Evogene Third Quarter 2020 Results Script (November 18th, 2020)

Thank you and good day everyone. We appreciate you joining us today for our third quarter 2020 conference call. Joining me today is Ms. Dorit Kreiner, our CFO and Dr. Elran Haber, CEO of our subsidiary Biomica.

I will begin my comments today by providing an overview of the company's various activities, some context to our recent fundraising and discussing our plans to unlock the value of our subsidiaries.

I will then hand the call over to Elran, to discuss Biomica's activity in more detail, focusing specifically on its immuno-oncology program and the recent progress.

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

Before I begin my comments, I would like to address 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.

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So, let's start.

I would like to begin by taking this opportunity to thank our shareholders, new and old, for their continuous support of the company. As the company enters a new era, advancing its technological platform through three product solutions: MicroBoost AI, ChemPass AI and GeneRator AI, and with its subsidiaries progressing towards the development of valuable assets and commercialization, we hope to continue to earn your confidence.

For our new investors, I would like to give a brief overview of our company's activities.

As you know, Evogene's vision is to revolutionize life-science product development, by utilizing computational biology technologies.

With so many complex challenges associated with the development of biological-based products; including high development costs, long development time and, most importantly, low probability of success; we believe that now is the right time to leverage the revolution in the computational world to biology.

Over the last two decades, at an investment of tens of millions of dollars, incorporating deep scientific understandings together with Big Data and artificial intelligence, Evogene has developed a unique computational predictive biology platform. This proprietary technology is called the CPB platform.

Today, building on this technology, Evogene has 3 product solutions that we believe will help to accelerate and direct life-science product development based on the following core components - microbes, small molecules and genetic elements; called MicroBoost AI, ChemPass AI and GeneRator AI, respectively.

We aim to capture the value of these 3 solutions through 2 avenues: product development through partnerships at the parent company level, and product development through our subsidiaries.

Throughout Evogene's early years, we focused largely on the first avenue: partnering with leading companies for defined products using Evogene's technology, while later-stage development and commercialization of the product, was typically undertaken by the partner.

This avenue was our main business model until about 2014. During these years, Evogene was engaged with leading ag-companies including Bayer, DuPont, Monsanto and Syngenta, mainly for the development of new GMO seed traits.

Looking forward, we aim to engage in partnerships along this business model in additional market segments.

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

I would like to emphasize that these subsidiaries may commercialize their future products either independently or with partners, according to the product type and end-market. Some of the strategic partnerships Evogene's subsidiaries currently have, are with world leading companies such as BASF and Corteva.

Today Evogene has several main subsidiaries under this business model, as follows:

In the area of human health, we have Biomica, which aims to provide therapeutics based on microbes that exist in the human gut. Currently, Biomica has three main product programs based on microbes; the first to improve the efficacy of immuno-therapy, the second to provide therapies for IBD and the third to provide therapies for IBS, the latter two of which are GI-related disorders. Evogene holds approximately 90% of Biomica.

During the quarter Biomica announced positive pre-clinical results in its immuno-oncology program. These results showed that Biomica's live biotherapeutic drug candidate BMC128, given prior to and in combination with immune checkpoint inhibitors (ICI), significantly improved anti-tumor activity.

This program was further strengthened by the initiation of scale-up and GMP batch production of BMC128, which we also announced during the quarter, in order to support Biomica's anticipated first-in-man proof-of-concept clinical trials to be initiated next year.

Elran, who will be speaking in a few moments, will give more information on this program and other programs Biomica is advancing.

The second company in the area of human health is Canonic, active in the area of medical cannabis. Canonic aims to develop two types of products; the first is MetaYield - cannabis varieties with overall increased yield, and the second is Precise - increased yield of specific compounds in the plant to address medical indications such as inflammation and pain. Evogene holds 100% of Canonic.

Canonic recently announced that it has received approval from the Israeli Medical Cannabis Agency for the propagation of medical cannabis seedlings. This will allow Canonic to proceed with the execution of its commercialization plan. As you might recall, Canonic aims to release its first product in Israel in 2022.

Moving on to Agriculture, the first company in this area is AgPlenus, which is active in the development of ag-chemicals. AgPlenus is focused on the development of two main types of crop protection products, novel mode-of-action herbicides and new site-of-action insecticides. Evogene holds approximately 98% of AgPlenus.

I would like to take this opportunity to congratulate Doug Eisner for joining AgPlenus in September as its new CEO. Doug brings over 20 years of versatile business and legal experience, previously holding various senior leadership roles, and leading successful fundraising rounds and a company acquisition. I have no doubt that Doug will have an important contribution to the success of this company and achieving its targets in the next few years, focusing on advancing our strategic relationship with Corteva and BASF, and advancing our internal novel herbicide pipeline.

The second company in Agriculture is Lavie Bio focused on ag-biologicals. Within this field, the company is focused on two main types of live-microbial products. The first is bio-stimulants which when applied to the plant improve its performance. The second is bio-pesticides, which when applied to the plant protect it from pests such as fungi and insects.

Evogene holds approximately 72% in Lavie Bio, with Corteva, a world leading ag company, holding the remaining 28%, following its investment in the company in 2019.

Lavie Bio recently announced positive results in its bio-fungicide program for LAV311 and LAV312. These positive results were achieved in a series of vineyard trials for bunch rot diseases conducted in Europe and the United States and showed that vineyards treated with each of LAV311 and LAV312 demonstrated 60-70% reduction in crop damage in comparison to the control.

I would like to note that this was only a short overview of the company and its subsidiaries. We have prepared some great informational materials on each of these subsidiaries and I urge you to view the presentations section on our website to view these materials.

Moving on, I would like to provide some more information on Evogene's recent fundraising activities.

I would like to start by emphasizing that over the years, Evogene has taken a very disciplined approach to its capital allocation, and the company has made significant developmental progress over the years with the resources it had.

During the past year the subsidiaries' advancement was very rapid and in certain areas even exceeded plans. Therefore, we decided to raise additional funds in order to support their ambitious business targets.

I am pleased to say that Evogene recently completed two rounds of fundraising totaling 22 million dollars.

I am also pleased to say that the investors that took part in these fundraisings are top-tier institutional investors including ARK Invest.

I would like to note, for those of you who are not familiar, that ARK is one of the world's leading innovation funds investing in the technologies of tomorrow, and we are honored to be part of their distinguished portfolio.

As published, Evogene intends to use the net proceeds from the fundraising to further develop its and its subsidiaries' product pipelines, to enhance and expand its computational predictive biology platform, and for working capital and general corporate purposes.

Looking forward, as a whole, we intend to continue to be capital efficient while working towards our business targets, which include the following:

- In Biomica we intend to support pre-clinical and clinical trials.
- In Canonic we intend to support development of unique varieties as well as cultivation and commercialization of its medical cannabis products.
- In AgPlenus we intend to support herbicide development towards the stage of "Optimized Lead", as well as expand the insecticide program.

- In Lavie Bio we intend to support the route to commercialization of a wheat bio-stimulant as well as support the product development in its bio-pesticide programs.

Evogene also intends to enhance and expand its product solutions, MicroBoost AI, ChemPass AI, GeneRator AI, in order to maintain its technological and computational competitive edge. Likewise, Evogene expects to expand its efforts in genome editing and to capitalize on its legacy seed traits activities.

With both these rounds of fundraising, we believe that Evogene and its subsidiaries have the funds to support their near term business objectives, including reaching important milestones such as initial sales in Lavie Bio and Canonic, and valuable assets in AgPlenus and Biomica's product pipelines.

I also would like to mention that these capital raises bring us closer to opportunities to unlock the value of our subsidiaries. Reaching the important developmental milestones, we outline in our company presentation, could put our subsidiaries in an attractive situation to capitalize on their achievements, such as in the form of investment of a strategic or financial partner, M&A or an IPO.

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To summarize, it has been a very productive quarter for Evogene and we are pleased with the advancements made in our subsidiaries despite the objective difficulties COVID-19 has presented. I would like to once more thank our investor community for their support in the company. I will now turn the call over to Dr. Elran Haber, CEO of Biomica.

Elran?

Elran Haber – CEO Biomica

Thank you, Ofer. I am happy to be on the call today.

A short introduction on Biomica - Biomica is an emerging biopharmaceutical company developing innovative microbiome-based therapeutics for the treatment of cancer, immune-mediated and infectious diseases. Biomica's underlying premise is that our gut microbiome (or microbes that reside in our gut) has an impact on our health and plays a significant role in a wide array of illnesses. This has been well-documented in the scientific literature and is supported by an increasing body of clinical evidence. The question that most microbiome companies are now facing is how to identify the microbes that provide the desired effect. Biomica aims to answer this question through the use of computational biology. At Biomica, we aim to discover and develop novel therapies for microbiome-related human disorders using a rationally based design approach enabled by computational predictive biology. In this regard, Biomica has exclusive access to Evogene's proprietary technology, the CPB platform, which was developed over the past decade at an investment of tens of millions of dollars.

The potential of the microbiome is clear to big pharma with virtually every company taking a stake in this space. Since 2014, more than $4 billion has been invested in microbiome companies. Rapidly growing with a projected 70% compound annual growth rate, according to recent market reports the microbiome market space provides a multi-billion dollar market opportunity.

Biomica is focused on unmet high-value clinical programs:

- Immuno-therapy
- GI-related disorders
- AMR – Antimicrobial resistance

In our call today, I would like to focus mainly on our immuno-oncology program. It has been shown in various studies published in the scientific literature that one of the key reasons that some patients may not respond to immuno-therapies is due

to differences in patients' microbiome. One example of this, which you might have heard of, is the use of FMT, or Fecal Microbiota Transplantation, in which out of two groups described, some patients who initially did not respond to immunotherapy drugs saw positive response after receiving a stool sample from patients for whom the drugs worked. The main unresolved question is exactly which microbes helped to obtain the desired immune activity. Our program's initial target is to identify the microbes which can improve the efficacy of immune-checkpoint inhibitors, or ICI, that are the leading therapy for cancer patients.

Using Biomica's computational biology platform, PRISM, powered by Evogene's MicroBoost AI, we were able to rationally-design two live bacterial products, each comprised of four unique bacterial strains, which are natural inhabitants of the human intestinal tract. These strains harbor specific functional capabilities with the potential to enhance immunological therapeutic responses and facilitate anti-tumor immune activity through multiple biological processes.

Rationally-designed bacterial consortia are multi-strain products designed to restore diversity and specific functionality to a host's microbial community.

These drug candidates were tested together with ICI in a preliminary pre-clinical trial in 2019 and presented positive results with improved anti-tumor activity in mice.

After careful analysis of these results, we decided to focus on four strains derived from our initial two drug candidates, with the highest functionality. This led to the design of our leading drug candidate BMC128.

In 2020 we continued with broader pre-clinical trials, testing our drug candidate in various dosing protocols, not only in addition to immuno-therapy, but also prior to the ICI therapy. In these trials the animals were divided into various treatment groups, and BMC128 was administered to mice bearing cancer tumors prior to and during ICI therapy.

In September, we announced the positive results of these trials, demonstrating that treatment with BMC128 prior to and in combination with the administration of ICI, significantly reduced tumor volume and increased animal survival compared to ICI

therapy alone. It seems that Biomica's bacterial consortia administered prior to ICI therapy primes the immune system for an efficient, well-orchestrated anti-tumor response, ultimately leading to the most reduced tumor volume and best survival rate out of all groups. The response to the combination treatment was 50% higher in comparison to the group that received only the ICI therapy.

Looking forward, in 2021 the company aims to enter proof-of-concept clinical trial in Israel. For this purpose, Biomica contracted the services of Biose Industrie, a leading French CDMO, for the scale-up production of our microbes according to GMP standards. The large-scale production of our leading drug candidate, BMC128, has been initiated following the successful completion of the initial R&D stage of drug product development and manufacturing.

I would like to update that we are currently in discussions with a number of leading medical centers in Israel regarding conducting this proof-of-concept, pilot study, in 2021

In regard to our other programs just a quick note – we are currently advancing our IBD program in the pre-clinical phase, having initiated new pre-clinical studies at the University of North Carolina (UNC), at the lab of Professor Balfour Sartor, who is on Biomica's Scientific Advisory Board, and is one of the leading researchers and thought leaders in IBD in the USA.

In regards to our IBS program, this is progressing according to plan and we are currently concluding the discovery phase, with the computational identification of microbes with desired functionality.

I would like to end by mentioning that we have recently been seeing announcements of companies in this space regarding positive Phase 3 clinical data. These announcements provide strong validation for the utilization of microbiome therapeutics and help validate Biomica's science and clinical approach, and demonstrate the potential value proposition of Biomica.

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

Dorit Kreiner – CFO

Thank you Elran.

I will begin by reviewing our cash balance, which includes approximately $43.5 million in consolidated cash, cash related accounts and bank deposits as of September 30th, 2020. During September the company received a 10 million dollar investment. I would like to add that approximately $13.6 million of Evogene's consolidated cash is appropriated to its subsidiary, Lavie Bio. The September 30th cash balance does not include an additional investment of 12 million dollars, received after the date of the financial report.

During the first nine months of 2020, the consolidated net cash usage was approximately $13.4 million, or $9.3 million, if excluding Lavie Bio.

During the third quarter the consolidated net cash usage was approximately $4.6 million, or $3 million, if excluding Lavie Bio.

For the full year of 2020, we continue to estimate that our net 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 third quarter of 2020 were approximately $4 million, in comparison to $3.6 million, in the third quarter of 2019. R&D expenses were mainly attributed to pre-clinical trials in Biomica, field trials for Lavie Bio and strengthening of Evogene's technology with new capabilities.

General and Administrative expenses for the third quarter of 2020 were $1.2 million in comparison to $0.9 million in the third quarter of 2019. This increase is mostly attributed to an increase in the cost of the company's D&O insurance.

Operating loss for the third quarter of 2020 was $5.6 million, in comparison to $4.9 million. The increase in loss is attributed to the aforementioned operating expenses.

The loss for the third quarter of 2020 was $5.4 million in comparison to a loss of $4.5 million during third quarter of 2019. The increase in loss is attributed to the increase in operating expenses and a decrease in net financing income.

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.