

SAVOREAT LTD.
INTERIM FINANCIAL INFORMATION
(Unaudited)
AS OF JUNE 30, 2022

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Auditors' review report to the shareholders of SavorEat Ltd.

Introduction

We have reviewed the attached financial information of SavorEat Ltd. (hereinafter - the Company), which is comprised of the condensed statement of financial position as of June 30, 2022 and the condensed statements of comprehensive income, changes in equity and cash flows for the six-month periods ended on that date. The Board of Directors and management are responsible for the preparation and presentation of the financial information for these interim periods in accordance with the provisions of IAS 34 "Interim Financial Reporting" and are responsible for presentation of the financial information for these interim periods in accordance with Chapter D to the Securities Regulations (Periodic and Immediate Reports), 1970. Our responsibility is to express a conclusion with respect to the financial information for these interim periods, based on our review.

Scope of review

Our review was conducted in accordance with the provisions of Review Standard (Israel) 2410 of the Institute of Certified Public Accountants in Israel concerning 'Review of financial information for interim periods undertaken by the entity's auditor.' A review of financial information for interim periods consists of making enquiries, in particular, of those officials responsible for financial and accounting matters, and of the application of analytical and other review procedures. A review is substantially lesser in scope than an audit conducted in accordance with auditing standards generally accepted in Israel and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the above financial information is not prepared, in all material respects, in accordance with IAS 34.

Further to the preceding paragraph, based on our review, nothing has come to our attention that causes us to believe that the above financial information is not in compliance, in all material respects, with the disclosure provisions in Chapter D of Israel Security Regulations (Periodic and Immediate Reports), 1970.

Without qualifying our conclusion above, we draw attention to note 1e to the financial statements which describes that the Company is in advanced research and development stages, and therefore, has not yet generated revenue, has accumulated losses and negative cash flows in light of development and ongoing activity since its date of incorporation and will require additional financing resources to continue its activity, the obtaining of which is uncertain. Those factors cast significant doubt on the Company's ability to continue as a going concern. Management plans in relation to those matters are presented in note 1e. These financial statements do not include any adjustments relating to the values and classification of asset and liabilities that might be necessary should the Company be unable to continue as a going concern.

Tel Aviv, Israel
August 24, 2022

Kesselman & Kesselman
Certified Public Accountants
Member firm of PricewaterhouseCoopers International Limited

SAVOREAT LTD.
CONDENSED STATEMENT OF FINANCIAL POSITION
AS OF JUNE 30, 2022

	As of June 30		As of
	2022	2021	December 31,
	(Unaudited)		2021
	(Unaudited)		(Audited)
	NIS in thousands		
A s s e t s			
CURRENT ASSETS:			
Cash and cash equivalents	20,023	15,756	12,262
Short-term deposits	15,004	34,004	30,004
Other receivables	2,731	547	1,976
	<u>37,758</u>	<u>50,307</u>	<u>44,242</u>
NON-CURRENT ASSETS:			
Property, plant and equipment, net	680	286	512
Right-of-use asset	307	643	475
Investment in associate accounted for using the equity method	974	-	850
Deposits	91	91	91
Total assets	<u>39,810</u>	<u>51,327</u>	<u>46,170</u>
Liabilities and equity			
CURRENT LIABILITIES:			
Accounts payable	1,009	791	1,524
Trade payables	813	572	15
Current maturities on lease	368	351	369
	<u>2,190</u>	<u>1,714</u>	<u>1,908</u>
NON-CURRENT LIABILITIES:			
Liability for options	315	4,854	4,409
Lease liability	-	353	168
Total liabilities	<u>2,505</u>	<u>6,921</u>	<u>6,485</u>
EQUITY:			
Ordinary share capital	21	21	21
Share premium	59,859	57,974	57,989
Capital reserve	5,607	5,089	6,764
Accumulated loss	(28,182)	(18,678)	(25,089)
Total equity	<u>37,305</u>	<u>44,406</u>	<u>39,685</u>
Total liabilities and equity	<u>39,810</u>	<u>51,327</u>	<u>46,170</u>

Date of approval of the financial information: August 24, 2022.

Oded Shoseyov
Chairman of
the Board

Racheli Vizman
Chief Executive
Officer

Mira Damgian
CFO and Chief
Accountant

The accompanying notes are an integral part of this condensed financial information.

SAVOREAT LTD.
CONDENSED STATEMENT OF COMPREHENSIVE INCOME
FOR THE SIX-MONTH PERIOD ENDED JUNE 30, 2022

	Six months ended		Year ended
	June 30		December 31
	2022	2021	2021
	(Unaudited)		(Audited)
	NIS in thousands		
Research and development expenses, net	(5,658)	(5,594)	(8,523)
Administrative and general expense	(1,906)	(1,283)	(4,527)
Marketing expenses	(858)	(843)	(1,927)
Operating loss	(8,422)	(7,720)	(14,977)
Changes in fair value of derivative financial instruments	4,129	5,491	5,723
Finance income	1,144	146	70
Finance expenses	(68)	(183)	(343)
Decrease in ownership interest, and share in losses of associate accounted for using the equity method	124	-	850
Loss before taxes on income	(3,093)	(2,266)	(8,677)
Loss and comprehensive loss	(3,093)	(2,266)	(8,677)
(Loss) per share			
Basic (loss) per share	(1.49)	(1.10)	(4.22)
Diluted (loss) per share	(3.39)	(3.57)	(6.80)

The accompanying notes are an integral part of this condensed financial information.

SAVOREAT LTD.
CONDENSED STATEMENT OF CHANGES IN EQUITY
FOR THE SIX-MONTH PERIOD ENDED JUNE 30, 2022

	<u>Share capital</u>	<u>Share premium</u>	<u>Capital reserve</u>	<u>Accumulated loss</u>	<u>Total</u>
	NIS in thousands				
Balance as of January 1, 2022 (audited)	21	57,989	6,764	(25,089)	39,685
Change during six-month period ended June 30, 2022 (unaudited):					
Issue of shares	*	1,870	(1,718)	-	152
Share-based payment	-	-	561	-	561
Loss	-	-	-	(3,093)	(3,093)
Balance as of June 30, 2022 (unaudited)	<u>21</u>	<u>59,859</u>	<u>5,607</u>	<u>(28,182)</u>	<u>37,305</u>
Balance as of January 1, 2021 (audited)	21	57,974	3,935	(16,412)	45,518
Change during six-month period ended June 30, 2021 (unaudited):					
Share-based payment	-	-	1,154	-	1,154
Loss	-	-	-	(2,266)	(2,266)
Balance as of June 30, 2021 (unaudited)	<u>21</u>	<u>57,974</u>	<u>5,089</u>	<u>(18,678)</u>	<u>44,406</u>
Balance as of January 1, 2021 (audited)	21	57,974	3,935	(16,412)	45,518
Change during 2021:					
Share-based payment	-	15	2,829	-	2,844
Loss	-	-	-	(8,677)	(8,677)
Balance as of December 31, 2021 (audited)	<u>21</u>	<u>57,989</u>	<u>6,764</u>	<u>(25,089)</u>	<u>39,685</u>

* Less than NIS 1,000.

The accompanying notes are an integral part of this condensed financial information.

SAVOREAT LTD.
CONDENSED STATEMENT OF CASH FLOWS
FOR THE SIX-MONTH PERIOD ENDED JUNE 30, 2022

	Six months ended		Year ended
	June 30		December 31
	2022	2021	2021
	(Unaudited)		(Audited)
	NIS in thousands		
Cash flows from operating activity:			
Net loss	(3,093)	(2,266)	(8,677)
Adjustments required to present cash flows from operating activity			
Adjustments to profit and loss items:			
Depreciation and amortization	231	193	406
Finance income	(1,144)	(146)	(70)
Finance expenses	68	183	343
Share-based payment	561	1,154	2,844
Decrease in ownership interest, and share in losses of associate accounted for using the equity method	(124)	-	(850)
Changes in fair value of derivative financial instruments	(4,129)	(5,491)	(5,723)
	<u>(4,537)</u>	<u>(4,107)</u>	<u>(3,050)</u>
Change in operating asset and operating liability items:			
Increase (decrease) in accounts payable	(501)	379	1,093
Decrease (increase) in other receivables	(755)	289	(1,139)
Increase (decrease) in related parties	-	(9)	(9)
Increase (decrease) in trade payables	798	(64)	(620)
	<u>(458)</u>	<u>595</u>	<u>(675)</u>
Total adjustments	<u>(4,995)</u>	<u>(3,512)</u>	<u>(3,725)</u>
Interest paid in cash	<u>(33)</u>	<u>(41)</u>	<u>(32)</u>
Net cash provided by (used in) operating activity	<u>(8,121)</u>	<u>(5,819)</u>	<u>(12,434)</u>
Cash flows from investing activity:			
Amount released from (placed in) deposit	15,000	(33,922)	(29,922)
Acquisition of property, plant and equipment	(230)	(172)	(444)
Net cash used in investing activity	<u>14,770</u>	<u>(34,094)</u>	<u>(30,366)</u>
Cash flows from financing activity:			
Issue of shares	152	-	-
Principal payment on leases	(170)	(132)	(300)
Net cash used in financing activity	<u>(18)</u>	<u>(132)</u>	<u>(300)</u>
Increase (decrease) in cash and cash equivalents	6,631	(40,045)	(43,100)
Foreign exchange on cash and cash equivalents	1,130	136	(303)
Balance of cash and cash equivalents at beginning of the period	<u>12,262</u>	<u>55,665</u>	<u>55,665</u>
Balance of cash and cash equivalents at end of the period	<u>20,023</u>	<u>15,756</u>	<u>12,262</u>

The accompanying notes are an integral part of this condensed financial information.

SAVOREAT LTD.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL INFORMATION

AS OF JUNE 30, 2022

(Unaudited)

NOTE 1 - GENERAL:

- a. SavorEat Ltd was incorporated on December 3, 2018 and began its business activity in 2019. The Company is active in a single operating segment, which is the development of technology for the production and roasting of meat substitutes through advanced digital manufacturing, including 3D printing.

The address of the Company is 4 Oppenheimer St., Rehovot, Israel. The Company is a public company whose shares are traded on the Tel Aviv Stock Exchange (TASE). The interim financial information is reviewed and not audited.

- b. The Company incorporated a wholly-owned subsidiary in the United States – SavorEat Inc. The subsidiary has not yet begun its operations.

c. Definitions

In this financial information:

The Company - SavorEat Ltd.

Related parties - As defined by IAS 24.

Interested parties and controlling shareholders - As defined by the Israel Securities Law, 1968 and the regulations thereunder. Accordingly, and as of the date of this interim information, the interested parties of the Company are Prof. Oded Shoseyov, Prof. Ido Braslavsky, Racheli Vizman, Yissum Research Development Company is the technology transfer company of the Hebrew University of Jerusalem Ltd (hereinafter: "Yissum"), Millennium Food-Tech Limited Partnership and Meitav-Dash Investment Ltd (through provident and pension funds, mutual funds and partnerships), More Investments Ltd (through provident funds and partnerships) and Altshuler Shaham Ltd (through Psagot Provident and Pension)

- d. In late 2019, Coronavirus (COVID-19) broke out in China and began spreading to many countries worldwide, including in Israel, and was announced in March 2021 as a pandemic by the World Health Organization (WHO) (hereinafter - COVID). Following the spread of COVID and the lockdowns imposed in many countries worldwide, global economic activity has slowed down. COVID has severely hit several industries and the scale of consumption.

As of the date of this report, significant restrictions are still imposed on movement of people between countries in an effort to cope with the spread of COVID. As COVID is a dynamic and prolonged event that is characterized by considerable uncertainty, its impact on future business activity of the Company, including, among other things, in relation to progress in development processes and capital raising, is highly dependent on the extent and scope of the different risk factors related to the cope with the spread of the virus in Israel and elsewhere materializing, including the remaining duration of the pandemic vs. the ability to find a vaccine and/or medication; the scale of restrictions on movement within and between countries, the extent to which the population complies with government and regulatory guidance, the response of world leaders to a renewed outbreak in their countries, the economic reality in different countries, etc.

SAVOREAT LTD.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL INFORMATION (continued)

AS OF JUNE 30, 2022

(Unaudited)

NOTE 1 - GENERAL (continued):

- e. The Company is in research and development stages, has not yet generated revenue from its activity, and is dependent on additional financial resources that are required to continue its research and development activity and the obtaining of which is uncertain. As of June 30, 2022, the Company has accumulated a loss of NIS 28,182 thousand and negative cash flows from operating activity for the year then ended at NIS 8,121 thousand. Management projects that the Company will continue to accumulate operating losses from its future operations, which will result in negative cash flows from operating activities. Those factors cast significant doubt on the Company's ability to continue as a going concern. Management plans, whose completion is not under control of the Company, include raising debt or additional capital. The financial statements do not include any adjustments relating to the values and classification of asset and liabilities that might be necessary should the Company be unable to continue as a going concern.

NOTE 2 – SIGNIFICANT ACCOUNTING POLICIES

Basis of preparation of the condensed financial information:

The interim condensed consolidated financial information of the Group as of June 30, 2022 and for the six-month period then ended (hereinafter – the "Interim Financial Information") was prepared in accordance with IAS 34 "Interim Financial Reporting", including the additional disclosure required by Chapter D of Securities Regulation (Periodic and Immediate Reports), 1970. The Interim Financial Information does not include all information and disclosure required in annual financial statements. The Interim Financial Information should be read in conjunction with the 2021 annual financial statements and the accompanying notes, which were prepared in accordance with International Financial Reporting Standards (hereinafter – "IFRS") and include the additional disclosure required by Chapter D of Securities Regulation (Annual Financial Statements), 2010.

Estimates

The preparation of interim financial information requires management to make judgment and use accounting estimates and assumptions that affect application of the Company's accounting policy and the reported amounts of assets and liabilities, income and expenses items. Note that actual results may differ from those estimates.

When formulating the accounting estimates used in this condensed interim financial information, significant judgment is used by management in implementing the Company's accounting policies and the uncertainty involved in the key sources of the estimates were identical to those in the annual financial statements of the Company for the year ended December 31, 2021.

NOTE 3 - EQUITY:

On February 21, 2022, the Company's Board of Directors approved an award of 24,022 options that are convertible into ordinary shares, as disclosed in note 18 to the annual financial statements.

The Company uses the Black and Scholes pricing model for valuing the options granted.

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NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL INFORMATION (continued)

AS OF JUNE 30, 2022

(Unaudited)

NOTE 3 - EQUITY (continued):

	June 30, 2022
Dividend yield	%0
Expected volatility	%49
Risk-free interest rate	%1.39
Expected period to exercise	4
Share price on valuation date	65.51

The expense recognized in the income statement of the Company in 2022 for options granted to employees is NIS 561 thousand.

Share issues during the period:

- 1) In January 2022, the Company issued to an employee shares of NIS 0.01 par value each for NIS 126.9. The share issue was performed against exercise of options held by the employee.
- 2) In April and May 2022, the Company issued to a consultant shares of NIS 0.01 par value each for NIS 152 thousand. The share issue was performed against exercise of options held by the consultant.
- 3) In June 2022, the Company issued to an employee shares of NIS 0.01 par value each for NIS 28.1. The share issue was performed against exercise of options held by the employee.

NOTE 4 - LOSS PER SHARE:

a. Basic

Basic earnings per share are calculated by dividing the net profit attributable to shareholders by the weighted average number of ordinary shares outstanding.

	Six months ended June 30	Year ended December 31,
	2022	2021
	(Unaudited)	(Audited)
	NIS	
(Loss) for the period	(3,093)	(2,266)
Weighted average of the number of ordinary shares issued	2,076	2,055
Basic loss per shares (NIS)	(1.49)	(1.10)
		(4.22)

SAVOREAT LTD.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL INFORMATION (continued)

AS OF JUNE 30, 2022

(Unaudited)

NOTE 4 - LOSS PER SHARE (continued):

b. Diluted

Diluted earnings per share is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares. The Company has share options. A calculation is performed to determine the number of shares that could have been acquired at fair value based on the monetary value of unexercised options. The number of shares calculated as above is compared with the number of shares that would have been issued assuming the exercise of the share options.

	Six months ended		Year ended
	June 30		December 31,
	2022	2021	2021
	(Unaudited)		(Audited)
	NIS		
Total loss for the period, used for calculation of basic (loss) per share	(3,093)	(2,266)	(8,677)
Adjustments for additional shares assuming exercise of warrants	<u>(4,094)</u>	<u>(5,348)</u>	<u>(5,793)</u>
Total (loss) used in calculation of (loss) per share	(7,187)	(7,614)	(14,470)
Weighted average of number of shares used in calculation of (loss) per share	2,120 (3.39)	2,134 (3.57)	2,128 (6.80)

NOTE 5 - INVESTMENT IN ASSOCIATE

On October 6, 2021, Egg'N'up Ltd entered into an agreement with Millennium Food-Tech Limited Partnership – an interested party of the Company by virtue of its holdings – for investment in an egg substitute that the Company developed that is plant-based and composed of the unique cellulose fibers of the Company, and that following a memorandum of understanding signed between them.

The agreement sets the terms for developing egg substitute products through a private company that the Company incorporated for that purpose and investment therein.

For that purpose, the Company transferred to Egg'N'up Ltd the knowhow and technology for manufacturing of an egg substitute, including a right to engage with Yisum Research Development Co of Hebrew University of Jerusalem in consideration of a tax-exempt allotment of shares according to the provisions of Section 104A to the Ordinance.

Under the agreement, Egg'N'up Ltd could raise \$2-2.5 million, of which private investors may invest \$1.2-1.5 million in exchange for share capital and the remainder (\$0.8-1 million, respectively) is expected to be accepted through a grant of the Innovation Authority under its Program (track) 46. The private investors were given an option to repay the grant of the Innovation Authority and by that to increase their investment in Egg'N'up Ltd.

SAVOREAT LTD.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL INFORMATION (continued)

AS OF JUNE 30, 2022

(Unaudited)

NOTE 5 - INVESTMENT IN ASSOCIATE (continued):

Additionally, Millennium Food-Tech committed to invest under the agreement an initial amount of \$1.2 million in Egg'N'up Ltd (regardless of an additional potential investment of \$0.8 million if it elects to exercise the option that was given to it, as above, under the terms of the plan) in such way that upon closing the agreement, assuming the investment of the entire minimum amount for investment by Millennium only (without investment of other private investors), Egg'N'up Ltd would be jointly owned by the Company (about 86% in practice) and Millennium Food-Tech (about 14% in practice). According to the investment agreement, Millennium Food-Tech received preferred shares that give it different rights and protections, as is the common practice in investment agreements of this type. The agreement includes reference to additional matters that are common in agreement of that type, including adoption of capital-based compensation plan, ownership over the intellectual property to be developed by the subsidiary, sublicense granted by the Company to Egg'N'up Ltd the facilitate the continued development of the new product, indemnification, et

Based on the original license for development of meat substitutes that the Company received from Yissum Research Development Co of Hebrew University of Jerusalem Ltd, Egg'N'up Ltd received from the Company (with a revision of the original license with Yissum) an exclusive license and sublicense for research and development, manufacturing, marketing and distribution of the egg substitute and related product using the cellulose fibers that were developed by Yissum and the formulation of the Company, as well as agreeing on other matters such as the process for supplying the raw material to Egg'N'up Ltd by the Company, and royalties that will be paid to the Company from sales of the product and/or giving a sublicense.

Investment amounts are expected to be used by Egg'N'up according to an agreed-upon budget.

According to a decision taken, the main goal of engaging in this agreement is to allow the Company's management team to continue focus on development of the main product, i.e. plant-based meat substitutes produced by the Company's unique and advanced digital system, while taking advantage of this business opportunity to capitalize on the advantages in continuing development of the egg substitute by the subsidiary.

It is the intention of the Company that Egg'N'up Ltd will be led by a highly professional and independent management team, which will work separately from that of the Company, such that the Company is able to continue development of the meat substitutes while Egg'N'up Ltd continues the development of the egg substitute.

On January 12, 2022, Egg'N'up Ltd closed another investment with an additional investor (a foreign private corporation that is not and will not be an interested party in the Company as a result of its investment), which is based on, and joins the main, October 2021 investment agreement of Egg'N'up Ltd and Millennium Food under the same terms and conditions. Accordingly, the accumulated amount of investment in the subsidiary, according to the original and additional agreement, is \$2.34 million (the additional investment amount is \$340 thousand). Upon completion of the additional agreement, Egg'N'up Ltd is under % ownership of the Company (82%), Millennium Food (14%) and the additional investor (4%) (70%, 18% and 5% fully diluted (the balance is maintained in the employee equity compensation plan)).

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NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL INFORMATION (continued)

AS OF JUNE 30, 2022

(Unaudited)

NOTE 5 - INVESTMENT IN ASSOCIATE (continued):

In January 2022, Egg'N'up Ltd received from the Israel Innovation Authority the approved amount of grant at NIS 2.5 million based on a capital investment of NIS 6.5 million.

	June 30, 2022	As of December 31, 2021
	NIS in thousands	
Investments in investees accounted for using the equity method:		
Investment in share capital	2,025	1,187
Accumulated dividend	(615)	(113)
Accumulated loss	(436)	(224)
Total	974	850

Change in investments in investees accounted for using the equity method (in this section - "Associates"):

	June 30, 2022	As of December 31, 2021
	NIS in thousands	
Balance as of beginning of year	850	0
Reduction of ownership interest in investee	838	1,187
Accumulated dividend	(502)	(113)
Share of losses of investee	(212)	(224)
Balance as of end of year	974	850

Condensed information about associates, without adjustment to reflect the Company's equity interest

	June 30, 2022	As of December 31, 2021
	NIS in thousands	
Current assets	6,370	3,765
Non-current assets	4,511	4,486
Total assets	10,881	8,251
Current liabilities	1,964	198
Non-current liabilities	544	484
Total liabilities	2,508	682
Equity attributed to shareholders of the Company	8,373	7,569

SAVOREAT LTD.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL INFORMATION (continued)

AS OF JUNE 30, 2022

(Unaudited)

NOTE 5 - INVESTMENT IN ASSOCIATE (continued):

	Six months ended June 30, 2022	Year ended December 31, 2021
	NIS in thousands	
Operating loss	319	282

Reconciliation of condensed information

	June 30, 2022	As of December 31, 2021
	NIS in thousands	
Equity attributed to owners of the Company	8,373	7,569
Share of the Company in equity of associate	6,898	6,488
Balance of investment financial statements of the Company	974	850
Unrealized profit	5,418	5,638

NOTE 6 - SUBSEQUENT EVENTS:

- a. On July 19, 2022, Y.D More Investments Ltd Provident Funds), an interested party of the Company, asked to exercise all rights it held to receive shares of the Company under an agreement, such that 53,492 rights to shares held by the interested party will be exercised into 53,492 ordinary shares of the Company for \$8.88 per right to share.
- b. On July 20, 2022, Meitav Dash Investments Ltd (proprietary investment, provident funds and pension funds), an interested party of the Company, asked to exercise all rights it held to receive shares of the Company under an agreement, such that 53,492 rights to shares held by the interested party will be exercised into 53,492 ordinary shares of the Company for \$8.88 per right to share.
- c. On August 24, 2022, the Company's Board of Directors approved a grant of 17,636 ordinary stock options to employees.
- d. The Company continues to examine regularly in the ordinary course of its business the potential for additional development grants and financing from different entities, including the Israel Innovation Authority.