Evogene Second Quarter 2020 Results Script (August 5th, 2020)

Thank you and good day everyone. We appreciate you joining us today for our second quarter 2020 conference call.

Joining me today is Ms. Dorit Kreiner, our CFO. I will begin my comments today by addressing the impact of the coronavirus pandemic on Evogene. I will then provide a brief review of Evogene's and its subsidiaries' primary expected value enhancing activities in the near future.

Following my comments, Dorit will summarize Evogene's financial results for the second quarter of 2020. We will then open the call for your questions.

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With respect to the impacts of the COVID-19 pandemic on Evogene's operations, I am pleased to say that, to date, the impact has been minimal. As of today, the company has resumed full activity. While we are fully operational, I want to assure our shareholders that the company and its employees are working in compliance with the restrictions and guidelines provided by the Israeli health authorities and other applicable governmental authorities and will continue to do so.

Although Evogene group's internal operations have not been severely impacted by the ongoing pandemic, our ability to meet freely with partners and investors has been hindered over the past few months. We have attempted to overcome this limitation by conducting meetings over virtual platforms.

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I would now like to begin by giving the quarterly update.

In May, Evogene announced its new branding, which marks the conclusion to the strategic change the company has been focused on over the past years. The goal of this change was to apply our world leading computational biology capabilities to important new market areas, both within and outside agriculture.

Our unique computational biology capabilities aim to revolutionize life-science product development in human health and agriculture, to substantially increase the probability of success, while reducing the time and cost of life-science product development.

These unique capabilities were developed for over a decade and with an expenditure of tens of millions of dollars, and validated through collaborations with industrial leaders. As a result, our Computational Predictive Biology – or CPB – platform, today incorporates an increasing number of deep scientific understandings together with multiple big data bases and advanced artificial intelligence technologies.

Until 2014, Evogene's initial market focus was on decoding important aspects of biology in order to improve seed traits based on genomic modification.

These capabilities were the basis for a significant expansion of our technology platform, over the past few years, which now provide us with substantial competitive advantages for the discovery and development of life science based products inside and outside of agriculture.

In this regard, it is important to note that a substantial percentage of life-science products are based on microbes, small molecules and genetic elements, as their core components.

Therefore, we established three distinct solutions addressing the discovery and development of life-science products based on these core components:

- **MicroBoost AI –** for products based on microbes
- **ChemPass AI –** for products based on small molecules

- and **GeneRator AI –** for products based on genetic elements

One clear demonstration of the value of our technology is the promising early stage pipelines of novel product candidates that are taking place within our subsidiaries, all of which were established only a few years ago.

We are committed to continuously enhancing and improving these solutions. To that end, we're very pleased to welcome Dr. Gaya Loren, who joined Evogene as executive vice president for product development. We are very pleased that Gaya, with over 20 years of multidisciplinary managerial expertise in innovation-driven ventures as well as research and development experience in the biotech and hi-tech industries, has chosen to join us. As EVP Product Development, Dr. Loren's mission will be to position Evogene as a leading decoding biology partner of choice in selected strategic market-segments.

The business model we implement to capture the value of our diverse and broadly applicable technology, is based on two avenues for product development:

The first is product development through partnerships with leading companies for defined products using Evogene's product solutions. Later-stage development and commercialization of the product will likely be done by the partner.

This avenue was our main business model until 2014. During these years, Evogene was engaged with leading ag-companies including Bayer, DuPont, Monsanto and Syngenta for the development of new GMO seed traits. Looking forward, we aim to engage in partnerships in additional market segments.

The second avenue for capturing the value of Evogene's technology is product development through **subsidiaries.** Evogene established subsidiaries to focus on a defined commercial field with an exclusive license to use the CPB platform in their field of activity.

I would like to emphasize that these subsidiaries may commercialize their future products either independently or with partners, according to the characteristics

of the product and end-market. Some of the strategic partnerships Evogene and its subsidiaries currently have, are with world leading companies such as BASF, Bayer, Corteva and ICL.

Today Evogene has several subsidiaries including AgPlenus in ag-chemicals, Biomica in human microbiome, Canonic in medical cannabis and Lavie Bio in ag-biologicals.

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I would now like to briefly review some of the primary value enhancing activities being pursued by Evogene, via its Ag-seeds division, and its subsidiaries, AgPlenus, Biomica, Canonic, and Lavie Bio.

I will begin with **AgPlenus**, our ag-chemicals subsidiary.

I am happy to mention that AgPlenus already met its first significant milestone for 2020 – the signing of a collaboration with Corteva, based on candidates from the herbicide program and I would like to encourage you to read the press release we issued on the collaboration, which we believe holds great promise.

In our call today I would like to focus on the second milestone we aim to achieve in 2020 that relates to AgPlenus' internal herbicide program.

In the second half of 2020 AgPlenus aims to reach an important phase advancement - a new mode-of-action "Lead" in its herbicide program, with respect to a certain compound. A "Lead" herbicide is a chemical compound, or a family of chemical compounds that have shown efficacy in killing weeds in commercial application rates, in a series of different trials including laboratory assays, greenhouse trials and finally, also in field trials. A new mode-of-action was already confirmed in many biological assays and indicates that the herbicidal compound of interest might not be subjected to existing issues of resistance compared to commercially available products. Additionally, we are working on a mode-of-action that targets a protein that does not exist in humans, meaning a potential for a high safety profile. We are currently

beginning these field trials and look forward to updating you with the results of these trials.

I would like to convey why this is such an important milestone – a safe, new mode-of-action herbicide is one of the most desired products in the ag-chemical industry. This is because of growing weed resistance to existing commercial products. Reaching the development phase of a Lead is a significant and important stage in reaching such a product, although there can be no guarantee that this Lead will be commercialized, even if we reach this stage or later ones.

Moving on to **Biomica**. On our call today, I would like to take the time to focus on Biomica's immuno-oncology program. In this program, Biomica is developing novel microbiome-based drug products to enhance the efficacy of immune checkpoint inhibitors immunotherapy, which is one of the most effective treatments today for various types of cancer. Unfortunately, these types of therapies seem to be effective only in a fraction of patients. It has been observed in medical studies that fecal microbiota transplants – FMT, have the potential to improve the response rates to immunotherapy. In these cases, the transplant of fecal matter is done from a donor that was responsive to the therapy to a patient who was not. It demonstrated the realization that our gut microbiome make-up plays an important role in the activity of our immune system. Whereas, we don’t know what the active elements are in FMT, Biomica has sought to overcome this by identifying the most potent microbe combinations to “turn-on” the immune system.

In 2019 Biomica shared some exciting preliminary results in animal studies in which improved anti-tumor activity was demonstrated following treatment with Biomica’s leading microbial consortia BMC 121 and BMC 127 in combination with immune checkpoint inhibitors. Currently Biomica is advancing with extended pre-clinical studies and we soon expect to be able to share results from these studies.

Positive results in these studies are expected to be an important milestone for Biomica in 2020 and are planned be followed by two additional important milestones in this program, the first the initiation of the scale-up and GMP batch

production of drug candidates - BMC 121 and BMC 127 to support the preparation towards the anticipated first in man proof of concept clinical trials in 2021 – the second important milestone.

I will now move on to Canonic, our medical cannabis subsidiary. We believe that our offering is unique in this market. We are not focusing on cultivation or extraction, which we view more as a commodity or service that can be acquired, but rather on where the true differentiator lies, as we believe – the quality of the products, which is an outcome of the plant's genetics.

Building on Evogene's demonstrated capabilities in the area of plant genomics, Canonic is developing two main types of products. The first is MetaYield, cannabis with an improved yield profile of active ingredients, which we expect to launch in 2022, and the second is Precise, cannabis with an active ingredient profile targeting specific medical conditions such as inflammation and pain.

During the first half of 2020, Canonic engaged in framework agreements with several cultivation and extraction partners in Israel and in Europe, creating the infrastructure for the company's go-to-market strategy. Canonic's first milestone will be the signing of a definitive agreement with such partners which we currently expect to be by the end of this year, paving the path for the commercialization of its first products.

Canonic's second milestone will stem from the R&D side, where it intends to demonstrate yield improvement in its MetaYield product line under development. This yield improvement is expected to be a significant step towards commercialization. The company is currently collecting genetic, phenotype and chemical data, from repeated experiments of leading cannabis lines, to develop high yield, commercial-standard cannabis lines.

These milestones are the two pillars that are expected to enable the company to meet its most important target – its 2022 commercialization of its unique product MetaYield.

In parallel, a third milestone relates to our R&D activities taking place for the Precise product line with pre-clinical studies underway with Hadassah medical

center to identify the impact of a wide variety of active cannabis ingredients on inflammation. We expect to see results from these studies by the end of the year.

Moving on to Lavie Bio, our ag-biologicals subsidiary, focused on microbes that are applied to plants to improve their response to their surroundings. Lavie Bio has a number of product types under development, falling mainly under the categories of bio-stimulants – to improve plant yield and bio-pesticides – to improve the plants resistance to pests such as disease and insects.

Lavie Bio's leading program is its bio-stimulant for spring wheat, LAV 211 which we aim to launch in 2022. This is a live-microbial product that will be applied as seed treatment for wheat seeds. Once the product meets the moisture in the ground the microbes start multiplying, creating a beneficial environment for the wheat, leading to improved yield. In November 2019 we announced results from field trials that indicated significant yield improvement compared with industry benchmarks, with a 'win rate' in over 75% of the locations, with up to 25% yield improvement in top performing locations and an average improvement of approximately 6%.

This year, Lavie Bio has two milestones in this program, the first regarding pipeline advancement and in this respect LAV 211 is currently being tested in North America with advanced product formulations and we expect to be able to share results from these field trials during the second half of 2020.

The second milestone is to file for registration for a wheat bio-stimulant product LAV 211, which we are also aiming for the second half of 2020.

In its bio-pesticide pipeline, one of Lavie Bio's leading products are bio-fungicide for botrytis and downy mildew, where the main focus at the moment are vineyards with the potential to expand to numerous other crops. Regulation pressure regarding the use of chemical pesticides is becoming more and more strict, especially in Europe and an effective bio-fungicide product could be promising. Our milestone in this program is to announce phase advancement and we are currently testing vineyards in Europe and the United States and expect to be able to share the results of these trials in the coming months.

Lastly, moving on to our internal seed traits activity – In the past our focus was on developing new seed traits such as yield and drought resistance and developing a replacement for existing seed traits such as insect control that suffered from growing insect resistance; all this via a GMO approach. Due to consumer preferences regarding GMO products, introducing new products to the market became more challenging, while there is still a growing market for the insect resistance seed traits.

Despite the negative trend in public acceptance of GMO, the need for healthy, plentiful food and feed has not changed, and if anything is only growing. We believe this area in improving seed traits via genomics is facing a revolution due to the new capability - genome editing. Genome editing is a tool that enables genetic changes in a method that may not be considered as GMO, and we believe that this revolutionary technology may be a breakthrough for this market in terms of consumer acceptance.

This is the spirit of our recent announcement regarding Evogene's participation and leadership in the CRISPR-IL consortium to provide an end-to-end artificial intelligence system for genome-editing. The goal of the consortium is to develop an artificial intelligence-based system, providing users improved genome-editing workflows, from user interface to an accurate measurement tool to be used in multi-species for pharma, agriculture, and aquaculture.

This consortium is supported by the Israeli Innovation Authority and includes 25 industry and academic leaders in the artificial intelligence and genome-editing space. Evogene's Chief Scientific Officer, Dr. Eyal Emmanuel serves as the Chairman of this important consortium.

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In summary, we are extremely pleased by the accelerating rate of the Evogene group's product oriented achievements- both with respect to the multiple individual product potentials, and with respect to this clear demonstration of the broad applicability and powerful competitive advantages of our technology. Also, we are confident that as these achievements continue and initial products advance forward to commercialization, the investment community will value our

company appropriately. And of course, we greatly appreciate the continuing support of our very loyal shareholder base.

With that, I would now like to turn over the call to Dorit.

Dorit Kreiner – CFO

Thank you Ofer.

I will begin by reviewing our cash balance, which includes approximately $38.1 million in consolidated cash, cash related accounts and bank deposits as of June 30th, 2020. Approximately $15.2 million of Evogene's consolidated cash is appropriated to its subsidiary, Lavie Bio.

During the first half of 2020, the consolidated cash usage was approximately $8.8 million, or $6.3 million, if excluding Lavie Bio.

During the second quarter the consolidated cash usage was approximately $2.5 million, or $1.7 million, if excluding Lavie Bio.

The low burn rate during the second quarter of 2020, is attributed to the following:

- Certain measures the company took to mitigate the impact of the COVID-19 pandemic on the Company, including a temporary reduction in salary-based expenditure and a cut back in secondary activities.
- Funds received attributed to the collaboration agreement AgPlenus signed with Corteva during the first quarter of the year.
- Grant received attributed to the ongoing Phenomics consortium.

For the full year of 2020, we continue to estimate that our cash usage, excluding cash usage of our subsidiary Lavie Bio, will be within the range of 13-15 million dollars.

The Company does not have bank debt.

Let's now turn to the statement of operations.

R&D expenses for the second quarter of 2020 were $3.9 million, including a non-cash expense of $0.5 million for amortization of share-based compensation, in comparison to $3.5 million, including a non-cash expense of $0.1 million for amortization of share-based compensation, in the second quarter of 2019. While the actual R&D expenses remained stable from quarter to quarter, R&D expenses attributed to Lavie Bio increased, due to an increase in downstream development activities, which were offset by a reduction in other secondary activities, as mentioned above.

General and Administrative expenses for the second quarter of 2020 were $1.1 million in comparison to $0.8 million in the second quarter of 2019. Although the company decreased its cash burn rate during the quarter, we experienced an increase in general and administrative expenses mostly attributed to an increase in the cost of the company's D&O insurance.

Operating loss for the second quarter of 2020 was $ 5.2 million, including a non-cash expense of $0.9 million for amortization of share-based compensation mainly attributed to options granted to Lavie Bio employees, in comparison to $ 4.7 million, including a non-cash expense of $0.2 million for amortization of share-based compensation, in the second quarter of 2019.

The loss for the second quarter of 2020 was $ 4.8 million in comparison to a loss of $ 4.1 million during second quarter of 2019.

With that said, we would now like to open up the call for any questions you may have. Operator….

OPERATOR

I will now open the call to questions…

OFER HAVIV – CEO – Closing Remarks

Thank you all for joining the call today, I look forward to updating you with our progress over the next few months.

Thank you and good day.