

## **Evogene Third Quarter 2021 Results Script (November 17, 2021)**

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

### **Evogene**

Veidan Conference Coordinator:

Ladies and gentlemen, thank you for standing by. Welcome to **Evogene's 3<sup>rd</sup> 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 **November 17<sup>th</sup>, 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 statement in this call when it discusses its expected paths to value creation, its and its' subsidiaries expected trials, studies, product advancements, pipelines, milestones, marketing activities, commercializations, launches, and entry into new markets, potential collaborations, regulatory approvals, and other plans for 2021 and 2022, the potential advantages of its technology, the benefits of its products, and its cash usage.

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 you joining us today for our third quarter 2021 conference call. Joining me today are Dr. Arnon Heyman, CEO of Canonic, and Ms. Dorit Kreiner, our CFO.

I will begin the call with discussing the recent advancements achieved in our subsidiaries, and then move on to update on our plans for unlocking their value. Arnon will then go on to update on the developments in Canonic. Dorit will summarize Evogene's financial results for the third quarter of 2021. We will then open the call for your questions.

So, as I mentioned, let's begin with our subsidiaries progress in the last quarter.

This past quarter we had a few SIGNIFICANT ACHIEVEMENTS we are very proud of, which indicate the progress we are seeing across the board in our different subsidiaries, which all rely on Evogene's technology as their competitive advantage.

Starting with Biomica, our subsidiary focused on the development of drugs based on the human microbiome. Biomica utilizes Evogene's MicroBoost AI tech-engine to achieve this mission.

Biomica recently signed an agreement with Rambam Health Care Campus, for clinical trial for its microbiome-based Immuno-Oncology Drug.

Just to quickly remind, treatment with Biomica's BMC128, in combination with Immune Checkpoint Inhibitors immunotherapy, significantly improved anti-tumor activity in various pre-clinical models, stimulating the immune system and improved anti-tumor profiles.

Biomica expects to initiate its first-in-human, proof-of-concept clinical trials with Rambam, later this year, and is currently waiting for the approval of the Israeli Ministry of Health in order to begin.

With respect to Biomica's program for IBD, we expect to receive pre-clinical results later this year.

Moving on to the 2nd company in the field of human health – Canonic, our subsidiary focused on the development of medical cannabis products. Canonic utilizes Evogene's GeneRator AI tech-engine to achieve this mission.

I will only touch briefly on this company as Arnon will speak more in length shortly.

After establishing its production and marketing infrastructure during the first part of the year, in September, Canonic initiated a product pre-launch campaign with a limited number of patients to receive market feedback. Following the positive feedback received, Canonic felt confident to move ahead of schedule with full commercialization of its two first products in October.

I am particularly excited and proud of this accomplishment. I want to remind that Canonic was established only in 2019 and it already has a product in the market based on its internal research activity, reaching its commercialization target ahead of time.

Canonic has succeeded in creating brand awareness and we hope that the quality of its products and marketing efforts will support market penetration over the coming year.

Additionally, Canonic is working to achieve its milestone for the Precise product program, and identify lines that exhibit distinct effects in model systems for reducing pain or inflammation as part of its collaboration with a local hospital in Israel.

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

AgPlenus' mission is to develop and commercialize novel and safe crop protection products based on small molecules. AgPlenus utilizes Evogene's ChemPass AI tech-engine to achieve this mission.

I would like to use this opportunity and address some of the executive changes we recently announced. I would like to thank our exiting AgPlenus CEO, Mr. Doug Eisner, for his service and contribution to the company, and welcome AgPlenus' new CEO, Dr. Brian Ember.

Brian is coming in with relevant background and experience - you could even say he grew up in the ag-chemical industry. He is excited to lead the company to commercial success and to capture the value of AgPlenus' R&D achievements. I would like to wish him a lot of luck and we expect great things for AgPlenus in his leadership.

Moving to Lavie Bio, our 2nd subsidiary in the ag-industry aiming to improve agriculture productivity and sustainability through microbiome based ag-biological products. Lavie Bio utilizes Evogene's MicroBoost AI tech-engine to achieve this mission.

We recently made an exciting announcement - the initial commercial launch of Lavie Bio first product.

This product, which was previously identified as LAV.211, is now branded and being commercialized under the brand name RESULT. Result is an inoculant being introduced for spring wheat following achieving yield improvement in four-year field trials, including commercial validation in broad-acre fields in target territories.

In field trials it was demonstrated that Result™ has the potential to contribute an additional 3-4 bushels per acre and showed increased yield improvement compared with industry benchmarks.

The first phase of marketing, and initial market penetration, is planned for the upcoming 2022 spring wheat season. It will be limited to target regions in North Dakota and will be accomplished under a non-exclusive distribution agreement with United Agronomy.

Looking forward, following this initial commercial introduction, Lavie Bio intends to evaluate the opportunities for Result™ through additional marketing channels, in additional territories for spring wheat, and for application to additional cereals.

In parallel, I would like to remind that Lavie Bio has additional products under development. The most advanced of these products is LAV.311/312, a bio-fungicide targeting bunch rot, initially targeted for grapes. We expect to finalize the analysis of our 2021 vineyard trials by the end of this year.

As reported, we had some executive changes in Lavie Bio, as well. Mr. Ido Dor the CEO of the company decided to resign. I want to thank Ido who has been an integral part of the Evogene group over the past 10 years and has had a very big hand in many of the activities and success over the years. After a long time with the group, Ido is moving on and we wish him a lot of luck in his future path.

We are currently working on finding a replacement and intend to fill this position with a CEO that will support the stage the company is currently in and will be able to lead the company in its potential future stages.

In the meantime, I will be taking a more active part in leading the company, together with Mr. Dotan Borenstein, who recently joined the company as Chief Business Officer.

Finally, I would like to address our announcement from a few days ago. We received notice from the Israeli Innovation Authority that it has decided to fund a second 18-month period of the CRISPR-IL consortium, which was established last year. Evogene is a key member in the consortium, with Dr. Eyal Emmanuel, Evogene's VP New Directions, serving as the consortium's chairperson.

I will remind that the consortium's mission is to develop and validate an end-to-end artificial intelligence system - "Go-Genome" - for genome-editing in multi-species for applications in pharma, agriculture, and aquaculture.

Beyond activities within the consortium's scope, companies participating in the consortium may use "Go-Genome" for their own product-oriented genome-editing activities. In this respect, Evogene is currently conducting various proof-of-concept experiments in plant tissue, examining the feasibility of increasing the production of ingredients such as natural colors and anti-aging agents for food or cosmetic purposes.

So, like I mentioned, a lot is advancing across the board, and we are very pleased.

With this rapid progress, we now see significant inherent value developing within each of our subsidiaries and believe that valued separately, these companies would result in a far greater combined market value for Evogene.

As we have discussed in the past, one of the options we see to unlock the value of our subsidiaries, that we believe would benefit our shareholders, is the possibility of turning one or more of our subsidiaries into public companies that will trade independently from Evogene. This should allow investors to invest directly in the area they are interested in and assign independent valuation for each subsidiary. With this respect, we are undertaking the required preparations in our subsidiaries to support this process, and we are currently reviewing our options regarding investment banks to achieve this target.

Of course, the decision, if when and how to spin out a subsidiary will depend on many considerations, including market conditions, the subsidiaries financial needs, pipeline maturity, valuation, applicable regulation etc.

With that, I would now like to turn the call over to Dr. Arnon Heyman, the CEO of Canonic.

Arnon -

Arnon

Thank you, Ofer.

I am very happy to have the opportunity to address Evogene's investor base.

Obviously the most significant thing to report about was the commercial launch of our products G200 & G150 in October in Israel. Both G200 and G150, are part of the G-nnovation product line under Canonic's Meta Yield product program.

G200 products are targeted at patients that use a percentage of THC higher than 20% and G150 for patients that want a percentage below 20% THC, more around 18%.

I want to remind you that we decided to move ahead with the commercialization of these products after initiating a pre-commercial launch with a limited number of patients. In this pre-commercial launch, we received positive feedback from these patients regarding the characteristics of these products and their quality, specifically these products have very appealing inflorescence appearance – size, density and aroma and they provide a good consumer experience, according to what was reported.

All these supported our decision to move ahead with the full commercial launch, which was initially planned for 2022.

So, we began marketing and sales in the middle of October, and we have been receiving very good market feedback. Looking at the orders we have been seeing from pharmacies, we are very encouraged. Obviously, these represent only the very beginning of market penetration, but it is in the right direction.

Canonic is working to create brand awareness through digital campaigns in cannabis publications which specifically cater to cannabis patients. I should mention that in Israel it is against the law to market Cannabis, unless it is in media that is specifically geared to the cannabis market.

We are communicating directly with the Israeli patients community hoping to create a loyal patient base. We will be able to see if we have recurring orders only in the next month or two.

Anticipating that all goes well, we are currently broadening our cultivation and production capabilities, which are based on 3rd party contractors in order ensure adequate production capacity for the demand in Israel in 2022.

In parallel, we are also in contact with a number of entities in Europe, in order to build our go-to-market there as well. The European Market is growing fast and Germany consists almost 50% of the market. As previously reported, we are aiming to start launching our products in Europe during 2023.

In our R&D pipeline, we are in continued development of additional products in the Metayield and Precise programs.

In the MetaYield program we are developing additional products with a higher concentration of active ingredients and improving additional consumer traits based on the feedback we are receiving on our current products in the market

In the Precise program, we are completing pre-clinical experiments in model systems in leading hospital and research centers in Israel in order to identify the 1st varieties to enter clinical trials. In, parallel we are in discussion with physicians in preparation for clinical trials.

I would also like to mention that our R&D program is unique in that it benefits from a large database of over one thousand cannabis lines. Combining this database with Evogene's GeneRator AI allows us to identify unique genetic markers, so that the more information we gather, the faster we are able to improve our varieties and expedite our development.

So if to summarize, these days are very exciting for Canonic. we are happy with the initial market reception of our products, and we are looking forward to creating more brand awareness. In parallel, we are entering additional agreements to allow increased production capacity and are continuing to develop more products and build our go-to-market outside of Israel.

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

Dorit.....

Dorit Kreiner

Thank you Arnon.



I will begin by reviewing our cash balance.

Evogene continues to maintain a strong financial position for its activities with approximately \$61.6 million in consolidated cash, cash related accounts, bank deposits and marketable securities as of September 30, 2021. Approximately \$9.3 million of Evogene's consolidated cash is appropriated to its subsidiary, Lavie Bio.

During the first nine months of 2021, the consolidated cash usage was approximately \$17.3 million, or \$13.6 million if excluding Lavie Bio. This is in comparison to the first nine months of 2020, during which the consolidated cash usage was \$13.4 million, or \$9.3 million if excluding Lavie Bio.

These sums in 2021 exclude approximately \$29.6 million net raised through our ATM offerings, including \$2.6 million raised under our current ATM, of which we announced in March 2021, and exclude \$1 million proceeds from grants and exercise of options.

During the third quarter, the consolidated cash usage was approximately \$6 million, or approximately \$4.6 million if excluding Lavie Bio. This is in comparison to the third quarter of 2020, during which the consolidated cash usage was \$4.6 million, or \$3 million if excluding Lavie Bio.

The burn rate during the first nine month of 2021 and in the third quarter was higher than the same period in 2020, for the following reasons:

1. During the third quarter of 2020, the burn rate was relatively low due to certain measures the company initiated in the second quarter of that year to mitigate the impact of the COVID-19 pandemic on the Company.

2. And, during the 3rd quarter of 2021 Evogene's subsidiaries significantly expanded product development activities, including:

- Biomica's ongoing 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 supporting the commercial launch in 2022 of its inoculant product branded as result™;
- And Canonic's pre-launch campaign in September 2021, prior to product commercialization in Israel during the fourth quarter of 2021.

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.

The Company does not have bank debt.

Let's now turn to the statement of operations.

Revenues for the third quarter of 2021 were \$0.2 million, in comparison to \$0.3 million in the same period the previous year.

R&D expenses for the third quarter of 2021, which are reported net of grants received, were \$5.8 million, in comparison to \$4.0 million in the third quarter of 2020. The increase in R&D expenses in this quarter was mainly attributed to expansion in product development activities of the Company and its subsidiaries, as mentioned above.

Business Development expenses were approximately \$0.8 million for the third quarter of 2021, in comparison to \$0.6 million in the third quarter of 2020. The increase is attributed mainly to Canonic's and Lavie's preparations for commercialization.

General and Administrative expenses for the third quarter of 2021 were \$2.0 million, in comparison to \$1.2 million in the third quarter of 2020. The increase is attributed mainly to the increase of the costs of directors' and officers' insurance and a relative increase in salary expenses following a temporary reduction in such expenses in the corresponding quarter in 2020.

The loss for the third quarter of 2021 was \$8.3 million in comparison to a loss of \$5.4 million during third quarter of 2020. The increase in loss is attributed to the increase in product

development activities, an increase in commercialization and marketing expenses, and an increase in directors' and officers' insurance cost.

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

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.