centre for Quantitative Medicine of Duke-National University of Singapore, Graduate Medical School.

Eran Ophir, Ph.D. joined Compugen in 2015 and was appointed Vice President of Research and Drug Discovery in March 2020 and became a Senior Vice President, Research and Drug Discovery in March 2022 and Chief Scientific Officer in May 2023. In his role, Dr. Ophir is overseeing the Company's computational discovery and the research and drug discovery activities and is responsible for the scientific, translational medicine and biomarker strategy of the Company's innovative portfolio of product candidates. Dr. Ophir brings significant expertise in immunology and immuno-oncology from his research work at the Weizmann Institute of Science and the Ludwig Institute for Cancer Research in Lausanne, Switzerland. Dr. Ophir joined Compugen as a senior scientist and has since held various positions in the Research and Development department, with increasing responsibilities, including appointment to the management team in March 2020. Dr. Ophir received a B.Sc. in Bioinformatics from Tel Aviv University and a Ph.D. in Biology from the Weizmann Institute of Science.

Pierre Ferre, Ph.D. joined Compugen in April 2021 as Vice President Preclinical Development. In his role, Dr. Ferre leads the preclinical development, CMC and drug supply management, clinical biomarker operations, and project management team and activities across the Company. Dr. Ferre has two decades of experience in all aspects of clinical and non-clinical drug development in oncology and immuno-oncology. Dr. Ferre joined Compugen from Pierre Fabre Pharmaceuticals, France, where he spent most of his career in multiple positions, lastly as Director of Oncology Programs in which he led the development strategy of a portfolio of R&D programs in oncology from initiation and discovery, through preclinical and clinical development. Previously, at Pierre Fabre Oncology R&D, he acted as Director, Pharmacokinetics/Pharmacodynamics, overseeing also translational, biomarker-related activities. Before that Dr. Ferre was in charge of oncology preclinical pharmacokinetics. Dr. Ferre is a Doctor in Veterinary Medicine, holds a PhD in biology from Toulouse INP (Institut National Polytechnique), and a MSc from Aix-Marseille University and Paris INA-PG (Institut National Agronomique) for his research work conducted in experimental pathophysiology and toxicology.

Arrangements Involving Directors and Senior Management

There are no arrangements or understandings of which we are aware relating to the election of our directors or the appointment of executive officers in our Company. In addition, there are no family relationships among any of the individuals listed in this Item 6.A.

B. COMPENSATION

Aggregate Executive Compensation

During 2023, the aggregate compensation paid or accrued by us to all persons listed in Item 6.A above (Directors and Senior Management) and one member of senior management (Dr. Oliver Froescheis) who ceased to serve before the end of 2023, was approximately $5.4 million. This amount includes approximately $0.6 million set aside or accrued to provide pension, severance, retirement or similar benefits, but excludes expenses (including business travel, professional and business association dues and expenses) reimbursed to our executives and other fringe benefits commonly reimbursed or paid by companies in Israel.

During 2023, we granted to our Directors and Senior Management listed in Item 6.A a total of 690,000 options to purchase ordinary shares. These options are exercisable at an average exercise price of $1.30 per share, and generally expire ten years after their respective dates of grant. As of December 31, 2023, there were a total of 4,506,624 outstanding options to purchase ordinary shares that were held by our Directors and Senior Management listed in Item 6.A.

Individual Compensation of Covered Office Holders

The table below outlines the compensation granted to our five most highly compensated Office Holders (as such term is defined in the Companies Law - see below under "Approvals Required for Office Holders Terms of Employment") with respect to the year ended December 31, 2023. All amounts reported in the table reflect the cost to the Company, as recognized in our financial statements for the year ended December 31, 2023. We refer to the five individuals for whom disclosure is provided herein as our "Covered Office Holders".

Information Regarding the Covered Office Holders	**Compensation for Services[2]**			
Name and Principal Position[1]	**Base Salary ($)**	**Benefits and Perquisites ($) [3]**	**Stock-Based Compensation ($) [4]**	**Total ($)**
Dr. Anat Cohen-Dayag President & Chief Executive Officer	479,234	461,150	524,064	1,464,448
Dr. Henry Adewoye Senior Vice President and Chief Medical Officer	425,000	131,067	271,502	827,569
Dr. Pierre Ferre Vice President, Preclinical Development	211,521	238,439	120,440	570,400
Dr. Eran Ophir Senior Vice President, Research and Drug Discovery	195,677	161,131	183,835	540,643
Dr. Zurit Levine Senior VP, Technology Innovations	188,631	167,207	176,426	532,264

1) All Covered Office Holders listed in the table were full-time officers of the Company during their term of service in 2023.

2) Cash compensation amounts denominated in currencies other than the dollar were converted into dollars at an exchange rate of NIS 3.6897= $1.00, which reflects the average conversion rate for 2023, or the Representative Rate.

3) Amounts reported in this column include benefits and perquisites, including those mandated by applicable law. Such benefits and perquisites may include, to the extent applicable to the respective Covered Office Holder, bonuses, payments, contributions and/or allocations for savings funds, pension, severance, vacation, car or car allowance, medical insurances and benefits, risk insurance (e.g., life, disability, accident), phone, convalescence pay, payments for social security, tax gross-up payments and other benefits and perquisites consistent with the Company's policies.

4) Amounts reported in this column represent the expense recorded in our financial statements for the year ended December 31, 2023, with respect to options to purchase our ordinary shares granted to our Covered Office Holders. Assumptions and key variables used in the calculation of such amounts are discussed in Note 2o to our 2023 consolidated financial statements set forth elsewhere in this report.

Compensation Policy

Under the Companies Law we are required to adopt a compensation policy, which sets forth company's policy regarding the terms of office and employment of office holders, including compensation, equity awards, severance and other benefits, exemption from liability and indemnification. Such compensation policy should take into account, among other things, the provision of proper incentives to directors and officers, management of risks by the company, the officer's contribution to achieving corporate objectives and increasing profits, and the function of the officer or director.

Our compensation policy, or the Compensation Policy, is designed to balance between the importance of incentivizing office holders to reach personal targets and the need to assure that the overall compensation meets our Company's long-term strategic performance and financial objectives. The Compensation Policy provides our compensation committee and our board of directors with adequate measures and flexibility to tailor each of our office holder's compensation package based, among other matters, on geography, tasks, role, seniority and capability. Moreover, the Compensation Policy is intended to motivate our office holders to achieve ongoing targeted results in addition to high-level business performance in the long term, without encouraging excessive risk taking. The Company draws upon a pool of talent that is highly sought after by large and established global pharmaceutical and biotechnology companies, as well as by other development-stage life science companies which operate both within and outside of the Company's geographic areas. The Company believes that it therefore must offer compensation terms, both to its executives and to its directors that are competitive with the compensation standards that exist in the companies with whom it competes for such talents.

In accordance with the Companies Law, an Israeli public company's compensation policy and any amendments thereto must be approved by the board of directors, after considering the recommendations of the compensation committee, and by a special majority of our shareholders, or a Special Majority, which should include (i) at least a majority of the shareholders who are not controlling shareholders and who do not have a personal interest in the matter, present and voting (abstentions are disregarded), or (ii) the non-controlling shareholders and shareholders who do not have a personal interest in the matter who were present and voted against the matter hold two percent or less of the voting power of the company. The compensation policy must be reviewed from time to time by the board and must be re-approved or amended by the board of directors and the shareholders no less than every three years. If the compensation policy is not approved by the shareholders, the compensation committee and the board of directors may nonetheless approve the policy, following further discussion of the matter and for detailed reasons.

Our Compensation Policy for office holders was originally approved by our shareholders in September 2013, with the most recent amendment adopted at the 2023 Annual General Meeting of Shareholders held on September 20, 2023, or the 2023 AGM.

Approvals Required for Office Holders Terms of Employment

The term "Office Holder" as defined in the Companies Law includes a director, the chief executive officer, chief business manager, deputy chief executive officer, vice chief executive officer, any other person fulfilling or assuming any of the foregoing positions without regard to such person's title, and any manager who is directly subordinated to the chief executive officer. In addition to each person listed in the table under "Item 6. Directors, Senior Management and Employees - A. Directors and Senior Management", two other individuals have been Office Holders as of December 31, 2023.

"Terms of Office and Employment" means the terms of office and employment of our Office Holders, including exemption and release of the Office Holder from liability for breach of his or her duty of care to the Company, an undertaking to indemnify the Office Holder, post factum indemnification or insurance; any grant, payment, remuneration, compensation, or other benefit provided in connection with termination of service and any benefit, other payment or undertaking to provide any payment as aforesaid.

Compensation for Office Holders subordinated to the Chief Executive Officer. The terms of office and employment of Office Holders (other than directors and the chief executive officer) require the approval of the compensation committee and the board of directors, provided such terms are in accordance with the company's compensation policy. Shareholder approval is also required if the compensation of such officer is not in accordance with such policy. However, in special circumstances the compensation committee and then the board of directors may nonetheless approve such compensation even if such compensation was not approved by the shareholders, following a further discussion and for detailed reasoning.

Compensation for Office Holders who are Directors or Chief Executive Officers. The Terms of Office and Employment of directors, other than directors who serve as chief executive officers and/or who possess a controlling interest in a company or who are external directors (to the extent applicable), require the approval of the compensation committee, board of directors and shareholders by a simple majority, as long as it complies with the compensation policy. With respect to our president and chief executive officer, who is also a director, or with respect to any chief executive officer who is not a director (to the extent applicable in the future), further approval of the shareholders by the Special Majority is required. However: (A) under certain circumstances, and to the extent that the proposed Terms of Office and Employment are in compliance with the compensation policy, a company may be exempt from receiving shareholder approval with respect to the Terms of Office and Employment of a candidate for the position of chief executive officer (provided that the candidate is not a director) (i) provided that the company's compensation committee and board of directors approved such terms and that such terms: (a) are not more beneficial than the terms of the former chief executive officer, or are essentially the same in their effect; (b) are in line with the compensation policy; and (c) are brought for shareholder approval at the next general meeting of shareholders; and (B) a company's compensation committee and board of directors are permitted to approve Terms of Office and Employment of a director, without convening a general meeting of shareholders, provided that such terms are only beneficial to the Company or that such terms are in compliance with the terms set forth in the Israeli Companies Regulations (Rules Regarding Compensation and Expenses of External Directors), 2000, or the Compensation Regulations. To the extent applicable, external directors are entitled to Terms of Office and Employment as set forth in the Compensation Regulations, as supplemented by the Israeli Companies Regulations (Alleviation for Public Companies whose shares are Traded on the Stock Exchange Outside of Israel), 2000, or the Alleviation Regulations. In addition, the Israel Securities Authority may issue from time to time bulletins or staff position statements relating to, among other things, compensation payable to external directors. Since our board of directors determined to opt out of the requirement to elect and have external directors and composition criteria of the audit committee and compensation committee under the Companies Law pursuant to the relief available under the Alleviation Regulations, as further detailed in this Item below under "Board Practices - External Directors and Independent Directors Under the Companies Law", we are not subject to such bulletins or staff position statements.

Variable Compensation and Annual Cash Bonuses of Office Holders. The Companies Law requires that all variable compensation of directors and chief executive officers be based on measurable criteria, with the exception of a non-substantial portion of up to 3 monthly salaries, which should take into consideration the applicable Office Holder's contribution to the company. With respect to Office Holders who are not directors or chief executive officers, the Companies Law allows that 100% of the variable compensation be based on non-measurable criteria. Our Compensation Policy allows for a non-substantial portion of up to 20% of the bonus objectives for each year to be based on non-measurable criteria, provided, however, that with respect to (i) our Office Holders who are not directors nor our chief executive officer, our compensation committee and board of directors may increase the portion of targets based on non-measurable criteria above the rate of 20%, up to 50% and with respect to our chief executive officer, our compensation committee and board of directors may increase the portion of targets based on non-measurable criteria for up to three (3) monthly base salaries. Further, the annual cash bonus of each of our Office Holders who is not a director is determined according to a formula that is consistent with the Compensation Policy and that links the bonus payment score to measurable and qualitative objectives relating to both the Company's performance and to the performance by each such Office Holder of his responsibilities. In the case of our Office Holders, other than the chief executive officer, assuming that the bonus terms conform to the Compensation Policy, the annual bonus objectives and subsequent payment scores are determined by the compensation committee and board of directors, while the bonus terms for our chief executive officer generally require the additional approval by our shareholders. For each fiscal year, our board of directors determines the maximum target bonus for each of our Office Holders, including our chief executive officer.

Compensation Paid to our Non-Executive Directors (other than Mr. Paul Sekhri)

On August 6, 2018, our shareholders approved, following previous resolutions made by our audit committee (then sitting as a compensation committee) and the board of directors, and consistent with our Compensation Policy, to compensate each of our non-executive directors whether currently in office or appointed in the future, excluding the Chairman of the Board (each a "non-executive director") as follows:

Cash Fee

(i) an annual fee of $45,000; and

(ii) an additional annual amount to be paid to non-executive directors for service as members on each of the Company's committees, as follows:

(a) Audit Committee - $2,500 for a member, or $5,000 for the chairperson;
(b) Compensation Committee - $2,000 for a member, or $4,000 for the chairperson; and
(c) Nomination and Governance Committee - $1,000 for a member, or $3,000 for the chairperson.

No additional compensation shall be paid for attendance at a board or committee meeting.

VAT is added to the above compensation in accordance with applicable law.

Equity

In addition to the cash compensation detailed above, each non-executive director is entitled to a yearly grant of options to purchase the Company's ordinary shares, so that in the first year of service as a director, each non-executive director shall be entitled to a one-time grant of 35,000 options, or Initial Option Grant, and, in addition, to a yearly grant of 10,000 options in each of the following years of service, or the Annual Option Grant, as detailed below.

The grant date of each Initial Option Grant is the date of appointment for service as director, whether initially appointed by the Board or by the general meeting of shareholders, with an exercise price equal to the closing price of the Company's ordinary shares on the Nasdaq on the last trading day prior to the date of their initial appointment to serve on the Board. The grant date of each Annual Option Grant shall be such date in each year on which the Board approves the annual option grants to other management Office Holders (provided that the service as director continues at the time of each grant), with an exercise price equal to the closing price of the Company's ordinary shares on the Nasdaq on the last trading day prior to such Board approval.

Both the Initial and the Annual Option Grants are subject (other than as described herein) to the terms and conditions of the 2010 Plan, or any other equity-based incentive plan the Company may adopt in the future and pursuant to which these equity awards would be granted. All such grants vest over a four-year period as follows: twenty five percent (25%) of the options granted vest on the first day of the quarter one calendar year immediately following the quarter in which the options were granted; and an additional 6.25% of the options granted vest each quarter thereafter, for the next 36 months.

Notwithstanding the terms of the relevant plan, all options granted to non-executive directors become fully vested immediately upon the completion of one or more of the following events, whether by way of a consolidation, merger or reorganization of the Company or otherwise: (a) a sale of all or substantially all of Company's issued share capital or assets to any other company, entity, person or a group of persons, or (b) the acquisition of more than 50% of the Company's equity or voting power by any shareholder or group of shareholders. Further, notwithstanding the terms of the relevant plan, all options granted which shall be vested as of the date of final termination of office as a non-executive director of the Company may be exercised within one year following such termination of office. To the extent legally available and applicable, such options will be granted to the non-executive directors through a trustee under Section 102 of the Israel Income Tax Ordinance [New Version], 5721-1961, or the Tax Ordinance, under the capital gains route.

At the Company's Annual General Meeting of Shareholders for 2020, held on September 16, 2020, or the 2020 AGM, our shareholders approved, following previous resolutions made by our compensation committee and the board of directors, and consistent with our Compensation Policy, that instead of an Annual Option Grant, the compensation committee and the board may issue to all non-executive directors RSUs or other equity awards which are not options, or Other Equity, in which case the Annual Option Grant of 10,000 options shall be adjusted to 5,000 units of Other Equity awards, provided, that with respect to an annual equity grant that combines both types of equity awards (*i.e.*, options and Other Equity), such grant shall be adjusted, on a pro rata basis, to give effect to the relative portion of each type of equity awarded (for illustration purposes, if the compensation committee and board approve the grant of 4,000 RSUs to the non-executive directors, the relevant annual equity grant will be comprised of a total of 6,000 units, out of which 4,000 will be RSUs and 2,000 will be options).

The provisions relating to vesting, acceleration and exercise period applicable to options, as specified above, shall apply to Other Equity that may be granted, *mutatis mutandis*.

Compensation to the Company's Chairman of the Board of Directors, a Non-Executive Director

On October 19, 2017, our shareholders approved, following previous resolutions made by our audit committee (then sitting as a compensation committee) and the board of directors, and consistent with our Compensation Policy, the following compensation for our non-executive Chairman of the Board, Mr. Paul Sekhri:

Cash Fees: An annual cash fee in the amount of $150,000. No meeting fees will be paid in addition to such annual cash fee.

Grant of Options to Purchase Ordinary Shares: In connection with his appointment as the Chairman of the Board, we issued to Mr. Sekhri an initial grant of options to purchase 500,000 ordinary shares. These options were issued pursuant to the terms and conditions applicable to options granted under the Company's 2010 Option Plan. Such grant vested over a four-year period as follows: twenty five percent (25%) vested on the first day of the quarter one calendar year immediately following the quarter in which the options were granted; and an additional 6.25% vested each quarter thereafter for the next 36 months. These options will expire ten years after the grant date, unless they expire earlier in accordance with the terms of the Company's 2010 Option Plan. The acceleration provisions applicable to options granted to other non-executive directors also apply to the options granted to Mr. Sekhri and all options granted which shall be vested as of the date of final termination of office as a director of the Company may be exercised within one year following such termination date.

At the 2020 AGM, our shareholders approved, following previous resolutions made by our compensation committee and the board of directors, and consistent with our Compensation Policy, that Mr. Sekhri, in his role as the non-executive chairman of the Board, shall be entitled to an annual option grant of 10,000 options to purchase Ordinary Shares each year, or Chairman's Annual Option Grant, starting from 2020 and for each of the following years of service, similar to the terms of the Annual Option Grant to the other non-executive directors as specified above.

As approved for the other non-executive directors, instead of Chairman's Annual Option Grant, the compensation committee and the board may issue to Mr. Sekhri Other Equity, in which case the Chairman's Annual Option Grant of 10,000 options shall be adjusted to 5,000 units of Other Equity awards, provided, that with respect to an annual equity grant that combines both types of equity awards, such grant shall be adjusted, on a pro rata basis, to give effect to the relative portion of each type of equity awarded as specified above with respect to other non-executive directors.

The provisions relating to vesting, acceleration and exercise period applicable to the options, as specified above, shall apply to Other Equity that may be granted as set forth above, *mutatis mutandis*.

Compensation to our President and Chief Executive Officer

Pursuant to Dr. Anat Cohen-Dayag's employment agreement (and in accordance with the approval of her updated compensation terms at the 2023 AGM), as the chief executive officer of the Company she is entitled to a gross monthly salary of NIS 150,000 (approximately $40,650 according to the Representative Rate). Dr. Cohen-Dayag is also entitled to certain benefits and perquisites customary in Israel, including those mandated by applicable law. In addition, Dr. Anat Cohen-Dayag is eligible for an annual grant of equity-based compensation and to an annual cash bonus based upon achievement of objectives determined by the Company, both subject to receipt of all approvals required by applicable law and to the terms of our Compensation Policy.

At the 2020 AGM, our shareholders approved that Dr. Cohen-Dayag shall be eligible to receive an annual cash bonus of up to nine monthly salaries for each of the calendar years 2021, 2022 and 2023, without the need for further shareholder approval, subject to meeting the specific performance criteria determined by the compensation committee and board with respect to each such year, in accordance with the objectives and terms thereof and the continuous employment of Dr. Cohen-Dayag as the Company's chief executive officer through the last day of the calendar year with respect to which the annual cash bonus is proposed to be paid. The same terms were approved at the 2023 AGM with respect to the calendar years 2024, 2025 and 2026.

Additionally, at the 2023 AGM, our shareholders approved an annual equity grant plan for Dr. Cohen-Dayag for each of the calendar years 2024, 2025 and 2026, according to which Dr. Cohen-Dayag shall be granted options to purchase up to 300,000 Ordinary Shares, or Equity Framework, in each of these years, as shall be determined by the compensation committee and board of directors with respect to each such year. In order to align such grants (including the exercise price and vesting period) with the annual grant of options to other executive Office Holders (for whom shareholder approval is not required), our shareholders resolved that the annual grant to Dr. Cohen-Dayag will be made on such date in 2024, 2025 and 2026 on which the board of directors approves the respective year's annual option grants to management Office Holders in such year.

The compensation committee and the board of directors may nevertheless determine that as part of an annual equity grant, they wish to issue Dr. Cohen-Dayag Other Equity. For the purpose of demining the applicability of the Equity Framework to Other Equity, Other Equity shall be given a "double weight" relative to options, so that each unit of Other Equity will be equal to two (2) option units. For illustration purposes, if the compensation committee and board of directors approve an annual equity grant to Dr. Cohen-Dayag of 40,000 options and 30,000 RSUs, then for the purpose of determining whether such grant is within the Equity Framework, the 30,000 RSUs will be given a weight of 60,000 units and the 40,000 options will be counted as 40,000 units, comprising an aggregate of 100,000 units which is within the Equity Framework. In any event, at least 30% of the value of any annual equity grant to Dr. Cohen-Dayag shall be based on either (i) options granted with fair market value exercise price; or (ii) Other Equity which vesting is based on both time and performance criteria, as shall be determined by the compensation committee and board of directors.

The options granted in each respective year shall be subject to the terms and conditions applicable to options granted under the 2010 Plan (or any other option plan adopted by the Company). Each annual option grant will vest over a four-year period as follows: twenty five percent (25%) will vest on the last day of the quarter one calendar year from the date of grant; and an additional 6.25% will vest each quarter thereafter for the next 36 months. These options will have an exercise price equal to the closing price of the Company's ordinary shares on Nasdaq on the last trading day prior to the approval of each year's grant by the board of directors. These options will expire ten years after the grant date, unless they expire earlier in accordance with the terms of the 2010 Plan or the terms of the option agreement to be entered into between the Company and Dr. Cohen-Dayag. If applicable, the options will be granted through a trustee under Section 102 of the Tax Ordinance and, in accordance with the Company's previous election in this regard, be subject to the capital gains route for tax purposes.

All vested options and Other Equity (to the extent applicable) granted to Dr. Cohen-Dayag under the Equity Framework shall have a one-year exercise period following the termination of her employment as the Company's chief executive officer, other than in the event of termination for "cause" (as defined in her employment agreement as shall be in effect from time to time). In addition to the foregoing, and not as part of the Equity Framework, Dr. Anat Cohen-Dayag will be entitled to participate in the ESPP or any other employee share purchase plan(s) that may be adopted by the Company from time to time until the end of 2026, as long as the fair market value of the benefit provided to her under such employee share purchase plan(s) (determined by the Company at the beginning of the respective offering period) in any given twelve (12) month period does not exceed ten percent (10%) of her annual base salary.

In addition to the foregoing annual equity grant plan for 2024 through 2026 and the annual grant for 2023 already approved by our shareholders at the 2020 AGM, at the 2023 AGM, our shareholders approved a special option grant of additional options to purchase 150,000 ordinary shares with an exercise price equal to the closing price of the Company's ordinary shares on the Nasdaq on the last trading day prior to the 2023 AGM, or the 2023 Special Option Award. All the terms of the 2023 Special Option Award are the same as those set forth above with respect to the options underlying the annual equity grant plan.

In 2023 Dr. Cohen-Dayag was granted with 300,000 options (including the 2023 Special Option Award), 150,000 of which with an exercise price of $1.15 (pursuant to the terms of the CEO's three-year equity framework approved by our shareholders in 2020 AGM) and 150,000 of which with an exercise price of $1.02 (pursuant to the terms of the 2023 Special Option Award). As of December 31, 2023, Dr. Cohen-Dayag held options to purchase a total of 1,420,000 ordinary shares. Out of these outstanding options: (i) options to purchase 932,500 ordinary shares, with a weighted average exercise price of $6.35 per share, were exercisable as of December 31, 2023; and (ii) options to purchase 487,500 ordinary shares, with a weighted average exercise price of $3.20 per share, had not vested as of December 31, 2023. Of the unvested options on December 31, 2023, options to purchase 206,250 ordinary shares are expected to vest during 2024, options to purchase 140,625 ordinary shares are expected to vest during 2025 and options to purchase the remaining 140,625 ordinary shares are expected to vest during the period between March 31, 2026, and September 30, 2027. These unvested options were granted under the Company's 2010 Plan. For additional information on Dr. Cohen-Dayag's holdings see "Item 6. Directors, Senior Management and Employee - E. Share Ownership - Share Ownership by Directors and Other Executive Officers."

Dr. Cohen-Dayag's employment agreement may generally be terminated by either party by providing six (6) months advance written notice, provided that in the event of termination by the Company for "justifiable cause" (as such term is defined in her employment agreement as shall be in effect from time to time) the Company may terminate Dr. Cohen-Dayag's employment without advance notice and that Dr. Cohen-Dayag may resign with advance notice of only two (2) months in the event of resignation for "good reason" (as such term is defined in her employment agreement as shall be in effect from time to time). Upon termination, Dr. Anat Cohen-Dayag will be entitled to receive certain payments associated with termination.

In the event that Dr. Cohen-Dayag's employment is: (a) terminated by the Company, other than for "justifiable cause"; or (b) terminated by Dr. Cohen-Dayag for "good reason" (hereinafter, (a) and (b) shall be referred to together as "Dismissal"), Dr. Cohen-Dayag will also be entitled to an additional one-time payment equal to six (6) monthly salaries, or the Termination Payment, and upon Dismissal within one year following certain "change of control" events (as defined in her employment agreement as shall be in effect from time to time), Dr. Cohen-Dayag will be entitled to a special termination payment (in addition to the Termination Payment) in an amount equal to six (6) monthly salaries.

In addition, upon Dismissal, or in the event of a "change of control", all outstanding unvested options granted to Dr. Cohen-Dayag as of such time will be accelerated and become immediately exercisable as of the effective date of such Dismissal or change of control. Upon Dismissal, Dr. Cohen-Dayag will also be entitled to exercise all outstanding vested options (including those options vested as a result of such accelerated vesting) for a period of one (1) year from the date of such Dismissal, provided that such period does not extend beyond ten (10) years from the date of grant. Upon an event of change of control, following which Dr. Cohen-Dayag's employment is, within 12 months of the closing of such an event: (a) terminated by the Company, other than for "justifiable cause"; or (b) terminated by Dr. Cohen-Dayag for any reason, Dr. Cohen-Dayag will be entitled to exercise all outstanding vested options (including those vested as a result of such accelerated vesting) for a period of one (1) year from the date of termination of her employment, provided that such period does not extend beyond ten (10) years from the date of grant.

Dr. Cohen-Dayag is not entitled to any compensation (including in connection with her role as a director) in addition to that being paid to her as the chief executive officer of the Company. However, in the event of termination of Dr. Cohen-Dayag employment agreement, she will be entitled to receive such compensation to the extent and for as long as she will serve as a non-executive director of the Company.

Insurance, Indemnification and Exemption

Our Office Holder's Insurance. Our Articles provide that, subject to the provisions of the Companies Law, we may enter into contracts to insure the liabilities of our Office Holders for any liabilities or expenses incurred by or imposed upon them as a result of any act (or omission) carried out by them as our Office Holders, including with respect to any of the following:

- a breach of duty of care to us or to another person;
- a breach of duty of loyalty to us, provided that the Office Holder acted in good faith and had reasonable grounds to assume that such act would not prejudice our interests;
- monetary liabilities or obligations imposed upon him or her in favor of another person;
- A payment which the Office Holder is obligated to make to an injured party as set forth in Section 52(54)(a)(1)(a) of the Securities Law, and expenses that the Office Holder incurred in connection with a proceeding under Chapters H'3, H'4 or I'1 of the Securities Law, including reasonable litigation expenses, including attorney's fees, or in connection with Article D of Chapter Four of Part Nine of the Companies Law; and
- Expenses incurred by the Office Holder in connection with a proceeding under Chapter G'1, of the Israel Restrictive Trade Practices Law, 5748-1988, or Restrictive Trade Law, including reasonable litigation expenses, including attorney's fees.

Under the Companies Law, exemption and indemnification of, and procurement of insurance coverage for, our Office Holders, must be approved by our compensation committee and our board of directors and, with respect to an Office Holder who is the CEO or a director, also by our shareholders. However, according to regulations promulgated under the Companies Law, shareholders and board of directors approvals for the procurement of such insurance are not required if the insurance policy is approved by our compensation committee and: (i) the terms of such policy are within the framework for insurance coverage as approved by our shareholders and set forth in our Compensation Policy; (ii) the premium paid under the insurance policy is at fair market value; and (iii) the insurance policy does not and may not have a substantial effect on the Company's profitability, assets or obligations.

In accordance with our Compensation Policy, approved by our shareholders at the 2023 AGM, we are currently entitled to hold directors' and officers' liability insurance policy for the benefit of our Office Holders with insurance coverage of up to $100 million and with such annual premium reflecting market terms and not having a substantial effect on our profitability, assets or obligations.

Our Office Holders' Indemnification. Our Articles provide that, subject to the provisions of the Companies Law, we may indemnify any of our Office Holders for all liabilities and expenses incurred by them arising from or as a result of any act (or omission) carried out by them as Office Holders of the Company, including as follows:

- For any monetary liabilities or obligations imposed on our Office Holder in favor of another person pursuant to a court judgment, including a compromise judgment or an arbitrator's decision approved by a court;

- For any payments which our Office Holder is obligated to make to an injured party as set forth in Section 52(54)(a)(1)(a) of the Israeli Securities Law and expenses the Office Holder incurred in connection with a proceeding under Chapters H'3, H'4 or I'1 of the Israeli Securities Law, including reasonable litigation expenses, including attorney's fees, or in connection with Article D of Chapter Four of Part Nine of the Companies Law;

- For reasonable litigation expenses, including attorney's fees, incurred by the Office Holder in consequence of an investigation or proceeding instituted against the Office Holder by an authority that is authorized to conduct such investigation or proceeding, and which was concluded without filing of an indictment against the Office Holder and without imposing on the Office Holder a financial obligation in lieu of criminal proceedings, or which was concluded without filing of an indictment against the Office Holder but with imposing on such Office Holder a financial obligation in lieu of criminal proceedings in respect of an offense that does not require proof of criminal intent or in connection with a financial sanction; For the purposes hereof: (i) "a proceeding that concluded without filing an indictment in a matter in respect of which an investigation was conducted"; and (ii) "financial obligation in lieu of a criminal proceeding", shall have the meanings specified in Section 260(a)(1A) of the Companies Law;

- For reasonable litigation expenses, including attorney's fees, incurred by the Office Holder or which the Office Holder is ordered to pay by a court, in a proceeding filed against the Office Holder by the Company or on its behalf or by another person, or in a criminal action of which the Office Holder is acquitted, or in a criminal action in which the Office Holder is convicted of an offense that does not require proof of criminal intent;

- For expenses incurred by our Office Holder in connection with a proceeding under Chapter G'1, of the Restrictive Trade Law, including reasonable litigation expenses, including attorney's fees; and

- For any other liability, obligation or expense indemnifiable or which our Officer Holders may from time to time be indemnifiable by law.

The Company may undertake to indemnify an office holder as mentioned above: (a) prospectively, provided that with respect of the first act (financial liability) the undertaking is limited to events which in the opinion of the board of directors are foreseeable in light of the Company's actual operations when the undertaking to indemnify is given, and to an amount or criteria set by the board of directors as reasonable under the circumstances, and further provided that such events and amount or criteria are set forth in the undertaking to indemnify, and (b) retroactively.

Indemnification letters, covering indemnification of those liabilities discussed above, were granted to each of our present Office Holders and were amended at the Company's Annual General Meeting of Shareholders for 2021, held on September 2, 2021, or the 2021 AGM. The indemnification letters, as amended, seek to indemnify our Office Holders to the fullest extent permitted under the Companies Law, subject to the specific limitations specified therein.

Our Office Holder's Exemption. Our Articles provide that, subject to the provisions of the Companies Law, we may exempt and release our Office Holders, including in advance, from all or part of such Office Holder's liability for monetary or other damages due to a breach of their duty of care to the Company. Our directors are released and exempt from all liability as aforesaid to the fullest extent permitted by law with respect to any such breach, which has been or may be committed.

Limitations on Insurance, Indemnification and Exemption. The Companies Law provides that a company may not insure, exempt or indemnify an Office Holder for any breach of his or her liability arising from any of the following:

- a breach by the Office Holder of his or her duty of loyalty, except that the company may enter into an insurance contract or indemnify an Office Holder if the Office Holder acted in good faith and had a reasonable basis to believe that the act would not prejudice the company;

- a breach by the Office Holder of his or her duty of care if such breach was intentional or reckless, but unless such breach was solely negligent;

- any act or omission done with the intent to derive an illegal personal benefit; or

- any fine, civil fine, financial sanction or monetary settlement in lieu of criminal proceedings imposed on such Office Holder.

Administrative Enforcement

The Israeli Securities Law includes an administrative enforcement procedure that may be used by the Israeli Securities Authority, to enhance the efficacy of enforcement in the securities market in Israel. Pursuant to the Companies Law and the Israeli Securities Law, the Israeli Securities Authority is authorized to impose administrative sanctions, including monetary fines, against companies like ours and their officers and directors for certain violations of the Israeli Securities Law or the Companies Law. Furthermore, the Israeli Securities Law requires that the CEO of a company supervise and take all reasonable measures to prevent the company or any of its employees from breaching the Israeli Securities Law. The CEO is presumed to have fulfilled such supervisory duty if the company adopts internal enforcement procedures designed to prevent such breaches, appoints a representative to supervise the implementation of such procedures and takes measures to correct the breach and prevent its reoccurrence.

Under the Israeli Securities Law, a company cannot obtain insurance against or indemnify a third-party (including its officers and/or employees) for any administrative procedure and/or monetary fine (other than for payment of damages to an injured party). The Israeli Securities Law permits insurance and/or indemnification for expenses related to an administrative procedure, such as reasonable legal fees, provided that it is permitted under the company's articles of association.

We have adopted and implemented an internal enforcement plan to reduce our exposure to potential breaches of sections in the Companies Law and the Israeli Securities Law, applicable to us. Our Articles and letters of indemnification permit, among others, insurance and/or indemnification as contemplated under the Israeli Securities Law (see "*Insurance, Indemnification and Exemption"* above).

C. BOARD PRACTICES

We are incorporated in Israel, and, therefore, are generally subject to various corporate governance practices under Israeli law such as with respect to external directors, independent directors, audit committee, compensation committee, an internal auditor and approvals of interested party transactions. These matters are in addition to the requirements of The Nasdaq Capital Market and other relevant provisions of U.S. securities laws applicable to us. Under the Nasdaq Listing Rules, a foreign private issuer may generally follow its home country practices for corporate governance in lieu of the comparable Nasdaq Capital Market requirements, except for certain matters such as composition and responsibilities of the audit committee and the SEC-mandated standards for the independence of its members. We currently comply with all the above-mentioned requirements. See "Item 3. Key Information - D. Risk Factors - Risks related to operations in Israel - Being a foreign private issuer exempts us from certain SEC requirements and Nasdaq rules, which may result in less protection that is afforded to investors under rules applicable to domestic issuers". For information regarding home country practices followed by us see "Item 16G - Corporate Governance".

Board of Directors

Our Articles provide that we may have no less than five nor more than fourteen directors. Currently our board of directors consists of seven members. Our directors are elected at the annual general meeting for a term of approximately one year, ending at the annual general meeting immediately following the annual general meeting at which they were elected or upon earlier termination in circumstanced referred to under the Companies Law or our Articles. Our directors may further be appointed by the board of director and in this case shall hold office until the end of the immediately following annual general meeting or upon earlier termination in circumstanced referred to under the Companies Law or our Articles.

None of our directors is party to a service contract with us that provides for any severance or similar benefits upon termination of his or her service, other than our president and chief executive officer, Dr. Anat Cohen-Dayag, with whom we entered into an employment agreement. For additional information on the employment agreement entered into with Dr. Cohen-Dayag, please see "Item 6 - Directors, Senior Management and Employees - B. Compensation - Compensation to our President and Chief Executive Officer."

Board of Directors Diversity

The table below provides certain information regarding the diversity of our board of directors.

Board Diversity Matrix as of February 20, 2024				
Total Number of Directors	7			
	Female	Male	Non-Binary	Did Not Disclose Gender
Part I: Gender Identity				
Directors	2	4		1
Part II: Demographic Background				
African American or Black				
Alaskan Native or Native American				
Asian				
Hispanic or Latinx				
Native Hawaiian or Pacific Islander				
White	2	3		
Two or More Races or Ethnicities		1		
LGBTQ+	1			
Did Not Disclose Demographic Background	1			

Directors Under the Companies Law - General

A nominee for service as a director in a public company may not be elected without submitting a declaration to the company, prior to his or her election, specifying that he or she has the requisite qualifications to serve as a director, an external director or an independent director, as applicable, and the ability to devote the appropriate time to performing his or her duties as such.

A director, including an external director or an independent director, who ceases to meet the statutory requirements to serve as a director, external director or independent director, as applicable, must notify the company to that effect immediately and his or her service as a director will expire upon submission of such notice.

External Directors and Independent Directors Under the Companies Law

Under the Companies Law, Israeli public companies are generally required to have on their board of directors at least two external directors meeting certain independence criteria, provided under Israeli law. In accordance with the Alleviation Regulations, we, as an Israeli public company with no controlling shareholder (within the meaning of the Companies Law), whose shares are listed on The Nasdaq Capital Market, may opt out from the requirement of electing and having external directors on our board of directors and related requirements concerning the composition of the audit and compensation committees of the board of directors, provided that we do not have a controlling shareholder, we continue to comply with the U.S. securities laws and Nasdaq Listing Rules applicable to U.S. domestic issuers regarding the independence of the board of directors and the composition of the audit and compensation committee, or the Opt Out Criteria. On June 7, 2018, our board of directors determined to opt out of the requirement to elect and have external directors and of the rules governing composition of the audit committee and compensation committee under the Companies Law pursuant to the relief available under the Alleviation Regulations, since at that time (and since that time) we have complied and continue to comply with the Opt Out Criteria. In accordance with this decision, we currently have no external directors on our board of directors and we are subject to the U.S. securities laws and Nasdaq Listing Rules applicable to U.S. domestic issuers regarding the independence of our board of directors and the composition of our audit and compensation committees.

The term controlling shareholder, as used in the Companies Law for purposes of all matters related to external directors and for certain other purposes, means a shareholder that has the ability to direct the activities of the company, other than by virtue of being an Office Holder. For purposes of all matters related to external directors, a shareholder is presumed to be a controlling shareholder if the shareholder holds 50% or more of the voting rights in the company or has the right to appoint the majority of the directors of the company or its chief executive officer.

Under the Companies Law, an ‘independent director’ is either an external director or a director appointed or classified as such who meets the same non-affiliation criteria as an external director, as determined by the company’s audit committee, and who has not served as a director of the company for more than nine consecutive years. For these purposes, ceasing to serve as a director for a period of two years or less would not be deemed to sever the consecutive nature of such director’s service. However, as our shares are listed on The Nasdaq Capital Market, pursuant to the Alleviation Regulations, we may also classify directors who qualify as independent directors under the relevant non-Israeli rules, as ‘independent directors’ under the Companies Law. In addition, the Alleviation Regulations provide that ‘independent directors’ may be elected for additional terms that do not exceed three years each, beyond the 9 consecutive years, provided that, if the director is being re-elected for an additional term or terms beyond the 9 consecutive years, the audit committee and board of directors must determine that, in light of the director’s expertise and special contribution to the board of directors and its committees, the re-election for an additional term is to the company’s benefit and the director must be re-elected by the required majority of shareholders and subject to the terms specified in the Companies Law. Each of our directors, other than Dr. Anat Cohen-Dayag, who also serves as our chief executive officer, meets the ‘independent directors’ criteria under the Companies Law.

Independent Directors Under the Nasdaq Listing Rules

In addition to the requirements of the Companies Law as described above, since our shares are listed on The Nasdaq Capital Market, pursuant to the Nasdaq Listing Rules, a majority of our directors must be independent (as defined under the Nasdaq Listing Rules). We comply with such Nasdaq independence requirement, as each of our directors, other than Dr. Anat Cohen-Dayag, who also serves as our president and chief executive officer, has been determined by our board of directors to meet the Nasdaq independence requirements.

Financial and Accounting Expertise Under the Companies Law

Pursuant to the Companies Law, the board of directors of a publicly traded company is required to make a determination as to the minimum number of directors who must have financial and accounting expertise according to criteria set forth under the Companies Law and regulations promulgated there under and based, among other things, on the type of company, its size, the volume and complexity of the company's activities and the number of directors. Our board of directors has determined that the minimum number of directors with financial and accounting expertise is one. Currently, each of Mr. Gilead Halevy, Mr. Eran Perry and Mr. Sanford (Sandy) Zweifach qualifies as such.

Board Committees

Audit Committee

The Companies Law requires public companies such as ours to appoint an audit committee, the responsibilities of which include, among other things: (i) identifying flaws in the management of the company's business, among other things, in consultation with the company's internal auditor or external auditor, and making recommendations to the board of directors as to how to correct them, (ii) reviewing and considering certain related party transactions and certain actions involving conflicts of interest (as well as deciding whether certain actions specified in the Companies Law are considered material or non-material and whether certain transactions are considered exceptional or ordinary), (iii) establishing procedures to be followed with respect to related party transactions with a "controlling shareholder" (where such are not extraordinary transactions), which may include, where applicable, the establishment of a competitive process for such transaction, under the supervision of the audit committee, or individual, or other committee or body selected by the audit committee, in accordance with criteria determined by the audit committee, (iv) determining procedures for approving certain related party transactions with a "controlling shareholder", which were determined by the audit committee not to be extraordinary transactions, but which were also determined by the audit committee not to be negligible transactions, (v) reviewing the internal auditor's work program performance, examining the company's internal control structure and processes and determining whether the internal auditor has the requisite tools and resources required to perform his or her role, (vi) examining the external auditor's scope of work as well as the external auditor's fees and providing its recommendations to the appropriate corporate organ, (vii) overseeing the accounting and financial reporting processes of the Company, and (viii) providing arrangements regarding employee complaints with respect to flaws in the management of the Company's business and the protection to be provided to such employees.

Under the Nasdaq Listing Rules, we are required to maintain an audit committee that operates under a formal written charter and has certain responsibilities and authority, including being directly responsible for the appointment, compensation, retention and oversight of the work of our external auditor. However, under Israeli law and our Articles, the appointment of external auditor requires the approval of the shareholders and their compensation requires the approval of our board of directors. In addition, as described above, pursuant to the Companies Law, the audit committee is required to examine the external auditor's scope of work as well as the external auditor's fees and to provide its recommendations with respect thereto to the appropriate corporate organ. Accordingly, the appointment of our external auditor is approved by our shareholders at the audit committee's recommendation and its compensation for audit and non-audit services is approved by the board of directors following the audit committee's recommendation.

We have adopted a charter for the audit committee, which sets forth the purpose and responsibilities of such committee.

In carrying out its duties, the audit committee meets with management at least once in each fiscal quarter at which time, among other things, it reviews, and either approves or disapproves, the financial results of the Company for the immediately preceding fiscal quarter and conveys its conclusions in this regard to the board of directors. The audit committee also generally monitors the services provided by the Company's external auditor to ensure their independence and reviews all audit and non-audit services provided by them. The Company's external and internal auditors also report regularly to the audit committee and the audit committee discusses with our external auditor the quality, not just the acceptability, of the accounting principles, the reasonableness of significant judgments and the clarity of disclosures in our financial statements, as and when it deems it appropriate to do so.

Under the Nasdaq Listing Rules, the audit committee is required to consist of at least three independent directors, each of whom is financially literate and at least one of whom has accounting or related financial management expertise.

We have an audit committee consisting of three directors, Mr. Gilead Halevy, who serves as the chairman of our audit committee, Mr. Eran Perry and Mr. Sanford (Sandy) Zweifach, all of whom are financially literate under the applicable rules and regulations of the SEC and Nasdaq Listing Rules and each of whom is an audit committee financial expert, as defined by the SEC rules, and has the requisite financial experience required under the Nasdaq Listing Rules. Additionally, each of the members of the audit committee is "independent" as such term is defined in Rule 10A-3(b)(1) under the Exchange Act, which is different from the general test for independence of board and committee members under the Nasdaq Listing Rules.

The audit committee composition requirements referred to under Section 115 of the Companies Law are not applicable to the Company as our board of directors, as part of its decision to opt out of the requirement to elect external directors pursuant to the relief available under the Alleviation Regulations, also opted out of such composition requirements on the basis that the Company complies, and will continue to comply, with the U.S. Securities Law and Nasdaq Listing Rules concerning the composition of the audit committee, as described above.

Compensation Committee

The Companies Law generally provides that public companies such as the Company must appoint a compensation committee, the responsibilities of which include, among others: (i) reviewing and making recommendations to the board of directors with respect to our Compensation Policy and with respect to any updates which may be required thereto from time to time, (ii) reviewing the implementation of the Compensation Policy by the Company, (iii) reviewing and considering arrangements with respect to the Terms of Office and Employment of Office Holders, (iv) exempting, under certain circumstances, a transaction relating to the Terms of Office and Employment of Office Holders from the requirement of approval of the shareholders, and (v) overseeing, subject to applicable law, the administration of the Company's various compensation plans and arrangements, including, incentive compensation and equity based plans. Under the Companies Law, the compensation committee may need to seek the approval of the board of directors and the shareholders for certain compensation-related decisions, (see "Item 6 - Directors, Senior Management and Employees - B. Compensation - Approvals Required for Office Holders Terms of Employment").

We have adopted a charter for the compensation committee, which sets forth the purpose and responsibilities of such committee.

Under the Nasdaq Listing Rules, we are required to maintain a compensation committee consisting of at least two independent directors (as defined under the Nasdaq Listing Rules). Each compensation committee member must also be deemed by our board of directors to meet the enhanced independence requirements for members of the compensation committee under the Nasdaq Listing Rules, which requires, among other things, that our board of directors considers the source of each such committee member's compensation in considering whether he or she is independent.

The compensation committee composition requirements referred to under Section 118A of the Companies Law are not applicable to the Company as our board of directors, as part of its decision to opt out of the requirement to elect external directors pursuant to the relief available under the Alleviation Regulations, also opted out of such composition requirements on the basis that the Company complies, and will continue to comply, with the Nasdaq majority board independence requirement and with US Securities Law and Nasdaq Listing Rules concerning the composition of the compensation committee, as described above.

We have a compensation committee consisting of three directors, Mr. Sanford (Sandy) Zweifach, who serves as the chairman of our compensation committee, Dr. Kinneret Livnat Savitzky and Eran Perry. Each member of our compensation committee is an 'independent director' in accordance with the Nasdaq listing standards.

Nomination and Corporate Governance Committee

The Nasdaq Listing Rules require that director nominees be selected or recommended for the board's selection either by a nomination committee composed solely of independent directors, or by a majority of independent directors, in a vote in which only independent directors participate, subject to certain exceptions. Mr. Paul Sekhri, who serves as the chairman of our nomination and corporate governance committee, Dr. Kinneret Livnat Savitzky and Mr. Sanford (Sandy) Zweifach, each an independent director, are the members of our nomination and corporate governance committee, which, among other responsibilities, recommends director nominees for our board's approval.

Internal Auditor

Under the Companies Law, the board of directors must appoint an internal auditor, recommended by the audit committee. The role of the internal auditor is to examine, among other matters, whether the company's actions comply with the law and orderly business procedures. Under the Companies Law, an interested party or an Office Holder of a company, or a relative of an interested party or of an Office Holder of a company, as well as the company's external auditor or any one on behalf of the external auditor may not serve as a company's internal auditor. The internal auditor's tenure cannot be terminated without his or her consent, nor can he or she be suspended from such position unless the board of directors has so resolved after hearing the opinion of the audit committee and after providing the internal auditor with the opportunity to present his or her position to the board of directors and to the audit committee. An interested party is defined in the Companies Law as a holder of 5% or more of the company's outstanding shares or voting rights, any person or entity who has the right to designate one or more directors or the chief executive officer of the company or any person who serves as a director or as a chief executive officer of the company.

Ms. Tali Yaron of Brightman, Almagor, Zohar & Co., a member firm of Deloitte Touche Tohmatsu, has served as our internal auditor since 2023 (replacing a different partner at Brightman Almagor Zohar & Co., a member firm of Deloitte Touche Tohmatsu during 2023). Ms. Tali Yaron is not an employee, affiliate or Office Holder of the Company, or affiliated with the Company's external auditor.

Fiduciary Duties and Approval of Related Party Transactions Under Israeli Law

Fiduciary Duties of Office Holders

The Companies Law codifies the fiduciary duties that Office Holders owe to a company. All persons listed in the table under "Item 6. Directors, Senior Management and Employees - A. Directors and Senior Management" are Office Holders. In addition to those persons listed in the table under Item 6.A, there were two additional individuals who were Office Holders of the Company as of December 31, 2023.

An Office Holder's fiduciary duties consist of a duty of care and a duty of loyalty. The duty of care requires an Office Holder to act with the standard of skills with which a reasonable Office Holder in the same position would have acted under the same circumstances. The duty of care includes a duty to use reasonable means to obtain:

- information regarding the business advisability of a given action brought for the Office Holder's approval or performed by the Office Holder by virtue of his or her position; and

- all other information of importance pertaining to the aforesaid actions.

The duty of loyalty requires an Office Holder to act in good faith and for the benefit of the company and includes the duty to:

- refrain from any act involving a conflict of interest between the fulfillment of his or her position in the company and the fulfillment of any other position or his or her personal affairs;
- refrain from any act that is competitive with the business of the company;
- refrain from exploiting any business opportunity of the company with the aim of obtaining a personal gain for himself or herself or for others; and
- disclose to the company all relevant information and provide it with all documents relating to the company's affairs which the Office Holder obtained due to his or her position in the company.

Disclosure of Personal Interests of Office Holders and Approval of Certain Transactions

The Companies Law requires that an Office Holder promptly discloses to the company any personal interest that the Office Holder may have, and all related material information known to him or her, in connection with any existing or proposed transaction by the company. In addition, if the transaction is an extraordinary transaction, as defined under Israeli law, the Office Holder must also disclose any personal interest held by the Office Holder's spouse, siblings, parents, grandparents, descendants, spouse's descendants and the spouses of any of the foregoing, or a Relative. In addition, the Office Holder must also disclose any interest held by any corporation in which the Office Holder: (i) holds at least 5% of the company's outstanding share capital or voting rights; (ii) is a director or general manager; or (iii) has the right to appoint at least one director or the general manager. An extraordinary transaction is defined as a transaction which is either not in the ordinary course of business, not on market terms, or likely to have a material impact on the company's profitability, assets or liabilities.

Under the Companies Law, unless the articles of association of a company provide otherwise, a transaction in which an Office Holder has a personal interest and which is not an extraordinary transaction, requires board approval, after the Office Holder complies with the above disclosure requirement and provided the transaction is not adverse to the company's interest. Our Articles do not provide for a different method of approval. Furthermore, if the transaction is an extraordinary transaction, then, in addition to any approval stipulated by the articles of association, it also must be approved by the company's audit committee and then by the board of directors, and, under certain circumstances, by the shareholders of the company.

A person with a personal interest in any matter may not generally be present at any audit committee, compensation committee or board of directors meeting where such matter is being considered, and if he or she is a member of the committee or a director, he or she may not generally vote on such matter at the applicable meeting.

Disclosure of Personal Interest of Controlling Shareholders and Approval of certain Transactions

The Companies Law extends the disclosure requirements applicable to an Office Holder to a 'controlling shareholder' in a public company. For this purpose, a 'controlling shareholder' is a shareholder who has the ability to direct the activities of a company, including a shareholder or a group of shareholders who together own 25% or more of the voting rights if no other shareholder holds more than 50% of the voting rights.

Extraordinary transactions of a public company with a controlling shareholder or in which a controlling shareholder has a personal interest, as well as any engagement by a public company of a controlling shareholder or of such controlling shareholder's Relative, directly or indirectly, with respect to the provision of services to the company, and, if such person is also an Office Holder of such company, with respect to such person's Terms of Office and Employment as an Office Holder, and if such person is an employee of the company but not an Office Holder, with respect to such person's employment by the company, generally require the approval of each of the audit committee (or with respect to Terms of Office and Employment, the compensation committee), the board of directors and the shareholders of the company, in that order. The shareholder approval must fulfill one of the following requirements: (i) it received the positive vote of at least a majority of the voting rights in the company who are present and voting in the meeting and held by shareholders who do not have a personal interest in the transaction; (abstentions are disregarded) or (ii) the voting rights held by shareholders who have no personal interest in the transaction and who have voted against the transaction, do not exceed two percent of the voting rights in the company.

Any extraordinary transactions with a controlling shareholder or in which a controlling shareholder has a personal interest with a term of more than three years generally need to be brought for re-approval in accordance with the above procedure every three years, unless the audit committee determines that the duration of the transaction is reasonable given the circumstances related thereto and has been approved by the shareholders for such longer duration.

Pursuant to regulations promulgated under the Companies Law, certain transactions with a controlling shareholder or his or her Relative, or with directors, that would otherwise require approval of a company's shareholders may be exempt from shareholder approval upon certain determinations of the audit committee or the compensation committee and board of directors.

For information concerning the direct and indirect personal interests of certain of our Office Holders and principal shareholders in certain transactions with us, see "Item 7. Major Shareholders and Related Party Transactions - B. Related Party Transactions."

Shareholders Duties

Pursuant to the Companies Law, a shareholder has a duty to: (i) act in good faith in fulfilling his obligations towards the company and the other shareholders; and (ii) refrain from abusing his or her power with respect to the company, including, when voting at a general meeting with respect to the following matters: (a) an amendment to the company's articles of association; (b) an increase of the company's authorized share capital; (c) a merger; or (d) approval of interested party transactions that require shareholders' approval.

In addition, any controlling shareholder, any shareholder who knows that it possesses power to determine the outcome of a shareholder vote and any shareholder who, pursuant to the provisions of a company's articles of association has the power to appoint or prevent the appointment of an office holder in the company, is under a duty of fairness towards the company. The Companies Law does not describe the substance of such duty of fairness but states that the remedies generally available upon a breach of contract will also apply in the event of a breach of the duty of fairness, taking into account such shareholder's position.

Approval of Significant Private Placement

Under the Companies Law, a significant private placement of securities requires approval by the board of directors and the shareholders by a simple majority. A private placement is considered a significant private placement if it results in a person becoming a controlling shareholder, or if all of the following conditions are met: the securities issued amount to 20% or more of the company's outstanding voting rights before the issuance; some or all of the consideration is other than cash or listed securities or the transaction is not on market terms; and the transaction will increase the relative holdings of a shareholder who holds 5% or more of the company's outstanding share capital or voting rights or will cause any person to become, as a result of the issuance, a holder of more than 5% of the company's outstanding share capital or voting rights.

D. EMPLOYEES

The following table sets out the number of our full-time employees engaged in specified activities, at the end of the fiscal years 2023, 2022 and 2021 (the numbers include employees of our wholly owned U.S. subsidiary Compugen USA, Inc.):

	December 31, 2023	December 31, 2022	December 31, 2021
Research & Development	46	46	51
Administration, Accounting and Operations	21	21	21
Marketing and Business Development	1	2	1
Total	68	69	73

In addition to the headquarters in Holon, Israel, we maintain a subsidiary in San Francisco, California. On December 31, 2021, 58 of our employees were located in Israel, 12 were located in the United States and 3 employees were located in Europe; on December 31, 2022, 57 of our employees were located in Israel, 8 were located in the United States and 4 employees were located in Europe; and on December 31, 2023, 58 of our employees were located in Israel, 7 were located in the United States and 3 employees were located in Europe.

We consider our relations with our employees to be satisfactory and we have not experienced a significant labor dispute or strike. We are not a party to any collective bargaining agreement with respect to our Israeli employees. However, we are subject to certain labor related statutes and to certain provisions of expansion orders the Israeli Minister of the Economy has given to collective bargaining agreements between the Histadrut (General Federation of Labor in Israel) and the Coordinating Bureau of Economic Organizations and/or the Industrialists' Association, which are applicable to the employment of our Israeli employees. These statutes and provisions and additional mandatory Israeli labor law provisions cover a wide range of subjects and provide certain minimum employment standards, including the length of the workday and work week, minimum wages, travel expenses, contributions to a pension fund, insurance for work-related accidents, determination of severance pay, annual and other vacations, sick pay and other conditions of employment. We generally provide our employees with benefits and working conditions beyond the required minimum.

Our severance pay liability to our Israeli employees, based upon the number of years of service and the latest monthly salary, is in the large part covered by regular deposits with recognized pension funds, deposits with severance pay funds and purchases of insurance policies. Pursuant to Section 14 of the Israeli Severance Pay Law 5723-1963, certain of our liabilities for employee severance rights upon termination are covered by regular contributions to defined contribution plans, so that upon termination of employment of the relevant employees, we are only required to release the payments made by us to such funds on account of severance and by doing so are deemed to have complied with all of our severance payment obligations relating to the service of applicable employees with respect to the period during which the provisions of such section apply. For information concerning our liability for severance pay, see Note 2n to our 2023 consolidated financial statements.

Our employees are not represented by a labor union. We have written employment contracts (including signed offers of employment) with each of our employees.

E. SHARE OWNERSHIP

Share Ownership by Directors and Other Executive Officers

All of the persons listed above under the caption "Directors and Senior Management" own ordinary shares of the Company and/or options to purchase ordinary shares of the Company. Except as set forth in the table below, none of the directors or executive officers beneficially owns ordinary shares and/or ordinary shares underlying options amounting to 1% or more of the outstanding ordinary shares. The following table sets forth certain information as of February 20, 2024, regarding the beneficial ownership by our directors and senior management. All numbers quoted in the table are inclusive of options to purchase shares that are exercisable within 60 days after February 20, 2024. The shares that may be issued under these options are deemed to be outstanding for the purpose of computing the percentage of ownership of such individual or group but are not deemed to be outstanding for the purpose of computing the percentage of ownership of the other individual or group shown in the table. The information in this table is based on 89,530,193 ordinary shares outstanding as of February 20, 2024.

Beneficial Owner	Amount Owned	Percent of Class
Anat Cohen-Dayag[1]	1,026,122	1.1%
All directors and executive officers as a group (13 persons)[2]	3,143,964	3.4%

(1) Includes (i) 56,122 shares held by Dr. Cohen-Dayag, and (ii) 970,000 shares subject to options that are exercisable within 60 days after February 20, 2024, with a weighted average exercise price of $6.47 per share, and which expire between March 2024 and March 2032.

(2) Includes (i) a total of 76,259 ordinary shares held by directors and executive officers, and (ii) a total of 3,067,705 shares subject to options that are beneficially owned by directors and executive officers that are exercisable within 60 days after February 20, 2024, with a weighted average exercise price of $5.48 per share and which expire between February 2024 and November 2032.

Share Incentive Plan and Employee Share Purchase Plan

We currently maintain one active share incentive plan, which is our 2010 Share Incentive Plan, or the 2010 Plan. In addition to the discussion below, see Note 8 to our 2023 consolidated financial statements.

Compugen 2010 Share Incentive Plan

On July 25, 2010, our board of directors adopted the 2010 Plan which was also approved by our shareholders on May 12, 2011. In addition, the board of directors and shareholders resolved that the options available for grants under the 2000 Option Plan, at such time, as well as any options that may return to such pool in connection with terminated options, will be made available for future grants under the 2010 Plan. In May 2020 the board of directors extended the term of the 2010 Plan by additional ten (10) years. Subject to applicable law, our board of directors may amend the 2010 Plan, provided that any action by our board of directors which will alter or impair the rights or obligations of an option holder requires the prior consent of that option holder. In August 2023, our board of directors decreased the number of shares available under the 2010 Plan by 500,000.

The compensation committee administers the 2010 Plan and has the authority to designate the terms of the options granted thereunder, including the identity of the grantees, exercise prices, grant dates, vesting schedules and expiration dates, which may be no more than ten years after the grant date. According to the 2010 Plan, options may not be granted with an exercise price of less than the fair market value of our ordinary shares on the date of grant, unless otherwise determined by our board of directors. The administration of the 2010 Plan by our compensation committee is subject to applicable law, including with respect to the approval procedure of compensation to Office Holders required under the Companies Law (for additional information on the approval procedure of compensation to Office Holders, see "Item 6. Directors, Senior Management and Employees - B. Approvals Required for Office Holders Terms of Employment").

If a grantee leaves his or her employment or other relationship with us, or if his or her relationship with us is terminated without cause (and other than by reason of death or disability, as defined in the 2010 Plan), the term of his or her unexercised options will generally expire in 90 days, unless determined otherwise by our board of directors.

As of December 31, 2023, options to purchase 8,373,745 ordinary shares at a weighted average exercise price of approximately $4.65 per share were outstanding (i.e., were granted but not canceled, expired nor exercised) under the 2010 Plan and 1,202,301 ordinary shares remained available for future grant under the 2010 Plan. Options to purchase 4,319,106 ordinary shares under the 2010 Plan have previously been exercised through December 31, 2023, at a weighted average exercise price of approximately $4.92. As of December 31, 2023, outstanding options granted by the Company pursuant to the 2010 Plan expire between February 2024 and October 2033 (subject to terms of the plan).

Compugen 2021 Employee Share Purchase Plan

In November 2020, we adopted the Compugen Ltd. 2021 Employee Share Purchase Plan, or ESPP.

The ESPP currently applies to our employees and officers.

Pursuant to the ESPP, in each twelve (12) months period, there are two offering periods, comprised of six (6) months each (except for the first offering period under the ESPP which was for five (5) months only). Each eligible participant, has the right to contribute up to 15% of his or her monthly Compensation (as defined in the ESPP), in order to buy ordinary shares from us at a price per share equal with respect to each offering period, to 85% of the Fair Market Value of a share on the Entry Date or the Purchase Date (as such terms are defined in the ESPP), whichever is lower, until changed by the committee of the board administering the ESPP prior to the commencement of the enrollment process for such offering period. The maximum number of ordinary shares a Participant may purchase during any calendar year shall be that whole number of ordinary shares determined by dividing $40,000 by the Purchase Price.

The maximum number of shares that were available for issuance under the ESPP upon its approval was 600,000.

As of December 31, 2023, following issuance of shares in connection with offering periods already ended and decreasing the number of shares available for issuance under the ESPP by 210,000 as approved by our board of directors in August 2023, there were 114,146 ordinary shares available for issuance under the ESPP. Currently our ESPP is suspended, and we reserve the right to resume it at any time.

Taxation of Equity Granted under our 2010 Plan and ESPP to Israeli Grantees

Our board of directors elected the "Capital Gains Track" (as defined in Section 102(b) (2) of the Tax Ordinance) for the grant of equity under the 2010 Plan and ESPP to Israeli grantees who are eligible for grant under said Section 102 of the Tax Ordinance.

Pursuant to such election, and provided such eligible grantees comply with all the requirements of the "Capital Gains Track", gains derived by them, arising from the sale of shares acquired pursuant to the ESPP or the exercise of options granted to them, will generally be subject to a flat capital gains tax rate of 25%, although these gains, or part of them, will also be considered part of a grantee's regular salary and subject to such grantee's regular tax rate applicable to such salary. As a result of the Company's election in the "Capital Gains Track" under Section 102, the Company is not allowed to claim as an expense for tax purposes in Israel the amounts credited to the grantee as capital gains, although it is generally entitled to do so in respect of the salary income component (if any) of such grant, if any, when the related tax is paid by the grantee as long as the grantee complies with all the requirements of the "Capital Gains Track".

F. DISCLOSURE OF A REGISTRANT'S ACTION TO RECOVER ERRONEOUSLY AWARDED COMPENSATION.

On October 30, 2023 we adopted a Policy for Recovery of Erroneously Awarded Compensation, or the Clawback Policy, providing for recovery of certain incentive-based compensation from current and former executive officers of the Company in the event we are required to restate any of our financial statements filed with the SEC under the Exchange Act in order to correct an error that is material to the previously-issued financial statements, or that would result in a material misstatement if the error were corrected in the current period or left uncorrected in the current period. Adoption of the Clawback Policy was mandated by Nasdaq listing standards introduced pursuant to Exchange Act Rule 10D-1. The Clawback Policy is in addition to Section 304 of the Sarbanes-Oxley Act of 2002 which permits the SEC to order disgorgement of bonuses and incentive-based compensation earned by a registrant issuer's chief executive officer and chief financial officer in the year following the filing of any financial statement that the issuer is required to restate because of misconduct, and the reimbursement of those funds to the issuer. A copy of the Clawback Policy has been filed herewith as Exhibit 97.1.

ITEM 7. MAJOR SHAREHOLDERS AND RELATED PARTY TRANSACTIONS

A. MAJOR SHAREHOLDERS

The following table sets forth share ownership information as of February 20, 2024 (unless otherwise noted below) with respect to each person who is known by us to be the beneficial owner of more than 5% of our outstanding ordinary shares. The information contained in the table below has been obtained from the Company's records or from information furnished by an individual or entity to the Company or disclosed in public filings with the SEC. Except where otherwise indicated, and except pursuant to community property laws, we believe, based on information furnished by such owners, that the beneficial owners of the ordinary shares listed below have sole investment and voting power with respect to such shares. As of February 20, 2024, there were a total of 36 holders of record of our ordinary shares, of which 23 were registered with addresses in the United States. Such United States holders were, as of such date, the holders of record of more than 99.0 % of our outstanding ordinary shares. Our ordinary shares are traded on the Nasdaq Capital Market in the United States and on the TASE in Israel. A significant portion of our shares are held in "street name", therefore we cannot determine who our shareholders are, their geographical location or how many shares a particular shareholder owns.

Total "Number of Ordinary Shares Beneficially Owned" in the table below include shares that may be acquired by any of the below entities upon the exercise of options or warrants known to us, that are either currently exercisable or will become exercisable within 60 days of February 20, 2024.

The shareholders listed below do not have any different voting rights from any of our other shareholders.

Reporting Beneficial Owner	Number of Ordinary Shares Beneficially Owned	Percent of Ordinary Shares Beneficially Owned[1]
Bristol-Myers Squibb Company[2]	4,757,058	5.3%

(1) Based upon 89,530,193 ordinary shares issued and outstanding as of February 20, 2024.

(2) Based upon information provided by the shareholder in its Form 13G filed with the SEC on November 19, 2021. With respect to the ordinary shares reported in its Schedule 13G, Bristol-Myers Squibb Company, indicated as having (i) sole voting power and dispositive power with respect to 4,757,058 ordinary shares, and (ii) no shared voting power nor shared dispositive power with respect to ordinary shares. Furthermore, in such filing BMS indicated aggregate beneficial ownership of 4,757,058 ordinary shares. The address of the principal business office of BMS is 430 East 29th Street, New York, NY 10016.

B. RELATED PARTY TRANSACTIONS

Other than as set forth below and transactions related to compensation of our executive officers and directors as described under "Item 6. Directors, Senior Management and Employees - B. Compensation," since January 1, 2023, we have not entered into any material related party transaction.

Indemnification and Exemption Agreements

Our Articles permit us to exculpate, indemnify and insure our Office Holders to the fullest extent permitted by the Companies Law. Accordingly, we release our Office Holders from liability and indemnify them to the fullest extent permitted by law and provide them with letters of indemnification and exemption and release for this purpose, in the form most recently approved at our 2021 AGM. Under the letters of indemnification and exemption and release (i) our undertaking to indemnify each Office Holder for monetary liabilities or obligations imposed by a court judgment (including a settlement or an arbitrator's award approved by a court) is limited to matters that result from or are connected to those events or circumstances set forth therein, and (ii) the indemnification that we undertake towards all persons whom it resolved to indemnify for the matters and circumstances described therein, jointly and in the aggregate, do not exceed the higher of the: (i) an amount equal to 25% of the Company's shareholders' equity, per the most recent financial statements (audited or reviewed) after the time that notice is provided to the Company; or (y) $20 million.

Our Office Holders are also covered by directors' and officers' liability insurance. For more information see "Item 6. Directors, Senior Management and Employees - B. Compensation - Insurance, Indemnification and Exemption."

C. INTERESTS OF EXPERTS AND COUNSEL

Not applicable.

ITEM 8. FINANCIAL INFORMATION

A. CONSOLIDATED STATEMENTS AND OTHER FINANCIAL INFORMATION

Consolidated Financial Statements

Our consolidated financial statements are included beginning on page F-1 of this Annual Report. See also "Item 18. Financial Statements."

Legal Proceedings

Currently, we are not a party to any legal or arbitration proceedings, including governmental proceedings, that are pending or known to be contemplated, that our management believes, individually or in the aggregate, may have, or have had in the recent past, a significant effect on our financial position or profitability, nor are we party to any material proceeding in which any director, member of our senior management or affiliate is a party adverse to us or our subsidiary or has a material interest adverse to us or our subsidiary.

Dividend Distribution Policy

We have never paid any cash dividends on our ordinary shares, and we do not intend to pay cash dividends on our ordinary shares in the foreseeable future. Our current policy is to retain any earnings we have (if any) for use in our business.

In the event that we decide to pay a cash dividend from income that is tax exempt under our Benefiting Enterprises program, we would be required to pay the applicable corporate tax that would otherwise have been payable on such income which would be in addition to the tax payable by the dividend payee. See "Item 10. Additional Information - E. Taxation."

B. *SIGNIFICANT CHANGES*

Not applicable.

ITEM 9. THE OFFER AND LISTING

A. OFFER AND LISTING DETAILS

Our ordinary shares were listed on The Nasdaq Global Market through June 16, 2009. On June 17, 2009, the listing of our ordinary shares was transferred from The Nasdaq Global Market to The Nasdaq Capital Market, and on January 27, 2014, the listing of our ordinary shares transferred back from The Nasdaq Capital Market to The Nasdaq Global Market. On May 4, 2023, our ordinary shares transferred back from The Nasdaq Global Market to The Nasdaq Capital Market. Our trading symbol on Nasdaq is CGEN. Our ordinary shares have been dually listed on the Tel Aviv Stock Exchange since January 2002. Our trading symbol on each of The Nasdaq Capital Market and the Tel Aviv Stock Exchange is CGEN.

B. PLAN OF DISTRIBUTION

Not applicable

C. MARKETS

Our ordinary shares are traded in the United States on The Nasdaq Capital Market and in Israel on the Tel Aviv Stock Exchange (TASE).

D. SELLING SHAREHOLDERS

Not applicable

E. DILUTION

Not applicable

F. EXPENSES OF THE ISSUE

Not applicable

ITEM 10. ADDITIONAL INFORMATION

A. SHARE CAPITAL

Not applicable

B. MEMORANDUM AND ARTICLES OF ASSOCIATION

Copies of our Amended and Restated Articles and our Amended and Restated Memorandum of Association, as in effect as of the date of this Annual Report, are attached as Exhibits 1.1 and 1.2, respectively, to this Annual Report. The information called for by this Item is set forth in Exhibit 2.1 to this Annual Report and is incorporated by reference into this Annual Report.

C. MATERIAL CONTRACTS

Please see "Item 4. Information on the Company - B. Business Overview - Business Strategy and Partnerships – Gilead License", and "Item 4. Information on the Company - B. Business Overview - Business Strategy and Partnerships - AstraZeneca License" and "Item 5. Operating and Financial Review and Prospects Finance - B. Liquidity and Capital Resources" for a discussion of our material contracts.

D. EXCHANGE CONTROLS

There are currently no exchange controls in effect in Israel that restrict the repatriation by non-residents of Israel in non-Israeli currency of any dividends, if any are declared and paid, and liquidation distributions or the Company's ability to import and export capital, except that such restrictions may exist with respect to

citizens of countries which are in a state of war with Israel.

E. TAXATION

The following is a brief summary of certain material Israeli and U.S. federal tax consequences concerning the ownership and disposition of our ordinary shares by purchasers or holders of our ordinary shares. Because parts of this discussion are based on new or existing tax or other legislation that has not been subject to judicial or administrative interpretation, there can be no assurance that the views expressed herein will be accepted by the tax or other authorities in question. The summary below does not address all of the tax consequences that may be relevant to all purchasers or holders of our ordinary shares in light of each purchaser's or holder's particular circumstances and specific tax treatment. For example, the summary below does not address the tax treatment of residents of Israel and traders in securities who are subject to specific tax regimes. As individual circumstances may differ, holders of our ordinary shares should consult their own tax advisors as to U.S., Israeli or other tax consequences of the purchase, ownership and disposition of our ordinary shares. This discussion is not intended, nor should it be construed, as legal or professional tax advice and it is not exhaustive of all possible tax considerations. Each person should consult his, her or its own tax or legal advisor.

Israeli Taxation

Taxation of Capital Gains Applicable to Non-Israeli Shareholders

Israeli law generally imposes a capital gains tax on the sale of securities of an Israeli resident company traded on the TASE, on an authorized stock exchange outside Israel or on a regulated market (which includes a system through which securities are traded pursuant to rules prescribed by the competent authority in the relevant jurisdiction), which includes Nasdaq, in or outside Israel, or a "Recognized Exchange". Pursuant to the Tax Ordinance, the capital gains tax rate applicable to individuals upon the sale of such securities is such individual's marginal tax rate but not more than 25%, or 30% with respect to an individual who meets the definition of a 'Substantial Shareholder' on the date of the sale of the securities or at any time during the 12 months preceding such date. A 'Substantial Shareholder' is defined as a person who, either alone or together with any other person, holds, directly or indirectly, at least 10% of any of the means of control of a company (which includes, among other things, the right to receive profits of the company, voting rights, the right to receive the company's liquidation proceeds and the right to appoint a director).

With respect to corporate investors, capital gain tax equal to the corporate tax rate (23% in 2023 and thereafter) will be imposed on the sale of our traded shares.

However, if our ordinary shares are traded on a Recognized Exchange gains on the sale of our ordinary shares held by non-Israeli tax resident investors will generally be, subject to certain conditions, exempt from Israeli capital gains tax so long as the gains were not derived from a permanent establishment that the non-Israeli tax resident investor maintains in Israel. Furthermore, non-Israeli "Body of Persons" (as defined in the Ordinance, and includes corporate entities, partnerships, and other entities) will not be entitled to such exemption if Israeli residents, whether directly or indirectly, (i) holds more than 25% of the means of control in such non-Israeli corporation or (ii) are the beneficiaries of or are entitled to 25% or more of the revenues or profits of such corporation.

Notwithstanding the foregoing, dealers in securities in Israel are taxed at regular tax rates applicable to business income.

In addition, persons paying consideration for shares, including purchasers of shares, Israeli securities dealers effecting a transaction, or a financial institution through which securities being sold are held, are required, subject to any applicable exemptions and the demonstration by the selling shareholder of its non-Israeli residency and other requirements, to withhold tax upon the sale of publicly traded securities at a rate of 25% for individuals and at the corporate tax rate (23% in 2023 and thereafter) for corporations.

The sale of shares may also be exempt from Israeli capital gain tax under the provisions of an applicable tax treaty. For example, the Convention Between the Government of the United States and the Government of the State of Israel With Respect to Taxes of Income, as amended, or the U.S.-Israel Tax Treaty), exempts U.S. residents for the purposes of the treaty (who are entitled to claim the benefits of the U.S.-Israel Tax Treaty) from Israeli capital gain tax in connection with such sale, provided (i) the U.S. resident owned, directly or indirectly, less than 10% of the Israeli resident company's voting power at any time within the 12-month period preceding such sale; (ii) the seller, being an individual, is present in Israel for a period or periods of less than 183 days during the taxable year; and (iii) the capital gain from the sale was not derived through a permanent establishment of the U.S. resident in Israel. Under the U.S.-Israel Tax Treaty, U.S. residents for the purposes of the treaty may be permitted to claim a credit for such taxes against U.S. federal income tax imposed on the sale, under the circumstances and subject to the limitations specified in the U.S.-Israel Tax Treaty and U.S. tax legislation, as discussed below under "*Certain Material U.S. Federal Income Tax Considerations to U.S. Holders – Distributions*."

Income Taxes on Dividend Distribution to Non-Israeli Shareholders

In principle, non-Israeli residents (whether individuals or corporations) are generally subject to Israeli income tax on the receipt of dividends paid by Israeli publicly traded companies at the rate of 25% if the shares are registered with a nominee company (as such term is used in the Israeli Securities Law). If the shares are not registered with a nominee company, the rate of 25% will apply to non-Israeli residents shareholders who are not considered Substantial Shareholders, as defined above, and who were not considered Substantial Shareholders at any time during the 12 months preceding the date of the distribution, and the rate of 30% will apply to dividends paid to Substantial Shareholders and to persons who were Substantial Shareholders at any time during the 12 months preceding the date of the distribution. Notwithstanding the above, a lower tax rate may be provided under an applicable tax treaty between Israel and the shareholder's country of residence (subject to the receipt in advance of a valid tax certificate from the Israel Tax Authority allowing for a reduced tax rate). The distribution of dividends to non-Israeli residents (either individuals or corporations) from income derived from a company's Approved Enterprises or Benefiting Enterprises during the applicable benefits period or from Preferred Enterprises is subject to withholding tax at a rate of 20%, unless a lower tax rate is provided under an applicable tax treaty (subject to the receipt in advance of a valid tax certificate from the Israel Tax Authority allowing for a 20% withholding tax rate or a lower tax rate, provided by an applicable tax treaty).

A non-resident of Israel who has received dividend income derived from or accrued in Israel, from which the full amount of tax was withheld, is generally exempt from the duty to file tax returns in Israel with respect to such income, provided that: (i) such income was not derived from a business conducted in Israel by the taxpayer; (ii) the taxpayer has no other taxable sources of income in Israel with respect to which a tax return is required to be filed; and (iii) the taxpayer is not liable for Excess Tax (as described below).

Residents of the United States generally will have withholding tax in Israel deducted at source. They may be entitled to a credit or deduction for U.S. federal income tax purposes for all or part of the amount of the taxes withheld, subject to detailed rules contained in U.S. tax legislation, as discussed below under "*Certain Material U.S. Federal Income Tax Considerations to U.S. Holders – Distributions*."

U.S. Israel Tax Treaty

Under the U.S.-Israel Tax Treaty, the maximum Israeli withholding tax rate on dividends paid to a holder of our ordinary shares who is a U.S. resident for the purposes of the U.S.-Israel Tax Treaty, is generally 25%. The U.S.-Israel Tax Treaty provides that a 15% or a 12.5% Israeli dividend withholding tax will apply to dividends paid to a U.S. corporation owning 10% or more of an Israeli company's voting shares during, in general, the current and preceding tax year of the Israeli company. The 15% rate applies to dividends distributed from income derived from an Approved Enterprise, or a Benefiting Enterprise, in each case within the applicable period or, from a Preferred Enterprise, and the lower 12.5% rate applies to dividends distributed from income derived from other sources. However, these provisions do not apply if the company has certain amounts of passive income. The aforementioned rates under the U.S.-Israel Treaty will not apply if the dividend income was derived through a permanent establishment of the U.S. resident in Israel.

Excess Tax

Furthermore, an additional tax liability at the rate of 3% is applicable on the annual taxable income, including, but not limited to, income derived from dividends, interest and capital gains, of individuals who are subject to tax in Israel (whether such individual is an Israeli resident or non-Israeli resident) exceeding a certain threshold (NIS 698,280 in 2023), which amount is linked to the Israeli consumer price index.

Estate and Gift Tax

Israeli law currently does not impose estate or gift taxes.

Certain Material U.S. Federal Income Tax Considerations to U.S. Holders

General

The following is a summary of certain material U.S. federal income tax considerations generally applicable to the acquisition, ownership and disposition of our ordinary shares by U.S. holders (as defined below) that hold our ordinary shares as "capital assets" (generally, property held for investment) under the Code. For this purpose, a U.S. holder is, a holder, who, for U.S. federal income tax purposes, is a beneficial owner of ordinary shares and who is: (a) a citizen or individual resident of the United States; (b) a corporation (or other entity taxable as a corporation for U.S. federal income tax purposes) created or organized in or under the laws of the United States, any state thereof or the District of Columbia; (c) an estate the income of which is subject to U.S. federal income tax regardless of its source; or (d) a trust that is subject to the primary supervision of a court over its administration and one or more U.S. persons control all substantial decisions, or a trust that has validly elected to be treated as a domestic trust under applicable Treasury Regulations. This summary does not address any tax consequences to persons other than U.S. holders.

The statements in this summary are based on the current U.S. federal income tax laws as contained in the Code, Treasury Regulations, and relevant judicial decisions and administrative guidance, all as of the date hereof, and such authorities may be replaced, revoked or modified, possibly with retroactive effect, so as to result in U.S. federal income tax consequences different from those discussed below. No ruling has been sought from the U.S. Internal Revenue Service, or IRS, with respect to any U.S. federal income tax consequences described below, and there can be no assurance that the IRS will not take a contrary position or that a court will not sustain such a position in the event of a challenge.

The following summary does not address all aspects of U.S. federal income tax consequences that may apply to certain types of U.S. holders that are subject to special treatment, such as banks, insurance companies, tax-exempt or governmental organizations, financial institutions, broker-dealers, dealers in securities or currencies, traders in securities that elect to use the mark-to-market method of accounting for their securities, S corporations, partnerships or other pass-through entities (or arrangements treated as a partnership) for U.S. federal tax purposes, regulated investment companies, real estate investment trusts, "controlled foreign corporations" within the meaning of Section 957(a) of the Code, "passive foreign investment companies" within the meaning of Section 1297(a) of the Code, certain expatriates, persons owning, directly, constructively or by attribution, 5% or more, by voting power or value, of our ordinary shares, persons whose "functional currency" is not the U.S. dollar, persons who hold ordinary shares as part of a hedging, constructive sale or conversion, straddle, or other risk-reducing transaction, former U.S. citizens or long term residents of the United States, corporations that accumulate earnings to avoid U.S. federal income tax, persons who hold our ordinary shares in connection with a trade or business, permanent establishment or fixed base outside the United States, or persons that received an interest in our ordinary shares through the exercise of an option or otherwise in exchange for services.

This summary is a general summary and does not address all aspects of U.S. federal income taxation that may be relevant to particular U.S. holders based on their particular investment or tax circumstances.

This summary relates only to U.S. federal income taxes and does not address any other taxes, including but not limited to, U.S. state or local, or non-U.S., taxes and does not describe all of the U.S. federal income tax consequences that may be relevant, including the special tax accounting rules under Section 451(b) of the Code, the U.S. federal non-income tax considerations, including estate or gift tax considerations, the Medicare contribution tax on net investment income and the alternative minimum tax.

If a partnership (including an entity or arrangement classified as a partnership for U.S. federal income tax purposes) holds our ordinary shares, the tax treatment of a partner (including a person classified as a partner for U.S. federal income tax purposes) will generally depend upon the status of the partner and the activities of the partnership. A partner of a partnership holding our ordinary shares should consult its tax advisors.

This summary is not a substitute for careful tax planning. Investors are urged to consult their own tax advisors regarding the specific U.S. federal, state, foreign and other tax consequences to them, in light of their own particular circumstances, of the purchase, ownership and disposition of our ordinary shares and the effect of potential changes in applicable tax laws.

Passive Foreign Investment Company Rules

In general, a corporation organized outside the United States will be classified as a passive foreign investment company, or PFIC, for U.S. federal income tax purposes for any taxable year in which, after the application of certain look-through rules with respect to income and assets of its subsidiaries, either:

- at least 75% of its gross income is passive income, or
- at least 50% of the value (determined on the basis of a quarterly weighted average) of its total assets for the taxable year is attributable to assets that produce or are held for the production of passive income.

For this purpose, passive income generally includes, among other things, dividends, interest, royalties and rents (other than royalties and rents derived in the active conduct of a trade or business and not derived from a related person). Assets that produce or are held for the production of passive income may include cash (unless held in a non-interest bearing account for short term working capital needs), marketable securities and other assets that may produce passive income. The 50% passive asset test described above is generally based on the fair market value of each asset, with the value of goodwill and going concern value determined in large part by reference to the market value of our ordinary shares, which may be volatile. Generally, in determining whether a non-U.S. corporation is a PFIC, a proportionate share of the income and assets of each corporation in which it owns, directly or indirectly, at least a 25% interest (by value) is taken into account. Whether we are a PFIC for any taxable year will depend on the composition of our income and the composition and value of our assets (which, may be determined in large part by reference to the market price of the ordinary shares, which is likely to continue to fluctuate) in each year, and because this is a factual determination made annually after the end of each taxable year, there can be no assurance that we will not be considered a PFIC in any taxable year.

Based on the composition of our income, and the composition and value of our assets, in 2023, we believe that we were a PFIC for the taxable year ended December 31, 2023. However, the determination of whether or not we are a PFIC is a fact-intensive determination made on an annual basis and because the applicable law is subject to varying interpretations we cannot provide any assurance regarding our PFIC status and our U.S. counsel expresses no opinion with respect to our PFIC status for any taxable year. In particular, our status as a PFIC in current or any future tax year is uncertain because, among other things, (i) we currently own a substantial amount of passive assets, including cash, (ii) we may not receive milestone payments under any of our collaboration agreements, in which case, our income may be exclusively passive and (iii) the valuation of our assets that generate non-passive income for PFIC purposes, including our intangible assets, is uncertain and may be determined in substantial part by our market capitalization, which may vary substantially over time. Furthermore, there can be no assurance that the IRS will agree with our conclusion or that the IRS would not successfully challenge our position. No ruling from the IRS concerning our status as a PFIC has been obtained or is currently planned to be requested. Accordingly, we cannot provide any assurances regarding our PFIC status for the current or future taxable years.

If we are classified as a PFIC in any taxable year during a U.S. holder's holding period of our ordinary shares, such U.S. holder could be liable for additional taxes and interest charges upon (1) a distribution paid during a taxable year that is greater than 125% of the average annual distributions paid in the three preceding taxable years, or, if shorter, the U.S. holder's holding period for the ordinary shares, and (2) any gain recognized on a sale, exchange or other taxable disposition, including a pledge, of the ordinary shares, whether or not we continue to be a PFIC. In these circumstances, the tax will be determined by allocating such distribution or gain ratably over the U.S. holder's holding period for the ordinary shares. The amount allocated to the current taxable year (i.e., the year in which the distribution occurs, or the gain is recognized) and any year prior to the first taxable year in which we are a PFIC will be taxed as ordinary income earned in the current taxable year. The amount allocated to other taxable years will be taxed at the highest marginal rates in effect for individuals or corporations, as applicable, to ordinary income for each such taxable year, and an interest charge, generally applicable to underpayments of tax, will be added to the tax. In addition, non-corporate U.S. Holders will not be eligible for reduced rates of taxation on any dividends received from us, if we are a PFIC in the taxable year in which such dividends are paid or in the preceding taxable year.

If we are a PFIC for any year during which a U.S. holder holds the ordinary shares, we must generally continue to be treated as a PFIC by that holder for all succeeding years during which the U.S. holder holds the ordinary shares, unless we cease to meet the requirements for PFIC status and the U.S. holder makes a "deemed sale" election with respect to the ordinary shares. If such election is made, the U.S. holder will be deemed to have sold the ordinary shares it holds at their fair market value on the last day of the last taxable year in which we qualified as a PFIC, and any gain from such deemed sale would be subject to the consequences described above. After the deemed sale election, the U.S. holder's ordinary shares with respect to which the deemed sale election was made will not be treated as shares in a PFIC unless we subsequently again become a PFIC.

If a U.S. holder has made a qualified electing fund, or QEF election covering all taxable years during which the holder holds ordinary shares and in which we are a PFIC, distributions and gains will not be taxed as described above. Instead, a U.S. holder that makes a QEF election is required for each taxable year to include in income (i) the holder's pro rata share of the PFIC's ordinary earnings as ordinary income or (ii) the holder's pro rata share of the QEF net capital gain as capital gain, regardless of whether such earnings or gain have in fact been distributed, for each taxable year that the entity is classified as a PFIC. If a U.S. holder makes a QEF election with respect to us, any distributions paid by us out of our earnings and profits that were previously included in the U.S. holder's income under the QEF election would not be taxable to the holder. A U.S. holder will increase its tax basis in its ordinary shares by an amount equal to any income included under the QEF election and will decrease its tax basis by any amount distributed on the ordinary shares that is not included in the holder's income. If a U.S. holder has made a QEF election with respect to its ordinary shares, any gain or loss recognized by the U.S. holder on a sale or other disposition of such ordinary shares will constitute capital gain or loss. In addition, if a U.S. holder makes a timely QEF election, our ordinary shares will not be considered shares in a PFIC in years in which we are not a PFIC, even if the U.S. holder had held ordinary shares in prior years in which we were a PFIC.

U.S. holders should consult their tax advisors regarding making QEF elections in their particular circumstances. If a U.S. holder does not make and maintain a QEF election for the U.S. holder's entire holding period for our ordinary shares by making the election for the first year in which the U.S. holder owns our ordinary shares, the U.S. holder will be subject to the adverse PFIC rules discussed above unless the U.S. holder can properly make a "purging election" with respect to our ordinary shares in connection with the U.S. holder's QEF election. A purging election may require the U.S. holder to recognize taxable gain on the U.S. holder's ordinary shares.

In order to comply with the requirements of a QEF election, a U.S. holder must receive certain information from us. The QEF election is made on a shareholder-by-shareholder basis and can be revoked only with the consent of the IRS. A shareholder makes a QEF election by attaching a completed IRS Form 8621, including the information provided in the PFIC annual information statement, to a timely filed U.S. federal income tax return and by filing a copy of the form with the IRS. We may provide the information necessary for U.S. holders to make QEF elections if we were treated as a PFIC for any taxable year. There is no assurance that we will have timely knowledge of our status as a PFIC in the future. Accordingly, U.S. holders may be unable to make a timely QEF election with respect to our ordinary shares.

U.S. holders should consult their tax advisors to determine whether any of these above elections would be available and if so, what the consequences of the alternative treatments would be in their particular circumstances.

The tax consequences that would apply if we are a PFIC would also be different from those described above if a timely and valid "mark-to-market" election is made by a U.S. holder for the ordinary shares held by such U.S. holder. An electing U.S. holder would generally take into account as ordinary income or loss each year an amount equal to the difference between the U.S. holder's adjusted tax basis in such ordinary shares and their fair market value; however, losses would be allowed only to the extent of the excess of amounts previously included in income over ordinary losses deducted in prior years as a result of the mark-to-market election. Any gain from a sale, exchange or other taxable disposition of the ordinary shares in any taxable year in which we are a PFIC would be treated as ordinary income and any loss from such sale, exchange or other taxable disposition would be treated first as ordinary loss (to the extent of any net mark-to-market gains previously included in income) and thereafter as capital loss. The adjusted tax basis of a U.S. holder's ordinary shares is increased by the amount included in gross income under the mark-to-market regime, or is decreased by the amount of the deduction allowed under the regime. If a U.S. holder makes a mark-to-market election it will be effective for the taxable year for which the election is made and all subsequent taxable years unless the shares are no longer regularly traded on a qualified exchange or the IRS consents to the revocation of the election.

A mark-to-market election is available to a U.S. holder only for "marketable stock." Generally, stock will be considered marketable stock if it is "regularly traded" on a "qualified exchange" within the meaning of applicable Treasury Regulations. A class of stock is regularly traded during any calendar year during which such class of stock is traded, other than in *de minimis* quantities, on at least 15 days during each calendar quarter. The ordinary shares will be marketable stock as long as they remain listed on a qualified exchange, such as Nasdaq, and are regularly traded. However, we can provide no assurances that our ordinary shares will continue to be listed on a qualified exchange or will be regularly traded. A mark-to-market election will not apply to the ordinary shares for any taxable year during which we are not a PFIC but will remain in effect with respect to any subsequent taxable year in which we become a PFIC. U.S. holders are urged to consult their tax advisor about the availability of the mark-to-market election, and whether making the election would be advisable in such holder's particular circumstances.

If we are a PFIC and, at any time, have a non-U.S. subsidiary that is classified as a PFIC (a "lower-tier" PFIC), U.S. holders of our ordinary shares generally would be deemed to own, and also would be subject to the PFIC rules with respect to, their indirect ownership interests in that lower-tier PFIC. If we are a PFIC and a U.S. holder of our ordinary shares does not make a QEF election in respect of a lower-tier PFIC, the U.S. holder could incur liability for the deferred tax and interest charge described above if either (1) we receive a distribution from, or dispose of all or part of our interest in, the lower-tier PFIC or (2) the U.S. holder disposes of all or part of its ordinary shares. We may provide the information necessary for U.S. holders to make QEF elections with respect to any lower-tier PFIC. A mark-to-market election under the PFIC rules with respect to our ordinary shares would not apply to a lower-tier PFIC, and a U.S. holder would not be able to make such a mark-to-market election in respect of its indirect ownership interest in that lower-tier PFIC. Consequently, U.S. holders of our ordinary shares could be subject to the PFIC rules with respect to income of the lower-tier PFIC the value of which already had been taken into account indirectly via mark-to-market adjustments. U.S. holders are urged to consult their own tax advisors regarding the issues raised by lower-tier PFICs.

Each U.S. holder who is a shareholder of a PFIC must file an annual information report on IRS Form 8621 containing such information as the U.S. Treasury Department may require (whether or not a QEF election or a mark-to-market election is made). The failure to file IRS Form 8621 could result in the imposition of penalties and the extension of the statute of limitations with respect to U.S. federal income tax.

THE RULES DEALING WITH PFICS AND WITH THE QEF AND MARK-TO-MARKET ELECTIONS ARE VERY COMPLEX AND ARE AFFECTED BY VARIOUS FACTORS IN ADDITION TO THOSE DESCRIBED ABOVE, INCLUDING OUR OWNERSHIP OF ANY NON-U.S. SUBSIDIARIES. AS A RESULT, U.S. HOLDERS OF ORDINARY SHARES ARE STRONGLY ENCOURAGED TO CONSULT THEIR TAX ADVISORS ABOUT THE PFIC RULES IN CONNECTION WITH THEIR PURCHASING, HOLDING OR DISPOSING OF ORDINARY SHARES.

U.S. Federal Income Tax Consequences If We Are Not a PFIC.

The description of the U.S. federal income tax consequences of the receipt of distributions and the sale or other taxable exchange of our ordinary shares, described in the following two sections "- *Distributions*" and "- *Disposition of Ordinary Shares*," apply only if we are not a PFIC in the relevant year and our ordinary shares are not subject to the rules described above under "-*Passive Foreign Investment Company Rules*".

Distributions

Subject to the discussion under "- *Passive Foreign Investment Company Rules*" above, the gross amount of any distributions with respect to our ordinary shares (including any amounts withheld to reflect Israeli withholding taxes) will be taxable as dividends, to the extent paid out of our current or accumulated earnings and profits, as determined under U.S. federal income tax principles. Such income (including any withheld taxes) will be includable in a U.S. holder's gross income as ordinary income on the day actually or constructively received. Distributions in excess of earnings and profits will be non-taxable to the U.S. holder to the extent of, and will be applied against and reduce (but not below zero), the U.S. holder's adjusted tax basis in the ordinary shares. Distributions in excess of earnings and profits and such adjusted tax basis will generally be taxable to the U.S. holder as described below under "- *Disposition of Ordinary Shares*." However, since we do not calculate our earnings and profits under U.S. federal income tax principles, it is expected that any distribution will be reported as a dividend, even if that distribution would otherwise be treated as a non-taxable return of capital or as capital gain under the rules described above. The amount of any dividend paid by us will be treated as foreign-source dividend income to U.S. holders, and the dividends received deduction will not be available to a U.S. holder that is taxed as a corporation as a result.

With respect to non-corporate U.S. holders, certain dividends received from a "qualified foreign corporation" that is not a PFIC may be subject to reduced rates of taxation. A qualified foreign corporation includes a foreign corporation that is eligible for the benefits of a comprehensive income tax treaty with the United States which the United States Treasury Department determines to be satisfactory for these purposes and which includes an exchange of information provision. The United States Treasury Department has determined that the US-Israel Tax Treaty meets these requirements. A foreign corporation is also treated as a qualified foreign corporation with respect to dividends paid by that corporation on shares that are readily tradable on an established securities market in the United States. As discussed under "- *Passive Foreign Investment Company Rules*" above, there can be no assurance that our ordinary shares will be considered readily tradable on an established securities market in any year. If we are a qualified foreign corporation, and we are not classified as a PFIC for the taxable year in which a dividend is paid or in the preceding taxable year (as discussed above under "- *Passive Foreign Investment Company Rules*"), dividend income will generally qualify as "qualified dividend income" in the hands of individual U.S. holders, which is generally taxed at the lower applicable long term capital gains rates, provided certain holding period and other requirements for treatment of such dividends as "qualified dividend income" are satisfied. U.S. holders should consult their own tax advisors regarding the availability of the lower rate for dividends paid with respect to our ordinary shares.

Although, to the extent we pay dividends in the future, we intend to pay dividends to U.S. holders in dollars, the amount of any dividend paid in Israeli currency will equal its dollar value for U.S. federal income tax purposes, calculated by reference to the exchange rate in effect on the date the dividend is received by the U.S. holder, regardless of whether the Israeli currency is converted into dollars. If the Israeli currency received as a dividend are converted into United States dollars on the date they are received, the U.S. holder generally will not be required to recognize foreign currency gain or loss in respect of the dividend income. If the Israeli currency is not converted into dollars on the date of receipt, the U.S. holder will have a basis in the Israeli currency equal to its dollar value on the date of receipt. Any subsequent gain or loss upon the conversion or other disposition of the Israeli currency will be treated as ordinary income or loss, and generally will, for U.S. federal income tax purposes, be treated as income or loss from U.S. sources.

Certain U.S. holders generally may be eligible, subject to a number of complex limitations, to claim Israeli taxes withheld from distributions and paid over to the Israeli taxing authorities either as a deduction from gross income or as a credit against U.S. federal income tax liability. To the extent a refund of the tax withheld is available to a U.S. holder under Israeli law or under the US-Israel Tax Treaty, the amount of tax withheld that is refundable will not be eligible for credit against a U.S. holder's United States federal income tax liability. The foreign tax credit is subject to numerous complex limitations that must be determined and applied on an individual basis. U.S. holders should consult their own tax advisors regarding the foreign tax credit rules.

Disposition of Ordinary Shares

In general, subject to the discussion under "- *Passive Foreign Investment Company Rules*", above, a U.S. holder will recognize U.S.-source capital gain or loss upon a taxable disposition of an ordinary share equal to the difference between the sum of the fair market value of any property and the amount of cash received in such disposition (including the amount of any foreign taxes withheld therefrom) and the U.S. holder's adjusted tax basis in such share. A U.S. holder's adjusted tax basis generally will equal the U.S. holder's acquisition cost less any distributions treated as a return of capital as described under "- *Distributions*" above. Such capital gain or loss will be long-term capital gain or loss if a U.S. holder's holding period in the ordinary share is more than one year at the time of the taxable disposition. Under current law, subject to certain exceptions (including but not limited to those described under "- *Passive Foreign Investment Company Rules* " above), long-term capital gain realized by a non-corporate U.S. holder generally will be eligible for reduced rates of tax. The deduction of capital losses may be subject to limitation. Because gain from the sale or other taxable disposition of an ordinary share will generally be treated as U.S.-source income and, subject to certain exceptions, Treasury Regulations generally preclude U.S. taxpayers from claiming a foreign tax credit with respect to any non-U.S. tax imposed on gains from dispositions of shares held as capital assets unless the tax is creditable under an applicable income tax treaty, your ability to claim a foreign tax credit with respect to Israeli tax imposed on any such sale or other taxable disposition, if any, may be significantly limited. U.S. holders should consult their own tax advisors regarding the foreign tax credit rules with respect to any foreign taxes withheld from a taxable disposition of ordinary shares, as well as regarding any foreign currency gain or loss in connection with such a disposition.

Backup Withholding and Information Reporting

In general, information reporting will apply to dividends in respect of our ordinary shares and the proceeds from the sale or exchange of our ordinary shares that are paid to a U.S. holder within the United States (and in certain cases, outside the United States), unless such holder is an exempt recipient. A backup withholding tax generally applies to such payments if the U.S. holder fails to provide a taxpayer identification number and a duly executed IRS Form W-9 or other certification of exempt status unless the U.S. holder otherwise establishes that it is exempt from such rules.

Any amounts withheld under the backup withholding rules will be allowed as a refund or a credit against a U.S. holder's U.S. federal income tax liability provided the required information is furnished to the IRS in a timely manner.

Individuals who own "specified foreign financial assets" with an aggregate value in excess of $50,000 may be required to file an information report on IRS Form 8938, "Statement of Specified Foreign Financial Assets," with respect to such assets with their tax returns. "Specified foreign financial assets" include any financial accounts maintained by foreign financial institutions, as well as any of the following, but only if they are not held in accounts maintained by financial institutions: (i) stocks and securities issued by non-U.S. persons; (ii) financial instruments and contracts held for investment that have non-U.S. issuers or counterparties; and (iii) interests in foreign entities. U.S. holders that are individuals are urged to consult their tax advisors regarding the application of these rules to their ownership of our ordinary shares.

F. DIVIDENDS AND PAYING AGENTS

Not applicable.

G. STATEMENT BY EXPERTS

Not applicable.

H. DOCUMENTS ON DISPLAY

We are required to file reports and other information with the SEC under the Exchange Act, and the regulations thereunder applicable to foreign private issuers. As a "foreign private issuer" we are exempt from the rules and regulations under the Securities Exchange Act prescribing the furnishing and content of proxy statements, and our officers, directors and principal shareholders are exempt from the reporting and "short-swing" profit recovery provisions contained in Section 16 of the Securities Exchange Act, with respect to their purchase and sale of our shares. In addition, we are not required to file reports and financial statements with the SEC as frequently or as promptly as U.S. companies whose securities are registered under the Securities Exchange Act. Furthermore, as a foreign private issuer, we are also not subject to the requirements of Regulation FD (Fair Disclosure) promulgated under the Exchange Act. Nasdaq rules generally require that companies send an annual report to shareholders prior to the annual general meeting, however we rely upon an exception under the Nasdaq Listing Rules and follow the generally accepted business practice for companies in Israel. Specifically, we file annual reports on Form 20-F, which contain financial statements audited by an independent accounting firm, electronically with the SEC and post a copy on our website. We also furnish to the SEC reports on Form 6-K containing unaudited financial information after the end of each of the first three quarters.

You may review a copy of our filings with the SEC, including any exhibits and schedules, at the offices of the Israel Securities Authority at 22 Kanfei Nesharim St., Jerusalem, Israel. As a foreign private issuer, we were only required to file through the SEC's EDGAR system as of November 2002. Our periodic filings are therefore available on the SEC's Website *www.sec.gov* from that date. You may read and copy any reports, statements or other information that we file with the SEC, through the SEC's EDGAR system available on the SEC's website. These SEC filings are also available to the public on the Israel Securities Authority's website at *www.isa.gov.il* and from commercial document retrieval services.

Any statement in this Annual Report about any of our contracts or other documents is not necessarily complete. If the contract or document is filed as an exhibit to this Annual Report, the contract or document is deemed to modify the description contained in this Annual Report. We urge you to review the exhibits themselves for a complete description of the contract or document.

I. SUBSIDIARY INFORMATION

Not applicable.

ITEM 11. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

We are exposed to a variety of risks, including changes in interest rates and foreign currency exchange risk and inflation.

Interest Rate Risk

As of December 31, 2023, we had approximately $51.1 million in cash, cash equivalents, restricted cash, short-term bank deposits and investment in marketable securities. We mostly invest our cash surplus in bank deposits and U.S. government securities. Since these investments typically carry fixed interest rate or yields, financial income over the holding period is not sensitive to changes in interest rates. For more information, see Note 2 to our 2023 consolidated financial statements.

Foreign Currency Exchange Risk and Inflation

The cost of our Israel operations, as expressed in dollars, is influenced by the extent to which any increase in the rate of inflation in Israel is not offset (or is offset on a lagging basis) by a devaluation of the NIS in relation to the dollar. The inflation rate in Israel was 3.0%, 5.3% and 2.8% in 2023, 2022, and 2021, respectively. The appreciation (devaluation) of the dollar against the NIS was 3.1%, 13.2% and (3.3%) in 2023, 2022 and 2021, respectively. For 2023, assuming a 10% devaluation of the dollar against the NIS, we would experience an increase in our net loss of approximately $1.4 million, while assuming a 10% appreciation of the dollar against the NIS, we would experience a decrease in our net loss of approximately $1.1 million. A significant portion of our expenditures is employee compensation related. Salaries for Israel-based employees are paid in NIS and may be adjusted for changes in the Israeli consumer price index, or CPI, through salary increases or adjustments. These upward adjustments increase salary expenses in dollar terms. The devaluation/appreciation of the NIS against the dollar decreases/increases employee compensation expenditures as expressed in dollars proportionally. Some of our other NIS based expenses are either currently adjusted to dollars or are adjusted to the CPI. We currently have no foreign currency derivative contracts to hedge against currency exchange risk fluctuation but may consider entering into such contracts in the future.

ITEM 12. DESCRIPTION OF SECURITIES OTHER THAN EQUITY SECURITIES

Not applicable.

PART II

ITEM 13. DEFAULTS, DIVIDEND ARREARAGES AND DELINQUENCIES

None.

ITEM 14. MATERIAL MODIFICATIONS TO THE RIGHTS OF SECURITY HOLDERS AND USE OF PROCEEDS

Not applicable.

ITEM 15. CONTROLS AND PROCEDURES

A. DISCLOSURE CONTROLS AND PROCEDURES

Our disclosure controls and procedures are designed to ensure that information required to be disclosed in the reports we are required to file is recorded, processed, summarized and reported on a timely basis. Under the supervision of our chief executive officer (principal executive officer) and chief financial officer (principal financial officer), we conducted an evaluation of the effectiveness of our disclosure controls and procedures, as such term is defined under Rule 13a-15(f) and 15d-15(f) promulgated under the Exchange Act. Based on this evaluation, our chief executive officer and chief financial officer concluded that our disclosure controls and procedures were effective as of the end of the period covered by this Annual Report.

B. MANAGEMENT'S ANNUAL REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING

Our management, with the involvement of our board of directors and audit committee, is responsible for establishing and maintaining adequate internal control over financial reporting. Our internal control over financial reporting (as defined in Rules 13a-15(e) and 15(d) - 15(e) of the Exchange Act) has been designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of our consolidated financial statements for external purposes in accordance with generally accepted accounting principles.

Under the supervision of our chief executive officer (principal executive officer) and chief financial officer (principal financial officer), our management conducted an evaluation of the effectiveness of our internal control over financial reporting, as such term is defined under Rules 13a-15(f) and 15d-15(f) promulgated under the Exchange Act. In making this assessment, our management used the criteria established in Internal Control - Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). Based on this evaluation, our chief executive officer and chief financial officer have concluded that our internal control over financial reporting was effective as of the end of the period covered by this Annual Report.

Notwithstanding the foregoing, all internal control systems no matter how well designed have inherent limitations. Therefore, even those systems determined to be effective may not prevent or detect misstatements and can provide only reasonable assurance with respect to financial statement preparation and presentation. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Kost Forer Gabbay & Kasierer, a member firm of Ernst & Young Global, an independent registered public accounting firm in Israel, which has audited our financial statements for the year ended December 31, 2023, that are included in this Annual Report, has issued an attestation report on our internal control over financial reporting as of December 31, 2023.

C. ATTESTATION REPORT OF THE REGISTERED PUBLIC ACCOUNTING FIRM

The attestation report of Kost Forer Gabbay & Kasierer, a member firm of Ernst & Young Global, an independent registered public accounting firm in Israel, on our internal control over financial reporting as of December 31, 2023, is provided on page F-4, as included under Item 18 of this Annual Report and is incorporated herein by reference.

D. CHANGES IN INTERNAL CONTROL OVER FINANCIAL REPORTING

Based on the evaluation conducted by our management, with the participation of our chief executive officer and chief financial officer, pursuant to Rules 13a-15(f) and 15d-15(f) promulgated under the Exchange Act, our management (including such officers) have concluded that, there were no changes in our internal control over financial reporting that occurred during the period covered by this Annual Report that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

ITEM 16. RESERVED

ITEM 16A. AUDIT COMMITTEE FINANCIAL EXPERT

Our board of directors has determined that each of Mr. Gilead Halevy, Mr. Eran Perry and Mr. Sanford (Sandy) Zweifach, each of whom serves on our audit committee and who meets the "independence" definition under the Nasdaq Listing Rules, qualifies as an "audit committee financial expert" as defined in the instructions to this Item 16A of Form 20-F. See "Item 6.A – Directors, Senior Management and Employees – Directors and Senior Management" for a summary of Mr. Gilead Halevy, Mr. Eran Perry and Mr. Sanford (Sandy) Zweifach's relevant professional experience.

ITEM 16B. CODE OF ETHICS

We have adopted a code of business conduct that applies to all of our employees, officers and directors as well as a code of ethics for senior financial officers that applies to our chief executive officer, chief financial officer, director of finance, controller, assistant controller and persons performing similar functions at our subsidiary.

The code of ethics for senior financial officers is available on our website, *www.cgen.com*. However, information contained on our website does not constitute a part of this Annual Report.

We intend to post on our website all disclosures that are required by the rules and regulations of the SEC or by the Nasdaq Listing Rules concerning any amendments to, or waivers from, any provision of the code of business conduct or the code of ethics.

ITEM 16C. PRINCIPAL ACCOUNTANT FEES AND SERVICES

The following table presents the fees billed or accrued to us by our principal accountant for professional services rendered in the years ended December 31, 2023, and 2022:

	2023	2022
Audit Fees	$ 163,000	$ 163,000
Audit Related Fees	$ 65,000	$ 10,000
Tax Fees	$ 4,500	$ 4,500
All Other Fees	$ 2,500	$ 2,500
Total	**$ 235,000**	**$ 180,000**

"Audit Fees" are fees for professional services rendered by our principal accountant in connection with the integrated audit (including review of internal control over financial reporting) of our consolidated annual financial statements and review of our unaudited interim financial statements;

"Audit Related Fees" are fees for professional services rendered by our principal accountant in connection with the audit and other assignments, including consultancy, comfort letters and consents with respect to registration statements filed with the SEC;

"Tax Fees" are fees for services rendered by our principal accountant in connection with tax compliance, tax advice and tax planning which in years 2021 and 2020 were consultancy relating to withholding tax on payments to foreign suppliers and annual Israeli tax reports; and

"All Other Fees" are fees for other consulting services rendered by our principal accountant to us.

Pre-Approval Policies for Non-Audit Services

Our audit committee is in charge of a policy and procedures for approval of audit and non-audit services rendered by our external auditor. This policy generally provides that we will not engage our independent registered public accounting firm to render audit or non-audit services unless the service is specifically approved in advance by our audit committee or the engagement is entered into pursuant to the pre-approval procedure described below. Annually, our audit committee pre-approves specified types of services that are expected to be provided to us by our independent registered public accounting firm during the next 12 months. Any such pre-approval is detailed as to the particular service or type of services to be provided and is also generally subject to a maximum dollar amount. All of the fees listed in the table above were approved by our audit committee.

ITEM 16D. EXEMPTIONS FROM THE LISTING STANDARDS FOR AUDIT COMMITTEES

Not Applicable.

ITEM 16E. PURCHASES OF EQUITY SECURITIES BY THE ISSUER AND AFFILIATED PURCHASERS

Not applicable.

ITEM 16F. CHANGE IN REGISTRANT'S CERTIFYING ACCOUNTANT

Not applicable.

ITEM 16G. CORPORATE GOVERNANCE

The Nasdaq Listing Rules require companies with securities listed thereon to comply with its corporate governance standards. As a foreign private issuer whose shares are listed on Nasdaq, we are permitted to follow certain home country corporate governance practices instead of those followed by U.S. companies under the Nasdaq Listing Rules, including:

Shareholder Approval. Pursuant to Israeli law, we seek shareholder approval for all corporate actions requiring such approval under the requirements of the Companies Law, which are different from the requirements for seeking shareholder approval under Nasdaq Listing Rule 5635. We seek shareholder approval in specified situations, including upon issuance of options to directors in their capacity as directors, as required by Israeli law.

Quorum at an Adjourned General Meeting of Shareholders. Consistent with Israeli law, generally, a quorum for an adjourned general meeting of shareholders of the Company is any two shareholders present in person, by proxy, by proxy card or by electronic vote at such meeting. As such, the Israeli quorum requirements for an adjourned meeting are different from the Nasdaq requirement that an issuer listed on Nasdaq have a quorum requirement that in no case be less than 33 1/3% of the outstanding shares of the company's common voting stock.

Distribution of Annual Reports. We have chosen to follow our home country practice in lieu of the requirements of Nasdaq Rule 5250(d)(1), relating to an issuer's furnishing of its annual report to shareholders. Specifically, we file annual reports on Form 20-F, which contain financial statements audited by an independent accounting firm, electronically with the SEC and post a copy on our website.

ITEM 16H. MINE SAFETY DISCLOSURE

Not applicable.

ITEM 16I. DISCLOSURE REGARDING FOREIGN JURISDICTIONS THAT PREVENT INSPECTIONS

Not applicable.

ITEM 16J. INSIDER TRADING POLICIES

We have adopted an insider trading policy governing the purchase, sale, and other dispositions of our securities by directors, senior management, and employees that are reasonably designed to promote compliance with applicable insider trading laws, rules and regulations, and any listing standards applicable to us.

ITEM 16K. CYBERSECURITY

We have implemented and maintain various information security processes designed to identify, assess and manage material risks from cybersecurity threats to our critical computer networks, certain third party hosted services, communications systems, hardware and software, and our critical data, including intellectual property, confidential information that is proprietary, strategic or competitive in nature, and employees' information, or the Information Systems and Data.

Our Senior Vice President/Senior Advisor, Data and Informatics Solutions help identify, assess and manage the Company's cybersecurity threats and risks by monitoring and evaluating our threat environment using various methods including, for example, by engaging third parties to conduct penetration tests on our behalf.

Depending on the environment and system, we implement and maintain various technical, physical, and organizational measures, processes, standards and policies designed to manage and mitigate material risks from cybersecurity threats to our Information Systems and Data, including, for example, incident response policy, business continuity plan, cybersecurity insurance, firewalls and access controls for certain environments and systems, physical security measures, and employee cybersecurity trainings.

Our overall risk assessment and management processes covers material risks from cybersecurity threats. For example, cybersecurity risk is a component in our internal auditor's risk assessment report. Our Senior Vice President/Senior Advisor, Data and Informatic Solutions works with relevant management members to prioritize and mitigate cybersecurity threats that are more likely to lead to a material impact to our business.

We use third-party service providers to assist us from time to time to identify, assess, and manage material risks from cybersecurity threats, including, for example, professional services firms, including legal counsel, cybersecurity and cloud consultants, and a penetration testing firm.

We use third-party service providers to perform a variety of functions throughout our business, including in connection with our clinical data management, antibody development, financial information management, payments and others. We review and require certain security measures of certain of these third parties, such as encryption at rest and in transit and access controls, and in relevant cases, we seek to confirm their compliance with different industry standards and certifications, such as SOC1, SOC2, SOC3, ISO 27001, ISO 27017.

For a description of the risks from cybersecurity threats that may materially affect the Company and how they may do so, see our risk factors under Part 1. Item 3D. Risk Factors in this Annual Report on Form 20-F, including the applicable risk factors under "Risk Factors - Risks Related to our Operations and Other Risks Related to our Business."

Governance

Our board of directors addresses the Company's cybersecurity risk management as part of its general oversight function through its audit committee.

Our cybersecurity risk assessment and management processes are under the responsibility of our Senior Vice President/Senior Advisor, Data and Informatics Solutions, who has over 15 years of experience in the data science, technology, and machine learning spaces.

Our Senior Vice President/Senior Advisor, Data and Informatics Solutions, is responsible for hiring appropriate personnel, helping to integrate cybersecurity risk considerations into the Company's overall risk management strategy, communicating key priorities to relevant personnel (such as the Chief Executive Officer), helping prepare for cybersecurity incidents, approving cybersecurity processes, and reviewing security assessments and other security-related reports.

Our cybersecurity incident response policy is designed to escalate certain cybersecurity incidents to certain members of management, our Senior Vice President/Senior Advisor, Data and Informatics Solutions, our Chief Financial Officer and our General Counsel. Under our cybersecurity incident response policy, those members of management will work with the Company's incident response team member(s) to help the Company mitigate and remediate cybersecurity incidents of which they are notified. In addition, the Company's cybersecurity incident response policy includes reporting to the audit committee of the board of directors for certain cybersecurity incidents.

The audit committee receives periodic reports at least annually from our Senior Vice President/Senior Advisor, Data and Informatics Solutions concerning the Company's significant cybersecurity threats and risk and the processes the Company has implemented to address them. The audit committee also receives various reports, summaries or presentations related to cybersecurity threats, risk and mitigation.

PART III

ITEM 17. FINANCIAL STATEMENTS

See Item 18.

ITEM 18. FINANCIAL STATEMENTS

Our consolidated financial statements and related notes are included in this Annual Report beginning on page F-1.

ITEM 19. EXHIBITS

Index to Exhibits

Exhibit Number	Description
1.1	Amended and Restated Articles of Association of Compugen, as amended (incorporated by reference to Exhibit B to Exhibit 99.1 to Compugen's report on Form 6-K filed with the SEC on August 7, 2023 (File No. 000-30902)).
1.2	Memorandum of Association of Compugen, as amended (incorporated by reference to Annex A2 of Exhibit 99.4 to Compugen's report on Form 6-K filed with the SEC on August 5, 2019 (File No. 000-30902)).
2.1*	Description of Securities.
4.1	Compugen Ltd. 2021 Employee Share Purchase Plan (incorporated by reference to Exhibit 10.1 to Compugen's Registration Statement on Form S-8 filed with the SEC on December 12, 2020 (File No. 333-251263)).
4.2	Compugen Ltd. 2010 Share Incentive Plan, as amended (incorporated by reference to Exhibit 4.1 to Compugen's Registration Statement on Form S-8, filed with the SEC on July 30, 2020 (File No.333-240182)).
4.3	Amended and Restated Form of Indemnification Undertaking and Exemption and Release between Compugen Ltd. and its directors and office holders (incorporated by reference to Exhibit 4.8 to Compugen's Annual Report on Form 20-F/A for the year ended December 31, 2021, filed with the SEC on February 28, 2022 (File No. 000-30902)).
4.4	Office Lease Agreement ("Holon Lease"), dated March 2015, by and between Kanit Hashalom Investments Ltd. and Compugen Ltd. (incorporated by reference to Exhibit 99.2 to Compugen's Form 6-K filed with the SEC on May 5, 2015 (File No. 000-30902)).
4.5	Amendment to Holon Lease made and entered into on November 26, 2015, by and between Kanit Hashalom Investments Ltd. and Compugen Ltd. (incorporated by reference to Exhibit 4.10 to Compugen's Annual Report on Form 20-F for the year ended December 31, 2015, filed with the SEC on March 7, 2016 (File No. 000-30902)).
4.6	Addendum to Holon Lease made and entered into on October 14, 2020 by and between Kanit Hashalom Investments Ltd. and Compugen Ltd. (incorporated by reference to Exhibit 4.11 to Compugen's Annual Report on Form 20-F for the year ended December 31, 2020, filed with the SEC on February 25, 2021 (File No. 000-30902))
4.7@	License Agreement, between the Company and MedImmune Limited ("MedImmune"), entered into as of March 30, 2018 (incorporated by reference to Exhibit 10.1 to Compugen's Form 6-K, filed with the SEC on May 9, 2018 (File No. 000-30902)).
4.8@	Amendment No. 1 to the License Agreement, between the Company and MedImmune, dated May 9, 2018 (incorporated by reference to Exhibit 10.1 to Compugen's Form 6-K, filed with the SEC on August 1, 2018 (File No. 000-30902)).
4.9	Amendment No. 2 to the License Agreement, between the Company and MedImmune, dated September 16, 2020 (incorporated by reference to Exhibit 4.14 to Compugen's Annual Report on Form 20-F for the year ended December 31, 2020, filed with the SEC on February 25, 2021 (File No. 000-30902)).

4.10#	Amendment No. 3 to the License Agreement, between the Company and MedImmune, dated August 4, 2021 (incorporated by reference to Exhibit 4.15 to Compugen's Annual Report on Form 20-F/A for the year ended December 31, 2021, filed with the SEC on February 28, 2022 (File No. 000-30902)).
4.11*#	License Agreement, between Compugen Ltd. and Gilead Sciences, Inc., dated December 18, 2023.
8.1*	Subsidiaries.
12.1*	Certification by Principal Executive Officer pursuant to Rule 13a-14(a)/Rule 15d-14(a) under the Exchange Act and Section 302 of the Sarbanes-Oxley Act of 2002.
12.2*	Certification by Principal Financial Officer pursuant to Rule 13a-14(a)/Rule 15d-14(a) under the Exchange Act and Section 302 of the Sarbanes-Oxley Act of 2002.
13.1*	Certification by Principal Executive Officer and Principal Financial Officer pursuant to Rule 13a-14(b)/Rule 15d-14(b) under the Exchange Act and 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
15.1*	Consent of Kost Forer Gabbay & Kasierer, a member firm of Ernst & Young Global.
97.1*	Compugen's Policy for Recovery of Erroneously Awarded Compensation.
101*	The following financial information from Compugen Ltd.'s Annual Report on Form 20-F for the year ended December 31, 2023, formatted in Inline XBRL (eXtensible Business Reporting Language): (i) Consolidated Statements of Operations for the years ended December 31, 2023, 2022 and 2021; (ii) Consolidated Balance Sheets as of December 31, 2023 and 2022; (iii) Consolidated Statements of Changes in Shareholders' Equity for the years ended December 31, 2023, 2022 and 2021; (iv) Consolidated Statements of Cash Flows for the years ended December 31, 2023, 2022 and 2021; and (v) Notes to Consolidated Financial Statements.
101.INS	Inline XBRL Instance Document
101.SCH	Inline XBRL Taxonomy Extension Schema Document
101.PRE	Inline XBRL Taxonomy Extension Presentation Linkbase Document
101.CAL	Inline XBRL Taxonomy Calculation Linkbase Document
101.LAB	Inline XBRL Taxonomy Label Linkbase Document
101.DEF	Inline XBRL Taxonomy Extension Definition Linkbase Document
104	Cover Page Interactive Data File (Formatted as Inline XBRL and contained in Exhibit 101).

* Filed herewith.

@ Confidential treatment has been granted by the Securities and Exchange Commission as to certain portions.

Portions of this exhibit (indicated by asterisks therein) have been omitted as these portions are both not material and private or confidential.

SIGNATURES

The registrant hereby certifies that it meets all of the requirements for filing on Form 20-F and that it has duly caused and authorized the undersigned to sign this annual report on its behalf.

COMPUGEN LTD.

Signature: /s/ Dr. Anat Cohen-Dayag

Name: Dr. Anat Cohen-Dayag

Title: President and Chief Executive Officer, Director

Date: March 5, 2024

COMPUGEN LTD. AND ITS SUBSIDIARY

CONSOLIDATED FINANCIAL STATEMENTS

AS OF DECEMBER 31, 2023

U.S. DOLLARS IN THOUSANDS

INDEX

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REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Shareholders and Board of Directors of

COMPUGEN LTD.

Opinion on the Financial Statements

We have audited the accompanying consolidated balance sheets of Compugen Ltd. and its subsidiary (the "Company") as of December 31, 2023 and 2022, the related consolidated statements of comprehensive loss, changes in shareholders' equity and cash flows for each of the three years in the period ended December 31, 2023, and related notes (collectively referred to as the "consolidated financial statements"). In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Company at December 31, 2023 and 2022, and the results of its operations and its cash flows for each of the three years in the period ended December 31, 2023, in conformity with U.S. generally accepted accounting principles.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the Company's internal control over financial reporting as of December 31, 2023, based on criteria established in Internal Control-Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (2013 framework) and our report dated March 5, 2024, expressed an unqualified opinion thereon.

Basis for Opinion

These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on the Company's financial statements based on our audits. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether due to error or fraud. Our audits included performing procedures to assess the risks of material misstatement of the financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that our audits provide a reasonable basis for our opinion.

Critical Audit Matters

The critical audit matters communicated below are matters arising from the current period audit of the financial statements that were communicated or required to be communicated to the audit committee and that: (1) relates to accounts or disclosures that are material to the financial statements and (2) involved our especially challenging, subjective or complex judgments. The communication of the critical audit matters does not alter in any way our opinion on the consolidated financial statements, taken as a whole, and we are not, by communicating the critical audit matters below, providing separate opinions on the critical audit matters or on the accounts or disclosures to which they relate.

Accrued Pre-Clinical and Clinical Trial Expenses

Description of the matter	As discussed in Note 2(m) to the consolidated financial statements, the Company records costs for pre-clinical and clinical trial activities based upon estimates of costs incurred through the balance sheet date that have yet to be invoiced by the contract research organizations and other vendors. Auditing the Company's accruals for pre-clinical and clinical trial activities is challenging due to the fact that information necessary to estimate the accruals for the services that have been received during the reporting period is accumulated from multiple sources such as Company's personnel that oversee the pre-clinical and clinical trial activities, information from service providers and terms and conditions included in the contracts with the service providers. In addition, in certain circumstances, the determination of the nature and level of services that have been received during the reporting period requires judgment because the timing and pattern of vendor invoicing does not correspond to the level of services provided and there may be delays in invoicing from pre-clinical and clinical study sites and other vendors.
How we addressed the matter in our audit	We obtained an understanding of, evaluated the design and tested the operating effectiveness of internal controls that addressed the identified risks related to the Company's process for recording accrued pre-clinical and clinical trial expenses. To test the pre-clinical and clinical trial accruals, our audit procedures included, among others, reviewing a sample of agreements with the service providers to corroborate key terms and conditions and testing the accuracy and completeness of the underlying data used in the accrual computations. We also evaluated management's estimates of the progress of a sample of pre-clinical and clinical trial activities by making direct inquiries of the Company's personnel that oversee the pre-clinical and clinical trial activities and obtaining information directly from certain service providers which indicated the progress of pre-clinical and clinical trial completed through the balance sheet date and compared that to the Company's accrual computations. To evaluate the completeness of the accruals, we also examined subsequent invoices from the service providers and cash disbursements to the service providers, to the extent such invoices were received, or payments were made prior to the date that the consolidated financial statements were issued.

License Agreement with Gilead

Description of the matter	As described in Note 2(k) to the consolidated financial statements, the Company entered into a license agreement with Gilead Sciences, Inc. The Company's obligations under the license agreement include: (i) delivery of exclusive license; (ii) certain research transition activities through the clearance of an IND; (iii) contingent promise to additional research and development activities for Phase 1 clinical trial. Under this agreement amounts received include upfront payment, milestone and other contingent payments for the achievement of defined collaboration objectives and certain preclinical, clinical, regulatory and sales-based events, as well as royalties on sales of commercialized products. The initial transaction price of $60 million was allocated to the obligations based on the relative estimated standalone selling prices of each obligation, over which management has applied significant judgment. Auditing the Company's evaluation of the standalone selling price of the license performance obligation was challenging and complex due to the assumptions used by management and high degree of auditor judgment required to evaluate the standalone selling price of the license. The Company developed the estimated standalone selling price of the license based on the present value of expected future cash flows associated with the license and related clinical development and regulatory milestones. In developing such estimate, the Company applied judgement in determining the timing needed to develop the Licensed Product, the probability of success, the expected future cash flows and the discount rate. In addition, the audit effort involved the use of professionals with specialized skill and knowledge to assist in evaluating the audit evidence obtained.
How we addressed the matter in our audit	We obtained an understanding, evaluated the design and tested the operating effectiveness of controls over the Company's evaluation of the standalone selling price of the license performance obligation process, including controls over management's process to determine the methods used to develop standalone selling price of the license, and controls over development of the assumptions related to the methods, including expected future cash flows, discount rates, probability of success and costs estimates for manufacturing and supply costs. To audit the Company's evaluation of the standalone selling price of the license performance obligation related to the Gilead license agreement, we performed audit procedures that included, among others, reading the contractual terms of the license agreement, understanding and testing management's process for developing the standalone selling price, including evaluating the appropriateness of the method and the reasonableness of management's assumptions relating to the indications that will be pursued, forecasted future revenues, probability of success, estimates for manufacturing and supply costs and testing the completeness, accuracy and relevance of underlying data used. Evaluating management's assumptions related to the future revenue included in the expected future cash flows, probability of success, and cost estimates for manufacturing and supply costs involved evaluating whether the assumptions used by management were reasonable considering the consistency with data from internal and external sources including market and industry data. We involved valuation professionals to assist in the assessment of the estimation methodology and the significant assumptions

used in determining the estimated standalone selling price of the license.

KOST FORER GABBAY & KASIERER
A Member of EY Global

We have served as the Company's auditor since 2002

Tel-Aviv, Israel
March 5, 2024

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REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Shareholders and Board of Directors of

COMPUGEN LTD.

Opinion on Internal Control over Financial Reporting

We have audited Compugen Ltd. and its subsidiary's internal control over financial reporting as of December 31, 2023, based on criteria established in Internal Control - Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (2013 framework) (the COSO criteria). In our opinion, Compugen Ltd. and its subsidiary (the "Company") maintained, in all material respects, effective internal control over financial reporting as of December 31, 2023, based on the COSO criteria.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the consolidated balance sheets of the Company as of December 31, 2023 and 2022 and the related consolidated statements of comprehensive loss, changes in shareholders' equity and cash flows for each of the three years in the period ended December 31, 2023, and the related notes and our report dated March 5, 2024, expressed an unqualified opinion thereon.

Basis for Opinion

The Company's management is responsible for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting included in the accompanying Management's Annual Report on Internal Control over Financial Reporting. Our responsibility is to express an opinion on the Company's internal control over financial reporting based on our audit. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audit in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects.

Our audit included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, testing and evaluating the design and operating effectiveness of internal control based on the assessed risk, and performing such other procedures, as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

Definition and Limitations of Internal Control Over Financial Reporting

A company's internal control over financial reporting is a process designed 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. A company's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

KOST FORER GABBAY & KASIERER
A Member of EY Global

Tel-Aviv, Israel
March 5, 2024

CONSOLIDATED BALANCE SHEETS

U.S. dollars in thousands

	Note	December 31, 2023	December 31, 2022
ASSETS			
CURRENT ASSETS:			
Cash and cash equivalents		$ 13,890	$ 11,059
Restricted cash		365	362
Short-term bank deposits		25,053	72,287
Investment in marketable securities		11,742	-
Trade receivables		61,000	-
Other accounts receivable and prepaid expenses	3	2,529	2,417
Total current assets		114,579	86,125
NON-CURRENT ASSETS:			
Long-term prepaid expenses		1,233	1,899
Severance pay fund		2,977	2,794
Operating lease right of use asset	4	1,329	1,826
Property and equipment, net	5	1,216	1,532
Total non- current assets		6,755	8,051
Total assets		$ 121,334	$ 94,176

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

CONSOLIDATED BALANCE SHEETS

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

	Note	December 31, 2023	December 31, 2022
LIABILITIES AND SHAREHOLDERS' EQUITY			
CURRENT LIABILITIES:			
Trade payables		$ 3,502	$ 1,773
Short-term deferred participation in R&D expenses		-	325
Short-term deferred revenues		11,149	-
Current maturity of operating lease liability	4	632	613
Other accounts payable and accrued expenses	6	10,983	9,208
Total current liabilities		26,266	11,919
NON- CURRENT LIABILITIES:			
Long-term deferred revenues		25,392	-
Long-term operating lease liability		719	1,312
Accrued severance pay		3,398	3,265
Total non-current liabilities		29,509	4,577
COMMITMENTS AND CONTINGENT LIABILITIES	7		
SHAREHOLDERS' EQUITY:	8		
Share capital:			
Ordinary shares of NIS 0.01 par value: 200,000,000 shares authorized at December 31, 2023 and 2022; 89,237,465 and 86,624,643 shares issued and outstanding at December 31, 2023 and 2022, respectively		247	240
Additional paid-in capital		539,837	533,213
Accumulated other comprehensive income		2	-
Accumulated deficit		(474,527)	(455,773)
Total shareholders' equity		65,559	77,680
Total liabilities and shareholders' equity		$ 121,334	$ 94,176

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

CONSOLIDATED STATEMENTS OF COMPREHENSIVE LOSS

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

	Note	Year ended December 31, 2023	2022	2021
Revenue		$ 33,459	$ 7,500	$ 6,000
Cost of revenue		2,004	975	680
Gross profit		31,455	6,525	5,320
Operating expenses:				
Research and development expenses, net		34,472	30,648	28,694
Marketing and business development expenses		244	932	842
General and administrative expenses		9,731	10,319	10,858
Total operating expenses		44,447	41,899	40,394
Operating loss		(12,992)	(35,374)	(35,074)
Financial and other income, net	11	3,208	1,738	871
Loss before taxes on income		(9,784)	(33,636)	(34,203)
Taxes on income, net	9	8,970	58	-
Net loss		$ (18,754)	$ (33,694)	$ (34,203)
Basic and diluted net loss per share		$ (0.21)	$ (0.39)	$ (0.41)
Other comprehensive loss:				
Unrealized gain arising during the period from marketable securities		2	-	-
Total comprehensive loss		$ (18,752)	$ (33,694)	$ (34,203)
Weighted average number of ordinary shares used in computing basic and diluted net loss per share		87,633,298	86,555,628	84,203,971

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

STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY

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

	Ordinary shares		Additional paid-in capital	Accumulated other comprehensive income	Accumulated deficit	Total shareholders' equity
	Number	Amount				
Balance as of January 1, 2021	83,675,856	$ 231	$ 507,427	$ -	$ (387,876)	$ 119,782
Exercise of options and ESPP shares	335,204	1	1,454	-	-	1,455
Warrants exercised	89,557	(*)	425	-	-	425
Issuance of shares, net	2,332,815	7	14,951	-	-	14,958
Stock-based compensation issued to employees, directors and non-employees	-	-	4,276	-	-	4,276
Net loss	-	-	-	-	(34,203)	(34,203)
Balance as of December 31, 2021	86,433,432	239	528,533	-	(422,079)	106,693
Exercise of options and ESPP shares	191,211	1	352	-	-	353
Stock-based compensation issued to employees, directors and non-employees	-	-	4,328	-	-	4,328
Net loss	-	-	-	-	(33,694)	(33,694)
Balance as of December 31, 2022	86,624,643	240	533,213	-	(455,773)	77,680
Issuance of shares, net	2,612,822	7	3,074	-	-	3,081
Stock-based compensation issued to employees, directors and non-employees	-	-	3,550	-	-	3,550
Changes in other comprehensive income from marketable securities	-	-	-	2	-	2
Net loss	-	-	-	-	(18,754)	(18,754)
Balance as of December 31, 2023	89,237,465	$ 247	$ 539,837	$ 2	$ (474,527)	$ 65,559

(*) Representing amount lower than $ 1.

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

CONSOLIDATED STATEMENTS OF CASH FLOWS

U.S. dollars in thousands

	Year ended December 31,		
	2023	2022	2021
Cash flows from operating activities:			
Net loss	$ (18,754)	$ (33,694)	$ (34,203)
Adjustments required to reconcile net loss to net cash used in operating activities:			
Stock-based compensation	3,550	4,328	4,276
Depreciation	476	482	461
Decrease in severance pay, net	(50)	(81)	(101)
Loss (gain) from property and equipment sales and disposals	7	12	(3)
Exchange rate differences loss (gain) on cash balances	(129)	393	59
Decrease (increase) in interest receivables from short-term bank deposits	92	(584)	469
Amortization of discount and accrued interest on marketable securities	(280)	-	-
Decrease (increase) in trade receivables	(61,000)	-	2,000
Decrease (increase) in other accounts receivable and prepaid expenses	(112)	3,043	(2,802)
Decrease (increase) in long-term prepaid expenses	666	12	(31)
Decrease in operating lease right of use asset	568	658	525
Increase (decrease) in trade payables and other accounts payable and accrued expenses	3,509	(1,601)	3,367
Increase (decrease) in deferred participation in R&D expenses	(325)	(6,019)	3,708
Increase in deferred revenues	36,541	-	-
Decrease in operating lease liability	(645)	(1,062)	(416)
Net cash used in operating activities	(35,886)	(34,113)	(22,691)
Cash flows from investing activities:			
Proceeds from maturity of short-term bank deposits	79,242	114,445	136,850
Investment in short-term bank deposits	(32,100)	(76,900)	(129,945)
Proceeds from maturity of marketable securities	10,145	-	-
Investment in marketable securities	(21,605)	-	-
Purchase of property and equipment	(172)	(477)	(292)
Costs of disposal of property and equipment	-	(10)	-
Proceeds from sale of property and equipment	-	2	3
Net cash provided by investing activities	35,510	37,060	6,616

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

CONSOLIDATED STATEMENTS OF CASH FLOWS

U.S. dollars in thousands

	Year ended December 31,		
	2023	2022	2021
Cash flows from financing activities:			
Proceeds from issuance of ordinary shares, net	3,081	-	14,958
Proceeds from exercise of warrants	-	-	425
Proceeds from exercise of stock-based awards	-	353	1,455
Net cash provided by financing activities	3,081	353	16,838
Effect of exchange rate changes on cash	129	(393)	(59)
Increase in cash, cash equivalents and restricted cash	2,834	2,907	704
Cash, cash equivalents and restricted cash at the beginning of the year	11,421	8,514	7,810
Cash and cash equivalents and restricted cash at the end of the year	$ 14,255	$ 11,421	$ 8,514
Supplemental disclosure of non-cash investing and financing activities:			
Purchase of property and equipment	$ (5)	$ 117	$ 116
Right-of-use asset obtained in exchange for operating lease liability	$ 71	$ 237	$ -
Cash received during the year for:			
Interest payments received from short-term bank deposits and cash equivalents	$ 3,052	$ 852	$ 1,364
Reconciliation of cash, cash equivalents and restricted cash:			
Cash and cash equivalents	$ 13,890	$ 11,059	$ 7,801
Restricted cash	365	362	713
Total cash, cash equivalents and restricted cash	$ 14,255	$ 11,421	$ 8,514

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

NOTE 1:- GENERAL

a. Compugen Ltd. (the "Company") is a clinical-stage therapeutic discovery and development company utilizing our broadly applicable predictive computational discovery capabilities to identify novel drug targets and new biological pathways to develop therapeutics in the field of cancer immunotherapy. The Company's innovative immuno-oncology pipeline consists of three clinical stage programs, COM701, COM902 and rilvegostomig, targeting immune checkpoints the Company discovered computationally. Two programs that are pursued internally, COM701, a potential first-in-class anti-PVRIG antibody, and COM902, a potential best-in-class therapeutic anti-TIGIT antibody, are in Phase 1 clinical trials and have been evaluated for the treatment of solid tumors as a monotherapy and in combination of dual (PVRIG/PD-1, PVRIG/TIGIT) and triple (PVRIG/PD-1/TIGIT) blockade. Based on the data from the Phase 1 trials and as part of our focus on two specific tumor types for the further clinical evaluation of COM701 and COM902, the Company initiated in 2023 two clinical trials evaluating the triple combination treatment of COM701, COM902 and pembrolizumab, one in metastatic microsatellite stable colorectal cancer patients and one in platinum resistant ovarian cancer patients. Rilvegostomig, a novel anti PD-1/TIGIT bispecific antibody with a TIGIT-specific component that is derived from the Company's COM902 antibody, is being developed by AstraZeneca pursuant to an exclusive license agreement between the Company and AstraZeneca and is being evaluated in multiple clinical trials, including in Phase 3 clinical trial in patients with biliary tract cancer who will be randomized to receive rilvegostomig or placebo with investigator choice chemotherapy as adjuvant treatment after resection with curative intent. The Company's therapeutic pipeline of early-stage immuno-oncology programs consists of programs aiming to address various mechanisms of immune resistance. The Company's most advanced early-stage program, COM503, is in IND enabling studies and was licensed to Gilead in December 2023. COM503 is a potential first-in-class high affinity antibody, which blocks the interaction between IL-18 binding protein and IL-18, thereby freeing natural IL-18 in the tumor microenvironment to inhibit cancer growth. The Company's business model is to selectively enter into collaborations for our novel targets and drug product candidates at various stages of research and development under various revenue-sharing arrangements.

b. The Company is headquartered in Holon, Israel. Its clinical development activities are headed from its United States subsidiary, Compugen USA, Inc, located in San Francisco, CA.

c. The Company has incurred losses in the amount of $ 18,754 during the year ended December 31, 2023, has an accumulated deficit of $ 474,527 as of December 31, 2023 and has an accumulated negative cash flow from operating activities in the amount of $ 35,886 for the year ended December 31, 2023. The Company believes that its existing capital resources will be adequate to satisfy its expected liquidity requirements at the current level of yearly expenditures at least twelve months from the reporting date.

NOTE 1:- GENERAL (Cont.)

d. On August 5, 2013, the Company entered into a Research and Development Collaboration and License Agreement ("Bayer Agreement") with Bayer Pharma AG ("Bayer") for the research, development, and commercialization of antibody-based therapeutics against two novel, Compugen-discovered immune checkpoint regulators.

Under the terms of the Bayer Agreement, the Company received an upfront payment of $ 10,000, and, following the return of the CGEN 15022 program in 2017, the Company was eligible to receive an aggregate amount of over $ 250,000 in potential milestone payments for Bapotulimab (formerly known as BAY1905254), not including aggregate milestone payments of $ 23,200 received to date. Additionally, the Company was eligible to receive mid to high single digit royalties on global net sales of any approved products under the collaboration.

Pursuant to the terms of Bayer Agreement, Bapotulimab program was transferred to Bayer's full control for further preclinical and clinical development activities, and worldwide commercialization under milestone and royalty bearing license from Compugen.

On November 29, 2022, Bayer notified the Company that it has resolved to terminate, effective as of February 27, 2023, the Bayer Agreement.

e. Effective March 30, 2018, the Company entered into an exclusive license agreement with MedImmune Limited, the global biologics research and development arm of AstraZeneca ("AstraZeneca") to enable the development of bi-specific and multi-specific immuno-oncology antibody products. Under the terms of the agreement, Compugen provided an exclusive license to AstraZeneca for the development of bi-specific and multi-specific antibody products derived from COM902. AstraZeneca has the right to create multiple products under this license and will be solely responsible for all research, development, and commercial activities under the agreement. In connection with such license agreement, AstraZeneca developed rilvegostomig, a novel PD-/TIGIT bi-specific antibody with a TIGIT component that is derived from our COM902 and entered the clinic in September 2021 and initiated Phase 3 with first patient dosing in Phase 3 in December 2023. Compugen received a $10,000 upfront payment, and received or accrued $ 25,500 milestone payments out of up to $ 200,000 it is eligible to receive in development, regulatory and commercial milestones for the first product in addition to tiered royalties on future product sales. If additional products are developed, additional milestones and royalties would be due to Compugen for each product.

f. On October 10, 2018, the Company entered into a Master Clinical Trial Collaboration Agreement (the "Agreement") with Bristol-Myers Squibb Company ("Bristol-Myers Squibb") to evaluate the safety and tolerability of Compugen's COM701 in combination with Bristol-Myers Squibbs' PD-1 immune checkpoint inhibitor Opdivo® (nivolumab), in patients with advanced solid tumors.

NOTE 1:- GENERAL (Cont.)

f. (Cont.)

Pursuant to the Agreement, Compugen was responsible for and sponsored the ongoing two-part Phase 1 trial, which included the evaluation of the combination of COM701 and Opdivo®. The collaboration was also designed to address potential future combinations, including trials sponsored by Bristol-Myers Squibb to investigate combined inhibition of checkpoint mechanisms, such as PVRIG and TIGIT. Bristol-Myers Squibb and Compugen each supplied the other company with its own compound for the other party's study, and otherwise each party was responsible for all costs associated with the study that it is conducting.

In conjunction with the signing of the Agreement in October 2018, Bristol-Myers Squibb made a $ 12,000 investment in Compugen, see Note 8b.

On February 14, 2020, the Agreement was amended to include a triple combination clinical trial to evaluate the safety, tolerability and antitumor activity of COM701 in combination with Opdivo® (nivolumab), and Bristol-Myers Squibb's investigational antibody targeting TIGIT known as BMS-986207, in patients with advanced solid tumors, instead of the planned expansion of the combined therapy study designed to evaluate the dual combination of COM701 and Opdivo®.

Pursuant to the Agreement, as amended, the Company sponsored the two-part Phase 1/2 trial, which evaluates the triple combination of COM701, Opdivo® and BMS-986207, in patients with advanced solid tumors where Bristol-Myers Squibb provided Opdivo® and BMS-986207 at no cost to the Company.

As part of the amended Agreement, it was agreed that the Company will complete the dose escalation arm of the dual combination of COM701 with Opdivo® under the ongoing Phase 1 study and will not continue the expansion cohorts of the dual combination. However, on February 19, 2021, the Agreement was further amended to include an expansion of the Phase 1 combination study designed to evaluate the dual combination of COM701 and Opdivo® in patients with advanced solid tumors, where the Company is responsible for and sponsored the expansion cohort and Bristol Myers Squibb provided Opdivo® at no cost to the Company for this study.

On November 10, 2021, the Agreement was further amended to establish a joint steering committee (alongside the existing joint development committee which acts at an operational level) to facilitate strategic oversight and guidance for the programs run under the collaboration.

In conjunction with the signing of the amendment to the Agreement in November 2021, Bristol-Myers Squibb made a $ 20,000 investment in Compugen, see Note 8b.

On August 3, 2022, the Company and Bristol-Myers Squibb entered into a letter agreement pursuant to which the Agreement, as amended thereafter, was terminated as of such date.

NOTE 1:- GENERAL (Cont.)

g. On December 18, 2023, the Company entered into an exclusive license agreement (the "License Agreement") with Gilead Sciences, Inc. ("Gilead"), pursuant to which the Company granted Gilead an exclusive license under the Company's pre-clinical antibody program against IL-18 binding protein and all intellectual property rights subsisting therein, to use, research, develop, manufacture and commercialize products, including the Company's COM503 product candidate ("COM503 License"), and additional products that may be so developed by Gilead (together with COM503, the "Licensed Products").

Pursuant to the License Agreement, Gilead paid the Company a one-time, upfront payment of $60 million in January 2024. The Company has continued to develop COM503 during the initial development term, which included conducting activities defined within the agreement to advance COM503 through the clearance of an investigational new drug application ("IND"). The Company is eligible to receive from Gilead $30 million in the form of a milestone payment upon clearance of the IND for COM503. The Company is also eligible to receive up to approximately $758 million in additional milestone payments upon the achievement of certain development, regulatory and commercial milestones. The Company is further eligible to receive single-digit to low double-digit tiered royalties on worldwide net sales of Licensed Products.

The Company will be responsible for conducting a Phase 1 clinical trial for COM503, including handling the regulatory matters in connection therewith, and will bear the costs of such trial (including the COM503 drug supply), with Gilead providing at no cost an anti-PD-1/PD-L1 antibody for such trial. In certain circumstances, Gilead may assume the role of conducting the Phase 1 clinical trial.

Upon completion of the Phase 1 clinical trial for COM503, the Company will initiate the transfer of development activities related to COM503 to Gilead, following which, Gilead will have sole responsibility to develop and commercialize the Licensed Products.

During the term of the License Agreement, the Company is prohibited from researching, developing, making, and commercializing any compounds, molecules, products or treatment methods that are directed to IL-18 or any companion diagnostics for an IL-18 product.

Unless terminated early by a party pursuant to its terms, the License Agreement will continue in effect on a Licensed Product-by-Licensed Product and country-by-country basis until the expiration of the last royalty term in such country.

Gilead withheld at source 15% from the upfront payment amount paid to the Company in January 2024 and is expected to continue and withhold at source all taxes required by law from all payments payable to the Company under the License Agreement.

The License Agreement contains customary representations, warranties, covenants, and terms governing the prosecution and enforcement of certain intellectual property and issues related to technology transfer, manufacturing transfer, provisions with respect to establishment of joint steering committee and its governance covenants with respect change of control and others.

NOTE 2:- SIGNIFICANT ACCOUNTING POLICIES

The consolidated financial statements have been prepared in conformity with accounting principles generally accepted in the United States ("U.S. GAAP").

a. Use of estimates:

The preparation of the consolidated financial statements in conformity with U.S. GAAP requires management to make estimates, judgments, and assumptions. The Company's management believes that the estimates, judgments, and assumptions used are reasonable based upon information available at the time they are made. These estimates, judgments and assumptions can affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the dates of the financial statements, and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

b. Financial statements in U.S. dollars:

The reporting and functional currency of the Company is the U.S. dollar, as the Company's management believes that the U.S. dollar is the primary currency of the economic environment in which the Company and Compugen USA, Inc. have operated and expect to continue to operate in the foreseeable future.

Transactions and balances denominated in U.S. dollars are presented at their original amounts. Monetary accounts denominated in currencies other than the dollar are re-measured into dollars in accordance with ASC No. 830, "Foreign Currency Matters". All transaction gains and losses from the re-measurement of monetary balance sheet items are reflected in the consolidated statement of comprehensive loss as financial income or expenses, as appropriate.

c. Basis of consolidation:

The consolidated financial statements include the accounts of the Company and Compugen USA, Inc. Intercompany transactions and balances have been eliminated upon consolidation.

d. Cash equivalents:

Cash equivalents are short-term highly liquid investments that are readily convertible to cash with original maturities of three months or less at acquisition.

e. Restricted cash:

Restricted cash is held in interest bearing saving accounts which are used as a security for the Company's Israeli facility leasehold and leased cars fueling bank guarantees and credit card security for Compugen USA, Inc.

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

NOTE 2:- SIGNIFICANT ACCOUNTING POLICIES (Cont.)

f. Short-term bank deposits:

Bank deposits with maturities of more than three months but less than one year are included in short-term bank deposits. Such short-term bank deposits are stated at cost which approximates market values.

The short-term bank deposits as of December 31, 2023 and 2022 are in U.S. dollars and bear an annual weighted average interest rate of 6.20% and 4.84%, respectively.

g. Investments in marketable securities:

The Company accounts for investments in marketable securities in accordance with ASC No. 320, "Investments - Debt Securities".

Management determines the appropriate classification of its investments at the time of purchase and reevaluates such designation at each balance sheet date. The Company classifies all of its debt securities as available-for-sale ("AFS"). The Company classifies its marketable securities as either short-term or long-term based on each instrument's underlying contractual maturity date. Available-for-sale debt securities are carried at fair value, with the unrealized gains and losses, net of tax, reported in accumulated other comprehensive income (loss) in shareholders' equity. Realized gains and losses on sale of investments are included in financial income, net.

The amortized cost of debt securities is adjusted for amortization of premiums and accretion of discounts to maturity. Such amortization together with interest on securities is included in financial income, net.

At each reporting period, the Company evaluates whether declines in fair value below amortized cost are due to expected credit losses, as well as the Company's ability and intent to hold the investment until a forecasted recovery occurs in accordance with ASC 326, Financial Instrument- Credit losses. Allowance for credit losses on AFS debt securities are recognized in the Company's consolidated statements of income, and any remaining unrealized losses, net of taxes, are included in accumulated other comprehensive income (loss) in shareholders' equity. No credit loss impairment was identified in the year ended December 31, 2023.

h. Property and equipment, net:

Property and equipment are stated at cost, net of accumulated depreciation. Depreciation is calculated using the straight-line method over the estimated useful lives of the assets at the following annual rates:

	%
Computers, software and related equipment	33
Laboratory equipment and office furniture	6 - 20 (mainly 20)
Leasehold improvements	Shorter of the term of the lease or useful life

i. Impairment of long-lived assets:

The long-lived assets of the Company. are reviewed for impairment in accordance with ASC 360, "Property, Plant, and Equipment" whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Recoverability of assets to be held and used is measured by a comparison of the carrying amount of an asset (assets group) with the future undiscounted cash flows expected to be generated by the asset (assets group). If such assets are considered to be impaired, the impairment to be recognized is measured by the amount by which the carrying amount of the assets group exceeds the fair value of the assets group. During the years 2023, 2022 and 2021, no impairment losses have been identified.

j. Leases:

The Company accounts for its leases according to ASC 842 - Leases ("ASC 842"). The Company determines if an arrangement is a lease and the classification of that lease at inception based on: (1) whether the contract involves the use of a distinct identified asset, (2) whether the Company obtains the right to substantially all the economic benefits from the use of the asset throughout the period, and (3) whether the Company has a right to direct the use of the asset. The Company elected to not recognize a lease liability and a right-of-use ("ROU") asset for leases with a term of twelve months or less. The Company elected to combine its lease and non-lease components.

NOTE 2:- SIGNIFICANT ACCOUNTING POLICIES (Cont.)

j. Leases (Cont.):

ROU assets and lease liabilities are recognized at commencement date based on the present value of remaining lease payments over the lease term. ROU assets are initially measured at amounts, which represents the discounted present value of the lease payments over the lease, plus any initial direct costs incurred. The lease liability is initially measured based on the discounted present value of remaining lease payments over the lease term. For this purpose, the Company considers only payments that are fixed and determinable at the time of commencement. The implicit rate within the operating leases is generally not determinable, therefore the Company uses the Incremental Borrowing Rate ("IBR") based on the information available at commencement date in determining the present value of lease payments. The Company's IBR is estimated to approximate the interest rate for collateralized borrowing with similar terms and payments and in economic environments where the leased asset is located.

An option to extend the lease is considered in connection with determining the ROU asset and lease liability when it is reasonably certain that the Company will exercise that option. An option to terminate the lease is considered unless it is reasonably certain that the Company will not exercise the option.

k. Revenue recognition:

The Company generates revenues mainly from its collaborative and license agreements. The revenues are derived mainly from upfront license payments, research and development services and contingent payments related to milestone achievements.

The Company recognizes revenue in accordance with ASC 606 – "Revenue from Contracts with Customers".

As such, the Company analyzes its contracts to assess whether they are within the scope of ASC 606. In determining the appropriate amount of revenue to be recognized as the Company fulfills its obligations under each of its agreements, the Company performs the following steps:

- *Identification of the contract, or contracts, with a customer*
- *Identification of the performance obligations in the contract*
- *Determination of the transaction price*
- *Allocation of the transaction price to the performance obligations in the contract*
- *Recognition of revenue when, or as, the Company satisfies a performance obligation*

NOTE 2:- SIGNIFICANT ACCOUNTING POLICIES (Cont.)

k. Revenue recognition (Cont.):

At the contract inception, once the contract is determined to be within the scope of ASC 606, the Company assesses the goods or services promised within each contract and determines those that are performance obligations and assesses whether each promised good or service is distinct. The Company then recognizes as revenue the amount of the transaction price that is allocated to the respective performance obligation when (or as) the performance obligation is satisfied.

The Company entered into an exclusive license agreement with AstraZeneca. Under the terms of the agreement, Compugen provided AstraZeneca with an exclusive license to intellectual property ("IP") rights of the Company for the development of bi-specific and multi-specific antibody products derived from COM902. Compugen received a $ 10,000 upfront payment and is eligible to receive up to $ 200,000 for development, regulatory and commercial milestones for the first product, of which $ 25,500 was received or accrued as well as tiered royalties on future product sales.

Under ASC 606, the Company determined the license to the IP to be a functional IP that has significant standalone functionality. The Company is not required to continue to support, develop or maintain the intellectual property transferred and will not undertake any activities to change the standalone functionality of the IP. Therefore, the license to the IP is a distinct performance obligation and as such revenue is recognized at the point in time that control of the license is transferred to the customer.

Future milestone payments are considered variable consideration and are subject to the variable consideration constraint (i.e. will be recognized once concluded that it is "probable" that a significant reversal of the cumulative revenues recognized under the contract will not occur in future periods when the uncertainty related to the variable consideration is resolved). Therefore, as the milestone payments are not probable, revenue was not recognized in respect to such milestone payments prior to achievement of such milestone.

Sales or usage-based royalties to be received in exchange for licenses of IP are recognized at the later of when (1) the subsequent sale or usage occurs or (2) the performance obligation to which some or all of the sales or usage-based royalty has been allocated is satisfied (in whole or in part). As royalties are payable based on future Commercial Sales, as defined in the agreement, which did not occur as of the financial statements date, the Company did not recognize any revenues from royalties.

On December 18, 2020 the first milestone with respect to the first licensed product, under the AstraZeneca License Agreement was achieved and the Company recognized revenues in total amount of $ 2,000 in accordance with the criteria prescribed under ASC 606.

NOTE 2:- SIGNIFICANT ACCOUNTING POLICIES (Cont.)

k. Revenue recognition (Cont.):

On September 29, 2021 the second milestone with respect to the first licensed product, under the AstraZeneca License Agreement was achieved and the Company recognized revenues in total amount of $ 6,000 in accordance with the criteria prescribed under ASC 606.

On November 11, 2022, the third milestone with respect to the first licensed product, under the AstraZeneca License Agreement was achieved and the Company recognized revenues in total amount of $ 7,500 in accordance with the criteria prescribed under ASC 606.

On December 27, 2023, the fourth milestone with respect to the first licensed product, under the AstraZeneca License Agreement was achieved and the Company recognized revenues in total amount of $ 10,000 in accordance with the criteria prescribed under ASC 606.

On December 18, 2023, the Company entered into an exclusive License Agreement with Gilead. Under the terms of the agreement, the Company granted Gilead an exclusive license under the Company's pre-clinical antibody program against IL-18 binding protein and all intellectual property rights subsisting therein, to use, research, develop, manufacture and commercialize products derived from a Compugen pipeline program. Compugen received an upfront payment of $60,000 and is also eligible to receive up to approximately $ 788,000 additional milestone payments subject to and upon the achievement of certain development, regulatory and commercial milestones and as detailed in the agreement.

Gilead may terminate the Gilead Collaboration Agreement for convenience by giving a certain prior written notice to the Company at any time after the effective date of the agreement.

The Company concluded that Gilead is a customer and therefore revenue recognition should be accounted for in accordance with ASC 606, because the Company granted to Gilead licenses to its intellectual property and will provide research and development services, all of which are outputs of the Company's ongoing activities, in exchange for consideration.

The Company assessed the promises under the License Agreement and concluded that (i) the delivery of the COM503 License; (ii) the preclinical research and development activities towards IND approval of COM503 (the "IND research and development activities") and (iii) the contingent promise to additional research and development activities for Phase 1 clinical (the "Phase 1 research and development activities"), are capable of being distinct and are distinct within the context of the License Agreement. The Company considered that the license has standalone functionality, considered to be functional intellectual property, and is capable of being distinct. The Company also determined that the IND research and development activities and Phase 1 research and development activities could be provided by resources otherwise available to Gilead and thus are capable of being distinct. Also, the Company concluded that the Company's contingent promise to additional research and development activities for Phase 1 clinical represents a material right.

As a result, the Company concluded that its promise to deliver the COM503 License, the promise to perform IND research and development activities and Phase 1 research and development activities represented separate performance obligations in the License Agreement.

NOTE 2:- SIGNIFICANT ACCOUNTING POLICIES (Cont.)

k. Revenue recognition (Cont.):

The Company also evaluated as a possible variable consideration all milestones and royalties. With respect to clinical development and regulatory milestones, based upon the high degree of uncertainty and risk associated with these potential payments, the Company concluded that all such amounts should be fully constrained and are not included in the initial transaction price as the Company cannot conclude that it is probable that a significant reversal in the amount of cumulative revenue recognized will not occur. Accordingly, the Company did not include any potential clinical development, regulatory and sales milestones and royalties in the initial transaction price.

The Company allocated the transaction price to each performance obligation on a relative estimated standalone selling price basis. The Company developed the estimated standalone selling price for the COM503 License based on the present value of expected future cash flows associated with the license and related clinical development and regulatory milestones. In developing such estimate, the Company applied judgement in determining the timing needed to develop the Licensed Product, the probability of success, and the discount rate. The Company developed the estimated standalone selling price for the IND research and development activities using a “cost plus” reasonable margin approach. To determine the estimated standalone selling price of the material right for the Phase 1 research and development activities obligation, the Company estimated the standalone selling price of the underlying performance obligations included in the material right and estimated the probability of the Company’s performance of such obligations.

The Company determined that the COM503 License was a functional license since the underlying intellectual property (the “IP”) has significant standalone functionality. In addition, the Company determined that December 18, 2023 represents (i) the date at which the Company made available the IP to Gilead and (ii) the beginning of the period during which Gilead is able to use and benefit from its right to use the IP. Based upon these considerations, the Company recognized the entirety of the initial transaction price allocated to the COM503 License performance obligation during the year ended December 31, 2023.

Further, the IND research and development activities and Phase 1 research and development activities performance obligations are recognized over time when, or as, the Company performs the required services to Gilead. The Company determined that the input method under ASC 606 is the best measure of progress towards satisfying the performance obligation and reflects a faithful depiction of the transfer of goods and services. The method of measuring progress towards delivery of the services incorporates actual internal and external costs incurred, relative to total internal and external costs expected to be incurred to satisfy the performance obligation. The period over which total costs were estimated reflected the Company’s best estimate of the period over which it would perform the activities to achieve clearance of an IND application for COM503 and the phase 1 clinical trial.

During the year ended December 31, 2023, the Company recognized $ 23,459 of license revenue. The Company included deferred revenues of $ 11,149 in current liabilities and $ 25,392 in non-current liabilities.

For additional information regarding revenues, please refer to Note 10 below.

NOTE 2:- SIGNIFICANT ACCOUNTING POLICIES (Cont.)

l. Cost of revenues:

Cost of revenues consist of certain royalties and milestones paid or accrued.

m. Research and development expenses, net:

Research and development costs are charged to the statement of comprehensive loss as incurred and are presented net of the amount of any grants the Company receives for research and development in the period in which the grant was received.

As part of the process of preparing the consolidated financial statements, the Company accrues costs for pre-clinical and clinical trial activities based upon estimates of the services received and related expenses incurred that have yet to be invoiced by the contract research organizations or other pre-clinical or clinical trial vendors that perform the activities. In certain circumstances, the Company is required to make nonrefundable advance payments to vendors for goods or services that will be received in the future for use in research and development activities. In such circumstances, the nonrefundable advance payments are deferred and capitalized, and amortized as the related goods or services are provided. In circumstances where amounts have been paid in excess of costs incurred, the Company records a prepaid expense.

The portion of the Bristol-Myers Squibb $ 12,000 investment in 2018 over the fair market value of the shares issued in the amount of $ 4,121 and the portion of the $ 20,000 investment in 2021 over the fair market value of the shares issued in the amount of $ 5,000 were considered as deferred participation of Bristol-Myers Squibb in R&D expenses which is amortized over the period of the clinical trial based on the progress in the R&D, see Note 1f and Note 8b.

Amortization of participation in R&D expenses for the years ended December 31, 2023, 2022 and 2021 were $ 325, $ 6,019 and $ 1,291, respectively.

NOTE 2:- SIGNIFICANT ACCOUNTING POLICIES (Cont.)

n. Severance pay:

The Company's liability for severance pay for its Israeli employees is calculated pursuant to Israeli Severance Pay Law based on the most recent salary of the employees multiplied by the number of years of employment as of the balance sheet date, and is in large part covered by regular deposits with recognized pension funds, deposits with severance pay funds and purchases of insurance policies. The value of these deposits and policies is recorded as an asset on the Company's balance sheet. Pursuant to Section 14 of the Israeli Severance Pay Law, for Israeli employees under this section, the Company's contributions for severance pay have replaced its severance obligation. Upon contribution of the full amount of the employee's monthly salary for each year of service, no additional calculations are conducted between the parties regarding the matter of severance pay and no additional payments are made by the Company to the employee.

Further, the related obligation and amounts deposited on behalf of the employee for such obligation are not stated on the balance sheet, as the Company is legally released from the obligation to employees once the deposit amounts have been paid.

Severance expenses for the years ended December 31, 2023, 2022 and 2021 amounted to approximately $ 432, $ 468 and $ 383, respectively.

o. Stock-based compensation:

The Company accounts for stock-based compensation to employees and non-employees in accordance with ASC 718, "Compensation - Stock Compensation" ("ASC 718"), which requires companies to estimate the fair value of equity-based payment awards on the date of grant using an option-pricing model. The Company accounts for forfeitures as they occur.

The Company recognizes compensation expenses for the value of its awards granted based on the straight-line method over the requisite service period of each of the awards.

The Company selected the Black-Scholes-Merton ("Black-Scholes") option-pricing model as the most appropriate fair value method for its share-options awards and Employee Stock Purchase Plan ("ESPP"). The option-pricing model requires a number of assumptions, of which the most significant are the expected share price volatility and the expected option term. Expected volatility was calculated based on actual historical share price movements over a term that is equivalent to the expected term of granted options. The expected term of options granted is based on historical experience and represents the period of time that options granted are expected to be outstanding.

The risk-free interest rate is based on the yield from U.S. treasury bonds with an equivalent term. The Company has historically not paid dividends and has no foreseeable plans to pay dividends.

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

NOTE 2:- SIGNIFICANT ACCOUNTING POLICIES (Cont.)

o. Stock-based compensation (Cont.):

The Company used the following assumptions for options granted to employees, directors and non-employees and ESPP:

	Year ended December 31,		
	2023	2022	2021
Employee stock options			
Volatility	75.93%-80.95%	69.44%-74.61%	66.02%-69.05%
Risk-free interest rate	3.37%-4.81%	1.54%-4.39%	0.51%-1.14%
Dividend yield	0%	0%	0%
Expected life (years)	4.02-5.06	5.05-5.4	5.04-5.31

	Year ended December 31,		
	2023	2022	2021
ESPP			
Volatility	-	69.74%	64.68%-69.68%
Risk-free interest rate	-	1.63%	0.04%-0.10%
Dividend yield	-	0%	0%
Expected life (years)	-	0.50	0.42-0.50

p. Concentration of credit risks:

Financial instruments that potentially subject the Company and Compugen USA, Inc. to concentration of credit risk consist principally of cash and cash equivalents, restricted cash, short-term bank deposits and investment in marketable securities.

Cash, cash equivalents, restricted cash and short-term bank deposits are invested in major banks in Israel and in the United States. Generally, these deposits may be redeemed upon demand and bear minimal risk.

q. Basic and diluted loss per share:

Basic loss per share is calculated based on the weighted average number of ordinary shares outstanding during each year. Diluted net loss per share is calculated based on the weighted average number of ordinary shares outstanding during each year, plus dilutive potential in accordance with ASC 260, “Earnings per Share”.

All outstanding share options and warrants for the years ended December 31, 2023, 2022 and 2021 have been excluded from the calculation of the diluted net loss per share, because all such securities are anti-dilutive for all periods presented. As of December 31, 2023, 2022 and 2021 the average number of shares related to outstanding options and warrants excluded from the calculations of diluted net loss per share were 7,921,020, 8,405,615 and 6,758,300, respectively.

NOTE 2:- SIGNIFICANT ACCOUNTING POLICIES (Cont.)

r. Income taxes:

The Company accounts for income taxes in accordance with ASC No. 740, "Income Taxes", ("ASC 740") which prescribes the use of the liability method whereby deferred tax asset and liability account balances are determined based on differences between financial reporting and tax bases of assets and liabilities and are measured using the enacted tax rates and laws that will be in effect when the differences are expected to reverse. The Company provides a valuation allowance, if necessary, to reduce deferred tax assets to their estimated realizable value. As of December 31, 2023 and 2022, a full valuation allowance was provided by the Company.

ASC 740 contains a two-step approach to recognizing and measuring a liability for uncertain tax positions. The first step is to evaluate the tax position taken or expected to be taken in a tax return by determining if the weight of available evidence indicates that it is more likely than not that, on an evaluation of the technical merits, the tax position will be sustained on audit, including resolution of any related appeals or litigation processes. The second step is to measure the tax benefit as the largest amount that is more than 50% likely to be realized upon ultimate settlement. The Company believes that its income tax filing positions and deductions will be sustained on audit and does not anticipate any adjustments that will result in a material change to its financial position. Therefore, no reserves for uncertain income tax positions have been recorded pursuant to ASC 740-10.

s. Fair value of financial instruments:

The Company applies ASC 820, "Fair Value Measurements and Disclosures" ("ASC 820"), pursuant to which fair value is defined as the price that would be received to sell an asset or paid to transfer a liability (i.e., the "exit price") in an orderly transaction between market participants at the measurement date.

In determining fair value, the Company uses various valuation approaches. ASC 820 establishes a hierarchy for inputs used in measuring fair value that maximizes the use of observable inputs and minimizes the use of unobservable inputs by requiring that the most observable inputs be used when available. Observable inputs are inputting that market participants would use in pricing the asset or liability developed based on market data obtained from sources independent of the Company.

NOTE 2:- SIGNIFICANT ACCOUNTING POLICIES (Cont.)

s. Fair value of financial instruments (Cont.):

Unobservable inputs are inputs that reflect the Company's assumptions about the assumptions market participants would use in pricing the asset or liability developed based on the best information available in the circumstances.

The hierarchy is broken down into three levels based on the inputs as follows:

Level 1 - Quoted prices (unadjusted) in active markets for identical assets or liabilities that the Company can access at the measurement date.

Level 2 - Valuations based on one or more quoted prices in markets that are not active or for which all significant inputs are observable, either directly or indirectly.

Level 3 - Valuations based on inputs that are unobservable and significant to the overall fair value measurement.

The fair value hierarchy also requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value.

The carrying amounts of cash and cash equivalents, restricted cash, short-term bank deposits, other accounts receivable and prepaid expenses, trade payable and other accounts payable and accrued expenses approximate their fair values due to the short-term maturities of such instruments.

t. Recently issued accounting pronouncement not yet adopted by the Company:

In November 2023, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") 2023-07, Segment Reporting (Topic 280): Improvements to Reportable Segment Disclosures, which requires public entities to disclose information about their reportable segments' significant expenses and other segment items on an interim and annual basis. Public entities with a single reportable segment are required to apply the disclosure requirements in ASU 2023-07, as well as all existing segment disclosures and reconciliation requirements in ASC 280 on an interim and annual basis. ASU 2023-07 is effective for fiscal years beginning after December 15, 2023, and for interim periods within fiscal years beginning after December 15, 2024, with early adoption permitted. The Company is currently evaluating the impact of adopting ASU 2023-07.

In December 2023, the FASB issued ASU 2023-09, Income Taxes (Topic 740): Improvements to Income Tax Disclosures, which requires public entities, on an annual basis, to provide disclosure of specific categories in the rate reconciliation, as well as disclosure of income taxes paid disaggregated by jurisdiction. ASU 2023-09 is effective for fiscal years beginning after December 15, 2024, with early adoption permitted. The Company is currently evaluating the impact of adopting ASU 2023-09.

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

NOTE 3:- OTHER ACCOUNTS RECEIVABLE AND PREPAID EXPENSES

	December 31,	
	2023	2022
Prepaid expenses	$ 2,211	$ 2,100
Government authorities	92	85
Other	226	232
	$ 2,529	$ 2,417

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

NOTE 4:- LEASES

The Company leases all its real estate, storage area and cars under various operating lease agreements that expire on various dates.

The Company's operating leases have original lease periods expiring between 2021 and 2026. The offices in Israel lease include two options to renew, one of which was exercised in 2020. The Company does not assume renewals in its determination of the lease term unless the renewals are deemed to be reasonably certain.

Lease payments included in the measurement of the lease liability comprise the following: the fixed non-cancelable lease payments and payments for optional renewal periods where it is reasonably certain the renewal period will be exercised.

Under ASC 842, all leases, including non-cancelable operating leases, are now recognized on the balance sheet. The aggregated present value of lease payments is recorded as a long-term asset titled Operating lease right of use asset. The corresponding lease liabilities are split between current maturity of operating lease liability within current liabilities and long-term operating lease liability within long-term liabilities. The Company's leases do not provide an implicit rate, therefore the Company uses its incremental borrowing rate based on information available on the commencement date to determine the present value of lease payments.

The following table represents the weighted-average remaining lease term and discount rate:

	Year ended December 31, 2023
Weighted average remaining lease term	2.19
Weighted average discount (annual) rate	5.32%

Operating lease expenses were approximately $ 800, $ 884 and $ 956 in the years ended December 31, 2023, 2022 and 2021, respectively.

Variable payments as CPI, included in the lease expenses, were approximately $ 61, $ 37 and $ 14 in the years ended December 31, 2023, 2022 and 2021, respectively.

Cash paid for amounts included in the measurement of lease liabilities was approximately $ 852, $ 959 and $ 914 in the years ended December 31, 2023, 2022 and 2021, respectively.

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

NOTE 4:- LEASES (Cont.)

Maturities of operating lease liabilities were as follows:

	December 31, 2023
2024	690
2025	631
2026	115
Total operating lease payments	1,436
Less: imputed interest	85
Present value of lease liabilities	1,351
Lease liabilities, current	632
Lease liabilities, non- current	719
Present value of lease liabilities	1,351

The above annual minimum future rental commitments include the period covered by the first exercised option with respect to the leased facility of Compugen Ltd. through March 2026 and exclude the second option to extend the lease of the Company facility for additional five-year period following expiration of the current lease period.

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

NOTE 5:- PROPERTY AND EQUIPMENT, NET

	December 31,	
	2023	2022
Cost:		
Computers, software and related equipment	$ 739	$ 1,617
Laboratory equipment and office furniture	3,519	3,831
Leasehold improvements	2,314	2,314
	6,572	7,762
Accumulated depreciation:		
Computers, software and related equipment	609	1,435
Laboratory equipment and office furniture	2,909	3,190
Leasehold improvements	1,838	1,605
	5,356	6,230
Depreciated cost	$ 1,216	$ 1,532

During 2023 and 2022 total cost of $ 1,357 and $ 99, respectively and total accumulated depreciation of $ 1,350 and $ 95, respectively were disposed from the consolidated balance sheets.

For the years ended December 31, 2023, 2022 and 2021, depreciation expenses were approximately $ 476, $ 482 and $ 461, respectively.

NOTE 6:- OTHER ACCOUNTS PAYABLE AND ACCRUED EXPENSES

	December 31,	
	2023	2022
Employees and related accruals	$ 3,125	$ 2,812
Accrued expenses	7,858	6,396
	$ 10,983	$ 9,208

NOTE 7:- COMMITMENTS AND CONTINGENCIES

a. The Company provided bank guarantees in the amount of $ 296 related to its offices in Israel, leased cars fueling in Israel and credit card security for its U.S. subsidiary.

b. Under the Office of the Israel Innovation Authority of the Israeli Ministry of Industry, Trade and Labor, formerly known as the Office of the Chief Scientist (the "IIA"), the Company is not obligated to repay any amounts received from the IIA if it does not generate any income from the results of the funded research program(s). If income is generated from a funded research program, the Company is committed to pay royalties at a rate of between 3% to 5% of future revenue arising from such research program(s), and up to a maximum of 100% of the amount received, linked to the U.S. dollar (for grants received under programs approved subsequent to January 1, 1999, the maximum to be repaid is 100% plus interest at LIBOR until December 31, 2023, and from January 1, 2024, the 12 months Term SOFR interest). For the years ended December 31, 2023, 2022 and 2021, the Company had an aggregate of paid or accrued royalties to the IIA, recorded as cost of revenue in the consolidated statements of comprehensive loss in the amount of $ 1,004, $ 225 and $ 180, respectively.

   As of December 31, 2023, the Company's aggregate contingent obligations for payments to IIA, based on royalty-bearing participation received or accrued, net of royalties paid or accrued, totaled approximately to $ 8,970.

c. On June 25, 2012 the Company entered into an Antibodies Discovery Collaboration Agreement (the "Antibodies Discovery Agreement") with a U.S. antibody technology company ("mAb Technology Company"), providing an established source for fully human mAbs. Under the Antibodies Discovery Agreement, the mAb Technology Company will be entitled to certain royalties that could be eliminated, upon payment of certain one-time fees (all payments referred together as "Contingent Fees"). For the years ended December 31, 2023, 2022 and 2021, the Company incurred such Contingent Fees in the amounts of $ 1,000, $ 750 and $ 500.

d. On May 9, 2012, the Company entered into agreement (the "May 2012 Agreement") with a U.S. Business Development Strategic Advisor ("Advisor") for the purpose of entering into transactions with Pharma companies related to selected Pipeline Program Candidates.

   Under the agreement the Advisor was entitled to 4% of the cash considerations that may be received under such transactions. In 2014, the May 2012 Agreement was terminated except for certain payments arising from the Bayer Agreement which survive termination until August 5, 2025.

   The Bayer Agreement was terminated effective February 27, 2023 and no further payments are expected under the May 2012 Agreement.

   For the years ended December 31, 2023, 2022 and 2021, the Company has not paid and did not accrue payments under this agreement.

NOTE 7:- COMMITMENTS AND CONTINGENCIES (Cont.)

e. Effective as of January 5, 2018, the Company entered into a Commercial License Agreement (CLA) with a European cell line development company. Under the agreement the Company is required to pay an annual maintenance fee, certain amounts upon the occurrence of specified milestones events, and 1% royalties on annual net sales with respect to each commercialized product manufactured using the company's cell line. Royalties due under the CLA are creditable against the annual maintenance fee. In addition, the Company may at any time prior to the occurrence of a specific milestone event buy-out the royalty payment obligations in a single fixed amount. For the years ended December 31, 2023, 2022 and 2021, the Company did not incur any amount in the research and development expenses in connection with such milestone payment.

f. Effective as of October 28, 2020, the Company entered into a collaboration agreement with a U.S. antibody discovery and optimization company for generation and optimization of therapeutic antibodies for the Company. Under the agreement the Company is required to pay service fees per services performed and certain amounts upon the occurrence of specified milestones events, and single-digit percent royalties on annual net sales with respect to each product sold that comprises or contains one or more antibodies so generated or optimized. The royalty rate is dependent upon the product type and any third-party contribution. For the years ended December 31, 2023, 2022 and 2021, the Company incurred in the research and development expenses such milestone payment in the amounts of $ 500, $ 0 and $ 250.

NOTE 8:- SHAREHOLDERS' EQUITY

a. Ordinary shares:

The ordinary shares confer upon their holders the right to attend and vote at general meetings of the shareholders. Subject to the rights of holders of shares with limited or preferred rights which may be issued in the future, the ordinary shares of the Company confer upon the holders thereof equal rights to receive dividends, and to participate in the distribution of the assets of the Company upon its winding-up, in proportion to the amount paid up or credited as paid up on account of the nominal value of the shares held by them respectively and in respect of which such dividends are being paid or such distribution is being made, without regard to any premium paid in excess of the nominal value, if any.

NOTE 8:- SHAREHOLDERS' EQUITY (Cont.)

b. Issuance of shares:

On June 14, 2018, the Company entered into securities purchase agreement with certain institutional investors and a placement agency agreement with JMP Securities LLC in connection with a registered direct offering (the "Offering") of an aggregate of 5,316,457 ordinary shares (the "RD Shares") of the Company at a purchase price of $ 3.95 per RD Share. In connection with the issuance of the RD Shares, the Company also issued warrants to purchase an aggregate of up to 4,253,165 additional ordinary shares. The Warrants were exercisable at a price of $ 4.74 per ordinary share and had a term of five years from the date of issuance. The Offering was made pursuant to the Company's Registration Statement. Proceeds from the Offering were $ 19,767 (net of $ 1,233 issuance expenses).

During the years ended December 31, 2021 and 2020, warrants to purchase an aggregate of 3,955,696 ordinary shares were exercised with proceeds of approximately $ 18,750 and as of December 31, 2023 and 2022, warrants to purchase 0 and up to 297,469 ordinary shares, respectively, remain outstanding. The warrants expired in June 2023.

On October 10, 2018, the Company entered into a Master Clinical Trial Collaboration Agreement (the "Master Clinical Agreement") with Bristol-Myers Squibb to evaluate the safety and tolerability of the Company's COM701 in combination with Bristol-Myers Squibb's PD-1 immune checkpoint inhibitor Opdivo® (nivolumab), in patients with advanced solid tumors. In conjunction with the Master Clinical Agreement, Bristol-Myers Squibb made a $ 12,000 equity investment in the Company.

Under the terms of the securities purchase agreement, Bristol-Myers Squibb purchased 2,424,243 ordinary shares of the Company at a purchase price of $ 4.95 per share. The share price represented a 33% premium over the average closing price of Compugen's ordinary shares for twenty (20) Nasdaq trading days prior to the execution of the securities purchase agreement. The investment closed on October 12, 2018.

The premium over the fair market value in the amount of $ 4,121 represents the relative fair value of deferred participation of Bristol-Myers Squibb in R&D expenses (which are amortized over the period of the clinical trial, based on the progress in the R&D) and $ 7,788 (net of $ 91 issuance expenses) were considered equity investment.

In conjunction with the signing of the amendment to the Master Clinical Agreement in November 2021, Bristol Myers Squibb made a $ 20,000 investment in the Company, purchasing 2,332,815 ordinary shares of the Company at a purchase price of $ 8.57333 per share. The share price represented a 33% premium over the closing price of Company's ordinary shares on the last Nasdaq trading day immediately prior to the execution of the securities purchase agreement.

The premium over the fair market value in the amount of $ 5,000 represents the relative fair value of deferred participation of Bristol-Myers Squibb in R&D expenses (which are amortized over the period of the clinical trial, based on the progress in the R&D) and $ 14,958 (net of $ 42 issuance expenses) were considered equity investment.

NOTE 8:- SHAREHOLDERS' EQUITY (Cont.)

b. Issuance of shares: (Cont.)

On January 31, 2023, the Company entered into a Sales Agreement with Leerink Partners LLC (previously known as SVB Securities LLC) ("Leerink Partners"), as sales agent, pursuant to which the Company may offer and sell, from time to time through Leerink Partners, its ordinary shares through an "at the market offering" (ATM). The offer and sale of our ordinary shares, if any, will be made pursuant to the Company's shelf registration statement on Form F-3, as supplemented by a prospectus supplement filed on January 31, 2023. Pursuant to the applicable prospectus supplement, the Company may offer and sell up to $50,000 of its ordinary shares. As of December 31, 2023, 2,612,822 ordinary shares were issued and sold through the ATM, with proceeds of approximately $3,081 (net of $513 issuance expenses).

c. Share option plan:

Under the Company's 2010 Share Option Plan, as amended (the "Plan"), options may be granted to employees, directors and non-employees of the Company and Compugen USA, Inc.

Under the 2010 Share Option Plan the Company reserved for issuance up to an aggregate of 13,895,152 ordinary shares. The Company's Board of Directors last amended the Plan in August 2023, to decrease the number of shares available under the 2010 Plan. As of December 31, 2023, an aggregate of 1,202,301 options under the 2010 Share Option Plan of the Company were still available for future grants.

In general, options granted under the Plan vest over a four-year period and expire 10 years from the date of grant and are granted at an exercise price of not less than the fair market value of the Company's ordinary shares on the date of grant, unless otherwise determined by the Company's board of directors. The exercise price of the options granted under the Plan may not be less than the nominal value of the shares into which such options are exercisable, and the expiration date may not be later than 10 years from the date of grant. If a grantee leaves his or her employment or other relationship with the Company, or if his or her relationship with the Company is terminated without cause (and other than by reason of death or disability, as defined in the Plan), the term of his or her unexercised options will generally expire in 90 days, unless determined otherwise by the Company.

Any options that are cancelled, forfeited or expired become available for future grants.

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

NOTE 8:- SHAREHOLDERS' EQUITY (Cont.)

c. Share option plan (Cont.):

Transactions related to the grant of options to employees, directors and non-employees under the above Plan during the year ended December 31, 2023, were as follows:

	Number of options	Weighted average exercise price	Weighted average remaining contractual life	Aggregate intrinsic value
		$	Years	$
Options outstanding at beginning of year	8,157,749	5.43	6.32	-
Options granted	1,576,500	1.20		
Options forfeited	(1,086,404)	5.49		
Options expired	(274,100)	4.92		
Options outstanding at end of year	8,373,745	4.65	6.61	1,912
Exercisable at end of year	5,017,329	5.71	5.15	117

Weighted average fair value of options granted to employees, directors and non-employees during the years 2023, 2022 and 2021 was $ 0.70, $ 1.51 and $ 3.81 per share, respectively.

Aggregate intrinsic value of exercised options by employees, directors and non-employees during the years 2023, 2022 and 2021 was $ 0, $ 19 and $ 759, respectively. The aggregate intrinsic value of the exercised options represents the total intrinsic value (the difference between the sale price of the Company's share at the date of exercise, and the exercise price) multiplied by the number of options exercised.

The aggregate intrinsic value in the table above represents the total intrinsic value (the difference between the Company's closing share price on the last trading day of calendar 2023 and the exercise price, multiplied by the number of in-the-money options) that would have been received by the option holders had all option holders exercised their options on December 31, 2023. This amount is impacted by the changes in the fair market value of the Company's shares.

As of December 31, 2023, the total unrecognized estimated compensation cost related to non-vested share options granted prior to that date was $ 5,370 which is expected to be recognized over a weighted average period of approximately 2.06 years.

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

NOTE 8:- SHAREHOLDERS' EQUITY (Cont.)

d. Employee Stock Purchase Plan:

The Company adopted an ESPP in November 2020, with the first offering period starting on January 1, 2021. In connection with its adoption, a total of 600,000 ordinary shares were reserved for issuance under this plan.

The ESPP is implemented through six-month offering periods (except for the first offering period that was five months). According to the ESPP, eligible employees and non-employees may use up to 15% of their base salaries to purchase ordinary shares up to an aggregate limit of $ 40 per participant for every calendar year. The price of an ordinary share purchased under the ESPP is equal to 85% of the lower of the fair market value of the ordinary share on the first day of each offering period or on the last day of such period.

In the years ended December 31, 2023, 2022 and 2021, 0, 158,025 and 117,829 ordinary shares, respectively, had been purchased under the ESPP and as of December 31, 2023, 114,146 ordinary shares were available for issuance under the ESPP.

e. The stock-based compensation expenses related to stock options and ESPP are included as follows in the expense categories:

	Year ended December 31,		
	2023	2022	2021
Research and development expenses	$ 1,933	$ 2,158	$ 1,971
Marketing and business development expenses	(41)	269	215
General and administrative expenses	1,658	1,901	2,090
	$ 3,550	$ 4,328	$ 4,276

NOTE 9:- TAXES ON INCOME, NET

a. Israeli taxation:

1. Tax rates applicable to the income of the Company.

Taxable income of the Company is subject to a corporate tax rate of 23% in 2021, 2022 and 2023.

2. Measurement of taxable income in U.S. dollars:

The Company has elected to measure its taxable income and file its tax return under the Israeli Income Tax Regulations (Principles Regarding the Management of Books of Account of Foreign Invested Companies and Certain Partnerships and the Determination of Their Taxable Income), 1986. Accordingly, results for tax purposes are measured in terms of earnings in dollars.

3. Tax benefits under the Israeli Law for the Encouragement of Capital Investments, 1959 (the "Investment Law"):

On April 1, 2005, an amendment to the Investment Law came into effect (the "Amendment 60") that significantly changed the provisions of the Investment Law. The Amendment 60 limits the scope of enterprises that may be approved by the Investment Center by setting criteria for the approval of a facility as a "Beneficiary Enterprise" including a provision generally requiring that at least 25% of the Beneficiary Enterprise's income will be derived from export.

Another condition for receiving the benefits under the alternative track in respect of expansion programs pursuant to Amendment 60 is a minimum qualifying investment. The Company was eligible under the terms of minimum qualifying investment and elected 2012 as its "year of election".

Additionally, Amendment 60 enacted major changes in the manner in which tax benefits are awarded under the Investment Law so that companies no longer require Investment Center approval in order to qualify for tax benefits. However, the Investment Law provides that terms and benefits included in any certificate of approval already granted will remain subject to the provisions of the Investment Law as they were on the date of such approval.

As of December 31, 2023, there was no taxable income attributable to the Beneficiary Enterprise.

In January 2011, another amendment to the Investment Law came into effect (the "2011 Amendment"). According to the 2011 Amendment, the benefit tracks in the Investment Law were modified and a flat tax rate applies to the Company's entire income subject to this amendment (the "Preferred Income").

NOTE 9:- TAXES ON INCOME, NET (Cont.)

a. Israeli taxation (Cont.):

Once an election is made, the Company's income will be subject to the amended tax rate of 16% from 2015 and thereafter (or 9% for a preferred enterprise located in development area A).

Commencing 2011 tax year, the Company can elect (without possibility of reversal) to apply the Amendment in a certain tax year and from that year and thereafter, it will be subject to the amended tax rates.

The Company does not currently intend to adopt the 2011 Amendment and intends to continue to comply with the Investment Law as in effect prior to enactment of the 2011 Amendment. Accordingly, the Company did not adjust its deferred tax balances as of December 31, 2023. The Company's position may change in the future.

In December 2016, the Economic Efficiency Law (Legislative Amendments for Applying the Economic Policy for the 2016 and 2017 Budget Years), 2016, which includes Amendment 73 to the Law (the "Amendment 73") was published. According to Amendment 73, a preferred enterprise located in development area A will be subject to a tax rate of 7.5% instead of 9% effective from January 1, 2016 and thereafter (the tax rate applicable to preferred enterprises located in other areas remains at 16%).

Amendment 73 also prescribes special tax tracks for technological enterprises, which are subject to rules that were issued by the Minister of Finance in May 2017. The new tax tracks under the Amendment are as follows:

Preferred Technological Enterprise ("PTE") - an enterprise for which total consolidated revenues of its parent company and all subsidiaries are less than NIS 10 billion in a tax year. A PTE, as defined in the Law, which is located in the center of Israel will be subject to tax at a rate of 12% on profits deriving from intellectual property (in development area A - a tax rate of 7.5%).

The above changes in the tax rates relating to PTE tax track were not taken into account in the computation of deferred taxes as of December 31, 2023 and 2022, since the Company estimates that it will not implement the PTE tax track.

NOTE 9:- TAXES ON INCOME, NET (Cont.)

a. Israeli taxation (Cont.):

4. Tax benefits under the law for the Encouragement of Industry (Taxes), 1969 (the "Encouragement Law"):

The Encouragement Law provides several tax benefits for industrial companies. An industrial company is defined as a company resident in Israel, at least 90% of the income of which in a given tax year exclusive of income from specified Government loans, capital gains, interest and dividends, is derived from an industrial enterprise owned by it. An industrial enterprise is defined as an enterprise whose major activity in a given tax year is industrial production activity.

Management believes that the Company is currently qualified as an "industrial company" under the Encouragement Law and, as such, is entitled to tax benefits, including: (1) deduction of purchase of know-how and patents and/or right to use a patent over an eight-year period; (2) the right to elect, under specified conditions, to file a consolidated tax return with additional related Israeli industrial companies and an industrial holding company; (3) accelerated depreciation rates on equipment and buildings; and (4) expenses related to a public offering on the Tel-Aviv Stock exchange and on recognized stock markets outside of Israel, are deductible in equal amounts over three years.

Eligibility for benefits under the Encouragement Law is not subject to receipt of prior approval from any Governmental authority. No assurance can be given that the Israeli tax authorities will agree that the Company qualifies, or, that the Company will continue to qualify as an industrial company or that the benefits described above will be available to the Company in the future.

5. Net operating losses carryforward and capital loss:

As of December 31, 2023, Compugen Ltd. 's net operating losses carryforward for tax purposes in Israel amounted to approximately $ 401,100. These net operating losses may be carried forward indefinitely and may be offset against future taxable income.

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

NOTE 9:- TAXES ON INCOME, NET (Cont.)

b. Non-Israeli subsidiary, Compugen USA, Inc.:

On December 22, 2017, the United States enacted the Tax Cuts and Jobs Act (the "U.S. Tax Reform" or "TCJA"); a comprehensive tax legislation that includes significant changes to the taxation of business entities. These changes include several key tax provisions that might impact the Company, among others: (i) a permanent reduction to the statutory federal corporate income tax rate from 35% to 21% effective for tax years beginning after December 31, 2017; (ii) a shift of the U.S. taxation of multinational corporations from a tax on worldwide income to a territorial system (along with certain new rules designed to prevent erosion of the U.S. income tax base - "BEAT"); (iii) establishing immediate deductions for certain new investments instead of deductions for depreciation expense over time, and modifying or repealing many business deductions and credits; and (iv) providing a permanent deduction to corporations generating revenues from non-US markets (known as a deduction for foreign derived intangible income - "FDII") .

As of December 31, 2023, Compugen USA, Inc. has net operating loss carryforwards for federal income tax purposes of approximately $ 3,050. Approximately $1,950 of these losses are available to offset any future U.S. taxable income of our U.S. subsidiary and will expire in the years 2024 to 2032. Utilization of the U.S. net operating losses may be subject to substantial annual limitation due to the "change in ownership" provisions of the Internal Revenue Code of 1986 and similar state provisions. The annual limitation may result in the expiration of net operating losses before utilization.

Neither Israeli income taxes, foreign withholding taxes nor deferred income taxes were provided in relation to undistributed earnings of the Company's foreign subsidiary. This is because the Company has the intent and ability to reinvest these earnings indefinitely in the foreign subsidiary and therefore those earnings are continually redeployed in those jurisdictions.

c. Loss (income) before taxes is comprised as follows:

	Year ended December 31,		
	2023	2022	2021
Domestic (Israel)	$ 10,164	$ 34,096	$ 34,619
Foreign	(380)	(460)	(416)
	$ 9,784	$ 33,636	$ 34,203

d. Taxes on income for the years ended December 31, 2023 and 2022, represent state income taxes in the United States.

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

NOTE 9:- TAXES ON INCOME, NET (Cont.)

e. Deferred taxes:

Deferred taxes reflect the net tax effects of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for income tax purposes. The Company and Compugen USA, Inc.'s deferred tax assets are comprised of operating loss carryforward and other temporary differences. Significant components of the Company and Compugen USA, Inc. deferred tax assets are as follows:

	December 31,	
	2023	2022
Deferred tax assets:		
Operating loss carryforward	$ 92,885	$ 91,704
Research and development	12,109	12,083
Accrued social benefits and other	3,072	3,123
Lease liabilities	312	444
Property and equipment	2	2
Deferred tax asset before valuation allowance	108,380	107,356
Valuation allowance	(108,073)	(106,941)
Deferred tax asset after valuation allowance	307	415
Deferred tax liabilities:		
Right of use assets	(307)	(415)
Deferred tax liabilities	(307)	(415)
Net deferred tax assets	$ -	$ -

The Company has provided full valuation allowances in respect of deferred tax assets resulting from operating loss carryforward and other temporary differences. Management currently believes that since the Company has a history of losses, it is more likely than not that the deferred tax regarding the operating loss carryforward and other temporary differences will not be realized in the foreseeable future.

f. Reconciliation of the theoretical tax expense (benefit) to the actual tax expense (benefit):

The main reconciling items between the statutory tax rate of the Company and the effective tax rate are the non-recognition of tax benefits from accumulated net operating loss carryforward among the Company and Compugen USA, Inc. due to the uncertainty of the realization of such tax benefits and withholding taxes on the upfront payment pursuant to the Gilead license agreement.

g. Tax assessments:

The Company has tax assessments through 2018 that are deemed to be final.

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

NOTE 10:- GEOGRAPHIC INFORMATION AND MAJOR CUSTOMERS

The Company's business is currently comprised of one operating segment, the research, development and commercialization of therapeutic and product candidates. The nature of the products and services provided by the Company and the type of customers for these products and services are similar. Operations in Israel and the United States include research and development, clinical operations, marketing and business development. The Company follows ASC 280, "Segment Reporting". Total revenues are attributed to geographic areas based on the location of the end customer.

The following represents the total revenue for the years ended December 31, 2023, 2022 and 2021 and long-lived assets as of December 31, 2023 and 2022:

	Year ended December 31,		
	2023	2022	2021
Revenue from sales to customers:			
Europe	$ 10,000	$ 7,500	$ 6,000
United States	23,459	-	-
Total revenue	$ 33,459	$ 7,500	$ 6,000

	December 31,	
	2023	2022
Long-lived assets:		
Israel	$ 2,468	$ 3,239
United States	77	119
Total long-lived assets	$ 2,545	$ 3,358

	Year ended December 31,		
	2023	2022	2021
Sales to a single customer exceeding 10%:			
Customer A	30%	100%	100%
Customer B	70%	-	-

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

NOTE 11:- FINANCIAL AND OTHER INCOME, NET

	Year ended December 31,		
	2023	2022	2021
Interest income	$ 2,960	$ 1,437	$ 894
Amortization of discount on marketable securities, net	281	-	-
Bank fees and other finance expenses	(31)	(27)	(25)
Foreign currency transaction adjustments	5	340	(1)
Gain (loss) from sales and disposals of fixed assets	(7)	(12)	3
Financial and other income, net	$ 3,208	$ 1,738	$ 871

NOTE 12:- RELATED PARTY BALANCES AND TRANSACTIONS

	December 31,	
	2023	2022
Trade payables and accrued expenses	$ 53	$ 83

	Year ended December 31,		
	2023	2022	2021
Amounts charged to:			
Research and development expenses	$ 147	$ 194	$ 240

For the years ended December 31, 2023, 2022 and 2021 the Company received research and development services related with cancer studies in animal models, and breeding and maintenance of animals (mice) to support such studies. The transaction was at arm's length.

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

NOTE 13:- LOSSES PER SHARE

The following table sets forth the computation of basic and diluted losses per share:

	Year ended December 31,		
	2023	2022	2021
Numerator:			
Net loss for basic and diluted loss per share	$ (18,754)	$ (33,694)	$ (34,203)
Denominator:			
Weighted average number of ordinary shares used in computing basic and diluted net loss per share	87,633,298	86,555,628	84,203,971
Basic and diluted loss per ordinary share	$ (0.21)	$ (0.39)	$ (0.41)

NOTE 14:- SUBSEQUENT EVENTS

In January 2024, 292,728 ordinary shares were issued and sold through the ATM, with proceeds of approximately $562 (net of $17 issuance expenses).

Exhibit 2.1

DESCRIPTION OF SECURITIES

The descriptions of the securities contained herein summarize the material terms and provisions of the ordinary shares of Compugen Ltd. (the "Company"), registered under Section 12 of the Securities Exchange Act of 1934.

ORDINARY SHARES

Our authorized share capital is NIS 2,000,000 divided into 200,000,000 ordinary shares, nominal (par) value NIS 0.01 per share. Subject to our amended and restated articles of association, or our Articles, fully paid ordinary shares of the Company confer on the holders thereof rights to attend and to vote at general meetings of the shareholders. Subject to the rights of holders of shares with limited or preferred rights which may be issued in the future, the ordinary shares of the Company confer upon the holders thereof equal rights to vote, to receive dividends and to participate in the distribution of the assets of the Company upon its winding-up, in proportion to the amount paid up or credited as paid up on account of the nominal value of the shares held by them respectively and in respect of which such dividends are being paid or such distribution is being made, without regard to any premium paid in excess of the nominal value, if any. All outstanding ordinary shares are validly issued and fully paid.

The Nasdaq Capital Market and the Tel Aviv Stock Exchange

Our ordinary shares are listed on each of The Nasdaq Capital Market and the Tel Aviv Stock Exchange under the symbol "CGEN".

Rights Attached to Our Shares

Subject to our Articles, fully paid ordinary shares confer on the holders thereof rights to attend and to vote at general meetings of the shareholders. Subject to the rights of holders of shares with limited or preferred rights which may be issued in the future, our ordinary shares confer upon the holders thereof equal rights to receive dividends and to participate in the distribution of our assets upon our winding-up, in proportion to the amount paid up or credited as paid up on account of the nominal value of the shares held by them respectively and in respect of which such dividends are being paid or such distribution is being made, without regard to any premium paid in excess of the nominal value, if any. No preferred shares are currently authorized. All outstanding ordinary shares are validly issued and fully paid.

Voting Rights

Subject to the provisions of our Articles, holders of ordinary shares have one vote for each ordinary share held by such shareholder of record, on all matters submitted to a vote of shareholders. Shareholders may vote in person, by proxy or by proxy card. Alternatively, shareholders who hold shares through members of the Tel Aviv Stock Exchange may vote electronically via the electronic voting system of the Israel Securities Authority, or Electronic Vote. These voting rights may be affected by the grant of any special voting rights to the holders of a class of shares with preferential rights that may be authorized in the future. As our ordinary shares do not have cumulative voting rights in the election of directors, the holders of the majority of the shares present and voting at a shareholders meeting have the power to elect all of our directors. In the event that we cease meeting the Opt Out Criteria (as defined in the annual report on Form 20-F to which this Exhibit 2.1 is attached), or if our board of directors shall decide to opt in the requirement to elect and have external directors and comply with the composition criteria of the audit committee and compensation committee under the Companies Law, the external directors will be elected by a special majority vote, as set forth under the Companies Law.

Transfer of Shares

Our ordinary shares which have been fully paid-up are transferable by submission of a proper instrument of transfer together with the certificate of the shares to be transferred and such other evidence of title, as our board of directors may require, unless such transfer is prohibited by another instrument or by applicable securities laws.

Dividends

Under the Companies Law, dividends may be distributed only out of profits available for dividends as determined by the Companies Law, provided that there is no reasonable concern that the distribution will prevent the Company from being able to meet its existing and anticipated obligations when they become due. If the company does not meet the profit requirement, a court may nevertheless allow the company to distribute a dividend, as long as the court is convinced that there is no reasonable concern that such distribution will prevent the company from being able to meet its existing and anticipated obligations when they become due. Pursuant to our Articles, no dividend shall be paid other than out of the profits of the Company. Generally, under the Companies Law, the decision to distribute dividends and the amount to be distributed is made by a company's board of directors.

Our Articles provide that our board of directors, may, subject to the Companies Law, from time to time, declare and cause the Company to pay such dividends as may appear to the board of directors to be justified by the profits of our Company. Subject to the rights of the holders of shares with preferential, special or deferred rights that may be authorized in the future, our profits which shall be declared as dividends shall be distributed according to the proportion of the nominal (par) value paid up or credited as paid up on account of the shares held at the date so appointed by the Company and in respect of which such dividend is being paid, without regard to the premium paid in excess of the nominal (par) value, if any. The declaration of dividends does not require shareholders' approval.

To date, we have not declared or distributed any dividend and we do not intend to pay cash dividends on our ordinary shares in the foreseeable future.

Liquidation Rights

In the event of our winding up on liquidation or dissolution, subject to applicable law and after satisfaction of liabilities to creditors, our assets available for distribution among the shareholders shall be distributed to the holders of ordinary shares in proportion to the amount paid up or credited as paid up on account of the nominal value of the shares held by them respectively and in respect of which such distribution is being made, without regard to any premium paid in excess of the nominal value, if any. This liquidation right may be affected by the grant of limited or preferential rights as to liquidation to the holders of a class of shares that may be authorized in the future.

Redemption Provisions

We may, subject to applicable law and to our Articles, issue redeemable shares and redeem the same upon such terms and conditions as determined by our board of directors.

Limitation of Liability

Under our Articles, the liability of each shareholder for the Company's obligations is limited to the unpaid sum, if any, owing to the Company in consideration for the issuance of the shares held by such shareholder.

Modification of Class Rights

Our amended and restated Memorandum of Association, or Memorandum, provides that we may amend the Memorandum in order to increase, consolidate or divide or otherwise amend our share capital by a simple majority of the voting power present at a shareholders meeting as currently provided in our Articles or by such other majority as shall be set forth in our Articles from time to time.

Pursuant to our Articles, if at any time our share capital is divided into different classes of shares, the rights attached to any class, unless otherwise provided by our Articles, may be modified or abrogated by the Company, subject to the consent in writing of, or sanction of a resolution passed by, the holders of a majority of the issued shares of such class at a separate general meeting of the holders of the shares of such class.

Limitations on the Rights to Own Securities

Our Articles and Israeli law do not restrict the ownership or voting of ordinary shares by non-residents or persons who are not citizens of Israel, though such ownership is prohibited under applicable law with respect to subjects of nations which are in a state of war with Israel.

Changes in Authorized Share Capital

Our Articles enable us, among others, to increase or reduce our authorized share capital. Any such changes are subject to the provisions of the Companies Law and our Articles and must be approved by a resolution duly passed by a simple majority of our shareholders at a general meeting by voting on such change in capital.

Shareholders' Meetings and Resolutions

Our Articles and the Companies Law provide that our annual general meeting shall be held once in every calendar year at such time (within a period of not more than fifteen months after the last preceding annual general meeting), and place determined by our board of directors. Our board of directors may, in its discretion, convene additional special shareholders meetings and, pursuant to the Companies Law, must convene a meeting upon the demand of: (a) two directors or one quarter of the directors in office; or (b) the holder or holders of (i) 5% or more of our issued share capital and one percent or more of our voting rights; or (ii) 5% or more of our voting rights. All demands for shareholders meetings must set forth the items to be considered at that meeting. If the board of directors does not convene a meeting upon a valid demand of any of the above, then the persons who made the demand, and in the case of shareholders, part of such demanding shareholders holding at least half of the voting rights of such demanding shareholders, may convene a meeting of the shareholders to be held within three months of the demand. Alternatively, upon petition by the individuals making the demand, a court may order that a meeting be convened.

The chairman of the board of directors, or any other director or office holder of the Company which may be designated for this purpose by the board of directors, shall preside as chairman at each of our general meetings. If there is no such chairman, or if the appointed chairman is unwilling to take the chair, or if he shall have indicated in advance that he will not be attending, or if at any meeting such chairman is not present within thirty (30) minutes after the time fixed for holding the meeting, then those present at the meeting shall choose someone present to be chairman of the meeting. The office of chairman shall not, by itself, entitle the holder thereof to vote at any general meeting nor shall it entitle a second or casting vote.

According to regulations promulgated pursuant to the Companies Law and governing the terms of notice and publication of shareholder meetings of public companies, or the General Meeting Regulations, holder(s) of one percent or more of the Company's voting rights may propose any matter appropriate for deliberation at a shareholder meeting to be included on the agenda of a shareholder meeting, generally by submitting a proposal within seven days of publicizing the convening of a shareholder meeting, or within fourteen days, if the Company publishes at least 21 days prior to publicizing the proxy materials for a shareholder meeting, a preliminary notice stating its intention to convene such meeting, the agenda thereof, shareholder's right to propose a matter to be included on the agenda of such meeting and company's right not to examine such proposals received upon termination of 14 day period from the publication of such notice. Any such proposal must further comply with the information requirements under applicable law and our Articles, and in the event that such shareholders propose to appoint directors for service on the Company's board of directors, the proposal must include information regarding the director candidates as well as certain declarations of the director candidates, as required pursuant to the General Meeting Regulations. The agenda for a shareholder meeting is determined by the board of directors and must include matters in respect of which the convening of a shareholder meeting was demanded and any matter requested to be included by holder(s) of one percent of the Company's voting rights, as detailed above.

Pursuant to the Companies Law and the General Meeting Regulations shareholder meetings generally require prior notice of not less than 21 days, and not less than 35 days in certain cases. Pursuant to our Articles, we are not required to deliver or serve notice of a general meeting or of any adjournments thereof to any shareholder. However, subject to applicable law and stock exchange rules and regulations, we will publicize the convening of a general meeting in any manner reasonably determined by us, and any such publication shall be deemed duly made, given and delivered to all shareholders on the date on which it is first made, posted, filed or published in the manner so determined by us in our sole discretion.

The function of the general meeting is to elect directors, receive and consider the profit and loss account, the balance sheet and the ordinary reports and accounts of the directors and auditors, appoint external auditor, approve certain interested party transactions requiring general meeting approval as provided in the Companies Law, approve the Company's merger, exercise of the powers of the board of directors if the board of directors is unable to exercise its powers and the exercise of any of its powers is vital for our proper management, approve amendments of the Articles and transact any other business which under our Articles or applicable law may be transacted by the shareholders of the Company in a general meeting.

Pursuant to our Articles, the quorum required for a meeting of shareholders consists of at least two shareholders, present in person, by proxy, by proxy card or by Electronic Vote and holding shares conferring in the aggregate twenty-five percent (25%) or more of the voting power of the Company. If within half an hour from the time appointed for the meeting a quorum is not present, the meeting shall stand adjourned to the same day in the following week at the same time and place or to such other later day, time and place as the board of directors may determine and specify in the publication with respect to the Meeting. At the adjourned meeting, any number of participants will constitute a quorum present, in person, by proxy, by proxy card or by Electronic Vote; provided, however, that special general meeting which was convened by the Board upon the demand of shareholders or directors then in office, as detailed above, or directly by such shareholders or directors, in accordance the terms of the Companies Law, shall be cancelled.

Generally, under the Companies Law and our Articles, shareholder resolutions are deemed adopted if approved by the holders of a simple majority of the voting rights represented at the meeting, in person, by proxy, by proxy card or by Electronic Vote, and voting on the matter, unless a different majority is required by law or pursuant to our Articles such as a resolution for the voluntary winding up of our Company which requires the approval of holders of 75% of the voting power presented and voting at the meeting, or resolutions concerning certain related party transactions as set forth in Sections 267 and 270-275 of the Companies Law.

Change of Control

Merger

Under the Companies Law, a merger is generally required to be approved by the shareholders and board of directors of each of the merging companies. If the share capital of the company that will not be the surviving company is divided into different classes of shares, the approval of each class is also required, unless determined otherwise by the court. Similarly, unless an Israeli court determines otherwise, a merger will not be approved if it is objected to by shareholders holding a majority of the voting rights participating and voting at the meeting (abstentions are disregarded), after excluding the shares held by the other party to the merger, by any person who holds 25% or more of the other party to the merger or by anyone on their behalf, including by the relatives of, or corporations controlled by, these persons. In approving a merger, the board of directors of both merging companies must determine that there is no reasonable concern that, as a result of the merger, the surviving company will not be able to satisfy its obligations to its creditors. Similarly, upon the request of a creditor of either party to the proposed merger, an Israeli court may prevent or delay the merger if it concludes that there exists a reasonable concern that, as a result of the merger, the surviving company will not be able to satisfy the obligations of the merging parties. A court may also issue other instructions for the protection of the creditors' rights in connection with a merger. Further, a merger may not be completed unless at least (i) 50 days have passed from the time that the requisite proposals for the approval of the merger were filed with the Israeli registrar of companies; and (ii) 30 days have passed since the merger was approved by the shareholders of each party.

Special Tender Offer

The Companies Law provides that an acquisition of shares of an Israeli public company must be made by means of a special tender offer if as a result of the acquisition the purchaser would become a holder of 25% or more of the voting rights in the company. This rule does not apply if there is already another holder of 25% or more of the voting rights in the company. Similarly, the Companies Law provides that an acquisition of shares in a public company must be made by means of a special tender offer if as a result of the acquisition the purchaser would become a holder of more than 45% of the voting rights in the company, if there is no other shareholder of the company who holds more than 45% of the voting rights in the company. These requirements do not apply if the acquisition (i) occurs in the context of a private placement by the company that received shareholder approval for the purpose of allowing the purchaser to hold more than 25% of the voting rights in the company if there is no other holder of 25% or more of the voting rights in the company, or 45% of the voting rights in the company if there is no other holder of 45% or more of the voting rights in the company, as the case may be, (ii) was from a shareholder holding 25% or more of the voting rights in the company and resulted in the acquirer becoming a holder of 25% or more of the voting rights in the company, or (iii) was from a holder of more than 45% of the voting rights in the company and resulted in the acquirer becoming a holder of more than 45% of the voting rights in the company. A special tender offer may be consummated only if (i) at least 5% of the voting power attached to the company's outstanding shares will be acquired by the offeror and (ii) the number of shares tendered in the offer exceeds the number of shares whose holders objected to the offer (excluding controlling shareholders, holders of 25% or more of the voting rights in the company and any person having a personal interest in the acceptance of the special tender offer).

In the event that a special tender offer is made, a company's board of directors is required to express its opinion on the advisability of the offer, or shall abstain from expressing any opinion if it is unable to do so, provided that it gives the reasons for its abstention. An office holder in a target company who, in his or her capacity as an office holder, performs an action the purpose of which is to cause the failure of an existing or foreseeable special tender offer or is to impair the chances of its acceptance, is liable to the potential purchaser and shareholders for damages, unless such office holder acted in good faith and had reasonable grounds to believe he or she was acting for the benefit of the company. However, office holders of the target company may negotiate with the potential purchaser in order to improve the terms of the special tender offer and may further negotiate with third parties in order to obtain a competing offer. Shares purchased in contradiction to the tender offer rules under the Companies Law will have no rights and will become dormant shares.

If a special tender offer is accepted, then shareholders who did not respond to or that had objected the offer may accept the offer within four days of the last day set for the acceptance of the offer. In the event that a special tender offer is accepted, then the purchaser or any person or entity controlling it or under common control with the purchaser or such controlling person or entity may not make a subsequent tender offer for the purchase of shares of the target company and may not enter into a merger with the target company for a period of one year from the date of the offer, unless the purchaser or such person or entity undertook to effect such an offer or merger in the initial special tender offer.

Full Tender Offer

Under the Companies Law, a person may not acquire shares in a public company if, after the acquisition, the acquirer will hold more than 90% of the shares or more than 90% of any class of shares of that company, unless a tender offer is made to purchase all of the shares or all of the shares of the particular class. The Companies Law also generally provides that as long as a shareholder in a public company holds more than 90% of the company's shares or of a class of shares, that shareholder shall be precluded from purchasing any additional shares. In order for all of the shares that the purchaser offered to purchase be transferred to him by operation of law, one of the following needs to have occurred: (i) the shareholders who declined or do not respond to the tender offer hold less than 5% of the company's outstanding share capital or of the relevant class of shares and the majority of offerees who do not have a personal interest in accepting the tender offer accepted the offer, or (ii) the shareholders who declined or do not respond to the tender offer hold less than 2% of the company's outstanding share capital or of the relevant class of shares.

A shareholder that had his or her shares so transferred, whether he or she accepted the tender offer or not, has the right, within six months from the date of acceptance of the tender offer, to petition the court to determine that the tender offer was for less than fair value and that the fair value should be paid as determined by the court. However, the purchaser may provide in its offer that shareholders who accept the tender offer will not be entitled to such rights.

If the conditions set forth above are not met, the purchaser may not acquire additional shares of the company from shareholders who accepted the tender offer to the extent that following such acquisition, the purchaser would own more than 90% of the company's issued and outstanding share capital. The above restrictions apply, in addition to the acquisition of shares, to the acquisition of voting power.

Forum for Adjudication of Disputes

Our Articles provide that unless the Company consents in writing to the selection of an alternative forum, the federal district courts of the United States of America shall be the exclusive forum for the resolution of any complaint asserting a claim, cause of action, claims, or causes of action arising under the United States Securities Act of 1933, as amended, including all claims and causes of action asserted against any defendant to such complaint. For the avoidance of doubt, this provision is intended to benefit and may be enforced by the Company, its officers and directors, the underwriters to any offering giving rise to such complaint, and any other professional or entity whose profession gives authority to a statement made by that person or entity and who has prepared or certified any part of the documents underlying the offering.

Our Articles further provide that unless the Company consents in writing to the selection of an alternative forum, the competent courts in Tel Aviv, Israel shall be the exclusive forum for (i) any derivative action or proceeding brought on behalf of the Company; (ii) any action asserting a claim of breach of a fiduciary duty owed by any director, officer or other employee of the Company to the Company or the Company's shareholders; or (iii) any action asserting a claim arising pursuant to any provision of the Companies Law or the Securities Law.

Any person or entity purchasing or otherwise acquiring or holding any interest in shares of the Company shall be deemed to have notice of and consented to the provisions set forth under the heading "Forum for Adjudication of Disputes".

Exhibit 4.11

[**] = CERTAIN INFORMATION CONTAINED IN THIS DOCUMENT, MARKED BY BRACKETS, HAS BEEN OMITTED BECAUSE IT IS BOTH (I) NOT MATERIAL AND (II) IS THE TYPE OF INFORMATION THAT COMPUGEN TREATS AS PRIVATE OR CONFIDENTIAL.

Confidential
Execution Copy

LICENSE AGREEMENT

between

COMPUGEN LTD.

and

GILEAD SCIENCES, INC.

dated December 18, 2023

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Schedules

LICENSE AGREEMENT

This License Agreement ("**Agreement**"), effective as of December 18, 2023 (the "**Effective Date**"), is entered into by and between Compugen Ltd., a limited liability company organized under the laws of Israel with a place of business at Azrieli Center, 26 Harokmim Street, Building D, Holon 5885849, Israel ("**CGEN**"), and Gilead Sciences, Inc., a Delaware corporation with a place of business at 333 Lakeside Drive, Foster City, CA 94404 ("**Gilead**"). CGEN and Gilead may be referred to herein individually as a "**Party**" or collectively as the "**Parties**".

RECITALS

WHEREAS, CGEN has expertise in, and platforms for, the discovery, development and commercialization of products for the treatment of patients with cancer;

WHEREAS, CGEN has discovered and is developing COM503, an antibody that binds to and moderates IL-18BP (as defined below);

WHEREAS, Gilead has expertise in the research, development and commercialization of pharmaceutical products; and

WHEREAS, CGEN desires to grant, and Gilead desires to receive, an exclusive license under the IL-18 IP for the development, commercialization and other exploitation of IL-18 Molecules and IL-18 Products, including COM503, in the Field in the Territory (with each capitalized term as defined below), pursuant to the terms and conditions set forth in this Agreement.

NOW, THEREFORE, in consideration of the foregoing premises and the mutual covenants herein contained, the Parties hereby agree as follows:

AGREEMENT

1. **DEFINITIONS**. Unless specifically set forth to the contrary herein, the following capitalized terms, whether used in the singular or plural, shall have the respective meanings set forth below:

1.1. "**Accounting Standards**" means, with respect to a Person, the International Financial Reporting Standards or GAAP, as applicable, as generally and consistently applied throughout such Person's organization.

1.2. "**Acquired Affiliate**" is defined in Section 3.6(b)(iii) (Acquisition of an Existing Competitive Program).

1.3. "**Acquirer**" means any Third Party that acquires a Party through a Change of Control transaction and, as of immediately before such Change of Control transaction, any of such Third Party's Affiliates.

1.4. "**Acquisition**" is defined in Section 3.6(b)(iii) (Acquisition of an Existing Competitive Program).

1.5. "**Acting Improperly**" is defined in Section 12.2(a)(i) (Anti-Corruption Laws).

1.6. "**Action**" means any claim, action, suit, arbitration, inquiry, audit, proceeding or investigation by or before, or otherwise involving, any governmental authority.

1.7. "[**]" is defined in Section 8.1(a)(i) (During Development Term).

1.8. "[**]" means [**].

1.9. "[**]" means the [**].

1.10. "[**]" means the [**].

1.11. "[**]" means the [**].

1.12. "**Affiliate**" means with respect to any Party, any person or entity controlling, controlled by or under common control with such Party, for as long as such control exists. For purposes of this Section 1.12 ("Affiliate"), "control" means (a) in the case of a corporate entity, direct or indirect ownership of at least fifty percent (50%) or more of the stock or shares having the right to vote for the election of directors of such corporate entity and (b) in the case of an entity that is not a corporate entity, the possession, directly or indirectly, of the power to direct, or cause the direction of, the management or policies of such entity, whether through the ownership of voting securities, by contract or otherwise.

1.13. "**Agreement**" is defined in Preamble.

1.14. "**Alliance Manager**" means the individual appointed by each Party from within their respective organization to coordinate and facilitate the communication, interaction and cooperation of the Parties pursuant to this Agreement.

1.15. "**Annual Net Sales**" means, on a Financial Product-by-Financial Product basis, total Net Sales in the Territory of such Financial Product in a particular Calendar Year, calculated in accordance with Accounting Standards.

1.16. "**Antibody**" means a molecule that comprises or contains: (a) one or more immunoglobulin variable domains; (b) fragments, variants, modifications or derivatives of such immunoglobulin variable domains irrespective of origin or source, including antigen binding portions including Fab, Fab', F(ab')2, Fv, dAb, and CDR fragments, single chain antibodies (scFv), chimeric antibodies, diabodies and polypeptides (including humanized versions thereof), in each case that contain at least a portion of an immunoglobulin that is sufficient to confer specific antigen binding; or (c) the nucleic acid consisting of a sequence of nucleotides encoding (or complementary to a nucleic acid encoding) any of the foregoing molecules in (a) or (b).

1.17. "**Anti-Corruption Laws**" means the U.S. Foreign Corrupt Practices Act, the U.S. Anti-Kickback Statute, and any other laws that prohibit the corrupt payment, offer, promise or authorization of the payment or transfer of anything of value (including gifts or entertainment), directly or indirectly, to any Government Official, commercial entity, or any other Person to obtain an improper business advantage, in each case, as amended.

1.18. "**Antitrust Laws**" means any Applicable Laws and Regulations that are designed to prohibit, restrict or regulate actions having the purpose or effect of monopolization, lessening of competition or restraint of trade, including the HSR Act.

1.19. "**Applicable Laws and Regulations**" means all international, national, federal, state, regional, provincial, municipal and local government laws, rules, treaties (including tax treaties), and regulations that apply to either Party in the conduct of any Development, Manufacturing or Commercialization activities or Regulatory Activities, in each case, under this Agreement, including GLP, cGMP, cGCP, GBPS, and the guidelines of the ICH, each as may be then in effect, as applicable and amended from time to time.

1.20. "**Approved Auditor**" means one of the internationally recognized accounting firms known as KPMG, Deloitte, PricewaterhouseCoopers or Ernst & Young (i.e., the "Big 4" global accounting firms).

1.21. "**Assigned Regulatory Materials**" is defined in Section 6.2(a) (Regulatory Transfer).

1.22. "**Audited Party**" is defined in Section 10.9 (Audit Rights).

1.23. "**Background IP**" is defined in Section 15.1(a) (Background IP).

1.24. "**Bankruptcy Events**" is defined in Section 17.5 (Termination for Bankruptcy).

1.25. "**Bankrupt Party**" is defined in Section 17.5 (Termination for Bankruptcy).

1.26. "**Biosimilar Product**" means, with respect to an IL-18 Product sold in a country, a product that: (a) is marketed by a Third Party that has not obtained the rights to such product as a Sublicensee or distributor of, or through any other contractual relationship with, Gilead or any of its Affiliates or Sublicensees; and (b) has been granted Regulatory Approval as a biosimilar or interchangeable biological product by the applicable Regulatory Authority with such IL-18 Product as the reference product, including any product authorized for sale in (i) the U.S. pursuant to an application under Section 351(k) of the US Public Health Service Act (42 U.S.C. § 262(k)), as may be amended, or any subsequent or superseding law, statute or regulation and (ii) in any other country or jurisdiction pursuant to the equivalent of such provision.

1.27. "**BLA**" means a Biologics License Application filed with the FDA for marketing approval of an IL-18 Product, as more fully defined in the United States FDCA, 21 U.S.C. § 301 et seq., as amended from time to time, or under Section 351 of the Public Health Service Act ("**PHS Act**"), which is codified at 42 U.S.C. §262, or any successor applications or procedures, and all supplements and amendments that may be filed with respect to the foregoing, or similar filings with applicable Regulatory Authorities outside of the U.S., for approval to commercially market, import and sell an IL-18 Product. The term BLA shall exclude Pricing and Reimbursement Approvals.

1.28. "**Breaching Party**" is defined in Section 17.2(a) (Material Breach).

1.29. "**Business Day**" means a day on which banking institutions in Tel-Aviv, Israel and Foster City, California are open for business, excluding (a) any Saturday or Sunday, (b) December 26 through December 31 and (c) the seven (7) day period that begins on a Sunday and ends on a Saturday during which period July 4th occurs.

1.30. "**Calendar Quarter**" means the respective periods of three (3) consecutive calendar months ending on March 31, June 30, September 30 and December 31, except that the first Calendar Quarter of the Term shall commence on the Effective Date and end on the day immediately prior to the first to occur of January 1, April 1, July 1 or October 1 after the Effective Date, and the last Calendar Quarter shall end on the last day of the Term.

1.31. "**Calendar Year**" means the respective periods of twelve (12) months commencing on January 1 and ending on December 31, except that the first Calendar Year of the Term shall commence on the Effective Date and end on December 31 of the year in which the Effective Date occurs, and the last Calendar Year of the Term shall commence on January 1 of the year in which the Term ends and end on the last day of the Term.

1.32. "**CDR**" means, with respect to an Antibody, the complementarity-determining region of such Antibody as determined by the Kabat numbering scheme.

1.33. "**cGCP**" means current Good Clinical Practices as set forth in the Applicable Laws and Regulations, including the FDCA and the PHS Act and regulations set forth at 21 C.F.R. Parts 50, 54, 56 and 312, the requirements set forth in Directive 2001/20/EC of the European Parliament and of the Council of 4 April 2001 and Commission Directive 2005/28/EC of 8 April 2005, in each case, to the extent applicable to a Clinical Trial regarding any IL-18 Product, as such obligations are interpreted and enforced by the applicable Regulatory Authority, and as interpreted under prevailing industry standards, including standards of medical ethics, applicable guidance documents issued by the FDA and any other Regulatory Authority, including guidelines adopted by the ICH with respect to cGCP, and all equivalent legal requirements in other applicable jurisdictions, as the same may be amended from time to time.

1.34. "**CGEN**" is defined in Preamble.

1.35. "**CGEN CMO Manufacturing Agreement(s)**" means each agreement CGEN has entered into with any CMO under which CGEN has the right to be supplied with IL-18 Product, including the [**] Services Agreement.

1.36. "**CGEN Development and Manufacturing Agreements**" means any contract or agreement, between CGEN (or any of its Affiliates, as applicable) and any Third Party that is in effect as of the Effective Date and under which CGEN and such Third Party are actively Developing or Manufacturing (as of the Effective Date) any IL-18 Molecule or IL-18 Product, including such agreements related solely to any IL-18 Molecule or IL-18 Product, including master services agreements for which all statements of work are related solely to IL-18 Molecules or IL-18 Products or agreements under which such IL-18 Molecule or IL-18 Product itself, or its Manufacturing process, was conceived of, reduced to practice, invented, made, generated or created (the "**IL-18-Only Development and Manufacturing Agreements**"). The IL-18-Only Development and Manufacturing Agreements that exist as of the Effective Date are listed in **Schedule 1.36(a)** (IL-18-Only Development and Manufacturing Agreements) attached hereto; *provided*, that any failure of an agreement to be on **Schedule 1.36** (CGEN Development and Manufacturing Agreements) either as of the Effective Date or during the Term shall not, in itself, indicate that such agreement is not a CGEN Development and Manufacturing Agreement hereunder.

1.37. "**CGEN Foreground Know-How**" means all Foreground Know-How that are solely owned by CGEN.

1.38. "**CGEN Foreground Patent**" means all Foreground Patents that are solely owned by CGEN.

1.39. "**CGEN Indemnitee(s)**" is defined in Section 14.1 (By Gilead).

1.40. "**CGEN Manufacturing Facilities**" means the facilities used by [**] under the [**] Agreement to Manufacture IL-18 Product.

1.41. "**cGMP**" means current Good Manufacturing Practices as set forth in the Applicable Laws and Regulations, including the FDCA and the PHS Act, and in applicable regulations, including 21 C.F.R. Parts 210, 211, 600 and 610, as in effect at the time when any IL-18 Product is being manufactured for clinical development or commercial use, as such regulations are interpreted and enforced by the FDA, including as set forth in applicable guidance documents issued by the FDA, and in accordance with applicable, generally accepted industry standards, and the equivalent legal requirements in other applicable jurisdictions, all as the same may be amended from time to time.

1.42. "**Change of Control**" means, with respect to a Party, that: (a) any Third Party acquires directly or indirectly the beneficial ownership of any voting security of such Party, or if the percentage ownership of such Third Party in the voting securities of such Party is increased through stock redemption, cancellation or other recapitalization, and immediately after such acquisition or increase such Third Party is, directly or indirectly, the beneficial owner of voting securities representing more than fifty percent (50%) of the total voting power of all of the then outstanding voting securities of such Party; (b) a merger, consolidation, recapitalization, or reorganization of such Party is consummated unless such merger, consolidation, recapitalization, or reorganization would result in stockholders or equity holders of such Party immediately prior to such transaction owning more than fifty percent (50%) of the outstanding securities of the surviving entity (or its parent entity) immediately following such transaction; or (c) the sale or transfer to a Third Party of (i) all or substantially all of such Party's assets taken as a whole or (ii) a majority of such Party's assets which relate to this Agreement, is effected. Notwithstanding the foregoing, the following will not constitute a Change of Control: (i) a sale of capital stock to underwriters in an underwritten public offering of a Party's capital stock solely for the purpose of financing, or (ii) the acquisition of securities of a Party by any Person or group of Persons that acquires such Party's securities in a transaction or series of related transactions the primary purpose of which is to obtain financing for such Party through the issuance of equity securities.

1.43. "**Clinical Study Report**" means, with respect to a Clinical Trial, a report containing the results of such Clinical Trial that is consistent in content and format with Applicable Laws and Regulations and with the guidelines of the International Conference on Harmonisation of Technical Requirements for Registration of Pharmaceuticals for Human Use (ICH) on Structure and Content of Clinical Study Reports.

1.44. "**Clinical Subcommittee**" is defined in Section 4.2 (Additional Subcommittees and Working Groups).

1.45. "**Clinical Supply Agreement**" is defined in Section 8.1(a)(iv) (Clinical Supply Agreement).

1.46. "**Clinical Supply Batches**" is defined in Section 8.1(a)(i) (During Development Term)

1.47. "**Clinical Supply Term**" is defined in Section 8.1(a)(ii) (During the Clinical Supply Term).

1.48. "**Clinical Trial**" means an experiment that has been approved by a Regulatory Authority in which a drug is administered to human subjects and includes Phase 1 Clinical Trials, Phase 2 Clinical Trials, Phase 3 Clinical Trials, Pivotal Trials or Phase 4 Clinical Trials, as applicable.

1.49. "**CMC**" means chemistry, manufacturing and controls.

1.50. "**CMO**" means a Third Party contract manufacturer.

1.51. "**COM503**" means the Antibody with the heavy chain and light chain protein sequences described in **Schedule 1.51** (COM503) and with the internal CGEN identifier COM503.

1.52. "**COM503 Financial Product**" means the IL-18 Product that contains COM503 and is the subject of the COM503 Phase 1 Trial.

1.53. "**COM503 Phase 1 Trial**" means the Phase 1 Clinical Trial of COM503 conducted under this Agreement, as further described in the Development Plan and in the COM503 Phase 1 Trial Protocol. The COM503 Phase 1 Trial includes the COM503 Phase 1a Trial and COM503 Phase 1b Trial.

1.54. "**COM503 Phase 1 Trial Completion**" means [**].

1.55. "**COM503 Phase 1 Trial Protocol**" is defined in Section 2.1 (Development Plan; Protocol).

1.56. "**COM503 Phase 1a Trial**" means, in connection with the conduct of the COM503 Phase 1 Trial, the activities to be undertaken to identify the maximum tolerated dose (MTD) or maximum administered dose (MAD) for COM503, independently and in combination with any Gilead-Provided PD-1/PD-L1 in accordance with the Development Plan.

1.57. "**COM503 Phase 1b Trial**" means, in connection with the conduct of the COM503 Phase 1 Trial, the investigation of COM503 at a defined dose and schedule in accordance with the Development Plan.

1.58. "**COM503 Study Budget**" is defined in Section 2.9 (COM503 Study Budget).

1.59. "**COM503 Transfer Price**" is a fixed batch cost that represents [**] of the Fully Burdened Manufacturing Costs incurred by CGEN to Manufacture a batch of COM503 for clinical supply purposes (including the cost to manufacture COM503 drug product).

1.60. "**Combination Product**" means (a) any single product comprising both (i) a Financial Product and (ii) one or more other therapies or pharmaceutically active compounds or substances that is not a Financial Product (but excluding, for clarity, formulation and drug delivery technologies); (b) any Financial Product sold together with one or more other therapies or products that are not Financial Products for a single invoice price; or (c) any Financial Product sold as part of a bundle with one or more other therapies, products or services that are not Financial Products, where the sale of the Financial Product is only available from the seller with the purchase of such other therapies, products or services, for a single invoice price, to the extent not described in clause (a) or (b). The Financial Product portion of any Combination Product, as applicable, shall be the "**Financial Component**" and the other portion of such Combination Product shall be the "**Other Component**", and each Combination Product shall be a Financial Product hereunder. For clarity, the co-administration of separate products comprising a Financial Product containing no Other Component, on the one hand, with another therapy or pharmaceutically active compound or substance on the other hand shall either be (i) a Combination Product, if sold together as reflected in clause (b) or (c) or (ii) two separate products, one a Financial Product and the other, a product that does not generate Net Sales under this Agreement.

1.61. "**Commercialize**" means activities taken before or after obtaining Regulatory Approval relating specifically to the pre-launch, launch, promotion, marketing, sales force recruitment and training, sale and distribution of a pharmaceutical or biologic product and post-launch activities, including: (a) distribution for commercial sale; (b) coverage, reimbursement, pricing, and market access activities; (c) strategic marketing, sales force, detailing, advertising and promotion, and market and product support; (d) medical education and medical science liaison strategy and any Phase 4 Clinical Trials unless required as a condition for Regulatory Approval, to the extent permitted by this Agreement; (e) all customer support, invoicing and sales activities; and (f) all post-approval regulatory activities, including those necessary to maintain Regulatory Approvals. Cognates of the word "Commercialize" shall have correlative meanings. For clarity, "Commercialization" does not include Development or Manufacturing activities.

1.62. "**Commercially Reasonable Efforts**" means, with respect to the efforts to be expended by a Party with respect to any objective or activity under this Agreement, that measure of efforts and resources that is consistent with the efforts and resources used by pharmaceutical or biopharmaceutical companies, as applicable, of comparable size and resources to such Party for a similar biological or pharmaceutical product owned by it or to which it has exclusive rights, which product is at a similar stage in its development or product life and is of similar market potential taking into account all relevant factors, including [**]. Commercially Reasonable Efforts will be determined on a country-by-country and Indication-by-Indication basis for the applicable IL-18 Molecule or IL-18 Product, and it is anticipated that the level of effort will change over time, reflecting changes in the status of such IL-18 Molecule or IL-18 Product (as applicable) and the market or country involved.

1.63. "**Commercial Milestone Event**" is defined in Section 9.5 (Commercial Milestone Payments).

1.64. "**Commercial Milestone Payment**" is defined in Section 9.5 (Commercial Milestone Payments).

1.65. "[**]" means, with respect to an IL-18 Product [**].

1.66. "[**]" means a [**].

1.67. "**Confidential Information**" means, with respect to a Party, all information (including chemical or biological materials, chemical structures correspondence, customer lists, data, formulae, improvements, Inventions, Know-How, processes, Regulatory Approvals, Regulatory Submissions and other regulatory filings, reports, strategies, techniques or other information) that is disclosed by or on behalf of such Party or any of its Affiliates to the other Party or any of its Affiliates pursuant to this Agreement or the Existing CDA, regardless of whether any of the foregoing are marked "confidential" or "proprietary" or communicated to the other Party by or on behalf of the Disclosing Party in oral, written, visual, graphic or electronic form. Without limiting the generality of the foregoing, and subject to the terms of Article 11 (Confidentiality; Publication): (a) the existence and terms of this Agreement are the Confidential Information of both Parties (and both Parties will be deemed to be the Disclosing Party and the Receiving Party with respect thereto) and (b) the existence and terms of each Development Report provided by Gilead to CGEN pursuant to Section 5.4 (Development Reporting) will be the Confidential Information of Gilead (and Gilead will be considered the Disclosing Party with respect thereto).

1.68. "**Control**" means with respect to (a) a product or component (including a molecule) thereof, the legal authority or right to grant a license, sublicense, access, or right to use (as applicable) such product or component to the other Party under Patents that Cover such product or component or proprietary Know-How that is incorporated in or embodies such product or component on the terms set forth herein or (b) any Patent, Know-How or other Intellectual Property Right, the ability of a Party or its Affiliates, as applicable (whether through ownership or license, other than pursuant to this Agreement) to grant to the other Party or its Affiliates access to, or a license or sublicense of, such Patent, Know-How or other Intellectual Property Right as provided for herein without violating the terms of any agreement or other arrangement with any Third Party; *provided*, that, in each case, a Party or any of its Affiliates shall be deemed not to "Control" any product, component, Patent, Know-How or other Intellectual Property Right if such product, component, Patent, Know-How or other Intellectual Property Right is owned or in-licensed by an Acquirer of a Party that becomes an Affiliate of such Party (or that merges or consolidates with such Party) on or after the Effective Date as a result of a Change of Control of such Party, except to the extent, and only to the extent that, such product, component, Patent, Know-How or other Intellectual Property Right is (i) actually used by such Party or its Affiliates, or the Acquirer, to Develop, Manufacture, Commercialize or otherwise Exploit the IL-18 Molecules or IL-18 Products following the consummation of such Change of Control, (ii) made, conceived or reduced to practice by the Acquirer or its Affiliates through the use of, or reference to, any Patent, Know-How or other Intellectual Property Right of such acquired Party or the other Party, or (iii) was Controlled by such acquired Party or its Affiliates prior to the applicable Change of Control. Cognates of the word "Control" shall have correlative meanings.

1.69. "**Cover**" means, with reference to a Patent and a product or method, that the manufacture, use, offer for sale, sale or importation of such product, or practice of such method, would infringe a Valid Claim of such Patent in the country in which such activity occurs without a license thereto (or ownership thereof). Cognates of "Cover" shall have correlative meanings.

1.70. "**CPI**" means the Consumer Price Index-Urban Wage Earners and Clerical Workers, U.S. City Average, All Items, 1982-1984=100, published by the U.S. Department of Labor, Bureau of Labor Statistics (or its successor equivalent index) in the U.S.

1.71. "**Data Protection Laws**" means all Applicable Laws and Regulations relating to privacy, information security, cybersecurity, or data protection, including (a) the General Data Protection Regulation ((EU) 2016/679) and any national implementing law relating to the Processing of personal data or the privacy or security of electronic communications, including the Privacy and Electronic Communications Directive (2002/58/EC) and the Privacy and Electronic Communications (EC Directive) Regulations 2003 (SI 2003/2426), (b) the Health Insurance Portability and Accountability Act of 1996, as amended by the Health Information Technology for Economic and Clinical Health Act adopted as part of the American Recovery and Reinvestment Act of 2009, and any regulations promulgated thereunder, and (c) FDA's regulatory guidance pertaining to informed consent or cybersecurity requirements.

1.72. "**Deadlock**" is defined in Section 4.1(d) (Decision-Making).

1.73. "**Deficiency Notice**" is defined in Section 2.8(b) (IL-18 Trial Data Package).

1.74. "**Develop**" means research, discovery, and preclinical and clinical drug or biological development activities, including toxicology, statistical analysis, preclinical studies and Clinical Trials (but excluding Phase 4 Clinical Trials unless required as a condition for Regulatory Approval) and pre-approval regulatory activities, including those in support of other Development activities. Cognates of the word "Develop" shall have correlative meanings. For clarity, "Development" does not include Manufacturing or Commercialization activities.

1.75. "**Development Milestone Event**" is defined in Section 9.3 (Development Milestone Payments).

1.76. "**Development Milestone Payment**" is defined in Section 9.3 (Development Milestone Payments).

1.77. "**Development Plan**" is defined in Section 2.1 (Development Plan; Protocol).

1.78. "**Development Program**" is defined in Section 2.1 (Development Plan; Protocol).

1.79. "**Development Program Transfer**" is defined in Section 2.8(d) (Development Program Transfer Plan).

1.80. "**Development Program Transfer Date**" means the earlier of (a) delivery of the Gilead Transfer Notice, and (b) the Early Development Transfer Date.

1.81. "**Development Program Transfer Notice**" is defined in Section 2.8(c)(i) (Early Transfer).

1.82. "**Development Program Transfer Plan**" is defined in Section 2.8(d) (Development Program Transfer Plan).

1.83. "**Development Report**" is defined in Section 5.4 (Development Reporting).

1.84. "**Development Term**" means the period of time beginning on the Effective Date and ending on the first to occur of (a) the Development Program Transfer Date, or (b) the No-Transfer Date.

1.85. "**Directed To**" means, with respect to a particular compound, molecule or product and a biological target, that [**].

1.86. "**Disclosing Party**" is defined in Section 11.1(a) (Definition and Restrictions).

1.87. "**Dispute**" means any dispute, claim or controversy arising from or related to this Agreement or to the interpretation, application, breach, termination or validity of this Agreement, including any claim of inducement of this Agreement by fraud or otherwise.

1.88. "**Early Development Transfer Date**" is defined in Section 2.8(c)(i) (Early Transfer).

1.89. "**Effective Date**" is defined in Preamble.

1.90. "**Enforcement Effort**" is defined in Section 15.4(b) (Enforcement of Patent Rights).

1.91. "**Executive Officer**" means, with respect to either Party, a senior executive designated by such Party for purposes of resolving Deadlocks at the JSC pursuant to Section 4.1(d) (Decision-Making) and Disputes pursuant to Section 16.2 (Resolution by Executive Officers).

1.92. "**Existing CDA**" means that certain Mutual Confidential Disclosure Agreement between the Parties, effective as of [**].

1.93. "**Existing Competitive Program**" is defined in Section 3.6(b)(i) (As of Closing of CGEN Change of Control).

1.94. "**Existing Upstream License Agreement**" is defined in Section 1.242 ("**Upstream License Agreement**").

1.95. "**Exploit**" means to research, Develop, use, have used, sell, have sold, offer for sale, make, have made, Manufacture, Commercialize, distribute, import or export. Cognates of the word "Exploit" shall have correlative meanings.

1.96. "**Export Control Laws**" is defined in Section 12.2(d) (Export Control Laws).

1.97. "[**]" is defined in Section 15.4(d)(ii).

1.98. "**FDA**" means the United States Food and Drug Administration, or any successor agency thereto.

1.99. "**FDCA**" means the Federal Food, Drug and Cosmetic Act, as amended.

1.100. "**Field**" means therapeutic or prophylactic uses, including treatment, palliation, mitigation, cure, control or prevention of a human disease, or medical or aesthetic conditions in humans, and companion diagnostic use in conjunction therewith.

1.101. "**Financial Component**" is defined in Section 1.60 ("Combination Product").

1.102. "**Financial Patent**" means, on a country-by-country basis, any IL-18 Patent in such country that Covers the composition of matter or method of use of any IL-18 Molecule or IL-18 Product.

1.103. "**Financial Product**" means any IL-18 Product that (a) contains or comprises COM503; (b) contains or comprises an IL-18 Molecule (other than COM503) (i) that [**], or (ii) that contains [**] (as defined in **Schedule 1.51**) and [**] (as defined in **Schedule 1.51**) as [**] (as defined in **Schedule 1.51**) in COM503; or (c) is Covered by a Financial Patent.

1.104. "[**]" means the [**].

1.105. "**First Commercial Sale**" means, with respect to any IL-18 Product, the first sale of such IL-18 Product by Gilead or any Related Parties to a Third Party for end use or consumption of such IL-18 Product in a country after Regulatory Approval has been granted by the Regulatory Authority for such IL-18 Product in such country. First Commercial Sale excludes transfers of IL-18 Product to Third Parties as *bona fide* samples, as donations, for the performance of Clinical Trials or for similar purposes in accordance with Applicable Laws and Regulations pertaining to any expanded access program, any compassionate sales or use program (including named patient program or single patient program) or any indigent program.

1.106. "[**]" is defined in Section 9.6(a).

1.107. "**Force Majeure**" is defined in Section 18.1 (Force Majeure).

1.108. "**Foreground IP**" means any Inventions made, created, conceived or reduced to practice in the performance of a Party's obligations or exercise of its rights under this Agreement and all Intellectual Property Rights therein, including Patents (such Patents, "**Foreground Patents**") and Know-How (such Know-How, "**Foreground Know-How**").

1.109. "**Foreground Know-How**" is defined in Section 1.108 ("Foreground IP").

1.110. "**Foreground Patent**" is defined in Section 1.108 ("Foreground IP").

1.111. "**FTE**" means [**] hours of work devoted to or in direct support of specified Development or Manufacturing activities, conducted by one or more qualified employees or full-time contractors of a Party or its Affiliate. For clarity, any individual contributing less than [**] hours per Calendar Year (or equivalent pro-rata portion thereof for the period beginning on the Effective Date and ending on the last day of the first Calendar Year) shall be calculated as a fraction of an FTE on a pro-rata basis. Overtime and work on weekends, holidays and the like will not be counted with any multiplier (for example, time-and-a-half or double time) toward the number of hours that are used to calculate the FTE contribution. For the avoidance of doubt, no individual will count as more than one FTE for any year.

1.112. "**FTE Cost**" means, with respect to any period, activity and a Party or its Affiliate, the FTE Rate multiplied by the number of FTEs expended by such Party or its Affiliate in the conduct of such activity during such period; *provided*, that the other Party shall not be charged more than once for any FTE Cost if such FTE Cost is already included as a component of other expenses payable under this Agreement.

1.113. "**FTE Rate**" means a rate of [**] per FTE per Calendar Year, pro-rated for the period beginning on the Effective Date and ending on the last day of the first Calendar Year. Beginning on January 1, 2023, and on January 1 of each subsequent Calendar Year during the Term, the FTE Rate is subject to annual adjustment by the percentage increase in the applicable CPI comparing the levels of the applicable CPI as of December 31 of the most recently completed Calendar Years. The FTE Rate includes all wages and salaries, employee benefits, bonus, travel and entertainment, and other direct expenses expended in connection with an FTE's performance of activities under this Agreement and excludes indirect allocations, including all general and administrative expenses, human resources, finance, occupancy and depreciation expended in connection with such FTE's performance of activities under this Agreement.

1.114. "**Fully Burdened Manufacturing Cost**" means, with respect to COM503, whether as active pharmaceutical ingredient or finished form, supplied by CGEN to Gilead pursuant to Section 8.1 (COM503): [**] of: (a) if Manufactured by a Permitted Subcontractors, the Out-of-Pocket Costs paid by CGEN or its Affiliate to such Permitted Subcontractors in connection with the supply of COM503, on a pass-through basis, without mark-up; or (b) if Manufactured by (and not on behalf of) CGEN or its Affiliates, means: (i) the direct cost of raw materials (including reagents and associated warehousing costs), packaging and labeling materials (including vials), labor (as measured by FTE Costs and Out-of-Pocket Costs for consultants, contractors and other personnel performing Manufacturing or supply activities), (ii) the direct cost of any quality assurance and control activities (including required stability monitoring) for COM503, (iii) operating costs of equipment and facilities and (iv) shipping costs (including all duties and import fees, as applicable), in each case (i) through (iv), as reasonably incurred by CGEN in connection with and reasonably allocated to the Manufacture of COM503. In no case shall Fully Burdened Manufacturing Costs include any amounts incurred due to the gross negligence or willful misconduct of CGEN, its Affiliates or any Third Party. All components of Fully Burdened Manufacturing Costs shall be allocated on a basis consistent with GAAP and consistent with the cost accounting policy applied by CGEN to other similar products that it produces. For clarity, Fully Burdened Manufacturing Costs will not include the cost of the [**] and [**].

1.115. "**GAAP**" means U.S. generally accepted accounting principles.

1.116. "**GBPS**" means the General Biological Products Standards as set forth in 21 C.F.R. Part 610, to the extent applicable.

1.117. "**Gilead**" is defined in Preamble.

1.118. "**Gilead Indemnitee(s)**" is defined in Section 14.2 (By CGEN).

1.119. "**Gilead PD-1/PD-L1 Foreground IP**" is defined in Section 15.1(b)(i) (Gilead PD-1/PD-L1 Foreground IP).

1.120. "**Gilead-Provided PD-1/PD-L1**" means any Antibody that is Directed To PD-1/PD-L1 [**] to be provided by Gilead under Section 2.3 (Gilead-Provided PD-1/PD-L1) in accordance with the COM503 Phase 1 Trial Protocol.

1.121. "**Gilead Transfer Notice**" is defined in Section 2.8(c)(ii) (Gilead Transfer).

1.122. "**GLP**" or "**Good Laboratory Practices**" means the Good Laboratory Practices, set forth in the Applicable Laws and Regulations that govern the conduct of non-clinical laboratory studies, including those set forth in 21 C.F.R. Part 58 and the equivalent legal requirements in other applicable jurisdictions, as the same may be amended from time to time.

1.123. "**Government Official**" means (a) any official, officer, employee, or representative of, or any individual acting in an official capacity for or on behalf of, any regional, federal, state, provincial, county, or municipal government or government department, agency, or other division, or any other Governmental Entity; (b) any officer, employee, or representative of any enterprise that is owned or controlled by a government; (c) any officer, employee, or representative of any Governmental Entity; (d) any political party or party official or candidate for political office; or (e) any person acting in an official capacity for any government or Governmental Entity, or other government entity, enterprise, or organization identified above.

1.124. "**Governmental Entity**" means any: (a) national, federal, state, county, local, municipal, foreign, or other government; (b) governmental or quasigovernmental authority of any nature (including any agency, board, body, branch, bureau, commission, council, department, entity, governmental division, instrumentality, office, officer, official, organization, representative, subdivision, unit, or political subdivision of any government, entity, or organization described in the foregoing clauses (a) or (b), and any court or other tribunal); (c) public international or multinational governmental organization or body; (d) entity or body exercising, or entitled to exercise, any executive, legislative, judicial, administrative, regulatory, police, military, or taxing authority or power of any nature (including any arbiter) or administrative functions of or pertaining to government; (e) any company, business, enterprise, or other entity owned, in whole or in part, or controlled by any government, entity, organization, or other Person described in the foregoing clauses (a), (b), (c), or (d) of this definition; or (f) any political party.

1.125. "**HSR Act**" means the Hart-Scott-Rodino Antitrust Improvements Act of 1976 (15 U.S.C. § 18a).

1.126. "**ICH**" means the International Conference on Harmonisation.

1.127. "**IL-18-Only Development and Manufacturing Agreements**" is defined in Section 1.36 ("CGEN Development and Manufacturing Agreements").

1.128. "**IL-18**" means the protein encoded by the human IL-18 gene, identified by the following UniProt number: Q14116.

1.129. "**IL-18BP**" means the protein encoded by the human IL-18BP gene, identified by the following UniProt number: O95998.

1.130. "**IL-18 IP**" means the IL-18 Patents and the IL-18 Know-How.

1.131. "**IL-18 Know-How**" means any Know-How (excluding any Jointly Owned Foreground Know-How) that is Controlled by CGEN or any of its Affiliates as of the Effective Date or at any time during the Term that is necessary or reasonably useful to Exploit IL-18 Molecules or IL-18 Products in the Field in the Territory (including all CGEN Foreground Know-How).

1.132. "**IL-18 License**" is defined in Section 3.1 (License to Gilead).

1.133. "**IL-18 Molecule**" means (a) any Antibodies or Antibody-based molecules that are: (i) owned or Controlled by CGEN or any of its Affiliates as of the Effective Date, or during the Term, and (ii) Directed To IL-18BP, including COM503 [**], and (b) any improvements or modifications to the foregoing (a) [**].

1.134. "**IL-18 Patents**" means any Patents (excluding any Jointly Owned Foreground Patents) that are Controlled by CGEN or any of its Affiliates as of the Effective Date or at any time during the Term that are necessary or reasonably useful to Exploit IL-18 Molecules or IL-18 Products in the Field in the Territory (including all CGEN Foreground Patents). The IL-18 Patents Controlled by CGEN or any of its Affiliates as of the Effective Date are listed in **Schedule 1.134** (IL-18 Patents) attached hereto; *provided*, that any failure of a Patent to be listed on **Schedule 1.134** (IL-18 Patents) either as of the Effective Date or during the Term shall not, in itself, indicate that such Patent is not an IL-18 Patent hereunder. CGEN will use reasonable efforts to update **Schedule 1.134** (IL-18 Patents) [**] during the Term, and to take reasonable steps to ensure the accuracy thereof.

1.135. "**IL-18 Product**" means any product, in any and all forms, formulations, dosages, and delivery modes, that comprises, contains or incorporates an IL-18 Molecule, alone or in combination with one (1) or more other therapeutically active ingredients.

1.136. "**IL-18R**" means the protein encoded by the human IL-18R gene, identified by the following UniProt protein accession number: Q13478.

1.137. "**IL-18 Trial Data Package**" means a written report containing all of the information described on **Schedule 1.137** (IL-18 Trial Data Package).

1.138. "**IND**" means an Investigational New Drug application, or similar application or submission for approval to conduct human clinical investigations filed with or submitted to a Regulatory Authority in conformance with the requirements of such Regulatory Authority.

1.139. "**IND Clearance**" means, with respect to an IND, the earlier of: (a) receipt by a Party, its Affiliate or a Sublicensee of written confirmation from a Regulatory Authority or other applicable Person that Clinical Trials may proceed under such IND and (b) expiration of the applicable waiting period under Applicable Laws and Regulations after which Clinical Trials may proceed under such IND.

1.140. "**Indemnified Party**" is defined in Section 14.3 (Indemnification Procedure).

1.141. "**Indemnifying Party**" is defined in Section 14.3 (Indemnification Procedure).

1.142. "**Indication**" means [**].

1.143. **"Infringement"** is defined in Section 15.4(a) (Notice).

1.144. "**Initiation**" means, with respect to a Clinical Trial of an IL-18 Product, [**] in such Clinical Trial.

1.145. "**Intellectual Property Rights**" means the following subsisting throughout the world: (a) Patents; (b) copyrights, designs, data and database rights and registrations and applications for registration thereof; (c) Inventions, invention disclosures, statutory invention registrations, whether patentable or nonpatentable, whether copyrightable or noncopyrightable and whether or not reduced to practice; (d) Know-How; and (e) other proprietary rights relating to any of the foregoing (including remedies against infringement thereof and rights of protection of interest therein under Applicable Laws and Regulations of all jurisdictions).

1.146. "**Invention**" means any process, invention, method, composition of matter, article of manufacture, discovery, or finding that is conceived or reduced to practice.

1.147. "**Involved Party**" is defined in Section 18.2 (Section 365(n) of the Bankruptcy Code).

1.148. "**Jointly Owned Foreground IP**" is defined in Section 15.1(b)(ii) (Other Foreground IP).

1.149. "**Jointly Owned Foreground Know-How**" means any Know-How in the Jointly Owned Foreground IP.

1.150. "**Jointly Owned Foreground Patent**" means any Patent in the Jointly Owned Foreground IP.

1.151. "**Joint Steering Committee** or **JSC**" is defined in Section 4.1(a) (Membership).

1.152. "**JSC Co-Chairperson**" is defined in Section 4.1(a) (Membership).

1.153. "[**]" means [**], having a place of business at [**].

1.154. "[**] **Services Agreement**" means the Master Services Agreement, by and between CGEN and [**], dated [**], as amended from time to time (subject to Section 13.3(f)).

1.155. "**Know-How**" means any proprietary scientific or technical information, results and data of any type whatsoever, in any tangible or intangible form whatsoever, including databases, practices, methods, techniques, specifications, formulations, formulae, knowledge, know-how, skill, experience, test data (including pharmacological, medicinal chemistry, biological, chemical, biochemical, toxicological and clinical test data), analytical and quality control data, stability data, studies and procedures, and manufacturing process and development information, results and data.

1.156. "**Knowledge**" means, with respect to a Party, the actual knowledge of those Persons listed for such Party on **Schedule 1.156** (Knowledge Parties).

1.157. "**Losses**" is defined in Section 14.1 (By Gilead).

1.158. "**MAA**" means a marketing authorization application such as an NDA, BLA or other similar application seeking marketing approval or licensure of a drug or biologic, in each case, filed with the applicable Regulatory Authority in a country or other regulatory jurisdiction, which application is required to be approved to commercially market or sell such product in such country or jurisdiction (and any amendments thereto).

1.159. "**Major European Country**" means [**] and [**].

1.160. "**Major Market Country**" means [**], or any Major European Country.

1.161. "**Manufacture**" means all operations involved in the manufacturing (including process development activities, formulation activities, quality assurance and quality control testing (including test method development and in-process, release and stability testing, if applicable)), fill-finish, storage, releasing, packaging and importation to supply molecules and products for Development and Commercialization. Cognates of the word "Manufacture" shall have correlative meanings. For clarity, "**Manufacturing**" includes Packaging and Labeling and does not include Development or Commercialization activities.

1.162. "**Manufacturing Process**" means the process for the Manufacture of the IL-18 Molecules or the IL-18 Products at the time of the Manufacturing Technology Transfer, including any associated Know-How owned or Controlled by CGEN that is necessary or reasonably useful for such Manufacturing, as more fully described in Section 8.3 (Manufacturing Technology Transfer) and as further developed under this Agreement.

1.163. "**Manufacturing Technology Transfer**" is defined in Section 8.3 (Manufacturing Technology Transfer).

1.164. "**Manufacturing Transition Plan**" is defined in Section 8.3 (Manufacturing Technology Transfer).

1.165. "**Milestone Event**" means a Research Milestone Event, Development Milestone Event, Regulatory Milestone Event, or Commercial Milestone Event.

1.166. "**Milestone Payments**" means the Research Milestone Payments, Development Milestone Payments, Regulatory Milestone Payments and the Commercial Milestone Payments.

1.167. "**NDA**" means a New Drug Application filed with the FDA for marketing approval of an IL-18 Product or any successor applications or procedures, and all supplements and amendments that may be filed with respect to the foregoing, or similar filings with applicable Regulatory Authorities outside of the U.S., for approval to commercially market, import and sell an IL-18 Product. The term NDA shall exclude Pricing and Reimbursement Approvals.

1.168. "[**]" means [**].

1.169. "**Net Sales**" means, with respect to each Financial Product, the gross amount invoiced by Gilead or its Related Parties for the sale or other disposition of a Financial Product in an arm's length transaction to a Third Party (other than a Related Party) after deducting, if not previously deducted from the amount invoiced, the following:

(a) [**] with respect to [**];

(b) [**], including [**];

(c) [**], and any other [**] (including through [**]);

(d) [**], including [**], including [**];

(e) [**] related to the [**];

(f) [**] (including [**]) [**] (other than [**]); and

(g) [**] that are [**]; *provided*, that [**].

In no event will any particular amount identified above be deducted more than once in calculating Net Sales.

Such amounts shall be determined from the books and records of Gilead or its Related Party, maintained in accordance with such Person's applicable Accounting Standards. Gilead further agrees, in determining such amounts, it shall use Gilead's then-current standard procedures and methodology, including Gilead's then-current standard exchange rate methodology for the translation of foreign currency sales into US Dollars or, in the case of Sublicensees, such similar methodology, consistently applied. Without limiting the generality of the foregoing, [**] for [**] shall be excluded from Net Sales, as will [**], unless [**]; *provided*, that any [**].

[**]

If Gilead or any of its Related Parties sells a Financial Product as a Financial Component of a Combination Product in a country in the Territory in any Calendar Quarter, then Net Sales shall be calculated by [**], (i) where [**] and (ii) [**].

In the event that, on a country-by-country basis, no separate sales of the Financial Component or any Other Component(s) included in a Combination Product are made by Gilead or its Related Parties during a Calendar Quarter in which such Combination Product is sold, the average Net Sales per unit sold shall be determined [**].

Notwithstanding anything to the contrary in this Agreement, Net Sales will exclude amounts invoiced for Financial Products by any [**] pursuant to a [**].

1.170. "**New Competitive Program**" is defined in Section 3.6(b)(ii) (After Closing of CGEN Change of Control).

1.171. "**Non-Bankrupt Party**" is defined in Section 17.5 (Termination for Bankruptcy).

1.172. "**Non-Breaching Party**" is defined in Section 17.2(a) (Material Breach).

1.173. "**Noninvolved Party**" is defined in Section 18.2 (Section 365(n) of the Bankruptcy Code).

1.174. "**No-Transfer Date**" is defined in Section 2.8(c)(ii) (Gilead Transfer).

1.175. "**Obligants**" is defined in Section 12.2 (Covenants, Representations and Warranties for Compliance with Laws).

1.176. "**OFAC**" is defined in Section 12.2(d) (Export Control Laws).

1.177. "**Other Component**" is defined in Section 1.60 ("Combination Product").

1.178. "**Out-of-Pocket Costs**" means, with respect to certain activities hereunder, direct expenses actually paid by a Party or its Affiliates to Third Parties and specifically identifiable and incurred to conduct such activities, but excluding (a) any costs included in the FTE Rate, (b) any costs attributable to CGEN's breach or default under agreements with such Third Parties (to the extent not attributable to any requests or instructions provided to CGEN by Gilead), (c) the COM503 Transfer Price amounts paid by Gilead to CGEN, or (d) any CGEN's costs required to be approved by Gilead in accordance with Section 2.8(f)(iii) (Coordination and Costs) that are not so approved.

1.179. "**Packaging and Labeling**" means primary, secondary or tertiary packaging and labeling of a product (in its clinical or commercial packaging presentation) for testing, sale or use and all release thereof.

1.180. "**Party**" or "**Parties**" is defined in Preamble.

1.181. "**Patent Prosecution**" means with respect to a Patent, the responsibility for (a) preparing, filing, prosecuting, and pursuing registration of, applications (of all types) for such Patents, (b) maintaining such Patent, and (c) managing any initiation or defense of administrative proceedings relating to the foregoing in relevant patent authorities, including inter partes reviews, derivations, re-examinations, post-grant reviews, re-issues, oppositions, and other similar proceedings (or other defense proceedings with respect to such Patent, but excluding the defense of challenges to such Patent as a counterclaim in an infringement proceeding).

1.182. "**Patents**" means (a) all patents and patent applications in any country, region or supranational jurisdiction and (b) any provisionals, substitutions, divisions, continuations, continuations in part, reissues, renewals, registrations, confirmations, reexaminations, extensions, supplementary protection certificates and the like, of any such patents or patent applications.

1.183. "**Patent Term Extensions**" is defined in Section 15.7 (Patent Term Extensions).

1.184. "**PD-1**" means the protein encoded by the human PD-1 gene, identified by the following UniProt number: Q15116.

1.185. "**PD-L1**" means the protein encoded by the human PD-L1 gene, identified by the following UniProt number: Q9NZQ7.

1.186. "**Permitted Subcontractor**" is defined in Section 3.3 (Subcontractors).

1.187. "**Person**" means an individual, sole proprietorship, partnership, limited partnership, limited liability partnership, corporation, limited liability company, business trust, joint stock company, trust, unincorporated association, joint venture or other similar entity or organization, including a government or political subdivision, department or agency of a government.

1.188. "**Phase 1 Clinical Trial**" means a human clinical trial, or the relevant portion of such trial, of an IL-18 Product conducted in any country in the Territory in accordance with cGCP that generally provides for the first introduction into humans of an IL-18 Product and intended to determine safety, metabolism and pharmacokinetic properties and clinical pharmacology of such IL-18 Product in patients or healthy volunteers, or that would otherwise satisfy the requirements of Applicable Laws and Regulations for such country in which such human clinical trial is conducted, such as 21 C.F.R. § 312.21(a), relating to human clinical trials conducted in the United States, or any successor regulation thereto or foreign equivalents.

1.189. "**Phase 2 Clinical Trial**" means a human clinical trial, or the relevant portion of such trial, of an IL-18 Product, conducted in patients in any country in the Territory in accordance with cGCP to evaluate the effectiveness of the IL-18 Product for a particular Indication or Indications in patients with the disease or condition under study and to determine the common short-term side effects and risks associated with the IL-18 Product, as well as to obtain a preliminary Indication of the unit or daily dosage regimen required, or that would otherwise satisfy the requirements of Applicable Laws and Regulations of the country in which such human clinical trial is conducted, such as 21 C.F.R. § 312.21(b), relating to human clinical trials conducted in the United States, or any successor regulation thereto or foreign equivalents. For clarity, a Phase 1 Clinical Trial with an expansion cohort of patients that meets the descriptions or otherwise satisfies the requirements in the foregoing shall be deemed a Phase 2 Clinical Trial.

1.190. "**Phase 3 Clinical Trial**" means a human clinical trial, or the relevant portion of such trial, of an IL-18 Product, conducted in patients in any country in the Territory in accordance with cGCP and the results of which are intended to gather additional information about effectiveness and safety that is needed to evaluate the overall benefit-risk relationship of the IL-18 Product and to provide an adequate basis for physician labeling. The Phase 3 Clinical Trial will be used as a pivotal study to establish both safety and efficacy of such IL-18 Product as a basis for a BLA or NDA submitted to the FDA or the appropriate Regulatory Authority of such country, or that would otherwise satisfy the requirements of 21 C.F.R. § 312.21(c), relating to human clinical trials conducted in the United States or any successor regulation thereto or foreign equivalents.

1.191. "**Phase 4 Clinical Trial**" means a human clinical trial conducted after the Regulatory Approval of an IL-18 Product in a country, which trial is conducted (a) voluntarily to provide additional information about such IL-18 Product (including for expansion of product labeling or dose optimization); or (b) in response to a request or requirement of a Regulatory Authority of such country.

1.192. "**PHS Act**" is defined in Section 1.27 ("BLA").

1.193. "**Pivotal Trial**" means an expanded Clinical Trial of a pharmaceutical or biological product that: (a) is designed to demonstrate or that actually demonstrates that a product is safe and effective for use in a particular Indication in a manner sufficient to evaluate the overall risk-benefit relationship of the product and to provide an adequate basis for physician labeling; (b) is intended to provide or that actually provides sufficient efficacy data to support the filing of a MAA for such product without the need for any additional Clinical Trials; and (c) which, at the time of Initiation of such Clinical Trial, is expected to be, or thereafter actually becomes, the basis for European Union Regulatory Approval of such product or Regulatory Approval by the FDA of such product, in each case, based on discussions with the relevant Regulatory Authority. For clarity, (x) a Phase 3 Clinical Trial (as defined herein) is always a "Pivotal Trial," and (y) a Phase 2 Clinical Trial, Phase 1 Clinical Trial, or other Clinical Trial (as such terms are defined herein) are only a "Pivotal Trial" if all conditions of this definition are met.

1.194. "**Pricing and Reimbursement Approval**" means, in a country in which Regulatory Authorities authorize coverage or reimbursement for, or approve, negotiate or determine pricing for, pharmaceutical or biologic products to be marketed and sold or reimbursed in such country or for certain patients in such country, receipt (or, if required to make such authorization, approval or determination effective, publication) of such authorization, approval or determination (as the case may be).

1.195. "**Processing**" means any operation or set of operations performed upon personal data or sets of personal data, whether or not by automated means, such as collection, recording, organization, structuring, storage, adaptation or alteration, retrieval, consultation, use, disclosure by transmission, dissemination or otherwise making available, alignment or combination, restriction, erasure or destruction. Cognates of "Processing" shall have correlative meanings.

1.196. "**Protected Personal Information**" is defined in Section 12.2(b)(i) (Data Protection Laws).

1.197. "**Receiving Party**" is defined in Section 11.1(a) (Definition and Restrictions).

1.198. "**Recovery**" is defined in Section 15.4(d)(i) (Recovery Allocations).

1.199. "**Reduced Payment Amount**" is defined in Section 17.7(a).

1.200. "**Regulatory Activities**" means, with respect to a given IL-18 Product, all regulatory activities necessary to obtain or maintain Regulatory Approval of such IL-18 Product in the Field in the Territory, including: (a) preparing, obtaining and maintaining all Regulatory Submissions and Regulatory Approvals for such IL-18 Product; and (b) communicating and interacting with the relevant Regulatory Authorities for such IL-18 Product.

1.201. "**Regulatory Approval**" means, with respect to a particular country or other regulatory jurisdiction, any approval of a BLA, NDA or other MAA from the applicable Regulatory Authority necessary for the commercial marketing or sale of a pharmaceutical or biologic product in such country or other regulatory jurisdiction, including Pricing and Reimbursement Approval in those countries and jurisdictions where required.

1.202. "**Regulatory Authority**" means any applicable government regulatory authority with the legal authority to regulate the conduct of clinical trials or the Manufacturing, marketing, Commercialization, reimbursement or pricing, as applicable, of an IL-18 Product, including the FDA and any successor governmental authority having substantially the same function.

1.203. "**Regulatory Exclusivity Period**" means, with respect to an IL-18 Product in any country in the Territory, the period, if any, during which the applicable Regulatory Authority grants an additional market protection, other than Patent protection, that confer an exclusive Commercialization period during which a Party or its Affiliates or Sublicensees have the exclusive right to market and sell such IL-18 Product in such country through a regulatory exclusivity right (e.g., new use or indication exclusivity, formulation exclusivity, orphan drug exclusivity, pediatric exclusivity, or any applicable data exclusivity).

1.204. "**Regulatory Milestone Event**" is defined in Section 9.4 (Regulatory Milestone Payments).

1.205. "**Regulatory Milestone Payment**" is defined in Section 9.4 (Regulatory Milestone Payments).

1.206. "**Regulatory Submission**" means any filing, application, or submission with or to any Regulatory Authority including, authorizations, approvals or clearances arising from the foregoing, including INDs, BLAs, NDAs, and Regulatory Approvals, and all correspondence or communication with or from the relevant Regulatory Authority, as well as minutes of any meetings, telephone conferences or discussions with the relevant Regulatory Authority, in each case, with respect to an IL-18 Product.

1.207. "**Related Party**" means, with respect to a Party, its Affiliates and their respective Sublicensees.

1.208. "**Representatives**" is defined in Section 11.1(c)(iii) (Permitted Disclosures).

1.209. "**Requesting Party**" is defined in Section 10.9 (Audit Rights).

1.210. "**Research Milestone Event**" is defined Section 9.2 (Research Milestone Payments).

1.211. "**Research Milestone Payment**" is defined in Section 9.2 (Research Milestone Payments).

1.212. "**Reverted Products**" is defined in Section 17.8(b)(i) (Additional Effects of Certain Termination).

1.213. "**Royalty Term**" means, on a Financial Product-by-Financial Product and country-by-country basis, the time period beginning on the First Commercial Sale of a Financial Product in a country and expiring on the latest of the following dates: (a) the tenth (10^{th}) anniversary of the date of First Commercial Sale of such Financial Product in such country, (b) the expiration of the last-to-expire Financial Patent Covering such Financial Product in the applicable country, and (c) the expiration of the last-to-expire Regulatory Exclusivity Period for such Financial Product in such country.

1.214. "**Safety/AE Matters**" is defined in Section 6.2(d) (Adverse Event Reporting; Global Safety Database).

1.215. "**Second Financial Product**" means the first Financial Product that is distinct (as determined in accordance with Section 10.5 (Distinguishing Financial Products)) from the COM503 Financial Product.

1.216. "[**]" is defined in Section 9.6(a).

1.217. "**Secured Information**" is defined in Section 12.2(c)(i).

1.218. "**Securities Regulator**" is defined in Section 11.1(c)(ii).

1.219. "**Security Incident**" is defined in Section 12.2(c)(iv).

1.220. "**Segregate**" means, with respect to an Existing Competitive Program or New Competitive Program, to segregate the Exploitation activities relating to such Existing Competitive Program or New Competitive Program, as applicable, from the Exploitation activities relating to IL-18 Molecules and IL-18 Products in a manner such that no data, information, Inventions, or Intellectual Property Rights related to IL-18 Molecules and IL-18 Products are accessible for use in the Exploitation of such Existing Competitive Program or New Competitive Program, as applicable, and that there is no overlap in such Exploitation activities, including ensuring that: (a) [**]; and (b) [**].

1.221. "[**]" means [**].

1.222. "[**]" means [**].

1.223. "[**]" means the [**].

1.224. "[**]" means the [**].

1.225. "**Solely Owned Foreground IP**" is defined in Section 15.1(b)(ii) (Other Foreground IP).

1.226. "**Subject Party**" is defined in Section 12.1 (General).

1.227. "**Subject Party Audit**" is defined in Section 12.2(a)(iii)(6).

1.228. "**Sublicensee**" means a Third Party to whom a Party or any of its Affiliates grants a sublicense under the licenses granted to such Party under this Agreement, as permitted herein, excluding all Third Parties that are solely Permitted Subcontractors.

1.229. "[**]" means [**].

1.230. "**Technology Transfer Plan**" is defined in Section 3.5 (Technology Transfer).

1.231. "**Term**" is defined in Section 17.1 (Term).

1.232. "**Terminated Product**" means (a) any IL-18 Product with respect to which this Agreement is terminated pursuant to Section 17.3 (Termination for Convenience) or Section 17.6 (Termination by Gilead for Safety Reasons), and (b) in the event of termination of this Agreement in its entirety, all IL-18 Products.

1.233. "**Territory**" means all countries and regions of the world.

1.234. "[**] **Review Period**" is defined in Section 2.8(c)(ii) (Gilead Transfer).

1.235. **"Third Party**" means an entity other than (a) Gilead and its Affiliates and (b) CGEN and its Affiliates.

1.236. "**Third Party Allegation**" is defined in Section 15.5(a) (Notice of Allegations).

1.237. "**Third Party Claims**" means collectively, any and all Third Party demands, claims, actions, suits, and proceedings (whether criminal or civil or in contract, tort, or otherwise).

1.238. "**Third Party Distributor**" means any Third Party that purchases IL-18 Product from Gilead or its Affiliates or Sublicensees, takes title to such IL-18 Product, and distributes such IL-18 Product directly to customers, but does not Develop, Manufacture or otherwise Commercialize any IL-18 Product and does not make any upfront, milestone, royalty, profit-share or other payment to Gilead or its Affiliates or Sublicensees, other than payment for the purchase of IL-18 Products for resale.

1.239. "**Third Party Suit**" is defined in Section 15.5(b) (Notice of Suit).

1.240. "**Trademark**" means all trade names, logos, common law trademarks and service marks, trademark and service mark registrations and applications throughout the world.

1.241. "**United States**" or "**U.S.**" means the United States of America and its territories and possessions, including the Commonwealth of Puerto Rico and the U.S. Virgin Islands.

1.242. "**Upstream License Agreement**" means any contract or agreement with a Third Party pursuant to which CGEN in-licenses Patents, Know-How or other Intellectual Property Rights that constitute IL-18 IP for purposes of this Agreement, including such Upstream License Agreements set forth on **Schedule 1.242** (Existing Upstream License Agreements) existing as of the Effective Date (each, an "**Existing Upstream License Agreement**").

1.243. "**US Dollars**" means United States Dollars, the lawful currency of the US.

1.244. "**Valid Claim**" means a claim of: (a) an issued and unexpired Patent in a country in which said Patent has not been revoked or held unenforceable or invalid by a decision of a court or other governmental agency of competent jurisdiction, unappealable or unappealed within the time allowed for appeal, and has not been abandoned, disclaimed or admitted to be invalid or unenforceable through reissue, disclaimer or otherwise; or (b) a pending patent application that has been filed in good faith and that has not been cancelled, withdrawn, finally rejected or abandoned and has not been pending for more than [**] from the earliest priority date; *provided*, that, if a claim ceases to be a Valid Claim by reason of the foregoing subclause (b), then such claim shall again be a Valid Claim in the event and at the time such claim subsequently issues.

1.245. "[**]" means [**].

2. **DEVELOPMENT PROGRAM**.

2.1. **Development Plan; Protocol**. During the Development Term, the Parties shall conduct all Development and Manufacturing activities for the IL-18 Molecules and IL-18 Products under this Agreement pursuant to a written development plan (the "**Development Plan**" and such activities the "**Development Program**"). The initial Development Plan is set forth on **Schedule 2.1** (Development Plan) and includes the material Development and Manufacturing activities anticipated to be required to achieve COM503 Phase 1 Trial Completion, including the conduct of the COM503 Phase 1a Trial and COM503 Phase 1b Trial. Reasonably in advance of the IND filing for COM503, the Parties shall discuss and agree to the initial Clinical Trial protocol for the COM503 Phase 1 Trial (the "**COM503 Phase 1 Trial Protocol**"). Subject to Section 2.8(c) (Early Development Program Transfer), CGEN shall serve as the sponsor of the COM503 Phase 1 Trial. The JSC shall review, discuss, and determine whether to approve any updates or amendments to the Development Plan or the COM503 Phase 1 Trial Protocol in accordance with Section 4.1(b) (Responsibilities). Subject to Section 4.1(b) (Responsibilities) and Section 4.1(d) (Decision-Making), each Party shall have the right to propose additional amendments to the Development Plan or the COM503 Phase 1 Trial Protocol in connection with the progress of the Development Program for the JSC to review, discuss and determine whether to approve. Any proposed amendments to the Development Plan or the COM503 Phase 1 Trial Protocol will become effective only upon [**] and [**], including under Section 4.1(d) (Decision-Making) to the extent applicable.

2.2. **License to CGEN**. Subject to the terms and conditions of this Agreement and any clinical supply, pharmacovigilance and quality agreements entered into pursuant to Section 2.3 (Gilead-Provided PD-1/PD-L1), Gilead hereby grants to CGEN a worldwide, royalty-free, non-transferable, non-exclusive license under Gilead's Background IP, the Gilead PD-1/PD-L1 Foreground IP and Gilead's interest in the Jointly Owned Foreground IP solely to perform the Development Program activities pursuant to the Development Plan.

2.3. **Gilead-Provided PD-1/PD-L1**. To the extent required under the Development Plan, Gilead shall supply Gilead-Provided PD-1/PD-L1 to CGEN for use in combination with COM503. Such Gilead-Provided PD-1/PD-L1 shall be selected by Gilead in its sole and reasonable discretion. The Parties shall enter into clinical supply, pharmacovigilance and quality agreements governing the provision of the Gilead-Provided PD-1/PD-L1 by or on behalf of Gilead to CGEN promptly after Gilead's selection of the Gilead-Provided PD-1/PD-L1 under this Section 2.3 (Gilead-Provided PD-1/PD-L1).

2.4. **Performance Standards**. Each Party shall conduct its assigned activities pursuant to the Development Plan. Each Party shall perform such activities in accordance with the Development Plan and in compliance with all Applicable Laws and Regulations.

2.5. **Development Program Costs**. CGEN shall be responsible for all costs incurred by or on behalf of CGEN in connection with activities conducted under the Development Program. Gilead shall be solely responsible for the costs incurred by Gilead of supplying the Gilead-Provided PD-1/PD-L1 to the extent that coverage and reimbursement are not otherwise available for such Gilead-Provided PD-1/PD-L1.

2.6. **Records; Updates**. During the Term and for a period of [**] after expiration or termination of this Agreement, each Party shall maintain complete, current and accurate records of all activities conducted under the Development Program, and all data and other information resulting from the performance of such activities. Such records shall fully and properly reflect all work performed and results achieved in the performance of any Development Program activities in good scientific manner appropriate for regulatory and patent purposes. Additionally, during each JSC meeting, each Party shall provide the JSC with an update on the results and progress of any Development Program activities conducted by or on behalf of such Party since the prior JSC meeting.

2.7. **Data Ownership**. All data or information generated by or on behalf of either Party or jointly by the Parties in the conduct of any Development Program activities that is related to any Gilead-Provided PD-1/PD-L1 (including any Gilead-Provided PD-1/PD-L1 in combination with any IL-18 Molecule) shall be considered Gilead PD-1/PD-L1 Foreground IP, ownership of which will be governed by Section 15.1(b)(i) (Gilead PD-1/PD-L1 Foreground IP). Subject to the foregoing, each Party shall solely own all data or information generated by or on behalf of such Party in the conduct of any Development Program activities (which data or information shall be included in such Party's Solely Owned Foreground IP), and the Parties shall jointly own any such data or information that is jointly generated by or on behalf of the Parties (which data or information shall be included in Jointly Owned Foreground Know-How).

2.8. **Reports and Data Package; Development Program Transfer**.

(a) **Annual Reports**. During the Development Term and without limiting the generality of the updates provided by CGEN at each JSC meeting as set forth in Section 2.6 (Records; Updates) or Section 4.1(c) (Quarterly Reports), CGEN shall deliver to Gilead a copy of each annual report that CGEN submits to the FDA with respect to the COM503 Phase 1 Trial within [**] after CGEN submits each such annual report to the FDA.

(b) **IL-18 Trial Data Package**. Within [**] after the COM503 Phase 1 Trial Completion, CGEN shall deliver to Gilead [**] from the COM503 Phase 1 Trial. Within [**] after the COM503 Phase 1 Trial Completion, CGEN will deliver to Gilead [**] from the COM503 Phase 1 Trial ("[**]"). CGEN shall deliver the IL-18 Trial Data Package to Gilead within [**] after the COM503 Phase 1 Trial Completion. Within [**] following Gilead's receipt of the IL-18 Trial Data Package, Gilead may provide CGEN with written notice if Gilead believes in good faith that the purported IL-18 Trial Data Package provided by CGEN does not contain all of the information set forth in **Schedule 1.137** (IL-18 Trial Data Package) (a "**Deficiency Notice**"), which Deficiency Notice will reasonably specify the missing item(s). CGEN will provide an updated IL-18 Trial Data Package that includes the missing information within [**] after receipt of the Deficiency Notice, *provided*, that CGEN will not be required to perform any work to generate any information identified in the Deficiency Notice other than activities described in the Development Plan that generate the information described in **Schedule 1.137** (IL-18 Trial Data Package) that have not been performed by CGEN with respect to the IL-18 Trial Data Package. Within [**] after Gilead's receipt of the IL-18 Trial Data Package, Gilead may, itself or through the JSC, provide CGEN with written notice requesting assistance and cooperation from CGEN in analyzing the IL-18 Trial Data Package, including a request for a discussion with CGEN representative(s) who have relevant knowledge and information regarding the IL-18 Trial Data Package, and CGEN will use good faith efforts to promptly provide any such assistance and cooperation reasonably requested by Gilead. Gilead shall reimburse CGEN for such assistance and cooperation (for clarity, excluding work in connection with a Deficiency Notice) as FTE Costs pursuant to Section 10.1 (Reimbursable Costs).

(c) **Development Program Transfer**.

(i) **Early Transfer**. If Gilead determines in its reasonable, good faith judgment that [**], then Gilead shall provide written notice thereof to CGEN, including [**]. Within [**] following delivery of such notice by Gilead, CGEN may request a meeting with Gilead, and within [**] following such request by CGEN, the Parties shall promptly discuss [**] and [**]. If [**], then Gilead shall have the right to transition the COM503 Phase 1 Trial from CGEN to Gilead in accordance with Section 2.8(d) (Development Program Transfer Plan) by providing written notice to CGEN demanding that CGEN transfer the Development Program to Gilead (a "**Development Program Transfer Notice**", and the date of such written notice, the "**Early Development Transfer Date**").

(ii) **Gilead Transfer**. If Gilead wishes to have the Development Program transferred from CGEN to Gilead after the occurrence of COM503 Phase 1 Trial Completion, Gilead shall have the right to do so upon delivery of written notice to CGEN within [**] (such time period the "[**] **Review Period**") after Gilead's receipt of the complete [**] (as described in Section 2.8(b) (IL-18 Trial Data Package)) (such notice "**Gilead Transfer Notice**"). If Gilead does not deliver a Gilead Transfer Notice prior to the expiration of the [**] Review Period (the day that occurs after the expiration of such [**] Review Period without Gilead delivering such Gilead Transfer Notice, the "**No-Transfer Date**"), then, notwithstanding any remaining obligations of CGEN under the Development Plan, CGEN shall have the right to wind down the Development Program in its reasonable discretion, subject to complying with the terms and conditions of this Agreement, including Section 2.8(f) (CGEN Development and Manufacturing Agreements), Section 3.5 (Technology Transfer), and Section 8.3 (Manufacturing Technology Transfer). For clarity, if the No-Transfer Date occurs in accordance with this Section 2.8(c)(ii) (Gilead Transfer), then the Development Program Transfer Date will be deemed to not occur.

(d) **Development Program Transfer Plan**. Upon the occurrence of the Development Program Transfer Date but not upon the occurrence of the No-Transfer Date, CGEN shall initiate the transfer of any Development activities related to all IL-18 Products (including any Clinical Trials that are ongoing) (such transfer, the "**Development Program Transfer**") in accordance with this Section 2.8(d) (Development Program Transfer Plan). To facilitate the Development Program Transfer, upon Gilead's request the Parties shall promptly agree upon a written transfer plan setting forth a process for the Development Program Transfer, and an overall timeline for its progress and completion; *provided*, that such timeline shall specify that CGEN shall use Commercially Reasonable Efforts to complete the Development Program Transfer within [**] of the Development Program Transfer Date, provided Gilead's performance of its obligations necessary for such completion within such time period have also occurred (such plan, the "**Development Program Transfer Plan**"). In the event of a Development Program Transfer pursuant to Section 2.8(c)(i) (Early Transfer), the Development Program Transfer Plan shall include CGEN's obligations to continue and/or wind-down its Development activities in accordance with Gilead's reasonable instructions until the completion of the Development Program Transfer. After the Development Program Transfer Date, each of the Parties shall perform its respective obligations under the Development Program Transfer Plan in accordance with the timelines set forth therein.

(e) **CGEN Support**. In addition to any assistance CGEN agrees to provide Gilead pursuant to the Technology Transfer Plan (as described in Section 3.5 (Technology Transfer)) or the Development Program Transfer Plan (as described in Section 2.8(d) (Development Program Transfer Plan)), CGEN hereby agrees to provide Gilead with reasonable access to CGEN's personnel (by teleconference or in person at CGEN's facilities) involved in the research, Manufacture and Development of IL-18 Molecules and IL-18 Products, and such personnel shall provide reasonable guidance and assistance to Gilead, as requested by Gilead, with respect to any CMC, clinical operation, medical affairs, regulatory, and toxicology activities for the IL-18 Molecules and IL-18 Products in the Territory under the transition services agreement further described in this Section 2.8(e) (CGEN Support). Upon Gilead's delivery of written notice, but in any event within [**] after the Development Program Transfer Date, the Parties shall negotiate in good faith to enter into a transition services agreement pursuant to which CGEN shall provide Gilead with the foregoing services. The term of the transition services agreement shall be [**]. Gilead shall reimburse CGEN for such transition services as FTE Costs pursuant to Section 10.1 (Reimbursable Costs).

(f) **CGEN Development and Manufacturing Agreements**.

(i) **CGEN Development and Manufacturing Agreements**. Within [**] after the Development Program Transfer Date or the No-Transfer Date, as applicable, CGEN shall update **Schedule 1.36** (CGEN Development and Manufacturing Agreements) with the CGEN Development and Manufacturing Agreements in effect as of the Development Program Transfer Date.

(ii) **Assignment or Assistance**. Promptly following the Development Program Transfer Date or the No-Transfer Date, as applicable, CGEN shall, or shall cause its Affiliates to, as applicable, to the extent permissible under Applicable Laws and Regulations and the terms of the applicable CGEN Development and Manufacturing Agreements: (1) assign to Gilead or its designee any or all (as designated by Gilead) IL-18-Only Development and Manufacturing Agreements; and (2) reasonably assist Gilead or its Affiliate in entering into new agreements directly with the counterparties to any or all CGEN Development and Manufacturing Agreements other than IL-18-Only Development and Manufacturing Agreements to cover the subject matter related to IL-18 Molecules or IL-18 Products of such CGEN Development and Manufacturing Agreements, as applicable, in each case ((1) and (2)), to the extent requested by Gilead in writing. If any IL-18-Only Development and Manufacturing Agreement cannot be assigned to Gilead without consent from the relevant counterparty, then CGEN shall, or shall cause its Affiliates to, as applicable, use reasonable efforts to obtain such consent, to the extent requested by Gilead in writing. If any IL-18-Only Development and Manufacturing Agreement is assigned to Gilead, CGEN shall be responsible (subject to any qualifying reimbursement under Section 10.1 (Reimbursable Costs)) for any payments that accrued prior to the date of such assignment but which do not become payable until after the date of such assignment.

(iii) **Coordination and Costs**. Promptly following the Development Program Transfer Date or the No-Transfer Date, as applicable, the Parties shall in good faith coordinate activities under the CGEN Development and Manufacturing Agreements that are not assigned to Gilead, or until assigned to Gilead, with the goal of maintaining continuity of operations. At Gilead's written request, for no more than [**] after the Development Program Transfer Date or the No-Transfer Date, as applicable (for clarity, without derogating from CGEN's obligations pursuant to Article 8 (Manufacture and Supply)), CGEN shall exercise its rights under such CGEN Development and Manufacturing Agreements to conduct activities reasonably required for the continued Development and Manufacture of the IL-18 Molecule or IL-18 Products, including, as applicable, entering into new statements of work under master services agreements; *provided*, *however*, that Gilead: (1) approves in writing in advance any such actions, including the costs thereof; and (2) reimburses CGEN for all Out-of-Pocket Costs so approved that CGEN incurs under such CGEN Development and Manufacturing Agreements as a direct result of conducting such activities (and for clarity, such Out-of-Pocket Costs are not subject to and do not contribute to the initial Out-of-Pocket Costs threshold set forth in Section 10.1(d) (All Other Out-of-Pocket Costs)). Gilead shall reimburse CGEN for the conduct of such activities as FTE Costs pursuant to Section 10.1 (Reimbursable Costs).

(iv) **Termination**. In the event that a given IL-18-Only Development and Manufacturing Agreement is not assigned to Gilead pursuant to Section 2.8(f)(ii) (Assignment or Assistance), then, upon the written request of Gilead and solely to the extent permitted under the terms of such IL-18-Only Development and Manufacturing Agreement, CGEN shall, or shall cause its Affiliates to, terminate the applicable IL-18-Only Development and Manufacturing Agreement.

2.9. **COM503 Study Budget**. Within [**] after the Effective Date, the Parties (via the JSC) shall negotiate in good faith to mutually approve a budget for the performance of the COM503 Phase 1 Trial in accordance with this Section 2.9 (COM503 Study Budget) (upon such approval the "**COM503 Study Budget**" and automatically attached as **Schedule 2.9**). The COM503 Study Budget shall only include costs to be paid to Third Parties (other than any amounts to be paid by CGEN to Manufacture and supply COM503 for use in the COM503 Phase 1 Trial) that are anticipated to be incurred by CGEN for the performance of the COM503 Phase 1 Trial in accordance with the COM503 Phase 1 Trial Protocol, and for clarity shall exclude any FTEs incurred by CGEN to conduct the COM503 Phase 1 Trial.

3. **LICENSE; EXCLUSIVITY**.

3.1. **License to Gilead**. Subject to the terms and conditions of this Agreement, CGEN hereby grants to Gilead an exclusive (subject to Section 3.4 (Retained Rights)), royalty-bearing, non-transferable (except in accordance with Section 18.3 (Assignment; Change of Control)) license under the IL-18 IP and CGEN's right, title and interest in the Jointly Owned Foreground IP, with the right to grant sublicenses through multiple tiers to its Affiliates and Third Parties (each subject to Section 3.2(a) (Sublicensing by Gilead)), to Exploit IL-18 Molecules and IL-18 Products in the Field in the Territory (the "**IL-18 License**").

3.2. **Sublicensees**.

(a) **Sublicensing by Gilead**. Gilead shall have the right to grant sublicenses through multiple tiers of the IL-18 License, including sublicenses to a subset of the rights granted thereunder, to any of its Affiliates or any Third Parties, in each case, without CGEN's consent. Each sublicense granted by Gilead to a Third Party under this Agreement shall be consistent with this Agreement, and Gilead shall remain responsible to CGEN for the compliance of each such Sublicensee with the terms and conditions of this Agreement. Without derogating from the generality of the foregoing, each such Sublicensee must agree in writing to be bound by terms regarding maintaining the confidentiality of proprietary information that are no less stringent than those contained in this Agreement and regarding ownership of Intellectual Property Rights that are consistent with those contained in this Agreement. Gilead shall promptly notify CGEN in writing of its entry into any agreement granting a sublicense to any Third Party and provide to CGEN a copy of such sublicense; *provided*, *that* Gilead may redact such sublicense agreement to the extent the redacted information is not necessary for CGEN to confirm compliance with this Agreement.

(b) **Survival of Gilead Sublicenses**. Upon termination of this Agreement for any reason, upon the written request of any Sublicensee of Gilead who is not then in breach of its sublicense agreement or the terms of this Agreement applicable to such Sublicensee, CGEN will enter into a direct license with such Sublicensee on the same terms as this Agreement, subject to any necessary revisions to account for any difference in license scope between this Agreement and Gilead's sublicense agreement with such Sublicensee.

3.3. **Subcontractors**. Each Party shall have the right to engage Third Party contractors to perform any portion of its obligations or exercise certain rights of such Party under this Agreement on a fee-for-service basis (including Third Party Distributors, contract research organizations and CMOs); *provided*, that CGEN may engage Third Party contractors not otherwise set forth on **Schedule 3.3** (Subcontractors) only with Gilead's prior written consent (each such subcontractor, a "**Permitted Subcontractor**"). Any such Permitted Subcontractor to be engaged by a Party hereunder shall meet the qualifications typically required by such Party for the performance of work similar in scope and complexity to the subcontracted activity. Each Party that engages a Permitted Subcontractor shall require such Permitted Subcontractor, in writing, to be bound by terms regarding maintaining the confidentiality of proprietary information that are no less stringent than those contained in this Agreement and regarding ownership of Intellectual Property Rights that are consistent with those contained in this Agreement. A Party's use of Permitted Subcontractors shall not relieve it of any of its obligations pursuant to this Agreement. Any Party engaging a Permitted Subcontractor to perform any of its obligations hereunder shall remain liable and obligated to the other Party for the performance of such activities.

3.4. **Retained Rights; No Implied License**. Notwithstanding the IL-18 License, CGEN reserves for itself and its Affiliates: (a) the right to conduct any Development or other activities allocated to CGEN with respect to IL-18 Molecules or IL-18 Products pursuant to the Development Plan, (b) the right to Manufacture or have Manufactured IL-18 Molecules and IL-18 Products for Gilead during the Clinical Supply Term in accordance with this Agreement and the Clinical Supply Agreement, and (c) the right to conduct Regulatory Activities requested by Gilead for IL-18 Products, as further described in Section 6.1(b) (After the Development Term). Except as explicitly set forth in this Agreement, no license or other right is or shall be created or granted by either Party under this Agreement by implication, estoppel, or otherwise. Each Party shall retain all rights not otherwise granted to the other Party.

3.5. **Technology Transfer**. Within [**] after the earlier of (a) Gilead's written request, (b) the Development Program Transfer Date, and (c) the No-Transfer Date, CGEN shall disclose and transfer to Gilead copies of the IL-18 Know-How (other than IL-18 Know-How relating to the Manufacture of IL-18 Molecule and IL-18 Products, the initial transfer of which will be performed in accordance with Section 8.3 (Manufacturing Technology Transfer)), including sequences of IL-18 Molecules then in existence. Thereafter, (x) to the extent Gilead delivered such written request prior to the Development Program Transfer Date or the No-Transfer Date, as applicable, then upon the Development Program Transfer Date or the No-Transfer Date, as applicable, and (y) no more than [**] every [**] during the [**] following the Development Program Transfer Date or the No-Transfer Date, as applicable, as Gilead may reasonably request, in each case (or (x) and (y)), CGEN will provide to Gilead copies of IL-18 Know-How that (i) is created, developed, invented or otherwise made since such previous transfer of IL-18 Know-How, and (ii) has not previously been transferred to Gilead. To facilitate the transfer of IL-18 Know-How described above, upon Gilead's written request, the Parties shall promptly agree upon a written technology transfer plan to transfer to Gilead such IL-18 Know-How ("**Technology Transfer Plan**"), which will set forth a process for the transfer of such IL-18 Know-How, and an overall timeline for its progress and completion. Each of the Parties shall perform its respective obligations under the Technology Transfer Plan and shall use Commercially Reasonable Efforts to do so in accordance with the timelines set forth therein. Each Party shall be responsible for all Out-of-Pocket Costs incurred by such Party to conduct the transfer of the IL-18 Know-How in accordance with this Section 3.5 (Technology Transfer). Gilead shall reimburse CGEN for its performance of activities set forth in the Technology Transfer Plan as FTE Costs as well as for Out-of-Pocket Costs, in each case, pursuant to Section 10.1 (Reimbursable Costs).

3.6. **Exclusivity**.

(a) **IL -18 Exclusivity**. During [**], except as permitted under this Agreement in connection with the exercise of CGEN's retained rights set forth in Section 3.4 (Retained Rights; No Implied License), CGEN shall not, itself, or with or through any of its Affiliates or any Third Party, research, Develop, make, or Commercialize (1) any compounds, molecules, products or treatment methods that are Directed To IL-18, IL-18R or IL-18BP or (2) [**] for an IL-18 Product. Notwithstanding the foregoing, (x) CGEN may research, Develop, make, have made, and Commercialize [**] without the use of [**], solely if (1) [**], and (2) [**], and (y) CGEN would not [**], in such case [**].

(b) **Business Combinations**.

(i) **As of Closing of CGEN Change of Control**. If CGEN undergoes a Change of Control and, at the closing of such Change of Control transaction, the Acquirer in such Change of Control transaction is (either directly or through an Affiliate, or in collaboration with any other Third Party) conducting any Exploitation activities of a compound or product that would be in breach of Section 3.6(a) (IL-18 Exclusivity) if performed by CGEN itself, (such Exploitation activities, an "**Existing Competitive Program**"), then CGEN will not be in breach of the restrictions set forth in Section 3.6(a) (IL-18 Exclusivity) if: (1)(A) CGEN provides Gilead with written notice of such Change of Control [**], but [**] following the earlier of (x) the [**] and (y) the [**], and if so, no later than [**]), (B) CGEN and its Affiliates [**], (2) [**], and (3) such Acquirer Segregates such Existing Competitive Program.

(ii) **After Closing of CGEN Change of Control**. If CGEN undergoes a Change of Control and, after the closing of such Change of Control transaction, the Acquirer in such Change of Control transaction commences (either directly or through an Affiliate, or in collaboration with any other Third Party) any Exploitation activities of a compound or product that would be in breach of Section 3.6(a) (IL-18 Exclusivity) if performed by CGEN itself (such Exploitation activities, a "**New Competitive Program**"), then CGEN will not be in breach of the restrictions set forth in Section 3.6(a) (IL-18 Exclusivity) if: (1) [**], and (2) such Acquirer Segregates such New Competitive Program.

(iii) **Acquisition of an Existing Competitive Program**. If any Third Party becomes an Affiliate of CGEN that CGEN controls (as such term is defined in the definition of "Affiliate") as a result of a merger, acquisition, consolidation, asset sale, or other similar transaction (whether in a single transaction or series of related transactions), and, as of the closing date of such transaction, such Third Party has an Existing Competitive Program (such transaction an "**Acquisition**" and such Third Party, an "**Acquired Affiliate**"), then continuation of Exploitation activities with respect to such Existing Competitive Program shall not be a breach of Section 3.6(a) (IL-18 Exclusivity) if (1) CGEN and the Acquired Affiliate Segregate such Existing Competitive Program [**], (2) CGEN provides Gilead with written notice of the Acquisition [**], but no later than [**] following the earlier of [**] and [**] ([**], and if so, no later than [**]), and (3) CGEN does (or causes the Acquired Affiliate to), within [**] after the closing of the Acquisition, either (x) [**] or (y) [**]. For clarity, in no event shall the Acquired Affiliate commence (either directly or through an Affiliate, or in collaboration with any other Third Party) any New Competitive Program.

4. GOVERNANCE.

4.1. Joint Steering Committee.

(a) **Membership**. Promptly after the Effective Date, the Parties will establish a joint steering committee (the "**Joint Steering Committee**" or "**JSC**"), to coordinate, oversee and, as applicable, approve the Parties' activities related to the IL-18 Molecules and IL-18 Products in accordance with this Article 4 (Governance). The JSC shall consist of [**] representatives from each Party (or such other number as the Parties may agree). Each Party shall designate one (1) of its representatives of the JSC as a co-chairperson of the JSC (each, a "**JSC Co-Chairperson**"). Each Party may replace its appointed JSC representatives at any time upon reasonable written notice to the other Party. The JSC Co-Chairpersons, in consultation with the Alliance Managers, will have the following roles and responsibilities: (i) to call meetings, send notice of each such meeting and designate the time, date and place of each such meeting; (ii) to convene or poll the representatives by other permitted means; and (iii) to approve (including via email) the final minutes of any meeting of the JSC. The JSC Co-Chairpersons shall have no other authority or special voting power.

(b) **Responsibilities**. The responsibilities of the JSC shall be:

(i) to provide a forum by which the Parties may share information regarding the overall strategy for the conduct of the Development Program and to discuss, monitor and coordinate all activities under the Development Program;

(ii) to facilitate the exchange of information between the Parties with respect to the activities hereunder and to establish procedures for the efficient sharing of information necessary for the Parties to fulfill their respective responsibilities with respect to conduct of the Development Program;

(iii) to [**], and to [**];

(iv) to discuss the progress of activities being conducted under the Development Program or the COM503 Phase 1 Trial Protocol no less than [**] per [**];

(v) to review and discuss safety and dose escalation data generated as part of the Development Program;

(vi) to review, discuss and determine whether to approve each Manufacturing Transition Plan and updates or amendments thereto and coordinate the activities under each such Manufacturing Transition Plan, as described in Section 8.3 (Manufacturing Technology Transfer);

(vii) review the COM503 Study Budget;

(viii) to perform such other functions as expressly set forth in this Agreement or as appropriate to further the purposes of this Agreement, as determined jointly by the Parties; and

(ix) to [**].

(c) **Quarterly Reports**. Within [**] following the end of each Calendar Quarter, CGEN shall provide to JSC with a quarterly written report for such Calendar Quarter describing pre-IND activities, safety and efficacy data, standard study conduct metrics, including patient enrollment data, list of participating sites and corresponding investigators, and any data collection and cleaning metrics.

(d) **Decision-Making**. The JSC shall make decisions unanimously, with each Party's representatives collectively having one (1) vote irrespective of the number of representatives of such Party in attendance, or by a written resolution signed by at least one representative appointed by each Party. In the event the JSC cannot reach agreement regarding any matter within the JSC's authority as described in Section 4.1 (Joint Steering Committee) for a period of [**] (a "**Deadlock**"), then either Party may elect to submit such issue to the Parties' Executive Officers, and if a Party makes an election to refer a matter to the Executive Officers, then the Executive Officers shall use good faith efforts to promptly resolve such matter, which good faith efforts shall include at least one (1) in-person, video or telephonic meeting between such Executive Officers within [**] after the submission of such matter to them. If the Executive Officers are unable to reach consensus on any such matter within [**] after its submission to them, then the Deadlock shall be resolved in accordance with the provisions of this Section 4.1(d) (Decision-Making):

(i) Except for those Deadlocks [**] as set forth in Section 4.1(d)(ii) (Decision-Making), and subject to Section 4.1(g) (Limitations), [**] shall have the final decision-making authority with respect to (1) [**], (2) the [**], (3) [**], (4) [**], (5) [**], and (6) [**].

(ii) [**] will have final decision-making authority over [**], and such matters must be decided by [**].

(iii) Any Deadlock [**].

(e) **JSC Meetings**. No later than [**] after the Effective Date, the JSC will hold a meeting to establish the JSC's operating procedures, and the JSC shall meet at least [**] every [**] thereafter, unless the Parties mutually agree in writing to a different frequency. Additional meetings of the JSC may be held with the consent of each Party (such consent not to be unreasonably withheld, delayed or conditioned), as required under this Agreement or to resolve any matter or dispute referred to the JSC in accordance with this Agreement. In the case of any matter or dispute referred to the JSC, such meeting shall be held within [**] following referral to the JSC. Employees or consultants of either Party that are not representatives of the Parties on the JSC may attend JSC meetings with prior notice and with respect to any consultants, prior consent, of the other Party; *provided*, *however*, that such attendees: (i) will not vote; (ii) will not be counted when determining whether a quorum exists at any such meeting; and (iii) will be bound by obligations of confidentiality and non-disclosure equivalent to those set forth in Article 11 (Confidentiality; Publication). A JSC meeting may be held either in person or by audio, video or internet teleconference with the consent of each Party. Meetings of the JSC shall be effective only if at least one (1) representative of each Party is present or participating. Each Party shall be responsible for all of its own expenses of participating in the JSC meetings.

(f) **Duration and Scope of JSC**. The JSC shall continue to exist with respect to the IL-18 Molecules and IL-18 Products until the Development Program Transfer Date or the No-Transfer Date, as applicable, or, if Gilead provides written notice to CGEN before the Development Program Transfer Date or the No-Transfer Date, as applicable, requiring the JSC to continue to exist until completion of the Manufacturing Technology Transfer, then until the completion of the Manufacturing Technology Transfer. Notwithstanding the foregoing, the JSC shall be disbanded upon (i) the Parties mutually agreeing in writing to disband the JSC earlier, (ii) Gilead providing the written notice described in Section 18.3(b)(iii) (Assignment; Change of Control**)**, or (iii) termination of this Agreement in accordance with the terms hereof.

(g) **Limitations**. The JSC shall have no authority other than that expressly set forth in this Section 4.1 (Joint Steering Committee) and, specifically, shall have no authority (i) to amend or interpret this Agreement, (ii) to determine whether or not a breach of this Agreement has occurred, (iii) to make a determination as to whether a particular milestone or other criteria has been achieved or that any of the obligations under this Agreement have been fulfilled, (iv) to amend or add to a Party's consent or approval rights, (v) to impose any requirements that a Party take or decline to take any action that would result in a violation of Applicable Laws and Regulations or any agreement with any Third Party that exists as of the Effective Date or is otherwise entered into after the Effective Date in accordance with this Agreement or the infringement of Intellectual Property Rights of any Third Party, (vi) to make a decision that is expressly stated to require the consent or approval of the other Party, (vii) to change a Party's obligations (including payment obligations) or rights under this Agreement, (viii) [**]; or (ix) to amend the Development Plan in a manner that would cause the COM503 Study Budget to increase [**].

4.2. **Additional Subcommittees and Working Groups**. The JSC may establish other subcommittees or working groups as needed to further the purposes of this Agreement, including any responsibilities assigned to the JSC under this Agreement; *provided*, *however*, that the JSC shall not delegate its dispute resolution authority. The purpose, scope and procedures of any such subcommittee or working group shall be mutually agreed in writing by the JSC. The Parties shall, within [**] after the Effective Date, establish a clinical subcommittee to review and discuss activities or matters related to the Development Program, including the Development Plan ("**Clinical Subcommittee**"). Neither the Clinical Subcommittee nor any other subcommittee or working group shall have any decision-making authority.

4.3. **Alliance Managers**. Promptly following the Effective Date, each Party shall designate in writing an Alliance Manager to serve as the primary point of contact for the Parties regarding all activities contemplated under this Agreement. Each Alliance Manager shall, among other things: (a) facilitate communication and coordination of the Parties' activities under this Agreement relating to the IL-18 Molecules and the IL-18 Products; (b) coordinate meetings between members of each Party's Development Program teams; and (c) attempt to resolve conflicts with respect to the Development Program. The Alliance Managers shall be non-voting members of the JSC. The Alliance Managers shall be allowed to attend meetings of the JSC, as well as any subcommittee or working group established by the JSC of which the Alliance Manager is not a member. From time to time, each Party may substitute its Alliance Manager at any time upon written notice to the other Party.

5. **GILEAD DEVELOPMENT**.

5.1. **IL-18 Molecules and IL-18 Products**. Effective upon the first to occur of the Development Program Transfer Date and the No-Transfer Date, Gilead shall have the sole right and sole control, at its sole cost and expense, for the Development of the IL-18 Molecules and IL-18 Products. Gilead shall use Commercially Reasonable Efforts to Develop [**] IL-18 Product in the Field in [**]. Gilead will have no other diligence obligations with respect to the Development of any IL-18 Molecules or IL-18 Products other than as set forth in this Section 5.1 (IL-18 Molecules and IL-18 Products).

5.2. **Performance Standards**. Gilead shall conduct all Development activities with respect to the IL-18 Molecules and IL-18 Products in compliance with all Applicable Laws and Regulations.

5.3. **Records**. During the Term and for a period of [**] after expiration or termination of this Agreement or such shorter period permitted under Applicable Laws and Regulations, Gilead shall maintain complete, current and accurate records of all activities conducted by or on behalf of Gilead in the Development of the IL-18 Molecules and IL-18 Products. Such records shall fully and properly reflect all work performed and results achieved in the performance of such Development activities in good scientific manner appropriate for regulatory and patent purposes.

5.4. **Development Reporting**. Beginning [**], as applicable and continuing every [**] thereafter [**], Gilead shall provide CGEN with a high-level written Development report ("**Development Report**") in accordance with this Section 5.4 (Development Reporting). Each Development Report shall detail Gilead's material efforts and progress with respect to the Development of IL-18 Molecules and IL-18 Products that occurred during the immediately preceding [**] period for the first such Development Report, and for each subsequent Development Report the activities that occurred since the prior Development Report was delivered. Each Development Report shall include a description of: (a) [**]; (b) [**]; (c) [**]; and (d) [**].

5.5. **Data Ownership**. Gilead shall solely own all data or information generated by or on behalf of Gilead in the performance of any Development activities with respect to the IL-18 Molecules or IL-18 Products.

6. **REGULATORY**.

6.1. **IL-18 Molecules and IL-18 Products**.

(a) **Development Term**. During the Development Term and subject to Section 4.1(d) (Decision-Making), CGEN shall be solely responsible, at its sole cost and expense, for conducting all Regulatory Activities related to the IL-18 Molecules and IL-18 Products in the Field in the Territory, and shall own all Regulatory Submissions (including Regulatory Approvals) generated (or received) with respect to IL-18 Molecules or IL-18 Products. CGEN shall submit the final Clinical Study Report for the COM503 Phase 1 Trial in accordance with the COM503 Phase 1 Trial Protocol, including with respect to the date by which the final Clinical Study Report for the COM503 Phase 1 Trial is to be submitted to the applicable Regulatory Authorities. CGEN shall provide Gilead with a reasonable opportunity, at least [**] in advance of any relevant deadline, to review and comment on all Regulatory Submissions for IL-18 Molecules and IL-18 Products. Further, CGEN shall provide Gilead with a copy of all material communications from any Regulatory Authorities regarding such IL-18 Molecule or IL-18 Product, and provide any drafts of any such Regulatory Submissions to be made to such Regulatory Authorities reasonably in advance (to the extent possible) of submitting such Regulatory Submissions filings or responses. CGEN shall incorporate Gilead's reasonable comments regarding such Regulatory Submissions and drafts in good faith. Gilead (or its designee) shall have a right to participate in all meetings and interactions with the Regulatory Authorities that solely relate to any IL-18 Molecule or IL-18 Product or any combination thereof, including with the Gilead-Provided PD-1/PD-L1, and CGEN shall provide Gilead with no less than [**] written notice in advance of scheduled meetings and interactions or provide Gilead with immediate written notice with respect to meetings and interactions scheduled less than [**] in advance. Gilead shall assist CGEN, as reasonably requested by CGEN, in connection with the preparation and filing of Regulatory Submissions related to the combination of the Gilead-Provided PD-1/PD-L1 with the IL-18 Product, including by providing CGEN with all necessary data or other information in Gilead's Control related to the Gilead-Provided PD-1/PD-L1 if such Gilead-Provided PD-1/PD-L1 is owned or otherwise Controlled by Gilead. In the event of any Regulatory Authority inspection in connection with the Development Program, CGEN will notify Gilead of such inspection within [**] of becoming aware of such inspection. CGEN will provide Gilead with reasonable opportunity to review and comment on any correspondence to be submitted to the Regulatory Authority in connection with such inspection. Notwithstanding the foregoing, CGEN shall (i) promptly, but in any event within [**], inform Gilead of any action by, or notification it receives from, any Regulatory Authority that (1) raises any material concerns regarding the safety or efficacy of an IL-18 Product; (2) indicates or suggests a potential material liability of either Party to Third Parties in connection with an IL-18 Product; or (3) is reasonably likely to lead to a clinical hold with respect to an IL-18 Product; and (ii) (1) provide Gilead with any response or feedback from a Regulatory Authority in response to an IND filing for an IL-18 Product within [**] or receipt of such response or feedback, and (2) implement any reasonable feedback provided by Gilead in any CGEN response to any such Regulatory Authority unless CGEN is required under Applicable Law and Regulations to provide such a response prior to Gilead's provision of such feedback. CGEN shall also promptly, but in any event within [**] after receipt of any correspondence from a Regulatory Authority regarding the matters referred to above, provide Gilead with a copy of such correspondence. Gilead shall have the right to provide to CGEN input with respect to any responses to be provided by or on behalf of CGEN in response to such matters, which CGEN shall consider in good faith.

(b) **After the Development Term**. After the Development Term, Gilead shall have the sole right and sole control over, at its sole cost and expense, all Regulatory Activities related to the IL-18 Molecules and IL-18 Products (except for any Regulatory Activities relating to the CGEN Manufacturing Facilities, including any Regulatory Authority inspections with respect thereto (for which matters CGEN shall have responsibility for in accordance with the Clinical Supply Agreement)). CGEN will support Gilead as may be reasonably requested by Gilead from time to time in connection with Gilead's preparation, submission to Regulatory Authorities and maintenance of Regulatory Submissions for IL-18 Products, including, upon Gilead's reasonable request, attending meetings with Regulatory Authorities regarding any IL-18 Product. Gilead shall be solely responsible for all costs incurred by or on behalf Gilead in connection with the conduct of any Regulatory Activities conducted after the Development Term related to the IL-18 Molecules or IL-18 Products. Gilead shall reimburse CGEN for the conduct of any Regulatory Activities requested by Gilead after the Development Term as FTE Costs pursuant to Section 10.1 (Reimbursable Costs).

6.2. **Transfer of Regulatory Materials**.

(a) **Regulatory Transfer**. Within [**] after the Development Program Transfer Date or the No-Transfer Date, as applicable, CGEN will, or will cause its designee to, transfer and assign (and hereby does assign and transfer) to Gilead all rights, title and interests in and to all INDs and all other Regulatory Submissions for COM503 (the "**Assigned Regulatory Materials**"), including copies of all such Assigned Regulatory Materials in electronic format, to the extent the same are available in electronic format, and have not been previously made available to Gilead. Until the date that such transfer of the Assigned Regulatory Materials becomes effective, CGEN shall continue to conduct all matters applicable to the IND at Gilead's direction, including interactions with the Regulatory Authorities in the Territory related thereto, and shall keep Gilead fully informed of all such matters and interactions relating to the IL-18 Molecules and IL-18 Products in the Field in the Territory of which it is aware, including providing Gilead with reasonable advance notice of, and the opportunity to participate as an observer in (to the extent permitted under Applicable Laws and Regulations), all scheduled meetings and teleconferences with Regulatory Authorities in the Territory pertaining to the IL-18 Molecules and IL-18 Products in the Field in the Territory.

(b) **Cooperation**. Upon a Party's written request, the other Party will execute and deliver, or will cause to be executed and delivered, to the requesting Party such endorsements, assignments, commitments, acknowledgements, letters and other documents as may be necessary (i) to assign, convey, transfer and deliver to Gilead all of CGEN's or its applicable Affiliate's or designee's rights, title and interests in and to the applicable Assigned Regulatory Materials, or (ii) to notify each applicable Regulatory Authority or other governmental authority in the Territory of, or otherwise giving effect to, the transfer of ownership to Gilead of the Assigned Regulatory Materials in the Field in the Territory as provided in Section 6.2(a) (Regulatory Transfer).

(c) **Right of Reference or Use**. CGEN hereby grants to Gilead a "Right of Reference or Use," as that term is defined in 21 C.F.R. § 314.3(b) (or any successor regulation or analogous Applicable Laws and Regulations recognized outside of the United States), to all Regulatory Submissions (other than Assigned Regulatory Materials that have been assigned to Gilead) pertaining to the IL-18 Products in the Field submitted by or on behalf of CGEN or its Affiliates. Gilead and its Sublicensees may use such right of reference solely for the purpose of seeking, obtaining, supporting and maintaining Regulatory Approval and any Pricing and Reimbursement Approvals, as applicable, for any IL-18 Products in the Field in the Territory. CGEN will take such actions as may be reasonably requested by Gilead to give effect to the intent of this Section 6.2(c) (Right of Reference or Use), including, if requested by Gilead, (i) providing a signed statement that Gilead may rely on, and that the applicable Regulatory Authority may access, CGEN's Regulatory Submissions in support of Gilead's application for Regulatory Approval for any IL-18 Product, and (ii) providing Gilead with any underlying raw data or information submitted by CGEN to the Regulatory Authority with respect to any Regulatory Submissions Controlled by CGEN or any of its Affiliates that relates to any IL-18 Product.

(d) **Safety Reporting; Global Safety Database**. During the Development Term, CGEN shall establish and maintain a drug safety database for COM503, and shall be responsible for monitoring and reviewing all information relevant to the safety of COM503 and the filing of all required safety reports and serious or other adverse event information to all Regulatory Authorities in connection therewith (collectively, "**Safety/AE Matters**") as required under Applicable Laws and Regulations. CGEN will complete the transfer to Gilead of such drug safety database for COM503 promptly following the Development Program Transfer Date or the No-Transfer Date, as applicable and, following such transfer, Gilead will have the sole right and responsibility for holding and maintaining such drug safety database. Promptly upon Gilead's request or sooner if required by Applicable Laws and Regulations, the Parties shall in good faith negotiate and enter into a pharmacovigilance agreement governing Safety/AE Matters.

6.3. **Conflict**. If the Parties rights and obligations in this Article 6 (Regulatory) conflict with the Parties rights and obligations with respect to Development or Commercialization activities under this Agreement, then this Article 6 (Regulatory) will control solely with respect to any such conflict.

7. COMMERCIALIZATION.

7.1. **Responsibility; Diligence**. Gilead shall have the sole right and sole control, at its sole cost and expense, for the Commercialization of the IL-18 Molecules and IL-18 Products. Gilead shall use Commercially Reasonable Efforts to Commercialize [**] IL-18 Product in the Field in [**] where [**]. Gilead will have no other diligence obligations with respect to the Commercialization of any IL-18 Products other than as set forth in this Section 7.1 (Responsibility; Diligence).

8. **MANUFACTURE AND SUPPLY.**

8.1. **COM503**.

(a) **Clinical Supply**.

(i) **During Development Term**. During the Development Term, CGEN is responsible, at its sole cost and expense (subject to Section 10.1(e) (Early Development Program Transfer Costs)), for the Manufacture, either by itself or through its Permitted Subcontractors, of, and shall provide, all amounts of IL-18 Product necessary to undertake the Development activities conducted by or on behalf of the Parties under the Development Plan (including, for clarity, the COM503 Phase 1 Trial), including [**]. If [**], CGEN shall, at its sole cost and expense (subject to Section 10.1(e) (Early Development Program Transfer Costs)), [**] (the "[**]"). Upon Gilead's reasonable written request during the Development Term, subject to the terms of the CGEN CMO Manufacturing Agreement(s) existing as of the Effective Date, CGEN shall use Commercially Reasonable Efforts to Manufacture, either by itself or through its Permitted Subcontractors, one or more additional batches of COM503 as necessary to meet Gilead's forecasted demand for COM503, during the Clinical Supply Term ("**Clinical Supply Batches**"), and Gilead shall compensate CGEN for such Clinical Supply Batches (for clarity, but neither the [**] nor [**], subject to Section 10.1(e) (Early Development Program Transfer Costs)) at a price equal to the COM503 Transfer Price within [**] after receipt from CGEN of an invoice therefor, which CGEN may issue on a quarterly basis.

(ii) **During the Clinical Supply Term**. Commencing on the Development Program Transfer Date or the No-Transfer Date, as applicable and continuing for [**] thereafter or such other period mutually agreed upon by the Parties in writing (the "**Clinical Supply Term**"), CGEN shall exercise its rights under the CGEN CMO Manufacturing Agreement(s) existing as of the Effective Date to supply Gilead with Clinical Supply Batches of COM503 pursuant to the terms of the Clinical Supply Agreement. Gilead shall compensate CGEN for such Clinical Supply Batches of COM503 pursuant to Section 10.2 (Manufacturing Costs).

(iii) **After the Clinical Supply Term**. Following the expiration of the Clinical Supply Term, Gilead shall have the sole right and control over the Manufacture, either by itself or through one or more Third Parties, of any IL-18 Products for Development activities conducted by or on behalf of Gilead in the Field in the Territory.

(iv) **Clinical Supply Agreement**. At Gilead's written request, the Parties shall initiate negotiations for a clinical supply agreement (the "**Clinical Supply Agreement**") that will set forth customary terms and conditions (subject to Section 8.1(a)(ii)) for CGEN's provision of COM503 to Gilead during the Clinical Supply Term, including with respect to ordering, lead times and nonconforming product, provided that under the Clinical Supply Agreement, CGEN shall provide Clinical Supply Batches of COM503 at the COM503 Transfer Price.

(v) **Packaging and Labelling**. For clarity, during the Clinical Supply Term and for the remainder of the Term after expiration of the Clinical Supply Term, Gilead will have the sole right and control over the Packaging and Labeling, either by itself or through one or more Third Parties, of COM503 for Gilead's use in Clinical Trials in the Field in the Territory.

(vi) **Liability for Clinical Supply Batches**. CGEN shall not be liable to Gilead for the failure to supply of any Permitted Subcontractors engaged by CGEN to Manufacture Clinical Supply Batches hereunder to a greater extent than such Permitted Subcontractors' liability is to CGEN under the applicable CGEN Development and Manufacturing Agreement, except to the extent CGEN's actions or omissions caused any failure of such Permitted Subcontractor to perform its obligations. Notwithstanding Section 10.1(a) (Manufacturing Technology Transfer) and Section 10.2 (Manufacturing Costs), if CGEN is required to pay a Permitted Subcontractor any amount due to a written request by Gilead to delay, cancel, rush, or otherwise change any scheduled Manufacture of any Clinical Supply Batches, Gilead shall reimburse CGEN for such amount, regardless of whether CGEN has met the initial Out-Of-Pocket Costs threshold described in Section 10.1(a) (Manufacturing Technology Transfer).

(b) **Commercial Supply**. Gilead shall have the sole right and control over the Manufacture, either by itself or through one or more Third Parties, of any COM503 for Commercialization activities conducted by or on behalf of Gilead in the Field in the Territory.

8.2. **Observation by Gilead**. CGEN uses a CMO for the Manufacture of COM503 engaged under the CGEN CMO Manufacturing Agreement(s). After the Development Program Transfer Date or the No-Transfer Date, as applicable, CGEN will use Commercially Reasonable Efforts, including entering into a three-party confidentiality agreement with Gilead and such CMO (if necessary), to enable Gilead the opportunity to have at least two (2) representatives to observe the Manufacturing Processes for COM503 being conducted by such CMO (including reviewing assays, batch records, and release processes and procedures) for the purpose of enabling Gilead (or a CMO designated by Gilead) to Manufacture COM503 pursuant to Section 8.3 (Manufacturing Technology Transfer).

8.3. **Manufacturing Technology Transfer**. Within [**] after the Effective Date, CGEN and Gilead will start working together to commence the transfer to Gilead (or its designee) all IL-18 Know-How that is necessary or reasonably useful to enable the Manufacture of COM503, [**], and [**] (including [**]) (a "**Manufacturing Technology Transfer**"). The Manufacturing Technology Transfer shall be subject to a written plan developed and approved by the Parties through the JSC in good faith with respect to the Manufacturing Technology Transfer (the "**Manufacturing Transition Plan**"). The Parties shall perform each activity allocated to such Party under the Manufacturing Transition Plan and shall use Commercially Reasonable Efforts to implement each Manufacturing Technology Transfer to Gilead or its designee in accordance with the applicable Manufacturing Transition Plan. Gilead shall reimburse CGEN for the conduct of any Manufacturing Technology Transfer pursuant to Section 10.1 (Reimbursable Costs).

8.4. **Exercise of Rights under CGEN CMO Manufacturing Agreement**. CGEN shall fulfill all of CGEN's obligations under, and shall exercise all of CGEN's rights under, the CGEN CMO Manufacturing Agreement(s), in each case, in order to fulfill CGEN's obligations under this Article 8 (Manufacture and Supply). To the extent CGEN does not have rights under the CGEN CMO Manufacturing Agreement(s) that exist as of the Effective Date that permit CGEN to fulfill such obligations, CGEN shall use Commercially Reasonable Efforts to amend such CGEN CMO Manufacturing Agreement(s) in a manner to permit CGEN to fulfill such obligations.

9. PAYMENTS.

9.1. **Upfront Payment**. In partial consideration of the rights granted by CGEN to Gilead hereunder within [**] after the Effective Date, Gilead shall pay to CGEN sixty million US Dollars (US$60,000,000), which shall be non-creditable and non-refundable against any other payments due under this Agreement.

9.2. **Research Milestone Payment**. Subject to the terms and conditions of this Agreement, Gilead shall pay to CGEN the one-time, non-creditable, non-refundable milestone payment set forth in the table below in this Section 9.2 (Research Milestone Payment) after the first achievement of the applicable milestone event by a Financial Product, whether such achievement is by or on behalf of CGEN or its Affiliate (such event, the "**Research Milestone Event**" and such payment, the "**Research Milestone Payment**"). For clarity, the Research Milestone Payment shall be payable only once, regardless of the number of times the corresponding Research Milestone Event is achieved. CGEN will promptly notify Gilead upon the achievement of the Research Milestone Event and provide an invoice to Gilead for the Research Milestone Payment, and Gilead will pay the Research Milestone Payment within [**] following receipt of such invoice from CGEN.

Research Milestone		
Number	**Research Milestone Event**	**Research Milestone Payment**
1	IND Clearance for the COM503 Financial Product	US$30,000,000

9.3. **Development Milestone Payments**. Subject to the terms and conditions of this Agreement (including Section 9.6 (Additional Milestone Payment Terms)), Gilead shall pay to CGEN the one-time, non-creditable, non-refundable milestone payments set forth in the table below in this Section 9.3 (Development Milestone Payments) after the first achievement of the applicable milestone events by the COM503 Financial Product and the Second Financial Product, as applicable, whether such achievement is by or on behalf of Gilead, its Affiliate or any Sublicensee of Gilead (each event, a "**Development Milestone Event**" and each payment, a "**Development Milestone Payment**"). Each of the Development Milestone Payments shall be payable only once with respect to each applicable Financial Product for each applicable Indication. Gilead will notify CGEN within [**] after the achievement by Gilead, its Affiliates, or its or their Sublicensees of each Development Milestone Event and will pay the corresponding Development Milestone Payment within [**] following receipt of an invoice from CGEN for such Development Milestone Payment. If Gilead or its Affiliates or Sublicensees achieve all of the Development Milestone Events with respect to all applicable Financial Products and all applicable Indications, then the Development Milestone Payments payable by Gilead under this Section 9.3 (Development Milestone Payments) will not exceed (i) [**] with respect to the COM503 Financial Product, and (ii) [**] with respect to the Second Financial Product. Notwithstanding anything to the contrary in this Agreement, Gilead shall have no obligation to pay Development Milestone Payment #1 of [**] for the [**] if [**].

Development Milestones		
Number	**Development Milestone Events**	**Development Milestone Payments**
1	[**]	[**]
2	[**]	[**]
3	[**]	[**]
4	[**]	[**]
5	[**]	[**]
6	[**]	[**]
7	[**]	[**]
8	[**]	[**]
9	[**]	[**]

9.4. **Regulatory Milestone Payments**. Subject to the terms and conditions of this Agreement (including Section 9.6 (Additional Milestone Payment Terms)), Gilead shall pay to CGEN the one-time, non-creditable, non-refundable milestone payments set forth in the table below in this Section 9.4 (Regulatory Milestone Payments) after the first achievement of the applicable milestone events by the COM503 Financial Product and the Second Financial Product, as applicable, whether such achievement is by or on behalf of Gilead, its Affiliate or any Sublicensee of Gilead (each event, a "**Regulatory Milestone Event**" and each payment, a "**Regulatory Milestone Payment**"); *provided*, that if the Financial Product that achieves such Regulatory Milestone Event is [**], then the corresponding Regulatory Milestone Payment shall be reduced by [**]. Each of the Regulatory Milestone Payments shall be payable only once with respect to each applicable Financial Product for each applicable Indication. Gilead will notify CGEN within [**] after the achievement by Gilead, its Affiliates, or its or their Sublicensees of each Regulatory Milestone Event and will pay the corresponding Regulatory Milestone Payment within [**] following receipt of an invoice from CGEN for such Regulatory Milestone Payment. If Gilead or its Affiliates or Sublicensees achieve all of the Regulatory Milestone Events with respect to all applicable Financial Products and all applicable Indications, then the Regulatory Milestone Payments payable by Gilead under this Section 9.4 (Regulatory Milestone Payments) will not exceed (i) [**] with respect to the COM503 Financial Product, and (ii) [**] with respect to the Second Financial Product.

Regulatory Milestones		
Number	**Regulatory Milestone Events**	**Regulatory Milestone Payments**
1	[**]	[**]
2	[**]	[**]
3	[**]	[**]
4	[**]	[**]
5	[**]	[**]
6	[**]	[**]
7	[**]	[**]
8	[**]	[**]
9	[**]	[**]
10	[**]	[**]
11	[**]	[**]
12	[**]	[**]

9.5. **Commercial Milestone Payments**. Subject to the terms and conditions of this Agreement, Gilead shall pay to CGEN the one-time, non-creditable, non-refundable milestone payments set forth in the table below in this Section 9.5 (Commercial Milestone Payments) within [**] after the end of the Calendar Quarter after the first achievement of the applicable sales milestone event (each event, a "**Commercial Milestone Event**" and each payment, a "**Commercial Milestone Payment**"). For clarity: (a) if multiple Commercial Milestone Events are achieved in the same Calendar Year, then the Commercial Milestone Payments for all such Commercial Milestone Events shall be payable with respect to such Calendar Year; and (b) each of the Commercial Milestone Payments applicable to the COM503 Financial Product shall be payable only once with respect to the COM503 Financial Product, and each of the Commercial Milestone Payments applicable to the Second Financial Product shall be payable only once with respect to the Second Financial Product. If Gilead or its Affiliates or Sublicensees achieve all of the Commercial Milestone Events with respect to all applicable Financial Products, then the Commercial Milestone Payments payable by Gilead under this Section 9.5 (Commercial Milestone Payments) will not exceed (i) [**] with respect to the COM503 Financial Product, and (ii) [**] with respect to the Second Financial Product.

Commercial Milestones		
Number	**Commercial Milestone Events**	**Commercial Milestone Payments**
1	Annual Net Sales for the COM503 Financial Product first exceed [**]	[**]
2	Annual Net Sales for the COM503 Financial Product first exceed [**]	[**]
3	Annual Net Sales for the COM503 Financial Product first exceed [**]	[**]
4	Annual Net Sales for the Second Financial Product first exceed [**]	[**]
5	Annual Net Sales for the Second Financial Product first exceed [**]	[**]
6	Annual Net Sales for the Second Financial Product first exceed [**]	[**]

9.6. **Additional Milestone Payment Terms**.

(a) As used in Section 9.3 (Development Milestone Payments) or Section 9.4 (Regulatory Milestone Payments) above, (i) "[*]" means, [**], and (ii) "[**]" means, [**].

(b) If, upon the achievement of a Development Milestone Event described in Section 9.3 (Development Milestone Payments) for a given Financial Product [**], the achievement of an earlier Development Milestone Event described in Section 9.3 (Development Milestone Payments) other than Development Milestone Event #1 ([**]) for the corresponding Financial Product [**] has not occurred, such unachieved Development Milestone Event shall be deemed achieved upon achievement of the later Development Milestone Event for such Financial Product [**]. For illustration purposes only, if, upon achievement of Development Milestone Event number 4, Development Milestone Event number 2 (with respect to [**]) has not occurred, such Development Milestone Event number 2 shall be deemed achieved upon achievement of such Development Milestone Event number 4.

(c) If, upon the achievement of any Regulatory Milestone Event described in Section 9.4 (Regulatory Milestone Payments) for a given Financial Product [**], the achievement of the Development Milestone Event described in Section 9.3 (Development Milestone Payments) with respect to [**] has not occurred, such unachieved Development Milestone Event shall be deemed achieved upon achievement of such Regulatory Milestone Event. For illustration purposes only, if, upon achievement of Regulatory Milestone Event number 1, number 3 or number 5 (with respect to [**]), Development Milestone Event number 4 (with respect to [**]) has not occurred, such Development Milestone Event shall be deemed achieved upon achievement of such Regulatory Milestone Event.

9.7. **Royalties on Net Sales**.

(a) **Royalty Rate**. Subject to the terms and conditions of this Section 9.7 (Royalties on Net Sales), Gilead shall pay to CGEN, on a Financial Product-by-Financial Product basis, and on a country-by-country basis in the Territory, royalties on Annual Net Sales for each such Financial Product for each Calendar Year during the applicable Royalty Term calculated at the applicable royalty rates set forth below:

Royalties	
Portion of the Annual Net Sales for the Applicable Financial Product	**Royalty Rate**
On the portion of Annual Net Sales for the applicable Financial Product up to (including) [**]	[**]
On the portion of Annual Net Sales for the applicable Financial Product greater than [**] and up to (including) [**]	[**]
On the portion of Annual Net Sales for the applicable Financial Product greater than [**]	[**]

(b) **Expiration of the Royalty Term**. Upon expiration of the Royalty Term for a given Financial Product in a given country (i) no further royalties will be payable in respect of sales of such Financial Product in such country and no further Net Sales in such country will accrue toward the achievement of the Commercial Milestone Events by Gilead, and (ii) the IL-18 License with respect to the Exploitation of such Financial Product in such country will automatically become fully paid-up, perpetual, irrevocable and royalty free. For clarity, only a single royalty will be payable as a result of one or more Valid Claims claiming a Financial Product during the Royalty Term.

(c) **Royalty Reductions**.

(i) **Lack of Valid Claims**. On a Financial Product-by-Financial Product and country-by-country basis, if the Financial Product is not Covered by a Financial Patent in a given country, then the royalties payable with respect to such IL-18 Product in such country pursuant to Section 9.7(a) (Royalty Rate) will be reduced by [**].

(ii) **Biosimilar Product Market Effect**. On a country-by-country and Financial Product-by-Financial Product basis following the first Calendar Quarter in which a first commercial sale of one or more Biosimilar Products with respect to a Financial Product occurs in a country during the Royalty Term (such first Calendar Quarter, the "**Biosimilar Launch Quarter**"), the royalty amounts payable with respect to Annual Net Sales of such Financial Product shall be reduced by [**]. If the Net Sales of such Financial Product in any subsequent Calendar Quarter decline by [**] or more relative to the average Net Sales of such Financial Product occurring during the four consecutive Calendar Quarters immediately preceding the Biosimilar Launch Quarter ("**Percentage Decline**"), then, starting from such Calendar Quarter, the royalty amounts payable with respect to Annual Net Sales of such Financial Products shall be reduced by [**], unless and until the Net Sales of such Financial Product increase above such Percentage Decline.

(iii) **Drug Pricing Programs**. If a Financial Product is selected by the Centers for Medicare and Medicaid Services for inclusion in the Medicare Maximum Fair Price Program pursuant to 42 U.S.C. §1320f *et seq*. and any implementing regulations or guidance promulgated thereunder ("**IRA**") or similar drug pricing programs wherein Regulatory Authorities establish prescription drug prices, then the royalties payable by Gilead to CGEN pursuant to Section 9.7(a) (Royalty Rate) shall be reduced, on a Financial Product-by-Financial Product basis, by [**]. For purposes of this Section 9.7(c)(iii), "[**]" of a Financial Product is [**].

(iv) **Third Party IP Payments**. Gilead and its Sublicensees shall have the right to deduct from any royalties payable by Gilead to CGEN with respect to Net Sales of a Financial Product pursuant to Section 9.7(a) (Royalty Rate) up to [**] of any royalties paid by Gilead or its Affiliates to a Third Party in consideration for a license or other right to practice such Third Party's Patents or other Intellectual Property Rights, that, in Gilead's reasonable judgment is necessary or useful for the Exploitation of the IL-18 Molecule in such Financial Product (such amounts paid by Gilead or its Affiliates to a Third Party, "**Third Party IP Payments**"). For clarity, if any Third Party IP Payments are payable partially on the basis of a Financial Product hereunder and partially on the basis of one or more other products owned or controlled by Gilead, then the amount of offset under this Section 9.7(c)(iv) (Third Party IP Payments) shall be limited to a reasonable allocation of Third Party IP Payments attributable to Net Sales of Financial Products.

(d) **Royalty Floor**. In no event shall the royalty reductions available to Gilead under Section 9.7(c) (Royalty Reduction), collectively or individually, reduce the royalties payable to CGEN for a given Calendar Quarter to less than [**] of the amount otherwise payable under Section 9.7 (Royalties on Net Sales) with respect to an applicable Financial Product. Gilead may carry forward any such reductions permitted under Section 9.7(c) (Royalty Reduction) that are incurred or accrued in a Calendar Quarter but are not applied against payments due to CGEN in such Calendar Quarter as a result of the foregoing floor and apply such amounts against payments due to CGEN in any subsequent Calendar Quarter (subject to the minimum floor set forth in this Section 9.7(d) (Royalty Floor)) until the amount of such reduction has been fully applied against payments due to CGEN.

(e) [**]. If any Third Party obtains a [**] in any country and the granted [**], then CGEN shall receive [**] of the [**] pursuant to such [**]. For clarity, Net Sales made by or on behalf of Gilead, its Affiliates, and any Sublicensees other than the [**] shall continue to bear royalties at the rates set forth in Section 9.7(a) (Royalty Rate), subject to any eligible reductions in Section 9.7(c) (Royalty Reductions).

9.8. **CGEN Third Party Payments**.

(a) Subject to 9.8(b) (CGEN Third Party Payments), CGEN shall be solely responsible for all costs and payments of any kind (including all upfront fees, annual payments, milestone payments and royalty payments) arising under any agreements between CGEN (or any of its Affiliates) and any Third Party, including under any Upstream License Agreement.

(b) On a Financial Product-by-Financial Product basis (as determined in accordance with Section 10.5 (Distinguishing Financial Products)), Gilead shall reimburse CGEN for any [**] that are incurred and paid by CGEN as a result of the Exploitation of any [**] under this Agreement.

10. **PAYMENTS; REPORTS; RECORDS; AUDITS**.

10.1. **Reimbursable Costs.** Within [**] after the end of each Calendar Quarter during the Term, CGEN shall submit an invoice to Gilead detailing the FTE Costs and Out-of-Pocket Costs incurred by CGEN during such Calendar Quarter that are reimbursable under this Agreement and as further set forth in the remainder of this Section 10.1 (Reimbursable Costs). Gilead shall pay CGEN within [**] following receipt of the applicable invoice.

(a) Manufacturing Technology Transfer. CGEN is responsible for the first one [**] FTE hours in FTE Costs incurred by CGEN in performing the Manufacturing Technology Transfer. Thereafter Gilead shall reimburse CGEN for all additional FTE Costs incurred by CGEN to conduct the Manufacturing Technology Transfer. CGEN is responsible for the first [**] in Out-of-Pocket Costs incurred by or on behalf of CGEN in performing the Manufacturing Technology Transfer. Thereafter, Gilead shall reimburse CGEN for all additional Out-of-Pocket Costs incurred by CGEN to conduct the Manufacturing Technology Transfer.

(b) Technology Transfer. CGEN is responsible for the first [**] FTE hours in FTE Costs incurred by CGEN in performing its obligations under Section 3.5 (Technology Transfer). Thereafter Gilead shall reimburse CGEN for all additional FTE Costs incurred by CGEN to perform such obligations. CGEN is responsible for the first [**] in Out-of-Pocket Costs incurred by or on behalf of CGEN in performing its obligations under Section 3.5 (Technology Transfer). Thereafter, Gilead shall reimburse CGEN for all additional Out-of-Pocket Costs incurred by CGEN to perform such obligations.

(c) All Other FTE Costs. CGEN is responsible for the first [**] FTE hours in FTE Costs incurred by CGEN in performing the its obligations under all of (i) Section 2.8(b) (IL-18 Data Package) (for clarity, excluding work in connection with a Deficiency Notice), (ii) Section 2.8(e) (CGEN Support), (iii) Section 2.8(f)(ii) (Assignment or Assistance), (iv) Section 2.8(f)(iii) (Coordination and Costs), and (v) Section 6.1(b) (After the Development Term) (in the aggregate, "**All Other FTE Cost Obligations**"). After CGEN has performed [**] FTE hours cumulatively for All Other FTE Cost Obligations, Gilead shall reimburse CGEN for all additional FTE Costs incurred by CGEN to conduct All Other FTE Cost Obligations.

(d) All Other Out-of-Pocket Costs. CGEN is responsible for the first [**] in Out-of-Pocket Costs incurred by or on behalf of CGEN in performing All Other FTE Cost Obligations. Thereafter, Gilead shall reimburse CGEN for all additional Out-of-Pocket Costs incurred by CGEN to conduct All Other FTE Cost Obligations.

(e) Early Development Program Transfer Costs. In the event that Gilead provides CGEN with a Development Program Transfer Notice pursuant to Section 2.8(c)(i) (Early Transfer), Gilead shall (1) pay CGEN [**] of the COM503 Transfer Price for [**]; and (2) pay or reimburse, as applicable, CGEN for (A) any reasonable and documented non-cancellable costs and obligations incurred by CGEN to any of its Permitted Subcontractors in connection with CGEN's responsibilities pursuant to the Development Program other than for the supply of COM503 hereunder; and (B) any non-cancellable Out-of-Pocket Costs incurred by CGEN in connection with the Development Plan, up to a maximum of [**].

10.2. **Manufacturing Costs**. If any COM503 is supplied to Gilead by CGEN prior to execution of the Clinical Supply Agreement, as further described in Section 8.1(a) (Clinical Supply) (during the Clinical Supply Term), then CGEN will invoice Gilead for such COM503 at the COM503 Transfer Price and Gilead will pay CGEN the full undisputed amount of each such invoice within [**] after its receipt.

10.3. [**]. If any [**] incurred by CGEN are reimbursable by Gilead pursuant to Section 9.8(b) (CGEN Third Party Payments), then CGEN will invoice Gilead for such [**] and Gilead will pay CGEN the full undisputed amount of each such invoice [**] after its receipt.

10.4. **Royalty Payments**.

(a) During the Term, for each Calendar Quarter following the First Commercial Sale of an IL-18 Product in the Territory, Gilead shall furnish to CGEN:

(i) a quarterly written report for the Calendar Quarter showing, on a country-by-country and Financial Product-by-Financial Product basis, (1) the gross sales of all Financial Products subject to royalty payments sold by Gilead and its Related Parties in the Territory during the reporting period, (2) a calculation of Net Sales showing the deductions provided for in the definition of "Net Sales", (3) a calculation of the royalties payable under this Agreement; and (4) solely for the purposes of permitting CGEN to comply with its obligations under the [**], a calculation of net sales showing the deductions permitted under the [**], which are set forth on **Schedule 10.4(a)(i)**, solely to the extent that such calculation can be performed by Gilead under its standard internal processes for calculating net sales, or, if Gilead cannot perform such calculation under its standard internal processes, then Gilead shall use Commercially Reasonable Efforts to provide CGEN with the information identified by CGEN as necessary for CGEN to make such calculation (at CGEN's request and expense); and

(ii) a quarterly written report for the Calendar Quarter showing, on a country-by-country basis, Gilead's royalties payable to Third Parties on Net Sales made during such Calendar Quarter and any royalty adjustments taken by Gilead pursuant to Section 9.7(c) (Royalty Reduction), with such detail as shall reasonably allow CGEN to determine the basis for such quarterly costs.

(b) Reports under this Section 10.4 (Royalty Payments) shall be due within [**] following [**].

(c) Royalties shown to have accrued by each report shall, unless otherwise specified under this Agreement, be due and payable [**] after the date such report is due.

10.5. **Distinguishing Financial Products**. A Financial Product shall be distinct from another Financial Product for purposes of Milestone Payments, royalties, and [**] if a separate and distinct IND application or BLA or NDA, or their non-US equivalents, is required by a Regulatory Authority to be filed for each such Financial Product to clinically Develop in humans and obtain approval to Commercialize each such Financial Product.

10.6. **Payment Exchange Rate**. All payments to be made by Gilead to CGEN under this Agreement shall be made in US Dollars by bank wire transfer in immediately available funds to a bank account designated in writing by CGEN, unless otherwise specified in writing by CGEN. With respect to sales of a Financial Product that are invoiced in a currency other than US Dollars, such amounts and amounts payable will be converted to US Dollars using the exchange rate mechanism generally applied by Gilead or its Affiliates in preparing its financial statements for the applicable Calendar Quarter in which the applicable sales were made.

10.7. **Taxes**.

(a) Each Party shall be solely responsible for the payment of all taxes, fees, duties, levies or similar amounts imposed on its share of income arising directly or indirectly from the activities of the Parties under this Agreement. The amounts payable by one Party to the other Party pursuant to this Agreement shall not be reduced on account of any taxes unless required by Applicable Laws and Regulations. To the extent that a Party is required by Applicable Laws and Regulations to deduct and withhold taxes on any payment to the other Party, such party shall pay the amounts of such taxes to the proper governmental authority in a timely manner, shall provide the other Party the proper certificates of withholding, and in such case, such Party's remittance of such withheld taxes, together with payment to the other Party of the remaining payment, will constitute such Party's full satisfaction of payments due under this Agreement. The Parties agree to cooperate with one another and use reasonable efforts to mitigate tax withholding (including a reduction of rate of, or the elimination of, or recovery of, applicable withholding tax under any applicable tax treaty) or similar obligations in respect of the payments made under this Agreement, as permitted by Applicable Laws and Regulations. If a Party (in this Section 10.7(a), the "**Paying Party**") withholds any taxes from payments while the other Party (in this Section 10.7(a), the "**Payee Party**") is entitled under any applicable tax treaty to a reduction of rate of, or the elimination of, applicable withholding tax, the Paying Party shall cooperate with the Payee Party with respect to any documentation or information required by the appropriate governmental authority or reasonably requested by the Payee Party to secure a reduction of the rate of, or the elimination of, the applicable taxes withheld. Further, if the Paying Party withholds any taxes from payments while the Payee Party wishes to protest the applicability of such withholding taxes to such payments, then: (1) the Payee Party may unilaterally approach the tax authorities in order to mitigate tax withholding as aforesaid after providing the Paying Party with prior written notice thereof; and (2) the Paying Party shall cooperate and use reasonable efforts to assist the Payee Party to recover (whether by refund or credit) such withheld taxes, including by providing any documentation or information required by the appropriate governmental authority or reasonably requested by the Payee Party to obtain such recovery. Any withholding taxes recovered will be for the sole benefit of the Payee Party. Notwithstanding anything to the contrary herein, either Party shall be entitled to present this Agreement to the tax authorities in connection with the efforts to mitigate tax withholding, and such disclosure shall not be deemed breach of such Party's confidentiality obligations pursuant to this Agreement. Each Party shall provide reasonable notice to the other Party prior to withholding any amount from such payments to allow the other Party to claim a reduction of otherwise applicable withholding taxes. Notwithstanding the foregoing, if Gilead assigns its rights and obligations hereunder to an Affiliate or Third Party in compliance with Section 18.3(a) (Assignment; Change of Control) and if such Affiliate or Third Party shall be required by Applicable Laws and Regulations to withhold any additional taxes from or in respect of any amount payable under this Agreement as a result of such assignment, then any such amount payable under this Agreement shall be increased to take into account the additional taxes withheld as may be necessary so that, after making all required withholdings, CGEN receives an amount equal to the sum it would have received had no such assignment been made.

(b) All payments under this Agreement are stated exclusive of indirect taxes (VAT, GST, sales tax and similar, collectively referred to as "**VAT**") and statutory VAT is to be added, if applicable. The invoicing party is obliged to issue an invoice for all payable amounts under this Agreement in accordance with applicable VAT law. The invoicing party shall comply with any additional reasonable requests of invoiced party in relation to such invoices. Invoiced Party shall pay such VAT following the receipt of a VAT invoice. The Parties shall cooperate in any way reasonably requested, to obtain available reductions, credits or refunds of any VAT amount under this Agreement, if applicable.

10.8. **Records**.

(a) **Gilead Financial Records**. During the Term and for a period of [**] after expiration or termination of this Agreement, or such longer period as required by Applicable Laws and Regulations, Gilead shall, and shall cause its Related Parties to, keep complete and accurate records in reasonable detail to allow CGEN to determine the basis for any amounts payable to CGEN under this Article 10 (Payments; Reports; Records; Audits).

(b) **CGEN Financial Records**. During the Term and for a period of [**] after expiration or termination of this Agreement, or such longer period as required by Applicable Laws and Regulations, CGEN shall, and shall cause its Affiliates to, keep complete and accurate records in sufficient detail to allow Gilead to determine the basis for the amounts payable to CGEN under this Agreement, including (i) Section 10.1 (Reimbursable Costs), (ii) Section 10.2 (Manufacturing Costs), including for the Manufacture of COM503 during the Clinical Supply Term, (iii) Section 10.3 ([**]), (iv) the Clinical Supply Agreement, or (v) Section 2.8(f)(iii) (Coordination and Costs).

10.9. **Audit Rights**. Upon the written request of a Party ("**Requesting Party**") with reasonable advance notice and not more than [**] in each [**] (except for cause), the other Party ("**Audited Party**") shall permit an Approved Auditor, at the Requesting Party's own expense, to have access during normal business hours to such of the records as may be reasonably necessary to verify the relevant records required to be maintained by the Audited Party pursuant to Section 10.8 (Records) or that the correct amounts were paid by or to the Requesting Party under this Agreement as a result during any Calendar Year ending not more than [**] prior to the date of such request; *provided*, that records for a particular period may only be audited [**]. The Approved Auditor shall disclose to the Requesting Party only whether the reports are correct or incorrect and the specific details concerning any discrepancies. No other information shall be provided to Requesting Party in connection with this audit right. This right to audit shall remain in effect during the Term and for a period of [**] after expiration or termination of this Agreement. If such Approved Auditor identifies a discrepancy with respect to amounts owed by the Audited Party to the Requesting Party under this Agreement, the Audited Party shall pay the Requesting Party the amount of such discrepancy within [**] after the date Requesting Party delivers to the Audited Party such Approved Auditor written report so concluding, or as otherwise agreed upon by the Parties in writing. The fees charged by such Approved Auditor shall be paid by Requesting Party unless the underpayment by the Audited Party exceeded [**] of the amount owed for such Calendar Year, in which case the Audited Party shall pay to Requesting Party the reasonable fees charged by such Approved Auditor.

10.10. **Confidentiality**. Each Party shall treat all information of the other Party subject to review under this Article 10 (Payments; Reports; Records; Audits) in accordance with the confidentiality and non-use provisions of this Agreement, and shall cause its Approved Auditor to enter into an acceptable confidentiality agreement with the Audited Party and any applicable Related Parties, obligating it or them to retain all such information in confidence pursuant to such confidentiality agreement.

11. CONFIDENTIALITY; PUBLICATION.

11.1. Nondisclosure Obligation.

(a) **Definition and Restrictions**. All Confidential Information disclosed by or on behalf of one Party or any of its Affiliates (the "**Disclosing Party**") to the other Party or any of its Affiliates (the "**Receiving Party**") at any time, including before the Effective Date (to the extent related to the subject matter of this Agreement, including pursuant to the Existing CDA), shall: (1) be maintained in confidence by the Receiving Party, using no less than the efforts that Receiving Party uses to maintain in confidence its own confidential or proprietary information of similar kind and value, but in any case no less than reasonable care, and (2) not be disclosed by the Receiving Party to any Third Party or used by the Receiving Party for any purpose except as set forth herein or in connection with the exercise of such Party's rights and performance of its obligations under this Agreement without the prior written consent of the Disclosing Party, in each case ((1) and (2)), during the Term and for a period of [**] thereafter. In addition, CGEN will keep confidential, and will cause its Affiliates and its and their employees, consultants, licensees, Permitted Subcontractors, and professional advisors to keep confidential under customary obligations of confidentiality consistent with standards in the industry, the Know-How comprising IL-18 IP and Jointly Owned Foreground IP, in each case to the extent specifically related to the IL-18 Molecules or IL-18 Products on confidentiality terms at least as protective as the confidentiality provisions of this Agreement. The following shall not be Confidential Information for purposes of this Agreement:

(i) information that is known by the Receiving Party at the time of its receipt without any obligation to keep it confidential or restriction on its use, and not through a prior disclosure by the Disclosing Party, as documented by the Receiving Party's written records;

(ii) information that is or becomes part of the public domain through no wrongful act or breach of this Agreement on the part of the Receiving Party;

(iii) information that is subsequently disclosed to the Receiving Party by a Third Party who may lawfully do so and is not under an obligation of confidentiality or any restriction on use with respect to such information; and

(iv) information that is developed by the Receiving Party without any reference to, reliance upon or use of Confidential Information received from the Disclosing Party, as documented by the Receiving Party's written records.

(b) **Combinations**. Any combination of features or disclosures shall not be deemed to fall within the exclusions set forth in Section 11.1(a) (Definition and Restrictions) merely because individual features are published or available to the general public or in the rightful possession of the Receiving Party unless the combination itself and principle of operation are published or available to the general public or in the rightful possession of the Receiving Party.

(c) **Permitted Disclosures**. Notwithstanding the restrictions set forth in Section 11.1(a) (Definition and Restrictions), the Receiving Party may disclose Confidential Information of the other Party (including the existence and terms of this Agreement):

(i) to any Governmental Entity in order to obtain Patents or to gain or maintain approval to conduct Clinical Trials or to market IL-18 Products; *provided*, that such disclosure is only to the extent reasonably necessary to obtain such Patents or authorizations and reasonable steps are taken to ensure confidential treatment of such Confidential Information to the extent available. For any such disclosure that may be subject to a public disclosure law or regulation, such as the Freedom of Information Act (FOIA) or EU Clinical Trial Regulation, Gilead shall have the obligations as the publishing Party and CGEN shall have the rights as the reviewing Party according to the procedure set forth under Section 11.2 (Publication) for review of such disclosure; or

(ii) subject to Section 11.1(d) (Securities Filings; Disclosures under Applicable Law), to the extent required in the reasonable opinion of such Party's legal counsel, in connection with complying with Applicable Laws and Regulations (including the rules and regulations promulgated by the United States Securities and Exchange Commission or any other national securities exchange in any jurisdiction in the Territory (each, a "**Securities Regulator**"));

(iii) to the extent the Receiving Party deems such disclosure necessary to be disclosed (1) to its Related Parties, or its or their respective employees, agents, representatives, consultants and Permitted Subcontractors ("**Representatives**") on a need-to-know basis for the Development, Manufacture or Commercialization of IL-18 Molecules and IL-18 Products, (2) its attorneys, accountants and advisors, (3) in connection with a prospective or actual licensing transaction or other business agreement or contractual obligation related to IL-18 Molecules and IL-18 Products, (4) to existing or *bona fide* prospective acquirers, merger partners, lenders or investors of the Receiving Party ("**Potential Partners**") in connection with transactions or *bona fide* prospective transactions with the foregoing, including loans, financings or investments, acquisitions, mergers, consolidations, sale of assets or similar transactions (or for such entities to determine their interest in performing such activities or to determine their rights and obligations as a result of completing such transactions) or (5) in order to perform its obligations or exercise its rights under this Agreement, in each case on the condition that any Third Parties, other than Regulatory Authorities, to whom such disclosures are made agree to be bound in writing or otherwise legally bound by confidentiality and non-use obligations substantially similar to those contained in this Agreement; *provided*, that the term of confidentiality and non-use applicable to such Third Parties shall be no less than [**] (but of shorter duration if customary given the nature of such Person (i.e., investors, lenders and banking institutions)) from the date of disclosure to them; *provided further*, that with respect to Confidential Information of a Party that constitutes a trade secret, such confidentiality and non-use obligations shall apply for so long as such information constitutes a trade secret under Applicable Laws and Regulations. Notwithstanding the foregoing, each Receiving Party shall remain responsible and liable to the Disclosing Party for any breach by any of its Representatives or Potential Partners; or

(iv) if a Party is required by a valid judicial or administrative order to disclose Confidential Information of the other Party that is subject to the non-disclosure provisions of this Section 11.1 (Nondisclosure Obligation), in which case, such Party shall provide prompt, and to the extent legally permissible, prior written notice to the other Party of the disclosure that is being sought in order to provide the other Party an opportunity to challenge or limit the disclosure obligations. Confidential Information that is disclosed pursuant to valid judicial or administrative order shall remain otherwise subject to the confidentiality and non-use provisions of this Section 11.1 (Nondisclosure Obligation), and the Party disclosing Confidential Information pursuant to a valid order shall take all steps reasonably necessary, including obtaining an order of confidentiality, to ensure the continued confidential treatment of such Confidential Information.

(d) **Securities Filings; Disclosure under Applicable Law**. Each Party acknowledges and agrees that the other Party may submit this Agreement to, or file this Agreement with, the Securities Regulators or to other Persons as may be required by Applicable Laws and Regulations, and if a Party submits this Agreement to, or files this Agreement with, any Securities Regulator or other Person as may be required by Applicable Laws and Regulations, such Party agrees to consult with the other Party with respect to the preparation and submission of a confidential treatment request for this Agreement or other manner to redact specific information from the form of this Agreement to be filed with such Securities Regulator. Notwithstanding the foregoing, if a Party is required by any Securities Regulator or other Person as may be required by Applicable Laws and Regulations to make a disclosure of the terms of this Agreement in a filing or other submission as required by such Securities Regulator or such other Person, then such Party shall use Commercially Reasonable Efforts to: (i) provide copies of the disclosure to the other Party reasonably in advance under the circumstances of such filing or other disclosure; (ii) promptly notify the other Party in writing of such requirement and any respective timing constraints; and (iii) give the other Party reasonable time under the circumstances from the date of provision of copies of such disclosure to comment upon and request confidential treatment for such disclosure, then such Party will have the right to make such disclosure at the time and in the manner reasonably determined by its counsel to be required by the Securities Regulator or the other Person. Notwithstanding the foregoing, if a Party seeks to make a disclosure as required by a Securities Regulator or other Person as may be required by Applicable Law and Regulations as set forth in this Section 11.1(d) (Securities Filings; Disclosure under Applicable Law) and the other Party provides comments in accordance with this Section 11.1(d) (Securities Filings; Disclosure under Applicable Law), the Party seeking to make such disclosure or its counsel, as the case may be, will reasonably consider the incorporation of such other Party's reasonable comments to the extent compliant with the Applicable Laws and Regulations applying to the disclosing Party governing disclosure of material agreements and material information that must be publicly filed.

(e) **Obligations Upon Termination**. Upon the earlier of termination or expiration of the Agreement (or in the case of Confidential Information received pursuant to an Upstream License Agreement, upon the expiration or earlier termination of such agreement), except to the extent the Receiving Party is otherwise required by Applicable Laws and Regulations to retain certain information, the Receiving Party shall, and shall promptly require all of its Representatives and Potential Partners, to securely return to the Disclosing Party or securely dispose of all Confidential Information of the Disclosing Party (at the Disclosing Party's election), whether such Confidential Information is in written, electronic or other form of media and, within [**] following Disclosing Party's written request, Receiving Party shall certify in writing the secure disposal of all such Confidential Information. Receiving Party shall not be required to return or securely dispose of the Disclosing Party's Confidential Information stored on backup media, disaster recovery, or business continuity systems in the ordinary course of Receiving Party's business, provided that Receiving Party will continue to protect such Confidential Information in accordance with the terms of this Agreement. Notwithstanding the foregoing, the Receiving Party may retain: (i) Confidential Information of the Disclosing Party to exercise rights and licenses which expressly survive such termination or expiration pursuant to this Agreement and (ii) solely for the purpose of determining the scope of its obligations under this Agreement, one (1) copy of Confidential Information received hereunder, and any such retained copies shall continue to be subject to the confidentiality and non-use obligations in accordance with this Agreement.

11.2. **Publication**. Except as covered by Section 11.1(d) (Securities Filings; Disclosure under Applicable Law), any proposed public disclosure (whether written, electronic, oral or otherwise) by CGEN or any of its Affiliates related to activities under this Agreement or the IL-18 Molecules or the IL-18 Products will require the prior written consent of Gilead, and Gilead or any of its Affiliates will have the right, without any required consents from CGEN, to publish, publicly present or otherwise publicly disclose any paper, publication, oral presentation, abstract, poster, manuscript or other presentation relating to any activity or other matter under this Agreement, including the results of any Clinical Trial, or other activities under this Agreement. In such case, Gilead will provide CGEN with, (a) a copy of any proposed written publication at least [**] ([**] for an abstract) prior to submission for publication; and (b) a copy of the graphics and written outline of material to be presented for the proposed oral disclosure (to the extent not included in the graphics) at least [**] prior to submission. At CGEN's request, Gilead will remove any Confidential Information of CGEN from the proposed publication and reasonably delay submission for publication for a period of [**] in order to enable CGEN to seek patent protection of CGEN's patentable information disclosed therein, and request to remove any CGEN Confidential Information.

11.3. **Publicity; Use of Names**.

(a) **Press Releases**. On such date and time as may be agreed by the Parties immediately after the Effective Date, the Parties shall issue a joint press release announcing the execution of this Agreement in the form attached hereto as **Schedule 11.3(a)** (Press Release). A Party may issue any subsequent press release relating to this Agreement or activities conducted hereunder (i) pursuant to Section 11.1(d) (Securities Filings; Disclosure under Applicable Law) or (ii) otherwise only with the prior written approval of the other Party.

(b) **No Other Use of Company Names**. Neither Party shall use the name, Trademark, trade name or logo of the other Party, its Affiliates or its or their employees in any publicity or news release relating to this Agreement or its subject matter without the prior express written permission of the other Party.

(c) **Approved Press Releases**. In addition and notwithstanding anything to the contrary herein, (i) if the relevant information of a proposed press release has already previously been reviewed and approved for disclosure by the other Party then such text may be disclosed or republished in such proposed press release *provided*, that the information in such press release remains true, correct and the most current information with respect to the subject matters set forth therein and, where practicable, the Party issuing such press release provides notice to the other Party of such press release at least [**] prior to the issuance of such press release, and (ii) if the relevant information of a proposed public announcement such as a corporate presentation or comments to analysts or investors has already previously been reviewed and approved for disclosure by the other Party (whether in the form of an approved press release or prior approved presentation materials, Q&A script or the like) then such information may be included in such proposed public announcement (but not a press release) without resubmission and review by the other Party so long as the information in such materials remains true, correct and the most current information with respect to the subject matters set forth therein.

12. **COMPLIANCE.**

12.1. **General**. Each Party shall comply with the terms of this Agreement and all Applicable Laws and Regulations relating to activities performed or to be performed by such Party (or its Affiliates or Sublicensee(s)) under or in relation to the Development, Manufacturing, Commercialization, or other Exploitation of IL-18 Molecules and IL-18 Products pursuant to this Agreement (each such Party, a "**Subject Party**").

12.2. **Covenants, Representations and Warranties for Compliance with Laws**. Without limiting the generality of Section 12.1 (General), each Subject Party agrees, on behalf of itself, its Affiliates, and its and their officers, directors, employees, agents, representatives, consultants, and Permitted Subcontractors (together with such Party, the "**Obligants**") that, for the performance of its obligations hereunder:

(a) **Anticorruption Laws**.

(i) Its Obligants shall not directly or indirectly pay, offer or promise to pay, or authorize the payment of any money, or give, offer or promise to give, or authorize the giving of anything else of value in violation of applicable Anti-Corruption Laws, to: (1) any Government Official in order to improperly influence official action; (2) any individual (whether or not a Government Official) (x) to improperly influence such individual to act in breach of a duty of good faith, impartiality or trust ("**Acting Improperly**"), (y) to improperly reward such individual for Acting Improperly, or (z) where it is known that such individual would be Acting Improperly by receiving the money or other thing of value; (3) any other Person while knowing or having reason to know that all or any portion of the money or other thing of value shall be paid, offered, promised or given to, or shall otherwise benefit, a Government Official in order to improperly influence official action for or against either Party in connection with the matters that are the subject of this Agreement; or (4) any Person to improperly reward that Person for Acting Improperly or to improperly induce that Person to Act Improperly.

(ii) Its Obligants shall not, directly or indirectly, solicit, receive or agree to accept any payment of money or anything else of value in violation of the applicable Anti-Corruption Laws.

(iii) The Subject Party and its Obligants shall comply with the applicable Anti-Corruption Laws and shall not take or perform any action that is a violation of any such Anti-Corruption Laws or cause either Party (or its Affiliates) to be in violation of any such Anti-Corruption Laws. In furtherance of the foregoing, each acknowledges and confirms the following:

(1) Each Subject Party has implemented policies, procedures and internal controls reasonably designed to promote compliance with applicable Anti-Corruption Laws.

(2) To the best of the Subject Party's and its Affiliates' knowledge upon reasonable inquiry, none of its Obligants that will participate in or support the Subject Party's performance of its obligations hereunder has, directly or indirectly, (x) paid, offered or promised to pay, or authorized the payment of any money; (y) given, offered or promised to give, or authorized the giving of anything else of value; or (z) solicited, received or agreed to accept any payment of money or anything else of value, in each case ((x), (y) and (z)), in violation of the Anti-Corruption Laws during the [**] preceding the Effective Date in relation to the obligations under this Agreement or the Intellectual Property Rights, technology, contracts, materials, or licenses or other assets that are the subject of this Agreement.

(3) To the best of each Subject Party's and its Affiliates' knowledge upon reasonable inquiry, none of its Intellectual Property Rights, technology, contracts, materials, or licenses or other assets that are the subject of this Agreement were procured in violation of any Anti-Corruption Laws.

(4) The Subject Party, on behalf of itself and its Obligants, represents and warrants to the other Party that all information provided by the Subject Party and its Obligants to the other Party in any anti-bribery and corruption due diligence checklist, similar due diligence process performed by the other Party or its Affiliates or inquiry by the other Party related to the Subject Party's or its Obligants compliance with Anti-Corruption Laws is true, complete and correct in all material respects at the date it was provided and that any material changes in circumstances relevant to the answers provided in such exercise shall be promptly disclosed to the other Party.

(5) The Subject Party shall promptly provide the other Party with written notice of any of the following events: (i) upon becoming aware of any actual or alleged breach or violation by the Subject Party or any of its Obligant of any representation, warranty or undertaking set forth in this Section 12.2 (Covenants, Representations and Warranties For Compliance with Laws); (ii) upon receiving a notification that it is the target or subject of an investigation, formal or informal inquiry or enforcement proceedings by a government authority for violation of any Anti-Corruption Laws in relation to the obligations under this Agreement or the Intellectual Property Rights, technology, contracts, materials, or licenses or other assets that are the subject of this Agreement; (iii) upon receiving any notice, request, subpoena or citation from a government authority for any violation of any Anti-Corruption Law in relation to the obligations under this Agreement or the Intellectual Property Rights, technology, contracts, materials, or licenses or other assets that are the subject of this Agreement; or (iv) upon receipt of information that any of the Subject Party's Obligants is the target or subject of an investigation, formal or informal enquiry or enforcement proceedings by a government authority for a violation of any Anti-Corruption Law in relation to the obligations under this Agreement or the Intellectual Property Rights, technology, contracts, materials, or licenses or other assets that are the subject of this Agreement.

(6) For the Term and for [**] following the expiration or earlier termination of the Agreement, the Subject Party shall for the purpose of auditing and monitoring the performance of its compliance with this Agreement and particularly this Section 12.2 (Covenants, Representations and Warranties For Compliance with Laws) permit the other Party and its Approved Auditors to have reasonable access, with reasonable advance notice and not more than [**] in each [**] (except for cause), to relevant premises of the Subject Party used in connection with this Agreement, together with a right to reasonably access personnel and records that relate to this Agreement and shall use Commercially Reasonable Efforts to provide reasonable access to relevant premises of the Obligants used in connection with this Agreement, together with a right to reasonably access personnel and records of Obligants that relate to this Agreement ("**Subject Party Audit**"). The Subject Party shall provide or shall use Commercially Reasonable Efforts to procure that its Obligants provide all co-operation as reasonably requested by the other Party for the purposes of the Subject Party Audit, with the understanding that the other Party shall be responsible for all costs and fees of any Subject Party Audit and the other Party shall procure that any auditor enters into a confidentiality agreement consistent with the confidentiality provisions elsewhere in this Agreement in all material respects.

(7) If (A) the other Party becomes aware of, whether or not through a Subject Party Audit, that the Subject Party (or any of its Obligants) is in breach of any representation, warranty or undertaking in Section 12.1 (General) or of the Anti-Corruption Laws; or (B) the other Party receives notification that a suspected or actual violation of an Anti-Corruption Law has occurred by the Subject Party or any of its Obligants, in each case of (A)-(B), the other Party shall have the right, in addition to any other rights or remedies under this Agreement or to which the other Party may be entitled in law or equity, to take such steps as are reasonably necessary in order to avoid a potential violation or continuing violation by the other Party or any of its Affiliates of the Anti-Corruption Laws, including by requiring that the Subject Party agrees to and uses Commercially Reasonable Efforts to implement curative actions reasonably requested in good faith by the other Party. In the event that the Subject Party is in breach of any representation, warranty or undertaking in Section 12.1 (General) and refuses to use Commercially Reasonable Efforts to implement the curative actions reasonably requested by the other Party in good faith (and *provided*, that the other Party has (x) provided the Subject Party with an explanation in reasonable detail as to why the other Party considers such actions necessary, (y) given the Subject Party a reasonable opportunity to review and comment upon the proposed actions and to provide its view as to the necessity or usefulness of these to address the event concerned, and (z) considered such comments in good faith), the other Party shall be entitled to terminate this Agreement in its entirety with immediate effect (subject to tolling under Section 17.2(b) for any dispute about the existence of such breach to the extent exercised by a Party thereunder). Any termination of this Agreement pursuant to this Section 12.2 (Covenants, Representations and Warranties For Compliance with Laws) shall be treated as a termination for breach by the Subject Party of this Agreement and the consequences of termination shall apply and additionally, subject to the accrued rights of the Parties prior to termination, the other Party shall have no liability to the Subject Party for any fees, reimbursements or other compensation or for any loss, cost, claim or damage resulting, directly or indirectly, from such termination.

(b) **Data Protection Laws**.

(i) From time to time during the Term, either Party may provide the other Party with personal information that falls under the protection of Data Protection Laws ("**Protected Personal Information**"). Each Party agrees to comply with all Data Protection Laws relating to Processing of such Protected Personal Information. The Parties agree to use good-faith efforts to agree upon and implement any security protocols and information handling guidelines that the Parties' legal advisors recommend in connection with each Party's compliance with Data Protection Laws.

(ii) CGEN agrees that it will obtain any and all necessary consents or authorizations to share Protected Personal Information with Gilead and that it otherwise has all necessary rights, permissions, and legal authority to share Protected Personal Information for all purposes arising out of this Agreement.

(c) **Information Security**.

(i) Each Party will comply with Applicable Laws and Regulations in its storage, maintenance, use and dissemination of the other Party's Confidential Information which it receives or to which it obtains access (such Confidential Information "**Secured Information**").

(ii) Each Party will employ commercially reasonable security measures to protect Secured Information in accordance with accepted applicable industry standards and such Party's information security policy as amended from time to time. As necessary, each Party will employ additional security measures to protect Secured Information.

(iii) Each Party will implement administrative, physical and technical safeguards to protect Secured Information that are no less rigorous than accepted industry practices and standards for information security and shall ensure that all such safeguards comply with Applicable Laws and Regulations.

(iv) Each Party will notify the other Party by email immediately, but in no case more than [**] of (1) becoming aware of any act or omission that materially compromises the security, confidentiality, or integrity of the physical, technical, administrative, or organizational safeguards put in place by or on behalf of a Party, that relate to the protection of the security, confidentiality, or integrity of Secured Information or Protected Personal Information, or (2) receipt of a notification in relation to Protected Personal Information or the privacy and data security practices of such Party or any actual or suspected accidental or unlawful destruction, loss, alteration, disclosure of, or access to, Protected Personal Information transmitted, stored or otherwise Processed; (each of (1) and (2) individually and collectively a "**Security Incident**").

(v) Other than as required by Applicable Laws and Regulations or a contractual obligation to a Third Party, each Party agrees that it will not inform any Third Party of an actual or potential Security Incident related to the other Party's Confidential Information (including work product under the Agreement and such other Party's Intellectual Property Rights) without first obtaining such other Party's prior consent.

(d) **Export Control Laws**. Each Party will comply with all Applicable Laws and Regulations relating to (i) economic and trade sanctions and embargoes imposed by the Office of Foreign Assets Control of the U.S. Department of Treasury or (ii) the export or re-export of commodities, technologies or services ("**Export Control Laws**"). Each Party acknowledges and expressly notes its understanding that certain laws of the United States and other countries, including the Export Control Laws, the United States anti-money laundering laws, the United States anti-terrorism laws and the FCPA, and U.S. sanctions programs administered by the Office of Foreign Assets Control ("**OFAC**") and the Bureau of Industry and Security, among others, may result in the imposition of sanctions on the other Party or its Affiliates in the event that, directly or indirectly, products or services are exported to or imported from, or payments are sent to or received from various countries or regions.

(e) **Compliance Event Reporting**. The other Party may disclose the terms of this Agreement or any action taken under this Section 12.2 (Covenants, Representations and Warranties For Compliance with Laws) to prevent a potential violation or continuing violation of applicable Anti-Corruption Laws, Data Protection Laws or Export Control Laws, including the identity of the Subject Party and the payment terms, to any government authority if the other Party determines, upon advice of counsel, that such disclosure is necessary.

13. **Representations and Warranties**.

13.1. **Mutual Representations and Warranties**. Each Party represents and warrants to the other Party that, as of the Effective Date:

(a) such Party is duly organized, validly existing and in good standing under the Applicable Laws and Regulations of the jurisdiction of its formation and has full corporate power and authority to enter into this Agreement and to carry out the provisions hereof or thereof, as applicable;

(b) such Party has taken all necessary action on its part to authorize the execution and delivery of this Agreement and the performance of its obligations hereunder or thereunder, as applicable;

(c) this Agreement has been duly executed and delivered on behalf of such Party, and constitutes a legal, valid, binding obligation, enforceable against it in accordance with the terms hereof;

(d) the execution, delivery and performance of this Agreement by such Party does not conflict with any agreement or any provision thereof, or any instrument or understanding, oral or written, to which it is a party or by which it is bound, nor violate any Applicable Laws and Regulations of any Governmental Entity having jurisdiction over such Party;

(e) no government authorization, consent, approval, license, exemption of or filing or registration with any court or governmental department, commission, board, bureau, agency or instrumentality, domestic or foreign, under any Applicable Laws and Regulations currently in effect, is necessary for or in connection with the transaction contemplated by this Agreement or any other agreement or instrument executed in connection herewith, or for the performance by it of its obligations under this Agreement and such other agreements except (i) as may be required to conduct Clinical Trials, (ii) as may be required under applicable Antitrust Laws, or (iii) to seek or obtain Regulatory Approvals or applicable regulatory materials; and

(f) such Party is not debarred under the United States Federal Food, Drug and Cosmetic Act or comparable laws in any other country or jurisdiction, and it does not employ or use the services of any person or entity who is debarred, in connection with the Development, Manufacture or Commercialization of the IL-18 Products.

13.2. **Representations and Warranties of CGEN**. CGEN represents and warrants to Gilead that, as of the Effective Date:

(a) it Controls the right, title and interest in and to the Patents set forth on **Schedule 1.134** (IL-18 Patents) and IL-18 Know-How, and has the right to grant to Gilead the licenses under such IL-18 Patents and IL-18 Know-How and the sublicenses under the Existing Upstream License Agreements that it purports to grant and may grant hereunder and has not granted any Third Party rights under such IL-18 Patents, IL-18 Know-How and Existing Upstream License Agreements that would interfere or be inconsistent with Gilead's rights hereunder;

(b) as of the Effective Date, **Schedule 1.134** (IL-18 Patents) sets forth a complete and accurate list of all IL-18 Patents issued or pending, and all such IL-18 Patents have been prosecuted and maintained by or on behalf of CGEN in good faith and if issued, are in full force and effect and to CGEN's Knowledge, are not invalid or unenforceable. All application, registration, maintenance and renewal fees due as of the Effective Date with respect to all IL-18 Patents set forth on **Schedule 1.134** (IL-18 Patents) have been paid and all necessary documents and certificates have been filed with the relevant patent registries for the purpose of maintaining such IL-18 Patents. Any Patents that claim Third Party IL-18 Inventions are set forth on **Schedule 1.134**. For purposes of this Section 13.2(b), "**Third Party IL-18 Inventions**" means Inventions conceived of or reduced to practice by a Third Party under contract with CGEN, wherein such Inventions are necessary or reasonably useful to Exploit IL-18 Molecules or IL-18 Products in the Field in the Territory;

(c) Except with respect to any IL-18 IP that is licensed under the Existing Upstream License Agreements, the IL-18 Patents and IL-18 Know-How are not subject to any other Third Party agreements;

(d) Except with respect to any IL-18 IP that is licensed under the Existing Upstream License Agreements, CGEN is the sole and exclusive owner of the IL-18 Patents and IL-18 Know-How, in each case, free and clear of all liens and encumbrances;

(e) CGEN and its Affiliates have obtained from its and their employees, respectively, and any Third Party contractually engaged by CGEN who participated in any respect in the invention of any IL-18 Molecules or IL-18 Products effective assignments of all ownership rights of such employees or any Third Party contractually engaged by CGEN in such inventions, either pursuant to written agreement or by operation of law; and to the Knowledge of CGEN, no Person who claims to be an inventor of an Invention claimed in an IL-18 Patent is not identified as an inventor of such Invention in the filed patent documents for such IL-18 Patent;

(f) all of CGEN and its Affiliates employees, officers and consultants: (1) have executed agreements or have existing obligations under Applicable Laws and Regulations requiring assignment to CGEN or its Affiliates of all Inventions made during the course of and as the result of their association with CGEN or its Affiliates, as applicable, and obligating the individual to assign to CGEN or its Affiliates, as applicable, all Inventions made during the course of performance under this Agreement; (2) are not subject to any agreement with any other Third Party that requires such officer or employee or consultant to assign any interest in any IL-18 IP to such Third Party; and (3) have executed agreements or have existing obligations under Applicable Laws and Regulations obligating the individual to maintain as confidential CGEN's Confidential Information as well as confidential information of other parties (including of Gilead and its Affiliates) that such individual may receive in its performance under this Agreement, if any;

(g) to the Knowledge of CGEN, there is no action, suit, inquiry, or investigation pending or ongoing by any Third Party that challenges or threatens the validity or enforceability of any of the IL-18 Patents. CGEN has not received written notice of any action, suit, inquiry, investigation or other proceeding by any Third Party that challenges or threatens the validity or enforceability of any of the IL-18 Patents;

(h) to the Knowledge of CGEN, (a) the use of the IL-18 IP in the performance of the activities under the Development Plan as contemplated to be conducted under this Agreement, does not infringe, misappropriate or otherwise violate any Intellectual Property Right owned or controlled by any Third Party, and (b) the Manufacture or Commercialization of COM503 does not infringe, misappropriate or otherwise violate any Intellectual Property Right owned or controlled by any Third Party;

(i) to the Knowledge of CGEN, there is no action, suit, inquiry, investigation or other proceeding threatened in writing, pending, or ongoing by any Third Party that alleges the use of the IL-18 Patents or the IL-18 Know-How or the Exploitation of any IL-18 Molecule or IL-18 Product would infringe, misappropriate or otherwise violate any Intellectual Property Rights of any Third Party. CGEN has not received any written notice of any action, suit, inquiry, investigation or other proceeding by any Third Party that alleges the use of the IL-18 Patents or the IL-18 Know-How or the Exploitation of any IL-18 Molecule or IL-18 Product would infringe, misappropriate or otherwise violate any Intellectual Property Rights of any Third Party;

(j) **Schedule 1.36** (CGEN Development and Manufacturing Agreements) sets forth a complete and accurate list of the CGEN Development and Manufacturing Agreements in effect as of the Effective Date. **Schedule 1.36(a)** (IL-18-Only Development and Manufacturing Agreements) sets forth a complete and accurate list of the IL-18-Only Development and Manufacturing Agreements in effect as of the Effective Date. CGEN has provided Gilead true, accurate and correct copies of each such CGEN Development and Manufacturing Agreement (in reasonably redacted form). Each such CGEN Development and Manufacturing Agreement is in full force and effect, CGEN has not received or sent any written notice of default under any such CGEN Development and Manufacturing Agreement, and to the Knowledge of CGEN, no party to any CGEN Development and Manufacturing Agreement is in breach of such CGEN Development and Manufacturing Agreement;

(k) **Schedule 1.242** (Existing Upstream License Agreements) sets forth a complete and accurate list of the Upstream License Agreements in effect as of the Effective Date. CGEN has provided Gilead true, correct and complete copies of each such Existing Upstream License Agreement (in reasonably redacted form). Each such Existing Upstream License Agreement is in full force and effect, CGEN has not received or sent any written notice of default under any such Existing Upstream License Agreement, and to the Knowledge of CGEN, no party to any Existing Upstream License Agreement is in breach of such Existing Upstream License Agreement. CGEN has not waived any of its rights under any such Existing Upstream License Agreement to which it is party;

(l) CGEN has disclosed to Gilead (i) all material information and data related to COM503, including all safety data, and (ii) all material correspondences sent to or received from any Regulatory Authority related to COM503, in each case ((i) and (ii)), in the Control of CGEN or its Affiliates;

(m) No government funding, facilities of a university, college, or other educational institution or research center was used in the development of any of the inventions claimed in the IL-18 Patents that are owned or jointly owned by CGEN; and

(n) To the Knowledge of CGEN, CGEN has not intentionally failed to furnish Gilead with any material information specifically requested by Gilead in writing relating to the IL-18 IP.

13.3. **Covenants**.

(a) Each Party hereby covenants that it shall not, during the Development Term, employ or use the services of any person or entity who is debarred under the United States Federal Food, Drug and Cosmetic Act or comparable laws in any other country or jurisdiction, in connection with the Development, Manufacture or Commercialization of the IL-18 Products. If either Party becomes aware of the debarment or threatened debarment of any person or entity providing services to such Party (including the Party itself and its Affiliates and (Sub)licensees) during the Development Term that directly or indirectly relate to activities under this Agreement, such Party shall immediately notify the other Party in writing.

(b) Each Party hereby covenants that it shall not, and shall not permit its Affiliates, (Sub)licensees or anyone acting on its or their behalf to grant or otherwise convey to any Third Party any rights that would interfere or be inconsistent with such other Party's rights hereunder.

(c) Neither CGEN nor its Affiliates shall grant any option, right or license to any Third Party relating to any of the Intellectual Property Rights it Controls (including the IL-18 IP), or otherwise with respect to any IL-18 Product that (1) conflict with any of the rights or licenses granted to Gilead hereunder or (2) has an adverse effect on CGEN's ability to grant the rights or licenses granted to Gilead hereunder or to perform its obligations under this Agreement.

(d) Except as otherwise expressly permitted under this Agreement, CGEN shall not, and shall cause its Affiliates not to: (1) assign, transfer, convey, encumber (through a lien, charge, security interest, mortgage or similar encumbrance) or dispose of, or enter into any agreement with any Third Party to assign, transfer, convey, encumber (through a lien, charge, security interest, mortgage or similar encumbrance) or dispose of, any assets related to the IL-18 IP or any IL-18 Product; or (2) license or grant to any Third Party, or agree to license or grant to any Third Party, any rights under the IL-18 IP the Exploitation of any IL-18 Product.

(e) CGEN shall: (1) maintain Control of all IL-18 IP licensed or sublicensed to Gilead under each Upstream License Agreement; and (2) not terminate or breach (except to the extent such breach was caused by or on behalf of Gilead) any Upstream License Agreement or CGEN Development and Manufacturing Agreement in a manner that would permit the counterparty thereto to terminate such Upstream License Agreement or CGEN Development and Manufacturing Agreement (as applicable) or otherwise diminish the scope or exclusivity of the licenses granted to Gilead under any IL-18 IP.

(f) CGEN shall not (1) modify, amend, or terminate any Upstream License Agreement, or exercise, waive, release, or assign any rights or claims thereunder, in each case in a manner that would adversely affect Gilead's rights or CGEN's ability to perform its obligations under this Agreement or (2) modify or amend any Upstream License Agreement in a manner that would impose additional obligations on Gilead as a sublicensee under such Upstream License Agreement, in each case ((1) and (2)), without first obtaining Gilead's prior written consent. CGEN shall perform its obligations under the [**] in a manner that permits CGEN to exercise its option thereunder to enter into the [**]. Upon Gilead's delivery of written notice to CGEN, CGEN shall exercise its option under the [**] to enter into the [**] and shall, promptly thereafter in accordance with the terms of the Selexis Services Agreement, enter into the [**] (if not already entered into at the time of delivery of such written notice).

(g) If CGEN receives notice of an alleged default by CGEN or its Affiliates under any Upstream License Agreement, where termination of such Upstream License Agreement or any diminishment of the scope or exclusivity of the licenses granted to Gilead under the IL-18 IP is being or could be sought by the counterparty or result from such default, then CGEN shall provide written notice thereof to Gilead within [**] thereafter, which notice may be redacted to protect commercially sensitive information or information related to products that are not IL-18 Products. Within [**] after receipt of such notice (or such other time period as is reasonably necessary to allow Gilead to meaningfully cure the alleged breach) and, solely in the event CGEN determines not to contest such alleged default and otherwise fails to cure such alleged default within such period, CGEN hereby grants to Gilead the right (but not the obligation) to: (1) cure such alleged breach; and (2) offset any costs or expenses incurred in connection therewith against any payments due or that may become due under this Agreement.

(h) Gilead and its Affiliates shall comply with, and will contractually require its Sublicensees and Permitted Subcontractors to comply with, all applicable terms of any Upstream License Agreement with respect to a sublicensee.

(i) If CGEN receives notice of an alleged breach by Gilead or any of its Affiliates, Sublicensees, or Permitted Subcontractors of an Upstream License Agreement, then CGEN shall notify Gilead of such breach in writing and Gilead shall use Commercially Reasonable Efforts to cooperate with and assist CGEN in curing such breach.

(j) If CGEN receives written notice of any action, suit, inquiry, investigation or other proceeding by any Third Party that challenges or threatens the validity or enforceability of any of the IL-18 Patents, CGEN shall notify Gilead thereof in writing.

(k) If CGEN receives written notice of any action, suit, inquiry, investigation or other proceeding by any Third Party that alleges the use of the IL-18 Patents or the IL-18 Know-How or the Exploitation of any IL-18 Molecule or IL-18 Product does or would infringe, misappropriate or otherwise violate any Intellectual Property Rights of any Third Party, CGEN shall notify Gilead thereof in writing.

13.4. **No Other Representations or Warranties**. EXCEPT AS EXPRESSLY STATED IN THIS AGREEMENT, NO REPRESENTATIONS OR WARRANTIES WHATSOEVER, WHETHER EXPRESS OR IMPLIED, INCLUDING WARRANTIES OF MERCHANTABILITY, FITNESS FOR A PARTICULAR PURPOSE, NON-INFRINGEMENT, OR NON-MISAPPROPRIATION OF THIRD PARTY INTELLECTUAL PROPERTY RIGHTS, IS MADE OR GIVEN BY OR ON BEHALF OF A PARTY. ALL REPRESENTATIONS AND WARRANTIES, WHETHER ARISING BY OPERATION OF LAW OR OTHERWISE, ARE HEREBY EXPRESSLY EXCLUDED. NEITHER PARTY MAKES ANY REPRESENTATION OR WARRANTY, EITHER EXPRESS OR IMPLIED, THAT IT WILL BE ABLE TO SUCCESSFULLY DEVELOP, MANUFACTURE OR COMMERCIALIZE ANY IL-18 PRODUCT OR, IF COMMERCIALIZED, THAT ANY PARTICULAR SALES LEVEL OR PROFIT (LOSS) OF SUCH IL-18 PRODUCT WILL BE ACHIEVED.

14. **INDEMNIFICATION**.

14.1. **By Gilead**. Gilead shall and hereby does indemnify and hold harmless CGEN, its Affiliates, and its and their directors, officers, employees and agents (individually and collectively, the "**CGEN Indemnitee(s)**") from and against all losses, liabilities, damages and expenses (including reasonable attorneys' fees and costs) (individually and collectively, "**Losses**") incurred in connection with any Third Party Claims to the extent arising from: (a) the Development, use, Manufacture, Commercialization, import, distribution, sale or other Exploitation of IL-18 Molecules or IL-18 Products, by or on behalf of Gilead or any of its Related Parties or their respective Representatives, including CGEN's performance (i) of the Development Program (including the COM503 Phase 1 Trial) to the extent performed in accordance with the Development Plan and COM503 Phase 1 Trial Protocol and (ii) under the CGEN Development and Manufacturing Agreements at Gilead's direction, (b) the negligence, illegal conduct or willful misconduct of Gilead or any of its Related Parties or their respective Representatives in connection with this Agreement, or (c) Gilead's breach of Applicable Laws and Regulations, this Agreement, the Clinical Supply Agreement, or any other ancillary agreement hereto, except, in each case of (a)–(c), to the extent such Third Party Claims arise from any action for which CGEN has an indemnification obligation to a Gilead Indemnitee under Section 14.2 (By CGEN).

14.2. **By CGEN**. CGEN shall and hereby does indemnify and hold harmless Gilead, its Affiliates, and its and their directors, officers, employees and agents (individually and collectively, the "**Gilead Indemnitee(s)**") from and against all Losses incurred in connection with any Third Party Claims to the extent arising from: (a) any Exploitation of any IL-18 Molecule or IL-18 Product by or on behalf of CGEN or any of its Related Parties or their respective Representatives prior to the Effective Date or after the effective date of termination of this Agreement, (b) the negligence, illegal conduct or willful misconduct of or any of CGEN or its Related Parties or their respective Representatives in connection with this Agreement, (c) CGEN's breach of Applicable Laws and Regulations, this Agreement (including, for clarity, any failure of CGEN to adhere to the COM503 Phase 1 Trial Protocol in its performance of the COM503 Phase 1 Trial), the Clinical Supply Agreement, or any other ancillary agreement hetero, or (d) any IL-18-Only Development and Manufacturing Agreement that is assigned to Gilead pursuant to Section 2.8(f)(ii) (CGEN Development and Manufacturing Agreements) as a result of, or in connection with, events or occurrences prior to the date of such assignment, except, in each case of (a)–(d), to the extent such Third Party Claims arise from any action for which Gilead has an indemnification obligation to a CGEN Indemnitee under Section 14.1 (By Gilead).

14.3. **Indemnification Procedure**. The Party that is seeking indemnification under Section 14.1 (By Gilead) or Section 14.2 (By CGEN) (the "**Indemnified Party**") will inform the other Party (the "**Indemnifying Party**") of the Third Party Claim giving rise to such indemnification obligations promptly after receiving written notice of the Third Party Claim (it being understood and agreed, *however*, that the failure or delay by an Indemnified Party to give such notice of a Third Party Claim will not affect the Indemnifying Party's indemnification obligations hereunder except to the extent the Indemnifying Party will have been actually and materially prejudiced as a result of such failure or delay to give notice). The Indemnifying Party will have the right, at its option, to assume the defense of any such Third Party Claim for which it is obligated to indemnify the Indemnified Party by giving written notice to the Indemnified Party within [**] after receipt of the notice of the Third Party Claim. The assumption of defense of a Third Party Claim will not be construed as an acknowledgement that the Indemnifying Party is liable to indemnify any Indemnified Party in respect of the Third Party Claim, nor will it constitute a waiver by the Indemnifying Party of any defenses it may assert against the Indemnified Party's claim for indemnification. The Indemnified Party will cooperate with the Indemnifying Party and the Indemnifying Party's agents and representatives (including insurers) as the Indemnifying Party may reasonably request, and at the Indemnifying Party's cost and expense. The Indemnified Party will have the right to participate, at its own expense and with counsel of its choice, in the defense of any Third Party Claim that has been assumed by the Indemnifying Party. If the Indemnifying Party does not assume and conduct the defense of a Third Party Claim as provided above, then (a) the Indemnified Party may defend against such Third Party Claim (and the Indemnified Party need not consult with the Indemnifying Party in connection therewith) and (b) the Indemnified Party reserves any rights it may have under this Article 14 (Indemnification) to obtain indemnification from the Indemnifying Party with respect to such Third Party Claim. If the Parties cannot agree as to the application of Section 14.1 (By Gilead) or Section 14.2 (By CGEN) as to any Third Party Claim, pending resolution of the Dispute pursuant to Article 16 (Dispute Resolution), then the Parties may conduct separate defenses of such Third Party Claims, with each Party retaining the right to claim indemnification from the other Party in accordance with Section 14.1 (By Gilead) or Section 14.2 (By CGEN), as applicable, upon resolution of the underlying Third Party Claim; *provided*, that the Parties will engage in good faith discussions regarding such Dispute before conducting separate defenses.

14.4. **Settlement**. The Indemnifying Party will not settle any Third Party Claim without first obtaining the prior written consent of the Indemnified Party, such consent not to be unreasonably withheld, conditioned or delayed; *provided*, *however*, that the Indemnifying Party will not be required to obtain such consent if the settlement: (a) involves only the payment of money by the Indemnifying Party and will not result in the Indemnified Party (or other CGEN Indemnitee(s) or Gilead Indemnitee(s), as applicable) being liable to any payment obligation or becoming subject to injunctive or other similar type of relief; (b) does not require an admission by the Indemnified Party (or other CGEN Indemnitee(s) or Gilead Indemnitee(s), as applicable); and (c) does not adversely affect the rights or licenses granted to the Indemnified Party (or its Affiliates) under this Agreement.

14.5. **Insurance**. Each Party will, at its own expense, procure and maintain during the Term and for a period of [**] thereafter (or such longer period required pursuant to Applicable Laws and Regulations, if any), insurance policies that are consistent with normal business practices of prudent companies similarly situated and are in accordance with Applicable Laws and Regulations. Such insurance policies shall include, with respect to Gilead, clinical trial liability insurance covering Clinical Trials for which Gilead is a sponsor and product liability insurance if and when applicable, and with respect to CGEN, clinical trial liability insurance covering Clinical Trials for which CGEN is a sponsor. Such insurance will not be construed to create a limit of a Party's liability with respect to its indemnification obligations under this Article 14 (Indemnification). Each Party will provide the other Party with written evidence of such insurance upon request from the other Party. Notwithstanding any provision to the contrary set forth in this Agreement, Gilead may self-insure, in whole or in part, the insurance requirements described above. All such insurance policies: (a) shall be primary and non-contributory to any of the other Party's insurance policies; (b) include the other Party as an additional insured (i) with respect to Gilead, including CGEN for clinical trial liability insurance, for as long as CGEN is obligated to supply COM503 to Gilead under this Agreement or the Clinical Supply Agreement, and (ii) with respect to CGEN, including Gilead for clinical trial liability insurance, for as long as CGEN is the sponsor of and is conducting the COM503 Phase 1 Trial, and (iii) with respect to Gilead including CGEN for products liability insurance, during the Term of the Agreement; and (c) include [**] notice to the other Party of any cancellation or material reduction in coverage thereof.

14.6. **Limitation of Liability**. NEITHER PARTY SHALL BE LIABLE TO THE OTHER PARTY FOR ANY SPECIAL, CONSEQUENTIAL, INCIDENTAL, PUNITIVE, OR INDIRECT DAMAGES OR FOR LOST PROFITS ARISING FROM OR RELATING TO ANY BREACH OF THIS AGREEMENT, REGARDLESS OF ANY NOTICE OF THE POSSIBILITY OF SUCH DAMAGES. NOTWITHSTANDING THE FOREGOING, NOTHING IN THIS SECTION 14.6 (LIMITATION OF LIABILITY) IS INTENDED TO OR SHALL LIMIT OR RESTRICT (A) THE INDEMNIFICATION RIGHTS OR OBLIGATIONS OF ANY PARTY UNDER THIS ARTICLE 14 (INDEMNIFICATION), (B) DAMAGES AVAILABLE FOR CGEN'S BREACH OF ITS OBLIGATIONS UNDER SECTION 3.6 (EXCLUSIVITY) OR (C) DAMAGES AVAILABLE FOR A PARTY'S GROSS NEGLIGENCE, INTENTIONAL MISCONDUCT OR FRAUD OR FOR A PARTY'S BREACH OF CONFIDENTIALITY OBLIGATIONS IN ARTICLE 11 (CONFIDENTIALITY; PUBLICATION).

15. **Intellectual Property**.

15.1. **Ownership of Intellectual Property**.

(a) **Background IP**. As between the Parties, each Party will retain ownership of all Patents, Know-How and other Intellectual Property Rights that are Controlled by such Party prior to the Effective Date or are otherwise developed by such Party outside of this Agreement (with respect to such Party, its "**Background IP**").

(b) **Foreground IP**.

(i) **Gilead PD-1/PD-L1 Foreground IP**. As between CGEN and Gilead, Gilead shall own all Foreground IP that is related to any Gilead-Provided PD-1/PD-L1, including any Gilead-Provided PD-1/PD-L1 in combination with an IL-18 Molecule (such IP, the "**Gilead PD-1/PD-L1 Foreground IP**"). CGEN hereby assigns to Gilead all of CGEN's right, title and interest in, to and under Gilead PD-1/PD-L1 Foreground IP. CGEN shall notify Gilead in writing promptly, but no later than [**] after, the conception or reduction to practice of any Gilead PD-1/PD-L1 Foreground IP.

(ii) **Other Foreground IP**. As between the Parties, all Foreground IP that is not Gilead PD-1/PD-L1 Foreground IP and is made, created, conceived of or reduced to practice (1) solely by a Party's or any of its Affiliates' employees, independent contractors or consultants, will be owned by such Party ("**Solely Owned Foreground IP**"), and (2) jointly by each Party's (or any of its Affiliates') employees, independent contractors or consultants, will be jointly owned by the Parties (such jointly developed Foreground IP, the "**Jointly Owned Foreground IP**"). All determinations of Patent inventorship under this Agreement will be made in accordance with U.S. patent law.

15.2. **Patent Filing, Prosecution and Maintenance**.

(a) **Prosecution**. [**] shall have the first right (but not the obligation), at its election, to file, prosecute and maintain the IL-18 Patents and the Jointly Owned Foreground Patents. [**] shall provide [**] with a reasonable opportunity to review and comment on its efforts to prepare, file, prosecute and maintain the IL-18 Patents and the Jointly Owned Foreground Patents, including by providing [**] with a copy of all material communications from any patent authority regarding any IL-18 Patent or Jointly Owned Foreground Patent, and by providing drafts of any material filings or responses to be made to such patent authorities at least [**] in advance of submitting such filings or responses. [**] shall consider [**]'s comments regarding such communications and drafts in good faith. In the event that [**] elects not to undertake the Patent Prosecution for an IL-18 Patent or Jointly Owned Foreground Patent, [**] shall notify [**] at least [**] before any such Patents would become abandoned or otherwise forfeited, and [**] shall have the right (but not the obligation), to undertake the Patent Prosecution of such IL-18 Patent or Jointly Owned Foreground Patent and become the prosecuting Party therefor. Notwithstanding the foregoing, [**]'s right to assume Patent Prosecution of an IL-18 Patent or Jointly Owned Foreground Patent shall not apply in the event such Patent was abandoned or otherwise forfeited by [**] for strategic reasons. For purposes of this Section 15.2(a) (Prosecution), a "strategic reason" for which [**] desires to abandon or otherwise forfeit Patent Prosecution of a given Patent shall be the abandonment or forfeiture of such Patent on the basis that continued prosecution would have an adverse effect on the prosecution, validity or enforcement of another IL-18 Patent or Jointly Owned Foreground Patent. For clarity, "strategic reasons" shall not include the abandonment or forfeiting of a Patent for purely financial reasons (e.g., costs of Patent Prosecution therefor or decreasing the Royalty Term).

(b) **Patent Invalidations**. If either Party desires to undertake activities intended to invalidate a pending or issued Patent owned or controlled by a Third Party and having one or more claims that Cover an IL-18 Molecule or IL-18 Product or any method of use thereof (except insofar as such action is a counterclaim to or defense of, or accompanies a defense of, a Third Party's claim or assertion of infringement under Section 15.5 (Defense), in which case the provisions of Section 15.5 (Defense) will govern), such Party will so notify the other Party, and the Parties will promptly confer to determine whether to bring such action, the strategy to be employed in connection with any such action, or the manner in which to settle such action, *provided*, that the foregoing obligations do not apply to CGEN with respect to any Patent licensed or owned by CGEN pursuant to an Upstream License Agreement. [**] will have the first right, but not the obligation, to bring, at its own expense and in its sole control, any action with respect to invalidating pending or issued Third Party Patents in the Territory that Cover an IL-18 Molecule or IL-18 Product or any method of use thereof. If [**] decides not to bring any such action and such decision was not for strategic reasons, then [**] will notify [**] and [**] will have the right to bring, at its own expense and in its sole control, any action with respect to invalidating such pending or issued Third Party Patents. The Party not bringing an action under this Section 15.2(b) (Patent Invalidations) will be entitled to separate representation in such proceeding by counsel of its own choice and at its own expense and will cooperate fully with the Party bringing such action.

(c) **Costs of Patent Prosecution**. All Out-of-Pocket Costs for Patent Prosecution of any Patent shall be solely incurred by and the sole responsibility of the prosecuting Party.

15.3. **Patent Prosecution Cooperation**. With respect to all Patent Prosecution related to pending or issued Patents that are Jointly Owned Foreground Patents or IL-18 Patents, each Party shall:

(a) execute all further instruments to document and effectuate their respective ownership consistent with this Agreement as reasonably requested by the other Party;

(b) make its employees, agents and consultants reasonably available to the other Party (or to the other Party's authorized attorneys, agents or representatives), to the extent reasonably necessary to enable the appropriate Party hereunder to undertake its Patent Prosecution responsibilities;

(c) cooperate, if necessary and appropriate, with the other Party in gaining Patent Term Extensions; and

(d) endeavor in good faith to coordinate its efforts under this Agreement with the other Party to minimize or avoid interference with the Patent Prosecution of the other Party's Patents.

15.4. **Enforcement**.

(a) **Notice**. Each Party shall promptly provide, but in no event later than [**] after becoming aware thereof, the other Party with written notice reasonably detailing any known or alleged infringement, misappropriation or other violation of any IL-18 Patent or Jointly Owned Foreground Patent (such infringement, misappropriation or other violation, "**Infringement**", and cognates of the word "Infringement" shall have correlative meanings). The notifying Party will provide the other Party with all evidence available to it supporting its belief of such Infringement.

(b) **Enforcement of Patent Rights**. [**] shall have the first right (but not the obligation) to institute and direct any infringement, misappropriation or other appropriate suit with respect to any Infringement ("**Enforcement Efforts**") under the IL-18 Patents and the Jointly Owned Foreground Patents. If [**] (i) does not initiate any Enforcement Effort against a Third Party alleged to be Infringing, including by commencement of a legal action under the applicable IL-18 Patents or Jointly Owned Foreground Patents or obtaining a settlement thereof (in accordance with this Agreement), within [**] after receiving notice of such Infringement, (ii) initiates such Enforcement Effort within such period, and subsequently ceases to pursue or withdraws from such Enforcement Effort, or (iii) provides written notice to [**] that it does not intend to initiate such Enforcement Effort, then in each case ((i) through (iii)) [**] shall have the right (but not the obligation) to take all actions reasonably necessary to abate and seek damages resulting from such Infringement, including commencement of a lawsuit against the accused Third Party if necessary; *provided*, that if [**] notifies [**] during such period that it is electing in good faith not to institute any Enforcement Effort for strategic reasons, then [**] will not have the right to initiate and control such Enforcement Effort. For purposes of this Section 15.4(b) (Enforcement of Patent Rights), a "strategic reason" for which [**] desires not to institute, or desires that [**] not institute, an Enforcement Effort, shall mean the following: (1) [**] has commenced an Enforcement Effort in a Major Market Country and does not want to institute or have instituted such action in another country or territory in a manner that could adversely affect [**]'s existing Enforcement Effort; or (2) [**] has commenced an Enforcement Effort under certain, but not all, of the relevant Patents that are implicated in such Enforcement Effort.

(c) **Cooperation**. Each Party shall discuss in good faith with the other Party and shall keep the other Party updated with respect to, the progress of each Enforcement Effort being undertaken by such Party pursuant to this Section 15.4 (Infringement).

(d) **Recovery Allocations**.

(i) All amounts recovered by either Party in the Territory relating to an Enforcement Effort ("**Recovery**") shall be first [**].

(ii) After [**], any remainder of a Recovery that is obtained by Gilead from an Enforcement Effort or by CGEN from an Enforcement Effort shall be retained by [**]. To the extent obtained by Gilead under this Section 15.4(d)(ii) (Recovery Allocations) [**], Gilead shall pay CGEN [**]. To the extent obtained by CGEN under this Section 15.4(d)(ii) (Recovery Allocations) [**], CGEN shall retain [**] and shall pay Gilead [**].

(e) **Cooperation in Enforcement Proceedings**. For any action by a Party pursuant to Section 15.4(b) (Enforcement of Patent Rights), in the event that such Party is unable to initiate or prosecute such action solely in its own name, the other Party shall join such action voluntarily and shall execute all documents necessary for such Party to initiate, prosecute and maintain such action. If either Gilead or CGEN initiates an enforcement action pursuant to Section 15.4(b) (Enforcement of Patent Rights), then the other Party shall cooperate to the extent reasonably necessary and at the first Party's sole expense (except for the expenses of the non-controlling Party's counsel, if any). Upon the reasonable request of the Party instituting any such action, such other Party shall join the suit and can be represented in any such legal proceedings using counsel of its own choice. Each Party shall assert and not waive the joint defense privilege with respect to all communications between the Parties reasonably the subject thereof.

(f) **Status; Settlement**. The Parties shall keep each other reasonably informed of the status of, and of their respective activities regarding, any enforcement action pursuant to Section 15.4(b) (Enforcement of Patent Rights). In no event may the Party who has the right to initiate an Enforcement Effort pursuant to Section 15.4(b) (Enforcement of Patent Rights) settle such Enforcement Effort in a manner that would limit the rights of the other Party or impose any obligation on the other Party, in each case, without the other Party's prior written consent, which consent will not be unreasonably withheld, delayed or conditioned.

15.5. **Defense**.

(a) **Notice of Allegations**. Each Party shall notify the other in writing of any allegations it receives from a Third Party that the Exploitation of an IL-18 Molecule or IL-18 Product or practice of any IL-18 IP or Jointly Owned Foreground IP infringes, misappropriates or otherwise violates the Intellectual Property Rights of such Third Party ("**Third Party Allegation**"). Such notice shall be provided promptly, but in no event after more than [**], following receipt of such allegations.

(b) **Notice of Suit**. In the event that a Party receives notice that it or any of its Affiliates have been individually or collectively named as a defendant (or defendants) in a legal proceeding by a Third Party alleging infringement, misappropriation or any other violation of a Third Party's Intellectual Property Right as a result of the Exploitation of an IL-18 Molecule or IL-18 Product or any of IL-18 IP or Jointly Owned Foreground IP ("**Third Party Suit**"), such Party shall promptly notify the other Party in writing and in no event notify such other Party later than [**] after the receipt of such notice. Such written notice shall include a copy of any summons or complaint (or the equivalent thereof) received regarding the foregoing. Each Party shall assert and not waive the joint defense privilege with respect to all communications between the Parties reasonably the subject thereof.

(c) **Right to Defend**. Each Party will have the first right, but not the obligation, to defend itself in any Third Party Allegation or Third Party Suit related to such IL-18 Product or the applicable IL-18 Molecule at its cost and expense. If both Parties are named defendants in any Third Party Suit, the Parties shall defend such Third Party Suit jointly, unless the Parties agree otherwise. In any event, the non-defending Party shall reasonably cooperate with the Party conducting the defense of the claim and shall have the right to participate with separate counsel at its own expense, and the defending Party shall consider comments by the non-defending Party in good faith. [**] shall bear the cost and expenses of the defense of any such Third Party Suit [**]. If the Parties jointly defend the claim, [**]. The non-defending Party may participate in any such claim, suit or proceeding with counsel of its choice at its own cost and expense. Without limitation of the foregoing, if the defending Party finds it necessary for the non-defending Party to join the defending Party as a party to any such action, then the Parties shall cooperate to execute all papers and perform such acts as shall be reasonably required for the non-defending Party to join such action.

(d) **Status; Settlement**. The Parties shall keep each other informed of the status of and of their respective activities regarding any litigation or settlement thereof initiated by a Third Party as contemplated under Section 15.5(c) (Right to Defend); *provided*, *however*, that no settlement or consent judgment or other voluntary final disposition of a suit under this Section 15.5(d) (Status; Settlement) that affects the other Party's rights or interests may be undertaken by a Party without the consent of the other Party, which consent shall not be unreasonably withheld, conditioned or delayed.

15.6. **Patent Listing**. [**] the listing of any IL-18 Patents and Jointly Owned Foreground Patents in the then-current edition of the FDA's Purple Book in connection with the Regulatory Approval of an IL-18 Product, or in equivalent patent listings in any other country within the Territory.

15.7. **Patent Term Extensions**. [**] all filings of requests for patent term extensions, supplementary protection certificates, or equivalents thereto in any country in the Territory, in each case, where applicable to an IL-18 Product, including for any IL-18 Patents, Jointly Owned Foreground Patents or Patents in Gilead's Solely Owned Foreground IP (hereinafter "**Patent Term Extensions**"). All costs and expenses relating to the Patent Term Extensions will be [**]. Upon [**] request, [**] will provide support, assistance, and all necessary documents, in full, executed form if needed, to [**] for the purpose of supporting, filing, obtaining and maintaining Patent Term Extensions.

16. **Dispute Resolution**.

16.1. **Exclusive Dispute Resolution Mechanism**. The Parties agree that the procedures set forth in this Article 16 (Dispute Resolution) shall be the exclusive mechanism for resolving any Dispute between the Parties that may arise from time to time pursuant to this Agreement relating to either Party's rights or obligations hereunder that is not resolved through good faith negotiation between the Parties. For the avoidance of doubt, this Article 16 (Dispute Resolution) shall not apply to any decision with respect to which a Party has final decision-making authority hereunder, but, for clarity, this Article 16 (Dispute Resolution) shall apply to any dispute with respect to *whether* a Party has final decision-making authority hereunder. Any Dispute, including Disputes that may involve the parent company, subsidiaries, or Affiliates under common control of any Party, shall be resolved in accordance with this Article 16 (Dispute Resolution).

16.2. **Resolution by Executive Officers**. Except as otherwise provided in this Article 16 (Dispute Resolution), in the event of any Dispute, the Parties will refer the Dispute to the Executive Officer of each Party for attempted resolution by good faith negotiation within [**] after such notice is received. Each Party may, in its discretion, seek resolution of any Disputes that are not resolved within such [**] period through litigation in accordance with the remainder of this Article 16 (Dispute Resolution).

16.3. **Jurisdiction; Venue; Service of Process**. Subject to Section 16.6 (Patent Disputes) and Section 16.7 (Equitable Relief), each Party irrevocably submits to the exclusive jurisdiction of (a) the courts of the State of New York located in New York, NY, and (b) the United States District Court for the Southern District of New York, for the purposes of any Dispute arising out of this Agreement. Each Party agrees to commence any Action either in the United States District Court for the Southern District of New York or if such Action may not be brought in such court for jurisdictional reasons, in the courts of the State of New York located in New York, NY. Each Party further agrees that service of any process, summons, notice or document by the U.S. registered mail to such Party's respective address set forth in Section 18.5 (Notices) will be effective service of process for any Action in New York with respect to any matters to which it has submitted to jurisdiction in this Section 16.3 (Jurisdiction; Venue; Service of Process). Each Party irrevocably and unconditionally waives any objection to the laying of venue of any Action arising out of this Agreement in (x) the courts of the State of New York located in New York, NY and (y) the United States District Court for the Southern District of New York, and hereby and thereby further irrevocably and unconditionally waives and agrees not to plead or claim in any such court that any such Action brought in any such court has been brought in an inconvenient forum.

16.4. **Governing Law**. This Agreement, and all claims or causes of action (whether in contract, tort, statute, or otherwise) that may be based upon, arise out of, or relate to this Agreement, or the negotiation, execution, or performance of this Agreement, or the breach thereof (including any claim or cause of action based upon, arising out of, or related to any representation or warranty made in or in connection with this Agreement or as an inducement to enter into this Agreement), will be governed by, and enforced in accordance with, the internal laws of the State of New York, including its statutes of limitations, without giving effect to any conflicts or choice of law rule or principle that might otherwise refer construction or interpretation of this Agreement to the substantive law of another jurisdiction. The provisions of the United Nations Convention on Contracts for the International Sale of Goods are expressly excluded.

16.5. **Waiver of Jury Trial**. THE PARTIES HEREBY WAIVE, AND COVENANT THAT THEY WILL NOT ASSERT (WHETHER AS PLAINTIFF, DEFENDANT OR OTHERWISE), ANY RIGHT TO TRIAL BY JURY IN ANY ACTION ARISING IN WHOLE OR IN PART UNDER OR IN CONNECTION WITH THIS AGREEMENT, WHETHER NOW EXISTING OR HEREAFTER ARISING, AND WHETHER SOUNDING IN CONTRACT, TORT OR OTHERWISE. THE PARTIES AGREE THAT ANY OF THEM MAY FILE A COPY OF THIS PARAGRAPH WITH ANY COURT AS WRITTEN EVIDENCE OF THE KNOWING, VOLUNTARY AND BARGAINED-FOR AGREEMENT AMONG THE PARTIES IRREVOCABLY TO WAIVE ITS RIGHT TO TRIAL BY JURY IN ANY PROCEEDING WHATSOEVER BETWEEN THEM RELATING TO THIS AGREEMENT, AND THE PARTIES WILL INSTEAD BE TRIED IN A COURT OF COMPETENT JURISDICTION BY A JUDGE SITTING WITHOUT A JURY.

16.6. **Patent Disputes**. As between the Parties, notwithstanding anything herein to the contrary, any dispute, controversy or claim relating to the scope, validity, enforceability or infringement of any Patent shall not be subject to such jurisdiction and venue as is set forth in Section 16.3 (Jurisdiction; Venue), but shall be submitted to a court of competent jurisdiction in the jurisdiction in which such Patent rights were granted or arose. With respect to any Patent issues related to the enforceability or validity of a Patent, the laws of the jurisdiction in which the applicable Patent is filed or granted shall govern.

16.7. **Equitable Relief**. Notwithstanding anything to the contrary, either Party may at any time seek to obtain preliminary injunctive relief or other applicable provisional relief from any court of competent jurisdiction with respect to an issue arising under this Agreement if the rights of such Party would be prejudiced absent such relief.

17. **Term and Termination**.

17.1. **Term**. This Agreement shall become effective as of the Effective Date and, unless earlier terminated pursuant to this Article 17 (Term and Termination), shall continue in full force and effect, on an IL-18 Product-by-IL-18 Product and country-by-country basis, until the expiration of the last Royalty Term for an IL-18 Product in a country ("**Term**").

17.2. **Termination for Material Breach**.

(a) **Material Breach**. Subject to Section 17.2(b) (Disagreement as to Material Breach), this Agreement may be terminated at any time during the Term upon written notice by a Party (the "**Non-Breaching Party**") if the other Party (the "**Breaching Party**") is in material breach of this Agreement and, in each case, has not cured such breach within the applicable cure period after written notice requesting cure of the breach, which notice will describe such material breach in reasonable detail and will state the Non-Breaching Party's intention to terminate this Agreement, in its entirety or in part. The Breaching Party will have (i) [**] from the date of the breach notification to cure any payment-related breach and (ii) [**] from the date of the breach notification to cure all other breaches; *provided* that, if such non-payment-related breach is not reasonably capable of being cured within such [**], then such [**] will be extended for an additional [**] so long as the Breaching Party continues to use Commercially Reasonable Efforts to cure such material breach during such extension period.

(b) **Disagreement as to Material Breach**. Notwithstanding Section 17.2(a) (Material Breach), if the Parties in good faith disagree as to whether there has been a material breach of this Agreement, then: (i) the Breaching Party may contest the allegation of such material breach by referring such matter, within [**] following its receipt of notice of the alleged material breach, for resolution in accordance with Article 16 (Dispute Resolution); (ii) the relevant cure period with respect to such alleged material breach will be tolled from the date on which the Breaching Party notifies the Non-Breaching Party of the Dispute and through the resolution of such Dispute in accordance with the applicable provisions of this Agreement; (iii) during the pendency of such Dispute, all of the terms and conditions of this Agreement will remain in effect and the Parties will continue to perform all of their respective obligations hereunder; and (iv) if it is ultimately determined that the Breaching Party committed such material breach, then the Breaching Party will have the right to cure such material breach, after such determination, within [**] for payment-related breaches or [**] for non-payment related breaches, which cure period will commence as of the date of such determination.

17.3. **Termination for Convenience**. Gilead may, in its sole discretion, terminate this Agreement in its entirety upon (a) [**] notice to CGEN prior to the Development Program Transfer Date or the No-Transfer Date, as applicable, or (b) [**] notice to CGEN after the Development Program Transfer Date or the No-Transfer Date, as applicable.

17.4. **Termination for Force Majeure**. This Agreement may be terminated at any time during the Term upon written notice by either Party in accordance with Section 18.1 (Force Majeure).

17.5. **Termination for Bankruptcy**. This Agreement may be terminated in its entirety, to the extent permitted by the Applicable Laws and Regulations, by a Party (the "**Non-Bankrupt Party**") upon the filing or institution of bankruptcy, reorganization, liquidation or receivership proceedings, or upon an assignment of a substantial portion of the assets for the benefit of creditors, in each case, of the other Party (the "**Bankrupt Party**"); *provided, however*, that in the case of any involuntary bankruptcy, reorganization, liquidation or receivership proceeding, such right to terminate will only become effective if the Bankrupt Party consents to the involuntary bankruptcy or such proceeding is not dismissed within [**] after the filing thereof (such bankruptcy and related events described in this Section 17.5 (Termination for Bankruptcy), collectively, "**Bankruptcy Events**").

17.6. **Termination by Gilead for Safety Reasons**. Gilead shall have the right to terminate this Agreement on an IL-18 Product-by-IL-18 Product basis at any time upon providing [**] prior written notice to CGEN: (a) if senior executives responsible for Gilead's pharmacovigilance and clinical science functions determine in good faith that the IL-18 Product cannot be administered to patients safely; or (b) after the occurrence of serious adverse events related to the use of such IL-18 Product that causes Gilead reasonably to conclude that the continued use of the IL-18 Product by patients will result in patients being exposed to a product in which the risks outweigh the benefits.

17.7. [**]. If it is mutually agreed by the Parties or finally determined pursuant to Article 16 that [**], then [**], Gilead may, [**], exercise the following rights [**]:

(a) Gilead may [**]; except that [**] until such time as [**]; and

(b) any [**] will be [**], and [**], *provided*, that notwithstanding the foregoing, [**].

For the avoidance of doubt, (x) except as set forth in this Section 17.7 ([**]), if Gilead exercises the [**] set forth above in this Section 17.7 ([**]), then [**], unless and until [**], and (y) CGEN shall have the right to [**].

17.8. **Effects of Termination**.

(a) **In General**. Upon any termination of this Agreement:

(i) Gilead shall pay any amounts accrued pursuant to Section 10.1 (Reimbursable Costs), Section 10.2 (Manufacturing Costs), and Section 10.3 ([**]) and Article 9 (Payments) as of the effective date of termination to the extent not previously paid prior to the date of termination;

(ii) The licenses and sublicenses granted to each Party under this Agreement including pursuant to Section 3.1 (License to Gilead), shall terminate and Gilead will cease any and all Exploitation of the Terminated Products as soon as is reasonably practicable under Applicable Laws and Regulations; *provided*, that such licenses will continue as necessary for the Parties to complete the orderly wind-down of their activities under this Agreement in accordance with Applicable Laws and Regulations and as otherwise required in accordance with Section 17.8 (Effects of Termination);

(iii) Gilead shall cease all Development and Commercialization activities hereunder, including, to the extent permitted by any applicable Regulatory Authority or Applicable Laws and Regulations, halting enrollment of subjects (unless otherwise directed by CGEN in writing) into any Clinical Trial of Terminated Products being conducted by the Gilead and at CGEN's direction, shall either (1) wind-down (including to cease administering the Terminated Products to Clinical Trial subjects and conducting Clinical Trial procedures on such Clinical Trial subjects, to the extent medically advisable and permitted by any applicable Regulatory Authority or Applicable Laws and Regulations) or (2) transition to CGEN (or its designee) any such Clinical Trial of Terminated Products being conducted by Gilead in accordance with Applicable Laws and Regulations;

(iv) All sublicenses under the rights granted pursuant to Section 3.1 (License to Gilead) shall terminate with respect to the Terminated Products, unless converted to a direct license under Section 3.2(b) (Survival of Gilead Sublicenses) subject to terms and conditions to be agreed between CGEN and such Sublicensee; and

(v) [**] may [**] with respect to [**]. Gilead will cooperate with CGEN and provide CGEN with reasonable assistance with the [**]. For clarity, the [**].

(b) **Additional Effects of Certain Terminations**. If (i) CGEN terminates this Agreement pursuant to Section 17.2 (Termination for Material Breach) or Section 17.5 (Termination for Bankruptcy) or (ii) if Gilead terminates this Agreement in its entirety pursuant to Section 17.3 (Termination for Convenience) or with respect to an IL-18 Product or this Agreement in its entirety pursuant to Section 17.6 (Termination by Gilead for Safety Reasons), then, in addition to those general effects set forth in Section 17.8(a) (In General):

(i) upon CGEN's written request within [**] following the effective date of such termination, for up to [**] following such request, Gilead and CGEN shall negotiate in good faith an exclusive license from Gilead to CGEN, with the right to grant sublicenses through multiple tiers to its Affiliates and to Third Parties (subject to Section 3.2 (Sublicenses) (applied *mutatis mutandis* to CGEN)) under Gilead Solely Owned Foreground IP and Gilead PD-1/PD-L1 Foreground IP Controlled by Gilead as of the effective date of termination to Exploit the IL-18 Products that were the subject of such termination (such IL-18 Products the "**Reverted Products**", and such license, the "**Reversion License**"); *provided*, that, in no event shall such Reversion License include the right to Exploit any Other Component with respect to any Reverted Product that is a Combination Product, or to Exploit any other product, molecule or component Controlled by Gilead and Developed or Commercialized in combination with such Reverted Product. The terms of such Reversion License shall include reasonable compensation (including royalties) to Gilead for providing such Reversion License to CGEN.

(ii) At CGEN's request within [**] after the effective date of termination of this Agreement, Gilead shall assign and promptly transfer to CGEN, at no expense to CGEN, all of Gilead's right, title and interest, if any, in and to all Regulatory Submissions for Reverted Products.

(iii) At CGEN's request within [**] after the effective date of termination of this Agreement, the Parties shall negotiate terms under which, upon reaching mutual agreement, Gilead would sell to CGEN such quantities of existing inventory of Terminated Product as CGEN requests to purchase.

17.9. **Surviving Provisions**.

(a) **Accrued Rights; Remedies**. The expiration or termination of this Agreement for any reason will be without prejudice to any rights that will have accrued to the benefit of any Party prior to such expiration or termination, and any and all damages or remedies (whether at law or in equity) arising from any breach hereunder, each of which will survive expiration or termination of this Agreement. Such expiration or termination will not relieve any Party from obligations which are expressly indicated to survive expiration or termination of this Agreement. Except as otherwise expressly set forth in this Agreement, the termination provisions of this Article 17 (Term and Termination) are in addition to any other relief and remedies available to either Party under this Agreement, at law or in equity.

(b) **Survival**. Without limiting the provisions of Section 17.9(a) (Accrued Rights; Remedies), the following provisions, as well as any other provisions which by their nature are intended to survive termination or expiration, shall survive the termination or expiration of this Agreement for any reason: Article 1 (Definitions) (to the extent the definitions are used in other surviving provisions), Section 2.7 (Data Ownership), Section 3.2(b) (Survival of Gilead Sublicenses), Section 5.5 (Data Ownership), Section 10.8 (Records) (for the period specified therein), Section 10.9 (Audit Rights) (for the period specified therein), Article 11 (Confidentiality; Publication), Article 13 (Representations and Warranties), Article 14 (Indemnification), Article 15 (Intellectual Property), Article 17 (Term and Termination), and Article 18 (Miscellaneous).

18. **MISCELLANEOUS**.

18.1. **Force Majeure**. Neither Party shall be held liable to the other Party nor be deemed to have defaulted under or breached this Agreement for failure or delay in performing any obligation under this Agreement to the extent such failure or delay is caused by or results from causes beyond the reasonable control of the affected Party, including embargoes, war, acts of war (whether war be declared or not), insurrections, riots, civil commotions, strikes, lockouts or other labor disturbances, fire, floods, or other acts of God, or acts, omissions or delays in acting by any governmental authority or the other Party ("**Force Majeure**"); *provided*, that the affected Party (a) notify the other Party of such Force Majeure circumstances as soon as reasonably practical and (b) promptly undertakes all reasonable efforts necessary to cure such Force Majeure circumstances, and will continue performance in accordance with the terms of this Agreement whenever such causes are removed. For the avoidance of doubt, the inability to expend or access financial resources in itself shall not be a Force Majeure. In the event a Party is unable to perform its obligations under this Agreement due to Force Majeure for a period of [**], the other Party shall have the option of unilaterally terminating this Agreement upon delivery of [**] written notice.

18.2. **Section 365(n) of the Bankruptcy Code**. All rights and licenses granted under or pursuant to any section of this Agreement are, and shall otherwise be deemed to be, for purposes of Section 365(n) of the U.S. Bankruptcy Code, or any similar Applicable Laws and Regulations, licenses of rights to "intellectual property" as defined under Section 101(35A) of the U.S. Bankruptcy Code, or any similar Applicable Laws and Regulations. The Parties shall retain and may fully exercise all of their respective rights and elections under the U.S. Bankruptcy Code, or any similar Applicable Laws and Regulations. The Parties agree that a Party that is a licensee of such rights under this Agreement shall retain and may fully exercise all of its rights and elections under the U.S. Bankruptcy Code, or any similar Applicable Laws and Regulations, and that upon commencement of a bankruptcy proceeding by or against the licensing Party (such Party, the "**Involved Party**") under the U.S. Bankruptcy Code, or any similar Applicable Laws and Regulations, the other Party (such Party, the "**Noninvolved Party**") shall be entitled to a complete duplicate of or complete access to (as such Noninvolved Party deems appropriate), any such intellectual property and all embodiments of such intellectual property, provided the Noninvolved Party continues to fulfill its payment or royalty obligations as specified herein in full. Such intellectual property and all embodiments thereof shall be promptly delivered to the Noninvolved Party (a) upon any such commencement of a bankruptcy proceeding upon written request therefor by the Noninvolved Party, unless the Involved Party elects to continue to perform all of its obligations under this Agreement or (b) if not delivered under (a) above, upon the rejection of this Agreement by or on behalf of the Involved Party upon written request therefor by Noninvolved Party. Each Party hereby acknowledges that "embodiments" of such intellectual property pursuant to Section 365(n) of the Bankruptcy Code, or any similar Applicable Laws and Regulations, includes copies of research data, laboratory samples, product samples and inventory, formulas, laboratory notes and notebooks, pre-clinical research data and results, tangible Know-How and rights of reference, in each case, that relate to such intellectual property. In the event of a bankruptcy proceeding by or against CGEN, the Parties agree that they intend the following rights to extend to Gilead to the maximum extent permitted by the Bankruptcy Code and any similar Applicable Laws and Regulations: (a) the right of access of Gilead to the IL-18 IP (including all embodiments thereof), or (b) with respect to any Third Party with whom CGEN contracts to perform an obligation of CGEN under this Agreement that is necessary for the Exploitation of any IL-18 Product; (i) the right of Gilead to contract directly with such Third Party to complete the contracted work and (ii) the right of Gilead to cure any breach of or default under such agreement with such Third Party and set off the costs thereof against amounts payable to CGEN under this Agreement. This Section 18.2 (Section 365(n) of the Bankruptcy Code) is without prejudice to, and is not intended to limit in any way, any rights (including election rights) the Noninvolved Party may have arising under the U.S. Bankruptcy Code or other Applicable Laws and Regulations.

18.3. **Assignment; Change of Control**.

(a) Neither Party may assign its rights and obligations under this Agreement without the prior written consent of the other Party; *provided*, that each Party may assign its rights and obligations under this Agreement, without such consent from the other Party, to its Affiliate, or to any successor in interest in connection with the sale of all or substantially all of such Party's assets or a sale of all or substantially of the business related to this Agreement, or a merger, acquisition or other similar transactions. For the avoidance of doubt, the terms and conditions of this Agreement shall be binding on the permitted successors and assignees of each Party.

(b) If CGEN undergoes a Change of Control:

(i) CGEN will notify Gilead thereof within [**] upon the closing of the Change of Control; *provided*, that a public announcement within such period by or through a nationally recognized news organization recognized pharma/biotech industry news organization or forum of such closing shall be sufficient to provide such notification;

(ii) The Parties shall comply with Section 3.6 (Exclusivity) as described therein; and

(iii) Notwithstanding anything to the contrary in this Agreement, Gilead will have the right, at its sole discretion, by written notice delivered to CGEN (or its successor) at any time within [**] following the written notice contemplated by the foregoing Section 18.3(b)(i), to (1) terminate any or all provisions of this Agreement providing for any delivery by Gilead to CGEN of Confidential Information of Gilead relating to activities contemplated by this Agreement, save only for the provisions of Article 9 (Payments), (2) disband the JSC, and (3) require CGEN and its Acquirer to adopt reasonable procedures, to be agreed upon by the Parties in writing, to prevent disclosure of Confidential Information of Gilead to CGEN's Acquirer. For clarity this Section 18.3(b)(iii) does not limit any reporting obligations of Gilead that are financial in nature.

18.4. **Severability**. If any one or more of the provisions contained in this Agreement is held invalid, illegal or unenforceable in any respect, the validity, legality and enforceability of the remaining provisions contained herein shall not in any way be affected or impaired thereby, unless the absence of the invalidated provision(s) adversely affects the substantive rights of the Parties. The Parties shall in such an instance use their best efforts to replace the invalid, illegal or unenforceable provision(s) with valid, legal and enforceable provision(s) which, insofar as practical, implement the purposes of this Agreement.

18.5. **Notices**. All notices which are required or permitted hereunder shall be in a medium that has the capability to confirm the exact content, the times of transmission and receipt, and the identities or each sender and recipient of each communication sent through such medium. A communication to an intended recipient Party shall be deemed to be received by the intended recipient Party by the existence of documentation that clearly evidences such communication was sent through a medium permitted under this Agreement to an individual who was specifically designated by the recipient Party to receive such communication or, if no such designation was made, an individual who has routinely received communications with similar content under this Agreement on behalf of the recipient Party.

(a) For notices to be communicated in writing, such notices shall be delivered personally, sent by facsimile or electronic mail (and promptly confirmed by personal delivery, registered or certified mail or overnight courier), sent by nationally recognized overnight courier or sent by registered or certified mail, postage prepaid, return receipt requested, addressed as follows:

if to CGEN, to: Compugen Ltd.
Azrieli Center,
26 Harokmim Street, Building D
Holon 5885849
Israel
Attention: SVP Technology Innovation
Email: [**]

with copy to: (which shall not constitute notice)	
	Compugen Ltd. Azrieli Center, 26 Harokmim Street, Building D Holon 5885849 Israel Attention: General Counsel Email: [**]
if to Gilead, to:	Gilead Sciences, Inc. 333 Lakeside Drive Foster City, CA 94404 United States Attention: Alliance Manager Email: [**]
with a copy to:	Gilead Sciences, Inc. 333 Lakeside Drive Foster City, CA 94404 United States Attention: General Counsel Email: [**]

or to such other address as the Party to whom notice is to be given may have furnished to the other Party in writing in accordance herewith. Any such notice shall be deemed to have been given upon receipt, *provided*, that any notice sent via electronic mail is not deemed received if the sender receives a delivery failure notification.

18.6. **Entire Agreement; Amendments**. This Agreement, together with all Schedules hereto, contains the entire understanding of the Parties with respect to the subject matter hereof and thereof, including the licenses granted hereunder. All express or implied prior or contemporaneous agreements and understandings, either oral or written, with regard to the subject matter hereof and thereof, including with respect to the licenses granted hereunder (including, for clarity, the Existing CDA), are superseded by the terms of this Agreement. This Agreement may be amended, or any term hereof modified, only by a written instrument duly executed by authorized representatives of both Parties hereto. Any confidential information disclosed by the Parties pursuant to the Existing CDA shall constitute Confidential Information under this Agreement.

18.7. **Headings**. The captions to the several Sections hereof are not a part of the Agreement but are merely for convenience to assist in locating and reading the several Sections and Sections of this Agreement.

18.8. **Independent Contractors**. It is expressly agreed that CGEN and Gilead shall be independent contractors and that the relationship between the two Parties shall not constitute a partnership, joint venture or agency. Neither CGEN nor Gilead shall have the authority to make any statements, representations or commitments of any kind, or to take any action, which shall be binding on the other Party, without the prior written consent of the other Party.

18.9. **No Third Party Beneficiary Rights**. Except as expressly set forth in this Agreement, this Agreement is not intended to and will not be construed to give any Third Party any interest or rights (including any Third Party beneficiary rights) with respect to or in connection with any agreement or provision contained herein or contemplated hereby.

18.10. **Performance by Affiliates**. Gilead will have the right to perform any or all of its obligations and exercise any or all of its rights under this Agreement through any Affiliate. CGEN will have the right to perform any or all of its obligations and exercise any or all of its rights under this Agreement through any wholly owned subsidiary or, with Gilead's prior written consent, such consent not to be unreasonably conditioned, withheld or delayed, through any other Affiliate. Each Party shall be responsible and liable for the performance by its Affiliates of such Party's obligations under this Agreement and will cause its Affiliates to comply with the provisions of this Agreement in connection with such performance. Any breach by a Party's Affiliate of any of such Party's obligations under this Agreement is deemed a breach by such Party, and the other Party may proceed directly against such Party without any obligation to first proceed against such Party's Affiliate.

18.11. **Waiver**. The waiver by either Party of any right hereunder, or the failure of the other Party to perform, or a breach by the other Party, shall not be deemed a waiver of any other right hereunder or of any other breach or failure by such other Party whether of a similar nature or otherwise.

18.12. **Cumulative Remedies**. Except as expressly otherwise stated herein, no remedy referred to in this Agreement is intended to be exclusive, but each shall be cumulative and in addition to any other remedy referred to in this Agreement or otherwise available under law.

18.13. **Waiver of Rule of Construction**. Each Party has had the opportunity to consult with counsel in connection with the review, drafting and negotiation of this Agreement. Accordingly, the rule of construction that any ambiguity in this Agreement shall be construed against the drafting Party shall not apply.

18.14. **Counterparts**. The Agreement may be executed in two or more counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument. Counterparts may be delivered via electronic mail, including Adobe™ Portable Document Format (PDF) or any electronic signature complying with the U.S. Federal ESIGN Act of 2000, and any counterpart so delivered will be deemed to be original signatures, will be valid and binding upon the Parties, and, upon delivery, will constitute due execution of this Agreement.

18.15. **Further Assurances**. Each Party shall duly execute and deliver, or cause to be duly executed and delivered, such further instruments and do and cause to be done such further acts and things, including the filing of such assignments, agreements, documents and instruments, as may be necessary or as the other Party may reasonably request in connection with this Agreement or to carry out more effectively the provisions and purposes, or to better assure and confirm unto such other Party its rights and remedies under this Agreement.

18.16. **Construction**. Except where the context otherwise requires, wherever used, the singular shall include the plural, the plural the singular, the use of any gender shall be applicable to all genders and the word "or" is used in the inclusive sense (and/or). Whenever this Agreement refers to a number of days, unless otherwise specified, such number refers to calendar days. The captions of this Agreement are for convenience of reference only and in no way define, describe, extend or limit the scope or intent of this Agreement or the intent of any provision contained in this Agreement. The words "include", "includes," "including" and "such as" shall be deemed to be followed by the phrase "without limitation". The word "will" will be construed to have the same meaning and effect as the word "shall". Any reference to any person or entity will be construed to include the person's or entity's successor and assigns. The words "herein," "hereof," and "hereunder", and words of similar import, will be construed to refer to this Agreement in its entirety and not any particular provision. The word "notice" means notice in writing (whether or not specifically stated) and will include notices, consents, approvals, and other written communications contemplated under this Agreement. Provisions that require that a Party, the Parties, or any committee hereunder "agree," "consent," "approve," or the like will require that such agreement, consent, or approval be specific and in writing, whether by written agreement, letter, approved minutes, or otherwise (but excluding e-mail and instant messaging). References to "Section" or "Sections" are references to the numbered sections of this Agreement, unless expressly stated otherwise. All dollars are United States Dollars. Unless the context otherwise requires, countries shall include territories. References to any specific law or article, section or other division thereof, shall be deemed to include the then-current amendments or any replacement law thereto. Except as otherwise expressly set forth in this Agreement, when applied to Gilead, the phrases "at its own cost and expense," "at its sole cost and expense," "at its cost and expense," and similar phrases used in this Agreement do not preclude the possibility that Gilead may share such costs or expenses with a Third Party.

(Remainder of page intentionally left blank)

The Parties have caused this Agreement to be executed by their duly authorized representatives as of the Effective Date.

Gilead Sciences, Inc.

By: _____
Name: Andrew Dickinson
Title: Executive Vice President and Chief Financial Officer

Compugen Ltd.

By: _____
Name: Anat Cohen Dayag
Title: President and Chief Executive Officer

[Signature Page to the License Agreement]

Schedule 1.36
CGEN Development and Manufacturing Agreements

[**]

Schedule 1.51
COM503

[**]

Schedule 1.134
IL-18 Patents

[**]

Schedule 1.137
IL-18 Trial Data Package

[**]

Schedule 1.156
Knowledge Parties

[**]

Schedule 1.242
Existing Upstream License Agreements

[**]

Schedule 2.1
Development Plan

[**]

Schedule 2.9
COM503 Study Budget

[**]

Schedule 11.3(a)
Press Release

CONTACTS:

Compugen Ltd.
Yvonne Naughton, Ph.D., Investors and Media
ir@cgen.com

Gilead
Investors:
Jacquie Ross
investor_relations@gilead.com

Media:
Meaghan Smith
public_affairs@gilead.com

Gilead and Compugen Announce Exclusive License Agreement for Novel Pre-Clinical Immunotherapy Program

– Gilead Will Have Exclusive Rights to Later Stage Development and Commercialization of Anti-IL18 Binding Protein Antibodies with Potential to Treat Various Tumor Types –

– Gilead to Make $60 Million Upfront Payment and $30 Million in a Near Term Milestone Payment with a Total Deal Value of up to $848 Million –

FOSTER CITY, Calif. & HOLON, ISRAEL – December 19, 2023 – Gilead Sciences, Inc. (Nasdaq: GILD) today announced an agreement with Compugen Ltd. (Nasdaq: CGEN) (TASE: CGEN), a clinical-stage cancer immunotherapy company and a pioneer in computational target discovery, headquartered in Holon, Israel, to exclusively license its potential first-in-class, pre- clinical antibody program against IL-18 binding protein, including the COM503 drug candidate.

Compugen utilizes its broadly applicable predictive computational discovery capabilities to identify new drug targets and biological pathways for developing novel cancer immunotherapies. COM503 is a potential first-in-class, high affinity antibody which blocks the interaction between IL-18 binding protein and IL-18, thereby releasing natural IL-18 in the tumor microenvironment and inhibiting cancer growth.

“We are very pleased to add COM503 to our pipeline of investigational immuno-oncology therapies that have the potential to transform care for patients with cancer,” said Flavius Martin, M.D., Executive Vice President, Research, Gilead Sciences. “We believe that this collaboration complements our strategy of developing modalities which promote immune-mediated tumor killing and may enable new combination therapies with programs in our growing oncology portfolio.”

“We are delighted to enter into this collaboration with Gilead and believe that Gilead’s confidence in our differentiated approach to harness cytokine biology for cancer therapeutics speaks to the quality of our computational discovery capabilities as well as our ability to translate our novel discoveries into investigational drugs in the clinic and we look forward to working together to bring new treatment options to patients,” said Anat Cohen-Dayag, Ph.D., President, and CEO at Compugen. “IL-18 is one of the rare cytokines which is naturally inhibited by an endogenous binding protein, presenting a unique opportunity to use a blocking antibody to increase the local concentrations of IL-18 within the tumor where it can potentiate anti-tumor immune responses, thereby potentially overcoming the limitations of systemically administered cytokines.”

Terms of the Partnership

Under the terms of the agreement, Compugen will be responsible for the ongoing pre-clinical development and the future Phase 1 study of COM503. Thereafter, Gilead will have the sole right to develop and commercialize COM503.

Gilead will make Compugen an upfront payment of $60 million and $30 million in a near term milestone payment subject to IND clearance of COM503 expected in 2024. Compugen will also be eligible to receive up to an additional $758 million in future development, regulatory and commercial milestone payments, with a total deal value of $848 million. Compugen will also be eligible to receive single-digit to low double-digit tiered royalties on worldwide net sales.

Beginning in the first quarter of 2022, consistent with recent industry communications from the U.S. Securities and Exchange Commission (SEC), Gilead no longer excludes acquired IPR&D expenses from its non-GAAP financial measures. This transaction with Compugen is expected to reduce Gilead’s GAAP and non-GAAP 2023 EPS by approximately $0.03 - $0.05.

About Compugen

Compugen is a clinical-stage therapeutic discovery and development company utilizing its broadly applicable predictive computational discovery capabilities to identify new drug targets and biological pathways for developing cancer immunotherapies. Compugen has developed two proprietary product candidates: COM701, a potential first-in-class anti-PVRIG antibody and COM902, a potential best-in-class antibody targeting TIGIT for the treatment of solid tumors. Compugen also has a clinical stage partnered program, rilvegostomig (previously AZD2936), a PD-1/TIGIT bispecific antibody where the TIGIT component is derived from Compugen’s clinical stage anti-TIGIT antibody, COM902, in Phase 3 development by AstraZeneca through a license agreement for the development of bispecific and multispecific antibodies. In addition, the Company’s therapeutic pipeline of early-stage immuno-oncology programs consists of programs aiming to address various mechanisms of immune resistance, of which the most advanced program, COM503, is in IND enabling studies. COM503 is a potential first-in-class, high affinity antibody which blocks the interaction between IL-18 binding protein and IL-18, thereby freeing natural IL-18 in the tumor microenvironment to inhibit cancer growth. Compugen is headquartered in Israel, with offices in San Francisco, CA. Compugen’s shares are listed on Nasdaq and the Tel Aviv Stock Exchange under the ticker symbol CGEN.

About Gilead Sciences

Gilead Sciences, Inc. is a biopharmaceutical company that has pursued and achieved breakthroughs in medicine for more than three decades, with the goal of creating a healthier world for all people. The company is committed to advancing innovative medicines to prevent and treat life-threatening diseases, including HIV, viral hepatitis, COVID-19, and cancer. Gilead operates in more than 35 countries worldwide, with headquarters in Foster City, California.

Compugen Forward-Looking Statements

This press release contains "forward-looking statements" within the meaning of the Securities Act of 1933 and the Securities Exchange Act of 1934, as amended, and the safe-harbor provisions of the Private Securities Litigation Reform Act of 1995. Such forward-looking statements are based on the current beliefs, expectations, and assumptions of Compugen.

Forward-looking statements can be identified using terminology such as "will," "may," "expects," "anticipates," "believes," "potential," "plan," "goal," "estimate," "likely," "should," "confident," and "intends," and similar expressions that are intended to identify forward-looking statements, although not all forward-looking statements contain these identifying words.

Forward-looking statements include, but are not limited to, statement regarding our expectation from the collaboration, statement regarding our belief that using a blocking antibody to increase the local concentrations of IL-18 within the tumor where, can potentiate anti-tumor immune responses, thereby potentially overcoming the limitations of systemically administered cytokines and statement regarding the expected time for IND clearance of COM503. These forward-looking statements involve known and unknown risks and uncertainties that may cause the actual results, performance, or achievements of Compugen to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. Among these risks: the clinical trials of any product candidates that Compugen, or any current or future collaborators, may develop may fail to satisfactorily demonstrate safety and efficacy to the FDA, and Compugen, or any collaborators, may incur additional costs or experience delays in completing, or ultimately be unable to complete, the development and commercialization of these product candidates; Compugen's business model is substantially dependent on entering into collaboration agreements with third parties and Compugen may not be successful in generating adequate revenues or commercializing aspects of its business model; Compugen's approach to the discovery of therapeutic products is based on its proprietary computational target discovery infrastructure, which is unproven clinically; general market, political and economic conditions in the countries in which Compugen operates, including Israel; the effect of the evolving nature of the recent war in Gaza; and Compugen does not know whether it will be able to discover and develop additional potential product candidates or products of commercial value. These risks and other risks are more fully discussed in the "Risk Factors" section of Compugen's most recent Annual Report on Form 20-F as filed with the Securities and Exchange Commission (SEC) as well as other documents that may be subsequently filed by Compugen from time to time with the SEC. In addition, any forward-looking statements represent Compugen's views only as of the date of this release and should not be relied upon as representing its views as of any subsequent date. Compugen does not assume any obligation to update any forward-looking statements unless required by law.

Gilead Forward-Looking Statements

This press release includes forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995 that are subject to risks, uncertainties and other factors, including Gilead's ability to realize the anticipated benefits from the collaboration with Compugen; difficulties or unanticipated expenses in connection with the collaboration, and the potential effects on Gilead s earnings; the ability of the parties to initiate, progress or complete clinical trials within currently anticipated timelines or at all, and the possibility of unfavorable results from trials, including those involving COM503, and additional programs that may become subject of the collaboration; the possibility that the parties may make a strategic decision to terminate the collaboration or discontinue development of any of the investigational agents under the collaboration, and therefore these investigational agents may never be successfully commercialized; and any assumptions underlying any of the foregoing. These and other risks, uncertainties and other factors are described in detail in Gilead's Quarterly Report on Form 10-Q for the quarter ended September 30, 2023, as filed with the U.S. Securities and Exchange Commission. These risks, uncertainties and other factors could cause actual results to differ materially from those referred to in the forward-looking statements. All statements other than statements of historical fact are statements that could be deemed forward-looking statements.

The reader is cautioned that any such forward- looking statements are not guarantees of future performance and involve risks and uncertainties and is cautioned not to place undue reliance on these forward-looking statements. All forward- looking statements are based on information currently available to Gilead, and Gilead assumes no obligation and disclaims any intent to update any such forward-looking statements.

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For more information about Gilead, please visit the company's website at www.gilead.com,
follow Gilead on Twitter (@GileadSciences) or call Gilead Public Affairs
at 1-800-GILEAD-5 or 1-650-574-3000.

Exhibit 8.1

SUBSIDIARIES

Subsidiary	**Jurisdiction**
Compugen USA, Inc.	Delaware

Exhibit 12.1

CERTIFICATION PURSUANT TO
RULE 13a-14(a)/RULE 15d-14(a) UNDER
THE EXCHANGE ACT AND SECTION 302
OF THE SARBANES-OXLEY ACT OF 2002

I, Dr. Anat Cohen-Dayag, certify that:

1. I have reviewed this annual report on Form 20-F of Compugen 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 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 company as of, and for, the periods presented in this report;

4. The company'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 company 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 company, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period 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 company'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 covered by this report based on such evaluation; and

d. disclosed in this report any change in the company's internal control over financial reporting that occurred during the period covered by the annual report that has materially affected, or is reasonably likely to materially affect, the company's internal control over financial reporting; and

5. The company's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the company's auditors and the audit committee of the company'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 company'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 company's internal control over financial reporting.

Date: March 5, 2024

/s/ Dr. Anat Cohen-Dayag
Title: President and Chief Executive Officer

Exhibit 12.2

CERTIFICATION PURSUANT TO
RULE 13a-14(a)/RULE 15d-14(a) UNDER THE EXCHANGE ACT
AND SECTION 302
OF THE SARBANES-OXLEY ACT OF 2002

I, Alberto Sessa, certify that:

1. I have reviewed this annual report on Form 20-F of Compugen 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 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 company as of, and for, the periods presented in this report;

4. The company'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 company 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 company, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period 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 company'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 covered by this report based on such evaluation; and

d. disclosed in this report any change in the company's internal control over financial reporting that occurred during the period covered by the annual report that has materially affected, or is reasonably likely to materially affect, the company's internal control over financial reporting; and

5. The company's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the company's auditors and the audit committee of the company'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 company'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 company's internal control over financial reporting.

Date: March 5, 2024

/s/ Alberto Sessa
Title: Chief Financial Officer

Exhibit 13.1

CERTIFICATION PURSUANT TO
RULE 13a-14(b)/RULE 15d-14(b) UNDER THE EXCHANGE ACT
AND 18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906
OF THE SARBANES-OXLEY ACT OF 2002

In connection with the annual report of Compugen Ltd. (the "Company") on Form 20-F for the fiscal year ended December 31, 2023 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), each of the undersigned officers of the Company, certify, pursuant to Rule 13a-14(b)/Rule 15d-14(b) under the Securities Exchange Act of 1934, as amended and 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that to such officer's knowledge:

1. The Report fully complies with the requirements of Sections 13(a) or 15(d), as applicable, of the Securities Exchange Act of 1934; 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/ Dr. Anat Cohen-Dayag
Title: President and Chief Executive Officer
Date: March 5, 2024

/s/ Alberto Sessa
Title: Chief Financial Officer
Date: March 5, 2024

Exhibit 15.1

Consent of Independent Registered Public Accounting Firm

We consent to the incorporation by reference in the Registration Statement (Form S-8 Nos. 333-169239, 333-204869, 333-223937, 333-240182, 333-251263, 333-266508) pertaining to the Employee's share option plans of Compugen Ltd. and Registration Statement (Form F-3 333-270985) of our reports dated March 5, 2024, with respect to the consolidated financial statements of Compugen Ltd. and the effectiveness of internal control over financial reporting of Compugen Ltd., included in this Annual Report (Form 20-F) for the year ended December 31, 2023.

/s/ KOST FORER GABBAY & KASIERER — March 5, 2024
KOST FORER GABBAY & KASIERER
A Member Firm of Ernst & Young Global — Tel-Aviv, Israel

Exhibit 97.1

COMPUGEN LTD.
POLICY FOR RECOVERY OF ERRONEOUSLY AWARDED COMPENSATION

Compugen Ltd. (the "***Company***") has adopted this Policy for Recovery of Erroneously Awarded Compensation (the "***Policy***"), effective as of October 2, 2023 ((the "***Effective Date***"). Capitalized terms used in this Policy but not otherwise defined herein are defined in Section 11.

1. Persons Subject to Policy

This Policy shall apply to and be binding and enforceable on current and former Officers. In addition, the Committee and the Board may apply this Policy to persons who are not Officers, and such application shall apply in the manner determined by the Committee and the Board in their sole discretion.

2. Compensation Subject to Policy

This Policy shall apply to Incentive-Based Compensation received on or after the Effective Date. For purposes of this Policy, the date on which Incentive-Based Compensation is "received" shall be determined under the Applicable Rules, which generally provide that Incentive-Based Compensation is "received" in the Company's fiscal period during which the relevant Financial Reporting Measure is attained or satisfied, without regard to whether the grant, vesting or payment of the Incentive-Based Compensation occurs after the end of that period.

3. Recovery of Compensation

In the event that the Company is required to prepare a Restatement, the Company shall recover, reasonably promptly and in accordance with Section 4 below, the portion of any Incentive-Based Compensation that is Erroneously Awarded Compensation, unless the Committee and the Board have determined that recovery from the relevant current or former Officer would be Impracticable. Recovery shall be required in accordance with the preceding sentence regardless of whether the applicable Officer engaged in misconduct or otherwise caused or contributed to the requirement for the Restatement and regardless of whether or when restated financial statements are filed by the Company. For clarity, the recovery of Erroneously Awarded Compensation under this Policy will not give rise to any Officer's right to voluntarily terminate employment for "good reason" or due to a "constructive termination" (or any similar term of like effect) under any plan, program or policy of or agreement with the Company or any of its affiliates.

4. Manner of Recovery; Limitation on Duplicative Recovery

The Committee and the Board shall, in its sole discretion, determine the manner of recovery of any Erroneously Awarded Compensation, which may include, without limitation, reduction or cancellation by the Company or an affiliate of the Company of Incentive-Based Compensation or Erroneously Awarded Compensation, reimbursement or repayment by any person subject to this Policy, and, to the extent permitted by law, an offset of the Erroneously Awarded Compensation against other compensation payable by the Company or an affiliate of the Company to such person. Notwithstanding the foregoing, unless otherwise prohibited by the Applicable Rules, to the extent this Policy provides for recovery of Erroneously Awarded Compensation already recovered by the Company pursuant to Section 304 of the Sarbanes-Oxley Act of 2002 or Other Recovery Arrangements, the amount of Erroneously Awarded Compensation already recovered by the Company from the recipient of such Erroneously Awarded Compensation may be credited to the amount of Erroneously Awarded Compensation required to be recovered pursuant to this Policy from such person.

5. Administration

This Policy shall be administered, interpreted and construed by the Committee, which is authorized to make all determinations necessary, appropriate or advisable for such purpose. The Board may re-vest in itself the authority to administer, interpret and construe this Policy in accordance with applicable law and the Applicable Rules, and in such event references herein to the "Committee" shall be deemed to be references to the Board. Subject to any permitted review by the applicable national securities exchange or association pursuant to the Applicable Rules, all determinations and decisions made by the Committee pursuant to the provisions of this Policy shall be final, conclusive and binding on all persons, including the Company and its affiliates, shareholders and employees. The Committee may delegate administrative duties with respect to this Policy to one or more directors or employees of the Company, as permitted under applicable law, including any Applicable Rules.

6. Interpretation

This Policy shall be interpreted and applied in a manner that is consistent with the requirements of the Applicable Rules, and to the extent this Policy is inconsistent with such Applicable Rules, it shall be deemed amended to the minimum extent necessary to ensure compliance therewith.

7. No Indemnification; No Liability

Notwithstanding the terms of any of the Company's organizational documents, any corporate policy or any contract, the Company shall not indemnify or insure any person against the loss of any Erroneously Awarded Compensation pursuant to this Policy, nor shall the Company directly or indirectly pay or reimburse any person for any premiums for third-party insurance policies that such person may elect to purchase to fund such person's potential obligations under this Policy. None of the Company, an affiliate of the Company or any member of the Committee or the Board shall have any liability to any person as a result of actions taken under this Policy.

8. Application; Enforceability

Except as otherwise determined by the Committee or the Board, the adoption of this Policy does not limit, and is intended to apply in addition to, any Other Recovery Arrangements. Without limiting the foregoing, in the event of a conflict between this Policy and the Compensation Policy, the latter shall prevail, except with respect to the recovery of any portion of Incentive-Based Compensation that is Erroneously Awarded Compensation that would not be recoverable under the Compensation Policy, in which case this Policy shall prevail. Subject to Section 4, the remedy specified in this Policy shall not be exclusive and shall be in addition to every other right or remedy at law or in equity that may be available to the Company or an affiliate of the Company or is otherwise required by applicable law and regulations.

9. Severability

The provisions in this Policy are intended to be applied to the fullest extent of the law; provided, however, to the extent that any provision of this Policy is found to be unenforceable or invalid under any applicable law, such provision will be applied to the maximum extent permitted, and shall automatically be deemed amended in a manner consistent with its objectives to the extent necessary to conform to any limitations required under applicable law or the Applicable Rules.

10. Amendment and Termination

The Board or the Committee may amend, modify or terminate this Policy in whole or in part at any time and from time to time in its sole discretion. This Policy will terminate automatically when the Company does not have a class of securities listed on a national securities exchange or association in the U.S.

11. Definitions

"***Applicable Rules***" means Section 10D of the Exchange Act, Rule 10D-1 promulgated thereunder, the listing rules of the national securities exchange or association on which the Company's securities are listed, and any applicable rules, standards or other guidance adopted by the Securities and Exchange Commission or any national securities exchange or association on which the Company's securities are listed.

"***Board***" means the Board of Directors of the Company.

"***Compensation Policy***" means the Company's compensation policy for officers and directors, as adopted in accordance with the Israeli Companies Law 5759-1999 and as in effect from time to time.

"***Committee***" means the Compensation Committee of the Board or, in the absence of such a committee, a majority of the independent directors serving on the Board.

"***Erroneously Awarded Compensation***" means the amount of Incentive-Based Compensation received by a current or former Officer that exceeds the amount of Incentive-Based Compensation that would have been received by such current or former Officer based on a restated Financial Reporting Measure, as determined on a pre-tax basis in accordance with the Applicable Rules.

"***Exchange Act***" means the Securities Exchange Act of 1934, as amended.

"***Financial Reporting Measure***" means any measure determined and presented in accordance with the accounting principles used in preparing the Company's financial statements, and any measures derived wholly or in part from such measures, including GAAP, IFRS and non-GAAP/IFRS financial measures, as well as share price and total shareholder return.

"***GAAP***" means United States generally accepted accounting principles.

"***IFRS***" means international financial reporting standards as adopted by the International Accounting Standards Board.

"***Impracticable***" means (a) the direct expense paid to third parties to assist in enforcing recovery would exceed the Erroneously Awarded Compensation; provided that the Company has (i) made reasonable attempt(s) to recover the Erroneously Awarded Compensation, (ii) documented such reasonable attempt(s) and (iii) provided such documentation to the relevant listing exchange or association, (b) the recovery would violate the Company's home country laws adopted prior to November 28, 2022 pursuant to an opinion of home country counsel; provided that the Company has (i) obtained an opinion of home country counsel, acceptable to the relevant listing exchange or association, that recovery would result in such a violation and (ii) provided such opinion to the relevant listing exchange or association, or (c) recovery would likely cause an otherwise tax-qualified retirement plan, under which benefits are broadly available to employees of the Company, to fail to meet the requirements of 26 U.S.C. 401(a)(13) or 26 U.S.C. 411(a) and the regulations thereunder.

"***Incentive-Based Compensation***" means, with respect to a Restatement, any compensation that is granted, earned, or vested based wholly or in part upon the attainment of one or more Financial Reporting Measures and received by a person: (a) after such person began service as an Officer; (b) who served as an Officer at any time during the performance period for that incentive-based compensation; (c) while the Company has a class of securities listed on a national securities exchange or association; and (d) during the applicable Three-Year Period.

"***Officer***" means each person who the Company determines serves as a Company officer, as defined in Section 16 of the Securities Exchange Act of 1934, as amended. The term "Officer" includes, without limitation, those officers identified by the Company in any disclosure made pursuant to the requirements of Regulation S-K Item 401(b) or Form 20-F, as applicable.

*"**Other Recovery Arrangements**"* means any clawback, recoupment, forfeiture or similar policies or provisions of the Company or its affiliates, including any such policies or provisions of such effect contained in any employment agreement, bonus plan, incentive plan, equity-based plan or award agreement thereunder or similar plan, program or agreement of the Company or an affiliate or required under applicable law (including, without limitation, the Compensation Policy).

"***Restatement***" means an accounting restatement to correct the Company's material noncompliance with any financial reporting requirement under securities laws, including restatements that correct an error in previously issued financial statements (a) that is material to the previously issued financial statements or (b) that would result in a material misstatement if the error were corrected in the current period or left uncorrected in the current period.

"***Three-Year Period***" means, with respect to a Restatement, the three completed fiscal years immediately preceding the date that the Board, a committee of the Board, or the officer or officers of the Company authorized to take such action if Board action is not required, concludes, or reasonably should have concluded, that the Company is required to prepare such Restatement, or, if earlier, the date on which a court, regulator or other legally authorized body directs the Company to prepare such Restatement. The "Three-Year Period" also includes any transition period (that results from a change in the Company's fiscal year) within or immediately following the three completed fiscal years identified in the preceding sentence. However, a transition period between the last day of the Company's previous fiscal year end and the first day of its new fiscal year that comprises a period of nine to 12 months shall be deemed a completed fiscal year.

ACKNOWLEDGMENT AND CONSENT TO
POLICY FOR RECOVERY OF ERRONEOUSLY AWARDED COMPENSATION

The undersigned has received a copy of the Policy for Recovery of Erroneously Awarded Compensation (the "**Policy**") adopted by Compugen Ltd. (the "Company") and has read and understands the Policy. Capitalized terms used but not defined herein shall have the meanings ascribed to such terms in the Policy.

As a condition of receiving Incentive-Based Compensation from the Company, the undersigned agrees that any Incentive-Based Compensation received on or after the Effective Date is subject to recovery pursuant to the terms of the Policy, as may be amended, restated, supplemented or otherwise modified from time to time. To the extent the Company's recovery right conflicts with any other contractual rights the undersigned may have with the Company, the undersigned understands that the terms of the Policy shall supersede any such contractual rights. The terms of the Policy shall apply in addition to any right of recoupment against the undersigned under the Compensation Policy or applicable law and regulations. The undersigned also acknowledges that it would not be entitled to indemnification or advancement of expenses, in connection with any enforcement of the Policy by the Company.

_____ _____

Date Signature

_____

Name

_____

Title