

Evogene Conference Call

November 15, 2023

Operator: Thank you. Ladies and gentlemen, at this time, we will begin the question-and-answer session. Also in the Q&A part are with us today, Eyal Ronen, CEO of Casterra, Amit Noam, CEO of Lavie Bio, Elran Haber, CEO of Biomica, and Nir Arbel, CPO of Evogene, and COO of AgPlenus. If you have a question, please press star-one. If you wish to cancel your request, please press star-two. 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 questions. *[pause]* The first question is from Ryan Mayer of Lake Street Capital. Please go ahead.

Ryan Mayer: Hey, guys, thanks for taking my questions. First one from me. So, for the initial 11 million dollar Casterra order, you obviously had initial shipments here in Q3, but the rest expected in Q4 and Q1 of next year. Is this the type of seasonality that you would expect from future Casterra orders going forward?

Ofer Haviv: *[pause]* Can you repeat on the last sentence of your questions?

Ryan Mayer: Yeah, I just wondered if this is the kind of seasonality that you would expect going forward.

Ofer Haviv: *[pause]* So I will – I will address this question, and maybe Eyal can add a little bit more. So, based on our discussion with our existing partners, so they are expecting to see growth in their needs in the future for additional castor grain to feed their crushing factory because they are planning to increase and expand the biodiesel production. So, assuming this plan will take place, so I believe that we should expect to see increase

in demand to castor seeds such as Casterra is developing and providing to the market. I would recommend people who are listening to this call, maybe to look for a nice article that was published about Eni – as an example for a company in the field of energy, based on veggie crop on their future plan, which I think this is an example to what – how the market can look in the future. It's a public information that was published by Eni, and this is just one example to what might happened in this field. And we will be more than happy to take part from this trend and to see Casterra progress in the future.

Ryan Mayer: Got it. And then, can you just talk about the level of capacity that your energy partner has, to take more volume of castor seed from you guys?

Ofer Haviv: We can't disclose much about our partner's capacity, but I think that – there is still a room that we can grow and increase the – our revenue before we'll reach to the limitation of what they have now. Please remember that there is – that they can always decided to built more factories that can crush castor grain to oil in order to produce biodiesel.

Ryan Mayer: Great. That's it from me. Thanks for taking my questions.

Operator: *[pause]* The next question is from Brian Wright of ROTH Capital. Please go ahead.

Brian Wright: Thanks. Good morning. Let me just start out with, I guess, you had made a comment about the remaining part of purchase order being delivered in the first quarter. And I just wondered, should we think about, like, that whole amount, does any of that, like, go into the fourth quarter, just given, kind of, your – the – some of the logistical ... you had talked about, in Africa, in working with additional partners.

Ofer Haviv: So, I'm not sure that I hear correctly what you said, but I – I believe that your question was referring to timing, and when we can supply the

purchase order that we receive. So, what we believe is that we will be – would be able to deliver the majority, if not all, of the purchase – the seed that was ordered, through the purchase order that we already receive till the first half of 2024, while the majority of it, it will be at the – more at the – during the first, or immediately after the end of the first quarter. So, and this is mainly due to the climate change and the irrigation system that we need to put in place. There is no question if we can deliver the quantity. It's now more a timing issue. And as I mention in my – in my speech is that we are investing a lot of efforts these days in strength our infrastructure, with respect to seed production, in more than one location, in more than one continent, in order to be able not just deliver grain in the right – in the quantity needed, but also at a time as planned. It's – we should all remember that this – revolution that the castor seed that as a crop is going through, is really something that took place only in the last nine months, and it's really something very – it's really the beginning and there is some struggles. But we are – I'm so excited to see how we are addressing all of these challenges. We expand the number of employee work for Casterra, and we are recruiting also people in the target location where we grow the seed, to escort the activity over there, you know, on a daily basis. But we are still in the process of building all of this infrastructures. I think that starting from the second half of 2024, we will start to see the impact of all of these things, in a – in the way that we are expecting.

Brian Wright: Okay, sure. I mean, it really sounds like, based on what I just heard, and I just want to make sure I'm interpreting this correctly, just general weather conditions, like typical, you know, issues with, you know, lack of rain, probably was – was a major issue, and that's, you know, that's

just part of the business. Is that a fair interpretation of what – of what you just said?

Ofer Haviv: Yeah, yeah. Again, I don't think that – the question is not if we will deliver. The question is really more timing, and solving problems such as climate, you know, climate issue that you cannot control, and cetera. But, I think that we are now in a good – in a spot where we know what we need to do, and our subcontractors are getting better and understanding what they need to do. So, it's really – I think almost every business, in – in the first year or two, you always struggle with – with scale up in the production, and we are exactly going through this process. But I'm quite confident that we will be able to deliver the quantity that we promised. So, I hope that address your questions.

Brian Wright: Great, great. Thank you. Can I – can I do a – just a real quick follow up? I understand gross margin was – was, you know, really good in the quarter, and I think some of that has to do with the Corteva payment and how that's recognized. But it still looked pretty good in – in the quarter. But, am I reading too much into it? That, you know, your – probably your Casterra margin was probably, you know, even with, you know, your – everything that's happened, it was probably a pretty good gross margin for Casterra in the quarter as well.

Ofer Haviv: *[pause]* I can't disclose the gross margin of our business. We prefer to keep this information internally. But, I think that – if you – if you review the margins of other companies in the field of – that sell seeds, so usually the margin are pretty high. But it makes sense, because don't forget the time that you need to invest, in order to develop the seed. For seed company, the R&D costs are quite heavy. The good news from the – from Casterra is that we reached to this variety that we are offering now

to our partners– we investing in this activity in the last 10 years. And we invest around, I think, 20 million dollars through the years. So, now we are starting to see the benefit from this investment. And this is also what, you know, put us ahead to any other company that would like to move into this field. So, the margin in the seed business are pretty high, because they supposed to cover the – the expense and the risk that companies are putting in the development of the elite variety, exactly like Evogene did, like Casterra did, in the past 10 years.

Brian Wright: Great. Thank you so much.

Operator: *[pause]* The next question is from Ben Haynor of Alliance Global Partners. Please go ahead.

Ben Haynor: Good day gentlemen, thanks for taking the questions. First off, for me, just on AgPlenus, on the APTH1 target, you know, how quickly do you anticipate a collaboration slash partnership could materialize there? And, you know, what are you doing, or what can you presently do to, kind of, advance development of – of the target?

Ofer Haviv: Nir, would you like to take this question? Or you prefer me to address it?

Nir Arbel: If you want, you can go ahead. If not, I'll answer.

Ofer Haviv: So, I will – I will try to address it, and Nir, if you want, you can add.

Nir Arbel: Okay.

Ofer Haviv: So, I think that, you know, usually, working with big corporation, usually it's take a while before you – engage in agreement. It's include the validation period, it's include negotiation time. But, I think that usually when a company – feel comfortable to emphasize that there is an interest in one of its program, at least the way that Evogene is working, so, it's mean that we have some confidence that we are not far away from the point where we might announce such a collaboration. So, again, you

never know if it will happen. This is why we, you know, this is the nature of the business. But we feel quite – we feel comfortable that we are in the stage that there is some prob– there is a probability that we will engage in such a collaboration. I think that AgPlenus is an amazing example to what Evogene, as a – the technology company can develop and offer to our partners. AgPlenus is using – ChemPass AI tech engine. And the progress this engine made in the last year, it was remarkable. We announced about TargetSelector, we announced about some other app that we develop. And I think what is attract the attention of our potential partners, is not just the result that you can see on what we achieve until now, but it also gets excited from our ability to improve the efficacy and increase probability of success, by using the – the tech engine of Evogene. So, what I would like to see, what I hope to see in a future collaboration that AgPlenus will be engaged, is not just maybe a nice up-front payment, but also ongoing collaboration with R&D fee, and cetera. So, there is – there is high expectation from what AgPlenus can do. Yes, it's still in early stage. Yes, we still need to demonstrate more and more the power of our technology, but the company is definitely in the right direction in achieving these targets. Nir, would you like to add something?

Nir Arbel: No, I think you covered the point, I agree. I think this past 12, 18 months was very pivotal for AgPlenus. And I think, you know, we have a lot of confidence in the platform and what we are doing, and we are expecting that we will see this manifestate [sic] in 2024.

Ben Haynor: Okay, very helpful, thank you for that. And then, you kind of, segued into – into my next question. With the advancements that you've made in ChemPass AI, and, you know, particularly TargetSelector, it sounds

like that's attracted interest. But, you know, can you share any more on, you know, potential positive developments that have come with the – these – the new application, or new functionality, like TargetSelector, that have occurred here recently?

Speaker: So, I think – I think TargetSelector in particular attracts a lot of attention. I think this is – it truly addresses an unmet need within the space. The way we – we operate, and I think that's – that's why this past period has been very – crucial for AgPlenus is not only developing these tools, but having a proper validation process. And we see within that interest, the need to see how we validate. And as we progress, we see more and more interest, and better validation, and confirming that the tools are good, and that work as we expect. And – and therefore, we – that's why our confidence is very high in the platform itself, and what the future holds, as well.

Ben Haynor: Okay, fine. So, raises the confidence in the platform. And then, lastly for me, on the crustacean gene editing –collaboration they announced. Does that have the potential to – to lead to, you know, another subsidiary? And then, is that – is that part of what you alluded to on your last call, you know, regarding some of the more food tech oriented things you had going on? Just a little bit more on the crust– crustacean gene editing would be helpful.

Ofer Haviv: So, at first, yes, I remember that in previous call I was talking about potential activity of Evogene in the area of food tech. I – but I – honestly, I didn't – I didn't – I wa– I didn't thought – I didn't think about the crustacean project when I was talking about it. There is some other activity that, hopefully, will materialize into agreement, and we will share it with our investors, hopefully, maybe in the next quarter or so.

But, I'm – so there is more under the hood than what we disclose in this call. With respect to crustacean project, this is – I don't see it developing into a new entity. You know, you never know how big it could be. But at least in this point of time, we don't see it. Actually, through this collaboration we are covering 100% from our costs, so we are – we see even a little bit of revenue from this activity. I think this is part from Evogene capabilities in the field of gene editing. In the past, we were leading the biggest consortium here in Israel in the field of gene editing. And, I think that Evogene has some unique capabilities in this field, that we can use – or to help other companies to improve different traits in different organisms. But at least for now, we don't see it evolving to a separate entity.

Ben Haynor: Okay, great. Well, thanks for taking the questions, gentlemen. That's all I have.

Ofer Haviv: Thank you.

Speaker: Thank you.

Operator: *[pause]* If there are any additional questions, please press star-one. If you wish to cancel your request, please press star-two. Please stand by while we poll for more questions. *[pause]* This concludes the question-and-answer session. 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 03-9255-901. Internationally, please call 972-3-9255-901. Mr. Haviv, would you like to make your concluding statement?

Ofer Haviv: Yes. Thanks you all for joining the call today. We look forward to updating you with our progress in our next call. Thank you once again.



Operator: Thank you. This concludes Evogene's third quarter 2023 results conference call. Thank you for your participation. You may go ahead and disconnect.

[End of conference call]