

Evogene First Quarter 2021 Results Script (May 26th, 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 **1st 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 May 26th, 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 their earnings releases, which states that statements made in those earnings releases (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.

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, Evogene's CEO:

Thank you and good day everyone. We appreciate your joining us today for our first quarter 2021 conference call. Joining me today are Ms. Dorit Kreiner, our CFO and Mr. Ido Dor, the CEO of our subsidiary Lavie Bio, which focuses on ag-biologicals, the fastest growing segment in the Ag-industry today.

Following my initial remarks, Ido will provide an update about Lavie Bio, and following Ido, Dorit will summarize Evogene's financial results for the first quarter 2021. We will then open the call for your questions.

My remarks in today's call will focus on our strategy for value creation through the Evogene subsidiaries and its recognition by the capital markets.

Before I reach this topic, I would like to recap the main topics I covered in the previous analyst call:

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

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

The CPB platform and the 3 engines aim to reduce time and cost of product development, and most importantly, to improve the probability for success to reach a commercial product.

2. Second, our proven ability to create subsidiaries in multiple life-science based fields by utilizing the CPB platform and the 3 engines, with each subsidiary demonstrating its ability to rapidly discover and develop very promising product pipelines.

We are pleased to see our subsidiaries receiving growing recognition for their pipelines by major companies in their fields of focus.

3. Lastly, I stated our intention to continue to initiate new activities in additional life-science based fields.

In our last call I mentioned various new fields we are currently evaluating, including: using MicroBoost AI to identify microbes for the aqua culture industry and using ChemPass AI for drug optimization for human health.

Moving now to what I would like to focus on today, value creation **within the Evogene subsidiaries** and market recognition of this value.

Investing in life science-based companies, such as those within the Evogene Group presents **both** financial advantages and risks for their investors.

- The primary advantage is that, in general, if successful, life science-based products can be very profitable. In addition, and very importantly for investors, companies with promising life science-based products in their pipelines, **like Evogene's subsidiaries**, can have very significant market values **long before** the products are actually commercialized.
- On the other hand, the primary risk in investing in 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.

With respect to the advantage, as stated, each of our subsidiaries has a very promising product pipeline, and their activities are aiming to advance the product candidates towards commercialization.

In 2021- 2022, all our subsidiaries have significant milestones for pipeline advancement, and some of them are even expected to reach first product launches. We believe that announcing the achievement of such milestones, as they are reached, will enable the capital market to properly appreciate the value created by the subsidiaries and will also be reflected in Evogene's value recognition.

Turning to the risk. We believe that the technology utilized by our subsidiaries, which relies on Evogene's unique technology, provides a substantial advantage with respect to dealing with the challenges of high failure rate and time to market.

We believe that the power of the technology is demonstrated, and can be recognized, through the rapid progress of our subsidiaries' discovery and development pipelines.

Moreover, any strategic collaboration, such as between AgPlenus and Corteva, or equity investment in a subsidiary by a strategic partner, such as Corteva's investment in Lavie Bio, is a vote of confidence in the unique advantage of our technology.

As previously disclosed, some of our subsidiaries are targeting to achieve additional strategic collaborations during 2021-2022. We expect that such collaborations will enable the capital market to recognize the unique technological value of our subsidiaries, thus reflecting on Evogene's value, as well.

I am pleased to report that both Evogene and our subsidiaries have been progressing in accordance with their plans, and I would like to highlight the following events that took place since the beginning of the year.

1. Biomica, Evogene's subsidiary focusing on developing innovative microbiome-based therapeutics, announced additional positive pre-clinical results in its immuno-oncology program demonstrating efficacy of its live biotherapeutic product consortium BMC128, this time in melanoma. As demonstrated in our previous trials the treatment with BMC128 in combination with Immune Checkpoint Inhibitors immunotherapy, significantly enhanced anti-tumor activity.

We are very excited with the results of this study demonstrating the effectiveness of BMC128 in treating additional types of solid cancer tumors.

We look forward to providing incremental updates as we work towards a first-in-human, proof of concept clinical trial later this year.

2. Canonic Ltd., our subsidiary focused on the development of medical cannabis products, announced that it entered into agreements for the production and distribution in Israel of Canonic's medical cannabis products with Tikun Olam-Cannbit Pharmaceuticals Ltd.

These agreements are expected to support the successful launch of Canonic's first products in 2022.

3. Evogene's Ag-Seed division, focusing on discovery and development of seed traits, announced a collaboration agreement with a US company, Plastomics, targeting novel insect control traits for soybean. As part of the collaboration, Plastomics, utilizing its disruptive new technology, will introduce Evogene's insect control genes demonstrating new modes of action, into soybean.

There is a dire need for new MoA insect control traits, and we are looking forward to addressing it through our joint efforts.

4. Lavie Bio our subsidiary focusing on ag-biologicals through the introduction of microbiome-based products, announced the joining of Mr. Russ Putland as VP Commercial.

Russ brings significant commercial experience to the Lavie Bio team and together with management will prepare the company for its next phase – focusing on commercializing its products starting from 2022.

With this I hand over to Ido, Lavie Bio's CEO. Thank you;

Ido...

Ido – CEO Lavie Bio

Thank you, Ofer.

I would like to begin by introducing myself. My name is Ido Dor and I serve as Lavie Bio CEO. I joined Evogene at the end of 2011 and held various business and managerial related roles. Since 2015 I lead the ag-biologicals division within Evogene which we spun off as Lavie Bio in February 2019.

My background is in engineering and I hold an MBA. I started my career in management consulting for 6 years followed by 6 years in leading sales and channel organization for SAP in Israel.

I will start with a short introduction of Lavie Bio which is addressing the need for a more sustainable food system with stronger focus on the quality of food and nutrients of the produce.

In the last few years, we have seen a trend where consumers are more aware and demand better practices to drive sustainability and food quality – in a way ‘the fork influences the farm’.

However, the fact is that in agriculture, farmers use more than \$200B every year in fertilizers and chemicals for crop protection in order to secure production. This conflict needs to be balanced and shifted and ag-biologicals are one of the key solutions in driving this revolution of improving the way we produce our food.

Lavie Bio is focused on improving food quality, sustainability and ag-productivity by harnessing the power of microbiome technologies to develop innovative ag-biological products.

Ag-biologicals are externally applied products from biological sources, such as microbial (micro-organisms) and naturally derived biochemistries, designed to improve crop productivity.

The “microbiome” is a sub-segment and refers to the microbial population living close or within the plant or other organisms. These micro-organisms have a unique functional composition that Lavie Bio is harnessing in order to develop novel ag-biologicals products.

Lavie Bio's approach is focused on 'Biology Driven Design' or BDD for the discovery, optimization and development of effective, stable and cost-effective microbial-based ag-biologicals. Lavie Bio's BDD platform, facilitates and accelerates the development of microbiome-based products through the decoding of complex microbiome/host interactions and the utilization of the key genetic elements (functions) governing these interactions for product development.

The enabling technologies for the establishment of the BDD platform are the MicroBoost AI engine, a component of Evogene's CPB platform, and the Taxonia platform, which harnesses genomics and informatics to develop transformative applications to agriculture, acquired as part of Corteva's investment in Lavie Bio.

Lavie Bio is focused on developing two main types of products: (i) bio-pesticides, which are ag-biologicals for crop protection, addressing biotic stresses such as insects, diseases, and weeds and (ii) bio-stimulants, which are ag-biologicals for crop enhancement, directly impacting crop yield or a-biotic stress tolerance.

In 2020 we saw significant advancement in Lavie Bio's product pipeline.

In December 2020, Lavie Bio announced that its bio stimulant candidate LAV211 was successfully advancing into the pre-commercial phase following field trial in target locations meeting development criteria and outperforming trial controls, which include competitor benchmarks. Product launch is expected in 2022.

In October 2020, Lavie Bio shared results demonstrating the power of bio-pesticide candidate LAV312 to protect grapes from Botrytis, based on results obtained from multilocation trials in target geographies. We expect this product will reach the market in 2024.

For further updates on the pipeline status and advancement during 2020, you are invited to read the press release we shared in December 2020.

Since the beginning of 2021 Lavie Bio has continued to progress well with its product pipeline and its main milestones for 2021 are:

1. Conduct pre-commercial trials for its bio-stimulant product for spring wheat (LAV211), the final stage planned prior to commercialization in 2022.
2. Continue product advancement on its bio-fungicide products for Fruit rot (LAV311/312) towards regulation;

With respect to the first milestone, LAV 211 – we are in the last season before launch, working with our early farmer adopters network conducting commercial trials under commercial practices in North Dakota. In parallel we are working to extend the product to new crops and territories and establishing the commercial path for 2022 initial sales.

To this end, I am very pleased with the joining of Mr. Russ Putland to our team as VP commercial. Russ brings significant commercial experience to the Lavie Bio management team, including more than 30 years of leadership within large multinational agriculture companies.

Russ will lead Lavie Bio's commercial strategy and execution, focusing on establishing the relationship and partnership with collaborators, strategic and channel partners, driving revenue from ag-biological bio-stimulant and bio-pesticide product lines.

With respect to the second milestone, our 1st bio fungicide target – this year includes multiple trials in Europe, US and South Africa that will help us to further improve the formulation and cost of production.

We target to advance formulation and production technologies by the end of the year so we will be able to file the leading candidate for regulation in the first half of 2022.

In addition, we see significant progress, which we are excited about, in each of our other pipeline activities: the Mildew program, Corn root worm and seedling diseases and bio-stimulants for crops other than wheat.

I am pleased to update that our collaboration with Corteva is developing with our focused product concepts.

In addition, I would like to update that we are actively engaged in seeking partnerships for accelerating and expanding our product pipeline and creating new business opportunities, benefiting from our robust technological capabilities.

These efforts will focus on one or more of the following:

1. Early commercialization of certain of our pipeline candidates, through a partnership.
2. Optimization of the partner's candidate products, using the BDD.

I will keep reflecting on the progress as we move forward with these commercial efforts.

To summarize, the opportunity we found in the ag-biologicals market for our products is unique and has significant potential. The team and I believe we are on track to meet the company goals and are excited to be close to our first product launch.

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

Dorit.....

Dorit – CFO Evogene

Thank you Ido.

I will begin by reviewing our cash balance.

Evogene maintain a strong financial position for its activities with approximately \$70.1 million in consolidated cash, cash related accounts, bank deposits and marketable securities as of March 31st, 2021. Approximately \$11.8 million of Evogene's consolidated cash is appropriated to its subsidiary, Lavie Bio.

During the first quarter of 2021, our consolidated net cash usage, excluding \$27.1 million net raised through our "At the Market Offering" ("ATM") initiated January 2021 and concluded during February 2021, was approximately \$5.2 million, or \$4.0 million, if excluding Lavie Bio. The low range cash usage during the first quarter is mainly attributed to amounts received for reimbursement of expenses from our collaborator.

In March 2021 we announced a new ATM and we had not sold any shares under this offering as of the end of the quarter.

The Company does not have bank debt.

Let's now turn to the statement of operations.

R&D expenses, which are reported net of grants received, were approximately \$4.3 million for the first quarter of 2021 (including a non-cash expense of \$0.3 million for amortization of share-based compensation), in comparison to \$4.6 million, (including a non-cash expense of \$0.9 million for amortization of share-based compensation) in the first quarter of 2020.

In the first quarter of 2021 the actual R&D expenses slightly decreased mainly due to a decrease in share-based compensation.

Business Development expenses were approximately \$0.6 million for the first quarter of 2021 (including a non-cash expense of \$0.1 million for amortization of share-based compensation), in comparison to \$1.0 million, (including a non-cash expense of \$0.7 million for amortization of share-based compensation) in the first quarter of 2020.

General and Administrative expenses for the first quarter of 2021 were \$1.5 million including a non-cash expense of \$0.1 million for amortization of share-based compensation) in comparison to \$1.3 million (including a non-cash expense of \$0.3 million for amortization of share-based compensation) in the first quarter of 2020. The increase is attributed to the increase of the costs of directors' and officers' insurance partially offset in non-cash expenses of amortization of share-based compensation.

Operating loss for the first quarter of 2021 was \$6.3 million, in comparison to \$6.9 million for the first quarter of 2020. The decrease in operating loss during the first quarter is attributed to the increase in revenues from collaboration agreements compared to the first quarter in 2020 and due to the decrease in aforementioned amortization of share-based compensation expenses.

The loss for the first quarter of 2021 was \$7.1 million in comparison to a loss of \$7.2 million during the first quarter of 2020. The slight decrease in the loss during the first quarter is attributed to the reduction in operating loss offset by an increase in financing expenses mainly attributed to exchange rate differences and revaluation of pre-funded warrants.

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

OPERATOR

I will now open the call to questions...

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.

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.