

## **Evogene Second Quarter 2021 Results Script (August 11, 2021)**

**\*Ladies and gentlemen, thank you for standing by. The conference will begin shortly.**

Veidan Conference Coordinator:

Ladies and gentlemen, thank you for standing by. Welcome to Evogene's 2nd quarter 2021 results conference call. All participants are at present in listen-only mode. Following management's formal presentation, instructions will be given for the question-and-answer session. For operator assistance, during the conference, please press \*0. As a reminder, this conference is being recorded, August 11, 2021.

Before we begin, I would like to caution that certain statements made during this earnings conference call by Evogene's management, will constitute forward looking statements that relate to future events, risks and uncertainties regarding business strategy, operations and future performance and results of Evogene. I encourage you to review Evogene's filings with the US Securities and Exchange Commission and read the note regarding forward-looking statements in today's earnings release, which states that statements made in the earnings release (and, in a similar way, on this earnings conference call) that are not historical facts, may be deemed forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. For example, Evogene is using forward-looking statements in this call when it discusses its expected paths to value creation and its belief that turning one or more of its subsidiaries into public companies will be beneficial to its shareholders, Evogene's and its' subsidiaries expected trials, studies, product advancements, commercializations, launches,

pipelines, milestones, potential collaborations, cash usage and other plans for 2021 and 2022, the potential advantages of its technology and its anticipated entry into new fields of activity.

All forward-looking statements made herein, speak only as of the date of the announcement of results. Many of the factors that impact whether forward-looking statements will come true are beyond the control of Evogene and may cause actual results to differ materially from anticipated results.

Evogene is under no obligation to update publicly or alter our forward-looking statements, whether as a result of new information, future events or otherwise, except as otherwise required by law. We expressly disclaim any obligation to do so. More detailed information about the risk factors potentially adversely impacting our performance can be found in our reports filed with the US Securities and Exchange Commission.

That said I would now like to turn over the call to **Ofer Haviv, Evogene's CEO**.

**Ofer**, please go ahead...

Ofer Haviv

Thank you and good day everyone. We appreciate your joining us today for our second quarter 2021 conference call. Joining me today are Ms. Sarit Firon, Evogene's new chairperson, and Ms. Dorit Kreiner, our CFO.

Sarit will start the conference call with a short introduction and provide her vision of the Evogene group. I will then discuss our plans for unlocking the value of our subsidiaries and provide an overview of our recent achievements. Dorit will

summarize Evogene's financial results for the second quarter and first half of 2021. We will then open the call for your questions.

Before I hand over to Sarit, our new Chairperson, I would like to address Martin Gerstel, our former chairman.

As you know in June this year, after two decades of chairing Evogene since our founding, Martin felt he should take a well-deserved retirement from Evogene.

I would like to take this opportunity to thank Martin wholeheartedly for his constant leadership and vision as our Chairperson and his ongoing invaluable contributions to Evogene's development, and on a personal note I also want to thank him for his guidance and support of me in my role as CEO.

I would like to welcome Sarit as Evogene's new chairperson. Sarit has been a highly effective member of our board since 2016 and knows Evogene and its subsidiaries very well, which will ensure a smooth transition into her new role as Chairperson of the Board.

Sarit brings to Evogene more than 27 years of global investment and operational experience across Silicon Valley, New York and Tel-Aviv.

She is one of Israel's most accomplished investors and is well known for helping to build companies from their early stages to successful IPOs and acquisitions.

Sarit currently serves as a Managing Partner of the Team8 Group and Managing Partner of Team8 Capital, the investment arm of the group.

She has held numerous operational and leadership roles, serving as Chairperson and board member, CEO and CFO at prominent high-tech companies.

I cannot think of anyone better suited to assume the role of Chairperson at the present time, and I am truly excited that she has agreed to this role. On behalf of all the management, employees and investors in Evogene, I would like to wish her much success.

**Sarit** – please...

### **Sarit's section**

Thank you Ofer for your warm introduction.

I am honored to have the opportunity to lead Evogene as its new Chairperson. Evogene is an extraordinary company with highly differentiated predictive discovery and development capabilities and an impressive product pipeline through its subsidiaries. I look forward to working with my fellow directors, Ofer, and the entire senior management team. Together, we will take Evogene and its subsidiaries to the next level in value creation and subsequently gain recognition by the capital markets.

I would like to join Ofer in thanking Martin for his significant contribution made to Evogene since its inception. Martin should be extremely proud of Evogene's journey from its establishment to where we are today, as one of the key leaders that built the foundations for a promising future ahead.

Our vision is to change the way life-science companies are developing their products, to substantially increase the probability of success, and at the same time, reducing the time and cost of life-science product development.

To execute this vision, our strategy is to focus on utilizing the most advanced computational biology we developed.

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

We then established subsidiaries who have developed strong product pipelines very rapidly by utilizing this advanced technology. And now our subsidiaries are reaching a level of maturity where their underlying value is becoming apparent.

As Ofer stated in his introduction, throughout my career, I've taken companies to their next level by realizing their value potential through IPOs, acquisitions, or other financial transactions. I am excited to bring this experience to Evogene and its subsidiaries, to help in unlocking the inherent value in each individual subsidiary.

We will ensure that each subsidiary is focused on its key strengths that will enable it to realize its unique value. Ofer will elaborate on our strategy later in the call.

So now, I would like to hand it over to Ofer and I look forward to continue to update you about our progress and achievements in the future.

**Ofer please.....**

**Ofer's section**

Thank you Sarit.

My remarks in today's call will focus on our strategy for unlocking the value created within the Evogene subsidiaries, for the benefit of Evogene's shareholders.

In addition, I will describe the major achievements of our subsidiaries over the past six months and an outlook for their continued operations this year.

To set a common ground for our discussion, I would like to recap the main topics I covered in previous quarters' calls:

1. First, our broadly applicable computational predictive biology platform, the CPB, and the three tech-engines relying on this platform: MicroBoost AI; ChemPass AI; and Generator AI.

As stated many times, we believe these technology engines provide a significant competitive advantage in the discovery and development of life science-based products in multiple industries.

2. Second, our proven ability to create subsidiaries in multiple life-science based fields by utilizing the CPB platform and the 3 tech-engines, with each subsidiary demonstrating its ability to rapidly discover and develop very promising product pipelines.
3. Lastly, I stated our intention to continue to initiate new activities in additional life-science based fields.

Moving now to what I would like to focus on today, that is, how do we intend to provide financial benefit to the EVGN shareholders in **the near term**, from our subsidiaries.

Our starting point is that each of our subsidiaries contains substantial internal value, that is created through its rapidly developing pipeline, and through the use of Evogene's unique technology.

I would like to elaborate:

As you know, investing in innovative life science-based companies, such as those within the Evogene Group, presents **both** financial advantages and risks for investors.

- The primary advantage is that, in general, if successful, innovative life science-based products can be very profitable. In addition, and very importantly for investors, innovative companies with promising life science-based products in their pipelines, **as Evogene's subsidiaries**, can have very significant market value **long before** their products are actually commercialized.
- On the other hand, the primary risk in investing in innovative life science-based companies, is that such products typically have very high failure rates. Furthermore, those that are successful, generally take a relatively long time to be commercialized.

We believe that Evogene's unique technology that is available to each of our subsidiaries for their fields of focus, provides a substantial advantage with respect to dealing with these challenges of high failure rate and time to market – as demonstrated in our subsidiaries' discovery and early development pipelines.

So, if our subsidiaries enjoy the benefit of their rapidly developing pipelines, and their utilization of Evogene's technology is expected to reduce time to market and increase probability of success - why isn't our subsidiaries' potential fully reflected in Evogene's market value?

We think that Evogene Group's **current structure** - of a public company with a variety of privately held subsidiaries operating in different fields of activity – creates difficulty for the capital markets to properly value each subsidiary.

Therefore, we believe that if our individual subsidiaries were **valued separately**, it would result in a far greater combined market value for the Evogene group.

Based on these assumptions, our general strategy for unlocking the value of our subsidiaries, for the benefit of Evogene's shareholders, is to facilitate an independent valuation of each of our subsidiaries, regardless of Evogene or the other subsidiaries, and we are currently exploring ways to achieve this target.

We believe that one way to achieve this in a manner that will be beneficial to our shareholders is to turn one or more of our subsidiaries into public companies that

will trade independently of Evogene. In this regard, among the paths that we are exploring, is the distribution of a portion of Evogene's holdings in one or more of those subsidiaries to our shareholders.

Of course, the decision if, when, and how, to spin-off a subsidiary company will depend on many considerations, including, market conditions, the subsidiary's financial needs, pipeline maturity, valuation, applicable regulations, etc.

However, as stated, our current intent is to facilitate an **independent valuation** of each of our subsidiaries in the near term, and to do so in a manner that provides financial benefits to the Evogene shareholders.

We look forward to providing additional information regarding the implementation of this very exciting strategy.

I would now like to move on to an overview of our recent achievements:

I am pleased to report that both Evogene and our subsidiaries have been progressing, and I would like to highlight the following activities and advancements all made in the first half of 2021 and what can be expected for the second half of 2021.

We'll start with Biomica, focusing on the development of drugs based on the human microbiome, utilizing Evogene's MicroBoost AI tech engine.

In the first half of 2021 Biomica has continued to advance preparations for the initiation of its first-in-human proof of concept study in the immuno-oncology program and continued with its pre-clinical programs for gut disorders.

Two important announcements have been released by Biomica during the 1st half of the year:

In Q1, Biomica released impressive pre-clinical data for its rationally designed microbiome therapeutic candidate BMC128 in immuno-oncology. BMC128, in combination with Immune Checkpoint Inhibitors (ICI), in a breast cancer mouse model, demonstrated pronounced anti-tumor activity as manifested in an increase of almost 50% in Objective Response Rate, in comparison to ICI alone.

In Q2, Biomica reported that BMC128 has significantly increased anti-tumor activity in combination with ICI, but this time in melanoma. These positive pre-clinical results could indicate the potential of BMC128 to become best-in-class in the treatment of various types of solid cancer tumors and support the validation of Biomica's computational-based drug design approach.

As for the second half of 2021 – Biomica expects to initiate its first-in-human proof-of-concept clinical trial in Israel later this year in its immuno-oncology program. As preparation for this milestone, Biomica initiated the scale-up processes and moved to GMP production of its drug candidate, as well as submitted the relevant documents for regulatory approval.

We also expect to receive pre-clinical results for the IBD program.

Let's move to the 2nd company in the field of human health – Canonic.

Canonic's vision is to become a world leader in developing and commercializing effective, precise, and stable medical cannabis products, based on novel cannabis varieties. To achieve this vision, Canonic utilizes Evogene's GeneRator AI tech engine.

With eyes on the global market, the company is making its first steps in the Israeli market with impressive progress indicating big potential. In the 1st half of this year, Canonic invested significant resources to establish its production and marketing infrastructure in preparation for product launch in Israel in 2022, as planned.

Two important announcements have been released by Canonic during the 1st half of the year:

The first was signing production and distribution agreements in anticipation for commercialization of its first product in the MetaYield program, in 2022.

The 2nd, was announcing an agreement for joint development of novel medical cannabis products with Cannbit-Tikum Olam. This is part of Canonic's Precise product program.

During the 2nd half of 2021, Canonic will continue with preparations towards selection and commercialization of its 1st generation MetaYield premium products and will focus its research and development efforts on next generation MetaYield varieties.

In addition, Canonic expects to achieve its milestone for the Precise product program and identify lines that exhibit distinct effects in model systems for reducing pain or inflammation.

Now, I'll move to AgPlenus, our subsidiary in the ag-industry segment.

AgPlenus' mission is to develop and commercialize novel and safe crop protection products to control pests and produce higher yields, supporting the growing demand for high-quality food. To achieve this mission, AgPlenus utilizes Evogene's ChemPass AI tech-engine.

During the first half of 2021, AgPlenus focused on 2 important activities: making considerable progress in its collaboration with Corteva to develop novel herbicides and continuing to develop and test additional compounds in its internal herbicide program.

AgPlenus recently announced it achieved positive results in a Proof-of-Concept experiment, developing a resistance trait for a herbicide candidate targeting APTH1 (AgPlenus Target Herbicide 1), its leading novel Mode-of-Action for herbicides, in its internal program.

This POC demonstrates the ability to generate a resistance trait in target crops, to herbicides targeting the new mode-of-action APTH1. This is a significant milestone, as resistance traits enable farmers to kill weeds without damaging the commercial crop.

In the second half of 2021, AgPlenus will focus on three main targets: advancing its strategic collaboration with Corteva; expanding its product pipeline with the aim of reaching the lead phase for an additional candidate targeting APTH1; and lastly, advancing commercialization efforts for APTH1.

Our second subsidiary in the ag industry is Lavie Bio.

Lavie Bio's mission is to improve food quality, sustainability and agriculture productivity through microbiome based ag-biological technology & products. To achieve this mission, LavieBio utilizes Evogene's MicroBoost AI tech-engine.

The main focus of the company in the first half of 2021 has been on advancing its product pipeline. In the core of its activity, is LAV. 211, bio stimulant for spring wheat as its first target crop, and LAV. 311/312 bio-fungicide for grapes as its first target crop.

Our lead bio-stimulant, LAV.211, is expected to be launched in 2022. Commercial trials are continuing and there has been further advancement of the formulation and product readiness.

As part of the company's preparations for commercialization, its commercial team expanded with the appointment of a VP Commercial, building the path to market in North America, the initial target market for our bio stimulants.

For the next 6 months Lavie Bio will continue to prepare for the expected lead bio-stimulant LAV.211, commercial launch in 2022, which we anticipate will include an agreement with a potential distribution partner.

In relation to our lead bio fungicide, LAV311/312, we are advancing an additional season of multi locations field trials in Europe and the US, which are focused on advanced validation of an optimized and improved generation of formulation. In addition, trials for expanding the use of this bio fungicide into additional potential and lucrative crops are being conducted.

With respect to LAV311/312, our lead bio-fungicide, we expect to finalize the formulation protocol, and initiate data generation for regulation filing in 2022.

Last but not least is our Seed Traits Division.

It aims to develop high quality food, based on improved seeds with high commercial value, leveraging computational genomics and biology. To achieve its targets, the division utilizes GeneRator AI tech-engine.

In the first half of 2021 the focus of the Seed Traits division was on developing a technology for seed improvement using genome editing technologies, enabling deletion or modification of specific genomic regions in the crop's genome without inserting foreign DNA to the plant.

During this period the Seed Traits division completed the establishment of the first version of a computational and biological genome editing platform for the utilization of CRISPR technology in different crops, currently focusing on soybean and tomato.

In the frame of the division's genome editing activity, Evogene participates in the CRISPR-IL Consortium, with Dr. Eyal Emmanuel, Evogene's VP New Directions, serving as the president of the consortium. We were very pleased to announce at the beginning of 2021, the completion by the consortium of a first version of the artificial intelligence-driven platform for genome-editing.

During the second half of the year, the Seed Traits division aims to leverage the CRISPR technology for the development of disease tolerant and high-quality traits in soybean and tomato lines.

Another important project the division is involved in, targets improving the carbon assimilation by plants, reducing carbon pollution, which aims to slow the damage of global warming. In this project, which is funded by the European Horizon 2020 program, our Seed Traits division collaborates with world leading academic institutions - the Max Plank Institute, the Weizmann Institute and the Imperial College London.

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

**Dorit.....**

**Dorit Kreiner**

Thank you Ofer.

I will begin by reviewing our cash balance.

Evogene continues to maintain a strong financial position for its activities with approximately \$65.4 million in consolidated cash, cash related accounts, bank deposits and marketable securities as of June 30, 2021. Approximately \$10.6 million of Evogene's consolidated cash is appropriated to its subsidiary, Lavie Bio.

During the first half of 2021, the consolidated cash usage, was approximately \$11.3 million, or \$8.9 million, if excluding Lavie Bio. These sums exclude \$28 million net raised through our ATM offerings and exclude \$0.5 million proceeds from exercise of options.

During the second quarter the consolidated cash usage, was approximately \$5.7 million, or \$4.5 million, if excluding Lavie Bio. These sums exclude \$0.8 million net raised through our current ATM as detailed below.

During the first half of 2021 and in particular during the second quarter, the burn rate was higher than the same period in 2020, for the following reasons:

1. During the second quarter of 2020, the burn rate was unusually low due to 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.

2. During the 2nd quarter of 2021 Evogene's subsidiaries increased their investment substantially in advancing their product development pipelines, including:

- Biomica's continued preparations for the initiation of its first-in-human proof of concept study in the immuno-oncology program later this year.

- Lavie Bio's activities towards expected commercialization launch of its lead bio-stimulant in 2022.

- and Canonic's establishment of its production and marketing infrastructure in preparation for expected product launch in Israel in 2022.

We continue to estimate that our cash usage for the full year of 2021 will be within the anticipated range of \$20-22 million. These guidelines exclude cash usage of our subsidiary Lavie Bio.

Under our current ATM, which we announced in March 2021, we raised \$0.8 million net, with a weighted average price of approximately \$4.70 per ordinary share.

The Company does not have bank debt.

Let's now turn to the statement of operations.

Revenues for the second quarter of 2021, were \$0.1 million in comparison to \$0.3 million in the same period the previous year.

R&D expenses for the second quarter of 2021, which are reported net of grants received, were \$5.0 million, in comparison to \$3.9 million, in the second quarter of 2020. The increase in R&D expenses in this quarter was mainly attributed to product development activities of the Company and its subsidiaries, as mentioned above.

Business Development expenses were approximately \$0.7 million for the second quarter of 2021, in comparison to \$0.5 million, in the second quarter of 2020. The increase is attributed mainly due to Canonic's and Lavie's preparations towards expected launch of their first products in 2022.

General and Administrative expenses for the second quarter of 2021 were \$1.8 million, in comparison to \$1.1 million, in the second quarter of 2020. The increase is attributed to the increase of the costs of directors' and officers' insurance.

Operating loss for the second quarter of 2021 was \$7.4 million in comparison to \$5.2 million in the second quarter of 2020.

The loss for the second quarter of 2021 was \$6.9 million in comparison to a loss of \$4.8 million during second quarter of 2020.

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

**Operator....**

## **OPERATOR**

Thank you.

Ladies and Gentlemen, at this time we will begin the question and answer session.

If you have a question, please press \*1.

If you wish to cancel your request please press \*2.

If you are using speaker equipment kindly lift the handset before pressing the numbers.

Your questions will be polled in the order they are received.

Please stand by while we poll for your questions.

The first question is from.....of..... please go ahead.

[I repeat, if you have a question please press \* 1.]

If there are any additional questions please press \*1.

If you wish to cancel your request please press \*2.

Please stand by while we poll for more questions.

The next question is from..... of ..... please go ahead.

There are no further questions at this time.

Before I ask Mr. Ofer Haviv to go ahead with his closing statement I would like to remind participants that a replay of this call is scheduled to begin two hours after

the conference. In the US please call 1-888-326-9310, in Israel please call 03-9255901, internationally, please call 972-3-9255901.

Mr. Haviv would you like to make your concluding statement?

**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.

**OPERATOR**

Thank you.

This concludes Evogene's 2nd quarter 2021 Results conference call.

Thank you for your participation. You may go ahead and disconnect.