



nrgene

Company Presentation

March 2021



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About NRGene

The world leading genomics AI company for seed breeding



NRGene is a software company using artificial intelligence to analyze genomic big data in order to optimize and accelerate natural (non-GMO) breeding of plants and animals used in agriculture.



NRGene's technology is widely used to create disease resistant and climate resilient varieties, with healthier nutritional components and higher yields (from the field to our plate)



The company's solutions have been broadly implemented across 280 projects. Leading companies are using NRGene's AI tools to improve agriculture produce in a variety of industries: food & beverage, rubber, paper & pulp and others.



Cumulative projected revenue growth of between 150%-250% over the next two years



Leading customers using NRGene's technology:



\$6.4B

* Market Size
(2025 forecast)

**Positive
EBITDA**

H2/20

\$8M

Backlog

\$7M

Sales in
2020

**Royalties
from IP**

co-development
(forecast 2021)

\$30M

Capital raised
through IPO
on TASE

Company's Achievements Since IPO Completion



Growth Engines

Long term
collaboration
(Strategic projects)

Bioinformatics*
market size for
agricultural
applications –
over **\$6.4B**

Genotyping

Genotyping market
size for agricultural
applications - **\$1.4B**
(2018, CAGR 17%)

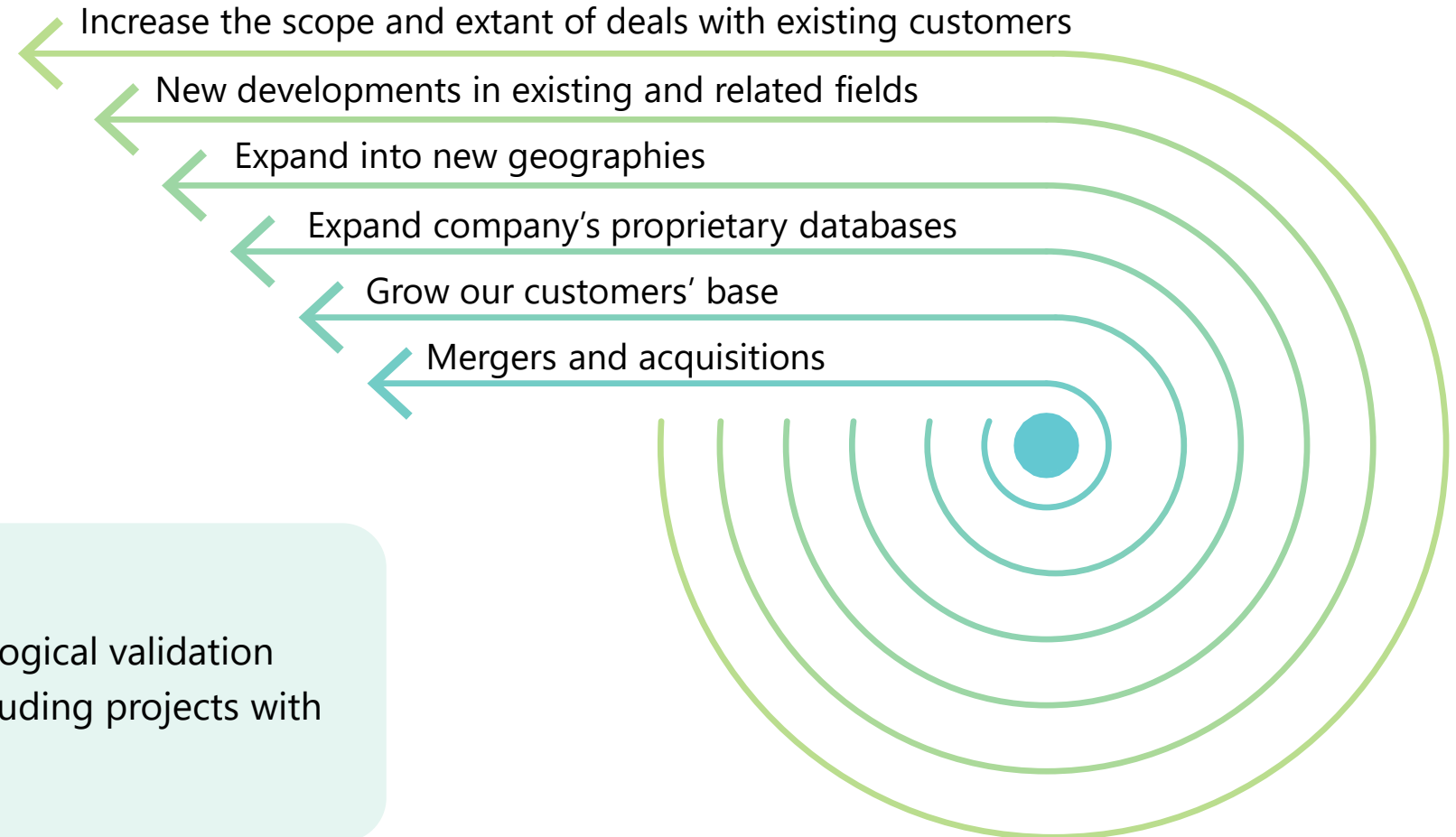
IP co-development
in return
for royalties

Seed market size -
\$60B

* 20% of the Global Bioinformatics Market

Growth Engine: Long-Term Collaboration

Since 2015, the company supports its customers in **long-term strategic projects**



The Goal:

Accelerate growth following technological validation through 280 successful projects, including projects with leading global companies

Target Industries

NRGene focus on expanding its business in 4 industries:



Seeds and Agro-chemicals
> 1000 companies



Food & Beverages
> 500 companies



Natural Raw Material
> 500 companies



Cannabis & Hemp
> 200 companies



Growth Engine: Genotyping

Global genotyping **market size** for agriculture was estimated at **\$1.4B** in 2018 with a CAGR of 17% (between 2018-2023)

>1000 potential customers

Competitive advantage: company's technology enables 30%-70% cost reduction of genotyping tests

3 signed deals since product launch in September 2020 in wheat, maize and guayule.

Estimated Potential - revenues of hundreds of thousands of \$ from each deal in a multi-year and recurrent model

The company estimates that additional agreements in a **substantial scale** will be signed by the end of 2021



Growth Engine: Genotyping Lab

Increasing our presence, in the value chain:

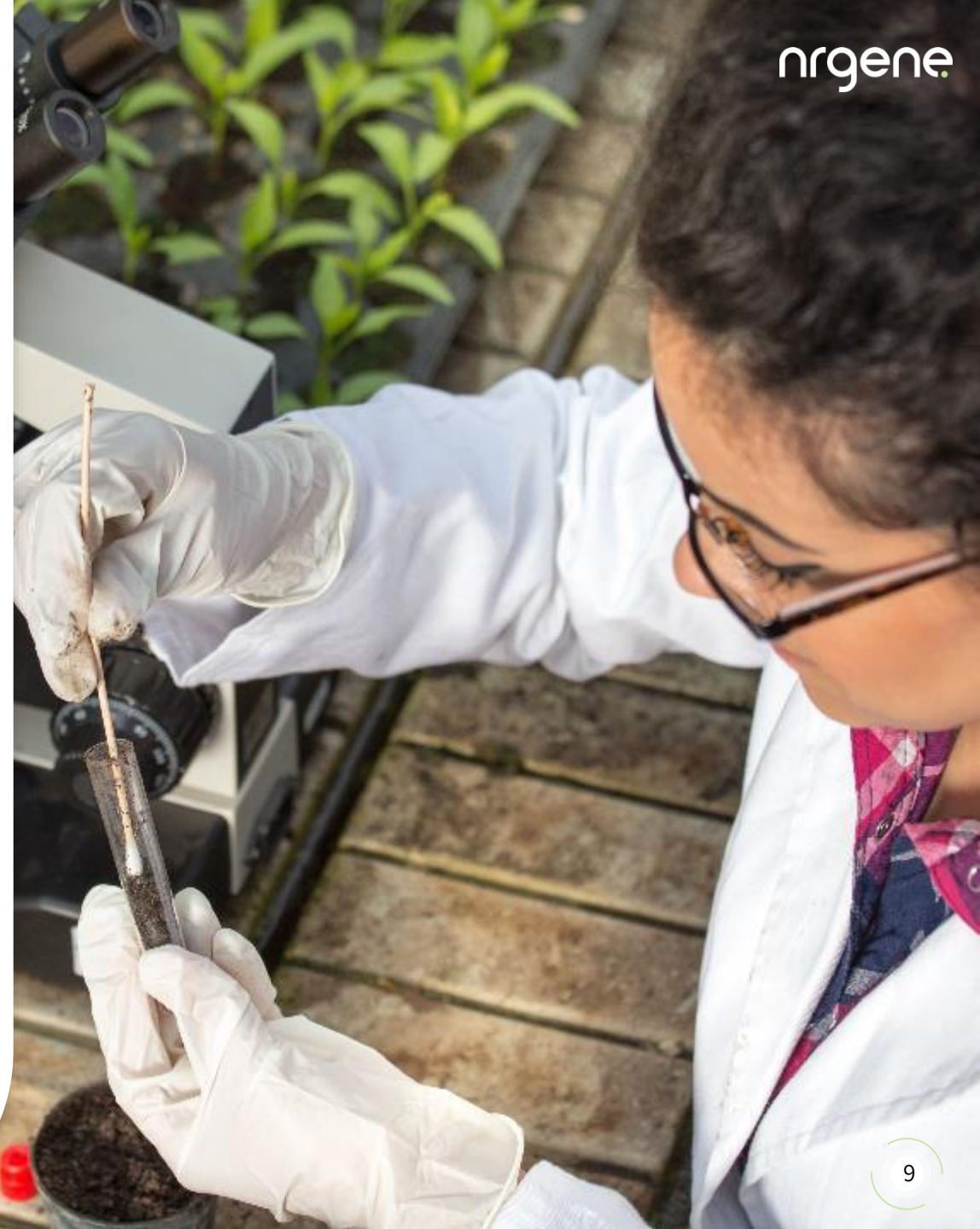
Opening a genotyping lab in Saskatoon, CA during 2021

Competitive advantage:

1. Strengthen long-term connection with customers
2. Shorten genotyping tests cycles
3. Perform genotyping for company's internal projects (IP co-development)

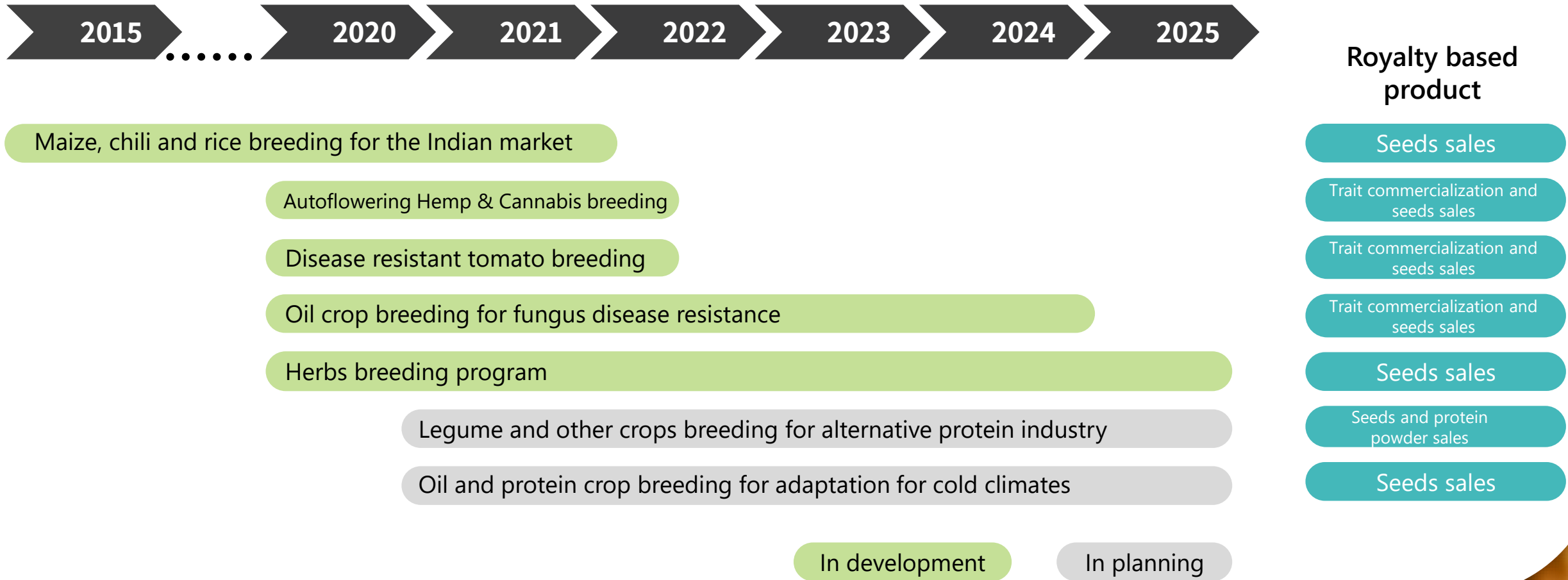
Forecast:

The company estimates that lab's operation, combined with the SNP^{er}[™], will generate a cumulative revenues of \$20M between 2021-2025



Growth Engine: IP Co-development in return for royalties

The company expects initial revenues (royalties) from projects no later than the end of 2021



Breeding for Virus Resistant Tomato

An example for trait commercialization and seeds sale

Global tomato **market size** evaluation is **\$1.1B**

The company estimates that the **potential revenue** from each agreement will reach \$ millions

2 signed deals since the collaboration announcement

Currently, the company is negotiation with **several potential** customers and estimates, that by the end of 2021 additional agreements will be signed



Financial Results - Summary

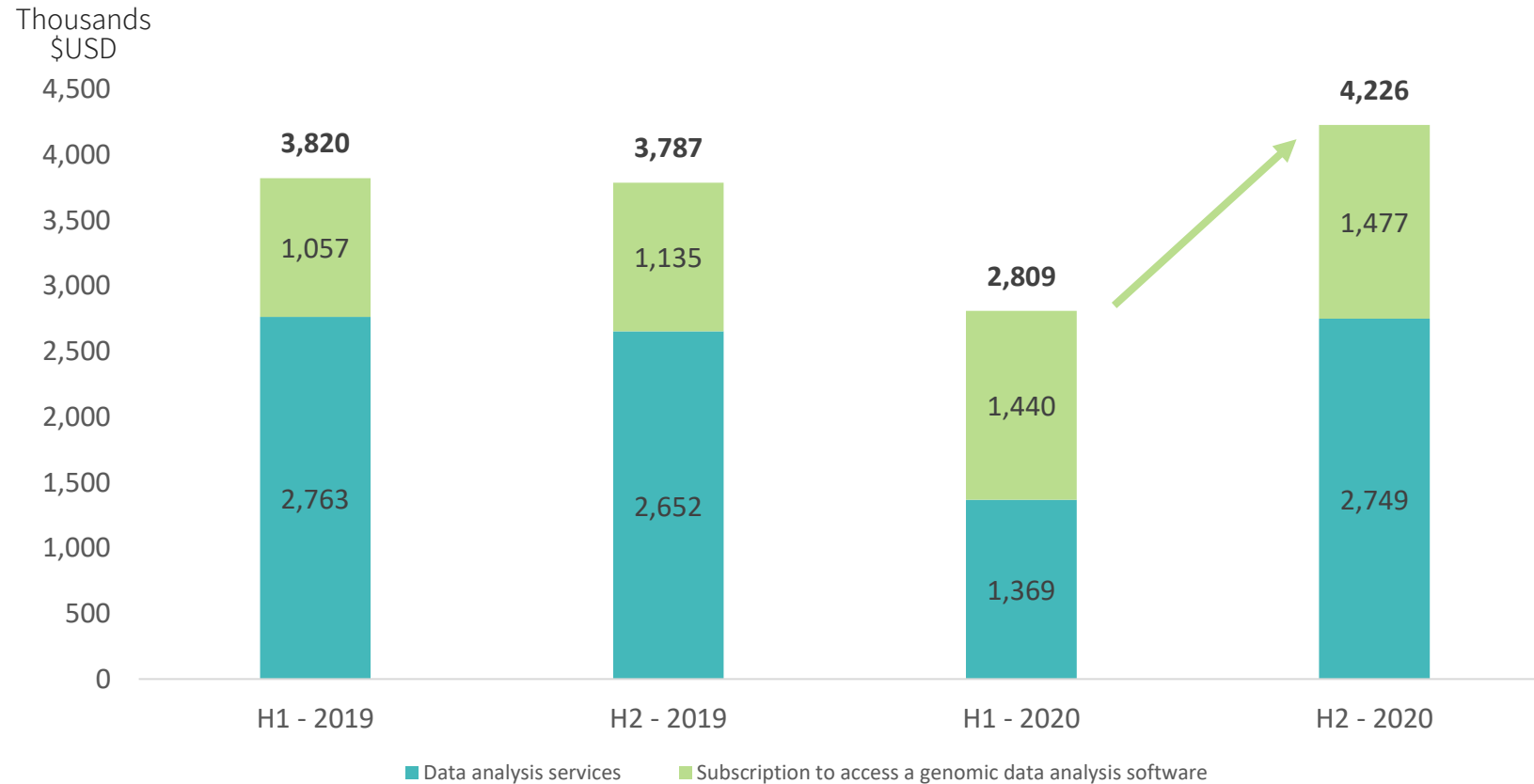
- Revenue: \$7.04 million
- Adjusted gross margin rate: 70%
- Adjusted EBITDA: (\$0.4) million

Business Activity Summary - 2020

- **New product launch** in the genotyping tests market (SNPer™); Long-term recurring agreements
- **New business model** of IP co-development in return for royalties from the end-products
- **Improved operational efficiency** in response to COVID-19 and attained **positive adjusted EBITDA** in H2-2020
- Initiated R&D activities in the **gene editing space using CRISPR** technology as the **leading company of the CRISPR-IL consortium** supported by the Israeli Innovation Authority
- The Company completed a **\$30 million IPO in January 2021** on TASE

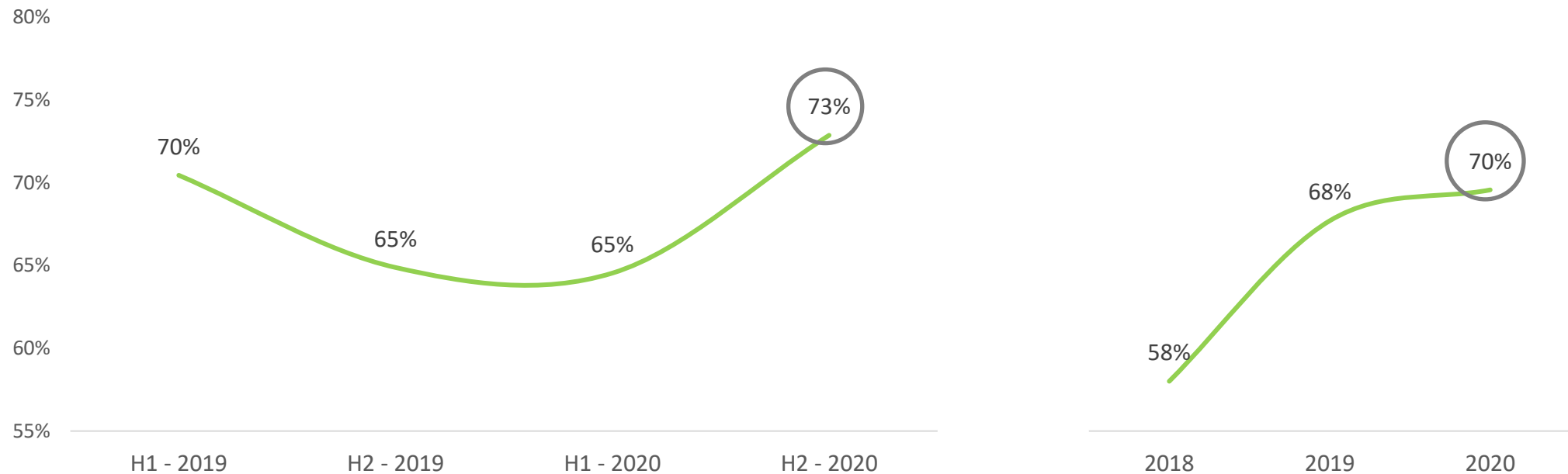
Revenue By Product (in thousand USD)

- During 2019 and 2020, revenues from subscriptions to access a genomic data analysis software had increased
- During H2-2020, revenues from genomic data analysis services had recovered as a result of a decline in COVID-19's impact on our operation



Adjusted Gross Margin Rate

- The adjusted gross margin rate had improved due to a product mix shift; The portion of revenues generated from subscriptions to access a genomic data analysis software had increased.
- The adjusted gross profit rate improved during H2-2020 due to an increase of 50% in revenue while cost of sales increased by only 13%.



Backlog (in thousand USD)

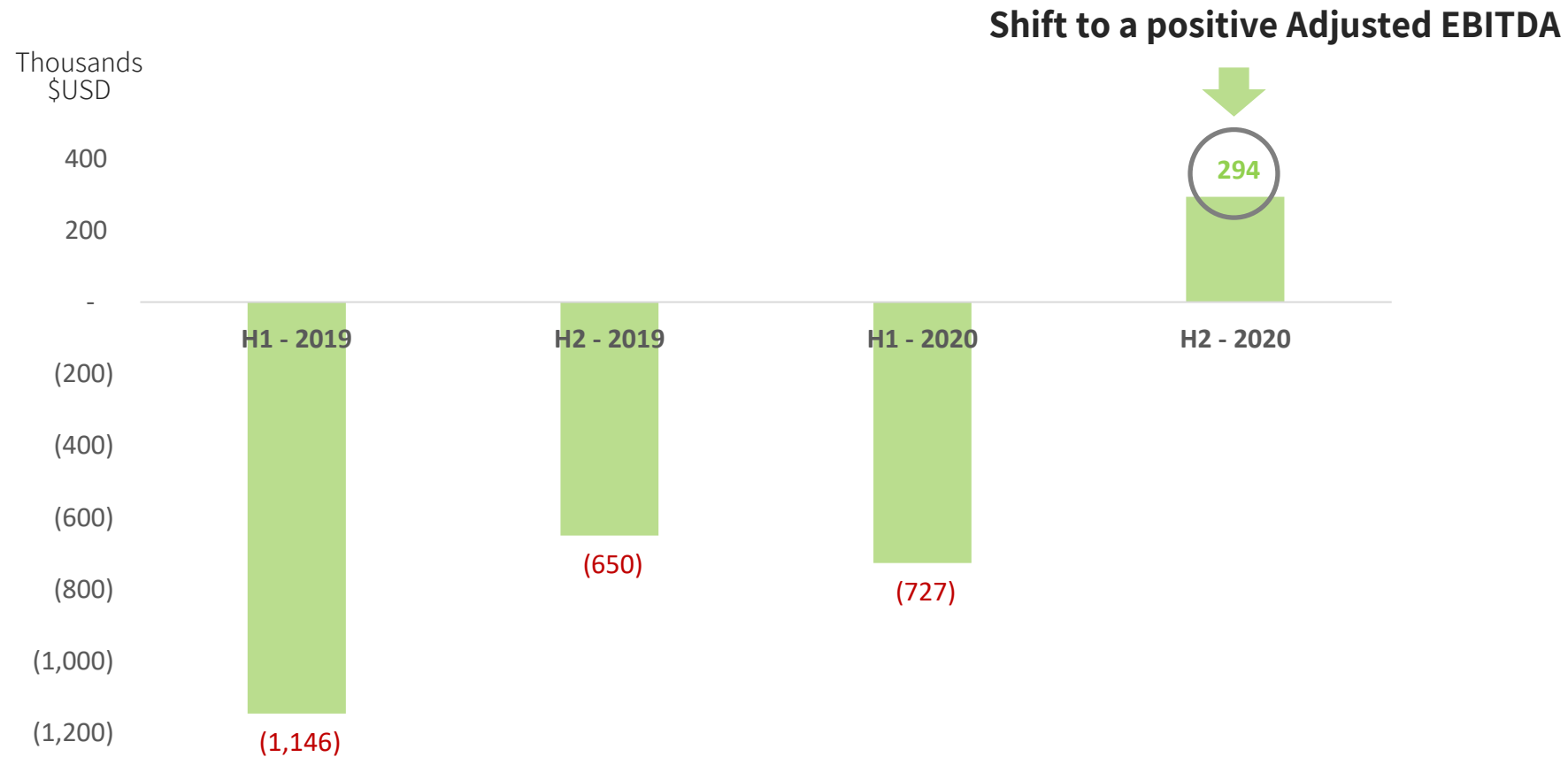
- COVID-19 had challenged company's ability to increase its backlog during 2020 due to high levels of uncertainty related to customer's operational aspects (delays in growth cycles / loss of growth cycles) and budget related considerations
- In response, the company (1) launched a new product in the genomic testing market (SNPer™) which allows customers to reduce existing costs, and (2) began focusing on promoting deals that are based on IP co-development in return for royalties

In thousands \$USD	As of the release of 2020 report	December 31, 2020	December 31, 2019
Backlog – Subscription to access a genomic data analysis software*	3,864	3,864	6,496
Backlog – Genomic data analysis services	3,279	2,762	4,281
Backlog – IP co-development in return for royalties	109	-	-
Total order backlog	7,252	6,626	10,777

* Excluding the renewal of existing subscriptions from Bayer (December 2021) and Syngenta (December 2022) which are expected to be renewed.

Adjusted EBITDA (in thousand USD)

- During H2-2020, the company had shifted to a positive Adjusted EBITDA due to an increase in gross margin and a decrease in operational expenses.



Financial Results Summary (in thousand USD)

- Despite decrease in revenue during 2020, Adjusted EBITDA had improved due to operational efficiency.
- During H2-2020, revenue had increased compared to 3 prior comparable periods, and a positive adjusted EBITDA was achieved.

Thousands \$USD	H2-2020	H1-2020	H2-2019	H1-2019
Revenue	4,226 ↑	2,809	3,787	3,820
Adjusted Gross Margin	3,079	1,813	2,457	2,691
Adjusted Gross Margin Rate	73%	65%	65%	70%
Adjusted EBITDA	294	(727)	(650)	(1,146)
Adjusted EBITDA Rate	7% ↑	-26%	-17%	-30%

YTD 2020	YTD 2019
7,035 ↑	7,607
4,892	5,148
70%	68%
(433)	(1,796)
-6% ↑	-24%

NON-GAAP Adjustments (in thousand USD)

Thousands \$USD	H2-2020	H1-2020	H2-2019	H1-2019
Operational loss	(445)	(1,272)	(932)	(2,360)
Less - depreciation and amortization	115	113	118	140
Less - share-based payments	755	559	332	1,145
Adding - lease payments	(131)	(127)	(168)	(71)
Adjusted EBITDA	294	(727)	(650)	(1,146)
Adjusted EBITDA %	7%	-26%	-17%	-30%

2020YTD	YTD 2019
(1,717)	(3,292)
228	258
1,314	1,477
(258)	(239)
(433)	(1,796)
-6%	-24%

Thousands \$USD	H2-2020	H1-2020	H2-2019	H1-2019
Gross margin	2,887	1,627	2,350	2,645
Less - depreciation and amortization	11	21	27	23
Less - share-based payments	196	177	114	34
Adding - lease payments	(15)	(12)	(34)	(11)
Adjusted gross margin	3,079	1,813	2,457	2,691
Adjusted gross margin %	73%	65%	65%	70%

YTD 2020	YTD 2019
4,514	4,995
32	50
373	148
(27)	(45)
4,892	5,148
70%	68%

Consolidated Statements of Comprehensive Loss – IFRS (in thousand USD)

Thousands (\$USD)	YTD 2020	YTD 2019	Change	Change %
Revenues	7,035	7,607	(572)	-8%
Cost of revenues	2,521	2,612	(91)	-3%
Gross margin	4,514	4,995	(481)	↓ -10%
Research and development expenses	2,437	2,450	(13)	-1%
Sales and marketing expenses	1,630	3,205	(1,575)	-49%
General and administrative expenses	2,230	2,632	(402)	-15%
Other expenses (income)	(66)	-	(66)	N/A
Total operational expenses	6,231	8,287	(2,056)	-25%
Operational loss	(1,717)	(3,292)	1,575	↓ -48%
Finance income (expense), net	(1,382)	(602)	(780)	130%
Loss before income taxes	(3,099)	(3,894)	795	-20%
Income taxes	(47)	(17)	(30)	176%
Net loss and total comprehensive loss	(3,146)	(3,911)	765	-20%

Consolidated Balance Sheet - IFRS (in thousand USD)

Thousands (\$USD)	2020	2019	Change	Change %
Cash and cash equivalents	1,482	2,612	(1,130)	-43%
Restricted cash	190	178	12	7%
Trade receivables	951	473	478	101%
Other receivables	408	329	79	24%
Fixed assets	59	62	(3)	-5%
Right of use lease assets	709	546	163	30%
Total assets	3,799	4,200	(401)	-10%
Trade payables	317	463	(146)	-32%
Accrued expenses and other liabilities	1,582	1,023	559	55%
Deferred revenues	669	1,704	(1,035)	-61%
Financial liabilities	4,288	3,192	1,096	34%
Lease liability	789	628	161	26%
Warrant to borrowers	681	339	342	101%
Liability in respect of government grants	1,000	577	423	73%
Total liabilities	9,326	7,926	1,400	18%
Total equity (capital deficiency)	(5,527)	(3,726)	(1,801)	48%
Total liabilities and equity (capital deficiency)	3,799	4,200	(401)	-10%

Consolidated Cash-Flow - IFRS (in thousand USD)

Thousands (\$USD)	2020	2019	Change	Change %
Total comprehensive loss	(3,146)	(3,911)	765	-20%
Net cash flow adjustment used for operating activities	1,723	333	1,390	417%
Net cash used in operating activities	(1,423)	(3,578)	↑ 2,155	-60%
Net cash used in investing activities	(33)	(5)	(28)	560%
Net cash used in financing activities	326	2,366	(2,040)	-86%
Increase (decrease) in cash and case equivalents	(1,130)	(1,217)	87	-7%
Cash and case equivalents at the beginning of the year	2,612	3,829	(1,217)	-32%
Cash and case equivalents at the end of the year	1,482	2,612	(1,130)	-43%

Grants (in thousand USD)

- To the Company's estimate that it finance part of its activities through various grants from governmental agencies due to its technological innovation and potential contribution to solving globally strategic problems
- The following table describes the grants which impacted company's 2020 financial results:

Grant type	Activity for which the grant was received	Total grant	Total grant received in 2020	Total grant received
Support from the Israeli innovation authority for a R&D plan (completed and ended)	Developing genetic tests for detecting genes related to yield increase and pest resistance (SNPer™)	1,361	153	1,361
Support from the Israeli innovation authority for a R&D plan under CRISPR-IL consortium	Research and development in the genetic editing field using CRISPR technology	1,360	781	963
Support from EU Horizon 2020	Participating in the research to increase Sunflower yield	550	185	185
Support from the Israeli Ministry of Economy under "Smart Money" plans	Expending the genetic testing marketing activity in the US market	186	-	64
Support from Saskatchewan Advantage Innovation Fund	Establishing activity in Canada	230	150	150
Total		3,687	1,269	2,723

Financing (in thousand USD)

- On January 27th, 2021, the Company completed an IPO on Tel Aviv Stock Exchange (TASE) based on a prospectus that was filed on January 25th, 2021. According to the prospectus, the Company offered and issued 3,271,000 to the public in exchange of approximately 30 million dollars, gross.
- As described in the prospectus, part of the IPO proceeds were used to repay financial liabilities as described below:

Thousands \$USD	Credit facility	Debentures	Warrant to borrowers	Convertible loan from an investor
Balance as of December 31, 2020	1,075	1,952	681	1,262
Developments as of the release of the 2020 Financial Statements	The Company extended this facility until April 30 th , 2021	Redeemed using IPO proceeds	Exercised - 208,333 shares were issued in exchange of USD 1.25 million	The investor filed a lawsuit against the Company. The Company's legal counsel's opinion is that the chances of this claim are very low*

* For more details, see note 28 to the 2020 Financial Statements

Leading Companies in the Genomics Market

	Gross Margins	Operating income / Sales (2020)	Current valuation (\$M)	Sales Multiplier
10X Genomics	80%	-29%	19,332	65
Pacific Biosciences	41%	-132%	6,455	82
Twist Biosciences	47%	-192%	6,338	103
Personalis	26%	-54%	1,093	14
Invitae	29%	-233%	8,136	29
CRISPR Therapeutics*	100%	-35,440%	9,776	13,597
Cellectis	51%	-116%	911	12
Evogene	45%	-2,385%	228	219
Arcadia Biosciences	27%	-1,659%	62	47
Calyxt	Negative	-181%	295	12
Average	43%	-553%	4,761	65
Median	43%	-181%	1,093	47
NRGene	64%	-24%	91	13

*Excluded from Average and Median Calculation

Summary

2022

Forward looking: Since the IPO completion, the company has signed deals in various crops:
 Tomato ● Canola ● Cannabis ● Shrimp ● Guayule ● Coffee

The company estimates that additional substantial agreements will be signed by the end of 2021

Expansion: Opening of new offices worldwide ● Opening of genotyping lab
 ● Talent acquisition

2021

New Growth Engines: Genotyping Tests ● IP co-development in return for royalties

2020

Current Status: Positive EBITDA – H2/2020 ● Large customer base > 100 ●
 Vast genomic database ● Proven technology ● Professional and skilled staff -35% PhD

Capital Raised - \$30M



nrgene

THANK YOU