

SAVOREAT LTD.
INTERIM FINANCIAL INFORMATION
(Unaudited)
AS OF JUNE 30, 2024

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The accompanying audit report is a non-binding translation into English of the original audit report published in Hebrew. The version in Hebrew is the approved text.

Introduction

We have reviewed the attached financial information of SavorEat Ltd. (hereinafter - the Company), which is comprised of the condensed consolidated statement of financial position as of June 30, 2024 and the condensed consolidated statements of comprehensive income, changes in equity and cash flows for the six-month period ended on that date. The Board of Directors and management are responsible for the preparation and presentation of the financial information for this interim period in accordance with the provisions of IAS 34 "Interim Financial Reporting" and are responsible for presentation of the financial information for this interim period 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 this interim period, 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 1g to the financial statements which describes that the Company is in 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 1g. 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 28, 2024

Kesselman & Kesselman
Certified Public Accountants (Isr.)
A member firm of PricewaterhouseCoopers International Limited

SAVOREAT LTD.
CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS OF JUNE 30, 2024

	As of June 30		As of
	2024	2023	December 31,
	(Unaudited)		2023
	(Unaudited)		(Audited)
	NIS in thousands		
A s s e t s			
CURRENT ASSETS:			
Cash and cash equivalents	14,280	19,062	14,068
Restricted deposits	146	-	127
Short-term deposits	-	6,597	5,110
Other receivables	206	1,277	304
	14,632	26,936	19,609
NON-CURRENT ASSETS:			
Property, plant and equipment, net	519	639	585
Right-of-use asset	225	192	455
Restricted deposits	-	173	118
	744	1,004	1,158
Total assets	15,376	27,940	20,767
Liabilities and equity			
CURRENT LIABILITIES:			
Accounts payable and accruals	838	803	782
Trade payables	309	591	369
Current maturities on lease liabilities	237	237	451
	1,384	1,631	1,602
EQUITY:			
Ordinary share capital	22	22	22
Share premium	64,665	64,665	64,665
Capital reserve	6,749	5,381	6,523
Accumulated loss	(57,444)	(43,759)	(52,045)
Total equity	13,992	26,309	19,165
Total liabilities and equity	15,376	27,940	20,767

Date of approval of the financial information: August 28, 2024.

Oded Shoseyov
Chairman of
the Board

Racheli Vizman
Chief Executive
Officer

Yossi Hatan
Chief Financial
Officer

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

SAVOREAT LTD.**CONDENSED CONSOLIDATED STATEMENT OF INCOME AND COMPREHENSIVE
INCOME**

FOR THE SIX-MONTH PERIOD ENDED JUNE 30, 2024

	Six months ended		Year ended
	June 30		December 31
	2024	2023	2023
	(Unaudited)		(Audited)
	NIS in thousands		
Research and development expenses, net	(4,527)	(4,405)	(11,182)
Administrative and general expenses	(1,377)	(945)	(2,473)
Marketing expenses	(129)	(98)	(373)
Operating loss	(6,033)	(5,448)	(14,028)
Finance income	666	1,027	1,339
Finance expenses	(32)	(12)	(30)
Loss from decrease in ownership interest, and share in losses of associate accounted for using the equity method	-	(544)	(544)
Loss and comprehensive loss	(5,399)	(4,977)	(13,263)
<u>Loss per share (NIS)</u>			
Basic loss per share	(2.46)	(2.27)	(6.05)
Diluted loss per share	(2.46)	(2.27)	(6.05)

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

SAVOREAT LTD.
CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE SIX-MONTH PERIOD ENDED JUNE 30, 2024

	<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, 2024 (audited)	22	64,665	6,523	(52,045)	19,165
Change during six-month period ended June 30, 2024 (unaudited):					
Share-based payment	-	-	226	-	226
Loss	-	-	-	(5,399)	(5,399)
Balance as of June 30, 2024 (unaudited)	<u>22</u>	<u>64,665</u>	<u>6,749</u>	<u>(57,444)</u>	<u>13,992</u>
Balance as of January 1, 2023 (audited)	22	64,665	5,725	(38,782)	31,630
Change during six-month period ended June 30, 2023 (unaudited):					
Share-based payment	-	-	(344)	-	(344)
Loss	-	-	-	(4,977)	(4,977)
Balance as of June 30, 2023 (unaudited)	<u>22</u>	<u>64,665</u>	<u>5,381</u>	<u>(43,759)</u>	<u>26,309</u>
Balance as of January 1, 2023 (audited)	22	64,665	5,725	(38,782)	31,630
Change during 2023:					
Share-based payment	-	-	798	-	798
Loss	-	-	-	(13,263)	(13,263)
Balance as of December 31, 2023 (audited)	<u>22</u>	<u>64,665</u>	<u>6,523</u>	<u>(52,045)</u>	<u>19,165</u>

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

SAVOREAT LTD.
CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE SIX-MONTH PERIOD ENDED JUNE 30, 2024

	Six months ended		Year ended
	June 30		December 31
	2024	2023	2023
	(Unaudited)		(Audited)
	NIS in thousands		
Cash flows from operating activity:			
Net loss	(5,399)	(4,977)	(13,263)
Adjustments required to present cash flows from operating activity			
Adjustments to profit and loss items:			
Depreciation and amortization	301	258	564
Finance income	(233)	(1,027)	(441)
Finance expenses	27	12	22
Share-based payment	226	(344)	798
Decrease in ownership interest, and share in losses of associate accounted for using the equity method	-	544	544
	<u>321</u>	<u>(557)</u>	<u>1,487</u>
Change in operating asset and operating liability items:			
Increase (decrease) in accounts payable	56	502	(266)
Increase in other receivables	98	1,638	2,884
Increase (decrease) in trade payables	(60)	187	(36)
	<u>94</u>	<u>2,327</u>	<u>2,582</u>
Total adjustments	<u>415</u>	<u>1,770</u>	<u>4,069</u>
Interest paid in cash	<u>(21)</u>	<u>(12)</u>	<u>(22)</u>
Net cash used in operating activity	<u>(5,005)</u>	<u>(3,219)</u>	<u>(9,216)</u>
Cash flows from investing activity:			
Maturity (creation) of deposit	5,102	(6,597)	(5,104)
Proceeds from disposal of property, plant and equipment	5	-	2
Acquisition of property, plant and equipment	(9)	(9)	(39)
Net cash provided by (used in) investing activity	<u>5,098</u>	<u>(6,606)</u>	<u>(5,141)</u>
Cash flows from financing activity:			
Principal payment on leases	<u>(220)</u>	<u>(171)</u>	<u>(443)</u>
Net cash used in financing activity	<u>(220)</u>	<u>(171)</u>	<u>(443)</u>
Decrease in cash and cash equivalents	(127)	(9,996)	(14,800)
Foreign exchange on cash and cash equivalents	339	520	330
Balance of cash and cash equivalents at beginning of the period	<u>14,068</u>	<u>28,538</u>	<u>28,538</u>
Balance of cash and cash equivalents at end of the period	<u>14,280</u>	<u>19,062</u>	<u>14,068</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, 2024

(Unaudited)

NOTE 1 - GENERAL:

- a. SavorEat Ltd was incorporated on December 3, 2018 and commenced its operating activity in 2019. The Company is active in a single operating segment which is development of a technology platform for manufacturing and roasting meat substitutes through advanced manufacturing technology, including 3D printing. The corporate address of the Company is 4 Oppenheimer St., Rehovot, Israel. The Company is a public entity, whose shares are traded on the Tel Aviv Stock Exchange (TASE).
- b. The Company incorporated a wholly-owned subsidiary in the United States – SavorEat Inc. The subsidiary has not yet begun its operations.
- c. On May 3, 2021, Egg'N'up Ltd (a company accounted for by SavorEat using the equity method) was incorporated and began its business operations in October 2021. Egg'N'up Ltd is active in a single operating segment of developing plant-based egg substitutes. The corporate address of this entity is 3 Pinhas Sapir St., Nes Ziona, Israel. This entity is a private company.
- d. As of the date of this report, the Company is a "small corporation" by virtue of the provisions set by Regulation 5C of Securities Regulations (Periodic and Immediate Reports), 1970 ("the Regulations").

According to a resolution of the Company's board of directors, the Company adopted and has been implementing the practical expedients put in place by sections 5(d)(b)(1)-(6) of the Regulations (to the extent such implementation is relevant or may be relevant to the Company in the reported period), providing as follows:

- 1) Presentation of highly material valuations is required only above a materiality threshold of 20%;
- 2) The financial statements of material associates accompany interim financial statements only above a 40% threshold (the threshold for annual financial statements remained 20%);
- 3) Exemption from issuing a management report on internal controls and an auditors' report on internal control, with only limited-scope management declarations;
- 4) Reporting on a semi-annual schedule;
- 5) It is not necessary to include separate financial statements to the periodic report.

SAVOREAT LTD.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL INFORMATION (continued)

AS OF JUNE 30, 2024

(Unaudited)

NOTE 1 - GENERAL (continued):

e. 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).

- f. Inflation has risen both in Israel and globally beginning in 2021. In a response to the global price increases, central banks globally, including in Israel, hiked interest rates. While additional interest rate increases may take place later in 2024, it appears that the actions taken so far were quite effective in achieving most objectives set by central banks, since, at this stage, they did not cause economies to enter recession.

In response to those trends, management assessed the expected impact of inflation and higher interest rates on its activity in terms of cost structure, margins and financing costs. The Company creates short-term, interest-bearing deposits.

The Company believes that the conditions in the local capital market (including the higher interest and inflation) do pose challenges to the Company, as a public company, when engaging in capital raises (from the public or through private placements), relative to privately-owned companies in this industry.

- g. 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, 2024, the Company has accumulated a loss of NIS 57,444 thousand and negative cash flows from operating activity in the six-month period then ended at NIS 5,026 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.

SAVOREAT LTD.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL INFORMATION (continued)

AS OF JUNE 30, 2024

(Unaudited)

NOTE 1 - GENERAL (continued):

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.

- h.** On October 7, 2023, the Hamas terror organization in the Gaza Strip launched a surprise attack against Israel. Following this attack, the Israeli government declared the Iron Swords war against Hamas. Later, Israel was also attacked from the north by the Hezbollah terror organization, and tension in other fronts has also been elevated.

As part of coping with threats posed during the Iron Swords War, the Israeli government evacuated dozens of the communities bordering Gaza and those along the Israel-Lebanon border, and imposed restrictions on gatherings, workplaces and educational activities subject to the guidelines of the Home Front Command. Additionally, many reservists were called in for a prolonged active duty.

Those factors caused a slowing down of business activity in Israel, as a result of closing businesses, labor shortage and delays in the supply chain.

At this stage, the Company is unable to reasonably assess the impact of the continuation of the Iron Swords War on the scale of its operations in Israel and the results of such operations. Among other things, such impact is dependent on the scope and duration of the war, the impact on the Israeli economy as a whole and on the specific industry in which the Company operates. The Company continues to monitor developments, to consider the impact on its business activity in Israel and the steps it would take accordingly.

The Company believes that even in the event of a prolonged war and an economic slowdown in Israel, it will be able to repay its existing liabilities as of June 30, 2024, and as a consequence, its activity will continue according to the strategy it outlined, and subject to the information presented above.

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, 2024 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 2023 annual financial statements and the accompanying notes, which were prepared in accordance with International Financial Reporting Standards, which are standards and interpretations issued by the International Accounting Standards Board. (hereinafter – "IFRS") and include the additional disclosure required by Chapter D of Securities Regulation (Annual Financial Statements), 2010. The Company's results of operations for the six-month period ended June 30, 2024 do not necessarily indicate the results to be expected in the year ended December 31, 2024.

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NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL INFORMATION (continued)

AS OF JUNE 30, 2024

(Unaudited)

NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES (continued):

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, the significant judgment 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, 2023.

NOTE 3 - EQUITY:

On June 25, 2024, the Company's board of directors approved an allocation of options to all serving directors (including CEO) and to an officer of the Company. In the allocation, 113,000 options were granted, exercisable into 113,000 ordinary shares of NIS 0.01 par value each of the Company for an exercise price of NIS 7 and NIS 9.2. The vesting period is four years, and according to the option plan of the Company. On August 12, 2024, the allocation of options to the directors and CEO was approved at the Company's shareholders' meeting.

The Company uses the Black and Scholes pricing model for valuing the options granted. The fair value of the options granted is amortized over their vesting period using the following assumptions:

	June 30,
	2024
	<hr/>
Dividend yield	0%
Expected volatility	56%
Risk-free interest rate	4.5%
Expected period to exercise	7

NOTE 4 - LOSS PER SHARE:

Basic and diluted

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

Diluted loss 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.

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NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL INFORMATION (continued)

AS OF JUNE 30, 2024

(Unaudited)

NOTE 4 - LOSS PER SHARE (continued):

	Six months ended		Year ended
	June 30		December 31,
	2024	2023	2023
	(Unaudited)		(Audited)
	NIS in thousands		
Loss for the period	(5,399)	(4,977)	(13,263)
Weighted average of number of issued ordinary shares	<u>2,193,290</u>	<u>2,193,290</u>	<u>2,193,290</u>
Basic and diluted loss per share (NIS)	<u>(2.46)</u>	<u>(2.27)</u>	<u>(6.05)</u>

NOTE 5 - INVESTMENT IN ASSOCIATE:

On October 6, 2021, the Company and Egg'N'up Ltd (which was created by the Company for the purposes of that agreement) entered into an agreement with Millennium Food-Tech Limited Partnership – an interested party of the Company by virtue of its holdings (hereinafter - "Millennium") – for investment in a plant-based egg substitute that the Company developed that proprietary cellulose fibers.

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 a proprietary, unique and advanced digital system, while taking advantage of this business opportunity and continuing development of the egg substitute by Egg'N'up Ltd.

To achieve that, the Company transferred to Egg'N'up Ltd the knowhow and technology for manufacturing of an egg substitute, including a right to engage with Yissum Research Development Co of Hebrew University of Jerusalem in consideration of an allotment of shares. The agreement includes reference to additional matters, such as adoption of capital-based compensation plan, ownership over the intellectual property to be developed by Egg'N'up Ltd., sublicense granted by the Company to Egg'N'up Ltd to facilitate the continued development of the new product, a mechanism for the provision of raw material by the Company to Egg'N'up, and the royalties to be paid to the Company when the product is sold and/or sublicense are granted, indemnification, etc.

Under the investment agreement, Millennium received preferred shares that give it the right to participate in decision making regarding activities that have material impact on the returns of Egg'N'up. Therefore, this investment is accounted for according to the equity method (in light of equity interest and board representation).

The balance of investment in Egg'N'up as of June 30, 2024 is zero, since the share of the Company in the losses of Egg'N'up exceeds its rights therein, and the Company does not have a legal or constructive obligation in connection to its investment.

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NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL INFORMATION (continued)

AS OF JUNE 30, 2024

(Unaudited)

NOTE 6 - RELATED PARTIES

On March 26, 2023, the Board of Directors approved an amendment to the engagement agreements with the CEO and Chairman, and to update the terms of service of another director. The amendment reduced their salary by approximately 25%, and this reduction will be repaid to them in the occurrence of certain events, with an option for interest and inflation linkage. This reduction is effectively beginning on January 1, 2023.

On June 25, 2024, the Board of Directors approved the renewal of the above engagement agreements for the period from April 2024 to the end of 2025.

As of the date of the statement of financial position and the date of issuing these financial statements, the Company is unaware that the condition for the occurrence of the certain events have been satisfied, and therefore, did not create a provision in its financial statements.

NOTE 7 - SUBSEQUENT EVENTS:

On July 27, 2024, the Company entered into a securities purchase agreement (hereafter –“the agreement”) with a German venture capital fund 2B AHEAD Ventures Fonds 02 GmbH & Co. KG (hereinafter - the "Fund"). Under the agreement and Subject to completion of a number of terms, the Company will issue to the Fund 152,838 ordinary shares of NIS 0.01 par value each of the Company and 76,419 warrants convertible into ordinary shares at an exercise price of NIS 12.595 each, in consideration of \$0.5 million. The closing of the agreement shall take place not later than 45 days from signing date.

