

Evogene Ltd.

Consolidated Financial Statements
as of September 30, 2014



evogene
Plant Innovation

CONSOLIDATED BALANCE SHEETS

U.S. dollars in thousands

	As of September 30,		As of
	2014	2013	December 31,
	Unaudited		Audited
CURRENT ASSETS:			
Cash and cash equivalents	\$ 14,962	\$ 16,655	\$ 95,454
Marketable securities	77,850	31,684	31,452
Short-term bank deposits	16,000	-	-
Trade receivables	1,103	1,836	1,913
Other receivables	1,320	1,744	733
	111,235	51,919	129,552
LONG-TERM ASSETS:			
Long-term bank deposits	10,000	-	-
Long-term deposits	19	31	28
Plant, property and equipment, net	8,027	7,294	7,215
Long-term investment	471	365	471
Intangible assets, net	11	56	45
	18,528	7,746	7,759
	\$ 129,763	\$ 59,665	\$ 137,311
CURRENT LIABILITIES:			
Trade payables	\$ 1,849	\$ 1,461	\$ 2,014
Other payables	2,954	2,945	4,363
Liabilities in respect of grants from the Chief Scientist	463	520	625
Deferred revenues and other advances	971	3,566	1,572
	6,237	8,492	8,574
LONG-TERM LIABILITIES:			
Liabilities in respect of grants from the Chief Scientist	2,696	2,869	3,008
Deferred revenues and other advances	516	1,877	963
Severance pay liability, net	27	19	19
	3,239	4,765	3,990
SHAREHOLDERS' EQUITY:			
Ordinary shares of NIS 0.02 par value:			
Authorized – 150,000,000 ordinary shares; Issued and outstanding –25,301,897, 18,948,785 and 24,901,327 shares at September 30, 2014 and 2013 and December 31, 2013, respectively	139	103	137
Share premium and other capital reserve	174,714	94,711	169,469
Put option	-	(7,764)	-
Accumulated deficit	(54,566)	(40,642)	(44,859)
	120,287	46,408	124,747
	\$ 129,763	\$ 59,665	\$ 137,311

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

U.S. dollars in thousands (except share and per share data)

	Nine months ended September 30,		Three months ended September 30,		Year ended December 31,
	2014	2013	2014	2013	2013
	Unaudited				Audited
Revenues:					
Research and development payments, including up-front payments	\$ 10,631	\$ 10,782	\$ 3,089	\$ 3,467	\$ 15,028
Share purchase related revenues	240	2,386	75	767	2,553
Total Revenues	10,871	13,168	3,164	4,234	17,581
Cost of revenues	7,325	7,271	2,337	2,583	10,114
Gross profit	3,546	5,897	827	1,651	7,467
Operating expenses:					
Research and development, net	9,754	7,638	3,742	2,972	11,107
Business development	1,343	906	407	374	1,517
General and administrative	3,108	2,030	984	833	3,564
Total operating expenses	14,205	10,574	5,133	4,179	16,188
Operating loss	(10,659)	(4,677)	(4,306)	(2,528)	(8,721)
Financing income	1,980	944	627	275	1,179
Financing expenses	(1,028)	(928)	(500)	(46)	(1,336)
Net and Comprehensive loss	\$ (9,707)	\$ (4,661)	\$ (4,179)	\$ (2,299)	\$ (8,878)
Basic and diluted loss per share	\$ (0.39)	\$ (0.25)	\$ (0.17)	\$ (0.12)	\$ (0.45)

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

U.S. dollars in thousands

	<u>Share Capital</u>	<u>Share Premium and other capital reserve</u>	<u>Accumulated Deficit</u>	<u>Total</u>
	Unaudited			
Balance as of January 1, 2014 (audited)	\$ 137	\$ 169,469	\$ (44,859)	\$ 124,747
Total comprehensive loss	-	-	(9,707)	(9,707)
Exercise of options	2	2,708	-	2,710
Share-based compensation	-	2,537	-	2,537
Balance as of September 30, 2014	<u>\$ 139</u>	<u>\$ 174,714</u>	<u>\$ (54,566)</u>	<u>\$ 120,287</u>

	<u>Share capital</u>	<u>Share Premium and other capital reserve</u>	<u>Put Option Unaudited</u>	<u>Accumulated Deficit</u>	<u>Total</u>
Balance as of January 1, 2013(audited)	\$ 102	\$ 91,902	\$ (7,764)	\$ (35,981)	\$ 48,259
Total comprehensive loss	-	-	-	(4,661)	(4,661)
Exercise of options	1	1,211	-	-	1,212
Share-based compensation	-	1,598	-	-	1,598
Balance as of September 30, 2013	<u>\$ 103</u>	<u>\$ 94,711</u>	<u>\$ (7,764)</u>	<u>\$ (40,642)</u>	<u>\$ 46,408</u>

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

U.S. dollars in thousands

	Share Capital	Share Premium and other capital reserve	Accumulated Deficit	Total
	Unaudited			
Balance as of July 1, 2014	\$ 138	\$ 172,077	\$ (50,387)	\$ 121,828
Total comprehensive loss	-	-	(4,179)	(4,179)
Exercise of options	1	1,849	-	1,850
Share-based compensation	-	788	-	788
Balance as of September 30, 2014	<u>\$ 139</u>	<u>\$ 174,714</u>	<u>\$ (54,566)</u>	<u>\$ 120,287</u>

	Share capital	Share Premium and other capital reserve	Put Option	Accumulated Deficit	Total
	Unaudited				
Balance as of July 1, 2013	\$ 103	\$ 93,303	\$ (7,764)	\$ (38,343)	\$ 47,299
Total comprehensive loss	-	-	-	(2,299)	(2,299)
Exercise of options	*)	384	-	-	384
Share-based compensation	-	1,024	-	-	1,024
Balance as of September 30, 2013	<u>\$ 103</u>	<u>\$ 94,711</u>	<u>\$ (7,764)</u>	<u>\$ (40,642)</u>	<u>\$ 46,408</u>

*) Represent amount lower than \$1 thousand

	Share capital	Share Premium and other capital reserve	Put Option	Accumulated Deficit	Total
	Audited				
Balance as of January 1, 2013	\$ 102	\$ 91,902	\$ (7,764)	\$ (35,981)	\$ 48,259
Total comprehensive loss	-	-	-	(8,878)	(8,878)
Shares issued, net	32	76,764	-	-	76,796
Issuance and exercise of put options	-	(4,483)	7,764	-	3,281
Exercise of options	3	2,556	-	-	2,559
Share-based compensation	-	2,730	-	-	2,730
Balance as of December 31, 2013	<u>\$ 137</u>	<u>\$ 169,469</u>	<u>\$ -</u>	<u>\$ (44,859)</u>	<u>\$ 124,747</u>

CONSOLIDATED STATEMENTS OF CASH FLOWS

U.S. dollars in thousands

	Nine months ended September 30,		Three months ended September 30,		Year ended December 31,
	2014	2013	2014	2013	2013
	Unaudited				Audited
<u>Cash flows from operating activities</u>					
Net loss	\$ (9,707)	\$ (4,661)	\$ (4,179)	\$ (2,299)	\$ (8,878)
Adjustments to reconcile net loss to net cash used in operating activities:					
Adjustments to the profit or loss items:					
Depreciation and amortization	1,616	1,512	561	505	2,042
Share-based compensation	2,537	1,598	788	1,024	2,730
Net financing expenses (income)	417	(16)	429	(229)	157
	<u>4,570</u>	<u>3,094</u>	<u>1,778</u>	<u>1,300</u>	<u>4,929</u>
Changes in asset and liability items:					
Decrease (increase) in trade receivables	810	(272)	761	51	(345)
Decrease (increase) in other receivables	(587)	(43)	(294)	51	(81)
Decrease in prepaid expenses	9	-	1	-	15
Increase (decrease) in trade payables	(247)	(277)	359	(22)	292
Increase (decrease) in other payables	(1,409)	(194)	114	308	940
Increase in severance pay liability, net	8	8	8	-	8
Decrease in deferred revenues	(1,048)	(3,266)	(652)	(1,064)	(3,191)
	<u>(2,464)</u>	<u>(4,044)</u>	<u>297</u>	<u>(676)</u>	<u>(2,362)</u>
Cash received during the period for:					
Interest received	<u>288</u>	<u>839</u>	<u>62</u>	<u>205</u>	<u>1,041</u>
Net cash used in operating activities	<u>(7,313)</u>	<u>(4,772)</u>	<u>(2,042)</u>	<u>(1,470)</u>	<u>(5,270)</u>

CONSOLIDATED STATEMENTS OF CASH FLOWS

U.S. dollars in thousands

	Nine months ended September 30,		Three months ended September 30,		Year ended December 31,
	2014	2013	2014	2013	2013
	Unaudited				Audited
<u>Cash flows from investing activities</u>					
Purchase of property, plant and equipment	\$ (2,312)	\$ (1,336)	\$ (1,387)	\$ (605)	\$ (1,613)
Proceeds from sale of marketable securities	21,042	16,691	12,946	3,400	18,157
Purchase of marketable securities	(68,214)	(18,155)	(12,855)	(1,324)	(19,444)
Investment in bank deposits	(26,000)	-	-	-	-
Maturity of bank deposits	-	-	8,000	-	-
Net cash provided by (used in) investing activities	(75,484)	(2,800)	6,704	1,471	(2,900)
<u>Cash flows from financing activities</u>					
Proceeds from issuance of shares, net	-	-	-	-	77,014
Proceeds from exercise of warrants and options	2,710	1,212	1,850	384	2,559
Proceeds from the Chief Scientist grants	179	147	53	-	348
Repayment of the Chief Scientist grants	(530)	(513)	(258)	(266)	(513)
Issuance expenses	-	(820)	-	(270)	-
Net cash provided by (used in) financing activities	2,359	26	1,645	(152)	79,408
Exchange rate differences - cash and cash equivalent balances	(54)	(61)	(61)	(78)	(46)
Increase (decrease) in cash and cash equivalents	(80,492)	(7,607)	6,246	(229)	71,192
Cash and cash equivalents, beginning of the period	95,454	24,262	8,716	16,884	24,262
Cash and cash equivalents, end of the period	\$ 14,962	\$ 16,655	\$ 14,962	\$ 16,655	\$ 95,454
<u>Significant non-cash transactions</u>					
Acquisition of property, plant and equipment	\$ 461	\$ 137	\$ 461	\$ 137	\$ 299
Long-term investment	\$ -	\$ 365	\$ -	\$ -	\$ 471
Prepaid issuance expenses	\$ -	\$ 264	\$ -	\$ 5	\$ 218