

Ladies and gentlemen, thank you for standing by. Welcome to **Evogene's 4<sup>th</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 on **March 10<sup>th</sup>, 2022**.

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, including potential fundraisings at the subsidiary level, its and its' subsidiaries expected trials and their expected results, studies, product advancements, commercializations, launches, pipelines, milestones, potential collaborations and other plans for 2021 and 2022, expected burn rate, 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.

## **Ofer Haviv, Evogene's CEO.**

Thank you and good day everyone. We appreciate you joining us today for our fourth quarter 2021 conference call. Joining me today is Ms. Dorit Kreiner, our CFO.

I will begin the call with sharing the company's plans for the coming years - what we aim to achieve and how our three tech-engines are the driving force behind our activities and serve as the main competitive advantage of our subsidiaries. I will then go on to present the achievements in each of our subsidiaries and how Evogene's tech-engines have supported these advancements. I will then turn the call over to Dorit, who will summarize Evogene's financial results for the fourth quarter and whole year of 2021. We will then open the call for your questions.

As you know, Evogene aims to revolutionize the development of novel products for life-science based industries, by utilizing cutting edge computational biology technologies.

Why is it so important to instill this revolution? In general, life-science product development is characterized by astronomic development costs, requiring very long development periods and the most frustrating part is the low probability of actually reaching a successful commercial product.

The reason for this reality is the challenge in finding the winning candidates, which are the core of life-science products: microbes, small molecules or genetic elements, out of a vast number of possible prospects, that need to address a complex myriad of criteria to reach successful products. It is the ultimate case of finding a needle in a haystack.

We in Evogene see a unique opportunity in harnessing an advanced computational technology, including proprietary databases and sophisticated algorithms, together with a deep understanding of biology, that have the potential to address the multiple development challenges, towards the development of successful life-science products, thus increasing probability of success while reducing time and costs.

So, to achieve our mission, we established our unique Computational Predictive Biology (CPB) platform, which is the basis for three tech engines, each focused on accelerating and directing the discovery and development of products based on one of the following core components:

- Microbes via MicroBoost AI
- Small molecules via ChemPass AI
- And Genetic elements via GeneRator AI

Our tech engines provide a rationally designed computational and experimental end-to-end discovery and development solution for life science products.

What is really unique in these engines are the proprietary elements of our databases and, even more so, the multidisciplinary interconnection between the databases.

This makes each tech engine an invaluable tool in the hands of researchers, who can now visualize and reach novel insights through the tech-engines interactive work environment.

In our vision we see each of these tech-engines as the core of an eco system that power the development of products in a wide range of life-science industries, based on either microbes, small molecules, or genetic elements.

Each eco-system will provide an interactive work environment, in which the more projects we embark on, the more enriched our databases and analysis capabilities become, contributing to better predictions and improved probability of success for each product on its own.

Our Chief Product Officer, Dr. Nir Arbel, together with his team, have designed these engines to provide access to multiple users and partners to the enhanced discovery and development experience Evogene can provide.

For example, this vision has already begun to materialize with MicroBoost AI, which serves two of our subsidiaries, as a driving force in two very distinct life science areas – agriculture, where Lavie Bio is developing ag-biologicals, and pharma, where Biomica is developing microbiome-based therapeutics.

The company's business model to capture the value of our three tech-engines relies on supporting product development efforts of our dedicated subsidiaries, which we expect will generate value through our equity stake, or through co-development of defined products strategic partnerships, which are expected to include R&D and success-based payments from our partners.

In the coming years, in order to support the future growth of the company, we expect to see Evogene's activities focus on the following three pillars:

Evogene intends to increasingly invest in the capacity of its three tech-engines. We intend to address more discovery and developmental challenges and to improve the existing solutions with new algorithms and data sets. We will continue our journey to support our partners in their efforts to develop innovative products with the best computational biology support.

In parallel, we expect advancements in our subsidiaries developmental pipelines and the establishment of each company as a leading company in its field. We will continue to update on their progress to success.

Lastly, Evogene intends to be more active in expanding its tech-engine offerings to additional areas to support the development of new product types.

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I will now move on to discuss our subsidiaries and how Evogene's technological engines supported their achievements over the past year and what we can expect looking forward.

I will start with Biomica, our subsidiary focused on the development of drugs based on the human microbiome.

Biomica utilizes Evogene's MicroBoost AI tech-engine to support its activities.

Over the past year we have seen Biomica reach positive pre-clinical results in its immuno-therapy program, which may indicate a best-in-class drug candidate. In a series of pre-clinical studies BMC128, given in combination with

Immune Checkpoint Inhibitors immunotherapy, significantly improved anti-tumor activity. BMC128 is a combination of four microbes that were identified and rationally designed according to their functionality using PRISM powered by MicroBoost AI.

Biomica recently received clearance from the Israeli Ministry of Health to proceed to a first in human Phase I study, which is set to be held at the Rambam Healthcare Campus, the largest healthcare center in the Northern part of Israel, serving a population of approximately 2 million people. Biomica is currently advancing towards the initiation of the study.

This Phase I study will evaluate the safety and tolerability of BMC-128 in combination with BMS' Opdivo® in patients with Non-Small Cell Lung Cancer, melanoma or Renal cancer. BMC128 will be offered to oncology patients who have been found to be non-responsive to current treatments, so if BMC128 shows any clinical signals, that would be a wonderful additional outcome.

In parallel, Biomica's IBD program is also proceeding nicely. During 2021 we received positive pre-clinical results that give the company the confidence to proceed in 2022 to the scale up development process of BMC333, which was also rationally designed according to microbe functionality, employing PRISM powered by MicroBoost AI.

Moving on to the second 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 am particularly happy with the rapid advancements in this company. Focusing on the genetics of cannabis is one of the best things we could have done. The cannabis plant was such an overlooked plant that even relatively simple genetic steps make a huge impact on the plant. Of course, you have to know what you are doing, even to make relatively simple changes, and that is the purpose of the GeneRator AI technological engine.

In October 2021 Canonic moved ahead with full commercialization in Israel of its two first products from the MetaYield family. Over these past few months, we have seen our brand awareness increase and we hope that the quality of

Canonic's products and marketing efforts will support market penetration over the coming year. As of today, the sales we expect to see in 2022 in Israel will still be modest and represent the beginning of market penetration, while we see Europe as the company's main target market.

During 2022 Canonic expects to work on the go-to-market for a European expansion. In parallel, it intends to bring to market in Israel additional products from this family. To this end, Canonic employed GeneRator AI to design several genetic markers, including for increased THC levels, and the company has recently shown a statistically significant increase of more than 20% in THC concentrations in a target cannabis population.

Canonic is also developing products from its Precise family, aiming to bring to market products that target specific medical indications.

Over the past two years, Canonic conducted pre-clinical trials, which have identified cannabis varieties with pain relief and anti-inflammatory properties, and it intends to gather clinical information over the course of 2022 to support the commercial launch of such a product in 2023. The use of Evogene's tech engine is particularly valuable in this program through the ability to map and characterize the functionality of active ingredients within the plant and to connect it to clinical data.

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

AgPlenus' mission is a target-based design of novel and sustainable crop protection products based on small molecules. AgPlenus utilizes Evogene's ChemPass AI tech-engine to achieve this mission.

Following the appointment of AgPlenus' new CEO, Dr. Brian Ember, the company will continue to advance its new Mode-of-Action herbicide development programs through its internal pipeline and as part of its collaboration with Corteva and expand its activity in other crop protection segments. AgPlenus will also focus its efforts on streamlining the predictive biology and chemistry tools according to user requirements and branding them as a full solution platform.

In 2021, the company gathered additional information regarding its leading new MoA APTH1 protein for the development of a herbicide and reached proof-of-concept for a seed trait presenting crop resistance to APH1, a chemical compound that could be the basis for a novel herbicide. In parallel, the collaboration with Corteva progressed according to plan.

In 2022 AgPlenus intends to further expand the data surrounding APTH1, which should position it well for engaging in discussions with potential partners.

Moving to Lavie Bio, our second 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.

During late 2021 Lavie Bio launched its inoculant Result™ towards the 2022 spring season. The product's initial market penetration is planned for the upcoming 2022 spring wheat season and will be limited to target regions in North Dakota. Actual sales from this spring season are expected to be recorded during 2022, depending on seasonality and weather conditions, and are expected to be modest according to our US penetration plan.

During 2022, the company expects to increase its production capacity through toll manufacturers towards a significant increase in market penetration in the 2023 spring season.

In parallel, Lavie Bio's bio-fungicide fruit rot program is continuing to advance and during 2022 the company expects to submit a regulatory dossier with the federal U.S. EPA and California EPA for its leading candidate LAV311.

Both Result™ and LAV311 were discovered and developed through the use of MicroBoost AI, taking into account both microbe functionality and plant genetics.

So, as you can understand, we are very pleased with the advancements we see across the board, which we view as a powerful demonstration to the quality and efficacy of our tech engines.

Looking at 2022, we expect our net burn rate to be similar to that of 2021 and in the range of 26-28 million dollars, including Lavie Bio and 18-20 million dollars if excluding Lavie Bio. As of December 31 2021, our consolidated cash, cash related accounts, bank deposits and marketable securities is approximately 54 million dollars, which we believe sends a clear message of our financial stability. Still, in order to accelerate our subsidiaries growth and to strengthen their position as independent companies, we are in different levels of discussions with potential strategic and financial investors towards potential fundraisings.

If and when we can update further, we will do so.

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

Dorit, please go ahead.

### **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 \$54 million in consolidated cash, cash related accounts, bank deposits and marketable securities as of December 31, 2021. Approximately \$7.8 million of Evogene's consolidated cash is appropriated to its subsidiary, Lavie Bio.

During 2021, the consolidated cash usage was approximately \$25.8 million, lower than the estimated cash usage range, \$26-28 million, provided by the company at the beginning of 2021. The consolidated cash usage excluding Lavie Bio was approximately \$20.6 million in 2021.

These sums in 2021 are before giving effect to approximately \$29.6 million net raised through our at-the-market equity offering program, and \$1.8 million proceeds from non-refundable grants and exercise of options. During the fourth quarter Evogene did not raise additional funds through its ATM program.

During the fourth quarter of 2021, the consolidated cash usage was approximately \$8.4 million, or approximately \$7.0 million if excluding Lavie Bio.



This is in comparison to the fourth quarter of 2020, during which the consolidated cash usage was \$6.1 million, or \$5.1 million if excluding Lavie Bio.

The burn rate during 2021 and in the fourth quarter was higher than the same periods in 2020, for the following reasons:

1. During the second and third quarters of 2020 the burn rate was relatively low due to certain measures the company initiated to mitigate the impact of the COVID-19 pandemic.
2. And, during the second half of 2021 Evogene's subsidiaries significantly expanded product development activities, including:
  - Biomica's ongoing preparations including GMP microbe production for the initiation of its first-in-human proof-of-concept study in the immunology program at the Rambam Healthcare Campus;
  - Lavie Bio's activities supporting the commercial launch in 2022 of its inoculant product branded as Result™;
  - Canonic's product commercialization in Israel during the fourth quarter of 2021.
  - And expenses relating to accelerating and expanding Evogene's technological engines.

As Ofer mentioned, we estimate that our net cash usage for the full year of 2022 will be within the range of \$26-28 million. These guidelines include cash usage of our subsidiary Lavie Bio, which is expected to be approximately \$8 million.

The Company does not have bank debt.

Let's now turn to the statement of operations.

Revenues for the fourth quarter of 2021 were \$311 thousand, in comparison to \$351 thousand in the same period the previous year.

Revenues for the full year of 2021 were \$0.9 million, in comparison to \$1.0 million in 2020.

R&D expenses for the fourth quarter of 2021, which are reported net of non-refundable grants received, were \$6.0 million, in comparison to \$4.8 million in

the fourth quarter of 2020. R&D expenses for the full year of 2021, were \$21.1 million, in comparison to \$17.3 million in 2020.

The increase in R&D expenses was mainly attributed to expansion in product development activities of the Company and its subsidiaries, as mentioned earlier.

Business Development expenses were approximately \$720 thousand for the fourth quarter of 2021, in comparison to \$670 thousand in the fourth quarter of 2020. Business Development expenses remained stable in 2021 in comparison to 2020 and were approximately \$2.7 million.

General and Administrative expenses for the fourth quarter of 2021 were \$2.0 million, in comparison to \$1.7 million in the fourth quarter of 2020. General and Administrative expenses for 2021 were \$7.3 million, in comparison to \$5.3 million in 2020. The increase is attributed mainly to the increase of the costs of directors' and officers' insurance and an increase in salary-based expenses as I will now describe and an increase in other professional services.

Overall operating expenses increased among other reasons due to an increase in salary-based expenses in comparison to 2020 following relatively low salary-based expenses in 2020 due to measures taken by the company to mitigate the impact of the COVID-19 pandemic; and an increase in salaries in 2021 due to an increase in market demand for highly skilled workers.

The loss for the fourth quarter of 2021 was \$8.1 million in comparison to a loss of \$8.8 million during fourth quarter of 2020. The loss for 2021 was \$30.4 million in comparison to a loss of \$26.2 million during 2020. The increase in loss is attributed mainly to the increase in operating expenses, which was partially offset by net financing income for 2021 in comparison to net financing expenses for 2020.

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.

