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, 2024

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)

_____

David Silberman, Chief Financial Officer
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(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 Capital 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: **89,541,246 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 "$" or "USD" 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," "plan," 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 our 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]

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 expect 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, GS-0321 (previously COM503) and rilvegostomig.
- 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.

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

- Our approach to the discovery of therapeutic products is based on our AI/ML powered predictive computational discovery platform, recently branded as Unigen™ that is 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 (including partners) 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.

- 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.

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

- Our information technology systems, or those of the third parties upon whom we rely, including our cloud and SaaS providers, CROs or other contractors or consultants, may fail or suffer security breaches, which could result in a material disruption to 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.

- 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.

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, 2024, we had an accumulated deficit of approximately $488.8 million and have incurred net losses of approximately $14.2 million in 2024, approximately $18.8 million in 2023 and approximately $33.7 million in 2022, 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 research, preclinical and clinical activities. We currently have two therapeutic pipeline program-based partnership agreements in effect, one with AstraZeneca plc, or AstraZeneca, and the second with Gilead Sciences, Inc., or Gilead. In 2024, we received $76.5 million as an upfront and milestone payments from Gilead (after $13.5 million tax withheld at source) and $15 million as milestone payments 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 AI/ML powered predictive computational discovery platform, recently branded as Unigen™, or that such additional arrangements, if any, will provide sufficient revenues to achieve profitability.

We expect 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 believe that our current existing cash and cash equivalents, short-term bank deposits, investment in marketable securities 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 or if our burn-rate increases, 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 expect to need additional funds in the future 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 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 Unigen™ platform to identify novel drug targets and develop potentially first-in-class therapeutics in the field of cancer immunotherapy. Drug target candidates discovered by our Unigen™ platform 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, though there can be no guarantee that our Unigen™ platform will yield any additional drug target candidates or therapeutic product candidates. While we currently have two collaborations in effect, one with AstraZeneca and the second with Gilead, the termination of either or both existing or any future collaboration agreements may have varying impacts on our financial position and, specifically, our ability to generate revenue. For example, the termination of our agreement with Bristol Myers Squibb in 2022 had different effects on our operations and 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 in 2023 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 (of which we currently have two collaborations in effect) under which we have received a total amount of $182.2 million (after $13.5 million withholding taxes), of which $32.0 million was in the form of an equity investment. We recognized revenue of approximately $27.9 million in 2024, approximately $33.5 million in 2023 and approximately $7.5 million in 2022 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, 2024, 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, 2024, 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, GS-0321 (previously COM503) and rilvegostomig.

We currently have no products approved for commercialization and are investing a significant portion of our efforts and financial resources into the clinical development of COM701, COM902 and GS-0321 (previously COM503) (which was licensed to Gilead). Our prospects are substantially dependent on our ability, or that of any existing and future partners, as applicable, to manufacture, develop, obtain marketing approval for and successfully commercialize any of COM701, COM902, rilvegostomig and GS-0321 (previously COM503) as a stand alone drug product 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 clinical trial with COM701 monotherapy, COM701 combination with nivolumab, and in the triplet combination of COM701, nivolumab and BMS-986207 (anti-TIGIT antibody) and with triple combination of COM701, COM902 and pembrolizumab. 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 path to registration or 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 four clinical stage programs, which are at various stages of clinical development. Two, COM701 and COM902 are being developed internally in Phase 1 trials. The third, rilvegostomig, is being developed by our collaborator, AstraZeneca across various development stages, including multiple Phase 3 trials. The fourth, GS-0321 (previously COM503), is licensed to Gilead, and is being developed by us in a Phase 1 clinical trial with first patient dosed on January 7, 2025.

While we completed enrollment of our clinical trials with COM902 as combination and we continue monitoring a few of the patients still on treatment as of the middle of February 2025, our newly planned adaptive platform trial in patients with relapsed platinum sensitive ovarian cancer in the maintenance setting is expected to first evaluate single agent COM701 and only then may cover future combinations, which may include COM902. Therefore, in the near future we do not expect to have new meaningful data from our COM902 program, however we do expect data of other companies that develop their own anti-TIGIT antibodies and from our partner AstraZeneca for rilvegostomig (a PD-1/TIGIT bi-specific antibody with a TIGIT component that is derived from our COM902).

Recently, several clinical trials with TIGIT inhibitors have faced setbacks due to mixed or disappointing efficacy results. For instance, Roche's tiragolumab and Merck's vibostolimab have encountered challenges in late-stage trials. These results and any future results from other companies in the space could impact the potential success and market acceptance of TIGIT inhibitors, including as it relates to our COM902 program and rilvegostomig.

If we advance our programs throughout the different clinical development phases (where with respect to GS-0321 (previously COM503), we are only responsible for Phase 1 development), we will need to expand our personnel and operational capabilities to support these activities. We expect to 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 planned clinical trials will be initiated on time, that our clinical trials will be completed 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 GS-0321 (previously COM503) (for which we are only responsible for the Phase 1 development) and rilvegostomig which is developed by AstraZeneca is dependent upon several factors, including the following:

- 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;
- the availability of the patient population selected for enrollment;
- the 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;
- the 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 trial arm(s);
- 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 and the size of the potential patient population;
- a continued acceptable safety profile following any marketing approval;

- commercial acceptance by patients, the medical community and third-party payors; and

- the success of other anti-PVRIG, anti-TIGIT and anti-IL-18 binding protein pathway molecules.

Many of these factors are beyond our or our partners' control, including clinical development by us, our partners and our competitors, the regulatory submission and review process, potential threats to 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 GS-0321 (previously COM503), on our own or with any collaborator, or AstraZeneca is unable to do so with respect to rilvegostomig, or experience delays as a result of any of these factors or otherwise, without developing new programs that can potentially generate value, 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 enrolling patients for our Phase 1 clinical trial to assess the safety and tolerability of GS-0321 (previously COM503) as monotherapy and in combination with zimberelimab in participants with advanced solid tumors. We plan to start enrolling patients to our adaptive platform trial in relapsed platinum sensitive ovarian cancer, evaluating COM701 in sub-trial 1 as a monotherapy, in the second quarter of 2025 and we expect to share interim analysis data from this sub-trial in the second half of 2026. Our anticipated time to data in these trials is subject to our ability to enroll a sufficient number of patients that meet our inclusions and exclusion criteria, our ability to monitor these patients as required and that such number of eligible patients is sufficient 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 potential product candidates.

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 participate in our study or attend clinic visits for various reasons, including 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, several pharmaceutical companies are conducting clinical trials in the same patient population as in our clinical studies and their molecules might have better clinical efficacy. Examples of such studies are Abbvie's Phase 3 clinical trial with mirvetuximab + bevacizumab (GLORIOSA) and OSE Immunotherapeutics's Phase 2 clinical trial with OSE2101 in combination with Keytruda (TEDOVA) in the maintenance setting in platinum sensitive ovarian cancer patients. Also, after the successful results of Antibody-Drug Conjugates (ADCs), in the platinum resistant ovarian patient population, some of the companies with these agents might also start clinical studies in the maintenance setting in platinum sensitive ovarian patients.

Many pharmaceutical companies are conducting clinical trials in patients with the disease indications that COM701, COM902, GS-0321 (previously 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 GS-0321 (previously COM503) is targeting, which may hamper the enrollment of patients in our trials for COM701, COM902, or GS-0321 (previously COM503) and may present a higher bar for success. For example, in the case of COM701, there are currently several PVRIG antibodies in clinical studies, such as GSK's GSK4381562 (previously SRF813) anti-PVRIG in Phase 2, and several in Phase 1 clinical trials, such as Biotheus's (now BioNTech) PM-1009, a PVRIG/TIGIT bi-specific, Simcere's SIM0348 a TIGIT/PVRIG bispecific antibody, and Hefei TG ImmunoPharma's NM1F anti PVRIG.

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 (despite some disappointing results), rilvegostomig by AstraZeneca, ociperlimab by Beigene, domvanalimab by Arcus and belrestotug by GSK/ITeos, as well as others at earlier stages in development. In the IL-18 pathway field, the programs that are more advanced than GS-0321 (previously COM503) and are in clinical stage are Simcha Therapeutics' ST-067 (DR18), a mutated IL18, BrightPeak's BPT-567, an IL18/PD-1, and additional four IL-18 related CAR-T therapies TmCD19-IL18 by Kite/University of Pennsylvania, EU-307, a GPC3 + IL-18 CART by Eutilex, 19-28z/IL-18 CAR T cells and CD371-YSNVZ-IL18 by Memorial Sloan Kettering Cancer Center.

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 as well as on the clinical value of our data. 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 and continue our operations.

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, 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 clinical trials 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 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 GS-0321 (previously COM503) which recently 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 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 or failure of any of our collaborators, 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 or those of our collaborators, and to successfully market these products, if approved, 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 are 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.

There can be no assurance that our clinical trials will begin at any predicted date or will be completed on schedule, if at all. We are also conducting or planning to conduct clinical trials in additional jurisdictions outside the United States. The FDA or other regulatory authorities could require us to conduct additional preclinical studies or added clinical evaluation under any IND, clinical trial agreement or similar regulatory filing, which may lead to delays and increase the costs of our preclinical and clinical development programs. There may be unforeseen cultural, legal, and operational issues that could arise in clinical trials outside of the United States impacting the timely and successful completion of our clinical trials in such new territories. These factors could lead to increased costs or delays, or even the inability to complete our clinical trials as planned, which could adversely affect our development timelines and could cause us material harm. Moreover, even if these clinical trials begin on time, 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 commencement and 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;
- significantly increased spendings required by our CROs as compared to our forecasts/projected spendings;
- 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;
- failure of clinical trials of any product candidates to show safety or efficacy, which may result in additional preclinical studies or clinical trials or abandonment of product candidates 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 decision, or regulators requiring us, to conduct additional clinical trials or abandon product development programs;
- choosing the wrong dosing regimen and/or wrong drug combination and/or wrong patient population;
- 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.

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 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.

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 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 small cell lung cancer, or SCLC and non-small cell lung cancer, or NSCLC or Merck's, adverse events or undesirable side effects experienced by participants in their clinical trials could affect our development plans and trials execution 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 participants 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 participant enrollment or retention may result in increased costs or program delays and could render further development impossible.

The same risk applies to COM701 and GS-0321 (previously COM503), both of which are in the clinic. For a list of companies that have programs targeting PVRIG and IL-18/IL-18BP see "Item 3. Key Information - D. Risk Factors – Risks Related to Development, Manufacturing, Clinical Trials and Government Regulation - We depend on enrollment of patients in our clinical trials in order to continue development of our product candidates."

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 a 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 and we believe that even if we purchase an insurance to cover financial loss, such insurance may not suffice and even if such insurance would cover the financial loss, the result of such events may have an adverse effect which is beyond our financial loss. 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 trial 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 clinical stage pipeline is focused mainly on therapeutic antibodies, 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 therapeutic antibodies 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 treatment. We rely on access to patient clinical and demographics data, tumor, 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 modify or harm our patient selection strategies, the success of our studies and could cause other damages and could eventually significantly harm our business prospects, financial condition and results of operations.

Risks Related to our Discovery and Development Activities

There are risks that are inherent in the development and commercialization of novel 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 novel 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 novel target candidates will prove to be inappropriate for treatment of cancer;
- our novel target candidates will prove to be inappropriate for therapeutic product candidates;
- our novel target candidates will prove to be inappropriate 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 monoclonal antibody, or mAb, for these targets, or the appropriate mAb isotype, or the appropriate therapeutic lead;
- we will not succeed in identifying, validating or developing a biomarker or companion diagnostic for our therapeutic product candidates;
- we will not succeed in choosing or developing the appropriate drug modality for these targets or we will not have the expertise to do so;
- 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 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;

- 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, a very small patient population size, 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.

Our computational target discovery activities are primarily focused on the discovery of novel 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 Unigen™ platform is 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 novel drug targets candidates to serve as therapeutic opportunities, increases the risk of failure. Although we have built AI/ML powered predictive computational discovery platform, recently branded as Unigen™, that we believe is required to scientifically validate our novel drug targets and to later translate them into therapeutic antibody development programs, we cannot be assured that our investment in such novel 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 AI/ML powered predictive computational discovery platform, recently branded as Unigen™ that is 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 AI/ML powered predictive computational discovery platform, recently branded as Unigen™. It involves first identifying unmet needs in the field of cancer immunotherapy, where we believe its capabilities would be relevant or could be developed 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 using Unigen™ to identify novel drug targets may potentially enable the development of potentially first-in-class therapeutics in the field of cancer immunotherapy, Unigen™ is not yet fully proven clinically and our efforts may not result in the discovery and development of therapeutic products, or commercially viable or successful therapeutic products. Moreover, AI/ML powered models may provide biased decisions, errors, or security weaknesses and could negatively affect Unigen™ (and perspective by potential collaborators). Although our approach has resulted in the discovery of several novel 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. 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 therapeutics antibodies 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 the interest for naked mAb therapeutics in this field continue to decrease, or if the pharma interest in immuno-oncology shifts, or if the pharma interest in drug modalities that we are not developing increases, 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 fail to discover therapeutic product candidates to feed our clinical stage pipeline in a timely manner and generate a sustainable clinical stage pipeline, or if we are unable to discover drug targets, our business will likely be materially harmed.

There can be no assurance that our therapeutic product candidates or our earlier stage immuno-oncology target candidates in our pipeline, will provide clinical advantages or interest, that no long-term adverse effects will be seen, or that other classes of targets or other products or modalities 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:

- industry interest in this area or in specific classes/families of drug targets within this area of focus would decrease over time;
- the continued fatigue impacting the checkpoint inhibitors field;
- other modalities, such as ADC, will continue to show beneficial clinical results in indications in which checkpoint inhibitors have failed;
- not being able to discover novel drug targets in this field;
- our full scope of target discovery capabilities may not be adequate;
- having chosen a therapeutic area with a very high degree of competition;
- having chosen a therapeutic area of great biological complexity and with very high failure rates in product development;
- not choosing the appropriate drug modality; and
- not having sufficient knowledge, expertise, personnel or capabilities in our chosen therapeutic area to identify the right unmet medical needs, or drug targets or drug candidates, or to timely, properly and efficiently validate the targets and/or select the appropriate therapeutic antibody for further development as therapeutic product candidates, or to timely, properly or efficiently further them in 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 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, GS-0321 (previously COM503) and any other future product candidates we may take to the clinic, and we control only certain aspects of their activities. Nevertheless, we are responsible for ensuring that each of the clinical trials we pursue 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, GS-0321 (previously COM503) and any other future therapeutic product candidates we may take to the clinic, would be harmed, our costs could materially increase and our ability to conduct our clinical trials and 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.

We depend significantly on third parties (including partners) 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 GS-0321 (previously COM503).

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.

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, or specific to a certain manufacturing site of the same 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, or the inability to repeat the manufacturing process, 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 or exercise different rights for scientific, clinical, financial, 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 PD-1/TIGIT 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.

Rilvegostomig is currently being evaluated in multiple Phase 3 clinical trials and multiple Phase 2 and Phase 1 clinical trials. If significant adverse unforeseen safety events occur in these trials or lack of efficacy or the collaboration is terminated, particularly prior to our signing additional collaboration agreements at that scale, 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 GS-0321 (previously COM503), and additional products that may be so developed by Gilead, together with GS-0321 (previously COM503), or the Licensed Products.

Pursuant to the License Agreement, we are responsible for conducting a Phase 1 clinical trial for GS-0321 (previously COM503), including handling the regulatory matters in connection therewith, and will bear the costs of such trial (including the GS-0321 (previously COM503) drug supply), with Gilead having the obligation to provide at no cost zimberelimab 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 parties. 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 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 in the field of immuno-oncology and enter into collaborations with potential partners with respect to such novel products in different stages of development. Our objective under our current and any potential future collaboration agreements 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 collaboration agreements with respect to our pipeline programs, only two of which are currently 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 PD-1/TIGIT bispecific antibody with a TIGIT component that is derived from our COM902 program, entered into the first Phase 3 clinical trial in the fourth quarter of 2023 and is currently in multiple Phase 3 clinical trials and multiple Phase 2 and Phase 1 clinical trials, 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 GS-0321 (previously COM503) product candidate, which is currently in a Phase 1 clinical trial, 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 or maintain our existing collaborations. 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 an insufficient 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.

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. Our success is highly dependent upon our ability to identify, research and develop 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, biotech 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, see "Item 3. Key Information - D. Risk Factors – Risks Related to Development, Manufacturing, Clinical Trials and Government Regulation - We depend on enrollment of patients in our clinical trials in order to continue development of our product candidates."

While in the cancer immunotherapies space there have been positive clinical results reported by others resulting in some products obtaining approval from the FDA, there have been several failures recently, such as TIGIT failures in Keyvibe-008 and in SKYSCRAPER-01 and pembrolizumab failure in KEYNOTE-867. This contrasts with some the positive clinical results reported for other drug modalities, specifically ADCs.

These third parties also 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 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 thirteen (13) FDA approvals as of March 2024 and more than 100 ADC drugs at different stages of clinical trials and 76 deals on ADCs in 2023 and 52 deals in 2024. Another field which has gained a lot of pharma interest is the T cell Engagers (TCE) field, following the FDA approval for tarlatamab, a DDL3 TCE, for extensive-stage Small Cell Lung Cancer in May 2024.

Competition may further increase as a result of advances in the commercial applicability of technologies similar to our Unigen™ platform 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 drug discovery, development, precision medicine and 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 and have done recent deals on target discovery include Cartography, Caris Life Sciences, TrexBio and Recursion (which now also includes Exscienta), and InSilico Medicine. Our competitors may succeed in discovering targets and therefore also develop product candidates that are competitive with ours either with or without the use of advanced technologies such as AI and ML, which could have a material adverse impact on our business, operations and financial results. In addition, there are additional competitors that in addition to utilizing a computational platform for target discovery, also perform the drug discovery. Such companies include Tentarix, Merus, DrenBio, Moma, and Kronos Bio, each of which has recently entered into collaboration agreements.

In addition, recently there has been a surge in China based deals and in 2023, for the first time, the number of out-licensing deals in China exceeded in-licensing deals, indicative of a burgeoning innovative biotech scene that's attracting cross-region interest. This trend presents several risks for us, particularly in terms of intense competition for potential collaborations from Chinese companies. These companies may be able to conduct research and development and advance their pipeline at potentially lower costs than us and therefore may be able to reach market faster than us or become more attractive collaboration partners.

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. Although the overall volume of M&A activity in the pharma and life sciences sectors remained robust in 2024 compared to historical levels, the deals tended to be smaller, leading to a reduction in the total deal value for the year. Over the past 12 months, the number of M&A transactions in these sectors decreased by 8% compared to 2023, while the total deal value declined by 2%. The highest-value deal in pharma for the year was Novo Holdings acquisition of Catalent for $16.5 billion, and the 2024's top biotech deal was Vertex Pharmaceuticals' $4.9 billion acquisition of Alpine Immune Sciences. Additional top M&As include Gilead Sciences's purchase of CymaBay Therapeutics for $4.3 billion, Eli Lilly's acquisition of Morphic Therapeutics for $3.2 billion, Merck's acquisition of EyeBio for $3 billion, and Novartis acquisition of MorphoSys for 2.7B Euros. These deals are smaller compared to M&As in previous years such as 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 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 together with the surge in China based out-licensing deals as specified above 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, safety and more 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 their 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 process relating to entering into potential collaboration agreements 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, data 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 GS-0321 (previously 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 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, or we will need to discontinue the programs development. Our competitors include pharmaceutical and biotechnology companies, academic and research institutions and governmental and other publicly funded agencies. We face, for COM701, COM902, and GS-0321 (previously 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. We also expect to face increasing competition from entities that develop new therapeutic modalities addressing the same drug targets or clinical needs. 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 therapeutic antibodies;
- 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, or 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 and amendments 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 August 16, 2022, the Inflation Reduction Act of 2022, or the IRA, was signed 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 Trump administration will impact the ACA and our business.

In addition, the IRA, among other things, (i) directs the Secretary the U.S. Department of Health and Human Services, or HHS, to negotiate the price of certain high-expenditure, single-source drugs that have been on the market for at least 7 years and biologics that have been on the market for at least 11 years 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, or the Medicare Drug Negotiation Program, and (ii) imposes rebates under Medicare Part B and Medicare Part D to penalize price increases that outpace inflation. These provisions began to take effect progressively in fiscal year 2023. On August 15, 2024, HHS announced the agreed-upon price of the first ten drugs that were subject to price negotiations, although the Medicare Drug Price Negotiation Program is currently subject to legal challenges HHS will select up to fifteen additional drugs covered under Part D negotiation in 2025. Each year thereafter more Part B and Part D products will become subject to the Medicare Drug Price Negotiation Program. 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, particularly in light of the recent U.S. Presidential and Congressional elections, 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. Further, coverage policies and third-party payor reimbursement rates may change at any time. Even if favorable coverage and reimbursement status is attained for a product for which we receive regulatory approval, less favorable coverage policies and reimbursement rates may be implemented in the future.

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

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 with 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 with us, they can terminate these employment agreements 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 of 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 and SaaS providers, CROs or other contractors or consultants, may fail or suffer security breaches, which could result in a material disruption to 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, 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, Hezbollah and Iran 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 information, 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 increased risks to our information technology systems and sensitive information, 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 our 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.

It may be difficult or costly to detect, investigate, mitigate, contain, and remediate a security incident. Our efforts to do so may not be successful. Actions taken by us or the third parties upon whom we rely to detect, investigate, mitigate, contain, and remediate a security incident could result in outages, data losses, and disruptions of our business. Threat actors may also gain access to other networks and systems after a compromise of our networks and systems.

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 the third parties upon whom we rely (including personally identifiable information, personal data, other confidential information, or other sensitive information). For example, we have been the target of unsuccessful phishing attempts in the past, and expect such attempts will continue in the future. A security incident or other interruption could disrupt our ability (and that of third parties upon whom we rely) to continue our operations.

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 maintain periodic security patches and upgrades of third-party software that we rely on, yet the third-party software may still have undetected vulnerabilities. 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, or we may voluntarily choose, to notify relevant stakeholders, including affected individuals, customers, regulators, and investors, of security incidents, or take other actions. Such disclosures are costly, and the disclosure or the failure to comply with applicable 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 material 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 candidates 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 and are 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 addition to existing privacy regulations, the emergence of new regulatory frameworks, such as those addressing artificial intelligence, increasingly intersect with privacy and data protection requirements. These regulations may impose additional compliance obligations related to using, storing, and processing personally identifiable information.

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 the third parties upon which we rely. 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, or the CAN-SPAM imposes specific requirements on our correspondence with subscribers for email communication.

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, among other obligations, 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 have also passed comprehensive privacy laws, and similar laws are being considered in 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, imposes strict introduced new data protection requirements across the EU, including 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 by law to represent their interests. In addition, the Israeli Privacy Protection Law 5741-1981, as amended, and the regulations promulgated thereunder, or the PPL, impose obligations with respect to the manner personal data is processed, maintained, transferred, disclosed, accessed and secured, as well as severe fines and penalties, stringent notice requirements, and mandatory appointments of certain privacy and information security-related roles. In August 2025, a comprehensive amendment to the PPL is expected to enter into effect. This amendment aims to strengthen the Israeli Privacy Protection Authority's enforcement powers and grant it significant authority to impose administrative fines for non-compliance. The amendment is also expected to introduce broader oversight capabilities, alongside mechanisms for monitoring adherence to privacy guidelines, thereby heightening the compliance requirements for organizations that handle personal data in Israel.

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 are also exposed to the risk that employees, independent contractors, consultants, and vendors may fail to comply with applicable privacy and data protection laws. Such misconduct or negligence could result in unauthorized access, misuse, or disclosure of sensitive information, leading to regulatory penalties, lawsuits, and reputational harm. Despite our efforts to implement preventive measures, we cannot guarantee full compliance at all times, which could adversely impact our business operations.

We maintain privacy policies and other statements regarding data privacy and security. Regulators in the United States are increasingly scrutinizing these statements. If these policies or statements are found to be deficient, lacking in transparency, deceptive, unfair, misleading, 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 upon whom we rely. 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 sensitive information, 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.

We are exposed to risks associated with integrating artificial intelligence tools into our operations.

We recently began integrating AI and ML technologies into our organizational operations. For example, our method of identifying potential novel drug targets is based on our AI/ML powered predictive computational discovery platform, Unigen™. As another example, our employees and personnel use generative AI to perform certain tasks in their work. The integration of AI/ML introduces inherent risks such as data privacy, intellectual property disputes, cybersecurity vulnerabilities, confidentiality concerns, and regulatory non-compliance that may arise from the deployment or misuse of AI systems.

The disclosure and use of personal data in AI/ML is subject to various privacy laws and obligations, as well as increasing regulation and scrutiny. Several jurisdictions around the globe have proposed, enacted, or are considering laws governing AI/ML, such as the EU's AI Act. Additionally, certain privacy laws extend rights to individuals (such as the right to delete certain personal data) and regulate automated decision making involving certain personal data, which may be incompatible with certain of our AI/ML uses. These obligations may make it harder for us to operate our business, lead to regulatory fines or penalties, prevent or limit our use of AI/ML, or otherwise harm our business. For example, the Federal Trade Commission has required other companies to turn over (or disgorge) valuable insights or trainings generated through the use of AI/ML where they allege the company has violated privacy and consumer protection laws. If we cannot use AI/ML or that use is restricted, our business may be less efficient, or we may be at a competitive disadvantage.

Additionally, the complexity and opacity of AI algorithms can lead to unintended consequences or outcomes. Due to inaccuracies or flaws in the inputs, outputs, or logic of the AI/ML, the model could be biased and could lead us to make decisions that could bias certain individuals (or classes of individuals), and adversely impact their rights, employment, and ability to obtain certain pricing, products, services, or benefits.

Our use of AI/ML models hosted or developed by third party providers also presents certain information security risks. For example, any sensitive information that we input into such AI/ML platform could be leaked or disclosed to others, including if sensitive information is used to train third party AI/ML. Where an AI/ML model ingests sensitive information and makes connections using such data, those technologies may reveal other sensitive information generated by the model. AI/ML models may create flawed, incomplete, or inaccurate outputs, some of which may appear correct. This may happen if the inputs that the model relied on were inaccurate, incomplete or flawed (including if a bad actor "poisons" the AI/ML with bad inputs or logic), or if the logic of the AI/ML is flawed (a so-called "hallucination").

Adopting and maintaining AI and ML technologies may increase operational costs due to computing demands and specialized expertise requirements, and even if we are successful in maintaining such technologies, our competitors or other third parties may incorporate AI and ML into their businesses more quickly or more successfully than us, which could impair our ability to compete effectively and adversely affect our results of operations. If our technologies (including those of our vendors and subcontractors) fail to perform as intended, our business, financial condition, and results of operations could be adversely affected.

Changes in legal or regulatory frameworks surrounding AI usage may further pose compliance risks or limit the development and application of these technologies. For example, many U.S. federal and state and foreign government bodies and agencies have introduced and/or are currently considering additional laws and regulations governing the use of AI technologies. Any such changes could require us to expend significant resources to modify our products, services, or operations to ensure compliance or remain competitive.

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. For example, we will need to increase our insurance coverage if we conduct clinical trials in additional countries or of additional product candidates or if we commence commercialization of any product candidates. Insurance coverage is increasingly expensive. We may not be able to maintain insurance coverage at a reasonable cost or in an amount adequate to satisfy any liability that may arise. 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 and retention amounts. 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 be subject to adverse publicity, 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 may also 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, and thereafter, on March 18, 2024, the opponents filed an appeal. Statement of grounds of appeal was filed on May 17, 2024 and we filed a response to the appeal on September 26, 2024. 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. Following different proceedings, on January 14, 2025, in an oral proceedings hearing, the opposition division of the European Patent Office ruled in favor of maintaining the patent in its amended form, with the amended patent recites method of screening for anti-PVRIG antibodies that are inhibitors of the binding association of PVRIG polypeptide with PVRL2. The opponents can still appeal this decision. 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. The summons to attend oral proceedings in these oppositions and preliminary opinion by the opposition division were received on October 21, 2024. A written response to the preliminary opinion is due from us by October 2, 2025 and the oral proceedings are scheduled to take place between December 3 to December 5, 2025. There can be no guarantee that we are successful with this or any other opposition proceeding.

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 fail 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 consider, 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 for 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 filed by GSK and another party, with respect to our European patent relating to anti-PVRIG antibodies competing with COM701; another opposition filed by GSK, in respect to our European patent relating to method of screening for inhibitors of the binding association of PVRIG polypeptide with PVRL2, in which the opposition division of the European Patent Office ruled in our favor and the claims of the patent were maintained in an amended form as specified above and one opposition filed by GSK and another party, with respect to our European patent relating to anti-PVRIG antibodies, in which we prevailed but is under 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 using 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. The results of hearings, motions or other interim proceedings or developments are public. 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-inventors. 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 and may cause a significant reduction to our potential future revenues.

We may rely on trade secrets 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.

Since the establishment of the State of Israel in 1948 and in recent years, armed conflicts between Israel and its neighboring countries and terrorist organizations active in the region have involved missile strikes, hostile infiltrations, terrorism against civilian targets in various parts of Israel, and recently abduction of citizens and soldiers.

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, and there have been additional active hostilities, including with the Hezbollah (a Shia Islamist political party and militant group based in Lebanon), [culminating in a 60-day cease fire agreed to between Israel and the Hezbollah on November 27, 2024, the result of which is uncertain] and the Houthi movement which controls parts of Yemen. The Houthi movement in Yemen has targeted marine vessels in the Red Sea, affecting those enroute to Israel or partly owned by Israeli businesses. This has led shipping companies to reroute or halt shipments to Israel. The Red Sea is crucial for Israel's trade, and disruptions could cause delays in supplier deliveries, longer lead times, and increased costs for freight, insurance, materials, and labor, and have a general adverse effect on the Israeli market. In addition, Israel has experienced hostilities with Iran, which is perceived by Israel as sponsor of Hamas (a militia group and political party controlling the Gaza Strip), Hezbollah and the Houthi movement and attacked Israel and has threatened to do so in the future, as well as with Iranian-backed militias in Syria. All these hostilities may escalate in the future into a greater regional conflict. Israel responded 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 in Lebanon and Syria and with airstrikes in Iran and Yemen. In addition, most recently Israel has been involved in an armed operation with armed groups in the West Bank, which also included mobilization of armed forces.

Our headquarters and research and development facilities are located in Holon, which is about 50 kilometers from the Gaza Strip and about 150 kilometers from the western border with Lebanon. 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.

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. In addition, in January 2024 the International Court of Justice, or ICJ, issued an interim ruling in a case filed by South Africa against Israel in December 2023, in connection with the "Swords of Iron" war, and ordered Israel, among other things, to take steps to provide basic services and humanitarian aid to civilians in Gaza and in November, 2024, the International Criminal Court, or ICC, issued arrest warrants for Israeli Prime Minister Benjamin Netanyahu and former Israeli Minister of Defense Yoav Gallant based on allegations of war crimes. Companies and businesses may terminate, and may have already terminated, certain commercial relationships with Israeli companies following the ICJ and ICC decisions. The foregoing efforts by countries, activists and organizations, particularly if they become more widespread, as well as rulings by the ICJ, ICC and other international tribunals, may materially and adversely impact our business and supply chains. There are concerns that companies and businesses will terminate, and may have already terminated, certain commercial relationships with Israeli companies following the ICJ and the ICC decisions. The foregoing efforts by countries, activists and organizations, particularly if they become more widespread, as well as rulings by the ICJ, ICC and other international tribunals, may adversely impact our ability to cooperate with research institutions and collaborate with other third parties.

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 (currently 41, pursuant to a temporary provision enacted in light of the "Swords of Iron" war, or older, for reservists with certain occupations), but during military conflicts, these employees may be called to active duty for long 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, have had and may continue to 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.

Moreover, on February 9, 2024, the international rating agency Moody's announced the downgrade of Israel's credit rating to A2 (from a level of A1) and also lowered the rating outlook from "stable" to "negative". In its report, Moody's estimated that the broad implications of the "Swords of Iron" war significantly increase the political risks in the State of Israel, weaken the legislative and executive authorities, and significantly impact Israel's budgetary stability in the foreseeable future.

In April 2024, S&P Global Ratings also announced the downgrade of Israel's rating from AA- to A+, and maintained the rating outlook as "negative", mainly due to the escalation of tensions between Israel and Iran, as detailed above, and the geopolitical risks that Israel has been dealing with since the outbreak of the "Swords of Iron" war.

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 insurance does not cover any loss arising from 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 2024, 2023 and 2022 the dollar appreciated against the NIS by 0.6%, 3.1% and 13.2%. 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 3.2% and 3.0% in 2024 and 2023, 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 resulting from the 'Preferred Enterprise' status, or Preferred Enterprise, we are entitled to 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. The tax benefits that we anticipate receiving under the Preferred 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 unless we consent in writing to the selection of an alternative forum, 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 and that such provision may be enforced by us, our 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. 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.

Our Articles provide that unless we consent in writing to the selection of an alternative forum, 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. 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. 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 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 pay 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 certain activities within the framework 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 or as otherwise designated by the applicable IIA programs, approvals and the R&D Law. 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 (as long as we do not grant licenses thereunder nor transfer production or development outside of the State of Israel). 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 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, to the extent given by the IIA, can be conditioned upon the payment of increased royalties and an increase in the overall repayment obligation. 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, unless preapproval is obtained as detailed above, from engaging in transactions involving the sale, licensing, outsourcing of development activities, transfer, the grant of access rights and the like, with respect to 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 received, and if applicable, 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 up to six times the amount of the grant (as adjusted for fluctuation in the USD/NIS exchange rate) with applicable interest. 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. domestic public companies, including:

- the rules under the Exchange Act requiring the filing with the SEC of annual reports on Form 10-K, 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 were to no longer qualify as a foreign private issuer, we would 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 would 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.

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 of 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 on 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, 2024, we had a total of 89,541,246 ordinary shares outstanding.

Based on the number of shares subject to awards under our 2010 Share Incentive Plan, as amended, or 2010 Plan, as of December 31, 2024, 9,864,993 ordinary shares that are subject to outstanding options and RSUs or reserved for future issuance under our 2010 Plan were eligible for sale in the public market (with none under our 2021 Employee Shares Purchase Plan, or ESPP), subject to vesting, and 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, on 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, or Leerink, 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, preferences 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 2024 calendar year, our closing share price on Nasdaq ranged from a low of $1.41 to a high of $2.95 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, outbreak of disease, boycotts, curtailment of trade and other business restrictions and implementation of tariffs and the different effects of the evolving nature of global or regional events, including the current "Swords of Iron" war in Israel;
- clinical data disclosed by us, our collaborators or our competitors;
- massive purchase or 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;
- achievement or denial of regulatory approvals by us, our collaborators 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 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 collaborators 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; 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 "Swords of Iron" war and the general situation in the area. 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, in addition to other potential adverse effect on us, 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 in 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 not a PFIC for the taxable year ended December 31, 2024. 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 involving themselves in the governance, strategic direction and operations of a company. In general, shareholder activism, including potential proxy contests, diverts management's and board of directors' attention and resources from the company's business, could give rise to perceived uncertainties as to the company's 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, trade tensions, global geopolitical tensions, 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 United States or in any other markets in which we operate could adversely affect our operations and operating results. A severe or prolonged economic downturn, such as the global financial crisis, could result in a variety of risks to our business, including inability to raise additional capital when needed on acceptable terms, if at all. A weak or declining economy could also strain our CDMOs and CROs, possibly resulting in supply disruption. 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.

In addition, the effect of the "Swords of Iron" war and the hostilities as specified in our risk factors, as and stated above together with the 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, and the downgrading in Israel's credit rating as stated above, may have an adverse effect on the Israeli social, economic and political landscape and in turn, on us. 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.

Global trade issues and changes in and uncertainties with respect to trade policies and export regulations, including import and export license requirements, trade sanctions, tariffs and international trade disputes, could adversely impact our business and operations.

There is inherent risk, based on the complex relationships among the United States and the countries in which we conduct our business, that political, diplomatic, and national security factors can lead to global trade restrictions and changes in trade policies and export regulations that may adversely affect our business and operations. The United States and other countries have imposed and may continue to impose new trade restrictions and export regulations, have levied tariffs and taxes on certain goods, and could significantly increase tariffs on a broad array of goods. While pharmaceutical products have customarily been granted exemptions from tariffs, recent proposals do not contemplate such exemptions. Trade restrictions and export regulations, or increases in tariffs and additional taxes, including any retaliatory measures, can negatively impact demand, increase our supply chain complexity and our manufacturing costs, decrease margins, reduce the competitiveness of our products, or restrict our ability to sell products, provide services or purchase necessary equipment and supplies, any or all of which could have a material and adverse effect on our business, results of operations, or financial condition.

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 as experienced in January 2025. 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, our adoption of certain standards or mandated compliance with 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, 2024, 2024 and 2022, our capital expenditures were 0.1 million, $0.2 million and $0.4 million, respectively. As of December 31, 2024, we had no significant commitments for capital expenditures.

B. BUSINESS OVERVIEW

Summary

We are a clinical-stage therapeutic discovery and development company utilizing our AI/ML powered predictive computational discovery platform, recently branded as Unigen™, to identify novel drug targets and to develop therapeutics in the field of cancer immunotherapy. Our innovative immuno-oncology pipeline consists of four clinical stage programs, COM701, COM902, rilvegostomig and GS-0321 (previously COM503). 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. We have two ongoing clinical trials (that completed enrollment) initiated in 2023 evaluating the triple combination treatment of COM701, COM902 and pembrolizumab, one in platinum resistant ovarian cancer and the other in microsatellite stable colorectal cancer, both of which have together a few patients on treatment as of the middle of February 2025. In addition, we are initiating our new adaptive platform trial in relapsed platinum sensitive ovarian cancer. In this trial we will first evaluate COM701 as a monotherapy randomized to placebo in double-blinded sub-trial 1 in total of 60 patients. We plan to start enrollment in the second quarter of 2025 and we expect to share interim analysis data from this sub-trial in the second half of 2026. Rilvegostomig, a PD-1/TIGIT bispecific antibody with a TIGIT component that is derived from our COM902 program, is being developed by AstraZeneca pursuant to an exclusive license agreement between us and AstraZeneca and is being evaluated in multiple Phase 3 clinical trials and in multiple Phase 2 and Phase 1 clinical trials. GS-0321 (previously COM503) our potential first-in-class high affinity antibody, which blocks the interaction between IL-18 binding protein and IL-18, is licensed to Gilead and is being developed by us in a recently initiated Phase 1 clinical trial. In addition, we have an early-stage immuno-oncology therapeutic pipeline that consists of research programs aiming to address various mechanisms to enhance anti-cancer immunity.

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 us to advance drug targets from computer prediction through successful preclinical studies to the clinic. Therefore, we believe that we are uniquely positioned to discover and develop potential novel, 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 AI/ML powered predictive computational discovery platform, named Unigen™. We employ and leverage our key differentiator, the integration of cutting edge computational capabilities with ground-breaking immuno-oncology research and drug development expertise – in the competitive landscape of immuno-oncology to build our pipeline with potential first-in-class drugs:

- We discover novel drug targets with the potential to address the unmet need of patients non-responsive to current cancer immunotherapies
- We harness our Unigen™ capabilities to inform our target validation and drug development process; and
- We apply our capabilities to inform on the program's mechanism of action, relevant indication/patient population, drug combinations and potential biomarker that may fit for future patient selection.

We believe that the totality of these capabilities 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 PVRIG has a unique biology, differentiated from other checkpoints. PVRIG is dominantly expressed in stem-like memory T cells (TSCM) and PVRL2 is expressed in dendritic cells. Therefore, PVRIG blockade might induce potent induction of T cell numbers in tumors and unleash antitumor immunity also in indications less responsive to other checkpoint inhibitors, such as ovarian cancer. In addition, our data suggests that the PVRIG pathway is parallel and complementary to the TIGIT pathway. 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. We believe that 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 clinical trials for COM701 were initiated in September 2018.

- **COM902** is a high affinity, fully human antibody developed by us, targeting TIGIT, an immune checkpoint discovered computationally by us. COM902 blocks the interaction of TIGIT with PVR, its ligand. COM902 is potential best-in-class antibody with a non-active Fc tail. COM902 prevents depletion of major $TIGIT^+$ expressing lymphocytes (NK, CD4 and CD8 T cells), supporting rationale for selecting a high affinity anti-TIGIT antibody with an IgG4 backbone and low Fc effector function. Phase 1 clinical trials for COM902 were initiated in March 2020.

- **Rilvegostomig** is a 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 first Phase 3 clinical trial at the end of 2023 dosing its first patient in such trial in December 2023 and now rilvegostomig is being evaluated in multiple Phase 3 clinical trials and in multiple Phase 2 and Phase 1 clinical trials. In addition, AstraZeneca is also running several Phase 1 and 2 clinical trials with rilvegostomig in additional indications.

- **GS-0321 (previously COM503)** is a potential first-in-class high affinity antibody, which blocks the interaction between interleukin-18 binding protein (IL18BP) and interleukin-18 (IL-18). The inflammasome-induced pro-inflammatory cytokine, IL-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. Nevertheless, IL-18 is one of the rare cytokines that is naturally blocked by an endogenous high affinity inhibitor, called IL-18BP. GS-0321 (previously COM503) was designed to free natural IL-18 activity in the tumor microenvironment by releasing it from IL-18BP, thereby increasing the local concentrations of IL-18 within the tumor where it can potentiate anti-tumor immune responses, potentially overcoming the limitations of systemically administered cytokines. GS-0321 (previously COM503) is licensed to Gilead and is being developed by us in a Phase 1 clinical trial and recently entered into the clinic with the first patient having been dosed on January 7, 2025. The Phase 1 clinical trial is design to assess the safety and tolerability of GS-0321 (previously COM503) as monotherapy and in combination with zimberelimab in participants with advanced solid tumors.

In addition to our clinical therapeutic pipeline, we also have rights to 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 and 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.

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 represent a significant commercial market. The global immune checkpoint inhibitors market size is estimated at $50.28 billion in 2024 and is anticipated to reach around $229.60 billion by 2034, expanding at a compounded annual growth rate of 16.40% from 2024 to 2034, 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 novel drug targets which may 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, only a small proportion of patients respond to these therapies, averaging approximately between 15% to 30% overall, and by some reports 20%-40%, 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 PD-1 pathway blockers have 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 dendritic cells, as well as in PD-L1 low less inflamed tumors. Therefore, this unique expression pattern and resulted biology might enable PVRIG blockade to be active in patients with less inflamed tumors, such as ovarian cancer. In addition, expression studies showed that PVRIG, TIGIT, and their respective ligands, are expressed in a broad variety of tumor types, with ovarian cancer having one of the highest expressions of the pathway. 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. We have two ongoing clinical trials (that completed enrollment) that were both initiated in 2023 evaluating the triple combination treatment of COM701, COM902 and pembrolizumab, one in platinum resistant ovarian cancer and the other in microsatellite stable colorectal cancer, both of which have together a few patients on treatment as of the middle of February 2025. We plan to start a new adaptive platform trial in relapsed platinum sensitive ovarian cancer. In this trial we will first evaluate COM701 in total of 60 patients in a randomized, double-blinded sub-trial 1 as a monotherapy versus placebo. We plan to start enrolling patients to this sub-trial in the second quarter of 2025.

COM701 Clinical Programs

In September 2018, we dosed our first patient in the Phase 1 clinical trial of COM701 and through December 31, 2024, we conducted multiple Phase 1 studies across tumor types, patient populations and combinations. Below is a table showing key COM701 expansion cohorts efficacy data as monotherapy and in combinations disclosed in scientific conferences.

Tumor	Treatment	Median prior lines	Best Response	Description	Reference
Platinum resistant ovarian cancer	COM701	6 across indications	1/6 ORR (16.6%) 4/6 DCR (66%)	1 PR >18 months~* in immune desert TME	ASCO 2021
	COM701 + nivolumab	6	2/20 ORR (10%) 9/20 DCR (45%)	1 PR in patient refractory to nivolumab	ESMO IO 2022
	COM701 + nivolumab + BMS-986207	4	4/20 ORR (20%) 9/20 DCR (45%)	3 PR >16 months*	ESMO IO 2022 SITC 2023
	COM701 + pembrolizumab +COM902	4	4/24 ORR (17%) 11/24 DCR (46%)	5 patients on treatment for >200 days	SITC 2024
MSS CRC with liver metastases	COM701 + nivolumab	4	2/17 ORR (12%) 4/17 DCR (24%)	1 PR in patient with immune desert TME 1 PR >11 months	SITC 2022
	COM701+ COM902+ pembrolizumab	3	1/15 ORR (7%) 6/15 DCR (40%)	1 PR > 9 months* in patient who had PD on chemo + bev (post data cut patient reassessed as non- target liver lesion of uncertain etiology at baseline) 2 SD >7 months*	ASCO 2024
ICI experienced NSCLC	COM701 ± nivolumab	6, ≥ 2 prior ICI	5/7 DCR (71%)	3 SD on COM701 monotherapy	ESMO IO 2022
Recurrent metastatic MSS endometrial cancer	COM701 + nivolumab + BMS-986207	2, 33% prior PD1x	2/9 ORR (22%) 4/9 DCR (44%)	1 PR in patient refractory to lenvatinib/ pembrolizumab	ASCO 2023
Metastatic breast cancer	COM701 + nivolumab	5	2/17 ORR (12%) 5/17 DCR (30%)	1 CR > 21 months*, low immunogenic HER2 negative tumor	SITC 2023

In connection with the table above, BMS-986207 is Bristol Myers Squibb anti-TIGIT; ICI is Immune checkpoint inhibitor; CR is Complete Response; PR is Partial Response; SD is Stable Disease; PD is Progressed Disease; ORR is Overall Response Rate; DCR is Disease Control Rate. *Ongoing at time of data cut-off; ~ means that patient had primary peritoneal cancer.

Clinical data disclose from COM701 related studies in 2024 (covered in the table above as well):

On June 1, 2024, at the American Society of Clinical Oncology (ASCO) annual meeting in Chicago, Illinois we presented a poster with new clinical data on COM701 (anti-PVRIG) in triple combination with COM902 (anti-TIGIT) and pembrolizumab in microsatellite stable colorectal cancer (MSS-CRC).

Conclusions from the poster provided that:

- In this phase Ib expansion cohort of participants with heavily pre-treated advanced MSS-CRC, majority with liver metastases, the triplet combination administered every 3 weeks was well tolerated.
- The safety profile of the triplet combination was generally consistent with that of pembrolizumab and other approved PD-[L]1 inhibitors.
- Exploratory analysis demonstrated antitumor activity: overall response rate (ORR) (1/20, 5%), disease control rate (DCR) (8/20) 40%, best response of partial response (PR) in 1 patient with 3 patients (1PR, 2stable diseases (SDs)) remaining on treatment at the data cut of April 5, 2024.
- Pharmacodynamic activation of the immune system in the tumor and blood was observed, supportive of COM701 driven anti-tumor activity. Such activation was not previously reported in MSS-CRC with PD-[L]1 inhibitors.
- Among the cohort reported here and in the prior reported data, we have shown that COM701 has a clinical benefit, is well tolerated and induced immune activation in a traditionally immune therapy resistant population of MSS-CRC.

On November 8, 2024, at the 39th Annual Meeting of SITC in Houston, Texas we presented a poster with new clinical data on triple combination of COM701, COM902 and pembrolizumab in advanced heavily pre-treated patients with platinum resistant ovarian cancer (PROC).

Conclusions from the poster provided that:

- This ongoing Phase I expansion cohort confirms previous findings showing encouraging efficacy and safety of triple blockade of the DNAM-1 axis in advanced heavily pre-treated PROC patients, where 36% of the population had been on other investigational agents prior to trial entry.
- The safety and tolerability profile were generally consistent with approved anti-PD-(L)1s.
- Clinical benefit, with deep and durable responses was observed in patients with high-grade adenocarcinoma, in a patient with carcinosarcoma - historically nonresponsive to immune checkpoint inhibitors (ICIs), and in patients previously exposed to ADCs and other investigational drugs.
- ORR 17%, DCR 46%, clinical benefit rate (CBR) 29%, with 4 patients still on treatment at data cut of August 29, 2024.
- Robust pharmacodynamic activation of the immune system was observed on treatment.
- Lower concentrations of immunosuppressive cytokines prior to and on treatment were associated with a clinical benefit.

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

Pathway expression and preclinical data

COM902 is a high affinity, fully human and a potentially best-in-class antibody targeting TIGIT with a non-active Fc tail. 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-[L]1 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 was primarily evaluated in combination with COM701.

While we completed enrollment of our clinical trials with COM902 as combination and as of the middle of February 2025 we continue monitoring a few of the patients that are still on treatment, our newly planned adaptive platform trial in patients with relapsed platinum sensitive ovarian cancer in the maintenance setting is expected to first evaluate single agent COM701 and only then may cover future combinations, which may include COM902. Therefore, in the near future we do not expect to have new meaningful data from our COM902 program, however we do expect data of other companies that develop their own anti-TIGIT antibodies and from our partner AstraZeneca for rilvegostomig (a PD-1/TIGIT bi-specific antibody with a TIGIT component that is derived from our COM902).

For information regarding the evaluation of COM902 in combination with COM701, see “COM701 Clinical Programs” above.

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

Rilvegostomig is a 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 multiple Phase 3 clinical trials and multiple Phase 2 and Phase 1 clinical trials with the first patient having been dosed in the first Phase 3 clinical trial in December 2023.

- **GS-0321 (previously COM503) -** ***a therapeutic antibody targeting IL-18 binding protein***

GS-0321 (previously COM503) is a potential first-in-class high affinity antibody, which blocks the interaction between interleukin-18 binding protein (IL18BP) and interleukin 18 (IL-18). The inflammasome-induced pro-inflammatory cytokine, IL-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. Nevertheless, IL-18 is one of the rare cytokines that is naturally blocked by an endogenous high affinity inhibitor, called IL-18BP. GS-0321 (previously COM503) was designed to free natural IL-18 activity in the tumor microenvironment by releasing it from IL-18BP, where it can potentiate anti-tumor immune responses, potentially overcoming the limitations of systemically administered cytokines. GS-0321 (previously COM503) is licensed to Gilead and is being developed by us in a Phase 1 clinical trial.

Clinical Development

In January 2025 we dosed the first patient in the dose escalation monotherapy cohort of the Phase 1 clinical trial, which is expected to enroll up to 200 participants, to evaluate GS-0321 (previously COM503) as monotherapy and in combination with zimberelimab in advanced solid tumors.

- ***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. By applying the integration of Unigen™ with our ground-breaking immuno-oncology research and drug development expertise, 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 currently apply these capabilities in three different areas.

Firstly, we are computationally analyzing omics data using our Unigen™ platform to identify tumor indications in which the pathway of our target plays a role. This analysis is thereafter validated experimentally, and the validated data is used for indication selection for our clinical trials.

Secondly, the identification of potential biomarkers for future patient selection. In this approach, we are using various cutting-edge technologies and methodologies on both biopsies, liquid biopsies, and blood samples. The different technologies may include immunohistochemistry, transcriptomic, genomic and proteomic analysis. The generated data is added to the Unigen™ platform databases and then analyzed computationally to identify potential biomarkers for patient selection and used in discovery projects aimed at uncovering potential novel drug targets.

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

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 novel drug targets has the potential to broaden the reach of cancer immunotherapies to more types of cancers and many more patients.

Our early-stage research programs are discovered using our Unigen™ platform and consist of drug targets which may provide new cancer immunotherapies for patients non-responsive to current cancer therapies.

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 towards the development of new cancer immunotherapy treatments. Our multi-omics data analysis is designed to identify novel 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 and added AI/ML powered tools and recently branded this entire platform as Unigen™ platform.

We have demonstrated the applicability of our discovery approach in computationally identifying multiple in-silico targets, including PVRIG, TIGIT, IL-18BP and ILDR2, the first three 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 are or have been evaluated in clinical trials by us (COM701, COM902 and GS-0321 (previously COM503)) or by our partners (bapotulimab and rilvegostomig).

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 generate, 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 Agreement

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 GS-0321 (previously COM503), and additional products that may be so developed by Gilead, together with GS-0321 (previously COM503), referred to herein as the Licensed Products.

Pursuant to the License Agreement, Gilead paid us a $60 million upfront license payment ($51 million net after $9 million were withheld at source) in January 2024 and additional $30 million ($25.5 million net after $4.5 million were withheld at source) as a milestone payment upon clearance of the IND application for GS-0321 (previously COM503) in the third quarter of 2024. 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 are responsible for conducting a Phase 1 clinical trial for GS-0321 (previously COM503), including handling the regulatory matters in connection therewith, and will bear the costs of such trial (including the GS-0321 (previously COM503) drug supply), with Gilead providing at no cost its anti-PD-1 antibody, zimberelimab, 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 GS-0321 (previously COM503), we will initiate the transfer of development activities related to GS-0321 (previously 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 and the milestone payment amount paid to us in January 2024 and in September 2024, respectively, 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 is solely responsible for all research, development and commercial activities under the agreement. In connection with such license agreement, AstraZeneca developed rilvegostomig, a novel PD-1/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 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 mid-single-digit 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 clinical 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 clinical trial evaluating rilvegostomig), additional $10 million in 2023 as a clinical milestone (triggered by the dosing of the first patient in its ARTEMIDE-Bil01 Phase 3 clinical trial evaluating rilvegostomig), and an additional $5 million in 2024 (triggered by dosing of the first patient in the second Phase 3 clinical trial evaluating rilvegostomig). If additional products are developed, additional milestones and royalties would be due to us for each product. In 2024, AstraZeneca provided a non-risk adjusted peak year revenue target for rilvegostomig of over $5 billion.

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 for four different milestones achieved.

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 connection with the termination, we obtained from Bayer the 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 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 patients with advanced solid tumors.

The collaboration was also designed to address potential future combinations. The parties agreed that Bristol Myers Squibb and Compugen will each supply the other company with its own compound for the other party's trial, and otherwise each party will be responsible for all costs associated with the trial that it is conducting.

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, we 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 - 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, 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 examples of the competition we face, see "Item 3. Key Information - D. Risk Factors - 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." and "Item 3. Key Information – D. Risk Factors - Risks Related to Competition and Commercialization - 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."

Our discovery program depends, in large part, on our computational discovery capabilities in integration with our immuno-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 other means by which such inventions and intellectual property can be generated. We believe that our computational capabilities, and specifically our Unigen™ platform, provide us with a competitive advantage in predicting protein functions and linking proteins to specific mechanisms and diseases, and as a result, predicting novel immuno-oncology drug targets. We believe that this advantage is made possible by building an integrated immuno-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 four drug targets that entered clinical trials and have generated peer reviewed publications in scientific journals.

We also face competition from companies that utilize AI/ML for target discovery in the field of immuno-oncology/cancer, some of which besides utilizing a computational platform for target discovery, also perform the molecule discovery. For more information on this matter, please see relevant information "Item 3. Key Information - D. Risk Factors - 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." and "Item 3. Key Information – D. Risk Factors - Risks Related to Competition and Commercialization - 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."

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, 2025, we had a total of 62 issued and allowed patents, of which 15 are U.S. patents, 6 are European patents and additional 41 patents in other territories. Our issued and allowed patents expire between 2028 and 2038. As of February 1, 2025, we had over 184 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 2024 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.

We are currently party to several oppositions in different stages. For information about our oppositions, see “Item 3. Key Information – D. Risk Factors - 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.”

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 GS-0321 (previously COM503). Our manufacturing strategy is currently structured to support the current clinical development of COM701 and COM902 and GS-0321 (previously COM503) (for which we are responsible for the Phase 1 development). Although we believe the general manufacturing strategy developed for the United States or in Europe will be applicable in other geographies, specific strategies for other geographies will be developed, if required, 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, among others, laboratory evaluations of product function, 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 trial 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 trial protocol must be submitted to the FDA, and to the IRBs. Protocols detail, among other things, the objectives of the trial, 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 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 and amendments 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 August 16, 2022, the Inflation Reduction Act of 2022, or the IRA, was signed 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, the IRA, among other things, (i) directs the Secretary of HHS to negotiate the price of certain high-expenditure, single-source drugs that have been on the market for at least 7 years and biologics that have been on the market for at least 11 years 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, or the Medicare Drug Price Negotiation Program, and (ii) imposes rebates under Medicare Part B and Medicare Part D to penalize price increases that outpace inflation. These provisions began to take effect progressively in fiscal year 2023. On August 15, 2024, the U.S. Department of Health and Human Services, or HHS, announced the agreed-upon price of the first ten drugs that were subject to price negotiations, although the Medicare Drug Price Negotiation Program is currently subject to legal challenges. HHS will select up to fifteen additional drugs covered under Part D negotiation in 2025. Each year thereafter more Part B and Part D products will become subject to the Medicare Drug Price Negotiation Program.

We cannot predict what healthcare reform initiatives may be adopted in the future, particularly in light of recent U.S. Presidential and Congressional elections. 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. Further, coverage policies and third-party payor reimbursement rates may change at any time. Even if favorable coverage and reimbursement status is attained for a product for which we receive regulatory approval, less favorable coverage policies and reimbursement rates may be implemented in the future. 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 biological 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 biological 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 our 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, 2024, 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 AI/ML powered predictive computational discovery platform, recently branded as Unigen™, to identify novel drug targets and to develop therapeutics in the field of cancer immunotherapy. Our innovative immuno-oncology pipeline consists of four clinical stage programs, COM701, COM902, rilvegostomig and GS-0321 (previously COM503). 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. We have two ongoing clinical trials that were both initiated in 2023 (with enrollment completed) evaluating the triple combination treatment of COM701, COM902 and pembrolizumab, one in platinum resistant ovarian cancer and the other in microsatellite stable colorectal cancer, both of which have together a few patients on treatment as of the middle of February 2025. In addition, we are initiating our new adaptive platform trial in relapsed platinum sensitive ovarian cancer. In this trial we will first evaluate COM701 as a monotherapy randomized to placebo in double-blinded sub-trial 1 in total of 60 patients. We plan to start enrollment to this sub-trial in the second quarter of 2025 and we expect to share interim analysis data from this sub-trial in the second half of 2026. Rilvegostomig, a PD-1/TIGIT bispecific antibody with a TIGIT component that is derived from our COM902 program, is being developed by AstraZeneca pursuant to an exclusive license agreement between us and AstraZeneca and is being evaluated in multiple Phase 3 clinical trials and in multiple Phase 2 and Phase 1 clinical trials. GS-0321 (previously COM503), our potential first-in-class high affinity antibody, which blocks the interaction between IL-18 binding protein and IL-18, is licensed to Gilead and is being developed by us in a recently initiated Phase 1 clinical trial. In addition, we have an early-stage immuno-oncology therapeutic pipeline that consists of research programs aiming to address various mechanisms to enhance anti-cancer immunity.

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 us to advance drug targets from computer prediction through successful preclinical studies to the clinic. Therefore, we believe that we are uniquely positioned to discover and develop potential novel, 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, 2024, we had an accumulated deficit of $488.8 million. We expect to continue to incur net losses in the foreseeable future.

While our Unigen™ platform has potentially broad applicability and is not limited to a certain indication or therapeutic field, we are focusing our efforts on the discovery of novel drug targets for the development of novel therapeutic antibodies for cancer, in which we believe there is a significant unmet medical need for cancer patients. We have discovered novel targets through our Unigen™ platform with four different product candidates currently being clinically evaluated, potentially supporting the power and validity of our computational capabilities.

We are currently pursuing clinical development of our internal programs COM701 and COM902 as well as GS-0321 (previously COM503) on behalf of our partner, Gilead, for which we are only responsible for the Phase 1 development. We have two partnerships in place, one with AstraZeneca, who is developing rilvegostomig, an anti PD-1/TIGIT bispecific antibody with a TIGIT-specific component that is derived from our COM902 antibody and is in multiple Phase 3 clinical trials and other earlier phases, and the second, with Gilead, pursuant to the License Agreement for our GS-0321 (previously COM503) program, with the first patient having been dosed in January 2025.

We incurred net losses of approximately $14.2 million in 2024, approximately $18.8 million in 2023 and approximately $33.7 million in 2022. 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 active collaborations, our business model primarily involves establishing collaborations for our novel targets and therapeutic product candidates at various stages of research and development to provide us with potential milestone payments and royalties on product sales or other forms of payments.

Our research and development expenditures have always comprised a significant portion of our total cash expenditures, and they are expected to remain our major operating expense in 2025.

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 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 or if our burn-rate increases, 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, 2024 and 2023

Revenues. Revenues for the year ended December 31, 2024, were approximately $27.9 million, compared with $33.5 million in the comparable period of 2023. The revenues for 2024 include the portion of the upfront payment and the IND milestone payment from the License Agreement with Gilead allocated to the IND and Phase 1 research and development activities and to the license in addition to the clinical milestone from the license agreement with AstraZeneca in the amount of $5 million, while the revenues for 2023 reflect the portion of the upfront payment from the license agreement with Gilead allocated to the license and the clinical milestones from the license agreement with AstraZeneca in the amount of $10.0 million.

Cost of Revenues. During the year ended December 31, 2024, cost of revenues was approximately $7.9 million compared with approximately $2.0 million cost of revenues in the comparable period of 2023. Cost of revenues for the year ended December 31, 2024, represents the cost of IND and Phase 1 activities and royalty payments in connection with our revenues, offset by royalty reversal in 2024 due to exemption from royalties on IL-18BP received from the IIA, while cost of revenues for the year ended December 31, 2023, represents milestone and royalty payments in connection with our revenues.

Research and Development Expenses, net. Research and development expenses during 2024 decreased by 28% and totaled approximately $24.8 million compared with approximately $34.5 million in the comparable period of 2023. The decrease was mainly due to the classification of expenses related to GS-0321 (previously COM503) to cost of revenues and to lower CMC and IND enabling activities related to GS-0321 (previously COM503), partially offset by an increase in clinical expenses. Research and development expenses, as a percentage of total operating expenses, were 71% in 2024 compared to 78% in 2023.

Marketing and Business Development Expenses. Marketing and business development expenses increased by 136% to approximately $0.6 million in 2024 compared with approximately $0.2 million in the comparable period of 2023. The increase was mainly due to higher headcount. Marketing and business development expenses, as a percentage of total operating expenses, were 2% in 2024 compared to 1% in 2023.

General and Administrative Expenses. General and administrative expenses during 2024 decreased by 3% to approximately $9.4 million in 2024 compared with approximately $9.7 million in the comparable period of 2023. The decrease during 2024 was mainly attributed to lower D&O insurance premium costs, coupled with lower salaries related expenses and legal fees partially offset by an increase in travel and consulting expenses. General and administrative expenses, as a percentage of total operating expenses, were 27% in 2024 compared to 22% in 2023.

Financial and Other Income, Net. Financial and other income increased by 62% to approximately $5.2 million in 2024 up from approximately $3.2 million in the comparable period of 2023. The increase was mainly attributed to higher cash balances which resulted in higher financial income.

Taxes on Income. Taxes on income were approximately $4.5 million in 2024 compared with $9.0 million in the comparable period of 2023. The taxes on income in 2024 and 2023 represent primarily taxes withheld by Gilead on the upfront the IND milestone payments.

Net loss. Net loss was approximately $14.2 million in 2024, compared with $18.8 million in the comparable period of 2023.

Net Loss per share. Net loss per share was 16 cents per basic and diluted share in 2024, compared with 21 cents per basic and diluted share in the comparable period of 2023.

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 $10.0 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, net. 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 a 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 million 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.

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 2024, 2023 and 2022.

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, R&D credits carry forwards and the extent to which valuation allowance has been recorded against deferred tax assets; (c) the tax benefits we will be entitled to pursuant to the Investment Law; and (d) the changes in the exchange rate of the dollar to the NIS. We may benefit from certain government programs and tax legislation, particularly as a result of the entitlement to Preferred 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 received grants from the IIA pursuant to approved IIA programs and accordingly, we are subject to the terms of such programs and approvals as well as to the terms of the R&D Law. 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 are entitled to a Preferred Enterprise status under the Investment Law. These benefits should result in income recognized by us being taxed at a lower rate. 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 elected to implement the 2011 Amendment and we currently have a Preferred Enterprise.

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, 2024, our net operating loss carry-forward for Israeli tax purposes amounted to approximately $413.9 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, 2024, the net operating loss carry-forward of our U.S. subsidiary for federal income tax purposes amounted to approximately $1.4 million. Approximately $0.3 million of these losses are available to offset any future U.S. taxable income of our U.S. subsidiary and will expire between 2027 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

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.

For the year ended December 31, 2023, and for the year ended December 31, 2024 and for the period between January 1, 2025 and February 28, 2025, the Company sold 2,612,822, 292,728 and 3,961,641 ordinary shares, respectively, pursuant to the Sales Agreement, for gross proceeds of approximately $3.6 million, $0.6 million, and $9.1 million, respectively, and net proceeds (after deducting commissions paid) of approximately $3.5 million, $0.6 million, and $8.9 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.

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 mid-single-digit 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 clinical 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 clinical trial evaluating rilvegostomig), $10 million in 2023 as a clinical milestone (triggered by the dosing of the first patient in its ARTEMIDE-Bil01 Phase 3 clinical trial evaluating rilvegostomig), and an additional $5 million in 2024 (triggered by dosing of the first patient in the second Phase 3 clinical trial evaluating rilvegostomig). If additional products are developed, additional milestones and royalties would be due to us for each product. In 2024, AstraZeneca provided a non-risk adjusted peak year revenue target for rilvegostomig of over $5 billion.

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 GS-0321 (previously COM503) product candidate, or together, the GS-0321 (previously COM503), and additional products that may be developed by Gilead, together with GS-0321 (previously COM503), the Licensed Products.

Pursuant to the License Agreement, Gilead paid us a gross amount of $60 million upfront license payment ($51 million net, after $9 million were withheld at source) in January 2024 and additional $30 million ($25.5 million net, after $4.5 million were withheld at source) as a milestone payment upon clearance of the IND application for GS-0321 (previously COM503) in the third quarter of 2024. 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 withheld at source 15% from the upfront payment and the milestone payment amount specified above and is expected to continue to 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 2024, our primary sources of cash were mainly:

- cash at hand and yield on investment of such cash balances;
- cash received from our partners, Gilead and AstraZeneca; 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 2025 will include cash at hand at the end of 2024. Additional potential 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 pursuant to our equity plans, and issuance of ordinary shares 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 provided by operating activities was approximately $49.6 million in 2024, compared with net cash used in operating activities of approximately $35.9 million in 2023 and approximately $34.1 million in 2022. Increase in net cash provided by operating activities in 2024 compared to 2023 was mainly due to $91.5 million derived from upfront payment and clinical milestones payments collected from Gilead and from AstraZeneca, net of withholding taxes, offset by increase in operating expenses (including cost of revenues) on cash basis.

Net Cash Provided by Investing Activities

Net cash used in investing activities was approximately $46.3 million in 2024, compared with net cash provided by investing activities of approximately $35.5 million in 2023 and approximately $37.1 million in 2022. Increase in net cash used in investing activities in 2024 compared to 2023 was mainly due to net upfront and milestone payments received from Gilead and AstraZeneca.

Net Cash Provided by Financing Activities

Net cash provided by financing activities was approximately $0.6 million in 2024, approximately $3.1 million in 2023 and approximately $0.4 million in 2022. The principal source of cash provided by financing activities in 2024 and 2023 was proceeds received from sale of ordinary shares through the Sales Agreement with Leerink.

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, 2024, we had cash and cash equivalents, short-term bank deposits and investment in marketable securities of approximately $103.3 million compared to approximately $50.7 million on December 31, 2023. 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. We believe that our working capital is sufficient for our present requirements.

The table below summarizes our contractual obligations as of December 31, 2024, 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]	3,608	650	1,149	1,129	680
Accrued Severance Pay, net[2]	340	-	-	-	340
Total	3,948	650	1,149	1,129	1,020

(1) Consists of operating leases for our facilities and for motor vehicles. Includes the first and second five-year option periods 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 Israel Innovation Authority."

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.

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 71% of total operating expenses in 2024 and approximately 78% in 2023 and approximately 73% 2022. Our research and development expenses, net, were approximately $24.8 million in 2024, approximately $34.5 million in 2023 and approximately $30.6 million in 2022. As of December 31, 2024, 53 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 expect that in 2025 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.

Research and Development Grants

We have participated in programs offered by the IIA that support research and development activities. See Note 8b to our 2024 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 from Financed Know-How or otherwise from all revenues generated by the Company, as designated by the applicable IIA programs, approvals and the R&D Law, and are 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, assuming we neither grant licenses thereunder nor transfer production or development outside of the State of Israel.

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, or as otherwise designated by the applicable IIA programs, approvals and the R&D Law, 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, 2024, 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 $2.5 million, along with the accumulated LIBOR/SOFR interest to date of approximately $5.1 million, totaled to approximately $9.9 million as of December 31, 2024.

With respect to the Company's requirement to pay royalties, in February 2025, the IIA approved that the Company will be required to pay royalties from all revenues of the Company, other than from income derived from sales associated with products related to IL-18BP (which currently include, GS-0321 (previously COM503)).

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, to the extent given by the IIA, 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 sold, licensed, outsourced for development activities or otherwise 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 sale, license, outsourcing for development activities or otherwise 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 six times the amount of the grant (as adjusted for fluctuation in the USD/NIS exchange rate) with applicable interest; and in the case the R&D activity related to the Financed Know-How remains in Israel, a payment of up to 3 times 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 pay 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. In February 2024, the international rating agency Moody's announced the downgrade of Israel's credit rating to A2 (from a level of A1), and also lowered the rating outlook from "stable" to "negative". In its report, Moody's estimated that the broad implications of the "Swords of Iron" war significantly increase the political risks in the State of Israel, weaken the legislative and executive authorities, and significantly impact Israel's budgetary stability in the foreseeable future. In April 2024, S&P Global Ratings also announced the downgrade of Israel's rating from AA- to A+, and maintained the rating outlook as "negative", mainly due to the escalation of tensions between Israel and Iran, as detailed above, and the geopolitical risks that Israel has been dealing with since the outbreak of the "Swords of Iron" war. While these downgrades did not have an immediate nor direct impact on us, an extended period of economic disruption, including a continued market downfall in Israel, which may be impacted by such downgrades, by future downgrades, by the continuing armed conflict between Israel and its surrounding countries, including as a result of the "Swords of Iron" war and the political and civil actions in Israel which began in early 2023, resulting from, among other things, proposed changes to certain Israeli constitutional legislation, as well as a continued market downfall in 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 hostilities involving Israel, including the "Swords of Iron" war and the additional armed conflicts between Israel and its surrounding countries (including Iran, Hezbollah (a Shia Islamist political party and militant group based in Lebanon), the Houthi movement which controls parts of Yemen, and Iranian-backed militias in Syria), nor by the political and social condition in Israel, including the effects of the ICJ Interim Ruling and the recent political and civil actions in Israel which began in early 2023, resulting from, among other things, proposed changes to certain Israeli constitutional legislation. In addition, to date, our operations and business have not been materially impacted by the Russia and Ukraine conflict. However, the hostilities involving Israel and the political and social condition in Israel mentioned above, as well as 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 "Swords of Iron" war and the other hostilities involving Israel have a potential of creating a greater effect for companies that have a significant presence in Israel. For instance, the "Sword of Iron" war and the other hostilities involving Israel, 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 in 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 0.6%, 3.1% and 13.2% in 2024, 2023 and 2022, respectively. For example, for the year ended December 31, 2024, assuming a 10% devaluation of the dollar against the NIS, we would have experienced an increase in our net loss of approximately $1.5 million, while assuming a 10% appreciation of the dollar against the NIS, we would experience a decrease in our net loss of approximately $1.3 million. Should Moody's, S&P Global Ratings 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 depends 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 engineered proteins) represent one of the fastest growing segments in the drug industry, making up 31% of FDA approved drugs in 2023 and 32% in 2024. 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, ADCs, antibody fragments, T cell engagers) and new approaches to fully exploit the potential of this class. In addition, the striking efficacy and recent approval of cell 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 bar for differentiation and decrease the 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-Merton 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 the 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.

The fair value of RSUs is the fair value of the ordinary share at the date of grant.

Share-based compensation expense recognized under ASC 718 was approximately $3.0 million, $3.6 million and $4.3 million for the years ended December 31, 2024, 2023 and 2022, 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, December 2023 and May 2024 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, $10 million and $5 million, in the years 2020, 2021, 2022, 2023 and 2024, respectively, in accordance with the criteria prescribed under ASC 606. See Note 2j to our 2024 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 GS-0321 (previously 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 million.

The IND research and development activities and Phase 1 research and development activities performance obligations are recognized over time. 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 the period over which it performed the activities to achieve clearance of an IND application and our best estimate of the period over which it would take to perform the completion of the phase 1 clinical trial.

During the year ended December 31, 2024, the Company recognized $22,864 of license, IND services and Phase 1 services revenues, and during the year ended December 31, 2023, the Company recognized $23,459 of license revenues. The Company included deferred revenues of $9,632 in current liabilities and $34,045 in non-current liabilities.

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, see Note 1f and Note 89 to our 2024 consolidated financial statements.

There was no amortization of participation in research and development expenses for the year ended December 31, 2024, while for the years 2023 and 2022 such expenses were approximately $0.3 million and $6.0 million, respectively.

Recent Accounting Pronouncements

See Notes 2t and 2u to our 2024 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 28, 2025:

Name	Age	Positions
Paul Sekhri[3]	66	Chairman of the Board of Directors (Chairman of the Nomination and Corporate Governance Committee)
Anat Cohen-Dayag, Ph.D.	58	President and Chief Executive Officer, Director
Mathias Hukkelhoven, Ph.D.	71	Director
Gilead Halevy[2]	58	Director (Chairman of the Audit Committee)
Kinneret Livnat Savitzky, Ph.D.[1][3]	57	Director
Eran Perry[1][2]	54	Director
Sanford (Sandy) Zweifach[1][2][3]	68	Director (Chairman of the Compensation Committee)
David Silberman	41	Chief Financial Officer
Michelle Mahler, MD	47	Chief Medical Officer
Zurit Levine, Ph.D.	57	Senior Vice President, Technology Innovation
Yaron Turpaz, Ph.D.	54	Senior Vice President and Senior Advisor, Data and Informatics Solutions
Eran Ophir, Ph.D.	47	Chief Scientific Officer
Pierre Ferre, Ph.D.	48	Senior Vice President, Preclinical Development and Corporate Operations

(1) Member of our Compensation Committee

(2) Member of our Audit Committee

(3) Member of our Nomination and Corporate Governance Committee

Paul Sekhri has extensive experience both as a leader and a Board member in the Biotech and Pharmaceutical industry including those with a focus on immunology. Mr. Sekhri joined Compugen's Board of Directors as its Chairman in October 2017. Mr. Sekhri serves as the Chairman, 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. 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 eGenesis, Inc., Veeva Systems Inc., and Spring Discovery and Chairman of the Board of Directors of vTv Therapeutics Inc., Longboard Pharmaceuticals, Inc. and Resolution Therapeutics. Additionally, Mr. Sekhri is the Chairman of the Board of the Young Concert Artists (YCA), and a member of Board 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. Dr. Cohen-Dayag 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. Dr. Cohen-Dayag joined Compugen's Board of Directors in 2014 and is also a member of the Board of Directors of Pyxis Ltd. and Genopore Ltd. Prior to Compugen, Dr. Cohen-Dayag was the Head of R&D and was a member of the executive management team of Mindsense Biosystems Ltd. Dr. Cohen-Dayag 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 and serves as a Venture Partner for Panacea Venture Management Company Ltd. 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, Dr. Hukkelhoven has been a consultant for several biotech companies and Senior Advisor for McKinsey and on July 1, 2022 he joined the Board of Directors of Centessa Pharmaceuticals plc. Dr. Hukkelhoven 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, Dr. Hukkelhoven 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. Dr. Hukkelhoven 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 Corp. Ltd.; Continuity Software Ltd., Zriha Hlavin Industries Ltd. and a director of Keter Holdings Ltd., S. AL Holdings Ltd., Plastfit Ltd. and AA Politiv (1999) 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), 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. Mr. 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, an immunology 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 Seanergy Dermatology, Follicle Pharma, Silverskate Bio 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. Eran 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 a senior executive with over 32 years of experience in the life sciences industry. He has extensive experience in corporate partnering, business development, operations, private and public investing, and capital raising. Mr. Zweifach founded and served as CEO of both Nuvelution Pharma, Inc. and Ascendancy Healthcare, Inc. Mr. Zweifach was also a Partner at Reedland Capital Partners, a boutique investment bank, where he headed its life sciences M&A and advisory efforts. Prior to this, 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 President of the firm's M&A and financing division and was also responsible for oversight of the firm's finance department. Prior to this, he was President and CFO of Epoch Biosciences, which was acquired by Nanogen. Currently Mr. Zweifach serves as the Chairman of the Board of Directors of Carisma Therapeutics, Inc., President and CBO and member of the Board of Directors of IMIDomics, Inc. and a member of the Board of Directors of Essa Pharma, Inc. In addition, he sits on several other private boards and has advisory roles with two investment funds. 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.

David Silberman joined Compugen on August 15, 2024, as Chief Financial Officer. Before joining Compugen, Mr. Silberman served from 2021 to 2024 as Chief Financial Officer of Oramed Pharmaceuticals (NASDAQ: ORMP, TASE: ORMP), a pharmaceutical company engaged in the research and development of innovative pharmaceutical solutions with a technology platform that allows for the oral delivery of therapeutic proteins. Prior to joining Oramed Pharmaceuticals as Chief Financial Officer in 2021, Mr. Silberman served as a Corporate Financial Planning and Analysis Director and as Global Internal Audit Senior Manager at Teva Pharmaceutical Industries Ltd. Earlier in his career, Mr. Silberman provided internal audit and risk management services in the advisory department of Grant Thornton Fahn Kanne Control Management and served in the audit department of KPMG. Mr. Silberman holds degrees in accounting and management from the French Ministry of Higher Education and Research and is a certified public accountant in Israel.

Dr. Michelle Mahler joined Compugen in October 2023 as Vice President of Clinical Development and was promoted to Chief Medical Officer, effective March 1, 2024. Before joining Compugen, Dr. Mahler was most recently the Chief Medical Officer of 1 E Therapeutics Ltd., a drug development company, creating a novel class of programmable oligonucleotide therapeutics and Aummune Therapeutics Ltd., a clinical stage company developing a first-of-its-kind approach for individualized treatment of solid tumors. Dr. Mahler was Vice President of Clinical Development at C4 Therapeutics, Inc., helping to build up the clinical development group and leading the successful submission of two INDs and initiation of Phase 1 studies. Prior to C4 Therapeutics, Dr. Mahler worked in R&D for 9 years at Janssen (now Johnson & Johnson). During her time there she gained experience in late-stage clinical development, pediatric development and global medical affairs while being a key member of the ibrutinib development team and held positions of increasing responsibility. In addition, Dr. Mahler supported key due diligence projects including the acquisition of Momenta Pharmaceuticals, Inc., by Johnson & Johnson. Prior to starting in industry in 2011, Dr. Mahler trained at Memorial Sloan Kettering Cancer Center and New York Presbyterian Hospital/Weill Cornell. She also spent time at Columbia Presbyterian and Mount Sinai Medical Center in New York. Dr. Mahler obtained her medical degree from University of the Witwatersrand, South Africa and is a board-certified pediatric hematologist and oncologist.

Zurit Levine, Ph.D. was appointed as Senior Vice President, Strategic Collaborations in 2024 responsible for identifying and establishing strategic partnerships, competitive market intelligence and Compugen'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 and in 2018, Dr. Levine was appointed as Senior Vice President, Technology Innovation. 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 and in 2024 was appointed as Senior Vice President, Preclinical Development and Corporate Operations. In his role, Dr. Ferre leads the preclinical development, CMC and drug supply management, clinical biomarker operations, project management team and activities across the Company, quality assurance organization and CROs/vendors partnering. 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 2024, the aggregate compensation paid or accrued by us to all persons listed in Item 6.A above (Directors and Senior Management) and two former members of senior management (Dr. Henry Adewoye and Mr. Alberto Sessa) who ceased to serve before the end of 2024, was approximately $4.9 million. This amount includes approximately $0.8 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 2024, we granted to our Directors and Senior Management listed in Item 6.A a total of 596,250 options to purchase ordinary shares and a total of 124,375 restricted share units, or RSUs. The options are exercisable at a weighted average exercise price of $2.00 per share and generally expire ten years after their respective dates of grant. As of December 31, 2024, there were a total of 4,171,250 outstanding options to purchase ordinary shares and 124,375 RSUs 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 Office and Employment") with respect to the year ended December 31, 2024. All amounts reported in the table reflect the cost to the Company, as recognized in our financial statements for the year ended December 31, 2024. 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	486,526	256,619	500,388	1,243,533
Dr. Pierre Ferre SVP, Preclinical Development and Corporate Operations	238,204	233,205	132,588	603,997
Dr. Michelle Mahler[5] Chief Medical Officer	351,380	230,387	11,226	592,993
Dr. Eran Ophir Chief Scientific Officer	201,097	111,138	165,984	478,219
Dr. Zurit Levine SVP, Strategic Collaborations	193,529	110,168	158,101	461,798

1) All Covered Office Holders listed in the table were full-time officers of the Company during their term of service in 2024, other than Dr. Michelle Mahler who became an officer on March 1, 2024. See footnote 5 below regarding Dr. Mahler's compensation.

2) Cash compensation amounts denominated in currencies other than the dollar were converted into dollars at an exchange rate of NIS 3.6997 = $1.00, which reflects the average conversion rate for 2024, 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, 2024, with respect to options to purchase our ordinary shares and RSUs granted to our Covered Office Holders. Assumptions and key variables used in the calculation of such amounts are discussed in Note 2n to our 2024 consolidated financial statements set forth elsewhere in this report.

5) While the compensation components stated herein reflect Dr. Michelle Mahler annual compensation starting January 2024, Dr. Michel Mahler became an officer on March 1, 2024.

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 (as such term is defined in the Companies Law), 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 Office Holders, management of risks by the company, the Office Holders' 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 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 its Office Holders compensation terms 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 generally by a special majority of our shareholders, or a Special Majority, which 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 generally by the shareholders at least once every three years. If the compensation policy is not approved by the shareholders, the compensation committee and the board of directors may nonetheless, in special circumstances, 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 Office and 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, 2024.

"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, in that order, provided that such terms are in line with the company's compensation policy. In the event that the Terms of Office and Employment of such Office Holder are not in line with such policy, additional shareholder approval is also required. However, in special circumstances the compensation committee and then the board of directors may nonetheless approve such Terms of Office and Employment even if such terms were 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 they are in line 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 line 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 line 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. Our board of directors established a policy that sets forth the maximum target bonus for each of our Office Holders, including our chief executive officer and targets are being approved annually.

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, at the 2024 Annual General Meeting of Shareholders held on September 12, 2024, or the 2024 AGM, our shareholders approved, following previous resolutions made by our compensation committee and the board of directors, and consistent with our Compensation Policy, that 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 50,000 options, or Initial Equity Grant, and, in addition, to a yearly grant of 25,000 options in each of the following years of service, or the Annual Equity Grant, as detailed below.

The grant date of each Initial Equity 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 Equity Grant shall be such date in each year on which the Board approves the annual equity 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 Equity 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, and the 2024 AGM, our shareholders approved, following previous resolutions made by our compensation committee and the board of directors, and consistent with our Compensation Policy, that 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 connection with the Initial Equity Grant and the Annual Equity Grant, and that each such grants shall be adjusted, on a pro rata basis, to give effect to the relative portion of each type of equity awarded. For the purpose of determining the respective number of 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, such that for illustration purposes, if the compensation committee and board of directors approve the grant of 2,500 RSUs to the non-executive directors, the relevant annual equity grant will be comprised of a total of 22,500 units, out of which 20,000 will be options and 2,500 will be RSUs. The same weight will apply to the Initial Equity Grant.

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 Terms of Office and Employment of 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 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 Equity Grant, starting from 2020 and for each of the following years of service, similar to the terms of the Annual Equity Grant to the other non-executive directors as specified above. At the 2024 AGM, our shareholders approved an increase in the Chairman's Annual Equity Grant to 25,000 options (as approved for the other non-executive directors) and it was further approved that similarly to the other non-executive directors, instead of Chairman's Annual Equity Grant (as increased in the 2024 AGM), the compensation committee and the board may issue to Mr. Sekhri Other Equity, in which case the Chairman's Annual Equity Grant of 25,000 options shall be adjusted in accordance with the weights specified above if Other Equity awards are awarded.

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*.

In accordance with the approval of the 2024 AGM, in 2024, we issued to each of our non-executive directors (including the Chairman of our Board) an Annual Equity Grant comprised of 20,000 options and 2,500 RSUs.

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 Terms of Office and Employment 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 2023 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 2024, 2025 and 2026, 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. In addition, in accordance with our Compensation Policy, in addition to annual cash bonuses, our compensation committee and board of directors may approve a special bonus for significant or extraordinary achievements or efforts that produced an exceptional result, up to a total maximum amount (to any calendar year) equal to 6 monthly base salaries of the relevant Office Holder. Accordingly, at the 2024 AGM, our shareholders approved the grant of a special cash bonus in the amount of NIS 202,000 (approximately $79,140 based on the NIS/USD representative rate used in connection with the 2024 AGM) to Dr. Cohen-Dayag in connection with her significant contribution to the engagement with Gilead in the License Agreement.

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 as illustrated above under "*Compensation to our Non-Executive Directors (other than Mr. Paul Sekhri)*". 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 equity 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 granted in these equity grants 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 equity grants 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 equity grants 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, in 2024 Dr. Cohen-Dayag was granted with 195,000 options with an exercise price of $1.69 and with 52,500 RSUs. As of December 31, 2024, Dr. Cohen-Dayag held options to purchase a total of 1,515,000 ordinary shares and 52,500 RSUs. Out of the outstanding options: (i) options to purchase 1,038,750 ordinary shares, with a weighted average exercise price of $5.70 per share, were exercisable as of December 31, 2024; and (ii) options to purchase 476,250 ordinary shares, with a weighted average exercise price of $1.86 per share, had not vested as of December 31, 2024. Of the unvested options on December 31, 2024, options to purchase 201,557 ordinary shares are expected to vest during 2025, options to purchase 133,127 ordinary shares are expected to vest during 2026 and options to purchase the remaining 141,566 ordinary shares are expected to vest during the period between March 31, 2027, and September 30, 2028. 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

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. *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.

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. 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 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 exempted 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 pursuant to the information provided by them in connection with the preparation of this Annual Report.

Board Diversity Matrix				
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 a 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 Office and 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, 2024.

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 serves 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 an Israeli 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; (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.

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 2024, 2023 and 2022 (the numbers include employees of our wholly owned U.S. subsidiary Compugen USA, Inc.):

	December 31, 2024	**December 31, 2023**	**December 31, 2022**
Research & Development	52	46	46
Administration, Accounting and Operations	21	21	21
Marketing and Business Development	1	1	2
Total	74	68	69

In addition to the headquarters in Holon, Israel, we maintain a subsidiary in the U.S. 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; 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 and on December 31, 2024, 66 of our employees were located in Israel, 5 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 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 and/or RSUs. Except as set forth in the table below, none of those directors or senior management members beneficially owns ordinary shares and/or ordinary shares underlying options and/or RSUs amounting together to 1% or more of the outstanding ordinary shares. The following table sets forth certain information as of February 28, 2025, 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 28, 2025, and RSUs that are vested during such period. 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 93,512,982 ordinary shares outstanding as of February 28, 2025.

Beneficial Owner	Amount Owned	Percent of Class
Anat Cohen-Dayag[1]	1,132,372	1.2%
All directors and executive officers as a group (13 persons)[2]	3,011,442	3.1%

(1) Includes (i) 56,122 shares held by Dr. Cohen-Dayag, and (ii) 1,076,250 shares subject to options that are exercisable within 60 days after February 28, 2025, with a weighted average exercise price of $5.60 per share, and which expire between May 2025 and July 2034.

(2) Includes (i) a total of 72,059 ordinary shares held by directors and executive officers, and (ii) a total of 2,939,383 shares subject to options that are beneficially owned by directors and executive officers that are exercisable within 60 days after February 28, 2025, with a weighted average exercise price of $5.08 per share and which expire between May 2025 and September 2034.

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 9 to our 2024 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 and in July 2024 our board of directors increased the number of shares reserved under the 2010 Plan by 300,000.

The compensation committee administers the 2010 Plan and has the authority to designate the terms of the equity granted thereunder, including the identity of the grantees, exercise prices (if applicable), grant dates, vesting schedules and expiration dates (if applicable), 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 Office and Employment").

If a grantee of options 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.

We currently grant our directors, officers and employees options and RSUs. As of December 31, 2024, options to purchase 8,655,721 ordinary shares at a weighted average exercise price of approximately $4.31 per share and 317,350 RSUs were outstanding (i.e., were granted but not canceled, expired nor exercised) under the 2010 Plan and 891,922 ordinary shares remained available for future grant under the 2010 Plan. Options to purchase 4,330,159 ordinary shares under the 2010 Plan have previously been exercised through December 31, 2024, at a weighted average exercise price of approximately $4.91. As of December 31, 2024, outstanding options granted by the Company pursuant to the 2010 Plan expire between February 2025 and November 2034 (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, 2024, 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 and by 114,146 as approved by our board of directors in July 2024, there were no ordinary shares available for issuance under the ESPP. Currently our ESPP is suspended, though 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, or vesting of RSUs 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.

Not applicable.

ITEM 7. MAJOR SHAREHOLDERS AND RELATED PARTY TRANSACTIONS

A. MAJOR SHAREHOLDERS

As of February 28, 2025 we are not aware of any beneficial owner of more than 5% of our outstanding ordinary shares. As of February 28, 2025, there were a total of 35 holders of record of our ordinary shares, of which 22 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.

B. RELATED PARTY TRANSACTIONS

Other than as set forth below and transactions related to compensation (including insurance, indemnification and exemption) of our executive officers and directors as described under "Item 6. Directors, Senior Management and Employees - B. Compensation" since January 1, 2024, we have not entered into any material related party transaction.

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.

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 - 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 2024 and potentially the same 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 2024 and potentially the same 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 721,560 in 2024), which amount is linked to the Israeli consumer price index (while, according to the latest legislative acts, such linkage will not take place for the years 2025-2027).

In addition to the above, as of January 1, 2025, individuals whose taxable income from capital sources (income from capital gains, dividends and interests) in the tax year exceeds the amount specified above, will be subject to an additional tax at a rate of 2% (5% in total), on the portion of their taxable income from capital sources that exceeds the amount above.

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 2024, we believe that we were not a PFIC for the taxable year ended December 31, 2024. 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 non-PFIC status and our U.S. counsel expresses no opinion with respect to our non-PFIC status for any taxable year. In particular, our status as a non-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 non-PFIC has been obtained or is currently planned to be requested. Accordingly, we cannot provide any assurances regarding our non-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, 2024, we had approximately $103.3 million in cash, cash equivalents, 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 2024 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 3.2%, 3.0% and 5.3% in 2024, 2023 and 2022, respectively. The appreciation (devaluation) of the dollar against the NIS was 0.6%, 3.1% and 13.2% in 2024, 2023 and 2022, respectively. For 2024, assuming a 10% devaluation of the dollar against the NIS, we would experience an increase in our net loss of approximately $1.5 million, while assuming a 10% appreciation of the dollar against the NIS, we would experience a decrease in our net loss of approximately $1.3 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, 2024, that are included in this Annual Report, has issued an attestation report on our internal control over financial reporting as of December 31, 2024.

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, 2024, 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 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, 2024, and 2023:

	2024	2023
Audit Fees	$ 222,000	$ 163,000
Audit Related Fees	$ 15,000	$ 65,000
Tax Fees	$ 5,000	$ 4,500
All Other Fees	$ 3,000	$ 2,500
Total	**$ 245,000**	**$ 235,000**

"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; 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 oversees 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 equity grants 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. Our insider trading policy is filed as an exhibit to this Form 20-F.

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, our communications systems, our 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 helps in identifying, assessing and managing 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 certain cases, we seek to confirm their compliance with different industry standards and certifications, such as SOC1, SOC2, SOC3, ISO 27001, and 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."

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 to 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, including 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 twice a year 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 A to Exhibit 99.1 to Compugen's report on Form 6-K filed with the SEC on August 5, 2024 (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 (incorporated by reference to Exhibit 4.11 to Compugen's Annual Report on Form 20-F for the year ended December 31, 2023, filed with the SEC on March 5, 2024 (File No. 000-30902)).
8.1*	Subsidiaries.
11(b)*	Insider Trading Policy
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 (incorporated by reference to Exhibit 4.11 to Compugen's Annual Report on Form 20-F for the year ended December 31, 2023, filed with the SEC on March 5, 2024 (File No. 000-30902)).
101*	The following financial information from Compugen Ltd.'s Annual Report on Form 20-F for the year ended December 31, 2024, formatted in Inline XBRL (eXtensible Business Reporting Language): (i) Consolidated Balance Sheets as of December 31, 2024 and 2023; (ii) Consolidated Statements of Comprehensive Loss for the years ended December 31, 2024, 2023 and 2022; (iii) Statements of Changes in Shareholders' Equity for the years ended December 31, 2024, 2023 and 2022; (iv) Consolidated Statements of Cash Flows for the years ended December 31, 2024, 2023 and 2022; 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 4, 2025

COMPUGEN LTD. AND ITS SUBSIDIARY

CONSOLIDATED FINANCIAL STATEMENTS

AS OF DECEMBER 31, 2024

U.S. DOLLARS IN THOUSANDS

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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, 2024 and 2023, 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, 2024, 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, 2024 and 2023, and the results of its operations and its cash flows for each of the three years in the period ended December 31, 2024, 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, 2024, 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 4, 2025 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 Matter

The critical audit matter communicated below is a matter arising from the current period audit of the consolidated 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 matter 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 matter below, providing separate opinion on the critical audit matter or on the accounts or disclosures to which it relates.

License Agreement with Gilead

Description of the matter	As described in Note 1 to the consolidated financial statements, in December 2023, 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 activities through the clearance of an IND; and (iii) research and development activities in connection with Phase 1 clinical trial. The Company recognize revenues for research and development activities for phase 1 clinical trial using the input method, based on progress of the performance obligations, which were measured by the proportion of actual costs incurred to the total costs expected to complete the agreement. Costs included in the measure of progress include direct labor and third-party costs. Collaboration revenue from research and development activities from the Company's License Agreement with Gilead, for which management used an input method, was 22.8 million for the year ended December 31, 2024. Auditing management's estimated measure of progress for the research and development activities in connection with phase 1 clinical trial was challenging and complex due to the assumptions used by management and high degree of auditor's judgment required to determine the total expected costs to complete the obligations under the agreement, specifically the estimation of direct labor and third-party costs. The Company's estimate of costs expected to be incurred in the future requires estimation of the amounts it expects to incur for research and development activities in connection with phase 1 clinical trial. In addition, changes in these estimates can have a material effect on revenue recognized.
How we addressed the matter in our audit	We obtained an understanding, evaluated the design and tested the operating effectiveness of controls over the management's collaboration revenue process. As part of our testing, we considered controls over the management's estimation for measure of progress for the research and development activities in connection with phase 1 clinical trial, including identification of actual costs incurred and management's estimation of total expected costs used in its measure of progress calculations, as well as controls over the completeness and accuracy of data used in the calculations. Our audit procedures performed included, gaining an understanding and testing the significant assumptions used in the management's estimates of total expected costs for the agreement and testing the completeness and accuracy of the underlying data used by the Company in its revenue recognition model. We performed inquiries of the research and development personnel responsible for the specific development projects to corroborate management's assumptions used in the Company's estimates of total expected costs, evaluated any changes in the product development timeline and/or increases or decreases in the total expected costs by project on a quarterly basis, and examined evidence supporting key inputs of the revenue recognition model including assessing whether actual costs incurred were appropriate under the terms of the agreement. We compared the estimates of total expected costs to actual costs incurred on a quarterly basis to evaluate management's ability to forecast costs. We also tested the amount of historical costs incurred and the calculation of amounts recognized under the revenue recognition model.

KOST FORER GABBAY & KASIERER
A Member of EY Global

We have served as the Company's auditor since 2002

Tel-Aviv, Israel
March 4, 2025

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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, 2024, 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, 2024, 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, 2024 and 2023, 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, 2024, and the related notes and our report dated March 4, 2025, 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 4, 2025

CONSOLIDATED BALANCE SHEETS

U.S. dollars in thousands

	Note	December 31, 2024	December 31, 2023
ASSETS			
CURRENT ASSETS:			
Cash and cash equivalents		$ 18,229	$ 13,890
Restricted cash		-	365
Short-term bank deposits		61,397	25,053
Investment in marketable securities	3, 4	23,629	11,742
Trade receivables		-	61,000
Other accounts receivable and prepaid expenses	5	2,742	2,529
Total current assets		105,997	114,579
NON-CURRENT ASSETS:			
Restricted long-term bank deposits		343	-
Long-term prepaid expenses		1,888	1,233
Severance pay fund		3,072	2,977
Operating lease right of use asset	6	2,843	1,329
Property and equipment, net	7	852	1,216
Total non-current assets		8,998	6,755
Total assets		$ 114,995	$ 121,334

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, 2024	December 31, 2023
LIABILITIES AND SHAREHOLDERS' EQUITY			
CURRENT LIABILITIES:			
Trade payables		$ 1,838	$ 3,502
Deferred revenues		9,632	11,149
Current maturity of operating lease liability	6	448	632
Accrued expenses		5,168	7,858
Employees and related accruals		3,074	3,125
Total current liabilities		20,160	26,266
NON-CURRENT LIABILITIES:			
Deferred revenues		34,045	25,392
Operating lease liability		2,464	719
Accrued severance pay		3,412	3,398
Total non-current liabilities		39,921	29,509
COMMITMENTS AND CONTINGENT LIABILITIES	8		
SHAREHOLDERS' EQUITY:	9		
Share capital:			
Ordinary shares of NIS 0.01 par value: 200,000,000 shares authorized at December 31, 2024 and 2023; 89,541,246 and 89,237,465 shares issued and outstanding at December 31, 2024 and 2023, respectively.		248	247
Additional paid-in capital		543,413	539,837
Accumulated other comprehensive income		11	2
Accumulated deficit		(488,758)	(474,527)
Total shareholders' equity		54,914	65,559
Total liabilities and shareholders' equity		$ 114,995	$ 121,334

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, 2024	2023	2022
Revenue		$ 27,864	$ 33,459	$ 7,500
Cost of revenue		7,930	2,004	975
Gross profit		19,934	31,455	6,525
Operating expenses:				
Research and development expenses, net		24,810	34,472	30,648
Marketing and business development expenses		576	244	932
General and administrative expenses		9,439	9,731	10,319
Total operating expenses		34,825	44,447	41,899
Operating loss		(14,891)	(12,992)	(35,374)
Financial and other income, net	12	5,182	3,208	1,738
Loss before taxes on income		(9,709)	(9,784)	(33,636)
Taxes on income, net	10	4,522	8,970	58
Net loss		$ (14,231)	$ (18,754)	$ (33,694)
Basic and diluted net loss per share		$ (0.16)	$ (0.21)	$ (0.39)
Other comprehensive loss:				
Unrealized gain arising during the period from marketable securities		$ 9	$ 2	$ -
Total comprehensive loss		$ (14,222)	$ (18,752)	$ (33,694)
Weighted average number of ordinary shares used in computing basic and diluted net loss per share		89,528,031	87,633,298	86,555,628

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, 2022	86,433,432	$ 239	$ 528,533	-	$ (422,079)	$ 106,693
Exercise of options and ESPP shares	191,211	1	352	-	-	353
Share-based compensation issued to 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
Share-based compensation issued to employees	-	-	3,550	-	-	3,550
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
Exercise of options	11,053	(*)	10	-	-	10
Issuance of shares, net	292,728	1	543	-	-	544
Share-based compensation issued to employees	-	-	3,023	-	-	3,023
Other comprehensive income from marketable securities	-	-	-	9	-	9
Net loss	-	-	-	-	(14,231)	(14,231)
Balance as of December 31, 2024	89,541,246	$ 248	$ 543,413	$ 11	$ (488,758)	$ 54,914

(*) 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,		
	2024	2023	2022
Cash flows from operating activities:			
Net loss	$ (14,231)	$ (18,754)	$ (33,694)
Adjustments required to reconcile net loss to net cash used in operating activities:			
Share-based compensation	3,023	3,550	4,328
Depreciation	486	476	482
Decrease in severance pay, net	(81)	(50)	(81)
Loss from property and equipment sales and disposals	-	7	12
Exchange rate differences loss (gain) on cash balances	(68)	(129)	393
Decrease (increase) in interest receivables from short-term bank deposits and long-term restricted deposit	(855)	92	(584)
Amortization of discount and accrued interest on marketable securities	(1,575)	(280)	-
Decrease (increase) in trade receivables	61,000	(61,000)	-
Decrease (increase) in other accounts receivable and prepaid expenses	(213)	(112)	3,043
Decrease (increase) in long-term prepaid expenses	(655)	666	12
Decrease in operating lease right of use asset	550	568	658
Increase (decrease) in trade payables and employees and related accruals and accrued expenses	(4,410)	3,509	(1,601)
Decrease in deferred participation in R&D expenses	-	(325)	(6,019)
Increase in deferred revenues	7,136	36,541	-
Decrease in operating lease liability	(503)	(645)	(1,062)
Net cash provided by (used in) operating activities	49,604	(35,886)	(34,113)
Cash flows from investing activities:			
Proceeds from maturity of short-term bank deposits	60,717	79,242	114,445
Investment in short-term bank deposits	(96,219)	(32,100)	(76,900)
Proceeds from maturity of marketable securities	53,230	10,145	-
Investment in marketable securities	(63,533)	(21,605)	-
Investment in long term restricted deposit	(330)	-	-
Purchase of property and equipment	(118)	(172)	(477)
Costs of disposal of property and equipment	-	-	(10)
Proceeds from sale of property and equipment	1	-	2
Net cash provided by (used in) investing activities	(46,252)	35,510	37,060

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,		
	2024	**2023**	**2022**
Cash flows from financing activities:			
Proceeds from issuance of ordinary shares, net	544	3,081	-
Proceeds from exercise of share-based awards	10	-	353
Net cash provided by financing activities	554	3,081	353
Effect of exchange rate changes on cash	68	129	(393)
Increase in cash, cash equivalents and restricted cash	3,974	2,834	2,907
Cash, cash equivalents and restricted cash at the beginning of the year	14,255	11,421	8,514
Cash, cash equivalents and restricted cash at the end of the year	$ 18,229	$ 14,255	$ 11,421
Supplemental disclosure of non-cash investing and financing activities:			
Purchase of property and equipment	$ 5	$ (5)	$ (117)
Right-of-use asset obtained in exchange for operating lease liability	$ 2,064	$ 71	$ 237
Reconciliation of cash, cash equivalents and restricted cash:			
Cash and cash equivalents	$ 18,229	$ 13,890	$ 11,059
Restricted cash	-	365	362
Total cash, cash equivalents and restricted cash	$ 18,229	$ 14,255	$ 11,421

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 its AI/ML powered predictive computational discovery platform, recently branded as Unigen™, to identify novel drug targets and to develop therapeutics in the field of cancer immunotherapy. The Company's innovative immuno-oncology pipeline consists of four clinical stage programs, COM701, COM902, rilvegostomig and GS-0321 (previously COM503). Two programs that the Company is 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. The Company's two ongoing clinical trials (that completed enrollment) were initiated in 2023 and are evaluating the triple combination treatment of COM701, COM902 and pembrolizumab, one in platinum resistant ovarian cancer and the other in microsatellite stable colorectal cancer, In addition, the Company is planning to start enrolling patients to our adaptive platform trial in platinum sensitive ovarian cancer, evaluating COM701 as a monotherapy randomized to placebo in sub-trial 1, in the second quarter of 2025. Rilvegostomig, a PD-1/TIGIT bispecific antibody with a TIGIT component that is derived from the Company's COM902 program, is being developed by AstraZeneca pursuant to an exclusive license agreement between the Company and AstraZeneca and is being evaluated in multiple Phase 3 clinical trials and in multiple Phase 2 and Phase 1 trials. GS-0321 (previously COM503), the Company's potential first-in-class high affinity antibody, which blocks the interaction between IL-18 binding protein and IL-18, is licensed to Gilead and is being developed by the Company in a recently initiated Phase 1 trial. In addition, the Company has an early-stage immuno-oncology therapeutic pipeline that consists of programs aiming to address various mechanisms of immune resistance.

b. The Company is headquartered in Holon, Israel. Its clinical development activities operate from the Company's headquarters in Israel and from its United States subsidiary, Compugen USA, Inc., located in San Francisco, CA.

c. The Company has incurred losses in the amount of $ 14,231 during the year ended December 31, 2024, has an accumulated deficit of $ 488,758 as of December 31, 2024 and has positive cash flows from operating activities in the amount of $ 49,604 for the year ended December 31, 2024. The Company believes that its existing capital resources will be adequate to satisfy its expected liquidity requirements at the current level of yearly expenditures for a period at least twelve months from the reporting date.

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 additional aggregate milestone payments of $ 23,200.

NOTE 1:- GENERAL (Cont.)

On November 29, 2022, Bayer notified the Company that it has resolved to terminate the Bayer Agreement, effective as of February 27, 2023.

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 is 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 COM902. Rilvegostomig entered the clinic in September 2021, initiated first patient dosing in the first indication in Phase 3 study in December 2023, and first patient dosing in the second indication in Phase 3 study in May 2024. Compugen received a $ 10,000 upfront payment, and $ 30,500 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 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 Squibb's PD-1 immune checkpoint inhibitor Opdivo® (nivolumab), in patients with advanced solid tumors.

Pursuant to the Master Clinical Agreement, as amended from time to time, Compugen sponsored the trials, which included the evaluation of the combination of COM701 and Opdivo® ± Bristol Myers Squibb investigational anti-TIGIT, BMS-986207. Bristol Myers Squibb and Compugen each supplied their own compounds for the studies.

In conjunction with the signing of the Agreement in October 2018, Bristol-Myers Squibb made a $ 12,000 investment in Compugen, see Note 9b.

Among several amendments to the Master Clinical Agreement, on November 10, 2021, the Agreement was further amended and in conjunction with the signing of the amendment to the Agreement, Bristol Myers Squibb made a $20,000 investment in Compugen, see Note 9b.

On August 3, 2022, the Company and Bristol Myers Squibb entered into a letter agreement pursuant to which the Agreement, as amended from time to time, 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, now named GS-0321 ("GS-0321 License"), and additional products that may be so developed by Gilead (together with GS-0321, the "Licensed Products").

Pursuant to the License Agreement, Gilead paid the Company a one-time, upfront payment of $60,000 in January 2024. The Company has continued to develop GS-0321 during the initial development term, which included conducting activities defined within the agreement to advance GS-0321 through the clearance of an investigational new drug application ("IND"). The Company received from Gilead $30,000 in the form of a milestone payment upon clearance of the IND for GS-0321, see also Note 2k. The Company is also eligible to receive up to approximately $758,000 in additional milestone payments upon the achievement of certain development, regulatory and commercial milestones. The Company is further eligible to receive royalties on worldwide net sales of Licensed Products.

The Company is responsible for conducting a Phase 1 clinical trial for GS-0321, including handling the regulatory matters in connection therewith, and will bear the costs of such trial (including the GS-0321 drug supply), with Gilead providing at no cost its zimberelimab 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 GS-0321, the Company will initiate the transfer of development activities related to GS-0321 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 and IND clearance milestone amounts paid to the Company in January 2024 and in September 2024, respectively, 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, Cash equivalents and Restricted cash:

Cash and cash equivalents consist of cash in banks and cash equivalents are short-term highly liquid investments that are readily convertible to cash with original maturities of three months or less at acquisition. The Company's restricted cash primarily consists of bank deposits collateralizing the Company's operating leases and credit cards.

NOTE 2:- SIGNIFICANT ACCOUNTING POLICIES (Cont.)

e. Short-term bank deposits and restricted long-term bank deposits:

Short-term bank deposits include deposits with maturities of more than three months but less than one year. Long-term bank deposits include deposits with maturities of more than one year. Bank deposits are stated at cost which approximates market values.

Bank deposits as of December 31, 2024 and 2023 are in U.S. dollars and bear an annual weighted average interest rate of 5.51% and 6.20%, respectively.

f. 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, 2024.

NOTE 2:- SIGNIFICANT ACCOUNTING POLICIES (Cont.)

g. 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

h. 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 2024, 2023 and 2022, no impairment losses have been recorded.

i. 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 the practical expedient to combine its lease and non-lease components for its leases.

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.

NOTE 2:- SIGNIFICANT ACCOUNTING POLICIES (Cont.)

i. Leases (Cont.):

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.

j. 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*

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 $ 30,500 was received as well as tiered royalties on future product sales.

NOTE 2:- SIGNIFICANT ACCOUNTING POLICIES (Cont.)

j. Revenue recognition (Cont.):

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.

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.

NOTE 2:- SIGNIFICANT ACCOUNTING POLICIES (Cont.)

j. Revenue recognition (Cont.):

On May 30, 2024, the fifth milestone with respect to the first licensed product, under the AstraZeneca License Agreement was achieved and the Company recognized revenues in total amount of $ 5,000 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 an IND clearance milestone payment of $ 30,000 and is also eligible to receive up to approximately $ 758,000 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 GS-0321 License; (ii) the preclinical research and development activities towards IND approval of GS-0321 (the "IND research and development activities") and (iii) the contingent promise to additional research and development activities in connection with Phase 1 clinical trial (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 in connection with Phase 1 clinical trial represents a material right.

As a result, the Company concluded that its promise to deliver the GS-0321 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.)

j. Revenue recognition (Cont.):

The Company also evaluated all milestones and royalties as a possible variable consideration. 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 GS-0321 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 GS-0321 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 GS-0321 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. The Company using the input method in order to measure the progress of the services, based on the 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 GS-0321 and the phase 1 clinical trial. The Company determined that the input method is the best measure of progress towards satisfying the performance obligation as incurred labor effort represents work performed that corresponds with, and thereby best depicts the transfer of goods and services.

NOTE 2:- SIGNIFICANT ACCOUNTING POLICIES (Cont.)

j. Revenue recognition (Cont.):

During the year ended December 31, 2024, the Company recognized $ 22,864 of license, IND services and Phase 1 services revenues, and during the year ended December 31, 2023, the Company recognized $ 23,459 of license revenues.

Of the $36,541 of deferred revenue recorded as of December 31, 2023, and additional deferred revenues incurred during the year ended December 31, 2024, the Company recognized $22,864 as revenue during the year ended December 31, 2024. The Company had no deferred revenues as of December 31, 2022. The milestone payment was accounted for as an available consideration and was allocated to the separate performance obligations.

As of December 31, 2024, the Company included deferred revenues of $ 9,632 in current liabilities and $ 34,045 in non-current liabilities.

The Company's remaining performance obligations represent contracted revenue that has not yet been recognized. As of December 31, 2024, the aggregate amount of the transaction price allocated to remaining performance obligations that the Company expects to recognize as revenue was $43,677. As of December 31, 2024, the Company expects to recognize 22% of its remaining performance obligations as revenue over the next 12 months, and the remainder through 2029.

For additional information regarding revenues, please refer to Note 11 below.

k. Cost of revenues:

Cost of revenues consist of certain royalties and milestones paid or accrued in addition to research and development services allocated in relation to Gilead license agreement.

l. 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.

NOTE 2:- SIGNIFICANT ACCOUNTING POLICIES (Cont.)

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 9b.

Amortization of participation in R&D expenses for the years ended December 31, 2024, 2023 and 2022 were $ 0, $ 325 and $ 6,019, respectively.

m. 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 payments are required to be made by the Company to the employee to cover severance obligation.

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, 2024, 2023 and 2022 amounted to approximately $ 481, $ 432 and $ 468, respectively.

n. Share-based compensation:

The Company accounts for share-based compensation to employees and non-employees in accordance with ASC 718, "Compensation - Share 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.

NOTE 2:- SIGNIFICANT ACCOUNTING POLICIES (Cont.)

n. Share-based compensation (Cont.):

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 Share 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.

The Company used the following assumptions for options granted to employees, directors and non-employees and ESPP:

	Year ended December 31,		
	2024	**2023**	**2022**
Employee options			
Volatility	90.45%-95.88%	75.93%-80.95%	69.44%-74.61%
Risk-free interest rate	3.47%-4.54%	3.37%-4.81%	1.54%-4.39%
Dividend yield	0%	0%	0%
Expected life (years)	4.02-4.97	4.02-5.06	5.05-5.4

	Year ended December 31,		
	2024	**2023**	**2022**
ESPP			
Volatility	-	-	69.74%
Risk-free interest rate	-	-	1.63%
Dividend yield	-	-	0%
Expected life (years)	-	-	0.50

o. 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, restricted long-term bank deposit and investment in marketable securities.

Cash, cash equivalents, restricted cash, short-term bank deposits and restricted long-term bank deposit are invested in major banks in Israel and in the United States. Generally, these deposits may be redeemed upon demand and bear minimal risk. The Company's marketable securities consist of investments, which are highly rated by credit agencies, in government debentures.

NOTE 2:- SIGNIFICANT ACCOUNTING POLICIES (Cont.)

p. Basic and diluted loss per share:

Basic loss per share is calculated by dividing net loss for each reporting period by the weighted average number of ordinary shares outstanding during each year. Diluted net loss per share is calculated by dividing net loss for each reporting period by the weighted average number of ordinary shares outstanding during the period, plus dilutive potential ordinary shares considered outstanding during the period in accordance with ASC 260, "Earnings per Share".

All outstanding share options and warrants for the years ended December 31, 2024, 2023 and 2022 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, 2024, 2023 and 2022 the average number of shares related to outstanding options, RSUs and warrants excluded from the calculations of diluted net loss per share were 8,496,655, 7,921,020 and 8,405,615, respectively.

q. 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, 2024 and 2023, 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.

r. 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.

NOTE 2:- SIGNIFICANT ACCOUNTING POLICIES (Cont.)

r. Fair value of financial instruments (Cont.):

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.

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, marketable securities, restricted long-term bank deposit, other accounts receivable and prepaid expenses, trade payable and employees and related accruals and accrued expenses approximate their fair values due to the short-term maturities of such instruments.

NOTE 2:- SIGNIFICANT ACCOUNTING POLICIES (Cont.)

s. Recently adopted accounting pronouncement :

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 requiring 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 interim periods for the fiscal years beginning after December 15, 2024. The Company adopted the ASU 2023-07 during the year ended December 31, 2024, on a retrospective basis which resulted in updated segment disclosures. See Note 11 in the accompanying notes to the consolidated financial statements for further detail.

t. Recently issued accounting pronouncements not yet adopted

In December 2023, the FASB issued ASU 2023-09, Income Taxes (Topic 740) - *Improvements to Income Tax Disclosures*. The ASU requires that an entity disclose specific categories in the effective tax rate reconciliation as well as provide additional information for reconciling items that meet a quantitative threshold. Further, the ASU requires certain disclosures of state versus federal income tax expense and taxes paid. The amendments in this ASU are required to be adopted for fiscal years beginning after December 15, 2024. Early adoption is permitted and the amendments should be applied on a prospective basis. The Company is currently evaluating the effect of adopting the ASU on its financial statements disclosures.

In November 2024, the FASB issued ASU 2024-03, Income Statement-Reporting Comprehensive Income-Expense Disaggregation Disclosures (Subtopic 220-40) - *Disaggregation of Income Statement Expenses*. The ASU requires, among other items, additional disaggregated disclosures in the notes to financial statements for certain categories of expenses that are included on the consolidated Statements of Operations. ASU 2024-03 is effective for fiscal years beginning after December 15, 2026, and for interim periods within fiscal years beginning after December 15, 2027, with early adoption permitted, and may be applied either prospectively or retrospectively. The Company is currently evaluating the effect of adopting the ASU on its financial statements disclosures.

NOTE 3:- MARKETABLE SECURITIES

The following is a summary of available-for-sale marketable securities as of December 31, 2024 and 2023:

	Amortized cost	Gross unrealized gains	Gross unrealized losses	Fair value
As of December 31, 2024:				
Available-for-sale – matures within one year:				
U.S. Treasury	$ 23,618	$ 11	$ -	$ 23,629
As of December 31, 2023:				
Available-for-sale – matures within one year:				
U.S. Treasury	$ 11,740	$ 2	$ *	$ 11,742

* Represents an amount lower than $1

The following table presents gross unrealized losses and fair values for those investments that were in an unrealized loss position as of December 31, 2024 and December 31, 2023, and the length of time that those investments have been in a continuous loss position:

	Less than 12 months		12 months or greater	
	Fair value	Gross unrealized loss	Fair value	Gross unrealized loss
As of December 31, 2024	$ -	$ -	$ -	$ -
As of December 31, 2023	$ 992	$ *	$ -	$ -

- Represents an amount lower than $1.

As of December 31, 2024, the Company had no significant unrealized losses related to marketable securities and determined the unrealized losses are not due to credit related losses. Therefore, the Company did not record an allowance for credit losses for its available-for-sale marketable securities.

As of December 31, 2024, all of the Company's available-for-sale marketable securities were due within one year.

The Company had no sales of marketable securities during the years ended December 31, 2024 and 2023, and accordingly no realized gains or losses were recorded. Proceeds from maturities of available-for-sale marketable securities during the year ended December 31, 2024, and 2023 were $ 53,230 and $ 10,145, respectively.

NOTE 4:- FAIR VALUE MEASUREMENTS

The company evaluates assets and liabilities subject to fair value measurements on recurring basis to determine the appropriate level to classify them for each reporting period. There have been no transfers between fair value measurements levels during the years ended December 31, 2024 and 2023. The carrying amounts of cash and cash equivalents marketable securities, trade receivables, short term deposits and trade payables approximate their fair value due to the short-term maturity of such instruments.

The following table sets forth the Company's assets that were measured at fair values of December 31, 2024 and 2023 by level within the fair value hierarchy:

Description	Fair Value Hierarchy	Fair value measurements as of December 31, 2024	Fair value measurements as of December 31, 2023
Assets:			
Cash equivalents:			
Money market funds	Level 1	$ 13,919	$ 3,966
Marketable securities:			
U.S. Treasury	Level 2	$ 23,629	$ 11,742

NOTE 5:- OTHER ACCOUNTS RECEIVABLE AND PREPAID EXPENSES

	December 31, 2024	December 31, 2023
Prepaid expenses	$ 2,473	$ 2,211
Government authorities	127	92
Other	142	226
	$ 2,742	$ 2,529

NOTE 6:- 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 2027. 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. The Company has an option to extend the lease of its offices in Israel until 2031, which is reasonably certain to be assured.

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.

NOTE 6:- LEASES (Cont.)

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, 2024
Weighted average remaining lease term	6.05
Weighted average discount (annual) rate	7.96%

Operating lease expenses were approximately $ 775, $ 800 and $ 884 in the years ended December 31, 2024, 2023 and 2022, respectively.

Variable payments as CPI, included in the lease expenses, were approximately $ 79, $ 61 and $ 37 in the years ended December 31, 2024, 2023 and 2022, respectively.

Cash paid for amounts included in the measurement of lease liabilities was approximately $ 761, $ 852 and $ 959 in the years ended December 31, 2024, 2023 and 2022, respectively.

Maturities of operating lease liabilities were as follows:

	December 31, 2024
2025	$ 650
2026	584
2027	565
2028 and on	1,809
Total operating lease payments	3,608
Less: imputed interest	(696)
Present value of lease liabilities	2,912
Lease liabilities, current	448
Lease liabilities, non- current	2,464
Present value of lease liabilities	$ 2,912

NOTE 6:- LEASES (Cont.)

The above annual minimum future rental commitments include both of the period covered by the first exercised option with respect to the leased facility of Compugen Ltd. through March 2026 and the second option to extend the lease of the Company facility for additional five-year period following expiration of the current lease period.

NOTE 7:- PROPERTY AND EQUIPMENT, NET

	December 31,	
	2024	2023
Cost:		
Computers, software and related equipment	$ 719	$ 739
Laboratory equipment and office furniture	3,567	3,519
Leasehold improvements	2,314	2,314
	6,600	6,572
Accumulated depreciation:		
Computers, software and related equipment	622	609
Laboratory equipment and office furniture	3,059	2,909
Leasehold improvements	2,067	1,838
	5,748	5,356
Depreciated cost	$ 852	$ 1,216

During 2024 and 2023 total cost of $ 92 and $ 1,357, respectively and total accumulated depreciation of $ 92 and $ 1,350, respectively were disposed from the consolidated balance sheets.

During 2024 and 2023 the Company sold equipment with cost of $ 3 and $ 0, respectively and accumulated depreciation of $ 2 and $ 0, respectively. Gains from the sale during 2024 were $ 0.

For the years ended December 31, 2024, 2023 and 2022, depreciation expenses were approximately $ 486, $ 476 and $ 482, respectively.

NOTE 8:- COMMITMENTS AND CONTINGENCIES

a. The Company provided bank guarantees in the amount of $ 342 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 programs. 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 programs, 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, 2024, 2023 and 2022, the Company had an aggregate of paid or accrued royalties costs (income) to the IIA, recorded as cost of revenue in the consolidated statements of comprehensive loss in the amount of $ (554), $ 1,004 and $ 225, respectively.

   As of December 31, 2024, 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 $ 9,872.

   Following IIA approval that sales related to IL-18BP are excluded from sales subject to IIA royalties payment, the Company decreased previous year royalties accrual related to revenues under the Gilead Agreement in the amount of $ 704 and reduced the cost of revenues for the year ended December 31, 2024, by this amount.

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, 2024, 2023 and 2022, the Company incurred such Contingent Fees in the amounts of $ 0, $ 1,000 and $ 750.

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.

NOTE 8:- COMMITMENTS AND CONTINGENCIES (Cont.)

For the years ended December 31, 2024, 2023 and 2022, the Company has not paid and did not accrue payments under this agreement.

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, 2024, 2023 and 2022, 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, 2024, 2023 and 2022, the Company incurred in the research and development expenses such milestone payment in the amounts of $ 225, $ 500 and $ 0.

NOTE 9:- 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 9:- SHAREHOLDERS' EQUITY (Cont.)

b. Issuance of shares:

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.

NOTE 9:- SHAREHOLDERS' EQUITY (Cont.)

b. Issuance of shares: (Cont.)

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.

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 the Company's ordinary shares, if any, are 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. From the date the Company started selling ordinary shares in 2023 through its ATM and through December 31, 2024, 2,905,550 ordinary shares were issued and sold through the ATM, with proceeds of approximately $ 3,625 (net of $ 548 issuance expenses).

c. Share option plan:

Under the Company's 2010 Share Option Plan, as amended (the "Plan"), options and RSUs 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 14,195,152 options and RSUs. The Company's board of directors last amended the Plan in July 2024, to increase the number of shares available under the 2010 Plan. As of December 31, 2024, an aggregate of 891,922 options and RSUs 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. RSUs vest over a four-year period as well. 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.

NOTE 9:- SHAREHOLDERS' EQUITY (Cont.)

c. Share option plan (Cont.):

Any options that are cancelled, forfeited or expired become available for future grants.

Transactions related to the grant of options to employees, directors and non-employees under the above Plan during the year ended December 31, 2024, 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	8,373,745	4.65	6.61	1,912
Options granted	1,027,200	1.88		
Options exercised	(11,053)	0.94		
Options forfeited	(495,781)	3.33		
Options expired	(238,390)	7.67		
Options outstanding at end of year	8,655,721	4.31	6.05	802
Exercisable at end of year	5,920,552	5.36	4.93	286

Weighted average fair value of options granted to employees, directors and non-employees during the years 2024, 2023 and 2022 was $ 1.20, $ 0.70 and $ 1.51 per share, respectively.

Aggregate intrinsic value of exercised options by employees, directors and non-employees during the years 2024, 2023 and 2022 was $ 9, $ 0 and $ 19, 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 represents the total intrinsic value (the difference between the Company's closing share price on the last trading day of calendar 2024 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, 2024. This amount is impacted by the changes in the fair market value of the Company's shares.

As of December 31, 2024, the total unrecognized estimated compensation cost related to non-vested share options granted prior to that date was $ 3,602 which is expected to be recognized over a weighted average period of approximately 2.56 years.

NOTE 9:- SHAREHOLDERS' EQUITY (Cont.)

d. RSUs

A summary of RSUs activity for the year ended December 31, 2024 is as follows:

	Number of RSUs	Weighted average grant date per value $
RSUs outstanding at beginning of year	-	
RSUs granted	319,150	1.70
RSUs forfeited	(1,800)	1.69
RSUs outstanding at end of year	317,350	1.70

e. Employee Share 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, 2024, 2023 and 2022, 0, 0 and 158,025 ordinary shares, respectively, had been purchased under the ESPP and as of December 31, 2024, no ordinary shares were available for issuance under the ESPP.

f. The share-based compensation expenses related to options, RSUs and ESPP are included as follows in the expense categories:

	Year ended December 31,		
	2024	2023	2022
Research and development expenses	$ 1,460	$ 1,933	$ 2,158
Marketing and business development expenses	115	(41)	269
General and administrative expenses	1,448	1,658	1,901
	$ 3,023	$ 3,550	$ 4,328

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

NOTE 10:- 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 2024, 2023 and 2022.

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, 2024, there was no taxable income attributable to the Beneficiary Enterprise.

NOTE 10:- TAXES ON INCOME, NET (Cont.)

a. Israeli taxation (Cont.):

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").

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 adopted the 2011 Amendment in 2024. Accordingly, the Company did not adjust its deferred tax balances as of December 31, 2024.

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, 2024 and 2023, since the Company estimates that it will not implement the PTE tax track.

NOTE 10:- 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, 2024, Compugen Ltd.'s net operating losses carryforward for tax purposes in Israel amounted to approximately $ 413,900. These net operating losses may be carried forward indefinitely and may be offset against future taxable income.

NOTE 10:- 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, 2024, Compugen USA, Inc. has net operating loss carryforwards for federal income tax purposes of approximately $ 1,400. Approximately $300 of these losses are available to offset any future U.S. taxable income of our U.S. subsidiary and will expire in the years 2027 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,		
	2024	2023	2022
Domestic (Israel)	$ 10,129	$ 10,164	$ 34,096
Foreign	(420)	(380)	(460)
	$ 9,709	$ 9,784	$ 33,636

d. Taxes on income for the years ended December 31, 2024 and 2023, represent withholding taxes on the upfront payment and the IND milestone pursuant to the Gilead license agreement, write-off of tax assets and state income taxes in the United States.

NOTE 10:- 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,	
	2024	2023
Deferred tax assets:		
Operating loss carryforward	$ 95,485	$ 92,885
Research and development	11,779	12,109
Accrued social benefits and other	2,535	3,072
Lease liabilities	670	312
Property and equipment	-	2
Deferred tax asset before valuation allowance	110,469	108,380
Valuation allowance	(109,814)	(108,073)
Deferred tax asset after valuation allowance	655	307
Deferred tax liabilities:		
Right of use assets	(655)	(307)
Deferred tax liabilities	(655)	(307)
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 and the IND milestone pursuant to the Gilead license agreement.

g. Tax assessments:

The Company has tax assessments through 2019 that are deemed to be final.

NOTE 11:- SEGMENTS, GEOGRAPHIC INFORMATION AND MAJOR CUSTOMER DATA

ASC 280, “Segment Reporting,” establishes standards for reporting information about operating segments. Operating segments are defined as components of an enterprise about which separate financial information is available that is evaluated regularly by the chief operating decision maker ("CODM") in deciding how to allocate resources and in assessing performance. The Company’s business is comprised of one operating segment.

The Company's CODM is its Chief Executive Officer (“CEO”), who reviews financial information presented on a consolidated basis.

The CODM uses consolidated net loss to assess financial performance and allocate resources. These financial metrics are used by the CODM to make key operating decisions, such as the allocation of budget between Research and development, Sales and Marketing, and General and Administrative expenses. Segment assets that are reviewed by the CODM is reported within the Consolidated Balance Sheet as consolidated total assets.

The following table presents selected financial information with respect to the Company’s single operating segment and includes information about segment revenues and significant segment expenses, for the years ended December 31, 2024, 2023 and 2022:

	Year ended December 31,		
	2024	2023	2022
Total Revenues	$ 27,864	$ 33,459	$ 7,500
Less:			
R&D expenses			
Preclinical	15,374	20,948	17,477
Clinical	15,267	10,627	11,357
SG&A	9,485	9,320	9,690
Financial income, net	(5,182)	(3,215)	(1,738)
Taxes on income	4,522	8,970	58
Other segment expenses*	2,629	5,563	4,350
Net loss	$ (14,231)	$ (18,754)	$ (33,694)

*Other segment expense (income) during the years ended December 31, 2024, 2023 and 2022 includes property and equipment depreciation, participation in R&D expenses, share-based compensation and other adjustments.

Operations in Israel and the United States include research and development, clinical operations, general and administrative, marketing and business development. Total revenues are attributed to geographic areas based on the location of the end customer.

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

NOTE 11:- SEGMENTS, GEOGRAPHIC INFORMATION AND MAJOR CUSTOMER DATA (Cont.)

The following represents the total revenue for the years ended December 31, 2024, 2023 and 2022 and long-lived assets as of December 31, 2024 and 2023:

	Year ended December 31,		
	2024	2023	2022
Revenue from sales to customers:			
Europe	$ 5,000	$ 10,000	$ 7,500
United States	22,864	23,459	-
Total revenue	$ 27,864	$ 33,459	$ 7,500

	December 31,	
	2024	2023
Long-lived assets:		
Israel	$ 3,677	$ 2,468
United States	18	77
Total long-lived assets	$ 3,695	$ 2,545

	Year ended December 31,		
	2024	2023	2022
Sales to a single customer exceeding 10%:			
Customer A	18%	30%	100%
Customer B	82%	70%	-

NOTE 12:- FINANCIAL AND OTHER INCOME, NET

	Year ended December 31,		
	2024	2023	2022
Interest income	$ 3,489	$ 2,960	$ 1,437
Amortization of discount on marketable securities, net	1,747	281	-
Bank fees and other finance expenses	(34)	(31)	(27)
Foreign currency transaction adjustments	(20)	5	340
Gain (loss) from sales and disposals of fixed assets	-	(7)	(12)
Financial and other income, net	$ 5,182	$ 3,208	$ 1,738

NOTE 13:- RELATED PARTY BALANCES AND TRANSACTIONS

	December 31,	
	2024	2023
Trade payables and accrued expenses	$ 58	$ 53

	Year ended December 31,		
	2024	2023	2022
Amounts charged to:			
Research and development expenses	$ 141	$ 147	$ 194

For the years ended December 31, 2024, 2023 and 2022 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.

NOTE 14:- LOSSES PER SHARE

The following table sets forth the computation of basic and diluted losses per share:

	Year ended December 31,		
	2024	2023	2022
Numerator:			
Net loss for basic and diluted loss per share	$ (14,231)	$ (18,754)	$ (33,694)
Denominator:			
Weighted average number of ordinary shares used in computing basic and diluted net loss per share	89,528,031	87,633,298	86,555,628
Basic and diluted loss per ordinary share	$ (0.16)	$ (0.21)	$ (0.39)

NOTE 15:- SUBSEQUENT EVENTS

In January and February 2025, the Company sold through the ATM 3,961,641 ordinary shares, with proceeds of approximately $ 8,870 (net of $ 274 issuance expenses).

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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 decides 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 (the "**profit test**"), 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 (the "**liquidity test**"). If the company does not meet the profit test, 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 the liquidity test.

Notwithstanding the foregoing, following the adoption of certain amendments to the Israeli Companies Regulations (Alleviation for Public Companies whose shares are Traded on the Stock Exchange Outside of Israel), 2000, on March 12, 2024, or the Amended Alleviation Regulations, a company entitled to avail itself of the Amended Alleviation Regulations, like us, may effect a distribution by means of buying our own securities (which is considered a dividend distribution under the Companies Law) upon meeting only the liquidity test and without the need to meet the profit test or seek Israeli court approval and after complying with certain procedural requirements set forth in the Amended Alleviation Regulations.

Pursuant to our Articles, no dividend (other than for buying our own securities, as detailed above) 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. Subject to the rights of the holders of shares with preferential, special or deferred rights that may be authorized in the future, the amounts 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, as supplemented by the Amended Alleviation Regulations, 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) at least 10% of our issued share capital and at least one percent of our voting rights; or (ii) at least 10% 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 at least 1% 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, unless such proposal refers to election or removal of a director, which requires such holder(s) to hold at least 5% of the Company's voting rights, as set forth in the Amended Alleviation Regulations. Such proposal may be submitted 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 with all required information. 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 the required 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, discuss the financial statement and the reports of the directors, appoint external auditor and approve its remuneration, approve certain interested party transactions requiring general meeting approval as provided in the Companies Law, approve the Company's merger, approve increases and decreases in the Company's authorized share capital as provided in the Companies Law, 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 the Company's proper management, approve the liquidation, dissolution or winding up of the Company 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 to 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.

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. Notwithstanding, in accordance with the Alleviation Regulations, the provisions of the Companies Law governing the approval of significant private placements will not apply to Israeli public companies which are listed for trading on certain stock exchanged outside of Israel (including the Nasdaq) if applicable law in the foreign jurisdiction in which the company's securities are so listed for trading includes rules governing a private placement and the company follows such rules as applicable to companies incorporated in such foreign jurisdiction.

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 8.1

SUBSIDIARIES

Subsidiary	**Jurisdiction**
Compugen USA, Inc.	Delaware

Exhibit 11(b)

COMPUGEN LTD.

INSIDER TRADING POLICY

Revised by the Board of Directors on January 22, 2025

This Insider Trading Policy (this "**Policy**") provides guidelines to all personnel, including directors, officers, employees and consultants ("**Company Personnel**") of Compugen Ltd. and its subsidiary ("**Compugen**" or the "**Company**"), for transactions* in the Company's securities** and the handling of confidential information about the Company and others with which it does business.

All Company Personnel should read this Policy very carefully. Failure to observe the prohibitions and procedures set forth below could result in serious legal enforcement actions, both civil and criminal, for you and possibly the Company under both United States and Israeli Law. In addition, failure to comply with this Policy may subject you to Company-imposed sanctions, including dismissal, regardless of whether or not such failure to comply with this Policy results in a violation of law.

POLICY

As a publicly traded company, whose ordinary shares are listed on both The Nasdaq Stock Market ("**Nasdaq**") and the Tel Aviv Stock Exchange ("**TASE**"), Compugen is subject to certain provisions of United States federal securities laws and regulations, as well as Israeli securities laws and regulations. Pursuant to these laws and regulations, "insider trading", which is the use of material information about the Company that is not known to the investing public, and, if it were known to the public, would likely cause a significant change in the price of the Company's securities (such information is referred to in this Policy as "**material non-public information**," and is more fully explained in Section 3 of the Guidelines below (the "**Guidelines**")), including, for example, for personal benefit or for the benefit of others or to "tip" others who might make an investment decision on the basis of such information, is illegal. You can be held liable both for your own transactions and for transactions effected by a tippee, or even a tippee of a tippee. Furthermore, it is important that the appearance of insider trading in securities be avoided. It is the policy of the Company to comply with all applicable insider trading laws and regulations.

RESPONSIBILITY

Company Personnel may create, use or have access to material non-public information. Each individual has an important ethical and legal obligation to maintain the confidentiality of such information, not to engage in any transactions in the Company's securities while in possession of material non-public information and not to provide such information or an opinion on any security of the Company while in possession of material non-public information to any person who – the person delivering such information knows or has reasonable grounds to believe – will make use of the such information or will utilize the opinion for purposes of a transaction or will pass it on to another. Company Personnel or Related Parties (as defined below) may, from time to time, have to forego a proposed transaction in the Company's securities even if he or she planned to make the transaction before the Company Personnel learned of the material non-public information and even though he or she may suffer an economic loss or forego anticipated profit by waiting. Trading in securities in violation of these requirements or providing others with material non-public information (whether or not you derive any benefit from such actions or were aware of the intent by such persons to trade), may subject you to severe civil and criminal penalties, in addition to disciplinary action by the Company as more fully set out in Section 14 of the Guidelines. It is not an excuse that you did not "use" the information in deciding whether or not to engage in the transaction.

The Compliance Officer is our General Counsel. The Compliance Officer is responsible for the administration of this Policy.

* "transaction" may also include the exercise of options (see Section 7 of the Guidelines) and a commitment to do any transaction in the securities of the Company, whether the person making any of the foregoing is acting on its own behalf or on the behalf of another person or through an agent or a trustee.

** All types of "securities" are covered by this policy, including ordinary shares, partnership interests, futures, warrants, restricted share units, options, debt securities (e.g., bonds, notes, debentures) and other securities, whether or not convertible or exchangeable into ordinary shares.

If you have any questions about specific information or proposed transactions, or as to the applicability or interpretation of this Policy or the propriety of any desired action, you are encouraged to contact the Compliance Officer. Do not try to resolve uncertainties on your own.

Remember, however, the ultimate responsibility for complying with this Policy and avoiding improper transactions rests with you. In this regard, it is imperative that you use your best judgment. A claim of lack of understanding of the Company's policies or of governing legal standards in this sensitive area will not excuse any non-compliance.

GUIDELINES

1. **Prohibition**. In general, United States and Israeli securities laws and/or this Policy prohibit Company Personnel from:

a) buying, selling or otherwise trading (including for the benefit of another) in the Company's securities while in possession of material non-public (or "**inside**") information;
b) communicating (or "**tipping**") such information to third parties, including family members, friends, social acquaintances and anyone who lives in your household;
c) recommending any transaction in the Company's securities while in the possession of material information that has not been publicly disclosed by the Company (under Israeli law, an actual trade is not required);
d) assisting anyone engaged in any of the above activities; and
e) answering questions or providing material non-public information about the Company and its affairs to Company outsiders unless you are specifically authorized to do so or it is a regular part of your position, as further detailed under the Company Disclosure Policy.

This prohibition also applies to material, non-public information about, and the securities of, other companies (*e.g.,* collaboration partners, customers or suppliers, or companies with whom Compugen has a business relationship). For example, you may be involved in a proposed transaction involving a prospective business relationship or transaction with another company. If information about that transaction constitutes material nonpublic information for that other company, you are prohibited from engaging in transactions involving the securities of that other company. It is important to note that "materiality" is different for different companies. Information that is not material to the Company may be material to another company.

There are no exceptions to this Policy other than those described in Section 7 of the Guidelines. For example, if you possess material non-public information, you are prohibited from engaging in transactions in the Company's securities even if such transactions are otherwise necessary or justifiable for independent reasons (such as personal financial commitments or the need to raise money for a personal emergency expenditure).

2. **Transactions by Family Members; Entities Controlled by You.** The prohibitions outlined in this Policy also apply to your family members, others living in your household and any entities under your or your family member's control and any other individuals or entities whose transactions in securities you influence, direct or control (including, for example, a venture or investment fund, if you influence, direct or control transactions by the fund) ("**Related Parties**"). Company Personnel are expected to be responsible for the compliance of all Related Parties to this Policy.

3. **Material Non-Public Information.**

Material Information. Information is "material" for the purposes of the United States securities laws and this Policy if such information, if publicly known, would likely affect either the market price of the Company's securities, for better or for worse, or a person's decision to buy, sell or hold the Company's securities. Certainly, if the information makes you want to trade, it would probably have the same effect on others. If you possess material (and non-public) information, you may not trade in a company's share, advise anyone else to do so or communicate the information to anyone else until you know that the information has been publicly disseminated. Under Israeli law, "inside information" includes information that relates to developments or expected developments in the Company, changes or expected changes in the Company's condition or any other information relating to the Company, which is not known to the public and, if it were known to the public, would likely cause a significant change in the price of the Company's securities or in the price of other securities of which the Company's securities are the underlying asset.

Non-public Information. Non-public information is any information that has not been disclosed effectively to the investing public. Disclosure by press release or in the Company's reports that it files with the SEC and ISA is necessary to make the information public. For information to be considered public, it must not only be disclosed publicly, but there also should be sufficient time for the investing public to absorb and evaluate the information before you trade in the Company's securities. Although timing may vary depending upon the circumstances and jurisdiction, a good rule of thumb is that information is considered non-public until one full trading day has passed after public disclosure. If the information released is complex, such as a prospective major financing or other transaction, it may be necessary to allow additional time for the information to be absorbed by the investing public. In such circumstances, you will be notified by the Compliance Officer regarding a suitable waiting period before trading in the event it differs from the Company's standard policy.

Either positive or negative information may be material. No simple "bright line" test exists to determine when information is material; assessments of materiality involve a highly fact-specific inquiry and will be more often than not determined in hindsight based on the impact on the share trading price. For this reason, you should direct any questions about whether information is material to the Compliance Officer. Although it is not possible to list all types of material information, the following are a few examples of information that is particularly sensitive and should be treated as material:

- the status (positive of negative) of material existing collaborations;
- potential new material collaborations;
- significant clinical or regulatory developments;
- significant new products, product development or discoveries;
- the results, favorable or not, of preclinical studies or clinical trials;
- the results, favorable or not, of material legal proceedings, including litigation, mediation and arbitration;
- the gain or loss of a material contract, customer, license or collaboration;
- a financing transaction;
- quarterly or annual earnings results;
- projections of future results or sales;
- earnings or losses;
- a pending or proposed merger, acquisition, material joint venture, tender offer or other similar material strategic transaction;
- changes in dividend policies, a stock split or the offering of additional securities;
- changes in senior management; and
- impending bankruptcy or financial liquidity problems.

The Company emphasizes that this list is merely illustrative. If you have any question as to whether particular information is material or non-public, you should not trade or communicate the information to anyone without prior approval by the Compliance Officer. Remember, however, the ultimate responsibility for complying with this Policy and avoiding improper transactions rests with you.

4. **"Tipping."** Company Personnel also are prohibited from recommending or suggesting to anyone else (including Related Parties or friends) to buy, sell or hold the securities of any company, including those of the Company, while they are in the possession of material non-public information of the Company or other companies, as relevant. In fact, Company Personnel should not recommend to any other person that they buy, sell or hold securities of the Company, even when not in possession of material non-public information, because such a recommendation could be imputed to the Company and could be misleading if such Company Personnel is not aware of all relevant information. It is the Company's policy to prohibit the disclosure of non-public information to any person, whether inside or outside the Company, unless the person receiving such information has a legitimate need to know such information and is subject to a confidentiality agreement.

5. **Short-term, Speculative Transactions.** The Company has determined that there is a substantial likelihood for the appearance of improper conduct by Company Personnel when they engage in short-term or speculative securities transactions. Therefore, Company Personnel are strictly prohibited from engaging in any of the following activities involving the Company's securities, except with the prior written consent of the Compliance Officer:

a) purchasing the Company's securities on margin (borrowing money from a stock broker to fund the securities purchase);
b) pledging Company securities;
c) short sales (selling short is a practice of selling more securities than you own, a technique used to speculate on a decline in the securities price);
d) buying or selling puts or calls (a put is a right to sell at a specified price a specified number of securities by a certain date and is utilized in anticipation of a decline in the security price; a call is a right to buy at a specified price a specified number of securities by a certain date and is utilized in anticipation of a rise in the security price). The only equity securities of the Company that may generally be purchased or sold by Company Personnel are the Company's ordinary shares; and
e) engaging in derivative transactions relating to the Company's securities (e.g., exchange traded options etc.) or hedging transactions designed to decrease the risks associated with holding our ordinary shares.

This prohibition is not intended to apply to transactions that may involve one or more of the foregoing activities if those transactions are entered into solely for the purpose of deferring the effective date of a sale for tax or other non-speculative purposes. Thus, entering into so-called costless collars or forward sale transactions in which the economic terms of the transaction are not subject to the future control of Company Personnel and are established at the time the transaction is entered into do not require the prior consent of the Compliance Officer. Please note, however, that entering into any such transaction must be done at a time when trading in the Company's securities is permitted. Where because of the unique nature of the proposed transaction or its complexity it is not clear whether there is a substantial likelihood for the appearance of improper conduct, Company Personnel should seek the consent of the Compliance Officer before entering into it.

6. **Influencing a Security's Price.** It is prohibited to fraudulently influence the price of securities (such as by placing fictitious purchase or sale orders to create an impression of large demand or supply thereby intending to cause an increase or decrease in the price of the security). Pursuant to the Securities Exchange Act of 1934, as amended, the person committing such a fraudulent act may be subject, for each such fraudulent act, to fines of not more than $5,000,000 or imprisonment of not more than 20 years, or both, except that when such person is a person other than a natural person, a fine not exceeding $25,000,000 may be imposed. In addition, the person committing the fraudulent act may also expose him/herself to a civil action by the party who suffered damages as a result of the fraudulent acts. Therefore, Company Personnel are strictly prohibited from committing any acts or omissions which constitute or could constitute such manipulation of the Company's securities and the Compliance Officer must be updated without delay in any event of a suspicion that such an act was committed.

7. **Certain Exceptions.** The exercise of options for the purchase of securities under any Company option plan is exempt from this Policy, because the other party to the transaction is the Company itself and the price does not vary with the market but is fixed by the terms of the option agreement or the plan. Nevertheless, based on legal bulletin of the ISA, the exercise of options for the purchase of securities under any Company option plan is exempt only if, among others, the exercise price of the option is below the market price of the share at the time of exercise and if the exercise is made immediately prior to the expiration of the option. However, the shares so acquired may not be sold, except in accordance with this Policy.

8. **Blackout Periods.**

Company Personnel and Related Parties are restricted from trading in Company securities at certain times throughout the year as described below ("**Blackout Period/s**").

Company Personnel and Related Parties may not buy, sell or otherwise trade (including for the benefit of another) in Company securities during the period commencing on the first day of each fiscal quarter and ending one full trading day in the U.S. after the Company publicly discloses its results for the preceding fiscal period.

It should be noted that even during permitted trading periods ("**Trading Windows**"), any Company Personnel or Related Party possessing material non-public information concerning the Company shall not engage in any transactions in the Company's securities until such information has been known publicly for at least one full trading day. Furthermore, there are times when the management of the Company may be aware of a material non-public development but at its discretion does not disclose it to all Company Personnel. Although you may not know the specifics of the development, if you engage in a trade before such development is resolved or disclosed to the public you might expose yourself and the Company to a charge of insider trading that could be costly and difficult to refute. In addition, a trade by you during such time could result in adverse publicity for the Company. Therefore, the Company may from time to time prohibit any transactions in Company securities for specified periods, even during Trading Windows. This notice may be given to all Company Personnel or to Company Personnel involved with specific matters. In the event you are informed of any such Blackout Period, you should treat such notification in itself as material non-public information and it should not be disclosed to any third party.

Each person is individually responsible at all times for compliance with the prohibitions against insider trading. Trading in the Company's securities during Trading Windows should not be considered as "safe harbor," and all Company Personnel should use good judgment at all times.

Specific exceptions may be made, with prior approval, in special situations when the Company Personnel does not possess material non-public information or the exception would not otherwise contravene the law or the purposes of this Policy. Any request for an exception will be directed to the Company's Compliance Officer.

9. **Trading Plans**. The restrictions set forth above will not apply to sales made pursuant to a Qualified Selling Plan. For purposes of this exception, a "Qualified Selling Plan" is a written plan, contract or instruction for selling the Company's shares which meets each of the following requirements:

(1) the plan is adopted by the Company Personnel during a period when sales are permitted pursuant to this Policy;
(2) the plan is adopted during a period when the Company Personnel adopting the plan is not in possession of material non-public information;
(3) the plan is adhered to strictly by the Company Personnel;
(4) the plan must either specify the amount, pricing and timing of transactions in advance or delegate discretion on these matters to an independent third party;
(5) at the time it is adopted the plan conforms to all other requirements of Rule 10b5-1(c) under the U.S. Securities Exchange Act of 1934, as amended, as then in effect;
(6) the plan provides that the sales be effected on Nasdaq or any other stock market located outside Israel; and
(7) the plan provides that the sales be effected via a non-Israeli broker (although coordination with an Israeli affiliate, branch or agent of such broker will be permitted).

Once the Qualified Selling Plan is adopted, (i) Company Personnel may not exercise any influence over the amount of securities to be traded, the price at which they are to be traded or the dates of the trade and (ii) such plan may be terminated or altered only during a period that complies with the description in each of subsections (1), (2) and (5) above.

10. **Confidentiality Guidelines.** To provide more effective protection against the inadvertent disclosure of material non-public information about the Company or others with which the Company does business, the Company has adopted the following guidelines in addition to the prohibitions above. These guidelines are not intended to be exhaustive and should be read together with the Company's Disclosure Policy. Additional measures to secure the confidentiality of information should be undertaken as deemed necessary under the circumstances. If you have any doubt as to your responsibilities with respect to confidential information, please seek clarification and guidance from the Compliance Officer before you act.

The following guidelines establish procedures with which Company Personnel should comply in order to maximize the security of confidential information:

a) do not discuss internal Company matters or developments with anyone outside the Company or even with other Company Personnel, except as required in the performance of your regular duties and provided the recipient is subject to a confidentiality agreement;
b) do not discuss any Company matter in public places, such as airplanes, elevators, hallways, restrooms or eating facilities, where conversations might be overheard;
c) use passwords to restrict access to the information on computers; and
d) limit access of others to particular locations or physical areas where material non-public information is likely to be documented or discussed.

11. **Authorized Disclosure of Material Non-Public Information**. If any Company Personnel receives inquiries about the Company from securities analysts, reporters or others, he or she should decline comment and direct them to the Company's CEO, CFO or other authorized spokesperson of the Company, as further detailed in the Company's Disclosure Policy.

12. **Presumption of Insider Trading Under Israeli Law**. Under Israeli law, if a director or other office holder, treasurer or internal auditor of the Company, any other person assuming the responsibilities of the foregoing persons under a different title, any shareholder holding at least 5% of the Company's issued and outstanding share capital or voting rights or having the right to appoint at least one director, or a family member or entity controlled by any of the them, purchases securities of the Company within three months of the date that he or she sold securities of the Company (or sells securities of the Company within three months of the date that he or she purchased securities of the Company), it would be presumed that such person used inside information, and such person would have the burden to prove that he or she did not use inside information. Therefore, although this Policy does not prohibit purchases and sales by such individuals within a three-month period, this Policy strongly discourages such practice.

13. **Reporting Violations**. If you know or have reason to believe that this Policy or the special trading procedures described above have been or are about to be violated, you should immediately bring the actual or potential violation to the attention of the Compliance Officer. Such information may be conveyed on an anonymous basis pursuant to the Company's Whistleblower Procedures, but sufficient details should be given to enable a proper investigation.

14. **Penalties for Violations**.

Under United States securities laws, an individual may be subject to criminal fines of up to $5,000,000 and up to 20 years of imprisonment for violating the securities laws by engaging in transactions in securities at a time when they are in possession of material non-public information. In addition, the SEC may seek the imposition of a civil penalty of up to three times the profits made, or losses avoided from the trading. Insider traders must also disgorge any profits made and are often subjected to an injunction against future violations. Violators can also be barred from serving as officers or directors of public companies. Finally, under some circumstances, individuals may be subjected to civil liability in private lawsuits. In addition, under Israeli law, individuals may be subject to criminal penalties of up to NIS 1,130,000 and up to five years of imprisonment as well as administrative sanctions of up to NIS 1,000,000 and corporations may be subject to criminal penalties of up to NIS 5,650,000. Violators can also be barred from serving as officer or directors of public companies for up to five years.

Failure to comply with this Policy could result in serious legal enforcement actions, both civil and criminal, for you and possibly the Company under both United States and Israeli Law. In addition, failure to comply with this Policy, or any refusal or failure by you to cooperate fully with the Company in any investigation of a possible violation of this Policy, will be regarded by the Company as a very serious matter and, may subject you to Company-imposed sanctions, including dismissal, regardless of whether or not such failure to comply with this Policy results in a violation of law.

This document states a policy of the Company and is not intended to be regarded as the rendering of legal advice.

CERTIFICATION

This is to confirm that I have read and understand this Insider Trading Policy and will comply with the policies, prohibitions and procedures stated therein. I understand that, if I am an employee or consultant of Compugen Ltd. or any subsidiary of Compugen Ltd., my failure to comply in all respects with such policies, prohibitions and procedures is a basis for termination of my employment or engagement with the Company.

Please SIGN your name here: _____

Please PRINT your name here: _____

Please date here: _____

UPON SIGNING THIS POLICY, PLEASE SAVE ONE COPY IN YOUR FILES AND RETURN A SIGNED COPY TO THE COMPLIANCE OFFICER.

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 4, 2025

/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, David Silberman, 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 4, 2025

/s/ David Silberman
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, 2024 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 4, 2025

/s/ David Silberman
Title: Chief Financial Officer
Date: March 4, 2025

Exhibit 15.1

Consent of Independent Registered Public Accounting Firm

We consent to the incorporation by reference in the following Registration Statements:

1. Registration Statement (Form F-3 333-270985) of Compugen Ltd., and

2. Registration Statements (Form S-8 Nos. 333-169239, 333-204869, 333-223937, 333-240182, 333-251263, 333-266508) pertaining to Compugen Ltd. 2010 Share Incentive Plan and 2021 Employee Share Purchase Plan;

of our reports dated March 4, 2025, 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) of Compugen Ltd. for the year ended December 31, 2024.

/s/ KOST FORER GABBAY & KASIERER
A Member Firm of EY Global
Tel-Aviv, Israel
March 4, 2025