

UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
WASHINGTON, DC 20549

FORM 20-F

REGISTRATION STATEMENT PURSUANT TO SECTION 12(b) OR (g) OF THE SECURITIES EXCHANGE ACT OF 1934

OR

ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the fiscal year ended December 31, 2023

OR

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

OR

SHELL COMPANY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

Date of event requiring this shell company report \_\_\_\_\_

For the transition period from \_\_\_\_\_ to \_\_\_\_\_

Commission File No.: 001-41387

**SAVERONE 2014 LTD.**

*(Exact name of registrant as specified in its charter)*

*Translation of registrant's name into English:* Not applicable

Em Hamoshavot Rd. 94  
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Israel

*(Jurisdiction of incorporation or organization)*

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Securities registered or to be registered pursuant to Section 12(b) of the Act:

Title of each class to be registered	Trading Symbol(s)	Name of each exchange on which each class is to be registered
American Depository Shares, each representing 5 ordinary shares, par value NIS 0.01 per share	SVRE	Nasdaq Capital Market
Ordinary shares, par value NIS 0.01 per share		Nasdaq Capital Market*
Warrants to purchase ordinary shares, par value NIS 0.01 per share	SVREW	Nasdaq Capital Market

\* Listed not for trading or quotation purposes, but only in connection with the registration of American Depository Shares representing such ordinary shares pursuant to the requirements of the Securities and Exchange Commission. The American Depository Shares are registered under the Securities Act of 1933, as amended, pursuant to a separate registration statement on Form F-6 (File No. 333-263785).

Securities registered or to be registered pursuant to Section 12(g) of the Act: None

Securities for which there is a reporting obligation pursuant to Section 15(d) of the Act: None

Number of outstanding shares of each of the issuer's classes of capital or common stock as of December 31, 2023: 69,579,231 ordinary shares.

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes  No

If this report is an annual or transition report, indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or 15(d) of the Exchange Act of 1934. Yes  No

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Exchange Act during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes  No

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T during the preceding 12 months. Yes  No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or an emerging growth company. See definition of "large accelerated filer," "accelerated filer," and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer

Accelerated filer

Non-accelerated filer

Emerging Growth Company

If an emerging growth company that prepares its financial statements in accordance with U.S. GAAP, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 7(a)(2)(B) of the Securities Act.

† The term "new or revised financial accounting standard" refers to any update issued by the Financial Accounting Standards Board to its Accounting Standards Codification after April 5, 2012.

Indicate by check mark whether the registrant has filed a report on and attestation to its management's assessment of the effectiveness of its internal control over financial reporting under Section 404(b) of the Sarbanes Oxley Act (15 U.S.C. 7262(b)) by the registered public accounting firm that prepared or issued its audit report.

If securities are registered pursuant to Section 12(b) of the Act, indicate by check mark whether the financial statements of the registrant included in the filing reflect the correction of an error to previously issued financial statements.

Indicate by check mark whether any of those error corrections are restatements that required a recovery analysis of incentive based compensation received by any of the registrant's executive officers during the relevant recovery period pursuant to §240.10D-1(b).

Indicate by check mark which basis of accounting the registrant has used to prepare the financial statements included in this filing.

U.S. GAAP

International Financial Reporting Standards as issued by the International Accounting Standards Board

Other

If "Other" has been checked in response to the previous question, indicate by check mark which financial statement item the registrant has elected to follow.  Item 17  Item 18

If this is an annual report, indicate by check mark whether the registrant is a shell company. Yes  No

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## INTRODUCTION

Unless the context otherwise requires, references in this annual report on Form 20-F to the “Company,” “SaverOne,” “we,” “us,” “our” and other similar designations refer to SaverOne 2014 Ltd. All references to “shares” or “ordinary shares” are to our ordinary shares, NIS 0.01 par value per share. All references to “Israel” are to the State of Israel. All references to “ADS” refer to the American Depository Shares listed on the Nasdaq Capital Market (“Nasdaq”) under the symbol “SVRE,” each representing five of our ordinary shares. Our ordinary shares have been trading on the Tel Aviv Stock Exchange, or TASE, under the symbol “SAVR” since June 2020. On June 3, 2022, our ADSs and warrants began trading on the Nasdaq under the symbols “SVRE” and “SVREW”.

We report under International Financial Reporting Standards, or IFRS, as issued by the International Accounting Standards Board, or IASB. None of the financial statements were prepared in accordance with generally accepted accounting principles in the United States, or U.S. GAAP. Any discrepancies in any table between totals and sums of the amounts listed are due to rounding. Unless otherwise indicated, or the context otherwise requires, references in this Annual Report to financial and operational data for a particular year refer to the fiscal year of our company ended December 31 of that year.

The term “NIS” refers to New Israeli Shekels, the lawful currency of the State of Israel and the terms “dollar” “\$,” “US\$” and “U.S. dollars” refer to U.S. dollars, the lawful currency of the United States. We prepare our financial statements in NIS. This Annual Report contains conversions of NIS amounts into U.S. dollars at specific rates solely for the convenience of the reader. Unless otherwise noted, for the purposes of the presentation of financial data, all conversions from NIS to U.S. dollars and from U.S. dollars to NIS were made at the rate of NIS 3.6270 to \$1.00, based on the representative exchange rate reported by the Bank of Israel on December 31, 2023. The dollar amounts presented in this Annual Report should not be construed as representing amounts that are receivable or payable in dollars or convertible into dollars, unless otherwise indicated.

## **EMERGING GROWTH COMPANY STATUS**

We qualify as an “emerging growth company,” as defined in the U.S. Jumpstart Our Business Startups Act of 2012, or JOBS Act, and we may take advantage of certain exemptions, including exemptions from various reporting requirements that are otherwise applicable to public traded entities that do not qualify as emerging growth companies. These exemptions include:

- not being required to comply with the auditor attestation requirements of Section 404 of the Sarbanes-Oxley Act of 2002, or the Sarbanes-Oxley Act; and
- not being required to comply with any requirement that may be adopted by the Public Company Accounting Oversight Board regarding mandatory audit firm rotation or a supplement to the auditor’s report providing additional information about the audit and the financial statements (i.e., an auditor discussion and analysis).

Section 107 of the JOBS Act also provides that an emerging growth company can take advantage of the extended transition period provided in Section 13(a) of the Securities Exchange Act of 1934, as amended, or the Exchange Act, for complying with new or revised accounting standards. We have elected to irrevocably opt out of this extended transition period and, as a result, we are required to comply with new or revised accounting standards on the relevant dates on which adoption of such standards is required for non-emerging growth companies. Under federal securities laws, our decision to opt out of the extended transition period is irrevocable.

We will remain an emerging growth company until the earliest of: (i) the last day of the first fiscal year in which our annual gross revenues exceed \$1.235 billion; (ii) the last day of the fiscal year following the fifth anniversary of the date of our initial public offering (i.e., December 31, 2027); (iii) the date that we become a “large accelerated filer” as defined in Rule 12b-2 under the Exchange Act, which would occur if the aggregate worldwide market value of our ordinary shares, including ordinary shares represented by warrants, held by non-affiliates is at least \$700 million as of the prior June 30; or (iv) the date on which we have issued more than \$1.0 billion in non-convertible debt securities during any three-year period.

## **TRADEMARKS**

We own or have rights to trademarks, service marks and trade names that we use in connection with the operation of our business, including our corporate name, logos and website names. Other trademarks, service marks and trade names appearing in this Annual Report are the property of their respective owners. Solely for convenience, some of the trademarks, service marks and trade names referred to in this Annual Report are listed without the ® and ™ symbols, but we will assert, to the fullest extent under applicable law, our rights to our trademarks, service marks and trade names.

## **CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS**

Certain information included or incorporated by reference in this Annual Report on Form 20-F may be deemed to be "forward-looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995 and other securities laws. Forward-looking statements are often characterized by the use of forward-looking terminology such as "may," "will," "expect," "anticipate," "estimate," "continue," "believe," "should," "intend," "project" or other similar words, but are not the only way these statements are identified.

These forward-looking statements may include, but are not limited to, statements relating to our objectives, plans and strategies, statements that contain projections of results of operations or of financial condition, expected capital needs and expenses, statements relating to the research, development, completion and use of our products, and all statements (other than statements of historical facts) that address activities, events or developments that we intend, expect, project, believe or anticipate will or may occur in the future.

Forward-looking statements are not guarantees of future performance and are subject to risks and uncertainties. We have based these forward-looking statements on assumptions and assessments made by our management in light of their experience and their perception of historical trends, current conditions, expected future developments and other factors they believe to be appropriate.

Important factors that could cause our actual results to differ materially from any future results expressed or implied by the forward-looking statements. Many factors could cause our actual activities or results to differ materially from the activities and results anticipated in forward-looking statements, including, but not limited to, the factors summarized below:

- the ability of our technology to substantially improve the safety of drivers;
- our planned level of revenues and capital expenditures;
- our ability to market and sell our products;
- our plans to continue to invest in research and development to develop technology for both existing and new products;
- our intention to advance our technologies and commercialization efforts;
- our intention to use local distributors in each country or region that we will conduct business to distribute our products or technology;
- our plan to seek patent, trademark and other intellectual property rights for our products and technologies in the United States and internationally, as well as our ability to maintain and protect the validity of our currently held intellectual property rights;
- our expectations regarding future changes in our cost of revenues and our operating expenses;
- interpretations of current laws and the passage of future laws;
- acceptance of our business model by investors;

- the ability to correctly identify and enter new markets;
- the impact of competition and new technologies;
- general market, political and economic conditions in the countries in which we operate;
- projected capital expenditures and liquidity
- our intention to retain key employees, and our belief that we maintain good relations with all of our employees;
- any resurgence of the COVID-19 pandemic and its impact on our business and industry;
- security, political and economic instability in the Middle East that could harm our business, including due to the current war between Israel and Hamas; and
- those factors referred to in “Item 3.D. Risk Factors,” “Item 4. Information on the Company,” and “Item 5. Operating and Financial Review and Prospects,” as well as in this Annual Report on Form 20-F generally.

These statements are only current predictions and are subject to known and unknown risks, uncertainties, and other factors that may cause our or our industry's actual results, levels of activity, performance, or achievements to be materially different from those anticipated by the forward-looking statements. We discuss many of these risks in this Annual Report on Form 20-F in greater detail under the heading “Risk Factors” and elsewhere in this Annual Report on Form 20-F. You should not rely upon forward-looking statements as predictions of future events.

Although we believe that the expectations reflected in the forward-looking statements are reasonable, we cannot guarantee future results, levels of activity, performance, or achievements. Except as required by law, we are under no duty to update or revise any of the forward-looking statements, whether as a result of new information, future events or otherwise, after the date of this Annual Report on Form 20-F.

## **MARKET, INDUSTRY AND OTHER DATA**

Market data and certain industry data and forecasts used throughout this Annual Report on Form 20-F were obtained from sources we believe to be reliable, including market research databases, publicly available information, reports of governmental agencies, and industry publications and surveys. We have relied on certain data from third party sources, including industry forecasts and market research, which we believe to be reliable based on our management's knowledge of the industry. While we are not aware of any misstatements regarding the industry data presented in this Annual Report on Form 20-F, our estimates involve risks and uncertainties and are subject to change based on various factors, including those discussed under the heading "Risk Factors" and elsewhere in this Annual Report on Form 20-F.

Statements made in this Annual Report on Form 20-F concerning the contents of any agreement, contract or other document are summaries of such agreements, contracts or documents and are not a complete description of all of their terms. If we filed any of these agreements, contracts or documents as exhibits to this Report or to any previous filing with the Securities and Exchange Commission, or SEC, you may read the document itself for a complete understanding of its terms.

## PART I

### ITEM 1. IDENTITY OF DIRECTORS, SENIOR MANAGEMENT AND ADVISERS

Not applicable.

### ITEM 2. OFFER STATISTICS AND EXPECTED TIMETABLE

Not applicable.

### ITEM 3. KEY INFORMATION

#### A. [Reserved]

#### B. Capitalization and Indebtedness

Not applicable.

#### C. Reasons for the Offer and Use of Proceeds

Not applicable.

#### D. Risk Factors

You should carefully consider the risks described below, together with all of the other information in this Annual Report on Form 20-F. The risks and uncertainties described below are those significant risk factors, currently known and specific to us, that we believe are relevant to an investment in our securities. Additional risks and uncertainties not currently known to us or that we now deem immaterial may also harm us. If any of these risks materialize our business, results of operations or financial condition could suffer, and the price of our ordinary shares could decline substantially.

#### Summary Risk Factors

Our business is subject to numerous risks and uncertainties, including those highlighted in the section titled “Risk Factors” below. These risks include, among others, the following:

#### Risks Related to Our Financial Condition and Capital Requirements

- We are an early commercialization stage company and have a limited operating history on which to assess the prospects for our business, have incurred significant losses since the date of our inception, and anticipate that we will continue to incur significant losses until we are able to successfully commercialize our products.

- We have not generated any significant revenue from the sale of our current products and may never be profitable.
- We expect that we will need to raise substantial additional capital before we can expect to become profitable from sales of our products. This additional capital may not be available on acceptable terms, or at all. Failure to obtain this necessary capital when needed may force us to delay, limit or terminate our product development efforts or other operations.

#### **Risks Related to Our Business and Industry**

- We are currently in the early commercialization stage and we depend entirely on the success of our current SaverOne systems that we have started to commercialize and that we may further develop.
- We may not be able to introduce products acceptable to customers, improve the technology used in our current systems in response to changing technology and end-user needs and we may not be able to successfully manage our planned growth and expansion.
- Our operating results and financial condition may fluctuate.
- The markets in which we participate are competitive. Even if we are successful in completing the development of our products in development, our failure to compete successfully could cause any future revenues and the demand for our products not to materialize or to decline over time.
- If our relationships with suppliers for our products and services were to terminate or our manufacturing arrangements were to be disrupted, our business could be interrupted.
- Our future success depends in part on our ability to retain our executive officers and to attract, retain and motivate other qualified personnel.
- We are subject to cybersecurity risks to our various systems and software and any material failure, weakness, interruption, cyber event, incident or breach of security could prevent us from effectively operating our business, or may cause harm to our business that may or may not be reparable.
- Our products will be subject to automotive regulations due to the global quality requirements, which could prevent us from marketing our products to vehicle manufacturers.
- Any resurgence of the COVID-19 pandemic could adversely affect our business, financial condition and results of operations.

## **Risks Related to Our Intellectual Property**

- If we are unable to obtain and maintain effective intellectual property rights or proprietary rights for our products, we may not be able to compete effectively in our markets.
- Intellectual property rights of third parties could adversely affect our ability to commercialize our products, and we might be required to litigate or obtain licenses from third parties in order to develop or market our SaverOne systems. Such litigation or licenses could be costly or not available on commercially reasonable terms.

## **Risks Related to the Ownership of our ADSs or Our Ordinary Shares**

- Sales of a substantial number of ADSs representing our ordinary shares in the public market by our existing shareholders could cause our share price to fall.
- Holders of ADSs are not ordinary shareholders and must act through the depositary to exercise their rights.
- We may have been a “passive foreign investment company”, or PFIC, for U.S. federal income tax purposes in 2023 and may be a PFIC in any subsequent taxable year. There generally would be negative tax consequences for U.S. taxpayers that are holders of our ADSs or our ordinary shares if we are or were to become a PFIC.

## **Risks Related to Israeli Law and Our Incorporation, Location and Operations in Israel**

- Our headquarters, research and development and other significant operations are located in Israel, and, therefore, our results may be adversely affected by political, economic and military instability in Israel.
- We are exposed to fluctuations in currency exchange rates.
- Provisions of Israeli law and our amended and restated articles of association may delay, prevent or otherwise impede a merger with, or an acquisition of, our company, which could prevent a change of control, even when the terms of such a transaction are favorable to us and our shareholders.
- It may be difficult to enforce a judgment of a United States court against us and our officers and directors in Israel or the United States, to assert United States securities laws claims in Israel or to serve process on our officers and directors.

## **General Risk Factors**

- Raising additional capital would cause dilution to our existing shareholders and may affect the rights of existing shareholders.
- If securities or industry analysts do not publish or cease publishing research or reports about us, our business or our market, or if they adversely change their recommendations or publish negative reports regarding our business or our shares, our ADSs or ordinary shares price and trading volume could decline.
- We have identified a material weakness in our internal control over financial reporting, and we may not be able to successfully implement remedial measures.

## Risks Related to Our Financial Condition and Capital Requirements

*We are an early commercialization stage company and have a limited operating history on which to assess the prospects for our business, have incurred significant losses since the date of our inception, and anticipate that we will continue to incur significant losses until we are able to successfully commercialize our products.*

We are currently in the early commercialization stage and have not yet generated significant revenues from our sales and operations. We have experienced net losses in every period since our inception. We incurred net losses of NIS 33.8 million (approximately \$9.3 million), NIS 25 million (approximately \$7.1 million) and NIS 26.5 million (approximately \$7.5 million) for the years ended December 31, 2023, 2022 and 2021, respectively. As of December 31, 2023, we had an accumulated deficit of NIS 135.6 million (approximately \$37.4 million).

We have devoted substantially all of our financial resources to develop our SaverOne system and have begun the process to invest in our sales and marketing activities as we start to transition to an early commercialization stage company. We have financed our operations primarily through the issuance of equity securities. The amount of our future net losses will depend, in part, on completing the development of our products, the rate of our future expenditures and our ability to obtain funding through the issuance of our securities, strategic collaborations or grants. We expect to continue to incur significant losses until we are able to successfully commercialize our products. We anticipate that our expenses will increase substantially if and as we:

- continue the development of our SaverOne system;
- establish a sales, marketing, distribution and technical support infrastructure to commercialize our products;
- seek to identify, assess, acquire, license, and/or develop other products and subsequent generations of our current products;
- seek to maintain, protect, and expand our intellectual property portfolio;
- seek to attract and retain skilled personnel; and
- create additional infrastructure to support our operations as a public company and our product development and planned future commercialization efforts.

*We have not generated any significant revenue from the sale of our current products and may never be profitable.*

While we have commenced commercialization efforts of our Generation 1.0 and 2.0 systems, we have not generated any significant revenue since our inception. Our ability to generate revenue and achieve profitability depends on our ability to successfully complete the development of, and to commercialize, our products. Our ability to generate future revenue from product sales depends heavily on our success in many areas, including but not limited to:

- completing development of our next generation SaverOne systems;
- establishing and maintaining supply and manufacturing relationships with third parties that can provide adequate (in amount and quality) products to support market demand for our products;

- launching and commercializing our SaverOne systems, either directly or with a collaborator or distributor;
- addressing any competing technological and market developments;
- identifying, assessing, acquiring and/or developing new products;
- negotiating favorable terms in any collaboration, licensing or other arrangements into which we may enter;
- maintaining, protecting and expanding our portfolio of intellectual property rights, including patents, trade secrets and know-how; and
- attracting, hiring and retaining qualified personnel.

*We expect that we will need to raise substantial additional capital before we can expect to become profitable from sales of our products. This additional capital may not be available on acceptable terms, or at all. Failure to obtain this necessary capital when needed may force us to delay, limit or terminate our product development efforts or other operations.*

We expect that we will require substantial additional capital to continue our commercialization of our SaverOne systems. In addition, our operating plans may change as a result of many factors that may currently be unknown to us, and we may need to seek additional funds sooner than planned. Our future capital requirements will depend on many factors, including but not limited to:

- the scope, rate of progress, results and cost of product development, and other related activities;
- the cost of establishing commercial supplies of our SaverOne systems;
- the cost and timing of establishing sales, marketing, and distribution capabilities; and
- the terms and timing of any collaborative, licensing, and other arrangements that we may establish.

Any additional fundraising efforts may divert our management from their day-to-day activities, which may adversely affect our ability to develop and commercialize our products. In addition, we cannot guarantee that future financing will be available in sufficient amounts or on terms acceptable to us, if at all. Moreover, the terms of any financing may adversely affect the holdings or the rights of our shareholders and the issuance of additional securities, whether equity or debt, by us, or the possibility of such issuance, may cause the market price of our ADSs and ordinary shares to decline. The incurrence of indebtedness could result in increased fixed payment obligations, and we may be required to agree to certain restrictive covenants, such as limitations on our ability to incur additional debt, limitations on our ability to acquire, sell or license intellectual property rights and other operating restrictions that could adversely impact our ability to conduct our business. We could also be required to seek funds through arrangements with collaborative partners or otherwise at an earlier stage than otherwise would be desirable, and we may be required to relinquish rights to some of our technologies or products or otherwise agree to terms unfavorable to us, any of which may have a material adverse effect on our business, operating results and prospects. Even if we believe that we have sufficient funds for our current or future operating plans, we may seek additional capital if market conditions are favorable or if we have specific strategic considerations.

If we are unable to obtain funding on a timely basis, we may be required to significantly curtail, delay or discontinue one or more of our research or development programs or the commercialization of our SaverOne systems or be unable to expand our operations or otherwise capitalize on our business opportunities, as desired, which could materially affect our business, financial condition and results of operations.

## Risks Related to Our Business and Industry

*We are currently in the early commercialization stage and we depend entirely on the success of our current SaverOne systems that we have started to commercialize and that we may further develop.*

We are currently in the early commercialization stage. Until recently, we have invested most of our efforts and financial resources in the research and development of our SaverOne systems and we have recently begun investing additional resources in sales and marketing and operational activities as we transition to a commercialization stage company. As a result, our business is primarily dependent on our ability to successfully commercialize and further develop our SaverOne systems. The process of commercialization and development is long, complex, costly and uncertain of outcome. While we have started to commercialize our SaverOne systems, we have not yet generated significant revenues from such sales and our operations. In addition, while some of our Generation 1.0 and Generation 2.0 systems are in various phases of pilot programs in Israel and abroad through which we are demonstrating our technology, we cannot assure that any of these programs or any future generations of our systems will result in subsequent sales of our products.

*Defects in our SaverOne systems could give rise to product returns or product liability, warranty or other claims that could result in material expenses, diversion of management time and attention, and damage to our reputation.*

Even if we are successful in introducing our SaverOne systems to the market, our products may contain undetected defects or errors that, despite testing, are not discovered until after a product has been used. This could result in delayed market acceptance of those products, claims from distributors, end-users or others, increased end-user service and support costs and warranty claims, damage to our reputation and business, or significant costs to correct the defect or error. We may from time to time become subject to warranty or product liability claims that could lead to significant expenses as we need to compensate affected end-users for costs incurred related to product quality issues.

Any claim brought against us, regardless of its merit, could result in material expense, diversion of management time and attention, and damage to our reputation, and could cause us to fail to retain or attract customers. Currently, we do not maintain product liability insurance outside of Israel, which will be necessary prior to the commercialization of our products. It is likely that any product liability insurance that we will have in the future will be subject to significant deductibles and there is no guarantee that such insurance will be available or adequate to protect against all such claims, or we may elect to self-insure with respect to certain matters. Costs or payments made in connection with warranty and product liability claims and product recalls or other claims could materially affect our financial condition and results of operations.

Furthermore, the automotive industry in general is subject to litigation claims due to the nature of personal injuries that result from traffic accidents. The emerging technologies of advanced driver assistance systems, or ADAS, and autonomous driving have not yet been litigated or legislated to a point whereby their legal implications are well documented. As a potential provider of such products, we may become liable for losses that exceed the current industry and regulatory norms. In addition, if any of our products are, or are alleged to be, defective, we may be required to participate in a recall of such products if the defect or the alleged defect relates to motor vehicle safety. Depending on the terms under which we supply our products, an auto manufacturer or other ADAS developers to whom we sell our software may hold us responsible for some or all of the entire repair or replacement costs of these products.

*We may not be able to introduce products acceptable to customers and we may not be able to improve the technology used in our current systems in response to changing technology and end-user needs.*

The markets in which we operate are subject to rapid and substantial innovation, regulation and technological change, mainly driven by technological advances and end-user requirements and preferences, as well as the emergence of new standards and practices. Even if we are able to complete the development of our products in development, our ability to compete in the ADAS, semi-autonomous and autonomous vehicle markets will depend, in large part, on our future success in enhancing our existing products and developing new systems that will address the varied needs of prospective end-users, and respond to technological advances and industry standards and practices on a cost-effective and timely basis to otherwise gain market acceptance.

Even if we successfully introduce our existing products in development, it is likely that new systems and technologies that we develop will eventually supplant our existing systems or that our competitors will create systems that will replace our systems. As a result, any of our products may be rendered obsolete or uneconomical by our or others' technological advances.

***We may not be able to successfully manage our planned growth and expansion.***

We expect to continue to make investments in our SaverOne systems in development and that we have begun to commercialize. We expect that our annual operating expenses will continue to increase as we invest in business development, marketing, research and development, manufacturing and production infrastructure, and develop customer service and support resources for future customers. Failure to expand operational and financial systems timely or efficiently may result in operating inefficiencies, which could increase costs and expenses to a greater extent than we anticipate and may also prevent us from successfully executing our business plan. We may not be able to offset the costs of operation expansion by leveraging the economies of scale from our growth in negotiations with our suppliers and contract manufacturers. Additionally, if we increase our operating expenses in anticipation of the growth of our business and this growth falls short of our expectations, our financial results will be negatively impacted.

If our business grows, we will have to manage additional product design projects, materials procurement processes, and sales efforts and marketing for an increasing number of products, as well as expand the number and scope of our relationships with suppliers, distributors and end customers. If we fail to manage these additional responsibilities and relationships successfully, we may incur significant costs, which may negatively impact our operating results. Additionally, in our efforts to be first to market with new products with innovative functionality and features, we may devote significant research and development resources to products and product features for which a market does not develop quickly, or at all. If we are not able to predict market trends accurately, we may not benefit from such research and development activities, and our results of operations may suffer.

As our future development and commercialization plans and strategies develop, we expect to need additional managerial, operational, sales, marketing, financial and legal personnel. Our management may need to divert a disproportionate amount of its attention away from our day-to-day activities and devote a substantial amount of time to managing these growth activities. We may not be able to effectively manage the expansion of our operations, which may result in weaknesses in our infrastructure, operational mistakes, loss of business opportunities, failure to deliver and timely deliver our products to customers, loss of employees and reduced productivity among remaining employees. Our expected growth could require significant capital expenditures and may divert financial resources from other projects, such as the development of additional new products. If our management is unable to effectively manage our growth, our expenses may increase more than expected, our ability to generate and/or grow revenue could be reduced, and we may not be able to implement our business strategy.

***Our operating results and financial condition may fluctuate.***

Even if we are successful in introducing our SaverOne systems to the market, the operating results and financial condition of our company may fluctuate from quarter to quarter and year to year and are likely to continue to vary due to several factors, many of which will not be within our control. If our operating results do not meet the guidance that we provide to the marketplace or the expectations of securities analysts or investors, the market price of the ADS will likely decline. Fluctuations in our operating results and financial condition may be due to several factors, including those listed below and those identified throughout this "Risk Factors" section:

- the degree of market acceptance of our products and services;
- the mix of products and services that we sell during any period;
- long sale cycles;
- changes in the amount that we spend to develop, acquire or license new products, technologies or businesses;
- changes in the amounts that we spend to promote our products and services;

- changes in the cost of satisfying our warranty obligations and servicing our installed base of systems;
- delays between our expenditures to develop and market new or enhanced systems and consumables and the generation of sales from those products;
- development of new competitive products and services by others;
- difficulty in predicting sales patterns and reorder rates that may result from a multi-tier distribution strategy associated with new product categories;
- litigation or threats of litigation, including intellectual property claims by third parties;
- changes in accounting rules and tax laws;
- changes in regulations and standards;
- the geographic distribution of our sales;
- our responses to price competition;
- general economic and industry conditions that affect end-user demand and end-user levels of product design and manufacturing;
- changes in interest rates that affect returns on our cash balances and short-term investments;
- changes in dollar-shekel exchange rates that affect the value of our net assets, future revenues and expenditures from and/or relating to our activities carried out in those currencies; and
- the level of research and development activities by our company.

Due to all of the foregoing factors, and the other risks discussed herein, you should not rely on quarter-to-quarter comparisons of our operating results as an indicator of our future performance.

***The markets in which we participate are competitive. Even if we are successful in completing the development of our SaverOne systems, our failure to compete successfully could cause any future revenues and the demand for our products not to materialize or to decline over time.***

Our business is characterized by rapid changes as well as new and disruptive technologies. We believe that the market for solutions designed to address mobile phone-related distractions while driving is a relatively new market with increasing competition for similar solutions. However, we believe that our SaverOne system is superior to the products of our competitors due to the fact that our system can differentiate between the driver's phone and other passenger's phones in the vehicle. Moreover, our system does not require the driver to cooperate other than on initial installation of the application on their phone.

Many of our current and potential competitors have longer operating histories and more extensive name recognition than we have and may also have greater financial, marketing, manufacturing, distribution and other resources than we have. Current and future competitors may be able to respond more quickly to new or emerging technologies and changes in customer demands and to devote greater resources to the development, promotion and sale of their products than we can. Our current and potential competitors may develop and market new technologies that render our existing or future products obsolete, unmarketable or less competitive (whether from a price perspective or otherwise). We cannot assure you that we will be able to maintain a competitive position or to compete successfully against current and future sources of competition.

***If our relationships with suppliers for our SaverOne systems were to terminate or our manufacturing arrangements were to be disrupted, our business could be interrupted.***

Our SaverOne systems depend on certain third-party technology and we purchase component parts that are used in our products from third-party suppliers, some of whom may compete with us. While there are several potential suppliers of most of these component parts that we use, we currently choose to use only one or a limited number of suppliers for several of these components. Our reliance on a single or limited number of vendors involves several risks, including:

- potential shortages of some key components;
- product performance shortfalls, if traceable to particular product components, since the supplier of the faulty component cannot readily be replaced;
- discontinuation of a product on which we rely;
- potential insolvency of these vendors; and
- reduced control over delivery schedules, manufacturing capabilities, quality and costs.

In addition, we require any new supplier to become “qualified” pursuant to our internal procedures. The qualification process involves evaluations of varying durations, which may cause production delays if we were required to qualify a new supplier unexpectedly. We generally assemble our systems and parts based on our internal forecasts and the availability of assemblies, components and finished goods that are supplied to us by third parties, which are subject to various lead times. If certain suppliers were to decide to discontinue production of an assembly, component that we use, the unanticipated change in the availability of supplies, or unanticipated supply limitations, could cause delays in, or loss of, sales, increased production or related costs and consequently reduced margins, and damage to our reputation. If we were unable to find a suitable supplier for a particular component, we could be required to modify our existing products or the end-parts that we offer to accommodate substitute components or compounds.

***Discontinuation of operations at our manufacturing sites could prevent us from timely filling customer orders and could lead to unforeseen costs for us.***

We plan to assemble and test the systems that we sell at subcontractors’ facilities in various locations that are specifically dedicated to separate categories of systems and consumables. Because of our reliance on all of these production facilities, a disruption at any of those facilities could materially damage our ability to supply our products to the marketplace in a timely manner. Depending on the cause of the disruption, we could also incur significant costs to remedy the disruption and resume product shipments. Such disruptions may be caused by, among other factors, pandemics, earthquakes, fire, flood and other natural disasters. Accordingly, any such disruption could result in a material adverse effect on our revenue, results of operations and earnings, and could also potentially damage our reputation.

***Our planned international operations will expose us to additional market and operational risks, and failure to manage these risks may adversely affect our business and operating results.***

We expect to derive a substantial percentage of our sales from international markets. Accordingly, we will face significant operational risks from doing business internationally, including:

- fluctuations in foreign currency exchange rates;
- potentially longer sales and payment cycles;

- potentially greater difficulties in collecting accounts receivable;
- potentially adverse tax consequences;
- reduced protection of intellectual property rights in certain countries, particularly in Asia and South America;
- difficulties in staffing and managing foreign operations;
- laws and business practices favoring local competition;
- costs and difficulties of customizing products for foreign countries;
- compliance with a wide variety of complex foreign laws, treaties and regulations;
- an outbreak of a contagious disease, such as coronavirus, which may cause us, third party vendors and manufacturers and/or customers to temporarily suspend our or their respective operations in the affected city or country;
- export license constraints or restrictions due to the unique technology of our products, some of which are dual use (defense and industry);
- tariffs, trade barriers and other regulatory or contractual limitations on our ability to sell or develop our products in certain foreign markets; and
- being subject to the laws, regulations and the court systems of many jurisdictions.

Our failure to manage the market and operational risks associated with our international operations effectively could limit the future growth of our business and adversely affect our operating results.

***Our future success depends in part on our ability to retain our executive officers and to attract, retain and motivate other qualified personnel.***

We are highly dependent on the services of both Ori Gilboa, our Chief Executive Officer, Yossi Cohen, our Chief Operating Officer and Omri Hagai, our Chief Financial Officer. The loss of their services without proper replacement may adversely impact the achievement of our objectives. Messrs. Gilboa, Cohen and Hagai may leave our employment at any time subject to contractual notice periods, as applicable. Also, our performance is largely dependent on the talents and efforts of highly skilled individuals, particularly our software engineers and computer vision professionals. Recruiting and retaining qualified employees, consultants, and advisors for our business, including scientific and technical personnel, will also be critical to our success. There is currently a shortage of skilled personnel in our industry, which is likely to continue. As a result, competition for skilled personnel is intense and the turnover rate can be high. We may not be able to attract and retain personnel on acceptable terms given the competition in the industry in which we operate. Moreover, certain of our competitors or other technology businesses may seek to hire our employees. The inability to recruit and retain qualified personnel, or the loss of the services of our executive officers, without proper replacement, may impede the progress of our development and commercialization objectives.

***Under applicable employment laws, we may not be able to enforce covenants not to compete and therefore may be unable to prevent our competitors from benefiting from the expertise of some of our former employees.***

We generally enter into non-competition agreements with our employees. These agreements prohibit our employees from competing directly with us or working for our competitors or clients for a limited period after they cease working for us. We may be unable to enforce these agreements under the laws of Israel in which our employees work, or under the laws of any other jurisdiction in which employees that we hire may work, and it may be difficult for us to restrict our competitors from benefiting from the expertise that our former employees or consultants developed while working for us. For example, Israeli courts have required employers seeking to enforce non-compete undertakings of a former employee to demonstrate that the competitive activities of the former employee will harm one of a limited number of material interests of the employer that have been recognized by the courts, such as the secrecy of a company's confidential commercial information or the protection of its intellectual property. If we cannot demonstrate that such interests will be harmed, we may be unable to prevent our competitors from benefiting from the expertise of our former employees or consultants and our ability to remain competitive may be diminished.

***We are subject to cybersecurity risks to our various systems and software and any material failure, weakness, interruption, cyber event, incident or breach of security could prevent us from effectively operating our business, or may cause harm to our business that may or may not be reparable.***

We are at risk for interruptions, outages and breaches of its: (a) operational systems, including business, financial, accounting, product development, data processing or production processes, owned by us or our potential suppliers and strategic partners; (b) facility security systems, owned by us or our potential suppliers and strategic partners; (c) the integrated software in our products; or (d) customer data that we process and/or store in our servers or our potential suppliers and strategic partners process on our behalf. Although we have implemented several protection systems and processes to protect our IT infrastructure and data, such incidents could: materially disrupt our operational systems; result in loss of intellectual property, trade secrets or other proprietary or competitively sensitive information; compromise certain information of employees, potential customers, potential suppliers and strategic partners, or others; jeopardize the security of our facilities; or affect the performance of the integrated software in our products.

We plan to include in-vehicle services and functionality that utilize cellphone connectivity to enhance on-the-road performance by preventing drivers from using dangerous applications while driving. The availability and effectiveness of our services depend on the continued operation of information technology and communications systems. Our systems will be vulnerable to damage or interruption from, among others, physical theft, fire, terrorist attacks, natural disasters, power loss, war, telecommunications failures, viruses, denial or degradation of service attacks, ransomware, social engineering schemes, insider theft or misuse or other attempts to harm our systems. We intend to use its in-vehicle services and functionality to log information about each vehicle's use in order to aid our in vehicle diagnostics and servicing. Our potential customer base may object to the use of this data, which may limit our offering portfolio and harm our business prospects.

Moreover, there are inherent risks associated with developing, improving, expanding and updating our current systems, such as the disruption of our data management, procurement, production execution, finance, supply chain and sales and service processes. These risks may affect our ability to manage our data and inventory, procure parts or supplies or assemble, deploy, deliver and service its products, adequately protect its intellectual property or achieve and maintain compliance with, or realize available benefits under, applicable laws, regulations and contracts. We cannot be sure that these systems upon which it relies, including those of our potential suppliers and strategic partners, will be effectively implemented, maintained or expanded as planned. If we do not successfully implement, maintain or expand these systems as planned, its operations may be disrupted, its ability to accurately and timely report its financial results could be impaired, and deficiencies may arise in its internal control over financial reporting, which may impact our ability to certify our financial results. Moreover, our proprietary information or intellectual property could be compromised or misappropriated and its reputation may be adversely affected. If these systems do not operate as we expect them to, we may be required to expend significant resources to make corrections or find alternative sources for performing these functions.

We have developed and maintain a cybersecurity risk management program, consisting of cybersecurity policies, procedures, compliance and awareness programs to mitigate risk and to ensure compliance with security, availability and confidentiality trust principles. We also maintain a cybersecurity insurance policy. The cybersecurity process has been integrated into our overall risk management system and process, and is solely internally managed. See "Item 16.K—Cybersecurity" for additional information.

***Our SaverOne system operates as a deterrent to mobile-phone distracted driving, but cannot actually prevent mobile phone distracted driving.***

Our SaverOne system operates by detecting mobile phones in the driving area of a car and emitting a loud alarm in the event such phones do not have the SaverOne mobile application installed. Once installed, the SaverOne mobile application blocks potentially distracting phone applications while the car is in use that are set by the user. While these can potentially be effective deterrent methods, the SaverOne system cannot actually prevent the operation of a car by someone who is unbothered by the constant alarm in the event they attempt to drive without the SaverOne mobile application installed on their phone, it cannot prevent drivers with the SaverOne mobile application installed on their phones from allowing potentially distracting mobile applications to become unblocked.

***Some of our products will be subject to automotive regulations due to the global quality requirements, which could prevent us from marketing our products to vehicle manufacturers.***

The automotive regulations are dynamic and changing and effected by the final customer quality requirements as well. Even if we are successful in completing the development of some of our products, our failure to comply with the different types of regulations and requirements could delay the transfer to production schedule and eventually time to market these products.

In order to market our products to vehicle manufacturers we may be required to meet different types of regulations requirements such as International Organization for Standardization (ISO) 26262 Functional Safety Regulations (ASIL), the International Standard for Automotive Quality Management Systems (IAFT) 16949, Automotive Software Process Improvement and Capability Determination (SPICE) or other common quality management standards. In order to meet the quality requirements, we will have to cooperate with vehicle manufacturers, to receive their customers' quality requirements that meet the requisite regulation of such customers and implement tools, processes and methodologies. Such implementation will require significant resources and funds and is expected to consume significant time and effort. We expect that only our OEM solution, which is a solution designed for the OEM market, may require compliance with the foregoing regulations, whereas our Generation 1.0 and 2.0 solutions, both after-market solutions, are not required to comply with the foregoing regulations.

***New regulations or standards or changes in existing regulations or standards in the United States or internationally related to our products may result in unanticipated costs or liabilities, which could have a material adverse effect on our business, results of operations and future sales, and could place additional burdens on the operations of our business.***

Our products may be subject to governmental regulations in a variety of jurisdictions. In order to achieve and maintain market acceptance, our technology and products may have to comply with these regulations as well as a significant number of industry standards. In the United States, our technology and products will have to comply with various regulations defined by the Federal Communications Commission, or FCC, and others. We may also have to comply with similar international regulations. For example, our SaverOne system operates through the transmission of radio signals, and radio emissions are subject to regulation in the United States and in other countries in which we intend to do business. In the United States, various federal agencies including the Center for Devices and Radiological Health of the Food and Drug Administration, the FCC, the Occupational Safety and Health Administration and various state agencies have promulgated regulations that concern the use of radio/electromagnetic emissions standards. Member countries of the European Union have enacted similar standards concerning electrical safety and electromagnetic compatibility and emissions, and chemical substances and use standards.

As these regulations and standards evolve, and if new regulations or standards are implemented, we may be required to modify our technology or products or develop and support new versions of our technology or products, and our compliance with these regulations and standards may become more burdensome. The failure of technology or our products to comply, or delays in compliance, with the various existing and evolving industry regulations and standards could prevent or delay introduction of our technology or products, which could harm our business. End-customer uncertainty regarding future policies may also affect demand for communications products, including our products. Moreover, channel partners or end-customers may require us, or we may otherwise deem it necessary or advisable, to alter our technology or products to address actual or anticipated changes in the regulatory environment. Our inability to alter our technology or products to address these requirements and any regulatory changes may have a material adverse effect on our business, operating results and financial condition.

***Our products are cost sensitive and subject to customers' aggressive target costs. Our products are subsystems of modules as part of full semi-autonomous or autonomous systems with low cost product expectations and we may therefore be forced to lower our costs or have lower margins.***

The automotive industry is one that continuously strives for cost reduction goals and optimizing the vehicle cost to meet the end customers' expectations. For example, the target cost of ADAS, semi-autonomous and autonomous systems are being continuously reduced and while our products are cost sensitive to various costs factors, we may fail to meet these reduced market targets costs. We are working to build a robust supply chain network to support our cost reduction efforts and optimize our hardware and software costs, but may not be successful in doing so. If we are unable to reduce our costs in line with industry target cost, our results of operations may be adversely impacted.

***Our SaverOne solution may prevent drivers from contacting emergency services when the car is in motion.***

Our SaverOne solution operates to block non-permitted applications on phones within the driving area while the vehicle is in motion. In an emergency situation where the car is not stopped, the driver may be unable to contact emergency services, if phone calls and texting are deemed as non-permitted applications on the driver's SaverOne mobile phone application.

***Increasing scrutiny of, and evolving expectations for, sustainability and environmental, social, and governance, or ESG, initiatives could increase our costs or otherwise adversely impact our business.***

Public companies are facing increasing scrutiny related to ESG practices and disclosures from certain investors, capital providers, shareholder advocacy groups, other market participants and other stakeholder groups. With this increased focus, public reporting regarding ESG practices is becoming more broadly expected. Such increased scrutiny may result in increased costs, enhanced compliance or disclosure obligations, or other adverse impacts on our business, financial condition or results of operations. If our ESG practices and reporting do not meet investor or other stakeholder expectations, which continue to evolve, we may be subject to investor or regulator engagement regarding such matters. In addition, new sustainability rules and regulations have been adopted and may continue to be introduced in various states and other jurisdictions. For example, the SEC has adopted rules that require companies to provide expanded climate-related disclosures in their periodic reporting, which may require us to incur significant additional costs to comply and impose increased oversight obligations on our management and board of directors. Our failure to comply with any applicable rules or regulations could lead to penalties and adversely impact our reputation, access to capital and employee retention. Such ESG matters may also impact our third-party contract manufacturers and other third parties on which we rely, which may augment or cause additional impacts on our business, financial condition, or results of operations.

***Any resurgence of the COVID-19 pandemic could adversely affect our business, financial condition and results of operations.***

In late 2019, a novel strain of COVID-19, also known as coronavirus, was reported in Wuhan, China. While initially the outbreak was largely concentrated in China, it spread to countries across the globe, including in Israel and the United States. Many countries around the world, including in Israel and the United States, implemented significant governmental measures to control the spread of the virus, including temporary closure of businesses, severe restrictions on travel and the movement of people, and other material limitations on the conduct of business.

While the potential economic impact brought by, and the duration of, the COVID-19 pandemic may be difficult to assess or predict, it has already caused, and could result in further, significant disruption of global financial markets, reducing our ability to access capital, which could in the future negatively affect our liquidity and financial position. In addition, the trading prices for other companies have been highly volatile as a result of the COVID-19 pandemic. As a result, we may face difficulties raising capital through sales of our ordinary shares or other securities and such sales may be on unfavorable terms. To the extent that future waves of COVID-19 disrupt normal business operations, we may face operational challenges with our services, and we likely will have to adopt remote working and workplace protocols for employees in accordance with government requirements and other measures to minimize such impact.

The COVID-19 pandemic and its impacts continue to evolve. We cannot predict the scope and severity of any further disruptions as a result of COVID-19 or their impacts on us, but business disruptions for us or any of the third parties with whom we engage, including the manufacturers, suppliers, customers, regulators and other third parties with whom we conduct business could materially and negatively impact our ability to conduct our business in the manner and on the timelines presently planned. The extent to which the COVID-19 pandemic may continue to impact our business and financial performance will depend on future developments, which are highly uncertain and cannot be predicted with confidence, including the scope and duration of the pandemic, the extent and effectiveness of government restrictions and other actions, including relief measures, implemented to address the impact of the pandemic, and resulting economic impacts. We are unable to determine the extent of the impact of the pandemic on our operations and financial condition going forward. These developments are highly uncertain and unpredictable and may materially adversely affect our financial position and results of operations.

## Risks Related to Our Intellectual Property

### *If we are unable to obtain and maintain effective intellectual property rights for our products, we may not be able to compete effectively in our markets.*

Historically, we have relied on trade secret protection and confidentiality agreements to protect the intellectual property related to our technologies and products. Since June 2015, we have also sought patent protection for certain of our products. Our success depends in large part on our ability to obtain and maintain patent and other intellectual property protection in the United States and in other countries with respect to our proprietary technology and new products.

We have sought to protect our proprietary position by filing patent applications in Israel, the United States and in other countries, with respect to our novel technologies and products, which are important to our business. Patent prosecution is expensive and time consuming, and we may not be able to file and prosecute all necessary or desirable patent applications at a reasonable cost or in a timely manner. It is also possible that we will fail to identify patentable aspects of our research and development output before it is too late to obtain patent protection.

We have a growing portfolio of six issued U.S. patents and five pending U.S. applications, one granted European patent validated in United Kingdom, Germany, France, Italy, Spain, and Sweden, two granted Chinese patents, five pending applications with the Israeli Patent Office, two international patent applications, and two pending applications in Europe. In Israel, three of our patent applications have been allowed and subsequently opposed by a third-party. We have received the grounds of opposition by the opponent, and the proceedings are ongoing. It is difficult to assess at this time the likelihood of success in the opposition. Opposition proceedings in Israel tend to be lengthy and very procedural.

We cannot offer any assurances about which, if any, patent applications will issue, the breadth of any such patent or whether any issued patents will be found invalid and unenforceable or will be threatened by third parties. Any successful opposition to these patents or any other patents owned by or licensed to us after patent issuance could deprive us of rights necessary for the successful commercialization of any new products that we may develop.

Further, there is no assurance that all potentially relevant prior art relating to our patent applications has been found, which can invalidate a patent or prevent a patent from issuing from a pending patent application. Even if patents do successfully issue, and even if such patents cover our products, third parties may challenge their validity, enforceability, or scope, which may result in such patents being narrowed, found unenforceable or invalidated. Furthermore, even if they are unchallenged, our patent applications and any future patents may not adequately protect our intellectual property, provide exclusivity for our new products, or prevent others from designing around our claims. Any of these outcomes could impair our ability to prevent competition from third parties, which may have an adverse impact on our business.

If we cannot obtain and maintain effective patent rights for our products, we may not be able to compete effectively, and our business and results of operations would be harmed.

***If we are unable to maintain effective proprietary rights for our products, we may not be able to compete effectively in our markets.***

In addition to the protection afforded by any patents that may be granted, historically, we have relied on trade secret protection and confidentiality agreements to protect proprietary know-how that is not patentable or that we elect not to patent, processes that are not easily known, knowable or easily ascertainable, and for which patent infringement is difficult to monitor and enforce and any other elements of our product development processes that involve proprietary know-how, information or technology that is not covered by patents. However, trade secrets can be difficult to protect. We seek to protect our proprietary technology and processes, in part, by entering into confidentiality agreements with our employees, consultants, scientific advisors, and contractors. We also seek to preserve the integrity and confidentiality of our data, trade secrets and intellectual property by maintaining physical security of our premises and physical and electronic security of our information technology systems. Agreements or security measures may be breached, and we may not have adequate remedies for any breach. In addition, our trade secrets and intellectual property may otherwise become known or be independently discovered by competitors.

We cannot provide any assurances that our trade secrets and other confidential proprietary information will not be disclosed in violation of our confidentiality agreements or that competitors will not otherwise gain access to our trade secrets or independently develop substantially equivalent information and techniques. Also, misappropriation or unauthorized and unavoidable disclosure of our trade secrets and intellectual property could impair our competitive position and may have a material adverse effect on our business. Additionally, if the steps taken to maintain our trade secrets and intellectual property are deemed inadequate, we may have insufficient recourse against third parties for misappropriating any trade secret.

***Intellectual property rights of third parties could adversely affect our ability to commercialize our products, and we might be required to litigate or obtain licenses from third parties in order to develop or market our SaverOne systems. Such litigation or licenses could be costly or not available on commercially reasonable terms.***

It is inherently difficult to conclusively assess our freedom to operate without infringing on third party rights. Our competitive position may be adversely affected if existing patents or patents resulting from patent applications issued to third parties or other third-party intellectual property rights are held to cover our products or elements thereof, or our manufacturing or uses relevant to our development plans. In such cases, we may not be in a position to develop or commercialize products unless we successfully pursue litigation to nullify or invalidate the third-party intellectual property right concerned or enter into a license agreement with the intellectual property right holder, if available on commercially reasonable terms. There may also be pending patent applications that if they result in issued patents, could be alleged to be infringed by our new products. If such an infringement claim should be brought and be successful, we may be required to pay substantial damages, be forced to abandon our new products or seek a license from any patent holders. No assurances can be given that a license will be available on commercially reasonable terms, if at all.

It is also possible that we have failed to identify relevant third-party patents or applications. For example, U.S. patent applications filed before November 29, 2000 and certain U.S. patent applications filed after that date that will not be filed outside the United States remain confidential until patents issue. Patent applications in the United States and in most of the other countries are published approximately 18 months after the earliest filing for which priority is claimed, with such earliest filing date being commonly referred to as the priority date. Therefore, patent applications covering our new products or platform technology could have been filed by others without our knowledge. Additionally, pending patent applications which have been published can, subject to certain limitations, be later amended in a manner that could cover our platform technologies, our new products or the use of our new products. Third party intellectual property right holders may also actively bring infringement claims against us. We cannot guarantee that we will be able to successfully settle or otherwise resolve such infringement claims. If we are unable to successfully settle future claims on terms acceptable to us, we may be required to engage in or continue costly, unpredictable and time-consuming litigation and may be prevented from or experience substantial delays in pursuing the development of and/or marketing our new products. If we fail in any such dispute, in addition to being forced to pay damages, we may be temporarily or permanently prohibited from commercializing our new products that are held to be infringing. We might, if possible, also be forced to redesign our new products so that we no longer infringe the third party's intellectual property rights. Any of these events, even if we were ultimately to prevail, could require us to divert substantial financial and management resources that we would otherwise be able to devote to our business.

***Patent policy and rule changes could increase the uncertainties and costs surrounding the prosecution of our patent applications and the enforcement or defense of any issued patents.***

Changes in either the patent laws or interpretation of the patent laws in the United States and other countries may diminish the value of any patents that may issue from our patent applications or narrow the scope of our patent protection. The laws of foreign countries may not protect our rights to the same extent as the laws of the United States. Publications of discoveries in the scientific literature often lag behind the actual discoveries, and patent applications in the United States and other jurisdictions are typically not published until 18 months after filing, or in some cases not at all. We therefore cannot be certain that we were the first to file the invention claimed in our owned and licensed patent or pending applications, or that we or our licensor were the first to file for patent protection of such inventions. Assuming all other requirements for patentability are met, in the United States prior to March 15, 2013, the first to make the claimed invention without undue delay in filing, is entitled to the patent, while outside the United States, the first to file a patent application is entitled to the patent. After March 15, 2013, the Leahy-Smith America the United States has moved to a first to file system. Changes to the way patent applications will be prosecuted could increase the uncertainties and costs surrounding the prosecution of our patent applications and the enforcement or defense of any issued patents, all of which could have a material adverse effect on our business and financial condition.

***Our use of open source software could negatively affect our ability to sell our platform and subject us to possible litigation.***

We have included software in our platform covered by open source licenses. We do not own all of the open source technology in our platform and the ownership of the open source technology in our platform may not be easily determinable by us. Rather, we rely on third party open source contributors to ensure that the open source contributions to our platform are properly owned by the committers and contributors who contribute the open source technology and that such contributions do not infringe on other parties' intellectual property rights. Moreover, the terms of certain of the open source licenses have not been interpreted by United States or other courts, and there is a risk that such licenses could be construed in a manner that is incompatible with our current business model, imposing unanticipated conditions or restrictions on our ability to market our solutions. We or our customers may in the future receive, notices that claim we have misappropriated, misused or infringed other parties' intellectual property rights, and, to the extent products based on the open source software gain greater market visibility, we and our customers face a higher risk of being the subject of intellectual property infringement claims. In addition, we or our customers could be subject to lawsuits by parties claiming ownership of (or that different license terms apply to) what we believe to be open source software, or seeking to enforce the terms of an open source license. By the terms of certain open source licenses, we could be required to release the source code of our proprietary software, and to make our proprietary software available under open source licenses, if we combine our proprietary software with open source software in a certain manner. In the event that portions of our proprietary software are determined to be impacted by an open source license, we could be required to publicly release the affected portions of our source code, re-engineer all or a portion of our technologies, or otherwise be limited in the licensing of our technologies and services, each of which could reduce or eliminate the value of our technologies and cause us to have to significantly alter our current business model. These claims could also result in litigation (including litigation against our customers or partners, which could result in us being obligated to indemnify our customers or partners against such litigation), require us to purchase a costly license or require us to devote additional research and development resources to change our solutions, any of which could have a negative effect on our business and operating results. In addition, if the license terms for the open source code change, we may be forced to re-engineer our solutions or incur additional costs to find alternative tools.

In addition to risks related to license requirements, usage of open source software can lead to greater risks than use of third party commercial software, as open source licensors generally do not provide warranties, support, indemnity or assurance of title or controls on origin of the software. Further, some open source projects have known vulnerabilities and architectural instabilities and are provided on an “as is” basis. Many of these risks associated with usage of open source software, such as the lack of warranties or assurances of title, cannot be eliminated, and could, if not properly addressed, negatively affect the performance of our platform and our business. In addition, we may be required to absorb these risks in our customer relationships by agreeing to provide warranties, support and indemnification with respect to such third party open source software. While we have established processes intended to alleviate these risks, we cannot assure that these measures will eliminate or significantly reduce these risks.

***We may be involved in lawsuits to protect or enforce our intellectual property, which could be expensive, time consuming, and unsuccessful.***

Competitors may infringe our intellectual property. If we were to initiate legal proceedings against a third party to enforce a patent covering one of our new products, the defendant could counterclaim that the patent covering our product is invalid and/or unenforceable. In patent litigation in the United States, defendant counterclaims alleging invalidity and/or unenforceability are commonplace. Grounds for a validity challenge could be an alleged failure to meet any of several statutory requirements, including lack of novelty, obviousness, or non-enablement. Grounds for an unenforceability assertion could be an allegation that someone connected with prosecution of the patent withheld relevant information from the United States Patent and Trademark Office, or USPTO, or made a misleading statement, during prosecution. The validity of U.S. patents may also be challenged in post-grant proceedings before the USPTO. The outcome following legal assertions of invalidity and unenforceability is unpredictable.

Derivation proceedings initiated by third parties or brought by us may be necessary to determine the priority of inventions and/or their scope with respect to our patent or patent applications or those of our licensors. An unfavorable outcome could require us to cease using the related technology or to attempt to license rights to it from the prevailing party. Our business could be harmed if the prevailing party does not offer us a license on commercially reasonable terms. Our defense of litigation or interference proceedings may fail and, even if successful, may result in substantial costs and distract our management and other employees. In addition, the uncertainties associated with litigation could have a material adverse effect on our ability to raise the funds necessary to continue our research programs, license necessary technology from third parties, or enter into development partnerships that would help us bring our new products to market.

Furthermore, because of the substantial amount of discovery required in connection with intellectual property litigation, there is a risk that some of our confidential information could be compromised by disclosure during this type of litigation. There could also be public announcements of the results of hearings, motions, or other interim proceedings or developments. If securities analysts or investors perceive these results to be negative, it could have a material adverse effect on the price of our ADSs or ordinary shares.

In Israel, three of our patent applications have been allowed and subsequently opposed by a third-party. We have received the grounds of opposition by the opponent, and the proceedings are ongoing. It is difficult to assess at this time the likelihood of success in the opposition. Opposition proceedings in Israel tend to be lengthy and very procedural.

***We may be subject to claims challenging the inventorship of our intellectual property.***

We may be subject to claims that former employees, collaborators or other third parties have an interest in, or right to compensation, with respect to our current patent and patent applications, future patents or other intellectual property as an inventor or co-inventor. For example, we may have inventorship disputes arise from conflicting obligations of consultants or others who are involved in developing our products. Litigation may be necessary to defend against these and other claims challenging inventorship or claiming the right to compensation. If we fail in defending any such claims, in addition to paying monetary damages, we may lose valuable intellectual property rights, such as exclusive ownership of, or right to use, valuable intellectual property. Such an outcome could have a material adverse effect on our business. Even if we are successful in defending against such claims, litigation could result in substantial costs and be a distraction to management and other employees.

***We may not be able to protect our intellectual property rights throughout the world.***

Filing, prosecuting, and defending patents on products, as well as monitoring their infringement in all countries throughout the world would be prohibitively expensive, and our intellectual property rights in some countries can be less extensive than those in the United States. In addition, the laws of some foreign countries do not protect intellectual property rights to the same extent as federal and state laws in the United States.

Competitors may use our technologies in jurisdictions where we have not obtained patent protection to develop their own products and may also export otherwise infringing products to territories where we have patent protection, but enforcement is not as strong as that in the United States. These products may compete with our products. Future patents or other intellectual property rights may not be effective or sufficient to prevent them from competing.

Many companies have encountered significant problems in protecting and defending intellectual property rights in foreign jurisdictions. The legal systems of certain countries, particularly certain developing countries, do not favor the enforcement of patents, trade secrets, and other intellectual property protection, which could make it difficult for us to stop the marketing of competing products in violation of our proprietary rights generally. Proceedings to enforce our patent rights in foreign jurisdictions, whether or not successful, could result in substantial costs and divert our efforts and attention from other aspects of our business, could put our future patents at risk of being invalidated or interpreted narrowly and our patent applications at risk of not issuing and could provoke third parties to assert claims against us. We may not prevail in any lawsuits that we initiate, and the damages or other remedies awarded, if any, may not be commercially meaningful. Accordingly, our efforts to monitor and enforce our intellectual property rights around the world may be inadequate to obtain a significant commercial advantage from the intellectual property that we develop or license.

**Risks Related to the Ownership of Our ADSs or Our Ordinary Shares**

***Sales of a substantial number of ADSs representing our ordinary shares in the public market by our existing shareholders could cause our share price to fall.***

Sales of a substantial number of ADSs representing our ordinary shares in the public market, or the perception that these sales might occur, could depress the market price of our ADSs and could impair our ability to raise capital through the sale of additional equity securities. We are unable to predict the effect that sales may have on the prevailing market price of our ADSs and our ordinary shares.

***Holders of ADSs are not ordinary shareholders and must act through the depositary to exercise their rights.***

Holders of our ADSs do not have the same rights as holders of ordinary shares and may only exercise the voting rights with respect to the underlying ordinary shares in accordance with the provisions of the deposit agreement. Under Israeli law, the minimum notice period required to convene a shareholders meeting is generally no less than 35 calendar days, but in some instances, 21 or 14 calendar days. When a shareholder meeting is convened, holders of our ADSs may not receive sufficient notice of a shareholders' meeting to permit them to withdraw their ordinary shares to allow them to cast their vote with respect to any specific matter. In addition, the depositary and its agents may not be able to send voting instructions to holders of our ADSs or carry out their voting instructions in a timely manner. We will make all reasonable efforts to cause the depositary to extend voting rights to holders of our ADSs in a timely manner, but we cannot assure holders that they will receive the voting materials in time to ensure that they can instruct the depositary to vote their ADSs. Furthermore, the depositary and its agents will not be responsible for any failure to carry out any instructions to vote, for the manner in which any vote is cast or for the effect of any such vote. As a result, holders of our ADSs may not be able to exercise their right to vote and they may lack recourse if their ADSs are not voted as they requested. In addition, in the capacity as a holder of ADSs, they will not be able to call a shareholders' meeting unless they first redeem their ADSs and become holders of the underlying ordinary shares held in the Israeli market in order to allow them to submit to us a request to call a meeting with respect to any specific matter, in accordance with the applicable provisions of the Israeli Companies Law 5759-1999, or the Companies Law, and our amended and restated articles of association.

***The JOBS Act, allows us to postpone the date by which we must comply with some of the laws and regulations intended to protect investors and to reduce the amount of information we provide in our reports filed with the SEC, which could undermine investor confidence in our company and adversely affect the market price of our ADSs or our ordinary shares.***

For so long as we remain an "emerging growth company" as defined in the JOBS Act, we intend to take advantage of certain exemptions from various requirements that are applicable to public companies that are not "emerging growth companies" including:

- the provisions of the Sarbanes-Oxley Act requiring that our independent registered public accounting firm provide an attestation report on the effectiveness of our internal control over financial reporting; and
- any rules that may be adopted by the Public Company Accounting Oversight Board requiring mandatory audit firm rotation or a supplement to the auditor's report on the financial statements.

We intend to take advantage of these exemptions until we are no longer an “emerging growth company.” We will remain an emerging growth company until the earliest of: (i) the last day of the first fiscal year in which our annual gross revenues exceed \$1.235 billion; (ii) the last day of the fiscal year following the fifth anniversary of the date of our initial public offering (i.e., December 31, 2027); (iii) the date that we become a “large accelerated filer” as defined in Rule 12b-2 under the Exchange Act, which would occur if the aggregate worldwide market value of our ordinary shares, including ordinary shares represented by warrants, held by non-affiliates is at least \$700 million as of the prior June 30; or (iv) the date on which we have issued more than \$1.0 billion in non-convertible debt securities during any three-year period.

We cannot predict if investors will find our ADSs or our ordinary shares less attractive because we may rely on these exemptions. If some investors find our ADSs or our ordinary shares less attractive as a result, there may be a less active trading market for our ADSs or our ordinary shares, and our market prices may be more volatile and may decline.

***As a “foreign private issuer” we are permitted to and follow certain home country corporate governance practices instead of otherwise applicable SEC and Nasdaq requirements, which may result in less protection than is accorded to investors under rules applicable to domestic U.S. issuers.***

Our status as a foreign private issuer also exempts us from compliance with certain SEC laws and regulations and certain regulations of the Nasdaq, including the proxy rules, the short-swing profits recapture rules, and certain governance requirements such as independent director oversight of the nomination of directors and executive compensation. In addition, we are not required, under the Exchange Act, to file current reports and financial statements with the SEC as frequently or as promptly as U.S. domestic companies whose securities are registered under the Exchange Act and we are generally exempt from filing quarterly reports with the SEC. Also, although the Companies Law requires us to disclose the annual compensation of our five most highly compensated senior officers on an individual basis, this disclosure is not as extensive as that required of a U.S. domestic issuer. For example, the disclosure required under Israeli law would be limited to compensation paid in the immediately preceding year without any requirement to disclose option exercises and vested stock options, pension benefits or potential payments upon termination or a change of control. Furthermore, as a foreign private issuer, we are also not subject to the requirements of Regulation FD (Fair Disclosure) promulgated under the Exchange Act.

These exemptions and leniencies will reduce the frequency and scope of information and protections to which you are entitled as an investor.

***Although as a foreign private issuer we are exempt from certain corporate governance standards applicable to US issuers, if we cannot satisfy, or continue to satisfy, the initial listing requirements and other rules of the Nasdaq, our securities may not be listed or may be delisted, which could negatively impact the price of our securities and your ability to sell them.***

Our securities are listed on the Nasdaq. Even though our securities are listed on the Nasdaq, we cannot assure you that our securities will continue to be listed on the Nasdaq.

In order to maintain our listing on the Nasdaq, we are required to comply with certain rules of the Nasdaq, including those regarding minimum shareholders’ equity, minimum share price, minimum market value of publicly held shares, and various additional requirements. Even if we initially meet the listing requirements and other applicable rules of the Nasdaq, we may not be able to continue to satisfy these requirements and applicable rules. If we are unable to satisfy the Nasdaq criteria for maintaining our listing, our securities could be subject to delisting.

If Nasdaq does not list our securities, or subsequently delists our securities from trading, we could face significant consequences, including:

- a limited availability for market quotations for our securities;
- reduced liquidity with respect to our securities;
- a determination that our ADSs are a “penny stock,” which will require brokers trading in our ADS to adhere to more stringent rules and possibly result in a reduced level of trading activity in the secondary trading market for our ADSs;
- limited amount of news and analyst coverage; and
- a decreased ability to issue additional securities or obtain additional financing in the future.

***We may have been a “passive foreign investment company”, or PFIC, for U.S. federal income tax purposes in 2023 and may be a PFIC in any subsequent taxable year. There generally would be negative tax consequences for U.S. taxpayers that are holders of our ADSs or our ordinary shares if we are or were to become a PFIC.***

Based on the projected composition of our income and valuation of our assets, we may have been a PFIC for our 2023 taxable year and we may be a PFIC for 2024 and in the future, although there can be no assurance in this regard. The determination of whether we are a PFIC is made on an annual basis and will depend on the composition of our income and assets from time to time. We will be treated as a PFIC for U.S. federal income tax purposes in any taxable year in which either (1) at least 75% of our gross income is “passive income” or (2) on quarterly average at least 50% of our assets by value produce passive income or are held for the production of passive income. Passive income for this purpose generally includes, among other things, certain dividends, interest, royalties, rents and gains from commodities and securities transactions and from the sale or exchange of property that gives rise to passive income. Passive income also includes amounts derived by reason of the temporary investment of funds, including those raised in a public offering. In determining whether a non-U.S. corporation is a PFIC, a proportionate share of the income and assets of each corporation in which it owns, directly or indirectly, at least a 25% interest (by value) is taken into account. The tests for determining PFIC status are applied annually and it is difficult to make accurate projections of future income and assets which are relevant to this determination. In addition, our PFIC status may depend in part on the market value of our ADSs or our ordinary shares. Accordingly, there can be no assurance that we will not be a PFIC in subsequent years. If we were a PFIC in 2023, or are a PFIC in any subsequent taxable year during which a U.S. taxpayer holds our ADSs or our ordinary shares, such U.S. taxpayer would be subject to certain adverse U.S. federal income tax rules. In particular, if the U.S. taxpayer did not make an election to treat us as a “qualified electing fund”, or QEF, or make a “mark-to-market” election, then “excess distributions” to the U.S. taxpayer, and any gain realized on the sale or other disposition of our ADSs or our ordinary shares by the U.S. taxpayer: (1) would be allocated ratably over the U.S. taxpayer’s holding period for our ADSs or ordinary shares; (2) the amount allocated to the current taxable year and any period prior to the first day of the first taxable year in which we were a PFIC would be taxed as ordinary income; and (3) the amount allocated to each of the other taxable years would be subject to tax at the highest rate of tax in effect for the applicable class of taxpayer for that year, and an interest charge for the deemed deferral benefit would be imposed with respect to the resulting tax attributable to each such other taxable year. In addition, if the U.S. Internal Revenue Service, or the IRS, determines that we are a PFIC for a year with respect to which we have determined that we were not a PFIC, it may be too late for a U.S. taxpayer to make a timely QEF or mark-to-market election. A U.S. taxpayer that has held our ADSs or our ordinary shares during a period when we were a PFIC will generally be subject to the foregoing rules unless we cease to be a PFIC and such U.S. taxpayer makes a “deemed sale” election with respect to our ADSs or our ordinary shares. If we are a PFIC in any year, U.S. taxpayers may be subject to additional IRS filing requirements, including the filing of IRS Form 8621, as a result of directly or indirectly owning stock of a PFIC. We do not intend to notify U.S. taxpayers that hold our ADSs or our ordinary shares if we believe we will be treated as a PFIC for any taxable year in order to enable U.S. taxpayers to consider whether to make a QEF election or a mark-to-market election. In addition, we do not intend to furnish such U.S. taxpayers annually with information needed in order to complete IRS Form 8621 and to make and maintain a valid QEF election for any year in which we are a PFIC. U.S. taxpayers that hold our ADSs or our ordinary shares are strongly urged to consult their tax advisors about the PFIC rules, including tax return filing requirements and the eligibility, manner, and consequences to them of making a QEF or mark-to-market election with respect to our ADSs or our ordinary shares in the event that we are a PFIC. See “Item 10.E. Taxation—Certain Material United States Federal Income Tax Considerations—Passive foreign investment company considerations” for additional information.

***If a United States person is treated as owning at least 10% of our ordinary shares, such holder may be subject to adverse U.S. federal income tax consequences.***

If a United States person is treated as owning (directly, indirectly or constructively) at least 10% of the value or voting power of our ordinary shares, such person may be treated as a “United States shareholder” with respect to each “controlled foreign corporation” in our group (if any). A United States shareholder of a controlled foreign corporation may be required to annually report and include in its U.S. taxable income its pro rata share of “Subpart F income,” “global intangible low-taxed income” and investments in U.S. property by controlled foreign corporations, whether or not we make any distributions, and may be subject to tax reporting obligations. An individual that is a United States shareholder with respect to a controlled foreign corporation generally would not be allowed certain tax deductions or foreign tax credits that would be allowed to a United States shareholder that is a U.S. corporation. A failure to comply with these reporting obligations may subject you to significant monetary penalties and may prevent the statute of limitations with respect to your U.S. federal income tax return for the year for which reporting was due from starting. We cannot provide any assurances that we will assist any holder of our ordinary shares or ADSs in determining whether such holder is treated as a United States shareholder with respect to any “controlled foreign corporation” in our group (if any) or furnish to any United States holders of our ordinary shares or ADSs information that may be necessary to comply with the aforementioned reporting and tax paying obligations. A United States holder of our ordinary shares or ADSs should consult its tax advisors regarding the potential application of these rules to its investment in our ordinary shares or ADSs.

***ADSs holders may not be entitled to a jury trial with respect to claims arising under the deposit agreement, which could result in less favorable results to the plaintiff(s) in any such action.***

The deposit agreement governing our ADSs representing our ordinary shares provides that holders and beneficial owners of ADSs irrevocably waive the right to a trial by jury in any legal proceeding arising out of or relating to the deposit agreement or our ADSs, including claims under federal securities laws, against us or the depositary to the fullest extent permitted by applicable law. If this jury trial waiver provision is prohibited by applicable law, an action could nevertheless proceed under the terms of the deposit agreement with a jury trial. To our knowledge, the enforceability of a jury trial waiver under the federal securities laws has not been finally adjudicated by a federal court. However, we believe that a jury trial waiver provision is generally enforceable under the laws of the State of New York, which govern the deposit agreement, by a court of the State of New York or a federal court, which have non-exclusive jurisdiction over matters arising under the deposit agreement, applying such law. In determining whether to enforce a jury trial waiver provision, New York courts and federal courts will consider whether the visibility of the jury trial waiver provision within the agreement is sufficiently prominent such that a party has knowingly waived any right to trial by jury. We believe that this is the case with respect to the deposit agreement and our ADSs. In addition, New York courts will not enforce a jury trial waiver provision in order to bar a viable setoff or counterclaim sounding in fraud or one which is based upon a creditor's negligence in failing to liquidate collateral upon a guarantor's demand, or in the case of an intentional tort claim (as opposed to a contract dispute), none of which we believe are applicable in the case of the deposit agreement or our ADSs. No condition, stipulation or provision of the deposit agreement or ADSs serves as a waiver by any holder or beneficial owner of ADSs or by us or the depositary of compliance with any provision of the federal securities laws. If you or any other holder or beneficial owner of ADSs brings a claim against us or the depositary in connection with matters arising under the deposit agreement or our ADSs, you or such other holder or beneficial owner may not be entitled to a jury trial with respect to such claims, which may have the effect of limiting and discouraging lawsuits against us and / or the depositary. If a lawsuit is brought against us and / or the depositary under the deposit agreement, it may be heard only by a judge or justice of the applicable trial court, which would be conducted according to different civil procedures and may result in different results than a trial by jury would have had, including results that could be less favorable to the plaintiff(s) in any such action, depending on, among other things, the nature of the claims, the judge or justice hearing such claims, and the venue of the hearing.

***We may be subject to securities litigation, which is expensive and could divert management attention.***

In the past, companies that have experienced volatility in the market price of their stock have been subject to securities class action litigation. We may be the target of this type of litigation in the future. Litigation of this type could result in substantial costs and diversion of management's attention and resources, which could seriously hurt our business. Any adverse determination in litigation could also subject us to significant liabilities.

***If securities or industry analysts do not publish or cease publishing research or reports about us, our business or our market, or if they adversely change their recommendations or publish negative reports regarding our business or our shares, our share price and trading volume could decline.***

The trading market for our ordinary shares will be influenced by the research and reports that industry or securities analysts may publish about us, our business, our market or our competitors. We do not have any control over these analysts and we cannot provide any assurance that analysts will cover us or provide favorable coverage. If any of the analysts who may cover us adversely change their recommendation regarding our shares, or provide more favorable relative recommendations about our competitors, our share price would likely decline. If any analyst who may cover us were to cease coverage of our company or fail to regularly publish reports on us, we could lose visibility in the financial markets, which in turn could cause our share price or trading volume to decline.

***Our business, operating results and growth rates may be adversely affected by current or future unfavorable economic and market conditions and adverse developments with respect to financial institutions and associated liquidity risk.***

Our business depends on the economic health of the global economies. If the conditions in the global economies remain uncertain or continue to be volatile, or if they deteriorate, including as a result of the impact of military conflict, such as the wars between Russia and Ukraine and in the Middle East, terrorism or other geopolitical events, our business, operating results and financial condition may be materially adversely affected. Economic weakness, inflation and increases in interest rates, limited availability of credit, liquidity shortages and constrained capital spending have at times in the past resulted, and may in the future result, in challenging and delayed sales cycles, slower adoption of new technologies and increased price competition, and could negatively affect our ability to forecast future periods, which could result in an inability to satisfy demand for our products and a loss of market share.

In addition, increases in inflation raise our costs for commodities, labor, materials and services and other costs required to grow and operate our business, and failure to secure these on reasonable terms may adversely impact our financial condition. Additionally, increases in inflation, along with the uncertainties surrounding geopolitical developments and global supply chain disruptions, have caused, and may in the future cause, global economic uncertainty and uncertainty about the interest rate environment, which may make it more difficult, costly or dilutive for us to secure additional financing. A failure to adequately respond to these risks could have a material adverse impact on our financial condition, results of operations or cash flows.

There can be no assurance that future credit and financial market instability and a deterioration in confidence in economic conditions will not occur. Our general business strategy may be adversely affected by any such economic downturn, liquidity shortages, volatile business environment or continued unpredictable and unstable market conditions. If the current equity and credit markets deteriorate, or if adverse developments are experienced by financial institutions, it may cause short-term liquidity risk and also make any necessary debt or equity financing more difficult, more costly, more onerous with respect to financial and operating covenants and more dilutive. Failure to secure any necessary financing in a timely manner and on favorable terms could have a material adverse effect on our growth strategy, financial performance and stock price and could require us to alter our operating plans. In addition, there is a risk that one or more of our service providers, financial institutions, manufacturers, suppliers and other partners may be adversely affected by the foregoing risks, which could directly affect our ability to attain our operating goals on schedule and on budget.

#### **Risks Related to Israeli Law and Our Incorporation, Location and Operations in Israel**

##### ***We are exposed to fluctuations in currency exchange rates.***

A major portion of our business is conducted, and a material portion of our operating expenses is incurred, outside the United States, mainly in NIS. Therefore, we are exposed to currency exchange fluctuations in other currencies, particularly in NIS and the risks related thereto. Our primary expenses paid in NIS are employee salaries, fees for consultants and subcontractors and lease payments on our Israeli facilities. As a result, we are affected by foreign currency exchange fluctuations through both translation risk and transaction risk. Thus, we are exposed to the risks that: (a) the NIS may appreciate relative to the dollar; (b) the NIS devalue relative to the dollar; (c) the inflation rate in Israel may exceed the rate of devaluation of the NIS; or (d) the timing of such devaluation may lag behind inflation in Israel. In any such event, the dollar cost of our operations in Israel would increase and our dollar-denominated results of operations would be adversely affected. Our operations also could be adversely affected if we are unable to effectively hedge against currency fluctuations in the future.

##### ***Provisions of Israeli law and our amended and restated articles of association may delay, prevent or otherwise impede a merger with, or an acquisition of, our company, which could prevent a change of control, even when the terms of such a transaction are favorable to us and our shareholders.***

Israeli corporate law regulates mergers, requires tender offers for acquisitions of shares above specified thresholds, requires special approvals for transactions involving directors, officers or significant shareholders and regulates other matters that may be relevant to such types of transactions. For example, a merger may not be consummated unless at least 50 days have passed from the date on which a merger proposal is filed by each merging company with the Israel Registrar of Companies and at least 30 days have passed from the date on which the shareholders of both merging companies have approved the merger. In addition, a majority of each class of securities of the target company must approve a merger. Moreover, a tender offer for all of a company's issued and outstanding shares can only be completed if the acquirer receives positive responses from the holders of at least 95% of the issued share capital. Completion of the tender offer also requires approval of a majority of the offerees that do not have a personal interest in the tender offer, unless, following consummation of the tender offer, the acquirer would hold at least 98% of the company's outstanding shares. Furthermore, the shareholders, including those who indicated their acceptance of the tender offer, may, at any time within six months following the completion of the tender offer, claim that the consideration for the acquisition of the shares does not reflect their fair market value, and petition an Israeli court to alter the consideration for the acquisition accordingly, unless the acquirer stipulated in its tender offer that a shareholder that accepts the offer may not seek such appraisal rights, and the acquirer or the company published all required information with respect to the tender offer prior to the tender offer's response date.

Israeli tax considerations also may make potential transactions unappealing to us or to our shareholders whose country of residence does not have a tax treaty with Israel exempting such shareholders from Israeli tax. See "Item 10.E. Taxation—Israeli Tax Considerations and Government Programs" for additional information.

##### ***It may be difficult to enforce a judgment of a United States court against us and our officers and directors in Israel or the United States, to assert United States securities laws claims in Israel or to serve process on our officers and directors.***

We were incorporated in Israel. All of our executive officers and directors reside outside of the United States, and all of our assets and most of the assets of these persons are located outside of the United States. Therefore, a judgment obtained against us, or any of these persons, including a judgment based on the civil liability provisions of the U.S. federal securities laws, may not be collectible in the United States and may not necessarily be enforced by an Israeli court. It also may be difficult to affect service of process on these persons in the United States or to assert U.S. securities law claims in original actions instituted in Israel. Additionally, it may be difficult for an investor, or any other person or entity, to initiate an action with respect to United States securities laws in Israel. Israeli courts may refuse to hear a claim based on an alleged violation of United States securities laws reasoning that Israel is not the most appropriate forum in which to bring such a claim. In addition, even if an Israeli court agrees to hear a claim, it may determine that Israeli law and not United States law is applicable to the claim. If United States law is found to be applicable, the content of applicable United States law must be proven as a fact by expert witnesses, which can be a time consuming and costly process. Certain matters of procedure will also be governed by Israeli law. There is little binding case law in Israel that addresses the matters described above. As a result of the difficulty associated with enforcing a judgment against us in Israel, you may not be able to collect any damages awarded by either a United States or foreign court.

***Our headquarters, research and development and other significant operations are located in Israel, and, therefore, our results may be adversely affected by political, economic and military instability in Israel.***

Our executive office is located in Petah Tikvah, Israel. In addition, the majority of our key employees and all of our officers and directors are residents of Israel. Accordingly, political, economic and military conditions in the Middle East may affect our business directly. Since the establishment of the State of Israel in 1948, a number of armed conflicts have occurred between Israel and its neighboring countries and terrorist organizations active in the region, including Hamas (an Islamist militia and political group in the Gaza Strip) and Hezbollah (an Islamist militia and political group in Lebanon).

In particular, in October 2023, Hamas terrorists infiltrated Israel's southern border from the Gaza Strip and conducted a series of attacks on civilian and military targets. Hamas also launched extensive rocket attacks on the Israeli population and industrial centers located along Israel's border with the Gaza Strip and in other areas within the State of Israel. These attacks resulted in thousands of deaths and injuries, and Hamas additionally kidnapped many Israeli civilians and soldiers. Following the attack, Israel's security cabinet declared war against Hamas and commenced a military campaign against Hamas and these terrorist organizations in parallel continued rocket and terror attacks. As a result of the events of October 7, 2023, the Israeli government declared that the country was at war and the Israeli military began to call-up reservists for active duty. As a result, one member of management and a few employees were called for military reserve duty. To date, our member of management and the majority of employees who were initially called for active duty have since been released. The remaining employees that are still in military reserve duty do not perform critical functions for us. It is possible that there will be further or longer military reserve duty call-ups in the future, which may affect our business due to a shortage of skilled labor and loss of institutional knowledge, and necessary mitigation measures we may take to respond to a decrease in labor availability, such as overtime and third-party outsourcing, for example, which may have unintended negative effects and adversely impact our results of operations, liquidity or cash flows.

In addition, since the commencement of these events, there have been continued hostilities along Israel's northern border with Lebanon (with the Hezbollah terror organization) and southern border (with the Houthi movement in Yemen). It is possible that hostilities with Hezbollah in Lebanon will escalate, and that other terrorist organizations, including Palestinian military organizations in the West Bank as well as other hostile countries, such as Iran, will join the hostilities. Such clashes may escalate in the future into a greater regional conflict. In addition, Iran has threatened to attack Israel and is widely believed to be developing nuclear weapons. Iran is also believed to have a strong influence among extremist groups in the region, such as Hamas in Gaza, Hezbollah in Lebanon, the Houthi movement in Yemen and various rebel militia groups in Syria and Iraq. These situations may potentially escalate in the future to more violent events which may affect Israel and us. Any hostilities, armed conflicts, terrorist activities involving Israel or the interruption or curtailment of trade between Israel and its trading partners, or any political instability in the region could adversely affect business conditions and our results of operations and could make it more difficult for us to raise capital and could adversely affect the market price of our ordinary share. An escalation of tensions or violence might result in a significant downturn in the economic or financial condition of Israel, which could have a material adverse effect on our operations in Israel and our business. Parties with whom we do business have sometimes declined to travel to Israel during periods of heightened unrest or tension, forcing us to make alternative arrangements when necessary in order to meet our business partners face to face. In addition, the political and security situation in Israel may result in parties with whom we have agreements involving performance in Israel claiming that they are not obligated to perform their commitments under those agreements pursuant to force majeure provisions in such agreements. Our business interruption insurance may not adequately compensate us for losses, if at all, that may occur as a result of an event associated with a security situation in the Middle East, and any losses or damages incurred by us could have a material adverse effect on our business.

Since the war broke out on October 7, 2023, our operations have not been adversely affected by this situation, and we have not experienced disruptions to our business operations. As such, our product and business development activities remain on track. However, the intensity and duration of Israel's current war against Hamas is difficult to predict at this stage, as are such war's economic implications on our business and operations and on Israel's economy in general. If the war extends for a long period of time or expands to other fronts, such as Lebanon, Syria and the West Bank, our operations may be adversely affected.

Our commercial insurance does not cover losses that may occur as a result of an event associated with the security situation in the Middle East. Although the Israeli government has in the past covered the reinstatement value of certain damages that were caused by terrorist attacks or acts of war, we cannot assure you that this government coverage will be maintained or, if maintained, will be sufficient to compensate us fully for damages incurred. Any losses or damages incurred by us could have a material adverse effect on our business. Our business interruption insurance may not adequately compensate us for losses, if at all, that may occur as a result of an event associated with a security situation in the Middle East, and any losses or damages incurred by us could have a material adverse effect on our business.

Finally, political conditions within Israel may affect our operations. Israel has held five general elections between 2019 and 2022, and prior to October 2023, the Israeli government pursued extensive changes to Israel's judicial system, which sparked extensive political debate and unrest. To date, these initiatives have been substantially put on hold. Actual or perceived political instability in Israel or any negative changes in the political environment, may individually or in the aggregate adversely affect the Israeli economy and, in turn, our business, financial condition, results of operations and growth prospects.

***Our operations may be disrupted as a result of the obligation of management or key personnel to perform military service.***

Our employees and consultants in Israel, including members of our senior management, may be obligated to perform one month, and in some cases longer periods, of military reserve duty until they reach the age of 40 (or older, for citizens who hold certain positions in the Israeli armed forces reserves) and, in the event of a military conflict, may be called to active duty. In response to increases in terrorist activity, there have been periods of significant call-ups of military reservists. It is possible that there will be similar large-scale military reserve duty call-ups in the future. Our operations could be disrupted by the absence of a significant number of our officers, directors, employees and consultants. Such disruption could materially adversely affect our business and operations.

***Your rights and responsibilities as a shareholder will be governed by Israeli law, which differs in some material respects from the rights and responsibilities of shareholders of U.S. companies.***

The rights and responsibilities of the holders of our ordinary shares (and therefore indirectly, our ADSs) are governed by our amended and restated articles of association and by Israeli law. These rights and responsibilities differ in some material respects from the rights and responsibilities of shareholders in typical U.S.-based corporations. In particular, a shareholder of an Israeli company has certain duties to act in good faith and fairness toward the company and other shareholders and to refrain from abusing its power in the company, including, among other things, in voting at the general meeting of shareholders on certain matters, such as an amendment to the company's articles of association, an increase of the company's authorized share capital, a merger of the company, and approval of related party transactions that require shareholder approval. In addition, a shareholder who is aware that it possesses the power to determine the outcome of a shareholder vote or to appoint or prevent the appointment of a director or executive officer in the company has a duty of fairness toward the company with regard to such vote or appointment. There is limited case law available to assist us in understanding the nature of this duty or the implications of these provisions. These provisions may be interpreted to impose additional obligations on holders of our ordinary shares that are not typically imposed on shareholders of U.S. corporations.

***Certain of our research and development activities and programs were supported by Israeli Governmental grants, some of which were sold or are in the process of selling. The terms of such grants may require us to pay royalties and to satisfy specified conditions in order to manufacture products and transfer technologies outside of Israel. We may be required to pay penalties in addition to repayment of the grants.***

Our research and development efforts relating to our products have been financed in part through royalty-bearing grants in an aggregate amount of approximately NIS 1.7 million (approximately \$0.5 million) received from the Israel Innovation Authority, or the IIA, as of December 31, 2023. With respect to the royalty-bearing grants we are committed to pay royalties at a rate of 3% on sales proceeds from our products that were developed under IIA programs up to the total amount of grants received, linked to the U.S. dollar and bearing interest at an annual London Interbank Offered Rate applicable to U.S. dollar deposits. Regardless of any royalty payment, we are further required to comply with the requirements of the Israeli Encouragement of Research, Development and Industrial Initiative Technology Law, 5744-1984, as amended, and related regulations, or the Research Law, with respect to those past grants. When a company develops know-how, technology or products using IIA grants, the terms of these grants and the Research Law restrict the transfer of such know-how, and the transfer of manufacturing or manufacturing rights of such products, technologies or know-how outside of Israel, without the prior approval of the IIA. Therefore, the discretionary approval of an IIA committee would be required for any transfer to third parties inside or outside of Israel of know-how or manufacturing or manufacturing rights related to those aspects of such technologies. We may not receive those approvals. Furthermore, the IIA may impose certain conditions on any arrangement under which it permits us to transfer technology or development out of Israel.

The transfer of IIA-supported technology or know-how outside of Israel may involve the payment of significant amounts, depending upon the value of the transferred technology or know-how, our research and development expenses, the amount of IIA support, the time of completion of the IIA-supported research project and other factors. These restrictions and requirements for payment may impair our ability to sell or otherwise transfer our technology assets outside of Israel or to outsource or transfer development or manufacturing activities with respect to any product or technology outside of Israel. Furthermore, the consideration available to our shareholders in a transaction involving the transfer outside of Israel of technology or know-how developed with IIA funding (such as a merger or similar transaction) may be reduced by any amounts that we are required to pay to the IIA.

We have also received a grant from the Israeli Ministry of Economy, or MOE, with respect to certain consulting and marketing activities conducted outside of Israel. For information, see Note 11b to our audited financial statements.

## General Risk Factors

### ***Raising additional capital would cause dilution to our existing shareholders and may affect the rights of existing shareholders.***

We may seek additional capital through a combination of private and public equity offerings, debt financing and collaborations and strategic and licensing arrangements. To the extent that we raise additional capital through the issuance of equity or convertible debt securities, your ownership interest will be diluted, and the terms may include liquidation or other preferences that adversely affect your rights as a holder of our ADSs and ordinary shares.

In June 2023, we entered into a Standby Equity Purchase Agreement, or the Purchase Agreement with YA II PN, LTD., or YA, pursuant to which we had the right to sell to YA up to \$10.0 million in ADSs subject to certain limitations, from time to time during the 48-month period following the date of execution of the Purchase Agreement. In March 2024, we amended the Purchase Agreement to increase such amount to \$15.0 million in ADSs. As of the date of this Annual Report, we have issued an aggregate of 44,125,000 ordinary shares represented by 8,825,000 ADSs to YA consisting of (i) 340,760 ordinary represented by 68,152 ADSs that we issued to YA as consideration for YA's irrevocable commitment to purchase our ADSs up to the Commitment Amount and (ii) 43,784,240 ordinary shares represented by 8,756,848 ADSs that we sold to YA as Advance Shares for aggregate gross proceeds of approximately \$5.5 million. For additional information, see "Item 5. Operating and Financial Review and Prospects—Recent Offerings". The purchase price for the ADSs that we may sell to YA will fluctuate based on the price of our ADSs. Depending on market liquidity at the time, sales of such ADSs may cause the trading price of our ADSs to fall. After YA has acquired the ADSs, YA may resell all, some, or none of those shares at any time or from time to time in its discretion. Therefore, our sales to YA could result in substantial dilution to the interests of other holders of our ordinary shares and ADSs. Additionally, the sale of a substantial number of shares of our ADSs to YA, or the anticipation of such sales, could make it more difficult for us to sell equity or equity-related securities in the future at a price that we might otherwise wish to effect sales.

### ***If securities or industry analysts do not publish or cease publishing research or reports about us, our business or our market, or if they adversely change their recommendations or publish negative reports regarding our business or our shares, our ADSs or ordinary shares price and trading volume could decline.***

The trading market for our ADSs or our ordinary shares will be influenced by the research and reports that industry or securities analysts may publish about us, our business, our market or our competitors. We do not have any control over these analysts and we cannot provide any assurance that analysts will cover us or provide favorable coverage. If any of the analysts who may cover us adversely change their recommendation regarding our ADSs or ordinary shares, or provide more favorable relative recommendations about our competitors, our ADSs or ordinary shares price would likely decline. If any analyst who may cover us were to cease coverage of our company or fail to regularly publish reports on us, we could lose visibility in the financial markets, which in turn could cause our ADSs or ordinary shares price or trading volume to decline.

### ***We incur significant increased costs as a result of operating as a public company, and our management is required to devote substantial time to new compliance initiatives.***

As a public company whose ADSs are listed in the United States, we incur significant legal, accounting and other expenses that we did not incur as a private company. We are subject to the reporting requirements of the Exchange Act, the other rules and regulations of the SEC, and the rules and regulations of Nasdaq and provisions of the Companies Law that apply to public companies such as us. The expenses that are required in order to be a public company are material and compliance with the various reporting and other requirements applicable to public companies require considerable time and attention of management. For example, the Sarbanes-Oxley Act and the rules of the SEC and national securities exchanges have imposed various requirements on public companies, including requiring establishment and maintenance of effective disclosure and financial controls. Our management and other personnel devote a substantial amount of time to these compliance initiatives. These rules and regulations will continue to increase our legal and financial compliance costs and will make some activities more time-consuming and costly. For example, we expect these rules and regulations to make it more difficult and more expensive for us to obtain director and officer liability insurance, and we may be required to accept reduced policy limits on coverage or incur substantial costs to maintain the same or similar coverage. The impact of these events could also make it more difficult for us to attract and retain qualified personnel to serve on our board of directors, our board committees, or as executive officers.

***We have identified a material weakness in our internal control over financial reporting, and we may not be able to successfully implement remedial measures.***

We have identified control deficiencies in our financial reporting process that constitute material weaknesses for the years ended December 31, 2023, 2022 and 2021 (which were primarily due to the fact that we were a private company prior to June 2, 2022). The material weaknesses were related to segregation of duties and lack of sufficient internal controls (including IT general controls, entity level controls and transaction level controls).

Although we have taken certain measures to address the material weaknesses such as implementing internal policies and procedures related to internal control over financial reporting and hiring additional accounting and financial staff with appropriate public company experience and technical accounting knowledge, we will need to further implement such internal policies and procedures and expand our accounting and financial staff in order to address our material weaknesses. In addition, we have begun the process of engaging an external consulting firm to assist us with assessment of Sarbanes-Oxley compliance requirements and improvement of overall internal controls and we plan to work with such external consultant in 2024 to design and begin implementing our remediation plan. Further, we expect to take a number of measures to address the material weaknesses that have been identified including establishing effective monitoring and oversight controls. See “Item 5.A. Management’s Discussion and Analysis of Financial Condition and Results of Operations—Internal Control Over Financial Reporting.” However, we cannot assure you that these measures may fully address the material weaknesses in our internal control over financial reporting or that we may conclude that they have been fully remediated.

Further, there can be no assurance that we will not suffer from other material weaknesses or significant deficiencies in the future. If we fail to remediate these material weaknesses or fail to otherwise maintain effective internal controls over financial reporting in the future, such failure could result in a material misstatement of our annual or quarterly financial statements that would not be prevented or detected on a timely basis and which could cause investors and other users to lose confidence in our financial statements, limit our ability to raise capital and have a negative effect on the trading price of our ADSs. Additionally, failure to remediate the material weakness or otherwise maintain effective internal controls over financial reporting may also negatively impact our operating results and financial condition, impair our ability to timely file our periodic and other reports with the SEC, subject us to additional litigation and regulatory actions and cause us to incur substantial additional costs in future periods relating to the implementation of remedial measures.

#### **ITEM 4. INFORMATION ON THE COMPANY**

##### **A. History and Development of the Company**

We are a technology company engaged in the design, development and commercialization of transportation and safety solutions, designed to save lives by preventing car accidents based on our patented technology of detecting, analyzing and locating cellular phone radio frequency, or RF, Signals. Using this core technology, we are developing two product lines. The first is an In Cabin Driver Distraction Prevention Solution, or DDPS, which comprises an aftermarket product for vehicles (i.e., vehicles already supplied to customers) that is in a commercial phase and an original equipment manufacturer, or OEM, product targeting vehicle manufacturers which is in development. The second is an Advanced Driver-Assistance System, or ADAS, product that detects vulnerable road users, or VRUs, and provides warning to the vehicle regarding potential collision.

We were incorporated in Israel on November 16, 2014 under the name Saverone 2014 Ltd. Our principal executive offices are located at Em Hamoshavot Rd. 94, Petah Tikvah, 4970602 Israel. Our telephone number in Israel is +972-39094177. Our website address is <https://saver.one/>. Information contained on or accessible through our website is not a part of this Annual Report on Form 20-F, and the inclusion of our website address herein is an inactive textual reference only. Puglisi & Associates, or Puglisi, serves as our authorized representative in the United States for certain limited matters. Puglisi’s address is 850 Library Avenue, Newark, Delaware 1971.

The SEC maintains an internet site that contains reports, proxy and information statements and other information regarding issuers that file electronically with the SEC at <http://sec.gov>. We use our website (<https://saver.one/>), LinkedIn (<https://www.linkedin.com/company/saver1>) and Facebook (<https://www.facebook.com/Saver.One.Official/>) as channels of distribution of Company information. The information we post through this channel may be deemed material. Accordingly, investors should monitor our website, in addition to following our press releases, SEC filings and public conference calls and webcasts. The contents of our website are not, however, a part of this Annual Report on Form 20-F.

We are an emerging growth company, as defined in Section 2(a) of the Securities Act, as implemented under the JOBS Act. As such, we are eligible to, and intend to, take advantage of certain exemptions from reporting requirements that generally apply to public companies, including the auditor attestation requirements with respect to internal control over financial reporting under Section 404 of the Sarbanes-Oxley Act, compliance with new standards adopted by the Public Company Accounting Oversight Board which may require mandatory audit firm rotation or auditor discussion and analysis, exemption from say on pay, say on frequency, and say on golden parachute voting requirements, and reduced disclosure obligations regarding executive compensation in our periodic reports and proxy statements. We will be an emerging growth company until the earliest of: (i) the last day of the fiscal year during which we had total annual gross revenues of \$1.235 billion or more, (ii) the last day of the fiscal year following the fifth anniversary of the date of the first sale of the ordinary shares pursuant to an effective registration statement (i.e., December 31, 2027), (iii) the date on which we have, during the previous three-year period, issued more than \$1 billion in non-convertible debt, or (iv) the date on which we are deemed a “large accelerated filer” as defined in Regulation S-K under the Securities Act, which means the market value of our ordinary shares that is held by non-affiliates exceeds \$700 million as of the prior June 30th.

As a foreign private issuer, we are exempt from certain rules and regulations under the Exchange Act that are applicable to other public companies that are not foreign private issuers. For example, although we intend to report our financial results on a quarterly basis, we will not be required to issue quarterly reports, proxy statements that comply with the requirements applicable to U.S. domestic reporting companies, or individual executive compensation information that is as detailed as that required of U.S. domestic reporting companies. We will also have four months after the end of each fiscal year to file our annual report with the SEC and will not be required to file current reports as frequently or promptly as U.S. domestic reporting companies. Our senior management, directors, and principal shareholders will be exempt from the requirements to report transactions in our equity securities and from the short-swing profit liability provisions contained in Section 16 of the Exchange Act. As a foreign private issuer, we will also not be subject to the requirements of Regulation FD (Fair Disclosure) promulgated under the Exchange Act.

## **B. Business Overview**

### **Overview**

We are a technology company engaged in the design, development and commercialization of transportation and safety solutions, designed to save lives by preventing car accidents based on our patented technology of detecting, analyzing and locating cellular phone RF Signals. Using this core technology, we are developing two product lines. The first is an In Cabin DDPS which comprises an aftermarket product for vehicles (i.e., vehicles already supplied to customers) that is in a commercial phase and an original equipment manufacturer, or OEM, product targeting vehicle manufacturers which is in development. The second is an ADAS product that detects VRUs and provides warning to the vehicle regarding potential collision.

Our DDPS, known also as the SaverOne system, provides an advanced driver safety solution that can identify and monitor mobile phones located in the driver's vicinity and selectively block use of life-threatening applications. Our technology is based on our proprietary hardware, software and algorithms, and we believe it has significant advantages over our competitors' because our solution meets the National Highway Traffic Safety Administration's, or NHTSA, guidelines for a complete solution for distracted driving. Our DDPS solution can be utilized in commercial vehicles, buses, vehicles owned or leased by companies that are provided to employees, private vehicles and other forms of transportation.

The first-generation DDPS product was for the aftermarket vehicle market and was intended for private vehicles, trucks and buses. This Generation 1.0 was launched in late 2019, initially for private cars, and thereafter was made commercially available to trucks and buses. It is currently marketed in Israel as part of our pre-commercialization/early user campaign. We are working on pilot programs with various fleet and system integrators in the United States, Europe, Asia and APAC. As of March 22, 2024, about 4,600 systems have been ordered (which includes about 950 systems ordered as part of our ongoing Generation 1.0 and Generation 2.0 pilot program and about 3,750 systems purchased in commercial orders by our Generation 1.0 and Generation 2.0 customers) and about 3,200 of these systems have been installed.

The second-generation DDPS product, which was released in the fourth quarter of 2022, replaced Generation 1.0, which we phased out in the first quarter of 2023. This Generation 2.0 is intended for the global automobile market. It includes significant improvements to our Generation 1.0 solution for maximal performance, compatibility with automobiles and cellular networks, market penetration and profitability. We are targeting the global aftermarket automobile market starting with the U.S. and Europe.

With respect to our DDPS OEM solution, we plan to integrate it into the vehicle manufacturing process, to be offered directly to customers by the vehicle manufacturer as part of the vehicle. We are currently working with one of the leading global OEMs in order to have the SaverOne technology integrated into vehicles during the manufacturing process. The OEM solution is in the early stage of development, and we expect to launch it during 2024. Since the development of our OEM solution is still in an early stage, it is too early to estimate the cost of development.

We are also developing a solution for detection of VRUs based on our second-generation technology. SaverOne's VRU technology significantly enhances the performance of current ADAS sensors (i.e. camera, lidar and radar) through its superior abilities to deal with non-line of sight, or NLoS, hazards, adverse weather conditions and low-visibility. SaverOne's solution is designed to detect VRUs ahead of the vehicle, providing the driver enough time to avoid and prevent collisions. It does this by detecting the exact location, direction of movement and speed of the VRU analysis of their cellphone signals, under all visibility conditions. Since the development of our VRU solution targets the vehicle manufacturers (a.k.a. the OEM market) and is still in an early stage, it is too early to estimate the cost of development. In March 2024, we announced that we are partnering with a top-tier global consultancy firm to support the development of a business model around our VRU solution, which will focus on assessing the potential of our VRU solution and building a full understanding of the solution's value proposition and market potential within the automotive industry.

In the past several years, we believe that public awareness and demand for driver safety technologies has grown substantially. While there are currently many driver assistant products on the market, we believe that the safety of drivers will be substantially improved with our technology. Our mission is to enhance driver safety by providing a solution that is highly reliable and able to prevent certain driver distractions related to mobile phone usage while driving, which we believe is a major cause for driver distraction related automobile accidents. Mobile phone distracted driving is a leading cause of traffic accidents in the United States. According to a survey done by the NHTSA, 660,000 drivers in the United States attempt to use their mobile phones while driving at any given moment. The National Safety Council, or NSC reports that mobile phone use during driving causes approximately 1.6 million traffic accidents annually in the United States alone, leading to the death of approximately 4,600 people and injuring an additional 391,000 people. Moreover, the Federal Motor Carrier Safety Administration, or FMCSA, reported that 71% of commercially driven large-truck crashes occurred because of driver distraction.

Distracted driving due to mobile phone usage is not just a problem in the United States. A number of surveys conducted across Europe and Oceania have revealed troubling statistics about its prevalence across nations. In the Czech Republic, 36% of drivers admitted to using their phone almost every time they get behind the wheel. In both Spain and Ireland, 25% of drivers admitted to using their phone while driving. In Germany, at any given moment an average of 7% of all drivers are distracted while driving. This problem of distracted driving extends to Australia as well, where one-quarter of drivers admitted to using their phone while driving.

As of the first quarter of 2023, there are estimated to be approximately 286 million cars and trucks on the road in the United States and approximately 339 million cars and trucks on the road in Europe. In addition, it is estimated that approximately 75 million new cars were sold worldwide in 2023.

The ramifications of mobile phone distracted driving exceed the bounds of just physical damage, as they can be exceedingly costly for drivers as well. For example, expressed on a *per death* basis, the cost of *all* motor-vehicle crashes (fatal, nonfatal injury, and property damage) was \$11,880,000 according to the NSC. In addition, the total societal and economic costs of distracted driving crashes in the United States was estimated at \$871 billion according to the NHTSA. Specifically with regard to commercial vehicle crashes, the average total costs of commercial motor vehicle crashes for the years of 2012-2015 was over \$11 billion per year according to the FMCSA. Accordingly, we believe that there is a tremendous financial incentive for a solution to this grave problem.

In response to the need for a solution to distracted driving resulting from the use of mobile phones, the NHTSA has published a comprehensive study suggesting that a complete solution must contain the following features: (i) the ability to distinguish between the driver's area of the vehicle and the rest of the vehicle, (ii) does not depend on the cooperation of the driver, and (iii) selective blocking of cell phone applications. Our SaverOne system has been designed with these features in mind and it is for this reason that we believe that it is significantly better than the existing product solutions sold in the market.

The NHTSA's driving guidelines do not constitute U.S. law and compliance does not result in compliance with U.S. driving safety regulations. In order to market our products to vehicle manufacturers we may be required to meet different types of regulations requirements such as International Organization for Standardization (ISO) 26262 Functional Safety Regulations (ASIL), the International Standard for Automotive Quality Management Systems (IAFT) 16949, Automotive Software Process Improvement and Capability Determination (SPICE) or other common quality management standards. In order to meet the quality requirements, we will have to cooperate with vehicle manufacturers, to receive their customers' quality requirements that meet the requisite regulation of such customers and implement tools, processes and methodologies. Such implementation will require significant resources and funds and is expected to consume significant time and effort. We expect that only our OEM solution, which is a solution designed for the OEM market may require compliance with the foregoing regulations, whereas our Generation 1.0 and 2.0 solutions, both after-market solutions, are not required to comply with the foregoing regulations.

The SaverOne system currently has achieved safety and radiation certifications from Hermon Laboratories, an internationally approved testing and certification lab. SaverOne's solution is certified for operating in Israel, the United States, Europe and Japan. These certifications assure that SaverOne product complies with the regulations/legislations in these countries/regions.

## Market Opportunity

### *DDPS System*

Motor vehicles are omnipresent throughout the world. As of 2015, there were over 263 million motor vehicles in the United States according to the U.S. Federal Highway Administration. In Europe, there are over 340 million motor vehicles in use according to the European Automobile Manufacturers' Association, or ACEA. In New Zealand and Australia, there are a combined near 25 million vehicles on the road according to statistics from their governments' departments of transportation. To add to this large number, according to the ACEA, there are over 80 million new motor vehicles registered each year. The prevalence of motor vehicles globally presents the risk of countless drivers who drive while being distracted.

Traffic accidents and their resulting injuries remain a major unresolved problem worldwide, where driving distractions are a major contributing factor to. As a result, many states in the United States have enacted laws to help prevent distracted driving. These include banning texting while driving, implementing hands-free laws (laws prohibiting the use of cellphone while driving), and limiting the number of young passengers who can ride with teen drivers, due to the fact that teen drivers with two or more young passengers in the car can more than triple the risk of a fatal crash. As to date, all but two states (Montana and Missouri) have banned texting while driving, according to the Insurance Institute for Highway Safety. In addition to state laws, Federal laws have also been implemented in the United States prohibiting texting while driving for federal employees.

The NHTSA has issued voluntary guidelines to promote safety by discouraging the introduction of both original, in-vehicle and portable/aftermarket electronic devices in vehicles. Similarly, in 2019, the European Union (EU) published an amendment to the EU's "General Safety" Regulations, according to which it is expected that as of mid-2022, the European Union will require every new vehicle, truck or bus on the road to meet the European Standards that require the installation of internal sensors in the vehicle that will warn or prevent the driver from certain distractions (a phone call, for example). By 2024, only vehicles meeting the mandatory automotive safety technology requirement will be allowed to register for the first time. We believe that these types of initiatives by the NHTSA and other agencies will advance further awareness for the need of products like the SaverOne system.

According to a study by the Governors Highway Safety Association in the United States, driver distractions resulting from the use of smartphones contribute to about a quarter of all car accidents. The findings of the study indicate that more than 1,600,000 car accidents that occur annually in the United States are caused by sending text messages while driving or other dangerous use of cell phones. Such accidents take a heavy toll, resulting in the death of about 4,600 people and injuring an additional 391,000 people each year. The phenomenon known as texting while driving is the number one cause of death for young people in car accidents caused by mobile phone use.

The National Safety Council reported that cell phone use while driving leads to 1.6 million crashes each year in the United States. The NHTSA reported that there was over 6.75 million police-reported motor vehicle traffic crashes in the United States in 2019, meaning that cell phone usage while driving can account for around 24% of all motor vehicle crashes in the United States. In addition, the study found that the risk of accidents by frequently distracted drivers, is six times higher than that of a driver who is not distracted at all.

In a report published in February 2023 by the NHTSA titled "The Economic and Societal Impact of Motor Vehicle Crashes, 2019 (Revised)", the total societal and economic costs of distracted driving crashes in the United States was estimated at \$1.37 trillion in 2019.

### *VRU System*

Improving the safety of pedestrians, bicyclists, and other VRUs is of critical importance to achieving the objectives of DOT's National Roadway Safety Strategy (NRSS), and DOT's vision of zero fatalities and serious injuries across our transportation system. According to data from the NHTSA, in 2020 there were 10,626 traffic fatalities in the United States at roadway intersections, including 1,674 pedestrian and 355 bicyclist fatalities. These fatalities at intersections represent 27% of the total of 38,824 road traffic deaths recorded in 2020.

According to global market research firm Lucintel, emerging trends, which have a direct impact on the dynamics of the industry, include increasing usage of sensors in ADAS application, development of advanced magnetic position sensors in electric power steering application, advancement of silicon-based sensors and development of wireless sensing for automotive application.

The automotive sensors market was valued at USD 27.51 billion in 2021 and is expected to register a value of USD 59.12 billion in 2027 and is expected to record a CAGR of 13.60% during 2022-2027.

Automotive sensors are an integral part of a vehicle, which are designed to detect, transmit, analyze, record, and display vehicle performance information of the internal and external environment of the vehicle. With the increasing popularity of vehicle automation and the growing demand for connected cars across the world, the demand for automotive sensors is expected to grow significantly during 2022-2027. The increasing demand for safety and security in automobiles is the main factor driving the market's growth, as according to Mordor Intelligence.

## Strategy

Our objective is to develop and commercialize technologies and applications designed to save lives by preventing car accidents, by detecting, analyzing and locating cellular phone RF Signals. We are targeting two business segments in development of the technology necessary to create a life-saving system that prevents certain uses of cell phones while driving a motor vehicle. The first is the DDPS which targets two product lines: an aftermarket product that is in a commercial phase, and an OEM product which is in development. The second business segment is the ADAS segment for which we offer a sensor that is dealing with the detection of VRUs by providing a warning to the vehicle regarding potential collision. We plan to market our products worldwide, targeting vehicle manufacturers and Tier-1 companies (that integrate solutions and products into the vehicle manufacturing process) with our OEM integrated solutions, and the commercial fleets (trucks and other vehicles) and public transportation companies with our aftermarket solutions.

In order to expand the commercialization of our technologies and solutions, we intend to:

- *Increase the marketing and sales efforts of our SaverOne Generation 2.0 solution*, which is aftermarket solution that is deployed for private vehicles, commercial trucks and buses.
- *Complete the development of our OEM solution*. The aim of our OEM solution is that it will be directly integrated into the vehicle manufacturing process for seamless integration in the driving experience.
- *Advance our commercialization efforts and infrastructure*. We are advancing our commercialization efforts and infrastructure, including increasing our sales presence globally. As we have completed the development of our Generation 2.0 and advance our OEM solution, we intend to enlarge the production process, and to turn to potential customers, directly and/or through third-party distributors.
- *Complete the development of our ADAS VRU solution*. The aim of our VRU solution is that it will be directly integrated into the vehicle manufacturing process for seamless integration in the driving experience, assisting with preventing collisions between vehicles and pedestrians or other road users.
- *Form alliances with industry leaders (i.e. vehicle integrators, components manufacturers) and OEMs*. We plan to expand our collaboration with OEMs and Tier-1 companies in order to integrate the SaverOne solution directly into the vehicle manufacturing process for seamless integration in the driving experience.
- *Monitor and assist governmental regulatory initiatives for enforcing implementation of driver distraction prevention systems in the vehicle*. We intend to approach regulators around the globe such as the United Nations Economic Commission for Europe (UN-ECE) and the NHTSA in the US, in order to present the SaverOne solution, which we believe will help advance broad adoption of regulations that will require vehicles to implement our solution.

We are currently engaged in a campaign to promote our SaverOne system in selected jurisdictions around the world. Our previous efforts mainly entail pilot programs and collaborations with what we believe are potential strategic partners and customers. As of March 22, 2024, we have conducted, or are in the process of conducting, more than 90 pilot programs for the evaluations of our solution. These pilots and collaborations allow the customers to test and evaluate the performance of our technology. After testing and evaluating our solution, 26 of our pilot program participants have placed, or are in process of placing, commercial orders for their vehicle fleet, while most of the remaining participants are still in the process of piloting our solution.

As of March 22, 2024, we have installed about 950 systems in large fleets in Israel as part of pilot programs and more than 2,250 SaverOne systems pursuant to commercial orders. In addition, we have commercial orders for about 1,430 systems, in addition to these installations.

We intend to build a global commercial infrastructure to support the commercialization of our products. During the fourth quarter of 2022, we released our Generation 2.0 solution for sale. We are targeting the global aftermarket automobile market starting with the U.S. and Europe. We intend to distribute our solution through local distributors in each country or region who are familiar in the logistics, automotive installation and support activities, as well as having links to our potential customers.

In March 2023, we joined the European Union's (EU) Regulatory Committee on Driver Distraction, as an observing member. This committee is responsible for setting EU regulations for OEMs for in-vehicle technologies that help detect driver distractions and improve road safety. As an observing member, we have the opportunity to contribute our strong expertise and insights to help shape the future of in-vehicle technology, to reduce driver distractions and better protect vulnerable road users and will participate in discussions, provide feedback, and help craft regulations that promote safer driving habits and promote technologies to reduce accidents on the road. The EU Regulatory Committee on Driver Distraction aims to promote regulations that oblige OEMs that launch new vehicle models in the EU starting from July 2024 to integrate solutions into the vehicle systems that will tackle driver distraction. From July 2026, the integration of driver distraction systems will become a requirement for all new vehicles sold in the EU.

For more information, please see “Pilot Programs” below.

## Our Product

### ***DDPS System***

In developing the SaverOne DDPS system, we sought out to accomplish the criteria set forth by the NHTSA in its August 2019 report. Accordingly, the SaverOne system:

1. Disables the use of distracting and potentially life-threatening applications for the driver;
2. Does not require the driver’s cooperation; and
3. Distinguishes between a device in the driver’s area and devices in other areas of the vehicle, so that only a device in the driver’s area is affected.

Our solution utilizes sensors that we place in the vehicle in a concealed manner to detect the positioning of any mobile device in the vehicle. Our Phone Location Unit (a unit that is concealed under the vehicle’s dashboard) runs statistical algorithms that can evaluate the location of a mobile devices in the vehicle, based on various algorithms (e.g. relative strength of the signals received from the mobile device).

Any driver that enters a vehicle equipped with SaverOne system has to install our SaverOne mobile application in their phone in order to operate the vehicle without triggering one of the main safety features of the system: its alarm function. The alarm function works by identifying mobile phones in the driving area of a car without the SaverOne mobile application properly installed, and then activating a loud, irritating constant alarm emitting from the car. The alarm only ceases if the device is removed from the driver’s area or upon re-installing the SaverOne application in the mobile device.

When installing the SaverOne mobile application, the system defaults to blocking every application on your phone, or the non-permitted applications, except for a “white list” of applications on the phone that the SaverOne system will *not* block. The default “white list” consists of phone calls, navigation apps, and music apps. The fleet manager in each organization (or the insurer in the case of private users) can modify the “white list” for his organization according to the organization safety policy. The remaining, non-permitted apps will be blocked.

If a mobile device is found in the driver’s area with the SaverOne mobile application installed, then as long as the vehicle is in motion, a “safe mode” is activated for this device and prevents the driver from opening non-permitted applications on his/her mobile phone. Other passengers in the vehicle will not be affected by the SaverOne System and can use their mobile phones freely.

Moreover, the driver will not receive incoming messages. Also, as a courtesy to the sender of the message, our system automates an automatic text response to the sender, notifying them that the driver is currently driving and cannot read or respond to their message.

If the driver tries to remove the SaverOne application from his/her mobile device, the SaverOne system promptly identifies the device as a device in the driver’s area and would activate the system’s alarm. The alarm only ceases if the device is removed from the driver’s area or upon re-installing the SaverOne application in the mobile device.

Our SaverOne solution does not perform any kind of signal jamming that interferes with authorized radio communications, and therefore is compliant with the Federal Communications Commission’s anti-jamming law. Furthermore, since the solution only blocks non-permitted applications on the driver’s phone while actually driving, in an emergency situation, if the car is stopped, the driver will be fully free to use his mobile device to call for help if needed.

At the heart of our technology are our proprietary algorithms which (from the moment the vehicle starts to move) begins to identify and evaluate the location of all mobile devices in the vehicle and precisely determine whether a mobile device is inside of the driver’s area. The algorithms’ analyze various parameters and indicate if a mobile device is in the driver’s area. In such a case, the driver’s mobile device is automatically switched to “safe-mode”, leading to a safer trip for the driver and passengers. This operation starts from the initial movement of the vehicle.

Our SaverOne technology employs passive sensors that receive the signals from the cellphones and do not emit any energy during operation. As a result, our system does not cause any interference with other systems in the vehicle, thus complying with the regulatory safety and emission standards.

Our SaverOne system is also customizable, allowing for fleet managers to implement predefined policies for which mobile application will or will not be restricted for use by the vehicle’s driver. In addition, the fleet manager can receive reports from the server and different analysis about drivers’ behavior and the systems installed in the fleets.

For private vehicles, the permitted applications could be controlled by a third party, such as a parent, guardian or an insurance company that could offer incentives for compliance with the product.

## **VRU System**

We are also developing a solution for detection of VRUs based on our second-generation technology. SaverOne's VRU technology significantly enhances the performance of current ADAS sensors (i.e. camera, lidar and radar) through its superior abilities to deal with NLoS hazards, adverse weather conditions and low-visibility. SaverOne's solution is designed to detect VRUs ahead of the vehicle, providing the driver enough time to avoid and prevent collisions. It does this by detecting the exact location and direction of movement of the VRU via their RF footprint from their cellphone signals, under all visibility conditions. Since the development of our VRU solution targets the vehicle manufacturers (a.k.a. the OEM market) and is still in an early stage, it is too early to estimate the cost of development. In March 2024, we announced that we are partnering with a top-tier global consultancy firm to support the development of a business model around our VRU solution, which will focus on assessing the potential of our VRU solution and building a full understanding of the solution's value proposition and market potential within the automotive industry.

## **Competition**

Our business is characterized by rapid changes as well as new and disruptive technologies. We believe that the market for solutions designed to address mobile phone-related distractions while driving is a relatively new market with increasing competition for similar solutions. However, we believe that our SaverOne system is superior to the products of our competitors due to the fact that our system can differentiate between the driver's phone and other passenger's phones in the vehicle. Moreover, our system does not require the driver to cooperate other than on initial installation of the application on their phone.

We believe that the following companies are offering competing products to the DDPS SaverOne solution:

- Cellcontrol, Inc. d/b/a TRUCE Software develops a driver distraction system designed for workplaces. The product can be removed by the driver and requires them to activate and maintain the system at all times while driving. Moreover, the Cellcontrol solution hovers over the entire area of the driver's side of the vehicle and does not distinguish between the actual driver of the vehicle and the passenger in the vehicle that is seated behind the driver.
- Katasi, Inc. has a product known as the *Groove*, which blocks messages sent by the vehicles' driver but is only activated while the vehicle is in motion, not when it is stopped (at a red light for example). It can also be neutralized at any time by the vehicle's driver. Moreover, this solution does not distinguish between the driver's mobile phone and other mobile phones in the vehicle such that it neutralizes all of the mobile phones in the vehicle.
- Cipia Vision Ltd. has developed a solution known as the *Driver Sense*, which focuses on driver distraction, but can only alert a driver if he is distracted and cannot prevent mobile device use.
- Lytx provides video analysis of the driver's actions but cannot prevent the driver's actions nor distinguish between using permitted apps or non-permitted apps.

In addition, Android Auto by Google and CarPlay by Apple both mirror some of the cellphone's applications onto the vehicle's main display but do not prevent or alert on the use of the cellphone.

We believe that the following companies are offering competing products to the proposed VRU SaverOne solution:

- Innoviz provides a solid-state lidar sensor that detects VRUs and provides alerts to the vehicle. The performance of this solution is affected by adverse weather conditions and situations where there is NLoS between the vehicle and the VRU. In addition, its ability to detect distracted pedestrians ahead of the vehicle (vs. a non-distracted pedestrian that is focused on the road) is poor.
- Arbe provides a radar sensor that detects VRUs and provides alerts to the vehicle. The performance of this solution is affected by adverse weather conditions and situations where there is NLoS between the vehicle and the VRU. In addition, its ability to detect distracted pedestrians ahead of the vehicle (vs. a non-distracted pedestrian that is focused on the road) is poor.
- Brightwayvision provides a camera that detects VRUs and provides alerts to the vehicle. The performance of this solution is affected by adverse weather conditions and situations where there is NLoS between the vehicle and the VRU. In addition, its ability to detect distracted pedestrians ahead of the vehicle (vs. a non-distracted pedestrian that is focused on the road) is poor. In addition, poor lightning conditions (e.g., during nighttime) also affect its performance and ability to accurately detect the VRUs.

Many of our current and potential competitors have longer operating histories and more extensive name recognition than we have and may also have greater financial, marketing, manufacturing, distribution and other resources than we have. Current and future competitors may be able to respond more quickly to new or emerging technologies and changes in customer demands and to devote greater resources to the development, promotion and sale of their products than we can. Our current and potential competitors may develop and market new technologies that render our existing or future products obsolete, unmarketable or less competitive (whether from a price perspective or otherwise). We cannot assure you that we will be able to maintain a competitive position or to compete successfully against current and future sources of competition.

## **Sales and Marketing**

We are currently engaged in a campaign to promote our SaverOne system in selected jurisdictions around the world. Our pre-commercialization efforts mainly entail pilot programs and collaborations with what we believe are potential strategic partners and customers. As of March 22, 2024, we have conducted, or are in the process of conducting, more than 90 pilot programs for the evaluations of our solution. These pilots and collaborations allow the customers to test and evaluate the performance of our technology. After testing and evaluating our solution, 26 of our pilot program participants have placed, or are in process of placing, commercial orders for their vehicle fleet, while most of the remaining participants are still in the process of piloting our solution.

As of March 22, 2024, we have installed about 950 systems in large fleets in Israel as part of pilot programs and about 2,250 SaverOne systems pursuant to commercial orders. In addition, we have commercial orders for about 1,430 systems, in addition to these installations.

We intend to build a global commercial infrastructure to support the commercialization of our products. During the fourth quarter of 2022, we released our Generation 2.0 solution for sale. We are targeting the global aftermarket automobile market starting with the U.S. and Europe. We intend to distribute our solution through local distributors in each country or region who are familiar in the logistics, automotive installation and support activities, as well as having links to our potential customers.

For more information, please see “Pilot Programs” below.

Our current business model is:

- For our DDPS system:
  1. For the aftermarket product line: a one-time fee for the hardware device and installation plus a monthly subscription fee for the safety service, Value-added services (such as an in-depth analysis of driver safety based on driver activity) will have additional subscription fee.
  2. For the OEM product line: a one-time fee for the hardware device plus a monthly subscription fee for the safety service, Value-added services (such as an in-depth analysis of driver safety based on driver activity) will have additional subscription fee.
- For our VRU solution (in the ADAS segment): a monthly subscription fee and a monthly subscription for value-added-services;

In addition, we are exploring a revenue sharing collaboration with one of our partners, Eye-Net Mobile Ltd., or Eye-Net. As part of our collaboration with Eye-Net, we plan to present the Eye-Net Protect Solution (as more fully described below) to certain companies with which we have business relations, in exchange for a 10% share in the revenues from these transactions.

We have achieved a number of significant milestones to date, which include:

### *Pilot Programs*

We have installed about 950 systems in large fleets in Israel as part of our pilot programs. The pilot customers are offered a reduced price on their SaverOne system installations (usually 25% - 40% of our listed price) and enjoy full operational support from our technical team at no additional cost.

### *Commercial Agreements*

To date, we have installed about 2,250 SaverOne systems pursuant to commercial orders. In addition, we have commercial orders for about 1,430 systems, in addition to these installations. The commercial orders are priced based on negotiations with individual customers, and then a small discount is added (this discount differs from the 25-40% discount we offer for our pilot program installations). We have entered into agreements and received commercial orders from the following customers:

## *Collaboration Agreements and Recent International Expansion*

As our business grows, we are currently targeting to expand our customer base, operations and presence in Europe, North America and Israel.

Our strategy in Europe is to first increase our presence in Italy and Spain as we plan to expand throughout the rest of Europe. To further support and grow our sales efforts in the region, in October 2023, we announced that we signed a distribution agreement with GVZ Company, or GVZ, based in Milan, Italy, a specialist in the distribution of automotive components. GVZ will market, sell, install and provide local support for SaverOne's DDPS products in the region. In addition, to further support and expand our sales efforts in the region, we appointed Mr. Tal Yihie as our Italian Country Partner. Based in Milan, Mr. Yihie is a seasoned business development executive with over 14 years of extensive sales, marketing, and distribution expertise in Italy, in addition to having an extensive global business network. Having been a key figure in several international companies, Mr. Yihie brings proven acumen in shaping market development and EU go-to-market strategies to us. A number of our strategic agreements in Europe include:

- During 2021, the Italian truck manufacturer Iveco S.p.A, or IVECO, one of the largest truck manufacturers in Europe, requested the company to examine the integration of our SaverOne solution into its trucks. Accordingly, we started collaborating with IVECO towards integrating our technology as an integral part of the safety system in IVECO vehicles worldwide. During the fourth quarter of 2021, we successfully completed a demonstration of our solution at IVECO's headquarters in Italy and during the fourth quarter of 2022, we entered into a memorandum of understanding with IVECO for integrating its solution within IVECO trucks. We expect to start the integration of SaverOne technology in IVECO's trucks during 2024. In addition, we have agreed with IVECO to examine the implementation of the SaverOne system on IVECO's buses in the future. In June 2023, we announced that we and IVECO entered into a side letter related to the memorandum of understand to document the agreed upcoming plans, which includes providing IVECO with an exclusivity period of up to six months during which we agreed not to sell, develop or manufacture our OEM solution for our innovative in-cabin DPPS with any other truck manufacturer.
- In September 2023, we announced that we launched our first European pilot with Cemex Group in Spain, which covers ten of Cemex's trucks in two regions. This pilot follows the installation of the SaverOne solution across Cemex Israel's full fleet of employee vehicles and operational trucks that we announced in July 2023.
- In November 2023, we announced our first strategic pilot in Italy with Tecne Autostrade, the engineering company of Gruppo Autostrade per l'Italia, which is one of Europe's leading concessionaires for the construction and management of toll motorways, responsible for 3,000 km of road network in Italy. The pilot will involve the integration of our DPPS into an initial 10 vehicles within Tecne Autostrade's fleet.
- Also in November 2023, we announced a second pilot in Italy with Milan-based System Logistics, a designer, manufacturer and provider of automated warehousing, with customers in Europe, America and Asia and a fleet of over 100 vehicles. The pilot will take place on a number of vehicles from the customer's fleet.

We have also recently started to gain further traction in the North American market. While we recently signed an agreement with a strategic OEM in the North America, we are also actively seeking opportunities for various pilot projects in North America as part of our "land and expand" strategy with our goal of expanding sales to cover entire fleets following the successful pilot completion. Below are a few of our recent highlights in our North American expansion efforts:

- In February 2024, we announced that we had launched a new pilot project in the United States with Motor Supply, Inc., a trucking company based in Columbia, South Carolina that is focusing on leveraging the latest technology to efficiently transport goods across the United States. The initial pilot will take place on Motor Supply's fleet of sixteen trucks and is expected to run over a period of 12 months.
- In March 2024, we announced that we entered into an OEM agreement with Volvo Bus Corporation, a subsidiary of the global automotive company, Volvo Group, to install our DDPS in new Volvo buses that are manufactured for the Mexican market. Our DDPS will be integrated into Volvo's assembly line. In addition, the OEM agreement also allows for a retrofit of existing buses covered under Volvo's maintenance agreement, which will install our DDPS as an aftermarket installation. The OEM agreement further provides Volvo with two years of exclusivity in the OEM market in Mexico and that Volvo bus customers will receive twelve months of service and support from us. Following such period, Volvo bus customers will be able to receive our comprehensive service package for an on-going monthly fee that we plan to offer as a software-as-a-service (SaaS) model .

While we are currently focusing our international expansion efforts in Europe and North America, we continue our expansion activities across the public and private vehicle sectors in Israel. In Israel, we have thus far seen the greatest success in our “land and expand” strategy with a number of sales following the successful completion of various pilot projects. In addition to a number of pilot programs that we are operating with public and private transportation companies in Israel, as well as a number of regional councils in Israel for their school bus fleets, below are a few recent strategic agreements that we have entered into as part of our Israeli strategy:

- In February 2022, we signed a collaboration agreement with the Ramot Insurance Group, or Ramot. As part of the collaboration, Ramot will create a unique insurance package for its customers who will install SaverOne systems in Ramot’s commercial vehicles. The collaboration has allocated 2,100 SaverOne systems to Ramot and its customers. The collaboration will be spread over 3 years.
- In January 2023, we entered into a collaboration with Colmobil, one of the largest car and truck importers in Israel and official importer for Mercedes-Benz, Mitsubishi & Hyundai vehicles into Israel, for the sale and installation of the SaverOne System into vehicles that it leases to its customers.
- In July 2023, we announced that following a successful trial on a portion of its fleet in 2022, Cemex Israel, the Israeli subsidiary of the global Cemex Group, decided to install SaverOne’s technology across its entire employee car fleet and trucks.
- In January 2024, we announced that, following a successful trial period, our DDPS will be installed across Strauss’ Group’s entire fleet in Israel. Strauss Group is one of the largest food manufacturers in Israel with a fleet of over 80 food delivery trucks.
- In February 2024, we announced that we entered into a new contract with Egged Tours, an Israeli public and tour bus company that operates the largest tour bus fleet in Israel, to install our DPPS on a portion of Egged Tours fleet of buses.
- In March 2024, we announced, in furtherance of our existing collaboration, that we signed a further agreement with GB Tours to install our DDPS on the full fleet of GB Tours’ fleet of public transportation and tour buses. GB Tours is a leading Israel-based public transportation company that operates public transportation lines as well as tour buses with a fleet of about one hundred buses. This order followed the conclusion of a successful pilot of our DDPS on twenty of GB Tours’ buses.

## **Manufacturing**

We are performing our production in Flex Ltd., or Flex, the fourth largest electronic manufacturing services contractor in the world. Flex’s Israeli branch currently manufactures the SaverOne system under purchase orders from time to time according to an agreed upon pricing arrangement and other terms for our Generation 1.0 and 2.0. SaverOne solutions. As we plan to increase the volume of purchase orders to support the business growth beyond the pilot phase program of SaverOne Generation 1.0 and Generation 2.0, we plan to enter into additional agreements to support our planned commercialization activities.

## **Intellectual Property**

We seek patent and trademark protection as well as other effective intellectual property, or IP, rights such as design patents and copyright for our products and technologies in the United States and internationally. Our policy is to pursue, maintain and defend intellectual property rights developed internally and to protect the technology, inventions and improvements that are commercially important to the development of our business. Our IP portfolio cover various technological aspects of the solution to protect the solution technical and functional innovations.

We have a growing portfolio consisting of five distinct patent families spanning between them 11 patent applications pending in: the United States, the European Patent Office, Israel, China, and the World Intellectual Property Office (WIPO). In Addition, we have five patents already registered in the United States and in China.

In Israel, three of our patent applications have been allowed and subsequently opposed by a third-party. These are: Israeli patent application No. 249154 titled “SYSTEM AND METHODS TO FACILITATE SAFE DRIVING”; and Israeli patent application No. 276389 titled “SYSTEM AND METHODS TO FACILITATE SAFE DRIVING” which is a divisional patent application of the above application, and Israeli patent application No. 280305 titled “SYSTEM AND METHODS TO FACILITATE SAFE DRIVING” which is a divisional patent application of the above application. We have received the grounds of opposition by the opponent, and the proceedings are ongoing. It is difficult to assess at this time the likelihood of success in the opposition. Opposition proceedings in Israel tend to be lengthy and very procedural.

We cannot be certain that patents will be granted with respect to any of our pending patent applications or with respect to any patent applications filed by us in the future, nor can we be sure that any of our existing patents or any patents granted to us in the future will be commercially useful in protecting our technology. Despite our efforts to protect our intellectual property, any of our intellectual property and proprietary rights could be challenged, invalidated, circumvented, infringed or misappropriated, or such intellectual property and proprietary rights may not be sufficient to permit us to take advantage of current market trends or otherwise to provide competitive advantages. For more information, please see “Item 3.D. Risk Factors—Risks Related to our Intellectual Property.”

Asset no.	Country	Application date	Application No.	Title (with embodiment where applicable)	Registration No.	File status	Expiration date
1	USA	22-06-2015	15/314,295	System and methods to facilitate safe driving (Estimated location is by machine learning)	10075581	Registered	22-06-2035
2	USA	02-08-2018	16/053,318	System and methods to facilitate safe driving (Multiple sensors; channel fingerprinting)	10412212	Registered	22-06-2035
3	USA	25-07-2019	16/522,178	System and methods to facilitate safe driving (Idle mode - parking)	10686929	Registered	22-06-2035
4	USA	05-05-2020	16/867,276	System and methods to facilitate safe driving (Idle mode - general)	11889015	Registered	22-06-2035
5	Israel	22-06-2015	249154	System and methods to facilitate safe driving (Estimated location is by machine learning)	N/A	Opposed	N/A
6	Israel	22-06-2015	276389	System and methods to facilitate safe driving (Partial blocking of functionality)	N/A	Opposed	N/A
7	Israel	22-06-2015	280305	System and methods to facilitate safe driving (Idle mode - parking)	N/A	Opposed	N/A
8	Europe	22-06-2015	15811688.9	System and methods to facilitate safe driving (Machine learning + channel fingerprinting)	N/A	Pending	N/A
9	China	22-06-2015	CN201580033519.2	System and methods to facilitate safe driving (Estimated location is by machine learning)	CN106464747B	Registered	22-06-2035
10	USA	28-11-2016	16/064,109	System and Methods of Locating Wireless Devices in a Volume (antenna Scanning)	10,557,917	Registered	28-11-2036
11	USA	28-11-2016	16/740,696	System and Methods of Locating Wireless Devices in a Volume (reference PDFs bank)	N/A	Pending	N/A
12	Europe	28-11-2016	16815965.5	System and Methods of Locating Wireless Devices in a Volume (antenna Scanning)	EP3374784	Registered	28-11-2036
13	China	28-11-2016	2016800753516.00	System and Methods of Locating Wireless Devices in a Volume (antenna Scanning)	CN108474832B	Registered	28-11-2036
14	Israel	28-11-2016	259933	System and Methods of Locating Wireless Devices in a Volume (antenna Scanning)	N/A	Allowed	N/A
15	USA	23-09-2021	18/188,783	A system, method and unit to scan communication channels	N/A	Pending	N/A
16	Europe	23-09-2021	21806407.9	A system, method and unit to scan communication channels	N/A	Pending	N/A
17	Israel	23-09-2021	301537	A system, method and unit to scan communication channels	N/A	Pending	N/A
18	USA	28-02-2022	17/681,957	Managing access to an application on a smartphone via a Bluetooth channel	N/A	Pending	N/A
19	PCT	27-02-2023	PCT/IL2023/050205	Managing access to software applications on a mobile communication device via a phone location unit	N/A	Pending	N/A
20	USA	24-02-2022	17/679,208	System and method for advanced classification of cellphone based on sensor fusion	N/A	Pending	N/A
21	USA	24-02-2022	17/679,204	System and method for determining user-cellphone interaction based on sensor fusion	N/A	Pending	N/A
22	USA	24-02-2022	17/679,210	System and method for calibration and maintenance of a cellphone localization system within enclosed volume	N/A	Pending	N/A
23	PCT	20-02-2023	PCT/IL2023/050176	Classifying an operational mode of mobile communication devices or an event related to the communication between them	N/A	Pending	N/A

## **Research and Development**

Our investment in research and development is critical to driving our future growth. We expended approximately NIS 22.9 (approximately \$6.3 million) on research and development in 2023, NIS 21.5 million (approximately \$6.1 million) in 2022, and NIS 18.9 million (approximately \$5.3 million) in 2021. Our investment in research and development reflects the following: internal research and development programs, pilot programs, engineering efforts that incorporate customer feedback into continuous improvement efforts for our products.

Our research and development expenses consist primarily of salaries and related expenses, materials and subcontractors, regulation and quality assurance, rent and maintenance and other related research and development expenses, net of grants from the IIA.

Our research and development expenses are highly dependent on the development phases of our products associated with our development projects and therefore may fluctuate highly from quarter to quarter.

## **Grants from the Israel Innovation Authority and the Israeli Ministry of Economy (MOE)**

Our research and development efforts are financed in part through royalty-bearing grants from the Israeli Innovations Authority, or the IIA. As of December 31, 2023, we have received the aggregate amount of NIS 1.7 million (approximately \$0.5 million) from the IIA for the development of our technology. With respect to such grants, we are committed to pay certain royalties up to the total grant amount. Regardless of any royalty payment, we are further required to comply with the requirements of the Research Law, with respect to those past grants. When a company develops know-how, technology or products using IIA grants, the terms of these grants and the Research Law restrict the transfer of such know-how, and the transfer of manufacturing or manufacturing rights of such products, technologies or know-how outside of Israel, without the prior approval of the IIA. We do not believe that these requirements will materially restrict us in any way.

We have also received a grant from the MOE with respect to certain consulting and marketing activities conducted outside of Israel. For information, see Note 11b to our audited financial statements included elsewhere in this Annual Report on Form 20-F.

## **Employees**

As of December 31, 2023, we employed or engaged approximately 51 employees and contractors, all of which work out of our corporate headquarters. 4 of our employees are members of our senior management team. Approximately 63% of our employees are engaged in research and development, 27% are engaged in operating activity and 10% are engaged in sales and marketing. We believe that we maintain good relations with all of our employees.

All of our employment and consulting agreements include employees' and consultants' undertakings with respect to non-competition and assignment to us of intellectual property rights developed in the course of employment and confidentiality. The enforceability of such provisions is limited by Israeli law.

## **Legal Proceedings**

From time to time, we may be involved in various claims and legal proceedings relating to claims arising out of our operations.

In Israel, three of our patent applications have been allowed and subsequently opposed by a third-party. We have received the grounds of opposition by the opponent, and the proceedings are ongoing. It is difficult to assess at this time the likelihood of success in the opposition. Opposition proceedings in Israel tend to be lengthy and very procedural.

Apart from the foregoing patent opposition proceeding, we are not currently a party to any material legal proceedings. Regardless of outcome, litigation can have an adverse impact on us because of defense and settlement costs, diversion of management resources and other factors.

## **C. Organizational Structure**

We currently have no subsidiaries.

## **D. Property, Plant and Equipment**

Our main business activities are conducted in Israel. Our corporate headquarters are located at Em Hamoshavot Rd. 94. Petah Tikvah, Israel, where we currently occupy approximately 495 square meters. We lease our facilities and our lease ends on June 30, 2027. Our current monthly rent payment is NIS 49,000 (approximately \$13,500).

We consider that our current office space is sufficient to meet our anticipated needs for the foreseeable future and is suitable for the conduct of our business.

## ITEM 4A. UNRESOLVED STAFF COMMENTS

Not applicable.

## ITEM 5. OPERATING AND FINANCIAL REVIEW AND PROSPECTS

### MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

*You should read the following discussion and analysis of our financial condition and results of operations together with our financial statements and related notes included elsewhere in this Annual Report on Form 20-F. This discussion and other parts of this Annual Report on Form 20-F contain forward-looking statements based upon current expectations that involve risks and uncertainties. This discussion and other parts of this Annual Report on Form 20-F contain forward-looking statements that involve risk and uncertainties, such as statements of our plans, objectives, expectations, and intentions. Our actual results could differ materially from those discussed in these forward looking statements. Factors that could cause or contribute to such differences include, but are not limited to, those discussed in the section titled "Item 3.D.—Risk Factors" and elsewhere in this Annual Report in Form 20-F. Our discussion and analysis for the year ended December 31, 2022 can be found in our Annual Report on Form 20-F for the fiscal year ended December 31, 2022, filed with the SEC on April 27, 2023 (File No. 001-41387).*

#### Overview

We are a technology company engaged in the design, development and commercialization of transportation and safety solutions, designed to save lives by preventing car accidents based on our patented technology of detecting, analyzing and locating cellular phone RF Signals. Using this core technology, we are developing two product lines. The first is an In Cabin DDPS which comprises an aftermarket product for vehicles (i.e., vehicles already supplied to customers) that is in a commercial phase and an original equipment manufacturer, or OEM, product targeting vehicle manufacturers which is in development. The second is an ADAS product that detects VRUs and provides warning to the vehicle regarding potential collision.

Our DDPS, known also as the SaverOne system, provides an advanced driver safety solution that can identify and monitor mobile phones located in the driver's vicinity and selectively block use of life-threatening applications. Our technology is based on our proprietary hardware, software and algorithms, and we believe it has significant advantages over our competitors' because our solution meets the National Highway Traffic Safety Administration's, or NHTSA, guidelines for a complete solution for distracted driving. Our DDPS solution can be utilized in commercial vehicles, buses, vehicles owned or leased by companies that are provided to employees, private vehicles and other forms of transportation.

The first-generation DDPS product was for the aftermarket vehicle market and was intended for private vehicles, trucks and buses. This Generation 1.0 was launched in late 2019, initially for private cars, and thereafter was made commercially available to trucks and buses. It is currently marketed in Israel as part of our pre-commercialization/early user campaign. We are working on pilot programs with various fleet and system integrators in the United States, Europe, Asia and APAC. As of March 22, 2024, about 4,600 systems have been ordered (which includes about 950 systems ordered as part of our ongoing Generation 1.0 and Generation 2.0 pilot program and about 3,750 systems purchased in commercial orders by our Generation 1.0 and Generation 2.0 customers) and about 3,200 of these systems have been installed.

The second-generation DDPS product, which was released in the fourth quarter of 2022, replaced Generation 1.0 which we are phasing out in the first quarter of 2023. This Generation 2.0 is intended for the global automobile market. It includes significant improvements to our Generation 1.0 solution for maximal performance, compatibility with automobiles and cellular networks, market penetration and profitability. We are targeting the global aftermarket automobile market starting with the U.S. and Europe.

With respect to our DDPS OEM solution, we plan to integrate it into the vehicle manufacturing process, to be offered directly to customers by the vehicle manufacturer as part of the vehicle. We are currently working with one of the leading global OEMs in order to have the SaverOne technology integrated into vehicles during the manufacturing process. The OEM solution is in the early stage of development, and we expect to launch it during 2024. Since the development of our OEM solution is still in an early stage, it is too early to estimate the cost of development.

We are also developing a solution for detection of VRUs based on our second-generation technology. SaverOne's VRU technology significantly enhances the performance of current ADAS sensors (i.e. camera, lidar and radar) through its superior abilities to deal with non-line of sight, or NLoS, hazards, adverse weather conditions and low-visibility. SaverOne's solution is designed to detect VRUs ahead of the vehicle, providing the driver enough time to avoid and prevent collisions. It does this by detecting the exact location, direction of movement and speed of the VRU analysis of their cellphone signals, under all visibility conditions. Since the development of our VRU solution targets the vehicle manufacturers (a.k.a. the OEM market) and is still in an early stage, it is too early to estimate the cost of development. In March 2024, we announced that we are partnering with a top-tier global consultancy firm to support the development of a business model around our VRU solution, which will focus on assessing the potential of our VRU solution and building a full understanding of the solution's value proposition and market potential within the automotive industry.

In the past several years, we believe that public awareness and demand for driver safety technologies has grown substantially. While there are currently many driver assistant products on the market, we believe that the safety of drivers will be substantially improved with our technology. Our mission is to enhance driver safety by providing a solution that is highly reliable and able to prevent certain driver distractions related to mobile phone usage while driving, which we believe is a major cause for driver distraction related automobile accidents. Mobile phone distracted driving is a leading cause of traffic accidents in the United States. According to a survey done by the NHTSA, 660,000 drivers in the United States attempt to use their mobile phones while driving at any given moment. The National Safety Council, or NSC reports that mobile phone use during driving causes approximately 1.6 million traffic accidents annually in the United States alone, leading to the death of approximately 4,600 people and injuring an additional 391,000 people. Moreover, the Federal Motor Carrier Safety Administration, or FMCSA, reported that 71% of commercially driven large-truck crashes occurred because of driver distraction.

We have experienced net losses in every period since the inception of SaverOne. We have incurred losses in each year since our inception, including net losses of approximately NIS 33.8 million (approximately \$9.3 million) NIS 25 million (approximately \$7.1 million) and NIS 26.5 million (approximately \$7.5 million) for the years ended December 31, 2023, 2022 and 2021, respectively. As of December 31, 2023, we had an accumulated deficit of NIS 135.3 million (approximately \$37.3 million). We anticipate that we will continue to incur significant losses for the foreseeable future as our operating expenses and capital expenditures increase substantially due to our continued investment in our research and development activities and as we hire additional employees over the coming years. Furthermore, we are incurring additional expenses associated with operating as a U.S. public company, including significant legal, accounting, investor relations and other expenses, the extent to which we did not incur as a TASE-listed company.

## **A. Operating Results**

### **Components of Operating Results**

#### ***Revenues and Cost of Revenues***

Our total revenue consists of selling our SaverOne system and our cost of revenues consists of the direct cost of producing and installing the system. Currently, our business activity is primarily in Israel while we are expanding our presence abroad through the engagement of various international pilot programs. Since we are still in the initial phase in rolling out our Generation 1.0 and 2.0 SaverOne systems, we cannot forecast our revenue in future periods.

#### ***Research and Development Expenses, Net***

We have invested almost all of our efforts and financial resources in the research and development of our SaverOne system which is still in development. Research and development related activities are currently our primary expenditure. Development timelines, the probability of success and development costs can differ materially from expectations. In addition, we cannot forecast whether and when we will enter into collaboration arrangements, if at all, and to what degree such arrangements would affect our development plans and capital requirements.

We expect our research and development expenses to increase over the next several years as our development programs progress and we expect that our research and development expenses will continue to be significant in absolute dollars in future periods as we continue to invest in research and development activities related to the development of our solutions.

Research and development expenses include the following:

- employee-related expenses, such as salaries and share-based compensation;
- expenses relating to outsourced and contracted services, such as consulting, research and advisory services;
- supply and development costs;
- costs associated with regulatory compliance.

We recognize research and development expenses as incurred deducted by government grants in respect of a research and development projects received from the IIA which are not reasonably assured that the amount received will not be refunded.

#### ***Selling and Marketing Expenses, Net***

Selling and marketing expenses in 2023 consisted primarily of marketing our solutions and our sales department costs. As we penetrate new markets, we anticipate that our selling and marketing expenses in 2024 and thereafter will increase as we expand our sales department and invest in the marketing of our solutions.

### **General and Administrative Expenses**

General and administrative expenses consist primarily of personnel costs, including share-based compensation related to directors and employees, facility costs, insurance costs and maintenance expenses, as well as external professional service costs, including legal, audit, business development and human resource services.

We anticipate that our general and administrative expenses will increase in the future as we increase our administrative headcount and infrastructure to support our continued research and development programs and the potential commercialization of our products as we continue to increase investments to support our growth and as a result of our becoming a public company.

### **Finance Income (Expenses), Net**

Finance income (expenses), net, consisted primarily of revaluation of derivative warrant liability, exchange differences and interest in respect of bank deposits. This income was partly offset by interest and discount expenses in respect of promissory notes and revaluation expenses incurred from partial exercise of Commitment Amount (as defined below) under equity line with YA.

### **Income Taxes**

We have yet to generate taxable income in Israel. As of December 31, 2023, our operating tax loss carryforwards was approximately NIS 108 million (approximately \$29.8 million). We anticipate that we will continue to generate tax losses for the foreseeable future and that we will be able to carry forward these tax losses indefinitely to future taxable years. Accordingly, we do not expect to pay taxes in Israel until we have taxable income after the full utilization of our carry forward tax losses.

### **Results of Operations**

Our results of operations have varied in the past and can be expected to vary in the future due to numerous factors. We believe that period-to-period comparisons of our operating results should not be relied upon as indications of future performance.

	<b>Year Ended December 31, 2023</b>	<b>Year Ended December 31, 2022</b>
	<b>NIS thousands</b>	
<b>Revenues</b>	2,720	1,193
<b>Cost of revenues</b>	(1,968)	(829)
<b>Gross Profit</b>	752	364
 <b>Operating expenses:</b>		
Research and development expenses, net	(22,861)	(21,490)
Selling and marketing expenses, net	(3,787)	(1,591)
General and administrative expenses	(8,327)	(6,492)
<b>Loss from operations</b>	(34,223)	(29,209)
Finance income	1,607	5,099
Finance expense	(1,219)	(852)
Finance income (expense), net	388	4,247
<b>Net loss</b>	<b>(33,835)</b>	<b>(24,962)</b>

For a comparison the year ended December 31, 2023 compared to year ended December 31, 2022, all U.S. dollar amounts below were calculated using the exchange rate reported by the Bank of Israel for December 31, 2023, at the rate of one U.S. dollar per NIS 3.6270.

#### *Revenues*

Revenues increased by NIS 1,527,000 (approximately \$421,000), or 128%, to NIS 2,720,000 (approximately \$750,000) for the year ended December 31, 2023, compared to NIS 1,193,000 (approximately \$329,000) for the year ended December 31, 2022. This increase was mainly the result of new agreements we entered into during 2023.

#### *Cost of revenues*

Cost of sales increased by NIS 1,139,000 (approximately \$314,000), or 137%, to NIS 1,968,000 (approximately \$543,000) for the year ended December 31, 2023, compared to NIS 829,000 (approximately \$229,000) for the year ended December 31, 2022. This increase was mainly the result of an increase in the number of installations made during 2023.

#### *Research and development expenses, net*

Research and development expenses, net increased by NIS 1,371,000 (approximately \$378,000), or 6%, to NIS 22,861,000 (approximately \$6,303,000) for the year ended December 31, 2023, compared to NIS 21,490,000 (approximately \$5,925,000) for the year ended December 31, 2022. This increase resulted mainly from higher payroll expenses and subcontractors costs, due to an increase in research and development activity, mainly related to our continuous effort to develop future products.

#### *Selling and marketing expenses, net*

Selling and marketing expenses increased by NIS 2,196,000 (approximately \$605,000), or 138%, to NIS 3,787,000 (approximately \$1,044,000) for the year ended December 31, 2023, compared to NIS 1,591,000 (approximately \$1,266) for the year ended December 31, 2022. The increase is attributable mainly to higher payroll and marketing expenses, as part of the Company's efforts to increase sales.

#### *General and administrative expenses*

General and administrative expenses increased by NIS 1,835,000 (approximately \$506,000), or 28%, to NIS 8,327,000 (approximately \$2,296,000) for the year ended December 31, 2023, compared to approximately NIS 6,492,000 (approximately \$1,790) for the year ended December 31, 2022. The increase resulted mainly from associated with being a public company traded in the Nasdaq, as well as higher insurance expenses.

#### *Financing income (expenses), net*

Financing income, net, for the year ended December 31, 2023 were NIS 388,000 (approximately \$107,000) and resulted mainly from revaluation of derivative warrant liability, income from exchange rate differences and interest in respect with bank deposits. This income was partly offset by interest and discount expenses in respect of promissory notes and revaluation expenses incurred from partial exercise of Commitment Amount (as defined below) under the equity line with YA. Financing income, net, for the year ended December 31, 2022 were NIS 4,247,000 (approximately \$1,171,000) and resulted mainly from exchange differences due to an increase in the U.S. dollar and new Israeli shekel exchange rate between periods and income from revaluation of derivative warrant liability less direct and incremental issuance costs incurred through the initial public offering in the United States in 2022 allocated to derivative warrant liability.

#### *Net loss*

Net loss increased by NIS 8,873,000 (approximately \$2,446,000), or 36%, to NIS 33,835,000 (approximately \$9,329,000) for the year ended December 31, 2023, compared to NIS 24,962,000 (approximately \$6,882,000) for the year ended December 31, 2022. The increase was mainly the result of an increase in research and development activity, higher international marketing efforts, expenses associated with being a public company traded in the Nasdaq, as well as high financing income recorded in the corresponding period last year.

### **Off-Balance Sheet Arrangements**

We have not entered into any off-balance sheet arrangements that have had or are reasonably likely to have a current or future effect on our financial condition, changes in financial condition, revenues or expenses, results of operations, liquidity, capital expenditures or capital resources that are material to investors.

### **Internal Control Over Financial Reporting**

In connection with the audit of our financial statements as of December 31, 2023, 2022 and 2021, we identified control deficiencies in our financial reporting process that constitute a material weakness for the years ended December 31, 2023, 2022 and 2021 (which were primarily due to the fact that we were a private company prior to June 2, 2022). The material weaknesses were related to segregation of duties and lack of sufficient internal controls (including IT general controls, entity level controls and transaction level controls).

As defined in the standards established by the Public Company Accounting Oversight Board of the United States, a "material weakness" is a deficiency, or a combination of deficiencies, in internal control over financial reporting such that there is a reasonable possibility that a material misstatement of the company's annual or interim financial statements will not be prevented or detected on a timely basis.

Although we have taken certain measures to address the material weaknesses such as implementing internal policies and procedures related to internal control over financial reporting and hiring additional accounting and financial staff with appropriate public company experience and technical accounting knowledge, we will need to further implement such internal policies and procedures and expand our accounting and financial staff in order to address our material weaknesses. In addition, we have begun the process of engaging an external consulting firm to assist us with assessment of Sarbanes-Oxley compliance requirements and improvement of overall internal controls and we plan to work with such external consultant in 2024 to design and begin implementing our remediation plan. Further, we expect to take a number of measures to address the material weaknesses that have been identified including establishing effective monitoring and oversight controls. For additional information, see “Item 3.D. Risk Factors—General Risk Factors—We have identified a material weakness in our internal control over financial reporting, and we may not be able to successfully implement remedial measures” in our Annual Report. However, we cannot assure you that these measures may fully address the material weaknesses in our internal control over financial reporting or that we may conclude that they have been fully remediated.

As a company with less than \$1.235 billion in revenue for our last fiscal year, we qualify as an “emerging growth company” pursuant to the JOBS Act. An emerging growth company may take advantage of specified reduced reporting and other requirements that are otherwise applicable generally to public companies. These provisions include exemption from the auditor attestation requirement under Section 404 of the Sarbanes-Oxley Act of 2002, in the assessment of the emerging growth company’s internal control over financial reporting.

## **B. Liquidity and Capital Resources**

### ***Overview***

We have financed our operations since our inception primarily from private and public offerings, equity bridge investment fully converted in equity in previous years, government grants from the IIA and MOE and partial exercise of the equity line and promissory notes received from YA. As of December 31, 2023, we had NIS 17.1 million (approximately \$4.7 million) in cash and cash equivalents.

In June 2023, we entered into the Purchase Agreement with YA pursuant to which we have the right to sell to YA up to \$10.0 million in ADSs subject to certain limitations, from time to time during the 48-month period following the date of execution of the Purchase Agreement. In March 2024, we amended the Purchase Agreement to increase such amount to \$15.0 million in ADSs. As of the date of this Annual Report, we have issued an aggregate of 33,375,000 ordinary shares represented by 6,675,000 ADSs to YA consisting of (i) 340,760 ordinary represented by 68,152 ADSs that we issued to YA as consideration for YA’s irrevocable commitment to purchase our ADSs up to the Commitment Amount and (ii) 33,034,240 ordinary shares represented by 6,606,848 ADSs that we sold to YA as Advance Shares for aggregate gross proceeds of approximately \$3,393,967. For additional information, see “Item 5. Operating and Financial Review and Prospects—Recent Offerings”.

We are currently in the early commercialization stage and have not yet generated significant revenues from our operations. From inception date and through December 31, 2023, we have not generated significant revenues and we have reported ongoing losses. As of December 31, 2023, we had an accumulated deficit of NIS 135.6 million (approximately \$37.4 million) and we had comprehensive loss and negative cash flow from operating activity in amounts of NIS 33.8 million (approximately \$9.3 million) and NIS 35 million (approximately \$9.6 million) for the year ended December 31, 2023, respectively.

Our primary contractual obligations consist of liabilities in respect of research and development grants received from the IIA, as well as lease liabilities in respect of corporate facilities. For information about our contractual obligations, see Notes 9 and 11 to our audited financial statements.

We anticipate that we will continue to incur net losses for the foreseeable future as we continue the development and potential commercialization of our products and incur additional costs associated with being a public company.

We believe that our existing capital resources as described above will be sufficient to continue our business and operations as currently conducted for through the next twelve months. We believe that, if required, we will be able to raise additional capital or reduce discretionary spending to provide the required liquidity beyond the next twelve months.

### ***Recent Offerings***

On June 5, 2023, we entered into the Purchase Agreement with YA pursuant to which we have the right to sell to YA up to \$10.0 million, or the Initial Commitment Amount, in ADSs subject to certain limitations, from time to time during the 48-month period following the date of execution of the Purchase Agreement. On March 22, 2024, we and YA entered into an amendment to the Purchase Agreement to increase the Initial Commitment Amount to \$15.0 million in ADSs, or the Commitment Amount. We issued 340,760 ordinary shares represented by 68,152 ADSs to YA as consideration for its commitment to purchase our ADSs under the Purchase Agreement, and we may issue up to \$15.0 million of our ADSs pursuant to the Purchase Agreement, or the Advance Shares, at our direction from time to time, each such occurrence, an Advance, subject to the restrictions and satisfaction of the conditions in the Purchase Agreement. Upon the execution of the Purchase Agreement, we issued a promissory note in the amount of \$2.0 million to YA, or the First Promissory Note. The First Promissory Note matures on the twelve-month anniversary of execution, accrues interest at a rate of 8%, was issued with a 3% original issue discount, and is payable in 10 equal monthly installments beginning on the 60th day following the date of the promissory note’s execution. The First Promissory Note may be repaid with the proceeds of an advance under the Purchase Agreement or repaid in cash. As of the date of this Annual Report, we have issued an aggregate of 33,375,000 ordinary shares represented by 6,675,000 ADSs to YA consisting of (i) 340,760 ordinary shares represented by 68,152 ADSs that we issued to YA as consideration for YA’s irrevocable commitment to purchase our ADSs up to the Commitment Amount and (ii) 33,034,240 ordinary shares represented by 6,606,848 ADSs that we sold to YA as Advance Shares for aggregate gross proceeds of approximately \$3,393,967. Since December 31, 2023, we have issued an aggregate of 10,750,000 ordinary shares represented by 2,150,000 ADSs to YA as Advance Shares for aggregate gross proceeds of approximately \$2,107,500.

On December 11, 2023, we and YA entered into a supplement to the Purchase Agreement pursuant to which YA, upon our request, agreed to advance to us \$1.0 million of the Commitment Amount, which is evidenced in the form of a promissory note equal to \$1.0 million, or the Second Promissory Note. The Second Promissory Note, which contains substantially the same terms as the First Promissory Note, matures on the twelve-month anniversary of execution. The Second Promissory Note accrues interest at a rate of 8%, and was issued with a 3% original issue discount, and will be repaid in 5 equal monthly installments beginning on the 150th day following the date of the Second Promissory Note's execution. The Second Promissory Note may be repaid with the proceeds of an Advance under the Purchase Agreement or repaid in cash.

On December 13, 2023, we sold to YA 8,333,335 ordinary shares represented by 1,666,667 ADSs at a purchase price of \$0.60 per ADS in a registered direct offering. Aggregate gross proceeds from the registered direct offering were approximately \$1.0 million, before deducting the offering expenses payable by us. No placement agent commissions or fees were payable in the transaction. The registered direct offering closed on December 14, 2023.

The table below presents our cash flows for the periods indicated:

	Year Ended December 31, 2023	Year Ended December 31, 2022
	NIS thousands	
Net cash used in operating activities	(35,020)	(28,370)
Net cash provided by (used in) investing activities	9,942	(5,120)
Net cash provided by financing activities	22,490	41,972
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>(2,588)</b>	<b>8,482</b>

For a comparison the year ended December 31, 2023 compared to year ended December 31, 2022, all U.S. dollar amounts below were calculated using the exchange rate reported by the Bank of Israel for December 31, 2023, at the rate of one U.S. dollar per NIS 3.6270.

#### *Net cash used in operating activities*

Net cash used in operating activities increased by NIS 6,650,000 (approximately \$1,833,000), or 23%, to NIS 35,020,000 (approximately \$9,655,000) for the year ended December 31, 2023 compared to approximately NIS 28,370,000 (approximately \$7,822,000) for the year ended December 31, 2022. This increase was mainly attributable to higher net loss, primarily as a result of a decrease in income from revaluation of derivative warrant liability, lower income from exchange rate differences, increased selling and marketing expenses due to international marketing efforts and higher expenses associated with being a public company traded in the Nasdaq.

#### *Net cash provided by (used in) investing activities*

Net cash provided by investing activities during the year ended December 31, 2023 was NIS 9,942,000 (approximately \$2,741,000), compared to 5,120,000 NIS (approximately \$1,412,000) used in investing activities during the year ended December 31, 2022. This change is mainly due to maturity of investments in bank deposits with maturity date more than three months.

#### *Net cash provided by financing activities*

Net cash provided by financing activities decreased by NIS 19,482,000 (approximately \$5,371,000), or 46% to NIS 22,490,000 (approximately \$6,201,000) for the year ended December 31, 2023, compared to NIS 41,972,000 (approximately \$11,572,000) for the year ended December 31, 2022. This decrease was mainly due to aggregate net proceeds of NIS 37.3 million (approximately \$10.3 million) from our initial public offering in the United States during the corresponding period last year, partly offset by proceeds received during the year from issuance of ADSs resulted from partial exercise of our equity line with YA.

### **C. Research and development, patents and licenses, etc.**

For a description of our research and development programs and the amounts that we have incurred over the last two years pursuant to those programs, please see "Item 5. Operating and Financial Review and Prospects— A. Operating Results— Operating Expenses— Research and Development Expenses, net", "Item 5. Operating and Financial Review and Prospects— A. Operating Results— Comparison of the year ended December 31, 2023 to the year ended December 31, 2022— Research and Development Expenses", and Notes 2 and 3 to our audited financial statements included elsewhere in this Annual Report on Form 20-F.

### **D. Trend Information**

Other than as disclosed in "Item 5. Operating and Financial Review and Prospectus—Components of Our Results of Operations" and elsewhere in this Annual Report, we are not aware of any trends, uncertainties, demands, commitments or events for the period from January 1, 2023 to December 31, 2023 that are reasonably likely to have a material effect on our total revenues, income, profitability, liquidity or capital resources, or that caused the disclosed financial information to be not necessarily indicative of future operating results or financial condition.

## **E. Critical Accounting Estimates**

We describe our significant accounting policies and estimates in Note 3 to our annual financial statements for the year ended December 31, 2023. We believe that these accounting policies and estimates are critical in order to fully understand and evaluate our financial condition and results of operations.

We prepare our financial statements in accordance with IFRS as issued by the IASB.

The preparation of financial statements in conformity with IFRS requires management to make accounting estimates and assessments that involve use of judgment and that affect the amounts of assets and liabilities presented in the financial statements, the disclosure of contingent assets and liabilities at the dates of the financial statements, the amounts of revenues and expenses during the reporting periods and the accounting policies adopted by the Company. Actual results could differ from those estimates.

### ***Recently-Issued Accounting Pronouncements***

Certain recently-issued accounting pronouncements are discussed in Note 2, Summary of Material Accounting Policies, to our annual financial statements for the year ended December 31, 2023 included in elsewhere in this Annual Report, regarding the impact of the IFRS standards as issued by the IASB that we will adopt in future periods in our financial statements.

### ***Stock-based compensation***

From time to time, the Company may grant options to its employees, directors and non-employees. The Company recognizes stock-based compensation expense at its fair value.

Changes in the Company's assumptions can materially affect the estimate of the fair value of stock-based compensation and, consequently, the related expense recognized. The assumptions used in the calculations of the fair value of stock-based payment awards is represented by best estimates which involve inherent uncertainties and the application of judgment when considering inherent uncertainties. As a result, if the Company's assumptions change and different assumptions are used, the expense of a stock-based compensation award could be materially different in the future than what was originally planned for.

## ITEM 6. DIRECTORS, SENIOR MANAGEMENT AND EMPLOYEES

### A. Directors and Senior Management

The following table sets forth information regarding our executive officers, key employees and directors as of March 22, 2024. Unless otherwise stated, the address of our executive officers and directors is SaverOne 2014 Ltd., Em Hamoshavot Rd. 94, Petah Tikvah.

Name	Age	Position
<i>Executive Officers:</i>		
Ori Gilboa	60	Chief Executive Officer and Director
Yossi Cohen	56	Founder and Chief Operating Officer
Omri Hagai	38	Chief Financial Officer
Aviram Meidan	50	VP, Research and Development
<i>Non-Employee Directors:</i>		
Jacob Tenenboim	66	Chairman of the Board
Sharon Schreiber (1)(2)(3)	50	External Director
Shlomo Shalev (1)(2)(3)	61	External Director
Yaron Be'eri (1)(3)	61	Director

- (1) Member of the Audit Committee
- (2) Member of the Compensation Committee
- (3) Independent director as defined under Nasdaq Marketplace Rule 5605(a)(2) and SEC Rule 10A-3(b)(1).

#### Executive Officers

##### **Ori Gilboa, Chief Executive Officer and Director**

*Ori Gilboa* has served as our Chief Executive Officer since September 2019 and director since June 2020. From January 2017 until August 2019, Mr. Gilboa served as the Chief Executive Officer of Negev Group, Israel's leading home design group. From 2012 to 2016, Mr. Gilboa served as the General Manager of Israeli operations for the James Richardson Corporation, where he oversaw the operation of duty-free stores in Ben Gurion Airport in Israel. Mr. Gilboa holds a B.Sc in Industrial Engineering and an MBA from Tel Aviv University.

##### **Yossi Cohen, Founder and Chief Operating Officer**

*Yossi Cohen* has served as our Co-Founder and Chief Operating Officer since November 2014. Mr. Cohen is responsible for all of our operations, including managing our intellectual property portfolio and our information technology. In addition, Mr. Cohen leads our OEM business. Prior to that, Mr. Yossi Cohen served as Business Operations Manager at Motorola Solutions in Israel from 2007 to 2014. Mr. Yossi Cohen has an MBA and Bsc in Electric Engineering from Tel-Aviv University.

##### **Omri Hagai, Chief Financial Officer**

*Omri Hagai* has served as our Chief Financial Officer since August 2023. Mr. Hagai has over 10 years of financial experience, including experience in finance and audit related functions of SEC reporting companies. From 2021 to 2023, Mr. Hagai has served as a Director of Finance of BrainsWay Ltd. (Nasdaq: BWAY), where he managed its finance department and led the preparation of the company's financial statements for SEC filings. From 2018 to 2021, Mr. Hagai served as the Disclosure and Reporting Controller for Israel Chemicals Ltd. (NYSE: ICL). Prior to this role, Mr. Hagai served as the Assistant Controller for Israel Chemicals from 2016 to 2018. Prior to his public company roles, Mr. Hagai served as an Assurance Senior Associate at Kesselman & Kesselman, certified public accountants in Israel and a member of PricewaterhouseCoopers International Limited. Mr. Hagai holds a bachelor of arts in business management and accounting from The Hebrew University of Jerusalem.

##### **Aviram Meidan, VP, Research and Development**

*Aviram Meidan* has served as our VP, Research and Development since October 2018. Prior to that, Mr. Meidan served as VP of Research and Development and Chief Technology Officer at Micronet Ltd from 2010 to 2018. From 2018-2010, Mr. Meidan served as Chief Technology Officer at Dai Telecom. Prior to that, Mr. Meidan served as Research and Development Manager at Motorola communication from 1999 to 2008. Mr. Meidan holds an MBA from Heriot-Watt University, BA in Computer & Mathematics from Haifa University and a BA in Practical Engineering from ORT College.

## **Non-Executive Directors**

### **Jacob Tenenboim, Chairman of the Board of Directors**

*Jacob Tenenboim* has served on our board of directors as Chairman since July 2015. Since 2001, Mr. Tenenboim has served as the Chief Executive Officer and Chairman of I.T. Net Investments Ltd. In addition to his role at I.T. Net Investments, Mr. Tenenboim has significant directorship experience. Since 2020, Mr. Tenenboim has served as a Director of Unicorn Technology. Since 2015, Mr. Tenenboim has served as Chairman of the Board of Directors of Bobile Ltd. From September 2016 until June 2017, and then again from December 2017 until June 2021, Mr. Tenenboim has served as a Director of Somoto BVI. Mr. Tenenboim holds an M.SC in industrial engineering from Tel Aviv University.

### **Sharon Schreiber, External Director**

*Sharon Schreiber* is a leading investment banker and serial entrepreneur with extensive experience in business management, operations, and cross-border transactions. Since 2013 Ms. Schreiber has served as a Founder at Unicorns Capital Partners, a boutique investment bank, where she represents European and U.S.-based clients, including family offices, private equity funds, growth funds, and venture capital funds in a variety of financing transactions, from growth stage to pre-IPO. From 2010 to 2013, Ms. Schreiber served as the Co-Founder and Chief Executive Officer at Zebra.com, an online business-to-client file transfer startup company. Prior to that, Ms. Schreiber held executive positions at several companies, including at S.G., an M&A advisory firm, where she served as an M&A and Turnaround Executive; at Xfone, Inc., a telecom operating company (AMEX:XFN), where she served as a VP of Business Development; and at Pillar Investments, a technology companies' incubator, where she served as the Chief Executive Officer. In addition, Ms. Schreiber served as a Director of Sales and Business Development at RAD Group, which develops, manufactures, and markets solutions for diverse segments of the networking and telecommunications industry, and as a Sales Director at ECI Telecom Ltd., a manufacturer of telecommunications equipment. Ms. Schreiber also served as an external board member at DGC Group Ltd. (TASE:DGCG). Ms. Schreiber holds an Executive MBA (Kellogg-Recanati Program) from Northwestern University and Tel Aviv University, and a B.A. in Social Science from the Open University Tel Aviv.

### **Shlomo Shalev, External Director**

*Shlomo Shalev* has served on our board of directors since August 2020. Since 2020 Shlomo has served as the Chief Executive Officer of XTL Bio Pharmaceuticals (“XTL”) (Nasdaq: XTLB). From 2015 - 2018, Mr. Shalev served as Active Chairman of the Board of Intercure Ltd (Nasdaq: INCR) and chairman of the board of XTL. Prior to that Shlomo was CEO of GFC Green Fields Capital, an investment company publicly traded on the Tel Aviv Stock Exchange (TASE) from 2014 to 2015. From 2007 to 2014 Mr. Shalev was leading several companies in turn around and growth situations including as chairman of the board of Micronet (TASE). Prior to that Mr. Shalev served as SVP Investments at Ampal, a diversified holding company. From 1994 -1998, Mr. Shalev served as Israel's Consul for Economic Affairs in the U.S Northwestern Region and as the Economic Advisor to the Director General, Ministry of Industry and Trade. Mr. Shalev holds an MBA from University of San Francisco, CA and a B.A. degree in Economics from Ben Gurion University, Israel.

### **Yaron Be'eri, Director**

*Yaron Be'eri* has served on our board of directors since June 2020. Since 2019, Mr. Be'eri has served as the Chief Executive Officer of Yahad – United for Israel's Soldiers, a nonprofit organization dedicated toward raising funds for Israeli Defense Forces soldiers. Prior to this, from 2017-2019, Mr. Be'eri served as the Deputy Chief Executive Officer of Aura, a large real estate company in Israel. From 2015-2017, Mr. Be'eri was the Head of the Traffic Division of the Israeli Police, and from 2011-2015, Mr. Be'eri was Head of Human Resources for the Israeli Police. Mr. Be'eri holds a BA in Social Sciences from the University of Haifa and an MBA in Business Administration from the University of Derby.

### **Family Relationships**

There are no family relationships among any of our officers (including directors).

## **B. Compensation**

The aggregate compensation we paid to our executive officers and directors for the year ended December 31, 2023, was approximately NIS 5.1 million (\$1.4 million). This amount includes approximately NIS 4.4 million (\$1.2 million) paid, set aside or accrued to provide pension, severance, retirement or similar benefits or expenses and NIS 0.7 million (\$0.19 million) share based compensation expenses, but does not include business travel, professional and business association dues and expenses reimbursed to office holders, and other benefits commonly reimbursed or paid by companies in our industry. As of December 31, 2023, 810,000 restricted shares and 896,702 options to purchase ordinary shares granted to our officers and directors were outstanding under our share option plan at a weighted average exercise price of NIS 7.53 (\$2.07) per share.

In accordance with the Companies Law, the table below reflects the compensation granted to our five most highly compensated officers during or with respect to the year ended December 31, 2023. For purposes of the table and the summary below, “compensation” includes base salary, bonuses, equity-based compensation, retirement or termination payments, benefits and perquisites such as car, phone and social benefits and any undertaking to provide such compensation.

Name and Principal Position	Salary <sup>(1)</sup>	Bonus <sup>(2)</sup>	Equity-Based	Other	Total
			Compensation <sup>(3)</sup>	Compensation <sup>(4)</sup>	
			(NIS in thousands)		
Ori Gilboa (Chief Executive Officer) <sup>(5)</sup>	1,383	-	543	-	1,926
Yossi Cohen (Chief Operating Officer)	714	-	37	-	751
Aviram Meidan (VP, Research and Development)	908	-	79	-	987
Omri Hagai (Chief Financial Officer) <sup>(6)</sup>	242	-	22	-	264
Israel Eiby (Chief Marketing Officer) <sup>(7)</sup>	620	-	-	-	620

- (1) Salary includes the officer’s gross salary plus payment by us of social benefits on behalf of the officer. Such benefits may include payments, contributions and/or allocations for savings funds (e.g., Managers’ Life Insurance Policy), pension, severance, risk insurance (e.g., life, or work disability insurance), payments for social security and tax gross-up payments, vacation, medical insurance and benefits, convalescence or recreation pay and other benefits and perquisites consistent with our policies.
- (2) Represents annual bonuses granted to the officer based on formulas set forth in the respective resolutions of our Compensation Committee and Board of Directors with respect to 2023.
- (3) Represents the equity-based compensation expenses recorded in our financial statements for the year ended December 31, 2023, based on the securities’ fair value on the grant date, calculated in accordance with applicable accounting guidance for equity-based compensation. For a discussion of the assumptions used in reaching this valuation, see Note 13 to our financial statements included in this Annual Report.
- (4) Represents benefits and perquisites such as car, phone and social benefits.
- (5) Mr. Gilboa is paid through a company wholly owned by him.
- (6) Mr. Hagai was appointed as our chief financial officer by our board of directors on August 6, 2023.
- (7) Mr. Eiby’s tenure terminated on September 15, 2023.

#### ***Employment and Consulting Agreements***

Our employees are employed under the terms prescribed in their respective employment contracts. The employees are entitled to the social benefits prescribed by law and as otherwise provided in their agreements. These agreements each contain provisions standard for a company in our industry regarding non-competition, confidentiality of information and assignment of inventions. Under currently applicable labor laws, we may not be able to enforce covenants not to compete and therefore may be unable to prevent our competitors from benefiting from the expertise of some of our former employees. See “Item 3.D. Risk Factors — Risks Relating to Our Business” for a further description of the enforceability of non-competition clauses. We also provide certain of our employees with a company car, which is leased from a leasing company.

Executive officers are also employed on the terms and conditions prescribed in employment agreements. These agreements provide for notice periods of varying duration for termination of the agreement by us or by the relevant executive officer, during which time the executive officer will continue to receive base salary and benefits. See “Item 3.D. Risk Factors — Risks Relating to Our Business.”

On February 24, 2020, we entered into a consulting agreement with Mr. Ori Gilboa who has served as our chief executive officer since September 2019 and as a member of the board of directors since June 2020, which provides that Mr. Gilboa’s terms of office and services are for period of three years, subject to re-approval under the Companies Law and termination in accordance with the terms of the consulting agreement.

On June 21, 2023 our compensation committee and board of directors approved, and on August 14, 2023 our shareholders approved, the re-approval of the terms of the consulting agreement, or the Consulting Agreement, with Mr. Ori Gilboa, as follows:

**Services:** Mr. Gilboa shall serve as our chief executive officer on full time basis for a period of three years, such renewed period to begin on September 1, 2023. The Consulting Agreement may be terminated at any time by Mr. Gilboa or by us by giving the other party 90 days advance notice in writing, provided that we may terminate the agreement forthwith for cause without advance notice.

**Consideration:** In consideration for the services rendered by Mr. Gilboa, we shall pay to Mr. Gilboa a monthly consulting fee, or the Consulting Fee in the amount of NIS 120,000 plus VAT, if required by law. The Consulting Fee shall be indexed to the Israeli consumer price index and an accounting will be made accordingly every quarter.

**Bonus:** Mr. Gilboa shall be entitled to a contingent annual bonus of up to six (6) monthly Consulting Fees, as may be adjusted from time to time in accordance with the terms of the Consulting Agreement, provided that Mr. Gilboa has fulfilled the measurable objectives which shall be determined by our compensation committee and board of directors once a year in accordance with the provisions of our compensation policy that will be in existence at the relevant time.

**Restricted Share Units:** As previously approved by our board of directors, Mr. Gilboa shall be entitled, subject to (1) the terms of our 2015 Share Incentive Plan and (2)(A) the execution of a form of an award grant letter agreement , or the RSU Agreement, with respect to restricted share units, or RSUs, which shall be approved and adopted us and (B) the execution all other required documents and agreements required by us, 900,000 RSUs, representing approximately 3% of our issued and outstanding ordinary shares as of the date of the grant, subject to, among other things, the vesting schedule provided below:

The RSUs shall vest on quarterly basis over period of a three (3) year period, beginning on September 1, 2023, or the Vesting Commencement Date under the following schedule: forty percent (40%) of the RSUs shall vest by the end of the first anniversary of the Vesting Commencement Date, thirty percent (30%) of the RSUs shall vest by the end of the second anniversary of the Vesting Commencement Date and the remaining thirty percent (30%) of the RSUs shall vest by the end of the third anniversary of the Vesting Commencement Date, subject to Mr. Gilboa's continued service through each such anniversary of the Vesting Commencement Date and the potential vesting Acceleration (as defined below and as further described in the RSU Agreement).

An "Acceleration" means, in the event of (and conditional upon the completion of) any change of control, sale or merger, sale of a major asset or a major (each as further described in the RSU Agreement), all unvested RSUs shall vest immediately prior to the consummation of the sale.

The proposed to the services terms of Mr. Gilboa are consistent with our compensation policy.

## **C. Board Practices**

### ***Board of Directors***

Our board of directors consists of five directors, including two directors who are deemed external directors per the requirements of the Companies Law (see "External directors" below). These two directors, as well as one additional director, qualify as independent directors under the corporate governance standards of the Nasdaq Marketplace Rules and the independence requirements of Rule 10A-3 of the Exchange Act.

Under our articles of association, our board of directors must consist of no less than three and no more than 12 directors, including external directors. Pursuant to our articles of association, other than the external directors, for whom special election requirements apply under the Companies Law, the vote required to appoint a director is a simple majority vote of holders of our voting shares participating and voting at the relevant meeting.

In addition, our articles of association allow our board of directors to appoint new directors to fill vacancies which can occur for any reason or as additional directors, provided that the number of board members shall not exceed the maximum number of directors mentioned above. The appointment of a director by the board shall be in effect until the following annual general meeting of the shareholders or until the end of his tenure in accordance with our articles of association. Our board of directors may continue to operate for as long as the number of directors is no less than the minimum number of directors mentioned above.

Our external directors have a term of office of three years under Israeli law and may be elected for up to two additional three-year terms, or more, under the circumstances described below. External directors may be removed from office only under the limited circumstances set forth in the Companies Law. See "External directors" below for a description of the procedure for the election and dismissal of external directors.

In addition, under the Companies Law, our board of directors must determine the minimum number of directors who are required to have financial and accounting expertise. Under applicable regulations, a director with financial and accounting expertise is a director who, by reason of his or her education, professional experience and skill, has a high level of proficiency in and understanding of business accounting matters and financial statements. See “— External directors.” He or she must be able to thoroughly comprehend the financial statements of the company and initiate discussion regarding the manner in which financial information is presented. In determining the number of directors required to have such expertise, the board of directors must consider, among other things, the type and size of the company and the scope and complexity of its operations. Our board of directors has determined that we require at least one director with the requisite financial and accounting expertise and Sharon Schreiber and Shlomo Shalev have such expertise.

## DIVERSITY OF THE BOARD OF DIRECTORS

### Board Diversity Matrix (As of March 22, 2024)

Country of Principal Executive Offices	Israel
Foreign Private Issuer	Yes
Disclosure Prohibited under Home Country Law	No
Total Number of Directors	5
<b>Part I: Gender Identity</b>	
Directors	Female 1      Male 4      Non-Binary 0      Did Not Disclose Gender 0
<b>Part II: Demographic Background</b>	
Underrepresented Individual in Home Country Jurisdiction	0
LGBTQ+	0
Did Not Disclose Demographic Background	0

### *Alternate Directors*

Our articles of association provide, as allowed by the Companies Law, that any director may, by written notice to us, appoint another person who is qualified to serve as a director to serve as an alternate director. An alternate director has the same rights and responsibilities as a director, except for the right to appoint an alternate director. The appointment of an alternate director does not negate the responsibilities of the appointing director, who will continue to bear responsibility for the actions of the alternate, giving consideration to the circumstances of the appointment. The Companies Law specifies certain qualifications for alternate directors, and provides that one director may not serve as an alternate on the board of directors for another director, nor as an alternate on a committee of which he or she is already a member. The Companies Law stipulates that an external director may not appoint an alternate director except under very limited circumstances. As of March 22, 2024, no director has appointed any other person as an alternate director.

### *External Directors*

As a public Israeli company, we are required by the Companies Law to have at least two external directors who meet certain independence criteria to ensure that they are unaffiliated with us and our controlling shareholder.

An external director must also have either financial and accounting expertise or professional qualifications, as defined in the regulations promulgated under the Companies Law, and at least one of the external directors is required to have financial and accounting expertise. An external director is entitled to reimbursement of expenses and compensation as provided in the regulations promulgated under the Companies Law, but is otherwise prohibited from receiving any other compensation from us, directly or indirectly, during his or her term and for two years thereafter.

Under the Companies Law, external directors must be elected at a shareholders' meeting by a simple majority of the votes cast on the matter, provided that such majority includes a majority of the votes cast by non-controlling shareholders and shareholders who do not have a personal interest in the election (excluding a personal interest that did not result from the shareholder's relationship with the controlling shareholder), unless the votes cast by such shareholders against the election did not exceed 2% of our aggregate voting rights. External directors serve for up to three terms of three years each, and our audit committee and board of directors may nominate them for additional terms under certain circumstances. Even if an external director is not nominated by our board of directors for reelection for a second or third term, shareholders holding at least 1% of our voting rights have the right to nominate the external director for reelection. In such a case, the reelection can be approved by a majority of the votes cast by non-controlling shareholders and shareholders who do not have a personal interest in the election (excluding a personal interest that did not result from the shareholder's relationship with the controlling shareholder) and the votes cast by such shareholders approving the election exceed 2% of our aggregate voting rights. A term of an external director may be terminated prior to expiration only by a shareholder vote, by the same threshold required for election, or by a court, but in each case only if the external director ceases to meet the statutory qualifications for election or if the external director violates his or her duty of loyalty to us. If at the time of election of an external director all of the members of the board of directors (excluding controlling shareholders or relatives of controlling shareholders) are of the same gender, the external director to be elected must be of the other gender.

Under the Companies Law, each committee of a company's board of directors that is authorized to exercise powers of the board of directors is required to include at least one external director, and all external directors must be members of the company's audit committee and compensation committee.

We currently have two external directors: Shlomo Shalev, who was re-elected as an external director by our shareholders in August 2023 for an additional three-year term ending in August 2026, and Sharon Schreiber, whose first term commenced on August 18, 2022 and ends on August 18, 2025. Our board of directors has determined that our external directors have accounting and financial expertise and/or possess the requisite professional qualifications as required under the Nasdaq Marketplace Rules.

## **Committees of the Board of Directors**

### ***Audit Committee***

Under the Companies Law, the Exchange Act and Nasdaq Marketplace Rules, we are required to establish an audit committee.

The responsibilities of an audit committee under the Companies Law include identifying and addressing flaws in the business management of the company, reviewing and approving related party transactions, establishing whistleblower procedures, overseeing the company's internal audit system and the performance of its internal auditor, and assessing the scope of the work and recommending the fees of the company's independent accounting firm. In addition, the audit committee is required to determine whether certain related party actions and transactions are "material" or "extraordinary" for the purpose of the requisite approval procedures under the Companies Law and to establish procedures for considering proposed transactions with a controlling shareholder.

In accordance with U.S. law and Nasdaq Marketplace Rules, our audit committee is also responsible for the appointment, compensation and oversight of the work of our independent auditors and for assisting our board of directors in monitoring our financial statements, the effectiveness of our internal controls and our compliance with legal and regulatory requirements.

Under the Companies Law, the audit committee must consist of at least three directors and must include all of the company's external directors. The majority of the audit committee members have to be "independent directors". The chairman of the audit committee is required to be an external director.

Under the Nasdaq Marketplace Rules, we are required to maintain an audit committee consisting of at least three independent directors, all of whom are financially literate and one of whom has accounting or related financial management expertise. Each of the members of the audit committee is required to be "independent" as such term is defined in Rule 10A-3(b)(1) under the Exchange Act.

Our audit committee currently consists of three, two of whom are external directors. All of the members are independent directors as defined in the Companies Law. All of the members are also independent as defined in SEC rules and Nasdaq listing requirements. Our board of directors has determined that all members of our audit committee meet the requirements for financial literacy under the applicable rules and regulations of the SEC and Nasdaq Marketplace Rules. Our board of directors has determined that two directors are audit committee financial experts as defined by the SEC rules and have the requisite financial experience as defined by the Nasdaq Marketplace Rules.

### ***Compensation Committee***

Under both the Companies Law and Nasdaq Marketplace Rules, we are required to establish a compensation committee.

The responsibilities of a compensation committee under the Companies Law include recommending to the board of directors, for ultimate shareholder approval by a special majority, a policy governing the compensation of directors and officers based on specified criteria, reviewing modifications to and implementing such compensation policy from time to time, and approving the actual compensation terms of directors and officers prior to approval by the board of directors.

The Companies Law stipulates that the compensation committee must consist of at least three directors who meet certain independence criteria and must include all of the company's external directors, who are required to constitute a majority of its members. The chairman of the compensation committee must be an external director. The remaining members are required to meet certain independence criteria and be paid in accordance with the regulations governing the compensation of external directors.

Under Nasdaq Marketplace Rules, we are required to maintain a compensation committee consisting of at least two independent directors; each of the members of the compensation committee is required to be independent under Nasdaq Marketplace Rules relating to compensation committee members, which are different from the general test for independence of board and committee members.

Our compensation committee currently consists of three, including two members who are external directors or independent directors as defined in the Companies Law, and all of whom are independent as defined in SEC rules and regulations, and Nasdaq Marketplace Rules.

#### ***Internal Auditor***

Under the Companies Law, the board of directors is required to appoint an internal auditor recommended by the audit committee. Our current internal auditor is Daniel Shapira. The role of the internal auditor is to examine, among other things, whether the company's actions comply with applicable law and proper business procedures. The internal auditor may not be an interested party, a director or an officer of the company, or a relative of any of the foregoing, nor may the internal auditor be our independent accountant or a representative thereof.

#### ***Fiduciary Duties and Approval of Related Party Transactions***

##### **Fiduciary Duties of Directors and Officers**

Israeli law imposes a duty of care and a duty of loyalty on all directors and officers of a company. The duty of care requires a director or officer to act with the level of care with which a reasonable director or officer in the same position would have acted under the same circumstances. The duty of care includes, among other things, a duty to use reasonable means, under the circumstances, to obtain information on the advisability of a given action brought for his approval or performed by virtue of his position and other important information pertaining to such action. The duty of loyalty requires the director or officer to act in good faith and for the benefit of the company.

##### **Approval of Related Party Transactions**

Under the Companies Law, a related party transaction may be approved only if it is for the benefit of the company. A transaction that is not an extraordinary transaction in which a director or officer has a personal interest requires the approval of the board of directors, unless the articles of association of the company provide otherwise. If the transaction is an extraordinary transaction, it must be approved by the audit committee and the board of directors, and, under certain circumstances, by the shareholders of the company. An "extraordinary transaction" is a transaction other than in the ordinary course of business, other than on market terms or that is likely to have a material impact on the company's profitability, assets or liabilities.

Pursuant to the Companies Law, extraordinary transactions in which a controlling shareholder has a personal interest require the approval of the audit committee, or the compensation committee if the transaction is in connection with employment or service with the company, the board of directors and the shareholders of the company. The shareholder approval must be by a simple majority of all votes cast, provided that (i) such majority includes a simple majority of the votes cast by non-controlling shareholders having no personal interest in the matter or (ii) the total number of votes of shareholders mentioned in clause (i) above who voted against such transaction does not exceed 2% of the total voting rights in the company.

The Companies Law generally prohibits any director who has a personal interest in an extraordinary transaction from being present for the discussion and voting pertaining to such transaction in the audit committee or board of directors. Nevertheless, a director who has a personal interest may be present at the meeting and vote on the matter if a majority of the directors or members of the audit committee have a personal interest in the approval of such transaction; in this case, however, the transaction also requires shareholder approval.

#### ***Director and Officer Compensation***

Under the Companies Law, we are required to approve, at least once every three years, a compensation policy with respect to our directors and officers. Following the recommendation of our compensation committee, the compensation policy must be approved by our board of directors and a general meeting of our shareholders. The shareholder approval must be by a simple majority of all votes cast, provided that (i) such majority includes a simple majority of the votes cast by non-controlling shareholders having no personal interest in the matter or (ii) the total number of votes of shareholders mentioned in clause (i) above who voted against such transaction does not exceed 2% of the total voting rights in the company. In general, the terms of compensation of directors (other than cash compensation up to the maximum amount set forth in regulations governing the compensation of external directors), the chief executive officer and any employee or service provider who is considered a controlling shareholder must be approved separately by the compensation committee, the board of directors and the shareholders. The compensation terms of other officers who report directly to the chief executive officer require the approval of the compensation committee and the board of directors.

#### ***Directors' Service Contracts***

There are no arrangements or understandings between us and any of our directors providing for benefits upon termination of their employment or service as directors of our company.

#### **D. Employees.**

See "Item 4.B. Business Overview—Employees."

#### **E. Share Ownership.**

See "Item 7.A. Major Shareholders" below.

#### **Equity Incentive Plan**

In August 2015, our board of directors adopted the SaverOne 2014 Ltd. 2015 Share Incentive Plan, or the 2015 Plan, which provides for the grant of options to our directors, employees, officers and consultants. A total of 3,000,000 ordinary shares are reserved but unissued under our 2015 Plan as of March 25, 2024, following the approval our board of directors on March 24, 2024.

The 2015 Plan is administered by our board of directors, which, on its own or upon the recommendation of a remuneration committee or any other similar committee of the board of directors, shall determine, subject to applicable law, the identity of grantees of awards and various terms of the grant. With respect to those grantees subject to Israeli taxation, the 2015 Plan provides for granting options in compliance with Section 102 of the Israeli Income Tax Ordinance, 1961, or the Ordinance, under the capital gains track, and for grants to non-employee Israeli service providers, consultants and shareholders who hold 10% or more of our total share capital or are otherwise controlling shareholders pursuant to section 3(i) of the Ordinance, as further detailed below.

Section 102 of the Ordinance allows employees, directors and officers who are not controlling shareholders and are considered Israeli residents to receive favorable tax treatment for compensation in the form of shares or options. Our non-employee service providers and controlling shareholders may only be granted options under section 3(i) of the Ordinance, which does not provide for similar tax benefits. Section 102 includes two alternatives for tax treatment involving the issuance of options or shares to a trustee for the benefit of the grantees and also includes an additional alternative for the issuance of options or shares directly to the grantee. Section 102(b)(2) of the Ordinance, the most favorable tax treatment for the grantee, permits the issuance to a trustee under the “capital gain track.” However, under this track we are not allowed to deduct an expense with respect to the issuance of the options or shares.

Generally, options will not be exercisable before the first anniversary of the date of grant of options, with respect to the 25.0% of the option shares, and with respect to each additional 6.25% of the option shares, become exercisable at the end of each three-month period during the second and third years from the date of grant. Generally, options that are not exercised within ten years from the grant date shall expire.

Other than by will or laws of descent, neither the options nor any right in connection with such options are assignable or transferable. If we terminate a grantee’s employment or service for any reason whatsoever, other than for cause, any options granted to such grantee that are not vested shall immediately expire. All of the grantee’s vested options shall be deemed expired on the earlier of: (a) the expiration date of such vested options as was in effect immediately prior to such termination; or (b) three months following the date of such termination, or if such termination is the result of death or disability of the grantee, 12 months from the date of such termination. However, for certain executives and other senior management, our board of directors (and shareholders where applicable) has resolved that the expiration date of their vested options shall be between two to four years following the date of such termination. If we terminate a grantee’s employment or service for cause, all of the grantee’s vested and unvested options will expire on the date of termination. Also, and subject to applicable law, if the grantee’s employment or services is terminated for cause, then we will have a right of repurchase against any shares issued pursuant to the exercise of options. In the event that we exercise such right of repurchase, we will pay such grantee for each such share being repurchased an amount equal to the price originally paid by the grantee for such share. Alternatively, we may assign such rights of repurchase to our shareholders pro rata to their respective holdings of our issued and outstanding shares.

If we are party to a merger or consolidation, outstanding options and shares acquired under the 2015 Plan will be subject to the agreement of merger or consolidation, which will provide for one or more of the following: (i) the assumption of such options by the surviving corporation or its parent, (ii) the substitution by the surviving corporation or its parent of new options, or (iii) in the event that the successor entity neither assumes nor substitutes all outstanding options, then each respective grantee shall have a period of 15 days to exercise his or her vested options, after which all remaining options, whether vested or not shall expire. For certain individuals, if their position is terminated within a certain period after the transaction, their options shall accelerate.

In the event of any variation in our share capital, including a share dividend, share split, combination or exchange of shares, recapitalization, or any other like event, the number, class and kind of shares subject to the 2015 Plan and outstanding options, and the exercise prices of the options, will be appropriately and equitably adjusted so as to maintain the proportionate number of shares without changing the aggregate exercise price of the options.

#### **F. Disclosure of a registrant’s action to recover erroneously awarded compensation**

Not applicable.

## ITEM 7. MAJOR SHAREHOLDERS AND RELATED PARTY TRANSACTIONS

### A. Major Shareholders

The following table sets forth information regarding beneficial ownership of our ordinary shares as of March 22, 2024 by:

- each person, or group of affiliated persons, known to us to be the beneficial owner of more than 5% of our outstanding ordinary shares;
- each of our directors and executive officers; and
- all of our directors and executive officers as a group.

The beneficial ownership of our ordinary shares is determined in accordance with the rules of the SEC. Under these rules, a person is deemed to be a beneficial owner of a security if that person has or shares voting power, which includes the power to vote or to direct the voting of the security, or investment power, which includes the power to dispose of or to direct the disposition of the security. For purposes of the table below, we deem ordinary shares issuable pursuant to options that are currently exercisable or exercisable within 60 days of March 22, 2024 to be outstanding and to be beneficially owned by the person holding the options or warrants for the purposes of computing the percentage ownership of that person, but we do not treat them as outstanding for the purpose of computing the percentage ownership of any other person. The percentage of ordinary shares is based on 80,419,231 ordinary shares outstanding as of March 22, 2024.

Except where otherwise indicated, we believe, based on information furnished to us by such owners, that the beneficial owners of the ordinary shares listed below have sole investment and voting power with respect to such shares.

None of our shareholders has different voting rights from other shareholders. We are not aware of any arrangement that may, at a subsequent date, result in a change of control of our company. As of March 22, 2024, there was one holder of record of our ordinary shares in the United States.

Unless indicated below, each shareholder's address is c/o SaverOne 2014 Ltd., Em Hamoshavot Rd. 94, Petah Tikvah, Israel.

Name of Beneficial Owner	Number of Shares Beneficially Owned	Percentage
<b>5% or greater shareholders</b>		
Alexandre Weinstein Manieu (1)	4,045,305	5.0%
<b>Directors and executive officers</b>		
Jacob Tenenboim (2)	3,131,855	3.9%
Ori Gilboa (3)	547,875	*
Yossef Cohen (4)	345,579	*
Omri Hagai (5)	12,500	*
Aviram Meidan (6)	185,922	*
Yaron Beeri (7)	14,912	*
Shlomo Shalev (8)	2,200	*
<b>All directors and executive officers as a group (7 persons)</b>	<b>4,240,843</b>	<b>5.3%</b>

\* Less than one percent (1%).

(1) Based on information contained in a Schedule 13G filed with the SEC on December 19, 2022. Includes 4,405,305 ordinary shares underlying 809,061 ADSs.

- (2) Based on information contained in a Schedule 13D filed with the SEC on July 14, 2022 by Mr. Tenenboim. Includes (i) 2,676,143 ordinary shares held directly by Mr. Tenenboim (including 1,050,000 presently exercisable warrants), and (ii) 455,712 ordinary shares over which Mr. Tenenboim has voting and dispositive power, comprised of (A) 115,563 ordinary shares with shared control and dispositive power via Unicorn Technologies Management Ltd., and (B) 340,149 ordinary shares with shared control and dispositive power through K.O.D.M. Investments Ltd.
- (3) Includes (i) 189,875 ordinary shares and (ii) options to purchase 358,000 ordinary shares exercisable within 60 days of March 22, 2024, at an average exercise price of NIS 16.40 (approximately \$4.50) per share. Does not include 720,000 ordinary shares issuable upon exercise of outstanding equity instruments that are not exercisable within 60 days of March 22, 2024.
- (4) Includes (i) 246,211 ordinary shares and (ii) options to purchase 99,368 ordinary shares exercisable within 60 days of March 22, 2024, at an average exercise price of NIS 0.90 (approximately \$0.25) per share. Does not include 56,250 ordinary shares issuable upon exercise of outstanding equity instruments that are not exercisable within 60 days of March 22, 2024.
- (5) Represents options to purchase 12,500 ordinary shares exercisable within 60 days of March 22, 2024, at an average exercise price of NIS 1.00 (approximately \$0.30) per share. Does not include 87,500 ordinary shares issuable upon exercise of outstanding equity instruments that are not exercisable within 60 days of March 22, 2024.
- (6) Represents options to purchase 185,922 ordinary shares exercisable within 60 days of March 22, 2024, at an average exercise price of NIS 7.40 (approximately \$2.04) per share. Does not include 56,250 ordinary shares issuable upon exercise of outstanding equity instruments that are not exercisable within 60 days of March 22, 2024.
- (7) Represents options to purchase 14,912 ordinary shares exercisable within 60 days of March 22, 2024, at an exercise price of NIS 5.70 (approximately \$1.60) per share.
- (8) Represents options to purchase 2,200 ordinary shares exercisable within 60 days of March 22, 2024, at an exercise price of NIS 5.70 (approximately \$1.60) per share.

#### **Record Holders**

The Bank of New York Mellon, or BNY, is the holder of record for the Company's American Depository Receipt program, pursuant to which each ADS represents 5 ordinary shares. As of March 22, 2024, BNY held 72,254,525 ordinary shares representing 90% of our issued share capital held at that date. Certain of these ordinary shares were held by brokers or other nominees. As a result, the number of holders of record or registered holders in the United States is not representative of the number of beneficial holders or of the residence of beneficial holders.

#### **B. Related Party Transactions**

The following is a description of the material transactions we entered into with related parties since January 1, 2023. We believe that we have executed all of our transactions with related parties on terms no less favorable to us than those we could have obtained from unaffiliated third parties.

We have adopted a related party transaction policy that provides that our Board of Directors, acting through our Audit Committee, is responsible for the review, approval, or ratification of related party transactions between us and related persons. Under Israeli law, related party transactions are subject to special approval requirements, see "Item 6.C. Directors, Senior Management and Employees—Board Practices—Fiduciary duties and approval of related party transactions."

#### **Employment and Service Agreements and Director Fees**

We have entered into written employment agreements with each of our executive officers, which provide for notice periods of varying duration for termination of the agreement by us or by the relevant executive officer, during which time the executive officer will continue to receive base salary and benefits. These agreements also contain customary provisions regarding noncompetition, confidentiality of information and assignment of inventions. However, the enforceability of the noncompetition provisions may be limited under applicable law. See "Item 3.D. Risk Factors—Risks relating to our operations—Under applicable employment laws, we may not be able to enforce covenants not to compete" for a further description of the enforceability of non-competition clauses. For further information, see "Item 6.B. Directors, Senior Management and Employees—Compensation—Employment and Consulting Agreements."

In addition, we pay fees to certain of our non-executive directors in return for their service on our board of directors, in accordance with our compensation policy. For further information, see “Item 6.C. Directors, Senior Management and Employees—Board Practices—Director and Officer Compensation”.

***Directors and Officers Insurance Policy and Indemnification and Exculpation Agreements***

In accordance with our articles of association, we have obtained Directors and Officers insurance for our executive officers and directors, and provide indemnification, exculpation and exemption undertakings to each of our directors and officers to the fullest extent permitted by the Companies Law.

***Certain Relationships***

From time to time, we do business with other companies affiliated with our principal shareholders, as described above. We believe that all such arrangements have been entered into in the ordinary course of business.

**C. Interests of Experts and Counsel**

Not applicable.

**ITEM 8. FINANCIAL INFORMATION.**

**A. Statements and Other Financial Information.**

See “Item 18. Financial Statements.”

**Legal Proceedings**

See “Item 4.B. Business Overview—Legal Proceedings.”

**Dividends**

We have never declared or paid any cash dividends on our shares and we anticipate that, for the foreseeable future, we will retain any future earnings to support operations and to finance the growth and development of our business. Therefore, we do not expect to pay cash dividends for at least the next several years.

The distribution of dividends may also be limited by the Companies Law, which permits the distribution of dividends only out of retained earnings or earnings derived over the two most recent fiscal years, whichever is higher, provided that there is no reasonable concern that payment of a dividend will prevent a company from satisfying its existing and foreseeable obligations as they become due. As of December 31, 2023, we did not have distributable earnings pursuant to the Companies Law. According to Companies Law, dividend distributions may be determined by our board of directors, as our articles of association do not provide that such distributions require shareholder approval.

**B. Significant Changes**

Other than as otherwise described in this Annual Report on Form 20-F and as set forth below, no significant change has occurred in our operations since the date of our financial statements included in this Annual Report on Form 20-F.

## **ITEM 9. THE OFFER AND LISTING**

### **A. Offer and Listing Details**

On June 3, 2022, our ordinary shares and warrants commenced trading on the Nasdaq Capital Market under the symbols “SVRE,” and “SVREW,” respectively.

### **B. Plan of Distribution**

Not applicable.

### **C. Markets**

Our ordinary shares and warrants are listed on the Nasdaq Capital Market.

### **D. Selling Shareholders**

Not applicable.

### **E. Dilution**

Not applicable.

### **F. Expenses of the Issue**

Not applicable.

## **ITEM 10. ADDITIONAL INFORMATION**

### **A. Share Capital**

Not applicable.

### **B. Articles of Association**

A copy of our Amended and Restated Articles of Association is attached as Exhibit 1.1 to this Annual Report. Other than as disclosed below, the information called for by this Item is set forth in Exhibit 2.1 to this Annual Report and is incorporated by reference into this Annual Report.

### **C. Material Contracts**

We have not entered into any material contracts other than in the ordinary course of business and other than those described in Item 4. “Information on Our Company,” Item 7B “Major Shareholders and Related Party Transactions - Related Party Transactions” or elsewhere in this Annual Report.

### **D. Exchange Controls**

There are currently no Israeli currency control restrictions on remittances of dividends on our ordinary shares, proceeds from the sale of the shares or interest or other payments to non-residents of Israel.

## **E. Taxation.**

*The following is a general summary of certain material Israeli and U.S. federal income tax considerations. The discussion is not intended to be, nor should it be construed as, legal or tax advice to any particular shareholder or prospective shareholder. The discussion is based on laws and relevant interpretations thereof in effect as of the date hereof, all of which are subject to change or different interpretations, possibly with retroactive effect.*

### ***Israeli tax considerations and government programs***

The following is a summary of the current tax regime in the State of Israel, which applies to us and to persons who hold our ordinary shares or ADSs.

This summary does not discuss all the aspects of Israeli tax law that may be relevant to a particular investor in light of his or her personal investment circumstances or to some types of investors subject to special treatment under Israeli law. Examples of this kind of investor include traders in securities or persons who do not hold our ordinary shares or ADSs as a capital asset. Some parts of this discussion are based on a new tax legislation which has not been subject to judicial or administrative interpretation. The discussion should not be construed as legal or professional tax advice and does not cover all possible tax considerations.

**HOLDERS AND POTENTIAL INVESTORS ARE URGED TO CONSULT THEIR OWN TAX ADVISORS AS TO THE ISRAELI OR OTHER TAX CONSEQUENCES OF THE PURCHASE, OWNERSHIP AND DISPOSITION OF OUR ORDINARY SHARES OR ADSs, INCLUDING, IN PARTICULAR, THE EFFECT OF ANY FOREIGN, STATE OR LOCAL TAXES.**

### ***General corporate tax structure in Israel***

Israeli resident companies are generally subject to corporate tax on both ordinary income and capital gains, currently at the rate of 23% of a company's taxable income. Capital gains derived by an Israeli resident company are subject to tax at the prevailing corporate tax rate. Under Israeli tax law, a corporation will be considered as an "Israeli resident" if it meets one of the following: (a) it was incorporated in Israel; or (b) the control and management of its business are operated from Israel.

### ***Taxation of our shareholders***

#### **Capital gains**

Capital gains tax is imposed on the disposal of capital assets by an Israeli resident, and on the disposal of capital assets by a non-resident of Israel if those assets (i) are located in Israel, (ii) are shares or a right to shares in an Israeli resident corporation, (iii) represent, directly or indirectly, rights to assets located in Israel, unless a tax treaty between Israel and the seller's country of residence provides otherwise, or (iv) a right in a foreign resident corporation, which in its essence is the owner of a direct or indirect right to property located in Israel (with respect to the portion of the gain attributed to the property located in Israel). The Israeli tax law ("ITL") distinguishes between "Real Gain" and "Inflationary Surplus." Real Gain is the excess of the total capital gain over Inflationary Surplus. The Inflationary Surplus is a portion of the total capital gain which is equivalent to the increase of the relevant asset's price that is attributable to the increase in the Israeli consumer price index or, in certain circumstances, a foreign currency exchange rate, between the date of purchase and the date of sale. Inflationary Surplus is not subject to tax in Israel under certain conditions.

Real Gain accrued by individuals on the sale of our ordinary shares or ADSs will be taxed at the rate of up to 25%. However, if the individual shareholder is a "Substantial Shareholder" (*i.e.*, a person who holds, directly or indirectly, alone or together with another, 10% or more of one of the Israeli resident company's means of control) at the time of sale or at any time during the preceding 12-month period, such gain will be taxed at the rate of 30%. In addition, capital gains generated by an individual claiming deduction of financing expenses in respect of such gain will be taxed at the rate of up to 30%. In addition, capital gains generated by an individual claiming deduction of financing expenses in respect of such gain will be taxed at the rate of up to 30%. Real Capital Gain derived by corporations will be generally subject to a corporate tax rate of 23% (in 2024).

Individual (that the income in his hands from the sale of the securities is in the form of income from a "business") and corporate shareholders dealing in securities in Israel are taxed at the tax rates applicable to business income in 2024, a tax rate of 23% for corporations and a marginal tax rate of up to 47% for individuals. In addition, a 3% excess tax is levied on individuals whose total taxable income in Israel in 2024 exceeds NIS 721,560 (approximately \$199,000). To the extent that the securities registered according to the shelf offer report are deleted from trading on the stock exchange, the tax rate to be deducted at source at the time of sale (after deletion) will be at a rate of thirty percent (30%). As long as no approval has been issued by the Assessing Officer instructing the rate of tax deduction at another source, including exemption from withholding tax.

Notwithstanding the foregoing, capital gain derived from the sale of our ordinary shares or ADSs by a shareholder who is a non-resident of Israel may be exempt from Israeli taxation, provided that all of the following conditions are met: (i) the ordinary shares or ADSs were purchased upon or after the listing of the securities on the stock exchange, (ii) the seller does not have a permanent establishment in Israel to which the derived capital gain is attributable, (iii) if the seller is a corporation, no more than 25% of its means of control are held, directly and indirectly, by shareholders who are Israeli residents, and (iv) if the seller is a corporation, there are no Israeli residents that are directly or indirectly entitled to 25% or more of the revenues or profits of the corporation. In addition, the sale of ordinary shares or ADSs may be exempt from Israeli capital gains tax under the provisions of an applicable tax treaty. For example, the U.S.-Israel Tax Treaty, or the Treaty, generally exempts U.S. residents from Israeli capital gains tax in connection with such sale, provided (i) the U.S. treaty resident did not own, directly or indirectly, 10% or more of the Israeli resident company's voting power at any time within the 12-month period preceding such sale; (ii) the seller, if an individual, is present in Israel for less than 183 days during the taxable year; and (iii) the capital gain from the sale was not derived through a permanent establishment of the U.S. resident in Israel. However, under the United States-Israel Tax Treaty, a Treaty U.S. Resident may be permitted to claim a credit for the Israeli tax against the U.S. federal income tax imposed with respect to the sale, exchange or disposition of the shares, subject to the limitations under U.S. laws applicable to foreign tax credits. The United States-Israel Tax Treaty does not provide such credit against any U.S. state or local taxes.

Upon the sale of securities, the purchaser, the Israeli stockbroker or the Israeli financial institution through which the shares are held is obligated, subject to the above exemptions, to withhold tax from the Real Gain at the rate of 25% or 23% in respect of an individual or corporation, respectively.

Upon the sale of securities traded on a stock exchange, a detailed return, including a computation of the tax due, must be filed and an advance payment must be made on January 31 and July 31 of every tax year, in respect of sales of securities made within the previous six months by Israeli residents for whom tax has not already been deducted. However, if all tax due was withheld at source according to applicable provisions of the ITO and the regulations promulgated thereunder, there is no need to file a return and no advance payment must be paid. Capital gains are also reportable on the annual income tax return.

Regardless of whether non-Israeli shareholders may be liable for Israeli capital gains tax on the sale of our ordinary shares or ADSs, the payment of the consideration for such sale may be subject to withholding of Israeli tax at source and holders of our ordinary shares may be required to demonstrate that they are exempt from tax on their capital gains in order to avoid withholding at source at the time of sale. Specifically, the Israel Tax Authority may require shareholders who are not liable for Israeli capital gains tax on such a sale to sign declarations in forms specified by the Israel Tax Authority, provide documentation (including, for example, a certificate of residency) or obtain a specific exemption from the Israel Tax Authority confirming their status as non-Israeli residents (and, in the absence of such declarations or exemptions, the Israel Tax Authority may require the purchaser of the shares to withhold tax at source).

#### Dividends

A shareholder who is an Israeli resident individual generally will be subject to income tax at a rate of 25% on dividends we pay. However, a 30% tax rate will apply if the dividend recipient is a Substantial Shareholder, as defined above, at the time of distribution or at any time during the preceding 12 month period. If the recipient of the dividend is an Israeli resident corporation, such dividend generally will not be included in the company's taxable income, provided that the source of the dividend is income that was derived or accrued within Israel.

Dividends distributed by an Israeli resident company to a non-resident of Israel (either individual or corporation) are generally subject to tax at the rate of 25% (30% if the dividend recipient is a Substantial Shareholder at the time of distribution or at any time during the preceding 12-month period). These rates may be reduced under the provisions of an applicable tax treaty. Under the Treaty, the following tax rates will apply in respect of dividends distributed by an Israeli resident company to a U.S. resident: (i) if, during that portion of the taxable year which precedes the payment of the dividend and during the whole of its prior taxable year (if any), the U.S. resident is a corporation that holds at least 10% of the outstanding voting shares of the Israeli corporation and not more than 25% of the gross income of the Israeli corporation for such prior taxable year (if any) consists of certain types of interest or dividends, the tax rate is 12.5%; (ii) if both the conditions mentioned in section (i) above are met and the dividend is paid from an Israeli resident company's income that was entitled to a reduced tax rate applicable to a Benefited or Privileged Enterprise under the Encouragement Law the tax rate is 15%; and (iii) in all other cases, the tax rate is 25%. The reduced rates under the Treaty will not apply if the dividend income is attributable to a permanent establishment of the U.S. treaty resident in Israel. We are obligated to withhold tax upon the distribution of dividends.

## Surtax

Subject to the provisions of an applicable tax treaty, individuals who are subject to income tax in Israel (whether any such individual is an Israeli resident or non-Israeli resident) are also subject to an additional tax at a rate of 3% on annual income (including, but not limited to, income derived from dividends, interest and capital gains) exceeding NIS 721,560 (approximately \$199,000) for 2024, which amount is linked to the annual change in the Israeli consumer price index.

## Foreign exchange regulations

Non-residents of Israel who hold our ordinary shares or ADSs are able to receive any dividends, and any amounts payable upon the dissolution, liquidation and winding up of our affairs, in non-Israeli currency at the prevailing rate of exchange. However, Israeli income tax is generally required to have been paid or withheld on these amounts. In addition, the statutory framework for the potential imposition of currency exchange control has not been eliminated, and these controls may be restored at any time by administrative action.

## Estate and gift tax

Israeli law presently does not impose estate or gift taxes.

## ***Certain Material United States Federal Income Tax Considerations***

The following discussion describes certain material United States federal income tax considerations relating to the acquisition, ownership, and disposition of shares and ADSs, which we collectively refer to as securities, by a U.S. Holder (as defined below) that acquires our securities and holds them as a capital asset. This discussion is based on the tax laws of the United States, including the Internal Revenue Code of 1986, as amended, Treasury regulations promulgated or proposed thereunder, and administrative and judicial interpretations thereof and the United States-Israel Tax Treaty (the “Treaty”), all as in effect on the date hereof. These tax laws are subject to change, possibly with retroactive effect, and subject to differing interpretations that could affect the tax consequences described herein. In addition, this section is based in part upon the representations of the depositary and the assumption that each obligation in the deposit agreement and any related agreements will be performed in accordance with its terms. This discussion does not address the tax consequences to a U.S. Holder under the laws of any state, local or foreign taxing jurisdiction.

For purposes of this discussion, a “U.S. Holder” is a beneficial owner of our securities that, for United States federal income tax purposes, is:

- an individual who is a citizen or resident of the United States;
- a corporation (or other entity treated as a corporation for U.S. federal income tax purposes) created or organized under the laws of the United States or the District of Columbia or any political subdivision thereof;
- an estate the income of which is subject to United States federal income taxation regardless of its source; or
- a trust if (1) a court within the United States is able to exercise primary supervision over the trust’s administration and one or more United States persons have the authority to control all substantial decisions of the trust or (2) a valid election under the Treasury regulations is in effect for the trust to be treated as a United States person.

A “Non-U.S. Holder” is a beneficial owner of our securities that is neither a U.S. Holder nor a partnership (or other entity or arrangement treated as a partnership for United States federal income tax purposes). Except to the limited extent discussed below, this summary does not consider the U.S. federal tax considerations to a person that is a Non-U.S. Holder.

This discussion does not address all aspects of United States federal income taxation that may be applicable to U.S. Holders in light of their particular circumstances or status (including, for example, banks and other financial institutions, insurance companies, broker and dealers in securities or currencies, traders that have elected to mark securities to market, regulated investment companies, real estate investment trusts, partnerships or other pass-through entities, corporations that accumulate earnings to avoid U.S. federal income tax, tax-exempt organizations, pension plans, persons that hold our shares as part of a straddle, hedge or other integrated investment, persons subject to alternative minimum tax or whose “functional currency” is not the U.S. dollar, persons that actually or constructively own ten percent or more (by vote or value) of our shares, grantor trusts, persons who acquire our ordinary shares through the exercise or cancellation of employee stock options or otherwise as compensation for their services, certain former citizens or residents of the United States).

If a partnership (including any entity or arrangement treated as a partnership for United States federal income tax purposes) holds our securities, the tax treatment of a person treated as a partner in the partnership for United States federal income tax purposes generally will depend on the status of the partner and the activities of the partnership. Partnerships (and other entities or arrangements so treated for United States federal income tax purposes) and their partners should consult their own tax advisors.

**This discussion addresses only U.S. Holders (except to the limited extent discussed below with respect to Non-U.S. Holders) and does not discuss any tax considerations other than United States federal income tax considerations. Prospective investors are urged to consult their own tax advisors regarding the United States federal, state, and local, and foreign tax consequences of the purchase, ownership, and disposition of our securities.**

#### Ownership of ADSs

For U.S. federal income tax purposes, we expect that a holder of ADSs generally should be treated as the owner of the ordinary shares represented by such ADSs. As a result, gain or loss is generally not expected to be recognized on account of exchanges of ordinary shares for ADSs, or of ADSs for ordinary shares.

#### Dividends

We do not expect to make any distribution with respect to our securities. However, if we make any such distribution, under the United States federal income tax laws, and subject to the PFIC rules discussed below, the gross amount of any dividend we pay out of our current or accumulated earnings and profits (as determined for United States federal income tax purposes) will be includible in income for a U.S. Holder and subject to United States federal income taxation. Dividends paid to a noncorporate U.S. Holder may be taxed at the lower capital gain rates applicable to “qualified dividend income”, currently, 20 percent, provided that (1) our ordinary shares are readily tradable on an established securities market in the United States (such as Nasdaq) or we are eligible for benefits under the Treaty, (2) we are neither a PFIC nor treated as such with respect to such a noncorporate U.S. Holder (as discussed below) for either the taxable year in which the dividend was paid or the preceding taxable year, (3) certain holding period requirements are met and (4) such a noncorporate U.S. Holder is not under an obligation to make related payments with respect to positions in substantially similar or related property. As discussed below under “Passive foreign investment company considerations,” we may be a PFIC for U.S. federal income tax purposes for 2024 and in the future, and, as a result, the qualified dividend rate may be unavailable with respect to dividends we pay.

A U.S. Holder must include any Israeli tax withheld from the dividend payment in the gross amount of the dividend even though the holder does not in fact receive it. The dividend is taxable to the holder when the holder, in the case of shares, or the Depository, in the case of ADSs, receives the dividend, actually or constructively. Because we are not a United States corporation, the dividend will not be eligible for the dividends-received deduction generally allowed to United States corporations in respect of dividends received from other United States corporations. The amount of the dividend distribution includible in a U.S. Holder’s income will be the U.S. dollar value of the NIS payments made, determined at the spot NIS/U.S. dollar rate on the date the dividend distribution is includible in income, regardless of whether the payment is in fact converted into U.S. dollars. Generally, any gain or loss resulting from currency exchange fluctuations during the period from the date the dividend payment is included in income to the date the payment is converted into U.S. dollars will be treated as ordinary income or loss and will not be eligible for the special tax rate applicable to qualified dividend income. The gain or loss generally will be income or loss from sources within the United States for foreign tax credit limitation purposes.

To the extent a distribution with respect to our securities exceeds our current and accumulated earnings and profits, as determined under United States federal income tax principles, the distribution will be treated, first, as a tax-free return of the U.S. Holder's investment, up to the holder's adjusted tax basis in its securities, and, thereafter, as capital gain, which is subject to the tax treatment described below in "—Gain on sale, exchange or other taxable disposition." We do not intend to calculate our earnings and profits under U.S. federal income tax principles. Therefore, a U.S. Holder should expect that a distribution will be reported as a dividend even if that distribution would otherwise be treated as a non-taxable return of capital or as capital gain under the rules described above.

Subject to certain significant conditions and limitations, including potential limitations under the Treaty, U.S. Holders may be entitled to a credit against their U.S. federal income tax liability or a deduction against U.S. federal taxable income in an amount equal to the non-refundable Israeli tax withheld on distributions on our ordinary shares. The election to deduct, rather than credit, foreign taxes, is made on a year-by-year basis and applies to all foreign taxes paid by a U.S. Holder or withheld from a U.S. Holder that year. Distributions paid on our ordinary shares will generally be treated as passive income that is foreign source for U.S. foreign tax credit purposes. As a result of recent changes to the U.S. foreign tax credit rules, a withholding tax may need to satisfy certain additional requirements in order to be considered a creditable or deductible tax for a U.S. Holder. We have not determined whether these requirements have been met and, accordingly, no assurance can be given that any withholding tax on dividends paid by us will be creditable. U.S. Holders should consult their own tax advisors to determine whether and to what extent they would be entitled to such credit.

Subject to the discussion below under "Information reporting and backup withholding," if you are a Non-U.S. Holder, you generally will not be subject to United States federal income (or withholding) tax on dividends received by you on your securities, unless you conduct a trade or business in the United States and such income is effectively connected with that trade or business (and, if required by an applicable income tax treaty, the dividends are attributable to a permanent establishment or fixed base that such holder maintains in the United States).

#### Gain on sale, exchange or other taxable disposition

Subject to the PFIC rules described below under "—Passive foreign investment company considerations," a U.S. Holder that sells, exchanges or otherwise disposes securities in a taxable disposition generally will recognize capital gain or loss for United States federal income tax purposes equal to the difference between the U.S. dollar value of the amount realized and the holder's tax basis, determined in U.S. dollars, in the securities. Gain or loss recognized on such a sale, exchange or other disposition of securities generally will be long-term capital gain if the U.S. Holder's holding period in the securities exceeds one year. Long-term capital gains of non-corporate U.S. Holders are generally taxed at preferential rates. The gain or loss generally will be income or loss from sources within the United States for U.S. foreign tax credit limitation purposes. A U.S. Holder's ability to deduct capital losses is subject to limitations.

Subject to the discussion below under "Information reporting and backup withholding," if you are a Non-U.S. Holder, you generally will not be subject to United States federal income or withholding tax on any gain realized on the sale or exchange of such securities unless:

- such gain is effectively connected with your conduct of a trade or business in the United States (or, if required by an applicable income tax treaty, the gain is attributable to a permanent establishment or fixed base that such holder maintains in the United States); or
- you are an individual and have been present in the United States for 183 days or more in the taxable year of such sale or exchange and certain other conditions are met.

For a cash basis taxpayer, units of foreign currency paid or received are translated into U.S. dollars at the spot rate on the settlement date of the purchase or sale. In that case, no foreign currency exchange gain or loss will result from currency fluctuations between the trade date and the settlement date of such a purchase or sale. An accrual basis taxpayer, however, may elect the same treatment required of cash basis taxpayers with respect to purchases and sales of our securities that are traded on an established securities market, provided the election is applied consistently from year to year. Such election may not be changed without the consent of the IRS. An accrual basis taxpayer who does not make such election may recognize exchange gain or loss based on currency fluctuations between the trade date and the settlement date. Any foreign currency gain or loss a U.S. Holder realizes will be U.S. source ordinary income or loss.

Please consult your tax advisor regarding the proper treatment of foreign currency gains or losses and the deduction or credit for any Israeli tax paid or withheld with respect to a sale or other disposition of our securities.

## Passive foreign investment company considerations

If we were classified as a PFIC in any taxable year, a U.S. Holder would be subject to special rules with respect to distributions on and sales, exchanges and other dispositions of the securities. We will be treated as a PFIC for any taxable year in which at least 75 percent of our gross income is “passive income” or at least 50 percent of our gross assets during the taxable year, based on the average of the fair market values of the assets determined at the end of each quarterly period, are assets that produce or are held for the production of passive income. Passive income for this purpose generally includes, among other things, dividends, interest, rents, royalties, gains from commodities and securities transactions, and gains from assets that produce passive income. Passive income also includes amounts derived by reason of the temporary investment of funds, including those raised in a public offering. However, rents and royalties received from unrelated parties in connection with the active conduct of a trade or business are not considered passive income for purposes of the PFIC test. In determining whether we are a PFIC, a pro rata portion of the income and assets of each corporation in which we own, directly or indirectly, at least a 25% interest (by value) is taken into account.

A foreign corporation’s PFIC status is an annual determination that is based on tests that are factual in nature, and our PFIC status for any year will depend on the composition of our income, fair market value of our assets, and our activities for such year. Based on our non-passive revenue-producing operations for the year ended December 31, 2023, we may have been a PFIC for our 2023 taxable year and that we may be a PFIC for 2024 and in the future, although there can be no assurance in this regard. Even if we determine that we are not a PFIC after the close of a taxable year, there can be no assurance that the IRS or a court will agree with our conclusion.

### *Excess distribution rules*

If we were a PFIC with respect to a U.S. Holder, then unless the holder makes one of the elections described below, a special tax regime would apply to the U.S. Holder with respect to (a) any “excess distribution” (generally, aggregate distributions in any year that are greater than 125% of the average annual distribution received by the holder in the shorter of the three preceding years or the holder’s holding period for the securities) and (b) any gain realized on the sale or other disposition of the securities. Under this regime, any excess distribution and realized gain will be treated as ordinary income and will be subject to tax as if (a) the excess distribution or gain had been realized ratably over the U.S. Holder’s holding period, (b) the amount deemed realized in each year had been subject to tax in each year of that holding period at the highest marginal rate for such year (other than income allocated to the current period or any taxable period before we became a PFIC, which would be subject to tax at the U.S. Holder’s regular ordinary income rate for the current year and would not be subject to the interest charge discussed below), and (c) the interest charge generally applicable to underpayments of tax had been imposed on the taxes deemed to have been payable in those years. In addition, dividend distributions would not qualify for the lower rates of taxation applicable to long-term capital gains discussed above under “Dividends”.

A U.S. Holder that holds the securities at any time during a taxable year in which we are classified as a PFIC generally will continue to treat such securities as securities in a PFIC, even if we no longer satisfy the income and asset tests described above, unless the U.S. Holder elects to recognize gain, which will be taxed under the excess distribution rules as if such securities had been sold on the last day of the last taxable year for which we were a PFIC.

Certain elections by a U.S. Holder would alleviate some of the adverse consequences of PFIC status and would result in an alternative treatment of the securities, as described below. However, we do not currently intend to provide the information necessary for U.S. Holders to make “QEF elections,” as described below, and the availability of a “mark-to-market election” with respect to the securities is a factual determination that will depend on the manner and quantity of trading of our securities, as described below.

### *QEF election*

If we were a PFIC, the rules above would not apply to a U.S. Holder that makes an election to treat our securities as stock of a qualified electing fund. A U.S. Holder that makes a QEF election is required to include in income its pro rata share of our ordinary earnings and net capital gain as ordinary income and long-term capital gain, respectively, subject to a separate election to defer payment of taxes, which deferral is subject to an interest charge. A U.S. Holder makes a QEF election generally by attaching a completed IRS Form 8621 to a timely filed United States federal income tax return for the year beginning with which the QEF election is to be effective (taking into account any extensions). A QEF election can be revoked only with the consent of the IRS. In order for a U.S. Holder to make a valid QEF election, we must annually provide or make available to the holder certain information. We do not intend to provide to U.S. Holders the information required to make a valid QEF election and we currently make no undertaking to provide such information.

#### *Mark-to-market election*

If we were a PFIC, the rules above also would not apply to a U.S. Holder that makes a “mark-to-market” election with respect to the securities, but this election will be available with respect to the securities only if they meet certain minimum trading requirements to be considered “marketable stock” for purposes of the PFIC rules. Securities will be marketable stock if they are regularly traded on a national securities exchange that is registered with the SEC or on a non-U.S. exchange or market that meets certain requirements under the Treasury regulations. Securities generally will be considered regularly traded during any calendar year during which they are traded, other than in *de minimis* quantities, on at least 15 days during each calendar quarter. Any trades that have as their principal purpose meeting this requirement will be disregarded.

A U.S. Holder that makes a valid mark-to-market election for the first tax year in which the holder holds (or is deemed to hold) our securities and for which we are a PFIC will be required to include each year an amount equal to the excess, if any, of the fair market value of such securities the holder owns as of the close of the taxable year over the holder’s adjusted tax basis in such securities. The U.S. Holder will be entitled to a deduction for the excess, if any, of the holder’s adjusted tax basis in the securities over the fair market value of such securities as of the close of the taxable year, but only to the extent of any net mark-to-market gains with respect to such securities included by the U.S. Holder under the election for prior taxable years. The U.S. Holder’s basis in such securities will be adjusted to reflect the amounts included or deducted pursuant to the election. Amounts included in income pursuant to a mark-to-market election, as well as gain on the sale, exchange or other taxable disposition of such securities, will be treated as ordinary income. The deductible portion of any mark-to-market loss, as well as loss on a sale, exchange or other disposition of our securities to the extent that the amount of such loss does not exceed net mark-to-market gains previously included in income, will be treated as ordinary loss.

The mark-to-market election applies to the taxable year for which the election is made and all subsequent taxable years, unless the shares cease to be treated as marketable stock for purposes of the PFIC rules or the IRS consents to its revocation. The excess distribution rules described above generally will not apply to a U.S. Holder for tax years for which a mark-to-market election is in effect. However, if we were a PFIC for any year in which the U.S. Holder owns the securities but before a mark-to-market election is made, the interest charge rules described above would apply to any mark-to-market gain recognized in the year the election is made.

#### *PFIC reporting obligations*

A U.S. Holder of PFIC shares must generally file an annual information return on IRS Form 8621 (Information Return by a Shareholder of a Passive Foreign Investment Company or Qualified Electing Fund) containing such information as the U.S. Treasury Department may require. The failure to file IRS Form 8621 could result in the imposition of penalties and the extension of the statute of limitations with respect to U.S. federal income tax.

**U.S. Holders are urged to consult their tax advisors as to our status as a PFIC, and the tax consequences to them if we were a PFIC, including the reporting requirements and the desirability of making, and the availability of, a QEF election or a mark-to-market election with respect to the securities.**

#### Medicare tax

Non-corporate U.S. Holders that are individuals, estates or trusts and whose income exceeds certain thresholds generally are subject to a 3.8% tax on all or a portion of their net investment income, which may include their gross dividend income and net gains from the disposition of securities. A United States person that is an individual, estate or trust is encouraged to consult its tax advisors regarding the applicability of this Medicare tax to its income and gains in respect of any investment in our securities.

#### Information reporting with respect to foreign financial assets

Individual U.S. Holders may be subject to certain reporting obligations on IRS Form 8938 (Statement of Specified Foreign Financial Asset) with respect to the securities for any taxable year during which the U.S. Holder’s aggregate value of these and certain other “specified foreign financial assets” exceed a threshold amount that varies with the filing status of the individual. This reporting obligation also applies to domestic entities formed or availed of to hold, directly or indirectly, specified foreign financial assets, including the securities. Significant penalties can apply if U.S. Holders are required to make this disclosure and fail to do so.

#### Information reporting and backup withholding

Certain U.S. Holders will be required to file an IRS Form 926 (Return by a U.S. Transferor of Property to a Foreign Corporation) to report a transfer of cash or other property to us. Substantial penalties may be imposed on a U.S. Holder that fails to comply with this reporting requirement. Each U.S. Holder is urged to consult with its own tax advisor regarding this reporting obligation.

In general, information reporting, on IRS Form 1099, will apply to dividends in respect of securities and the proceeds from the sale, exchange or redemption of securities that are paid to a holder within the United States (and in certain cases, outside the United States), unless such holder is an exempt recipient such as a corporation. Backup withholding (currently at a 24% rate) may apply to such payments if a holder fails to provide a taxpayer identification number (generally on an IRS Form W-9) or certification of other exempt status or fails to report in full dividend and interest income.

Backup withholding is not an additional tax. A U.S. Holder generally may obtain a refund of any amounts withheld under the backup withholding rules that exceed the U.S. Holder's income tax liability by filing a refund claim with the IRS.

Payments to Non-U.S. Holders of distributions on, or proceeds from the disposition of, our securities are generally exempt from information reporting and backup withholding. However, a Non-U.S. Holder may be required, under certain circumstances, to establish that exemption by providing certification of non-U.S. status on an appropriate IRS Form W-8.

**THE DISCUSSION ABOVE IS A GENERAL SUMMARY AND IS NOT INTENDED TO CONSTITUTE A COMPLETE ANALYSIS OF ALL TAX CONSEQUENCES RELATING TO THE PURCHASE, OWNERSHIP AND DISPOSITION OF OUR SECURITIES. IT DOES NOT COVER ALL TAX MATTERS THAT MAY BE OF IMPORTANCE TO A PROSPECTIVE INVESTOR. EACH PROSPECTIVE INVESTOR IS URGED TO CONSULT ITS OWN TAX ADVISOR ABOUT THE TAX CONSEQUENCES TO IT RELATING TO THE PURCHASE, OWNERSHIP, AND DISPOSITION OF SECURITIES IN LIGHT OF THE INVESTOR'S OWN CIRCUMSTANCES.**

#### **F. Dividends and Paying Agents**

Not applicable.

#### **G. Statement by Experts**

Not applicable.

#### **H. Documents on Display**

We are subject to certain information reporting requirements of the Exchange Act, applicable to foreign private issuers and under those requirements will file reports with the SEC. The SEC maintains an internet site at <http://www.sec.gov> that contains reports, proxy and information statements and other information regarding issuers that file electronically with the SEC. Our filings with the SEC will also be available to the public through the SEC's website at [www.sec.gov](http://www.sec.gov).

As a foreign private issuer, we are exempt from the rules under the Exchange Act related to the furnishing and content of proxy statements, and our officers, directors and principal shareholders will be exempt from the reporting and short-swing profit recovery provisions contained in Section 16 of the Exchange Act. In addition, we are not required under the Exchange Act to file annual, quarterly and current reports and financial statements with the SEC as frequently or as promptly as U.S. domestic companies whose securities are registered under the Exchange Act. However, we will file with the SEC, within 120 days after the end of each fiscal year, or such applicable time as required by the SEC, an annual report on Form 20-F containing financial statements audited by an independent registered public accounting firm, and may submit to the SEC, on a Form 6-K, unaudited quarterly financial information.

**I. Subsidiary Information.**

Not applicable.

**J. Annual Report to Security Holders.**

Not applicable.

**ITEM 11. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK**

**Quantitative and Qualitative Disclosures about Market Risk**

We are exposed to market risks in the ordinary course of our business. Market risk represents the risk of loss that may impact our financial position due to adverse changes in financial market prices and rates. Our current investment policy is to invest available cash in bank deposits with banks that have a credit rating of at least A-minus. Accordingly, some of our cash and cash equivalents is held in deposits that bear interest. Given the current low rates of interest we receive, we will not be adversely affected if such rates are reduced. Our market risk exposure is primarily a result of U.S. dollar/NIS exchange rates, which is discussed in detail in the following paragraph.

***Liquidity Risk***

Liquidity risk is the risk that we will encounter difficulty in meeting the obligations associated with our financial liabilities that are settled in cash. Cash flow forecasting is performed in our operating entity. We monitor forecasts of our liquidity requirements to ensure we have sufficient cash to meet operational needs. We may be reliant on our ability to raise additional investment capital from the issuance of both debt and equity securities to fund our business operating plans and future obligations.

### ***Credit risk***

Financial instruments, which subject us to concentrations of credit risk, consist primarily of cash, cash equivalents and trade receivables. Our cash and cash equivalents are held at a major financial institution located in Israel. Management regularly assesses the financial strength of the financial institutions that we work with and believes the financial institution that hold our cash and cash equivalents are financially sound and, accordingly, minimal credit risk exists with respect to cash and cash equivalents.

Our management regularly examines the quality of the customers, including an analysis of each new potential customer and accordingly determines the scope of the engagement with them. As of the reported periods, the balance of customers whose carrying amount was impaired by management, and for whom the provision for credit losses was recognized, is based mainly on specific customers who did not meet the payment terms. The main factors taken into account in determining the provision for impairment of such customers are our familiarity with the customers and our history of activity with them, the depth of arrears, the financial condition of the customers as known to us and the quality of the collateral granted.

### ***Equity price risk***

As we have not invested in securities riskier than short-term bank deposits, we do not believe that changes in equity prices pose a material risk to our holdings. However, decreases in the market price of our ordinary shares or ADSs could make it more difficult for us to raise additional funds in the future or require us to raise funds at terms unfavorable to us.

In addition, we are exposed to risks arising from changes in the quoted price of the warrants issued to investors as part of our IPO on the Nasdaq in June 2022. As the exercise price of the warrants are determined in foreign currency, and the warrants might be exercisable into a variable number of shares due to the cashless exercise mechanism, the warrants were accounted for as a derivative financial liability that is treated as financial liability at fair value through profit or loss. Accordingly, in the event that the quoted price of our warrants will increase, we expect to record a loss in respect of the said obligation.

Further, in June 2023, we entered into the Purchase Agreement with YA pursuant to which we had the right to sell to YA up to \$10.0 million in ADSs subject to certain limitations, from time to time during the 48-month period following the date of execution of the Purchase Agreement. In March 2024, we amended the Purchase Agreement to increase such amount to \$15.0 million in ADSs. The purchase price for the ADSs that we may sell to YA will fluctuate based on the price of our ADSs. Depending on market liquidity at the time, sales of such ADSs may cause the trading price of our ADSs to fall. After YA has acquired the ADSs, YA may resell all, some, or none of those shares at any time or from time to time in its discretion. The sale of a substantial number of shares of our ADSs to YA, or the anticipation of such sales, could make it more difficult for us to sell equity or equity-related securities in the future at a price that we might otherwise wish to effect sales.

### ***Inflation risk***

We do not believe that inflation has had, nor will it have a material effect on our business, financial condition or results of operations in the reporting period. However, if our costs were to become subject to significant inflationary pressures, we may not be able to fully offset such higher costs through hedging transactions. Our inability or failure to do so could harm our business, financial condition and results of operations.

### **Foreign Currency Exchange Rate Risk**

Our results of operations and cash flow are subject to fluctuations due to changes in U.S. dollar/NIS currency exchange rates. A certain portion of our cash and cash equivalents is held in U.S. dollars, and the vast majority of our expenses is denominated in NIS. Changes of 5% and 10% in the U.S. dollar/NIS exchange rate would increase/decrease our operating expenses for the year ended December 31, 2023 by approximately 1% and 2%, respectively. However, these historical figures may not be indicative of future exposure, as we expect that the percentage of our NIS denominated expenses will decrease in the near future as our operations expand globally, therefore reducing our exposure to exchange rate fluctuations. Currently, we do not hedge our foreign currency exchange risk. In the future, we may enter into formal currency hedging transactions to decrease the risk of financial exposure from fluctuations in the exchange rates of our principal operating currencies. These measures, however, may not adequately protect us from the material adverse effects of such fluctuations.

During the year ended December 31, 2023, the exchange rate between the U.S. dollar and the NIS increased by 3%. During the year ended December 31, 2022, the exchange rate between the U.S. dollar and the NIS increased by 13.15%. During the year ended December 31, 2021, the exchange rate between the U.S. dollar and the NIS decreased by 3.27%.

### **ITEM 12. DESCRIPTION OF SECURITIES OTHER THAN EQUITY SECURITIES**

#### **A. Debt Securities.**

Not applicable.

#### **B. Warrants and rights.**

On June 7, 2022, we closed our U.S. IPO of 2,941,918 units, each consisting of one American Depository Share (ADS) and one warrant to purchase one ADS, 208,282 pre-funded units, each consisting of one pre-funded warrant to purchase one ADS and one warrant to purchase one ADS, at a price to the public of \$4.13 per unit (\$4.129 per pre-funded unit), for gross proceeds of approximately \$13 million, before deducting underwriting discounts and offering expenses. The warrants have a per ADS exercise price of \$5.00, were exercisable immediately and expire five years from the date of issuance. The pre-funded warrants have a per ADS exercise price of \$0.001, were exercisable immediately and may be exercised at any time until exercised in full. As of December 31, 2023, an amount of 3,276,682 warrants were outstanding.

The following summary of certain terms and provisions of our warrants is not complete and is subject to, and qualified in its entirety by, the provisions of the warrant agent agreement between us and Computershare Trust Company, N.A., as warrant agent, and the form of warrant, both of which are filed as exhibits to this Annual Report.

**Exercisability.** The warrants are exercisable at any time after June 7, 2022 until the close of business on June 7, 2027. The warrants will be exercisable, at the option of each holder, in whole or in part by delivering to us a duly executed exercise notice and, at any time a registration statement registering the issuance of the ordinary shares underlying the warrants under the Securities Act is effective and available for the issuance of such shares, by payment in full in immediately available funds for the number of ordinary shares purchased upon such exercise. If a registration statement registering the issuance of the ordinary shares underlying the warrants under the Securities Act is not effective or available the holder may, in its sole discretion, elect to exercise the warrant through a cashless exercise, in which case the holder would receive upon such exercise the net number of ordinary shares determined according to the formula set forth in the warrant. No fractional shares will be issued in connection with the exercise of a warrant. In lieu of fractional shares, we will pay the holder an amount in cash equal to the fractional amount multiplied by the exercise price.

**Exercise Limitation.** A holder will not have the right to exercise any portion of the warrant if the holder (together with its affiliates) would beneficially own in excess of 4.99% of the number of ordinary shares outstanding immediately after giving effect to the exercise, as such percentage ownership is determined in accordance with the terms of the warrants. However, any holder may increase or decrease such percentage to any other percentage not in excess of 9.99%, provided that any increase in such percentage shall not be effective until 61 days following notice from the holder to us.

*Exercise Price.* The exercise price per whole ADS purchasable upon exercise of the warrants is \$5.00 per ADS. The exercise price is subject to appropriate adjustment in the event of certain stock dividends and distributions, stock splits, stock combinations, reclassifications or similar events affecting our ordinary shares and also upon any distributions of assets, including cash, stock or other property to our stockholders.

*Transferability.* Subject to applicable laws, the warrants may be offered for sale, sold, transferred or assigned without our consent.

*Exchange Listing.* Our warrants are listed on the Nasdaq Capital Market, under the symbol “SVREW”.

*Warrant Agent.* The warrants will be issued in registered form under a warrant agent agreement between Computershare Limited, as warrant agent, and us. The warrants shall initially be represented only by one or more global warrants deposited with the warrant agent, as custodian on behalf of The Depository Trust Company, or DTC, and registered in the name of Cede & Co., a nominee of DTC, or as otherwise directed by DTC.

*Fundamental Transactions.* In the event of a fundamental transaction, as described in the warrants and generally including any reorganization, recapitalization or reclassification of our ordinary shares, the sale, transfer or other disposition of all or substantially all of our properties or assets, our consolidation or merger with or into another person, the acquisition of more than 50% of our outstanding ordinary shares, or any person or group becoming the beneficial owner of 50% of the voting power represented by our outstanding ordinary shares, the holders of the warrants will be entitled to receive upon exercise of the warrants the kind and amount of securities, cash or other property that the holders would have received had they exercised the warrants immediately prior to such fundamental transaction without regard to any limitations on exercised contained in the warrants.

*Rights as a Stockholder.* Except as otherwise provided in the warrants or by virtue of such holder’s ownership of our ordinary shares, the holder of a warrant does not have the rights or privileges of a holder of our ordinary shares, including any voting rights, until the holder exercises the warrant.

*Governing Law.* The warrants are governed by New York law.

#### **Representative’s Warrants**

As part of our IPO, we issued to the representative as compensation warrants to purchase up to 157,510 ADSs representing 787,550 ordinary shares, which were equal to 5% of the total number of ADSs (including any ADSs underlying the pre-funded warrants) sold in our IPO. The Representative’s Warrants are exercisable at a per share exercise price of \$5.1625. The Representative’s Warrants are exercisable at any time after December 2, 2022 until the close of business on June 2, 2027.

#### **C. Other Securities.**

Not applicable.

#### **D. American Depository Shares**

The Bank of New York Mellon, as depositary, will register and deliver our ADSs. Each ADS will represent five ordinary shares (or a right to receive three ordinary shares) deposited with Bank Leumi, as custodian for the depositary in Israel. Each ADS will also represent any other securities, cash or other property which may be held by the depositary. The depositary’s office at which our ADSs will be administered is located at the depositary’s principal executive office, at 240 Greenwich Street, New York, N.Y. 10286.

You may hold ADSs either (A) directly (i) by having an ADR, which is a certificate evidencing a specific number of ADSs, registered in your name or (ii) by having uncertificated ADSs registered in your name or (B) indirectly by holding a security entitlement in ADSs through your broker or other financial institution that is a direct or indirect participant in the Depository Trust Company, or DTC. If you hold ADSs directly, you are a registered ADS holder, also referred to as an ADS holder. This description assumes you are an ADS holder. If you hold our ADSs indirectly, you must rely on the procedures of your broker or other financial institution to assert the rights of ADS holders described in this section. You should consult with your broker or financial institution to find out what those procedures are.

Registered holders of uncertificated ADSs will receive statements from the depositary confirming their holdings.

As an ADS holder, we will not treat you as one of our shareholders and you will not have shareholder rights. Israeli law governs shareholder rights. The depositary will be the holder of the ordinary shares underlying your ADSs. As a registered holder of ADSs, you will have ADS holder rights. A deposit agreement among us, the depositary, ADS holders and all other persons indirectly or beneficially holding ADSs sets out ADS holder rights as well as the rights and obligations of the depositary. New York law governs the deposit agreement and our ADSs.

The following is a summary of the material provisions of the deposit agreement. For more complete information, you should read the entire deposit agreement and the form of ADR.

## **Dividends and Other Distributions**

### ***How will you receive dividends and other distributions on the shares?***

The depositary has agreed to pay or distribute to ADS holders the cash dividends or other distributions it or the custodian receives on ordinary shares or other deposited securities, upon payment or deduction of its fees and expenses. You will receive these distributions in proportion to the number of ordinary shares your ADSs represent.

**Cash.** The depositary will convert any cash dividend or other cash distribution we pay on the ordinary shares into U.S. dollars, if it can do so on a reasonable basis and can transfer the U.S. dollars to the United States. If that is not possible or if any government approval is needed and cannot be obtained, the deposit agreement allows the depositary to distribute the foreign currency only to those ADS holders to whom it is possible to do so. It will hold the foreign currency it cannot convert for the account of the ADS holders who have not been paid. It will not invest the foreign currency and it will not be liable for any interest.

Before making a distribution, any withholding taxes or other governmental charges that must be paid will be deducted. See "Item 10.E. Taxation." It will distribute only whole U.S. dollars and cents and will round fractional cents to the nearest whole cent. If the exchange rates fluctuate during a time when the depositary cannot convert the foreign currency, you may lose some or all of the value of the distribution.

**Shares.** The depositary may distribute additional ADSs representing any ordinary shares we distribute as a dividend or free distribution. The depositary will only distribute whole ADSs. It will sell ordinary shares which would require it to deliver a fraction of an ADS (or ADSs representing those ordinary shares) and distribute the net proceeds in the same way as it does with cash. If the depositary does not distribute additional ADSs, the outstanding ADSs will also represent the new shares. The depositary may sell a portion of the distributed ordinary shares (or ADSs representing those ordinary shares) sufficient to pay its fees and expenses in connection with that distribution.

**Rights to purchase additional shares.** If we offer holders of our securities any rights to subscribe for additional ordinary shares or any other rights, the depositary may (i) exercise those rights on behalf of ADS holders, (ii) distribute those rights to ADS holders or (iii) sell those rights and distribute the net proceeds to ADS holders, in each case after deduction or upon payment of its fees and expenses. To the extent the depositary does not do any of those things, it will allow the rights to lapse. *In that case, you will receive no value for them.* The depositary will exercise or distribute rights only if we ask it to and provide satisfactory assurances to the depositary that it is legal to do so. If the depositary will exercise rights, it will purchase the securities to which the rights relate and distribute those securities or, in the case of ordinary shares, new ADSs representing the new ordinary shares, to subscribing ADS holders, but only if ADS holders have paid the exercise price to the depositary. U.S. securities laws may restrict the ability of the depositary to distribute rights or ADSs or other securities issued on exercise of rights to all or certain ADS holders, and the securities distributed may be subject to restrictions on transfer.

**Other Distributions.** The depositary will send to ADS holders anything else we distribute on deposited securities by any means it thinks is legal, fair and practical. If it cannot make the distribution in that way, the depositary will have a choice. It may decide to sell what we distributed and distribute the net proceeds, in the same way as it does with cash. Or, it may decide to hold what we distributed, in which case ADSs will also represent the newly distributed property. However, the depositary is not required to distribute any securities (other than ADSs) to ADS holders unless it receives satisfactory evidence from us that it is legal to make that distribution. The depositary may sell a portion of the distributed securities or property sufficient to pay its fees and expenses in connection with that distribution. U.S. securities laws may restrict the ability of the depositary to distribute securities to all or certain ADS holders, and the securities distributed may be subject to restrictions on transfer.

The depositary is not responsible if it decides that it is unlawful or impractical to make a distribution available to any ADS holders. We have no obligation to register ADSs, ordinary shares, rights or other securities under the Securities Act. We also have no obligation to take any other action to permit the distribution of ADSs, shares, rights or anything else to ADS holders. This means that you may not receive the distributions we make on our ordinary shares or any value for them if it is illegal or impractical for us to make them available to you.

## **Deposit, Withdrawal and Cancellation**

### **How are ADSs issued?**

The depositary will deliver ADSs if you or your broker deposits ordinary shares or evidence of rights to receive ordinary shares with the custodian. Upon payment of its fees and expenses and of any taxes or charges, such as stamp taxes or stock transfer taxes or fees, the depositary will register the appropriate number of ADSs in the names you request and will deliver our ADSs to or upon the order of the person or persons that made the deposit.

### **How can ADS holders withdraw the deposited securities?**

You may surrender your ADSs for the purpose of withdrawal at the depositary's office. Upon payment of its fees and expenses and of any taxes or charges, such as stamp taxes or stock transfer taxes or fees, the depositary will deliver the ordinary shares and any other deposited securities underlying our ADSs to the ADS holder or a person the ADS holder designates at the office of the custodian. Or, at your request, risk and expense, the depositary will deliver the deposited securities at its office, if feasible. The depositary may charge you a fee and its expenses for instructing the custodian regarding delivery of deposited securities.

### **How do ADS holders interchange between certificated ADSs and uncertificated ADSs?**

You may surrender your ADR to the depositary for the purpose of exchanging your ADR for uncertificated ADSs. The depositary will cancel that ADR and will send to the ADS holder a statement confirming that the ADS holder is the registered holder of uncertificated ADSs. Alternatively, upon receipt by the depositary of a proper instruction from a registered holder of uncertificated ADSs requesting the exchange of uncertificated ADSs for certificated ADSs, the depositary will execute and deliver to the ADS holder an ADR evidencing those ADSs.

## **Voting Rights**

### **How do you vote?**

ADS holders may instruct the depositary how to vote the number of deposited ordinary shares their ADSs represent. If we request the depositary to solicit your voting instructions (and we are not required to do so), the depositary will notify you of a shareholders' meeting and send or make voting materials available to you. Those materials will describe the matters to be voted on and explain how ADS holders may instruct the depositary how to vote. For instructions to be valid, they must reach the depositary by a date set by the depositary. The depositary will try, as far as practical, subject to the laws of Israel and the provisions of our articles of association or similar documents, to vote or to have its agents vote the ordinary shares or other deposited securities as instructed by ADS holders. If we do not request the depositary to solicit your voting instructions, you can still send voting instructions, and, in that case, the depositary may try to vote as you instruct, but it is not required to do so.

*Except by instructing the depositary as described above, you won't be able to exercise voting rights unless you surrender your ADSs and withdraw the ordinary shares. However, you may not know about the meeting enough in advance to withdraw the ordinary shares. In any event, the depositary will not exercise any discretion in voting deposited securities and it will only vote or attempt to vote as instructed.*

We cannot assure you that you will receive the voting materials in time to ensure that you can instruct the depositary to vote your shares. In addition, the depositary and its agents are not responsible for failing to carry out voting instructions or for the manner of carrying out voting instructions. This means that you may not be able to exercise your right to vote and there may be nothing you can do if your ordinary shares are not voted as you requested.

In order to give you a reasonable opportunity to instruct the Depositary as to the exercise of voting rights relating to Deposited Securities, if we request the Depositary to act, we agree to give the Depositary notice of any such meeting and details concerning the matters to be voted upon at least 45 days in advance of the meeting date.

## **Fees and Expenses**

### **Persons depositing or withdrawing ordinary shares or ADS holders must pay**

\$5.00 (or less) per 100 ADSs (or portion of 100 ADSs)

For  
Issuance of ADSs, including issuances resulting from a distribution of ordinary shares or rights or other property Cancellation of ADSs for the purpose of withdrawal, including if the deposit agreement terminates

\$0.05 (or less) per ADS

For  
Any cash distribution to ADS holders

### **Persons depositing or withdrawing ordinary shares or ADS holders must pay**

A fee equivalent to the fee that would be payable if securities distributed to you had been ordinary shares and the ordinary shares had been deposited for issuance of ADSs

For  
Distribution of securities distributed to holders of deposited securities (including rights) that are distributed by the depositary to ADS holders

\$0.05 (or less) per ADS per calendar year

For  
Depository services

Registration or transfer fees

For  
Transfer and registration of ordinary shares on our share register to or from the name of the depositary or its agent when you deposit or withdraw ordinary shares

Expenses of the depositary

For  
Cable, telex and facsimile transmissions (when expressly provided in the deposit agreement) converting foreign currency to U.S. dollars

Taxes and other governmental charges the depositary or the custodian has to pay on any ADSs or ordinary shares underlying ADSs, such as stock transfer taxes, stamp duty or withholding taxes

For  
As necessary

Any charges incurred by the depositary or its agents for servicing the deposited securities

For  
As necessary

The depositary collects its fees for delivery and surrender of ADSs directly from investors depositing ordinary shares or surrendering ADSs for the purpose of withdrawal or from intermediaries acting for them. The depositary collects fees for making distributions to investors by deducting those fees from the amounts distributed or by selling a portion of distributable property to pay the fees. The depositary may collect its annual fee for depositary services by deduction from cash distributions or by directly billing investors or by charging the book-entry system accounts of participants acting for them. The depositary may collect any of its fees by deduction from any cash distribution payable (or by selling a portion of securities or other property distributable) to ADS holders that are obligated to pay those fees. The depositary may generally refuse to provide fee-attracting services until its fees for those services are paid.

From time to time, the depositary may make payments to us to reimburse us for costs and expenses generally arising out of establishment and maintenance of the ADS program, waive fees and expenses for services provided to us by the depositary or share revenue from the fees collected from ADS holders. In performing its duties under the deposit agreement, the depositary may use brokers, dealers, foreign currency or other service providers that are owned by or affiliated with the depositary and that may earn or share fees, spreads or commissions.

The depositary may convert currency itself or through any of its affiliates, or the custodian or we may convert currency and pay U.S. dollars to the depositary. Where the depositary converts currency itself or through any of its affiliates, the depositary acts as principal for its own account and not as agent, advisor, broker or fiduciary on behalf of any other person and earns revenue, including, without limitation, transaction spreads, that it will retain for its own account. The revenue is based on, among other things, the difference between the exchange rate assigned to the currency conversion made under the deposit agreement and the rate that the depositary or its affiliate receives when buying or selling foreign currency for its own account. The depositary makes no representation that the exchange rate used or obtained by it or its affiliate in any currency conversion under the deposit agreement will be the most favorable rate that could be obtained at the time or that the method by which that rate will be determined will be the most favorable to ADS holders, subject to the depositary's obligation to act without negligence or bad faith. The methodology used to determine exchange rates used in currency conversions made by the depositary is available upon request. Where the custodian converts currency, the custodian has no obligation to obtain the most favorable rate that could be obtained at the time or to ensure that the method by which that rate will be determined will be the most favorable to ADS holders, and the depositary makes no representation that the rate is the most favorable rate and will not be liable for any direct or indirect losses associated with the rate. In certain instances, the depositary may receive dividends or other distributions from us in U.S. dollars that represent the proceeds of a conversion of foreign currency or translation from foreign currency at a rate that was obtained or determined by us and, in such cases, the depositary will not engage in, or be responsible for, any foreign currency transactions and neither it nor we make any representation that the rate obtained or determined by us is the most favorable rate and neither it nor we will be liable for any direct or indirect losses associated with the rate.

#### **Payment of Taxes**

You will be responsible for any taxes or other governmental charges payable on your ADSs or on the deposited securities represented by any of your ADSs. The depositary may refuse to register any transfer of your ADSs or allow you to withdraw the deposited securities represented by your ADSs until such taxes or other charges are paid. It may apply payments owed to you or sell deposited securities represented by your ADSs to pay any taxes owed and you will remain liable for any deficiency. If the depositary sells deposited securities, it will, if appropriate, reduce the number of ADSs to reflect the sale and pay to ADS holders any proceeds, or send to ADS holders any property, remaining after it has paid the taxes.

## **Tender and Exchange Offers; Redemption, Replacement or Cancellation of Deposited Securities**

The depositary will not tender deposited securities in any voluntary tender or exchange offer unless instructed to do by an ADS holder surrendering ADSs and subject to any conditions or procedures the depositary may establish.

If deposited securities are redeemed for cash in a transaction that is mandatory for the depositary as a holder of deposited securities, the depositary will call for surrender of a corresponding number of ADSs and distribute the net redemption money to the holders of called ADSs upon surrender of those ADSs.

If there is any change in the deposited securities such as a subdivision, combination or other reclassification, or any merger, consolidation, recapitalization or reorganization affecting the issuer of deposited securities in which the depositary receives new securities in exchange for or in lieu of the old deposited securities, the depositary will hold those replacement securities as deposited securities under the deposit agreement. However, if the depositary decides it would not be lawful and to hold the replacement securities because those securities could not be distributed to ADS holders or for any other reason, the depositary may instead sell the replacement securities and distribute the net proceeds upon surrender of our ADSs.

If there is a replacement of the deposited securities and the depositary will continue to hold the replacement securities, the depositary may distribute new ADSs representing the new deposited securities or ask you to surrender your outstanding ADRs in exchange for new ADRs identifying the new deposited securities.

If there are no deposited securities underlying ADSs, including if the deposited securities are cancelled, or if the deposited securities underlying ADSs have become apparently worthless, the depositary may call for surrender of those ADSs or cancel those ADSs upon notice to the ADS holders.

## **Amendment and Termination**

### ***How may the deposit agreement be amended?***

We may agree with the depositary to amend the deposit agreement and the ADRs without your consent for any reason. If an amendment adds or increases fees or charges, except for taxes and other governmental charges or expenses of the depositary for registration fees, facsimile costs, delivery charges or similar items, or prejudices a substantial right of ADS holders, it will not become effective for outstanding ADSs until 30 days after the depositary notifies ADS holders of the amendment. At the time an amendment becomes effective, you are considered, by continuing to hold your ADSs, to agree to the amendment and to be bound by the ADRs and the deposit agreement as amended.

### ***How may the deposit agreement be terminated?***

The depositary will initiate termination of the deposit agreement if we instruct it to do so. The depositary may initiate termination of the deposit agreement if:

- 60 days have passed since the depositary told us it wants to resign but a successor depositary has not been appointed and accepted its appointment;
- we delist our ordinary shares from an exchange in the United States on which they were listed and do not list the ADSs on another exchange in the United States or make arrangements for trading of ADSs on the U.S. over-the-counter market;
- we delist our shares from an exchange outside the United States on which they were listed and do not list the shares on another exchange outside the United States;

- the depositary has reason to believe the ADSs have become, or will become, ineligible for registration on Form F-6 under the Securities Act of 1933;
- we appear to be insolvent or enter insolvency proceedings;
- all or substantially all the value of the deposited securities has been distributed either in cash or in the form of securities;
- there are no deposited securities underlying our ADSs or the underlying deposited securities have become apparently worthless; or
- there has been a replacement of deposited securities.

If the deposit agreement will terminate, the depositary will notify ADS holders at least 90 days before the termination date. At any time after the termination date, the depositary may sell the deposited securities. After that, the depositary will hold the money it received on the sale, as well as any other cash it is holding under the deposit agreement, unsegregated and without liability for interest, for the *pro rata* benefit of the ADS holders that have not surrendered their ADSs. Normally, the depositary will sell as soon as practicable after the termination date.

After the termination date and before the depositary sells, ADS holders can still surrender their ADSs and receive delivery of deposited securities, except that the depositary may refuse to accept a surrender for the purpose of withdrawing deposited securities, or reverse previously-accepted surrenders of that kind that have not settled, if it would interfere with the selling process. The depositary may refuse to accept a surrender for the purpose of withdrawing sale proceeds until all the deposited securities have been sold. The depositary will continue to collect distributions on deposited securities, but, after the termination date, the depositary is not required to register any transfer of ADSs or distribute any dividends or other distributions on deposited securities to our ADSs holder (until they surrender their ADSs) or give any notices or perform any other duties under the deposit agreement except as described in this paragraph.

### **Limitations on Obligations and Liability**

#### ***Limits on our Obligations and the Obligations of the Depositary; Limits on Liability to Holders of ADSs***

The deposit agreement expressly limits our obligations and the obligations of the depositary. It also limits our liability and the liability of the depositary. We and the depositary:

- are only obligated to take the actions specifically set forth in the deposit agreement without negligence or bad faith, and the depositary will not be a fiduciary or have any fiduciary duty to holders of ADSs;
- are not liable if we are or it is prevented or delayed by law or by events or circumstances beyond our or its ability to prevent or counteract with reasonable care or effort from performing our or its obligations under the deposit agreement;
- are not liable if we exercise or it exercises discretion permitted under the deposit agreement;
- are not liable for the inability of any holder of ADSs to benefit from any distribution on deposited securities that is not made available to holders of ADSs under the terms of the deposit agreement, or for any special, consequential or punitive damages for any breach of the terms of the deposit agreement;
- have no obligation to become involved in a lawsuit or other proceeding related to our ADSs or the deposit agreement on your behalf or on behalf of any other person;
- may rely upon any documents we believe or it believes in good faith to be genuine and to have been signed or presented by the proper person;

- are not liable for the acts or omissions of any securities depository, clearing agency or settlement system; and
- the depositary has no duty to make any determination or provide any information as to our tax status, or any liability for any tax consequences that may be incurred by ADS holders as a result of owning or holding ADSs or be liable for the inability or failure of an ADS holder to obtain the benefit of a foreign tax credit, reduced rate of withholding or refund of amounts withheld in respect of tax or any other tax benefit.

In the deposit agreement, we and the depositary agree to indemnify each other under certain circumstances.

#### **Requirements for Depositary Actions**

Before the depositary will deliver or register a transfer of ADSs, make a distribution on ADSs, or permit withdrawal of shares, the depositary may require:

- payment of stock transfer or other taxes or other governmental charges and transfer or registration fees charged by third parties for the transfer of any ordinary shares or other deposited securities;
- satisfactory proof of the identity and genuineness of any signature or other information it deems necessary; and
- compliance with regulations it may establish, from time to time, consistent with the deposit agreement, including presentation of transfer documents.

The depositary may refuse to deliver ADSs or register transfers of ADSs when the transfer books of the depositary or our transfer books are closed or at any time if the depositary or we think it advisable to do so.

#### **Your Right to Receive the Ordinary Shares Underlying your ADSs**

ADS holders have the right to cancel their ADSs and withdraw the underlying ordinary shares at any time except:

- when temporary delays arise because: (i) the depositary has closed its transfer books or we have closed our transfer books; (ii) the transfer of ordinary shares is blocked to permit voting at a shareholders' meeting; or (iii) we are paying a dividend on our shares;
- when you owe money to pay fees, taxes and similar charges; or
- when it is necessary to prohibit withdrawals in order to comply with any laws or governmental regulations that apply to ADSs or to the withdrawal of ordinary shares or other deposited securities.

This right of withdrawal may not be limited by any other provision of the deposit agreement.

#### **Jury Trial Waiver**

The deposit agreement provides that, to the extent permitted by law, ADS holders waive the right to a jury trial of any claim they may have against us or the depositary arising out of or relating to our shares, the ADSs or the deposit agreement, including any claim under the U.S. federal securities laws. If we are the depositary opposed a jury trial demand based on the waiver, the court would determine whether the waiver was enforceable in the facts and circumstances of that case in accordance with applicable case law.

You will not, by agreeing to the terms of the deposit agreement, be deemed to have waived our or the depositary's compliance with U.S. federal securities laws or the rules and regulations promulgated thereunder.

## **Direct Registration System**

In the deposit agreement, all parties to the deposit agreement acknowledge that the Direct Registration System, or DRS, and Profile Modification System, or Profile, will apply to our ADSs. DRS is a system administered by DTC that facilitates interchange between registered holding of uncertificated ADSs and holding of security entitlements in ADSs through DTC and a DTC participant. Profile is a feature of DRSSs that allows a DTC participant, claiming to act on behalf of a registered holder of uncertificated ADSs, to direct the depositary to register a transfer of those ADSs to DTC or its nominee and to deliver those ADSs to the DTC account of that DTC participant without receipt by the depositary of prior authorization from the ADS holder to register that transfer.

In connection with and in accordance with the arrangements and procedures relating to DRS/Profile, the parties to the deposit agreement understand that the depositary will not determine whether the DTC participant that is claiming to be acting on behalf of an ADS holder in requesting registration of transfer and delivery as described in the paragraph above has the actual authority to act on behalf of the ADS holder (notwithstanding any requirements under the Uniform Commercial Code). In the deposit agreement, the parties agree that the depositary's reliance on and compliance with instructions received by the depositary through the DRS/Profile system and in accordance with the deposit agreement will not constitute negligence or bad faith on the part of the depositary.

## **Shareholder communications; inspection of register of holders of ADSs**

The depositary will make available for your inspection at its office all communications that it receives from us as a holder of deposited securities that we make generally available to holders of deposited securities. The depositary will send you copies of those communications or otherwise make those communications available to you if we ask it to. You have a right to inspect the register of holders of ADSs, but not for the purpose of contacting those holders about a matter unrelated to our business or our ADSs.

## PART II

### ITEM 13. DEFAULTS, DIVIDEND ARREARAGES AND DELINQUENCIES

None.

### ITEM 14. MATERIAL MODIFICATIONS TO THE RIGHTS OF SECURITY HOLDERS AND USE OF PROCEEDS

There are no material modifications to the rights of security holders.

### ITEM 15. CONTROLS AND PROCEDURES

#### (a) Disclosure Controls and Procedures

Our management, with the participation of our Chief Executive Officer and Chief Financial Officer, has evaluated the effectiveness of our disclosure controls and procedures (as such term is defined in Rules 13a-15(e) and 15d-15(e) under the Exchange Act) as of December 31, 2023, or the Evaluation Date. Based on such evaluation, we and those officers have concluded that, as of the Evaluation Date, our disclosure controls and procedures were not effective due to a material weaknesses in our internal control over financial reporting related to lack of sufficient internal accounting personnel, segregation of duties and lack of sufficient internal controls (including IT general controls, entity level controls and transaction level controls). See “Item 5.E—Operating and Financial Review and Prospects—Critical Account Estimates—Internal Control Over Financial Reporting” for additional information.

#### (b) Management’s Annual Report on Internal Control over Financial Reporting

Our management is responsible for establishing and maintaining adequate internal control over financial reporting, as such term is defined in Rule 13a-15(f) under the Exchange Act. Our management conducted an assessment of the effectiveness of our internal control over financial reporting as of December 31, 2023 based on the criteria set forth in Internal Control—Integrated Framework (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission (2013 framework). Based on that assessment, our management concluded that our internal control over financial reporting was not effective as of December 31, 2023, due to ineffective controls over period end financial reporting, which is considered as a “material weakness”.

As defined in Regulation 12b-2 under the Exchange Act, a “material weakness” is a deficiency, or combination of deficiencies, in internal control over financial reporting, such that there is a reasonable possibility that a material misstatement of our annual or interim consolidated financial statements will not be prevented, or detected on a timely basis.

As previously disclosed in our Annual Report on Form 20-F for the year ended December 31, 2022, as of December 31, 2022, our internal control over financial reporting was ineffective due to the following material weaknesses: lack of sufficient internal accounting personnel, segregation of duties, lack of sufficient internal controls (including IT general controls, entity level controls and transaction level controls).

We have begun the process of engaging an external consulting firm to assist us with assessment of Sarbanes-Oxley compliance requirements and improvement of overall internal controls and we plan to work with such external consultant in 2024 to design and begin implementing our remediation plan. Although we have taken certain measures to address the material weaknesses such as implementing internal policies and procedures related to internal control over financial reporting and hiring additional accounting and financial staff with appropriate public company experience and technical accounting knowledge, we will need to further implement such internal policies and procedures and expand our accounting and financial staff in order to address our material weaknesses. Further, we expect to take a number of measures to address the material weaknesses that have been identified including establishing effective monitoring and oversight controls.

While we believe the remediation actions described above improved our internal control over financial reporting, we still require validation and testing of the design and operating effectiveness of internal controls over a sustained period of financial reporting cycles, and therefore concluded that as of December 31, 2023, our internal control over financial reporting was not effective.

**(c) Attestation Report of the Registered Public Accounting Firm**

This Annual Report does not include an attestation report of our independent registered public accounting firm regarding internal control over financial reporting due to an exemption for emerging growth companies provided in the JOBS Act.

**(d) Changes in Internal Control over Financial Reporting**

Except as described above, during the year ended December 31, 2023, there were no changes in our internal control over financial reporting that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

**ITEM 16. [RESERVED]**

Not applicable.

**ITEM 16A. AUDIT COMMITTEE FINANCIAL EXPERT**

Our board of directors has determined that all of the members of our audit committee is an audit committee financial expert, as defined under the rules under the Exchange Act, and is independent in accordance with applicable Exchange Act rules and the Nasdaq Listing Rules. The current members of our audit committee are Sharon Schreiber, Shlomo Shalev and Yaron Be’eri, each of which our board of directors has determined is independent in accordance with applicable Exchange Act rules and the Nasdaq Listing Rules.

**ITEM 16B. CODE OF ETHICS**

Our board of directors has adopted a Code of Ethics applicable to all of our directors and employees, including our Chief Executive Officer, Chief Financial Officer, controller or principal accounting officer, or other persons performing similar functions, which is a “code of ethics” as defined in Item 16B of Form 20-F promulgated by the SEC. The full text of the Code of Ethics is posted on our website at <https://saver.one/>. Information contained on, or that can be accessed through, our website does not constitute a part of this a part of this Annual Report on Form 20-F and is not incorporated by reference herein. If we make any amendment to the Code of Ethics or grant any waivers, including any implicit waiver, from a provision of the Code of Ethics, we will disclose the nature of such amendment or waiver on our website to the extent required by the rules and regulations of the SEC. We have not granted any waivers under our Code of Business Conduct and Ethics.

#### ITEM 16C. PRINCIPAL ACCOUNTANT FEES AND SERVICES

Fahn Kanne & Co., the Israeli member firm of Grant Thornton International Ltd., an independent registered public accounting firm, has served as our principal independent registered public accounting firm for the year ended December 31, 2023, and 2022.

The following table provides information regarding fees paid or to be paid by us to Fahn Kanne & Co. Grant Thornton Israel, an independent registered public accounting firm, for all services, including audit services, for the years ended December 31, 2023, and 2022:

	Year Ended December 31,	
	2023	2022
(USD in thousands)		
Audit fees (1)	129,000	100,000
Tax fees (2)	414	429
All other fees	-	-
<b>Total</b>	<b>129,414</b>	<b>100,429</b>

(1) Audit fees consist of professional services rendered in connection with the audit of our annual consolidated financial statements, review of our consolidated interim financial statements, our statutory tax audits and assistance with review of documents filed with the SEC (including issuance of comfort and consent letters related to initial public offering transaction and subsequent filing of registration statements).

(2) Tax fees consist of fees for professional services for tax compliance and tax advice.

#### *Pre-Approval of Auditors' Compensation*

Our audit committee has a pre-approval policy for the engagement of our independent registered public accounting firm to perform certain audit and non-audit services. Pursuant to this policy, which is designed to assure that such engagements do not impair the independence of our auditors, the audit committee pre-approves annually a catalog of specific audit and non-audit services in the categories of audit services, audit-related services and tax services that may be performed by our independent registered public accounting firm. If a type of service, that is to be provided by our auditors, has not received such general pre-approval, it will require specific pre-approval by our audit committee. The policy prohibits retention of the independent registered public accounting firm to perform the prohibited non-audit functions defined in applicable SEC rules.

#### ITEM 16D. EXEMPTIONS FROM THE LISTING STANDARDS FOR AUDIT COMMITTEES

Not applicable.

## **ITEM 16E. PURCHASES OF EQUITY SECURITIES BY THE ISSUER AND AFFILIATED PURCHASERS**

Not applicable.

## **ITEM 16F. CHANGE IN REGISTRANT'S CERTIFYING ACCOUNTANT**

Not Applicable.

## **ITEM 16G. CORPORATE GOVERNANCE**

As a foreign private issuer, we are permitted to follow certain Israeli corporate governance practices instead of the Nasdaq corporate governance rules, or the Nasdaq Marketplace Rules, provided that we disclose which requirements we are not following and the equivalent Israeli requirements. Pursuant to the “foreign private issuer exemption”:

- we will not have to comply with the requirements that we have a nominating committee composed entirely of independent directors with a written charter addressing the committee's purpose and responsibilities;
- the quorum for a meeting of shareholders will be at least two shareholders present in person, by proxy or by a voting instrument, who hold in the aggregate at least 25% of our issued share capital (and in an adjourned meeting any number of shareholders) instead of 33<sup>1/3</sup>% of our issued share capital as required under the Nasdaq Marketplace Rules;
- we may adopt equity incentive plans and approve material changes to such plans without shareholder approval;
- in addition, we will seek shareholder approval for all corporate actions requiring such approval under the requirements of the Companies Law, rather than seeking approval for corporate actions in accordance with Nasdaq Stock Market Rule 5635. In particular, under this Nasdaq rule, shareholder approval is generally required for: (i) an acquisition of shares or assets of another company that involves the issuance of 20% or more of the acquirer's shares or voting rights or if a director, officer or 5% shareholder has greater than a 5% interest in the target company or the consideration to be received; (ii) the issuance of shares leading to a change of control; (iii) adoption or amendment of equity compensation arrangements (although under the provisions of the Companies Law there is no requirement for shareholder approval for the adoption/amendment of the equity compensation plan); and (iv) issuances of 20% or more of the shares or voting rights (including securities convertible into, or exercisable for, equity) of a listed company via a private placement (and/or via sales by directors, officers or 5% shareholders) if such equity is issued (or sold) at below the greater of the book or market value of shares. By contrast, under the Companies Law, shareholder approval is required for, among other things: (i) transactions with directors our Chief Executive Officer concerning the terms of their service or indemnification, exemption and insurance for their service (or for any other position that they may hold at a company), for which approvals of the compensation committee, board of directors and shareholders are all required, (ii) extraordinary transactions with controlling shareholders of publicly held companies, which require the special approval, and (iii) terms of employment or other engagement of the controlling shareholder of us or such controlling shareholder has a personal interest with, which require special approval. In addition, under the Companies Law, a merger requires approval of the shareholders of each of the merging companies;
- Israeli law does not require that a majority of the directors serving on our board of directors be “independent,” as defined under Nasdaq Stock Market Rule 5605(a)(2), and rather requires we have at least two external directors who meet the requirements of the Companies Law, as described below under “Management—External Directors.” The definition of independent director under Nasdaq Stock Market rules and external director under the Companies Law overlap to a significant degree such that we would generally expect the directors serving as external directors to satisfy the requirements to be independent under Nasdaq Stock Market rules. However, it is possible for a director to qualify as an “external director” under the Companies Law without qualifying as an “independent director” under the Nasdaq Stock Market rules, or vice-versa. Notwithstanding Israeli law, we believe that a majority of our directors are currently “independent” under the Nasdaq Stock Market rules. We are required, however, to ensure that all members of our Audit Committee are “independent” under the applicable Nasdaq and SEC criteria for independence (as we cannot exempt ourselves from compliance with that SEC independence requirement, despite our status as a foreign private issuer), and we must also ensure that a majority of the members of our Audit Committee are “independent directors” as defined in the Companies Law. Furthermore, Israeli law does not require, nor do our independent directors conduct, regularly scheduled meetings at which only they are present, which the Nasdaq Stock Market rules otherwise require;

- as opposed to making periodic reports to shareholders and proxy solicitation materials available to shareholders in a manner specified by the SEC and Nasdaq Marketplace Rules, the generally accepted practice in Israel is not to distribute such reports to shareholders but to make such reports available through a public website. We will mail such reports to shareholders only upon request;
- we will follow Israeli corporate governance practice instead of the Nasdaq requirements to obtain shareholder approval for certain dilutive events (such as issuances that will result in a change of control, certain transactions other than a public offering involving issuances of a 20% or greater interest in us and certain acquisitions of the stock or assets of another company); and
- all related party transactions are approved in accordance with the requirements and procedures for approval of interested party acts and transaction as set forth in the Companies Law, which requires the approval of the audit committee, or the compensation committee, as the case may be, the board of directors and shareholders, as may be applicable, for specified transactions, rather than approval by the audit committee or other independent body of our board of directors as required under the Nasdaq Stock Market rules. See “Item 6.C. Directors, Senior Management and Employees—Board Practices—Fiduciary duties and approval of related party transactions” for additional information.

In all other respects, we intend to comply with the rules generally applicable to U.S. domestic companies listed on the Nasdaq Marketplace Rules. We may in the future decide to use the foreign private issuer exemption with respect to some or all of the other Nasdaq Marketplace Rules. We comply with Israeli corporate governance requirements under the Companies Law applicable to public companies. Accordingly, our shareholders may not be afforded the same protections as provided under Nasdaq Marketplace Rules.

#### **ITEM 16H. MINE SAFETY DISCLOSURE**

Not applicable.

#### **ITEM 16I. DISCLOSURE REGARDING FOREIGN JURISDICTIONS THAT PREVENT INSPECTIONS**

Not applicable.

#### **ITEM 16J. INSIDER TRADING POLICIES**

Pursuant to applicable SEC transition guidance, the disclosure required by Item 16J will only be applicable to the Company from the fiscal year ending on December 31, 2024.

#### **ITEM 16K. CYBERSECURITY**

We have developed and maintain a cybersecurity risk management program, consisting of cybersecurity policies, procedures, compliance and awareness programs to mitigate risk and to ensure compliance with security, availability and confidentiality trust principles. We also maintain a cybersecurity insurance policy. The cybersecurity process has been integrated into our overall risk management system and process, and is solely internally managed. Management is responsible for identifying risks that threaten achievement of the control activities stated in the management’s description of the services organizations systems. Management has implemented a process for identifying relevant risks that could affect the organization’s ability to provide secure and reliable service to its users. The risk assessment occurs annually, or as business needs change, and covers identification of risks that could act against the company’s objectives as well as specific risks related to a compromise to the security of data.

The oversight of cybersecurity threats is undertaken by our Vice President, Research and Development, who holds over a decade of experience in various technological disciplines and system design and architecture of information systems, and is supported by management. Our audit committee is responsible for cybersecurity oversight and monitoring risk. Management informs the audit committee of such risk by committee meetings.

As of the date of this report, we are not aware of any material risks from cybersecurity threats that have materially affected or are reasonably likely to materially affect us, including our business strategy, results of operations or financial condition.

### PART III

#### ITEM 17. FINANCIAL STATEMENTS

We have elected to provide financial statements and related information pursuant to Item 18.

#### ITEM 18. FINANCIAL STATEMENTS

The financial statements and the related notes required by this Item are included in this Annual Report on Form 20-F beginning on page F-1.

#### ITEM 19. EXHIBITS.

Exhibit No.	Description
1.1#	<a href="#">Articles of Association of the Registrant (filed as Exhibit 3.1 to our Registration Statement on Form F-1 as filed with the Securities and Exchange Commission on March 30, 2022, and incorporated herein by reference)</a>
2.1*	Description of Securities Registered under Section 12
4.1	<a href="#">Form of Deposit Agreement between the registrant, the Bank of New York Mellon as Depositary, and owners and holders from time to time of ADSs issued thereunder (filed as Exhibit 4.1 to our Registration Statement on Form F-1 as filed with the Securities and Exchange Commission on March 30, 2022, and incorporated herein by reference)</a>
4.2	<a href="#">Specimen American Depository Receipt (included in Exhibit 4.1) (filed as Exhibit 4.1 to our Registration Statement on Form F-1 as filed with the Securities and Exchange Commission on March 30, 2022, and incorporated herein by reference)</a>
10.1	<a href="#">Form of Underwriting Agreement (filed as Exhibit 1.1 to our Registration Statement on Form F-1 as filed with the Securities and Exchange Commission on March 30, 2022, and incorporated herein by reference)</a>
10.2	<a href="#">Form of Underwriter's Warrant (included in Exhibit 4.1) (filed as Exhibit 1.1 to our Registration Statement on Form F-1 as filed with the Securities and Exchange Commission on March 30, 2022, and incorporated herein by reference)</a>
10.3	<a href="#">Form of Warrant Agent Agreement (filed as Exhibit 4.4 to our Registration Statement on Form F-1 as filed with the Securities and Exchange Commission on May 2, 2022, and incorporated herein by reference)</a>
10.4	<a href="#">Form of Warrant (filed as Exhibit 4.5 to our Registration Statement on Form F-1 as filed with the Securities and Exchange Commission on May 2, 2022, and incorporated herein by reference)</a>
10.5	<a href="#">Form of Pre-Funded Warrant (filed as Exhibit 4.6 to our Registration Statement on Form F-1 as filed with the Securities and Exchange Commission on May 2, 2022, and incorporated herein by reference)</a>
10.6	<a href="#">Form of Indemnification Agreement (filed as Exhibit 10.1 to our Registration Statement on Form F-1 as filed with the Securities and Exchange Commission on March 30, 2022, and incorporated herein by reference)</a>
10.7+	<a href="#">Saverone 2014 Ltd. 2015 Share Incentive Plan (filed as Exhibit 10.2 to our Registration Statement on Form F-1 as filed with the Securities and Exchange Commission on March 30, 2022, and incorporated herein by reference)</a>
10.8	<a href="#">Form of Securities Purchase Agreement by and between SaverOne 2014 Ltd. and the purchasers identified on the signature pages thereto (filed as Exhibit 10.1 to our Report on Form 6-K furnished to the Securities and Exchange Commission on December 12, 2022, and incorporated herein by reference)</a>
10.9	<a href="#">Standby Equity Purchase Agreement dated June 5, 2023, by and between SaverOne 2014 Ltd. and YA II PN, LTD. (filed as Exhibit 10.1 to our Report on Form 6-K furnished to the Securities and Exchange Commission on June 6, 2023, and incorporated herein by reference)</a>
10.10	<a href="#">Promissory Note dated June 5, 2023 (filed as Exhibit 10.2 to our Report on Form 6-K furnished to the Securities and Exchange Commission on June 6, 2023, and incorporated herein by reference)</a>
10.11	<a href="#">Amendment to Standby Equity Purchase Agreement dated December 11, 2023, by and between SaverOne 2014 Ltd. and YA II PN, LTD. (filed as Exhibit 10.1 to our Report on Form 6-K furnished to the Securities and Exchange Commission on December 11, 2023, and incorporated herein by reference)</a>
10.12	<a href="#">Promissory Note dated December 11, 2023 (filed as Exhibit 10.2 to our Report on Form 6-K furnished to the Securities and Exchange Commission on December 11, 2023, and incorporated herein by reference)</a>

10.13	<a href="#">Form of Securities Purchase Agreement, dated December 13, 2023 (filed as Exhibit 10.1 to our Report on Form 6-K furnished to the Securities and Exchange Commission on December 13, 2023, and incorporated herein by reference)</a>
10.14*	<a href="#">Second Amendment to Standby Equity Purchase Agreement dated March 25, 2024, by and between SaverOne 2014 Ltd. and YA II PN, LTD.</a>
10.15*+#	<a href="#">Compensation Policy</a>
12.1*	<a href="#">Certification of the Chief Executive Officer pursuant to rule 13a-14(a) of the Securities Exchange Act of 1934</a>
12.2*	<a href="#">Certification of the Chief Financial Officer pursuant to rule 13a-14(a) of the Securities Exchange Act of 1934</a>
13.1*	<a href="#">Certification of the Chief Executive Officer pursuant to 18 U.S.C. 1350</a>
13.2*	<a href="#">Certification of the Chief Executive Officer pursuant to 18 U.S.C. 1350</a>
15.1*	<a href="#">Consent of Fahn Kanne &amp; Co. Grant Thornton Israel, independent registered public accounting firm with respect to financial statements of the Registrant</a>
97.1+	<a href="#">Clawback Policy (filed as Exhibit A to Exhibit 99.1 to our Report on Form 6-K furnished to the Securities and Exchange Commission on July 7, 2023, and incorporated herein by reference)</a>
101.INS	Inline XBRL Instance Document.
101.SCH	Inline XBRL Taxonomy Extension Schema Document.
101.CAL	Inline XBRL Taxonomy Extension Calculation Linkbase Document.
101.DEF	Inline XBRL Taxonomy Extension Definition Linkbase Document.
101.LAB	Inline XBRL Taxonomy Extension Label Linkbase Document.
101.PRE	Inline XBRL Taxonomy Extension Presentation Linkbase Document.
104	Cover Page Interactive Data File (embedded within the Inline XBRL document).

# English translation of original Hebrew document.

\* Filed herewith.

+ Indicates a management contract or any compensatory plan, contract or arrangement.

## **SIGNATURES**

The registrant hereby certifies that it meets all of the requirements for filing on Form 20-F and that it has duly caused and authorized the undersigned to sign this Annual Report on Form 20-F filed on its behalf.

**SAVERONE 2014 LTD.**

Date: March 25, 2024

By: /s/ Ori Gilboa  
Ori Gilboa  
Chief Executive Officer

**SAVERONE 2014 LTD.**  
**FINANCIAL STATEMENTS**  
**AS OF DECEMBER 31, 2023**

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**SAVERONE 2014 LTD.**

**FINANCIAL STATEMENTS**

**AS OF DECEMBER 31, 2023**

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## REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

Board of Directors and Shareholders  
SaverOne 2014 Ltd.

Fahn Kanne & Co.  
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### Opinion on the financial statements

We have audited the accompanying statements of financial position of SaverOne 2014 Ltd. (the "Company") as of December 31, 2023 and 2022, the related statements of comprehensive loss, changes in shareholders' equity, and cash flows for each of the three years in the period ended December 31, 2023, and the related notes (collectively referred to as the "financial statements"). In our opinion, the financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2023 and 2022, and the results of its operations and its cash flows for each of the three years in the period ended December 31, 2023, in conformity with International Financial Reporting Standards as issued by the International Accounting Standards Board.

### Emphasis of a matter

As discussed in Note 1B to the financial statements, the Company has suffered recurring losses from operations and negative cash flow from operating activities. Management's evaluation of the events and conditions and management's plans to mitigate these matters are also described in Note 1B.

### Basis for opinion

These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on the Company's financial statements based on our audits. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) ("PCAOB") and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether due to error or fraud. The Company is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. As part of our audits, we are required to obtain an understanding of internal control over financial reporting but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control over financial reporting. Accordingly, we express no such opinion.

Our audits included performing procedures to assess the risks of material misstatement of the financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that our audits provide a reasonable basis for our opinion.

**/s/ FAHN KANNE & CO. GRANT THORNTON ISRAEL**

We have served as the Company's auditor since 2016.

Tel Aviv, Israel  
March 25, 2024

**Certified Public Accountants**  
Fahn Kanne & Co. is the Israeli member firm of Grant Thornton International Ltd.

**STATEMENTS OF FINANCIAL POSITION**  
(New Israeli Shekels in thousands)

	Note	As of December 31,	
		2023	2022
<b>Assets</b>			
<b>Current assets</b>			
Cash and cash equivalents	4	17,112	19,240
Short-term bank deposits		-	10,070
Trade receivables, net	5	1,054	762(*)
Other current assets	6	1,509	1,016
Inventory	7	4,534	2,026
<b>Total current assets</b>		<b>24,209</b>	<b>33,114</b>
<b>Non-current assets</b>			
Trade receivables, net	5	1,051	335(*)
Property and equipment, net	8	248	218
Restricted deposits	9	211	201
Right of usage asset, net	9	1,271	567
<b>Total non-current assets</b>		<b>2,781</b>	<b>1,321</b>
<b>Total assets</b>		<b>26,990</b>	<b>34,435</b>
<b>Current liabilities</b>			
Current maturities of leasing liability	9	352	467
Trade payables		4,303	1,956
Other current liabilities	10	2,042	2,872
Liability in respect of government grants	11	694	335
Derivative warrants liability	13C2	274	1,151
Promissory notes, net	13C4	7,139	-
<b>Total current liabilities</b>		<b>14,804</b>	<b>6,781</b>
<b>Non-current liabilities</b>			
Leasing liability, net current	9	980	181
Liability in respect of government grants	11	634	919
<b>Total non-current liabilities</b>		<b>1,614</b>	<b>1,100</b>
<b>Commitments</b>	12		
<b>Shareholders' equity</b>			
Share capital and premium		135,243	118,284
Capital reserve in respect of share-based payment		10,939	10,045
Accumulated deficit		(135,610)	(101,775)
<b>Total shareholders' equity</b>		<b>10,572</b>	<b>26,554</b>
<b>Total liabilities and shareholders' equity</b>		<b>26,990</b>	<b>34,435</b>

(\*) Reclassified.

The accompanying notes are an integral of to these financial statements.

**STATEMENTS OF COMPREHENSIVE LOSS**  
 (New Israeli Shekels in thousands, except per share and share data)

	Note	Year Ended December 31,		
		2023	2022	2021
Revenues		2,720	1,193	450
Cost of revenues		(1,968)	(829)	(288)
<b>Gross profit</b>		<b>752</b>	<b>364</b>	<b>162</b>
Research and development expenses, net	15A	(22,861)	(21,490)	(18,847)
Selling and marketing expenses, net	15B	(3,787)	(1,591)	(2,431)
General and administrative expenses	15C	(8,327)	(6,492)	(5,149)
<b>Operating loss</b>		<b>(34,223)</b>	<b>(29,209)</b>	<b>(26,265)</b>
Financing expenses	16A	(1,219)	(852)	(228)
Financing income	16B	1,607	5,099	3
<b>Financing income (expenses), net</b>		<b>388</b>	<b>4,247</b>	<b>(225)</b>
<b>Loss for the year</b>		<b>(33,835)</b>	<b>(24,962)</b>	<b>(26,490)</b>
<b>Comprehensive loss for the year</b>		<b>(33,835)</b>	<b>(24,962)</b>	<b>(26,490)</b>
<b>Loss per share attributed to shareholders of company shares, par value NIS 0.01 each</b>				
<b>Basic and diluted loss per share:</b>				
Basic and diluted loss per share		(1.08)	(1.44)	(3.33)
Weighted average of number of shares used to calculate the basic and diluted loss per share		<b>31,380,359</b>	<b>17,300,596</b>	<b>7,960,239</b>

The accompanying notes are an integral of to these financial statements.

**STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY**  
 (New Israeli Shekels in thousands)

	Note	Share capital and premium	Capital reserve in respect of share-based payment	Accumulated deficit	Total shareholders' equity
<b>Balance as of December 31, 2020</b>		80,440	5,077	(50,323)	35,194
Share-based payment to employees	14	-	1,892	-	1,892
Share-based payment to service provider	15B	-	1,456	-	1,456
Exercise of non-registered rights into ordinary shares	13C1	-	-	-	-
Comprehensive loss for year		-	-	(26,490)	(26,490)
<b>Balance as of December 31, 2021</b>		80,440	8,425	(76,813)	12,052
Share-based payment to employees	14	-	1,157	-	1,157
Share-based payment to service provider	13C2	-	1,056	-	1,056
Partial exercise of over-allotment option into warrants	13C2	-	(158)	-	(158)
Expiration of over-allotment option	13C2	435	(435)	-	-
Net proceeds allocated to ADSs and prefunded warrants through initial public offering	13C2	32,268	-	-	32,268
Net proceeds received from issuance of ADSs through private placement transaction	13C3	5,141	-	-	5,141
Comprehensive loss for the year		-	-	(24,962)	(24,962)
<b>Balance as of December 31, 2022</b>		118,284	10,045	(101,775)	26,554
Share-based payment to employees	14	-	978	-	978
Net proceeds allocated to ADSs issued as Commitment Shares in transaction of equity line	13C4	87	-	-	87
Issuance of ADSs resulted from partial exercise of Commitment Amount under equity line	13C4	9,670	-	-	9,670
Repayment of promissory note through issuance of ADSs resulted from partial exercise of Commitment Amount under equity line	13C4	3,433	-	-	3,433
Net proceeds received from issuance of ADSs as part of shelf prospectus through public offering transaction	13C5	3,685	-	-	3,685
Exercise of restricted share units into ordinary shares	13C6	84	(84)	-	-
Comprehensive loss for the year		-	-	(33,835)	(33,835)
<b>Balance as of December 31, 2023</b>		<u>135,243</u>	<u>10,939</u>	<u>(135,610)</u>	<u>10,572</u>

The accompanying notes are an integral of to these financial statements.

**STATEMENTS OF CASH FLOWS**  
(New Israeli Shekels in thousands)

	Note	Year ended December 31,		
		2023	2022	2021
<b>Cash flow from current operations</b>				
Comprehensive loss for the year		(33,835)	(24,962)	(26,490)
Adjustments required to present cash flows from operating activities (Appendix A)		(1,185)	(3,408)	3,357
<b>Net cash used in operating activities</b>		<u>(35,020)</u>	<u>(28,370)</u>	<u>(23,133)</u>
<b>Cash flows from investment activity</b>				
Change in deposits restricted as to withdrawal		-	-	(41)
Changes in short-term deposits		10,070	(5,058)	(5,012)
Purchase of property and equipment	8	(128)	(62)	(144)
<b>Net cash provided by (used in) investment activity</b>		<u>9,942</u>	<u>(5,120)</u>	<u>(5,197)</u>
<b>Cash flows from financing activity</b>				
Deferred offering expenses		-	-	(750)
Net proceeds received from issuance of units including put options, first promissory note and ADSs as Commitment Shares in transaction of equity line granted	13C4	7,170	-	-
Proceeds received from issuance of ADSs resulted from partial exercise of Commitment Amount under equity line	13C4	9,259	-	-
Repayment of first promissory note (principal and interest)	13C4	(754)	-	-
Net proceeds received from issuance of second promissory note	13C4	3,597	-	-
Receipt of government grants	11	-	-	579
Net proceeds received from issuance of ADSs through private placement transaction	13C3	-	5,141	-
Net proceeds received from issuance of ADSs as part of shelf prospectus through public offering transaction	13C5	3,685	-	-
Repayment of principal in respect of leasing	9	(467)	(467)	(440)
Net proceeds received from issuance of units consist of ADSs, pre-funded warrants and warrants through U.S. IPO transaction	13C2	-	37,298	-
Exercise of non-registered rights into ordinary shares	13C1	-	-	(*) -
Exercise of restricted share units into ordinary shares	13C6	(*) -	-	-
<b>Net cash provided by (used in) financing activity</b>		<u>22,490</u>	<u>41,972</u>	<u>(611)</u>
<b>Change in balance of cash and cash equivalents</b>		(2,588)	8,482	(28,941)
<b>Exchange differences on cash and cash equivalents</b>		460	2,075	-
<b>Balance of cash and cash equivalents, beginning of year</b>		<u>19,240</u>	<u>8,683</u>	<u>37,624</u>
<b>Balance of cash and cash equivalents, end of year</b>		<u>17,112</u>	<u>19,240</u>	<u>8,683</u>

(\*) Representing amount lower than NIS 1.

**STATEMENTS OF CASH FLOWS (CONT.)**  
(New Israeli Shekels in thousands)

	Note	Year ended December 31,		
		2023	2022	2021
<b>Appendix A - Adjustments required to present cash flows from operating activities</b>				
<b>Income and expenses not involving cash flows</b>				
Depreciation	8	98	82	61
Amortization of right for usage asset	9	425	425	398
Interest expense in respect of leasing	9	22	43	61
Share-based payment to employees and service providers	14	978	1,157	3,348
Revaluation of derivative warrant liability	13C2	(877)	(2,954)	-
Recognition of discount, interest and exchange differences expenses related to promissory notes	13C4	526	-	-
Finance expenses incurred from partial exercise of Commitment Amount under equity line	13C4	531	-	-
Direct and incremental issuance cost allocated to derivative warrant liability through U.S IPO	13C42	-	723	-
Exchange differences on cash and cash equivalent and restricted deposits		(470)	(2,085)	-
Changes in liability in respect of government grants	11	74	86	(213)
		<b>1,307</b>	<b>(2,523)</b>	<b>3,655</b>
<b>Changes in asset and liability items</b>				
Decrease (increase) in other current assets		(493)	143	(647)
Increase in trade receivables		(1,008)	(596)	(142)
Increase in inventory		(2,508)	(1,201)	(715)
Increase in trade payables		2,347	1,014	54
Increase (decrease) in other current liabilities		(830)	(245)	1,152
		<b>(2,492)</b>	<b>(885)</b>	<b>(298)</b>
		<b>(1,185)</b>	<b>(3,408)</b>	<b>3,357</b>
<b>Appendix B - Non-cash investment and financing activities</b>				
Recognition of right for usage asset against a leasing liability	9	1,129	-	532
Deferred offering expenses not yet paid		-	-	405
Direct and incremental stock-based payment expenses allocated to ADSs and pre-fund warrants through U.S. IPO	13C2	-	960	-
Classification of equity amount to derivative warrants liability due to partial exercise of over-allotment option into warrants	13C2	-	158	-
Repayment of first promissory note (principal and interest) through issuance of ADSs resulted from partial exercise of Commitment Amount under equity line	13C4	3,313	-	-
<b>Appendix C - Additional information pertaining to cash flows</b>				
Interest paid		-	-	-
Interest received		<b>271</b>	<b>85</b>	<b>-</b>

**NOTES TO THE FINANCIAL STATEMENTS**  
(New Israeli Shekels in thousands)

**Note 1 - General**

**A. Incorporation and operations**

SaverOne 2014 Ltd. (the “Company”) was founded in Israel on November 16, 2014 and commenced its business activity on that date (the “Inception Date”) in development of the technology necessary to create a life-saving system that prevents certain uses of cell phones while driving a motor vehicle (the “SaverOne System”).

**B. The Company’s business position**

The Company is currently in the early commercialization stage and has not yet generated significant revenues from its sales and operations. From the Inception Date and through December 31, 2023, the Company reported losses and a negative cash flow from current operating activity. As of December 31, 2023, the Company has an accumulated deficit of NIS 135,610 and it had a comprehensive loss of NIS 33,835 for the year ended December 31, 2023. In addition, as of December 31, 2023, the balance of cash and cash equivalents amounted to NIS 17,112 together with the outstanding equity line unused (including its increasing as noted below) under the SEPA amounted to \$11,606 thousand (approximately NIS 42,095 based on exchange rate of 3.627) less the outstanding unpaid promissory notes amounted to NIS 7,139 are sufficient for the Company to realize its business plans for the 12-months period subsequent to the reporting period. Management has considered the significance of such conditions in relation to the Company’s ability to meet its current obligations and to achieve its business targets and determined that these conditions are not raising substantial doubt about the Company’s ability to continue as a going concern. The Company plans to finance its operations through the sales of equity and/or debts (including raising equity by an additional public offering through shelf registration on the Nasdaq Capital Market (the “Nasdaq”)) and also through increasing its revenues from sales of the SaverOne System and related services and a reduction in operating expenses. However, there can be no assurance that the Company will succeed in obtaining the necessary financing or generating sufficient revenues from product sales to continue its operations as a going concern.

In June 2022, the Company completed an underwritten initial public offering in the United States (the “U.S. IPO”) on the Nasdaq under which the Company issued and sold (i) 2,941,918 units (each a “Unit”), each Unit consisting of one American Depository Share (“ADS”), each ADS representing 5 ordinary shares, par value NIS 0.01, of the Company, and one warrant to purchase one ADS (each a “Warrant”) at an offering price of \$4.13 per Unit and (ii) number of 208,282 pre-funded units (a “Pre-Funded Unit”), each Pre-Funded Unit consisting of one pre-funded warrant to purchase one ADS (each a “Pre-Funded Warrant”) and one Warrant to purchase one ADS at an offering price of \$4.129 per pre-funded unit. The Company received gross proceeds of approximately \$13 million (approximately NIS 43,441), before deducting underwriting discounts and offering expenses payable by the Company. In addition, the Company granted to the underwriter in the U.S. IPO as share-based payment by issuance of 157,510 warrants to purchase 157,510 ADSs (the “Representative’s Warrant”). The Company also granted to the underwriter a 45-day option to purchase up to an additional 469,654 ADSs or Pre-Funded Warrants and/or 469,654 Warrants to purchase ADSs as an over-allotment option (“Over-Allotment Option”), which was partially exercised. See Note 13C2 below.

The ADSs and Warrants are traded on the Nasdaq under the symbols “SVRE” and “SVREW”, respectively. Upon satisfaction of customary closing conditions, the closing date of the U.S. IPO was June 7, 2022 (the “Closing Date”).

On December 11, 2022, the Company entered into a definitive securities purchase agreement (the “PIPE Agreement”) with an accredited investor (the “PIPE Purchaser”), under which the Company issued 809,061 ADSs for total net proceeds of approximately \$1.5 million (approximately NIS 5,141) (the “PIPE”). See Note 13C3 below.

**NOTES TO THE FINANCIAL STATEMENTS (CONT.)**  
(New Israeli Shekels in thousands, except per share and share data)

**Note 1 - General (Cont.)**

**B. The Company's business position (Cont.)**

On June 5, 2023 (the "YA Effective Date"), the Company entered into a Standby Equity Purchase Agreement (the "SEPA") with YA II PN, Ltd., Cayman Islands-based hedge fund ("Yorkville" or "YA"), under which the Company has the right to sell to Yorkville from time to time (each such occurrence, an "Advance") up to \$10,000 thousand (the "Commitment Amount") of the Company's ADSs, during a limited period of 48-months following the execution of the SEPA, at a price equal to 95% of the lowest of the 3 daily VWAPs during a 3 consecutive trading day period commencing on the date that the Company, subject to certain limitations, delivers a notice to Yorkville that the Company is committing Yorkville to purchase such ADSs (the "Advance Shares"). Upon execution of the SEPA, Yorkville advanced to the Company, an amount of \$2,000 thousand out of the Commitment Amount in form of promissory note (the "First Promissory Note") which accrues interest at an annual rate of 8%, was issued with a 3% original issue discount and will mature on the 12-month anniversary of the date of issuance based on a payments schedule either in cash or by issuance of Advance Shares. See Note 13C4 below.

During the period commencing on the YA Effective Date through the December 31, 2023, the Company sold 33,375,000 Advance Shares to Yorkville for a total purchase price of \$3,394 (approximately NIS 12,310 thousand) out of the Commitment Amount under SEPA. See Note 13C4 below.

On December 11, 2023, the Company and Yorkville entered into a first amendment to the SEPA pursuant to which Yorkville, upon the Company's request, agreed to advance to the Company \$1,000 thousand of the Commitment Amount, which is evidenced in the form of a promissory note equal to \$1,000 thousand (the "Second Promissory Note"). The Second Promissory Note, which contains substantially the same terms as the First Promissory Note, will mature on the twelve-month anniversary of the date of issuance. The Second Promissory Note accrues interest at a rate of 8%, was issued with a 3% original issue discount and will be repaid in 5 equal monthly installments beginning on the 150th day following the date of the Second Promissory Note's issuance. The Second Promissory Note may be repaid with the proceeds of an Advance under the Purchase Agreement or repaid in cash. See Note 13C4 below.

On December 13, 2023, the Company entered into a Securities Purchase Agreement (the "Purchase Agreement") pursuant to which the Company agreed to sell and issue to Yorkville through a registered direct offering (the "Registered Direct Offering") 1,667,667 ADSs for total gross proceeds of \$1,000 thousand (approximately NIS 3,627), at an offering price of \$0.60 per ADS. See Note 13C5 below.

In March 2024, the Company entered into second amendment to the SEPA, which is unconditional committed arrangement to raise additional capital, under which the Commitment Amount was increased to \$15,000 thousand (out of which \$11,606 is unused as of December 31, 2023). See Note 21B below.

**C. The impact of Iron Sword War**

On October 7, 2023, the State of Israel was attacked by the Hamas terrorist organization, and as a result, the State of Israel declared a state of war and a large-scale mobilization of reserves (the "War"), which is an exceptional event with security and economic implications, the scope and outcome of which cannot be predicted. Following the War, the State of Israel is taking significant steps to maintain the security of Israeli residents, which has had a significant impact on economic and business activity in the country.

The management regularly monitors developments and acts in accordance with the guidelines of the various authorities. Since this is an event beyond the Company's control and characterized by uncertainty, *inter alia* as to when the War will end, as of the financial statements' approval date, the Company is unable to predict the intensity of the War impact on the Company's financial condition and its operations results.

**NOTES TO THE FINANCIAL STATEMENTS (CONT.)**  
**(New Israeli Shekels in thousands, except per share and share data)**

**Note 2 - Material accounting policies**

**A. Presentation basis of the financial statements**

The financial statements have been prepared on the historical cost basis, except for financial derivatives and financial liabilities measured at fair value through profit or loss.

The statements of comprehensive loss are presented in accordance with the “function of expense”.

The financial statements have been prepared in accordance with International Financial Reporting Standards (the “IFRS”) as issued by the International Accounting Standards Board (the “IASB”).

**B. Use of significant accounting estimates and assumptions and judgements**

The preparation of financial statements in conformity with IFRS requires management to make accounting estimates and assessments that involve use of judgment and that affect the amounts of assets and liabilities presented in the financial statements, the disclosure of contingent assets and liabilities at the dates of the financial statements, the amounts of revenues and expenses during the reporting periods and the accounting policies adopted by the Company. Actual results could differ from those estimates.

For information regarding significant estimates and considerations which embody significant sensitivity to future events, see also Note 3 below.

**C. The functional currency and the presentation currency of the financial statements**

1. The Company prepares its financial statements in accordance with the currency of the country and principal economic environment in which it operates, which constitutes the functional currency from which it is primarily affected (the “Functional Currency”). Taking into consideration that most cash balances are held in New Israeli Shekels (NIS) and most of the expenses and income are denominated in NIS, the Functional Currency of the Company is the NIS.
2. The Company’s financial statements are presented in new Israeli shekels.

**D. Assets, liabilities and transactions linked to or in foreign currency**

1. Financial assets and liabilities denominated in or linked to foreign currency are presented on the basis of the closing rate of exchange as of each reporting date.
2. Transactions denominated in foreign currency are recorded upon initial recognition at the representative rate of exchange on date of the transaction. Exchange rate differences deriving from settlement of monetary items, at exchange rates that are different than those used in the initial recording during the period, or than those reported in previous financial statements, are carried to profit and loss.
3. The following table presents data pertaining to the rate of change of the exchange rate of U.S. dollar, Euro and ICPI during the reported periods:

	Year ended December 31,		
	2023	2022	2021
	%	%	%
ICPI (2016 base year)	2.958	5.263	2.805
Representative exchange rate of U.S dollar/NIS	3.0	13.2	(3.3)
Representative exchange rate of Euro/NIS	6.9	6.6	(10.8)

**NOTES TO THE FINANCIAL STATEMENTS (CONT.)**  
(New Israeli Shekels in thousands, except per share and share data)

**Note 2 - Material accounting policies (Cont.)**

**E. Cash and cash equivalents**

Cash and cash equivalents include highly liquid investments, including short-term bank deposits (with original maturity dates of up to three months from date of deposit) that are not restricted as to withdrawal or use.

**F. Inventory**

Inventory is measured at the lower of cost and net realizable value. cost of inventory comprises purchase costs, conversion costs and costs incurred in bringing the inventory to its present location and condition. Net realizable value is the estimated selling price in the ordinary course of business less estimated costs of completion and estimated costs necessary to make the sale.

Cost of inventory is determined on the basis of the following:

- Raw material components - the “first-in-first-out” basis.
- Finished goods (purchased goods) - the “first-in-first-out” basis.

**G. Property and equipment**

Property and equipment items are presented at cost, less accumulated depreciation and net of accrued impairment losses, if any. Cost includes, in addition to the acquisition cost, all of the costs that can be directly attributed to the bringing of the item to the location and condition necessary for the item to operate in accordance with the intentions of management.

Depreciation is calculated using the straight-line method over the estimated useful lives of the fixed asset items or of a discernible component.

The annual depreciation rates are as follows:

	%
Computers	20-33
Office furniture and equipment	6-7
Leasehold improvements	The shorter of the contract period or the life span of the leasehold improvement

**H. Impairment of non-monetary assets**

Non-monetary depreciable assets are tested for possible impairment in value when events or circumstances occur that may indicate that the carrying value of the given asset is not recoverable. When the carrying value of an asset in the statement of financial position exceeds its recoverable value, the Company recognizes an impairment loss in an amount equal to the difference between the carrying value of the asset and its recoverable value, which is the higher of its fair value less selling costs and its value in use (the present value of the estimated future cash flows expected to derive from the use and realization of the asset). For purposes of assessing a decline in value, the assets are allocated to the lowest possible level in respect of which there are separate identifiable cash flows (cash-generating units).

An impairment loss recognized in previous periods may be cancelled only if changes occurred in the estimates used to determine the recoverable value of the asset since the date on which the previous impairment loss was recognized.

**NOTES TO THE FINANCIAL STATEMENTS (CONT.)**  
**(New Israeli Shekels in thousands, except per share and share data)**

**Note 2 - Material accounting policies (Cont.)**

**I. Research and development expenses**

Research costs are expensed when incurred. Development expenses are capitalized and recognized as an asset, commencing the phase in which technological feasibility is achieved, when the company has intentions and the capabilities to complete and use (or sell) the asset, it is probable that the developed asset will generate future economic benefits and the development costs are attributable in a reliable manner.

The intangible asset is not amortized and it is subject to impairment testing once a year or more frequently if there are indications that the existence of possible impairment, until such time as it becomes available for use.

The amortization of the intangible asset commences when the asset becomes ready for its intended use. The asset is amortized using the straight-line method, over the estimated remainder of the useful life span of the asset.

An expense in respect of development that does not meet the conditions required to be recognized as an asset, as above, is carried to profit and loss when incurred.

As of the reported periods, the terms for the capitalization of the development costs as an intangible asset were not met.

**J. Revenue recognition**

The Company recognizes revenues in accordance with IFRS No. 15, *Revenues from contracts with customers* ("IFRS 15").

A performance obligation is satisfied over time if one of the following criteria is met: (i) the customer is receiving and consuming the benefits of the Company's performance as the Company performs; (ii) the Company's performance creates or enhances an asset that the customer controls as the asset is created or enhanced or (iii) the Company's performance does not create an asset with an alternative use to the Company and the Company has an enforceable right to payment for performance completed to that date.

Revenues are recorded at the amount of consideration to which the Company expects to be entitled in exchange for transferring promised goods or services to a customer. Revenue is presented net of value added tax ("VAT"). Revenues are recognized when, or as, control of services or products is transferred to the customers at a point in time or over time, as applicable to each performance obligation.

For arrangements that involve the delivery of products (i.e. the SaverOne System) or performance of related services (i.e. Post-Contract Customer Support ("PCS") and extended warranty, if applicable), the Company analyzes whether the goods or services that were promised to the customer are considered 'distinct'.

The Company recognizes revenues from sales of the SaverOne System at a point in time upon delivery, which usually occurs once installation has been completed and the system is fully functional. The Company's revenues from PCS are derived from annual maintenance providing for unspecified upgrades. The Company considers the PCS performance obligations as a distinct performance obligation that is satisfied over time and recognized on a straight-line basis over the contractual period (mainly over a 3-years) as the customer simultaneously receives and consumes the benefits provided by the Company's performance.

As the Company bundles the SaverOne System together with PCS, the transaction price is allocated to the separate performance obligations on a relative standalone selling price basis.

**NOTES TO THE FINANCIAL STATEMENTS (CONT.)**  
**(New Israeli Shekels in thousands, except per share and share data)**

**Note 2 - Material accounting policies (Cont.)**

**J. Revenue recognition (Cont.)**

Since the Company does not sell PCS on a stand-alone basis and due to the fact that these services are usually involved with limited customer support, mainly based on several hours of technical support per contract (as the SaverOne System is considered fully functional as delivered to the customer), the standalone selling prices of the PCS are determined based on the expected cost plus a margin ("cost-plus approach"). However, throughout the reported periods the consideration amount allocated to PCS component was insignificant.

The stand-alone selling price of the SaverOne System is estimated by management at the price that a customer in the market will pay for the SaverOne System on a stand-alone basis (i.e. without PCS or extended warranty).

In certain agreements, the Company provides the customer an assurance that is beyond the obligation that the item supplied meets the characteristics and specifications agreed upon between the parties (the "Extended Warranty"). These service-type warranties are sold either separately or bundled together with the sale of the SaverOne System. Revenue from the rendering of Extended Warranty services is recognized over time, during the period the customer simultaneously receives and consumes the benefits provided by the Company's performance.

See Note 2M below regarding to standard warranty.

In determining the transaction price, the Company adjusts the promised amount of consideration for the effects of the time value of money if the payments schedule agreed between the parties to the contract (whether explicitly or implicitly) provides the customer with a significant benefit of financing the goods or services to be transferred. When it is determined that a contract contains a significant financing component, then revenue is recognized in an amount that reflects the price that a customer would have to pay for goods or services promised if the customer paid cash and the effects of financing are reflected in the profit or loss in the financing section as income or financing expenses, as the case may be.

The Company receives payments from customers based upon contractual payment schedules. Trade receivables are recorded when right to consideration becomes unconditional, and an invoice is issued to the customer. Unbilled receivables include amounts related to the Company's contractual right to consideration for completed performance obligations not yet invoiced, including deduction of significant financing component estimated by the management. When payments are made before or after the SaverOne System is delivered or related services are rendered, the Company recognizes the resulting contract asset or liability.

As of December 31, 2023 and 2022, unbilled receivables balance amounted to NIS 1,170 and NIS 552, respectively, and are included within trade receivables balance in the statements of financial positions.

During the reported periods, costs to obtain contracts were in an insignificant amount.

**NOTES TO THE FINANCIAL STATEMENTS (CONT.)**  
(New Israeli Shekels in thousands, except per share and share data)

**Note 2 - Material accounting policies (Cont.)**

**K. Warranty costs**

The Company provides a standard warranty for its products to end-users at no extra charge. The warranty provides the customer with assurance that the item supplied meets the characteristics and the specification agreed upon between the parties, as required by law. This assurance-type warranty is accounted for as warranty provision.

The Company estimates the costs that may be incurred under its warranty obligation and records a liability at the time the related revenues are recognized.

Among the factors affecting the warranty liability are the number of installed units and historical percentages of warranty claims. The Company periodically assesses the adequacy of the recorded warranty liability and adjusts the amount to the extent necessary. To date, warranty costs and the related liabilities related to the standard warranty period have been immaterial.

**L. Leasing**

At inception date of an agreement, the Company determines whether the agreement is a lease or whether it contains a lease. An agreement contains a lease if it conveys the right to control the use of an identifiable asset for a period of time in exchange for consideration.

Lease term is the non-cancellable period of the lease, plus periods covered by options to extend that the lessee is reasonably certain to exercise, and options to terminate that the lessee is reasonably certain not to exercise.

Leasing transactions are reflected as a right of usage asset against a liability in respect of leasing, which is initially measured at the present value of the future leasing payments, discounted at the interest rate implicit in the lease, or at the lessee's incremental borrowing rate if the interest rate implicit in the lease cannot be readily determined.

As part of future leasing payments, the Company includes fixed payments and variable payments linked to indexes or rates. In subsequent periods, the lease liability is measured at the present value of the future leasing payments. If necessary, the balance of the leasing liability is remeasured on a regular basis in order to reflect changes in future leasing payments as a result of changes in the Index.

Right of usage assets are initially measured at cost, which includes the amount of the initial measurement of the liability, pre-paid leasing payments and direct costs incurred in the lease. In subsequent periods, usage right assets are measured by the cost model, less accumulated depreciation and less accrued impairment losses and also adjusted to reflect any remeasurements of the leasing liability. Usage right assets are depreciated on the straight-line method over the shorter of the leasing period or the useful lifespan of the asset.

The annual average depreciation rate of the right-of-use assets is as follows:

	%
Office buildings	28.6

Regarding short-term leases (leases with a leasing period of less than 12 months), the Company implemented the practical exception, whereby such leases are accounted for as an expense on a straight-line basis over term of the lease.

**NOTES TO THE FINANCIAL STATEMENTS (CONT.)**  
(New Israeli Shekels in thousands, except per share and share data)

**Note 2 - Material accounting policies (Cont.)**

**M. Provisions for legal suits**

The Company includes in its financial statements provisions in respect of legal suits if the Company has a legal or constructive obligation to expend economic resources as a result of past events, if it is more likely than not that the Company will have to expend economic resources to settle the obligation and the amount of the obligation can be reliably estimated.

Provisions which meet conditions for recognition are measured on the basis of the present value of management's best estimate of the cash flows expected to be required to settle the obligation, as of the statement of financial position date. The discount rate for purposes of calculating the present value is pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability.

**N. Financial assets**

The classification of financial assets is based on the Company's business model used for the management of financial assets and on the forecasted cash flow characteristics of the financial asset.

**Investments in debt instruments measured at amortized cost**

Debt instruments measured at amortized cost are debt instruments that meet the following two cumulative conditions: the Company's business model is to hold and collect the contractual cash flows and, the contractual characteristics of the financial asset define cash flows relating to payments of principal and interest, at specified dates on the principal outstanding. These are measured upon initial recognition at their fair value, plus transaction costs. Subsequent to initial recognition, such assets are recognized at amortized cost, on the basis of the effective interest method, net of credit losses.

**O. Impairment of financial assets**

The Company recognizes a provision for loss under the "Expected Credit Loss Recognition Model" for financial debt assets that are not measured at fair value through profit and loss, distinguishing between the following two situations:

1. Financial instruments that there has not been a significant increase in their credit risk since the date of their original recognition - the provision shall take into account expected credit losses in 12-months period, or
2. Financial instruments that there has been a significant increase in their credit risk since the date of their original recognition - the provision shall take into account expected credit losses over the remaining life span of the instrument.

For purpose of implementing the above principle, the Company assesses at each reporting date whether credit risk of the financial instrument increased significantly from initial recognition date and, as part of the above, use is made of reasonable and established information that can be obtained without exaggerated cost or effort.

The amount of the forecasted credit losses is recognized in profit and loss under "general and administrative expenses".

**NOTES TO THE FINANCIAL STATEMENTS (CONT.)**  
(New Israeli Shekels in thousands, except per share and share data)

**Note 2 - Material accounting policies (Cont.)**

**P. Financial liabilities**

Financial liabilities are recognized in the statement of financial position if and only if the Company becomes a party to the contractual provisions of the instrument.

**1. Financial liabilities measured at amortized cost**

Financial liabilities measured at amortized cost are recognized initially in the financial statements on the basis of fair value, less direct transaction costs, if any. Subsequent to initial recognition, these financial liabilities are measured at amortized cost, using the effective interest method, which also takes into account direct costs. The effective interest is recognized in profit and loss as financing expenses.

**2. Financial liabilities measured at fair value through profit and loss**

This group includes financial liabilities that are designated by the Company's management upon initial recognition as financial liabilities presented at fair value through profit and loss if they are qualified to such designation (e.g., certain warrants that were issued by the Company to investors through the U.S. IPO). See also Note 2U below.

Financial liabilities in this category are presented at fair value at each reporting date. Changes in fair value are carried to profit and loss, except for the change in fair value that can be attributed to changes in the credit risk of the liability which is presented as part of other comprehensive income (loss), unless such treatment will generate an accounting mismatching in profit and loss. Transaction costs are carried to profit and loss when incurred.

**Q. Derecognition and offsetting of financial instruments**

**1. Derecognition**

Financial assets

A financial asset is derecognized when:

- The contractual rights to cash flows from the financial asset have expired; or
- The Company transfers the financial asset which qualifies for derecognition.

If the Company did not substantially transfer all of the risks and rewards deriving from ownership of the transferred asset, but all of the risks and rewards did not remain with the Company, and the Company retained control over the transferred asset, the Company continues to recognize the transferred asset to the extent of its continuing involvement therein.

Financial liabilities

A financial liability is derecognized when the liability is settled, i.e., when the obligation defined in the contract has been repaid, cancelled or expired.

**2. Offsetting financial instruments**

Financial assets and financial liabilities are presented in the statements of financial position at a net amount only when the Company has an enforceable legal right of offset and there exists the intention to settle the asset and the liability on a net or simultaneous basis. An enforceable legal right to offset exists when it can be enforced at any time, both during the normal course of business and in the event of insolvency, and when it is not contingent on any future event.

**NOTES TO THE FINANCIAL STATEMENTS (CONT.)**  
(New Israeli Shekels in thousands, except per share and share data)

**Note 2 - Material accounting policies (Cont.)**

**R. Embedded derivative financial instruments not used for hedging purposes**

Derivatives embedded in a host contract that is a financial asset subject to IFRS 9 are not separated from the host contract. Rather the hybrid contract in its entirety is measured at amortized cost or fair value through profit and loss, as applicable.

When the host contract is not an asset that is subject to IFRS 9, the embedded derivative is separated from the host contract and is accounted for as a financial derivative, if and only if the economic characteristics and risks of the embedded derivative are not closely related to those of the host contract, the embedded derivative meets the definition of a derivative and the hybrid instrument in its entirety is not measured at fair value through profit and loss (e.g., when it is eligible to such designation).

Changes in the fair value of derivative financial instruments and embedded derivatives that were separated, as above, are regularly carried to profit and loss as financing income or expenses, as applicable.

**S. Settlement of financial liabilities through equity instruments**

In cases in which partial or full settlement is made of financial liabilities through equity instruments, the equity instruments are measured at the fair value of the equity instrument if it is possible to estimate the fair value reliably. Otherwise, the measurement of the equity instruments is carried out on the basis of the fair value of the financial liability being settled (or a part thereof), at the date of settlement. The difference between the fair value of the equity instruments used to settle the financial liability being settled and the carrying value of the liability is carried to profit and loss.

**T. Issuance of financial instruments as part of a package**

At the closing date, the Company allocated total gross proceeds as follows: (i) first, the consideration is allocated to financial instruments that are under fair value through profit and loss category, (ii) second, the consideration is allocated to financial instruments that are measured at amortized costs, (iii) the residual amount, if any, is allocated to instruments that are classified in equity.

Incremental and direct issuance costs were allocated to the components based on the same proportion as the allocation of the gross proceeds. The portion of issuance costs that was allocated to instruments under fair value through profit and loss category was recognized immediately as finance expenses and the portion of issuance costs related to equity instruments was deducted from additional-paid in capital.

**U. Derivative Warrants Liability**

Certain Warrants that were issued by the Company to investors through the U.S. IPO (see also Note 13C2) are exercisable into ADSs with a fixed exercise price, which is denominated in U.S. dollar currency, which is different from the functional currency of the Company (NIS) and also may be exercisable to a variable number of shares due to the existence of cashless exercise mechanism under certain circumstances. Accordingly, such Warrants are considered as a current financial liability classified under 'Fair value through profit or loss' category (FVTPL). The fair value of the liability was determined at level 1 in the fair value hierarchy based on the quoted market price of the Warrants. Changes in the estimated fair value of the outstanding Warrants are recognized each reporting period in the profit and loss as part of the financing expenses, until such Warrants are exercised or expired.

**NOTES TO THE FINANCIAL STATEMENTS (CONT.)**  
**(New Israeli Shekels in thousands, except per share and share data)**

**Note 2 - Material accounting policies (Cont.)****V. Liability in respect of government grants**

Government grants in respect of a research and development project received from the Israeli Innovation Authority (“IIA”) or in respect to marketing project in designed territory from the Israeli Ministry of Economy are recognized as a liability when received and are measured at fair value as of the receipt date, unless at that date, it is reasonably assured that the amount received will not be refunded. Amounts paid as royalties in subsequent periods are accounted for as settlement of a financial liability. The difference between the amount of grant received and the fair value of the liability on the recognition date is accounted for as government grant and accordingly it is carried to profit and loss under research and development expenses. The liability amount is reassessed in each period, with any changes in the present value of the cash flows discounted by the original interest rate carried to profit and loss. Under circumstances in which management determines in subsequent periods that there is reasonable assurance that the grant will not be refunded, the liability is derecognized on that date to profit and loss under research and development expenses.

**W. Employee benefits****1. Liability in respect of pensions and severance pay**

Pursuant to Israeli labor laws and labor contracts and in accordance with Company practice, the Company is required to make severance payments to employees who are terminated and, under certain circumstances, to employees who resign or leave on their own initiative.

The liability of the Company in respect of post-employment benefits is accounted for as a defined contribution plan. The Company has defined contribution plan in accordance with section 14 of Israel's Severance Pay Law – 1963. The actuarial and economic risks in respect of this plan are not borne by the Company. Under this plan, during the employment period, the Company makes regular payments to an independent entity, without the Company having any legal or implied obligation to make any additional payments in the event that sufficient amounts have not been accrued in the plan. Deposits in a defined contribution plan are included as an expense when the amount is deposited in the plan, concurrent with the receipt of the work services from the employee and no additional amount need be provided for in the financial statements. The Company regularly deposits money in respect of its liabilities to make severance payments to part of its employees in pension funds and insurance companies.

The following tabular represents amounts paid with its defined contribution plan:

	Year ended December 31,		
	2023	2022	2021
Expenses related in respect of defined contribution plan	1,462	1,260	930

**2. Short-term employee benefits**

Short-term employee benefits include salaries, vacation pay, recreation pay and deposits to the National Insurance Institute (Social Security) if they are expected to be settled within 12 months following the end of the annual reporting period in which the employee renders the relevant services. Such benefits are recognized as an expense concurrently with the receipt of the work services.

**NOTES TO THE FINANCIAL STATEMENTS (CONT.)**  
(New Israeli Shekels in thousands, except per share and share data)

**Note 2 - Material accounting policies (Cont.)**

**X. Share-based compensation**

Share-based compensation transactions that are settled by equity instruments that were executed with employees or others who render similar services are measured at the date of the grant, based on the fair value of the granted equity instruments. The vesting conditions, except for market conditions, are not taken into consideration in estimating the fair value, but rather by adjusting the number of equity instruments included in the measurement of the transaction amount. Such amount is recognized as an expense against a concurrent recording in equity over the period in which the employees' right to exercise or receive the equity instruments has vested.

The expense in respect of a share-based payment relating to grants contingent upon vesting conditions that are not market conditions is adjusted at the end of each reporting period in order to reflect the number of the equity instruments expected to vest.

**Y. Loss per share**

The basic loss per share is calculated by dividing the loss attributed to the shareholders of the Company by the weighted average number of ordinary shares outstanding during the period and, if necessary, after deducting shares held by the Company.

For purposes of calculating the diluted loss per share, the loss attributed to the ordinary shareholders of the Company and the weighted average number of ordinary shares outstanding are adjusted in respect of the possible impact of potential ordinary shares that may derive from the exercise or conversion of convertible financial instruments in respect of which there is a dilutive effect.

**Z. Operating cycle**

The operating cycle of the Company is one year.

**AA. A summary of new financial reporting standards that came into effect during the period and which are relevant to the Company's activities**

**1. Disclosure of Accounting Policies - Amendments to International Accounting Standard 1 (IAS 1) and IFRS Practice Statement 2**

The amendments require companies to disclose their material accounting policy information rather than their significant accounting policies.

The amendments also define what is 'material accounting policy information' and explains how to identify when accounting policy information is material. The amendments further clarify that immaterial accounting policy information does not need to be disclosed. If it is disclosed, it should not obscure material accounting information.

The amendments to IAS 1 became effective for annual periods beginning on or after January 1, 2023.

The Company is currently evaluating the effects of adopting the amendments to IAS 1 on its financial statements.

The effect of these amendments is reflected in the disclosures presented in the notes relating to the material accounting policy in these financial statements for 2023, but with no measurement, recognition or presentation effect.

**NOTES TO THE FINANCIAL STATEMENTS (CONT.)**  
(New Israeli Shekels in thousands, except per share and share data)

**Note 2 - Material accounting policies (Cont.)**

**AA. A summary of new financial reporting standards that came into effect during the period and which are relevant to the Company's activities (Cont.)**

**2. Definition of Accounting Estimates - Amendments to International Accounting Standard (IAS 8)**

The amendments clarify how entities should distinguish changes in accounting policies from changes in accounting estimates. That distinction is important because changes in accounting estimates are applied prospectively only to future transactions and other future events, but changes in accounting policies are generally also applied retroactively to past transactions and other past events, and also to present events and present transactions.

The amendments to IAS 8 became effective for annual periods beginning on or after January 1, 2023.

The implementation of the amendments did not have a material impact on the financial condition and results of the Company's operations.

**AB. A summary of new reporting standards not yet effective and which are relevant to the Company's activities**

**3. Amendments to IAS 1, Presentation of Financial Statements: Classification of Liabilities as Current or Non-Current**

In January 2020, the IASB issued amendments to IAS 1 to specify the requirements for classifying liabilities as current or non-current. The amendments clarify:

The amendments replace certain requirements for classifying liabilities as current or non-current. According to the amendments, a liability will be classified as non-current when the entity has the right to defer settlement for at least 12 months after the reporting period, and it "has substance" and is in existence at the end of the reporting period, this instead of the requirement that there be an "unconditional" right. According to the amendments, a right is in existence at the reporting date only if the entity complies with conditions for deferring settlement at that date. Furthermore, the amendments clarify that the conversion option of a liability will affect its classification as current or non-current, unless when the conversion option is recognized as equity.

The amendments are effective for reporting periods beginning on or after January 1, 2024 with earlier application being permitted. The amendments are applicable retroactively, including an amendment to comparative data.

The implementation of the amendments are not expected to have a material impact on the classification of liabilities in the statements of the Company's financial position.

**NOTES TO THE FINANCIAL STATEMENTS (CONT.)**  
**(New Israeli Shekels in thousands, except per share and share data)**

**Note 3 - Significant accounting estimates and considerations**

The accounting estimates and assumptions that were used in the preparation of the financial statements are tested on a regular basis and are based on past experience and other factors, including future events, the occurrence of which is reasonably expected to occur in view of existing circumstances. The Company makes estimates and assumptions regarding future events or conditions. By their very nature, it is rare that such accounting estimates will be identical to actual results. The estimates and assumptions that reflect the highest exposure to material changes in the amount of assets and liabilities in the following year are set out below:

**A. Research and development expenses**

Development expenses are capitalized and recorded as an asset, commencing with the phase during which technological feasibility is achieved, when the company has intentions and the ability to complete and use (or sell) the asset, when it is expected that the developed asset will generate future economic benefits and when it is possible to estimate the development costs in a reliable manner. In determining whether an expense qualified for capitalization, management estimates the cash flows expected to derive from the asset, the timing of such flows, the discounting rates and the expected benefit period. As noted in Note 2I above, as of the reported periods, management determined that the aforesaid conditions were not met and thus development costs were not capitalized.

**B. Liability in respect of government grants**

Government grants in respect of a research and development project and marketing project are recognized as a liability and are measured at their fair value as of the receipt date, unless at that date, it is reasonably assured that the amount received will not be refunded. In determining these assumptions, management makes use of a forecast regarding revenues expected to derive from the items in respect of which the grants were received and the royalties that have to be paid in respect thereof. There exists a degree of uncertainty in respect of the estimated future cash flows, timing of such cash flows and estimate of the discount rate used in determining the amount of the liability. See also Note 11 below.

**C. Share-based payments**

The Company evaluates the fair value of share-based payments to employees and other parties rendering similar service, at the grant date, using a Black and Scholes model, which include assumptions that include the Company's share price, the expected share price volatility, the risk-free interest rate, the expected dividend and the expected option term. In addition, upon grant of options to non-employees, the Company is required to estimate the fair value of the services received under agreements.

For evaluating of share-based payments to be recognized, *inter alia*, management assess the estimated number of options expected to be vest, see also Note 14 below.

**D. Measurement of expected credit losses**

With respect to customers and contract assets, the Company measures the provision for expected credit losses in an amount equals to expected credit losses over the life of the instrument. Credit losses are calculated based on the present value of the difference between the contractual cash flows that the Company is entitled to receive under the contract and the cash flows the Company expects it to receive when the capitalization of such cash flows is based on the original effective interest rate of the financial asset. In determining the amounts of cash to be received and the timing, the Company is required to make assumptions and exercise discretion. See also Note 19A2B2 below.

NOTES TO THE FINANCIAL STATEMENTS (CONT.)  
(New Israeli Shekels in thousands, except per share and share data)

**Note 4 - Cash and cash equivalents**

**Composition:**

	As of December 31,	
	2023	2022
Cash in new Israeli shekels	505	11,566
Cash in foreign currency	16,607	7,674
	<u>17,112</u>	<u>19,240</u>

**Note 5 - Trade receivables, net**

**A. Composition:**

	As of December 31,	
	2023	2022
<b>Current:</b>		
Open balances	702	545
Unbilled	352	(*) 217
	<u>1,054</u>	<u>762</u>
<b>Non-current:</b>		
Open balances	233	-
Unbilled	818	(*) 335
	<u>1,051</u>	<u>335</u>

(\*) Reclassified.

**B.** Trade receivables bear an average interest rate of 7.5% which represented the applicable rate of risk for its customers. The average credit period of trade receivables, after deducting advance payments from customers is 282 days.

For details regarding credit risk, see Note 19A(2)B(2) below.

**Note 6 - Other current assets**

**Composition:**

	As of December 31,	
	2023	2022
Governmental institutions	996	594
Prepaid expenses	484	422
Other	29	-
	<u>1,509</u>	<u>1,016</u>

**NOTES TO THE FINANCIAL STATEMENTS (CONT.)**  
 (New Israeli Shekels in thousands, except per share and share data)

**Note 7 - Inventory****Composition:**

	As of December 31,	
	2023	2022
Raw materials	2,502	1,133
Finished goods	2,032	893
	<b>4,534</b>	<b>2,026</b>

**Note 8 - Property and equipment, net****A. Composition and changes in 2023**

	<u>Computers</u>	<u>Office furniture and equipment</u>	<u>Leasehold improvements</u>	<u>Total</u>
<b>Cost</b>				
At January 1, 2023	310	66	66	442
Additions	92	23	13	128
At December 31, 2023	<b>402</b>	<b>89</b>	<b>79</b>	<b>570</b>
<b>Accumulated depreciation</b>				
At January 1, 2023	183	25	16	224
Depreciation	84	6	8	98
At December 31, 2023	<b>267</b>	<b>31</b>	<b>24</b>	<b>322</b>
<b>Depreciated cost:</b>				
At December 31, 2023	<b>135</b>	<b>58</b>	<b>55</b>	<b>248</b>

**Composition and changes in 2022**

	<u>Computers</u>	<u>Office furniture and equipment</u>	<u>Leasehold improvements</u>	<u>Total</u>
<b>Cost</b>				
At January 1, 2022	248	66	66	380
Additions	62	-	-	62
At December 31, 2022	<b>310</b>	<b>66</b>	<b>66</b>	<b>442</b>
<b>Accumulated depreciation</b>				
At January 1, 2022	113	20	9	142
Depreciation	70	5	7	82
At December 31, 2022	<b>183</b>	<b>25</b>	<b>16</b>	<b>224</b>
<b>Depreciated cost:</b>				
At December 31, 2022	<b>127</b>	<b>41</b>	<b>50</b>	<b>218</b>

**B. Depreciation period and depreciation method**

In respect to depreciation period and the depreciation method, see Note 2I above.

**NOTES TO THE FINANCIAL STATEMENTS (CONT.)**  
**(New Israeli Shekels in thousands, except per share and share data)**

**Note 9 - Leasing**

**A.** On March 4, 2020, the Company signed a rental agreement pertaining to a building and a number of parking spaces for a period of 48-months, commencing from the date of transfer of the rented property (the “Rental Agreement” and “Initial Rental Period”, respectively), for a monthly payment of NIS 25, linked to the ICPI, in accordance with the payment dates set out in the Rental Agreement, plus value added tax. In addition, the Company was granted an option to extend the rental period for another two years, commencing from the end of the Initial Rental Period. In addition, as part of the terms of the lease, the Company was required to make a deposit of NIS 110, restricted as to withdrawal, in order to guarantee its compliance with the terms of the commitment.

In accordance with the provision of IFRS 16, *Leasing*, the Company recognized a right of usage asset in an amount of NIS 1,029, measured in the accounting records at an amount equal to the leasing liability (using a discount rate of 5%).

**B.** In March 2021, the Company entered into an addendum to the Rental Agreement (the “First Addendum”), under which the Company rented additional space and a storage room, for a monthly rent of NIS 14, linked to ICPI in accordance with payment dates as set out in the Addendum, plus VAT. All of the other terms of the First Addendum are identical to those of the Rental Agreement.

Taking into consideration that the consequences of the First Addendum constitute an amended lease that increases the scope of the lease by adding rights to use additional space and consideration that is in line with the scope of the increase in space, these consequences were accounted for as a change in the lease and were accounted for as a separate lease as of the date on which the amended lease went into effect. Accordingly, the Company measured the addition to the rental liability at the present value of the payments relating to the new space by discounting the additional rental payments using the Company’s incremental interest rate as of the date the addendum went into effect, determined to be a rate of 5%. As a result, there was an increase in the rental liability in an amount of NIS 532 which was recognized as an increase in the right for usage asset.

**C.** On November 15, 2023, the Company entered into second addendum to the Rental Agreement (the “Second Addendum”), under which the Agreement and First Addendum were terminated on December 31, 2023, whereby the monthly fee for November and December 2023 will be paid in 3 equal installments linked to ICPI plus VAT, based on payment schedule determined in the Second Addendum. In addition, it was agreed that a new lease period will be commenced since January 1, 2024 over a limited period of 42-months in respect to office spaces and several parking spaces in return for a monthly rent of NIS 70 per square in the office spaces (excluding NIS 20.5 per square as management fee) and NIS 288 per parking space, all are linked to the ICPI in accordance with payment dates as set out in the Second Addendum, plus VAT. However, a grace period was given for the first 3-months (January - March 2024) for the rental fee but excluding the management fee.

In addition, as part of the terms of the Second Addendum, the Company was required to make a deposit of NIS 211, restricted as to withdrawal, in order to guarantee its compliance with the terms of the commitment.

Taking into consideration that the consequences of the Addendum constitute an amended lease that increases the scope of the lease by adding rights to use additional space and consideration that is in line with the scope of the increase in space, these consequences were accounted for as a change in the lease and were accounted for as a separate lease as of the date on which the amended lease went into effect. Accordingly, the Company measured the addition to the rental liability at the present value of the payments relating to the new space by discounting the additional rental payments using the Company’s incremental interest rate as of the date the Addendum went into effect, determined to be a rate of 7.8%. As a result, there was an increase in the rental liability of NIS 1,129 which was recognized as an increase in the right for usage asset.

NOTES TO THE FINANCIAL STATEMENTS (CONT.)  
(New Israeli Shekels in thousands, except per share and share data)

Note 9 - Leasing (Cont.)

D. Right for usage asset

Changes in 2023:

	<u>Office building</u>
<b>Cost</b>	
Balance as of January 1, 2023	1,562
Additions	1,129
<b>Balance as of December 31, 2023</b>	<b>2,691</b>
<b>Accumulated amortization</b>	
Balance as of January 1, 2023	995
Additions	425
<b>Balance as of December 31, 2023</b>	<b>1,420</b>
<b>Amortized cost as of December 31, 2023</b>	<b>1,271</b>

Changes in 2022:

	<u>Office building</u>
<b>Cost</b>	
<b>Balance as of January 1, 2022 and December 31, 2022</b>	<b>1,562</b>
<b>Accumulated amortization</b>	
Balance as of January 1, 2022	570
Additions	425
<b>Balance as of December 31, 2022</b>	<b>995</b>
<b>Amortized cost as of December 31, 2022</b>	<b>567</b>

E. Lease liability

Changes in 2023:

	<u>Office building</u>
Balance as of January 1, 2023	648
Additions	1,129
Interest expenses	22
Lease payments	(467)
<b>Balance as of December 31, 2023</b>	<b>1,332</b>

Changes in 2022:

	<u>Office building</u>
Balance as of January 1, 2022	1,562
Interest expenses	43
Lease payments	(467)
<b>Balance as of December 31, 2022</b>	<b>648</b>



**NOTES TO THE FINANCIAL STATEMENTS (CONT.)**  
 (New Israeli Shekels in thousands, except per share and share data)

**Note 9 - Leasing (Cont.)****F. Amortization period and amortization method**

In respect to amortization period and amortization method, see Note 2L above.

**G. Amounts recognized in statements of cash flow:**

	Year ended December 31,		
	2023	2022	2021
Amortization of the right for usage asset	425	425	398
Interest expense in respect of leasing	22	43	61
Repayment of principal in respect of leasing	467	467	440

Total negative cash flows in respect of leasing for the years ended December 31, 2023, 2022 and 2021 are approximately NIS 489, NIS 510 and NIS 501, respectively.

**H. Analysis of contractual payment dates of leasing liability at December 31, 2023:**

Up to a year	352	
Between 1-2 years	469	
More than 2 years	704	
<b>Total (undiscounted)</b>	<b>1,525</b>	

**Note 10 - Other current liabilities****Composition:**

	As of December 31,	
	2023	2022
Employees and salary-related institutions	1,574	1,515
Accrued expenses	468(*)	1,307
Others	-	50
<b>Total</b>	<b>2,042</b>	<b>2,872</b>

(\*) Includes balance of NIS 113 in respect of management fees to related party as of December 31, 2022 (see Note 18A below).

**NOTES TO THE FINANCIAL STATEMENTS (CONT.)**  
**(New Israeli Shekels in thousands, except per share and share data)**

**Note 11 - Liability in respect of government grants**

**A.** Since the Inception Date, the Company has been receiving grants in respect of participation in research and development from the IIA, in a total amount of NIS 1.7 million. In return, the Company undertook to pay royalties at a rate of 3% of the revenues to derive from the know-how and technology to be developed as part of the projects in respect of which such financing was received. The liability amount is linked to the U.S. dollar and bears interest at LIBOR rate. As to the replacement of the LIBOR benchmark rate, even though the IIA has not declared the alternative benchmark rate to replace the LIBOR, the Company does not believe it will have a significant impact.

The Company recognized a liability in respect of these grants at the initial recognition date in an amount equal to the fair value of the liability, based on the present value of the royalty payments payable to the IIA as a percentage of sales, discounted at a discount rate of 20%, as assessed by the Company's management on the basis of an independent third-party valuation. The difference between the amount of the grant received and the amount recognized as a liability, as above, was carried to profit and loss against research and development expenses. During the year ended December 31, 2021, an amount of NIS 244 was recognized in profit or loss, as grants (see Note 15A below).

**B.** In October 2021, the Israeli Ministry of Economy, which oversees commerce, industry and labor, approved the Company's application for participation in funding as part of a designated grants plan for the purpose of United States. The grant is intended to cover up to 50% from the costs of consulting and establishing marketing systems, exhibitions and demonstrations, logistics and hiring of employees and consultants in United States, based on approved budget for the plan over a period of 2-years.

The Company is obligated to repay to the Israeli Ministry of Economy royalties from the revenues derived in United States up to an aggregate of 100% of the total grant received linked to the ICPI and for a period of up to 5-years from the last year of the plan, subject to achieving growth in an amount that is equal to the lower of NIS 1,000 or 50% in comparison to reprehensive base year.

During the year ended December 31, 2023, an amount of NIS 299 was recognized in profit or loss, as grants (see Note 15B below). As of December 31, 2023, liability was not accrued for royalties towards Israeli Ministry of Economy based on estimation of management it is currently reasonably assured the amount received will not be refunded.

The following tabular represents the changes in liability in respect of government grants in the reported periods:

	<b>Year ended December 31,</b>		
	<b>2023</b>	<b>2022</b>	<b>2021</b>
Balance as of January 1,	1,254	1,168	802
Fair value of liability related to government grants received	-	-	345
Adjustment of the liability in respect of government grants in respect of value of time and exchange rate differentials	74	86	31
Royalties payable to the IIA	-	-	(10)
<b>Balance as of December 31,</b>	<b>1,328</b>	<b>1,254</b>	<b>1,168</b>
<b>December 31,</b>			
	<b>2023</b>	<b>2022</b>	
Current liability	694	335	
Non-current liability	634	919	
<b>Balance as of December 31,</b>	<b>1,328</b>	<b>1,254</b>	

**NOTES TO THE FINANCIAL STATEMENTS (CONT.)**  
(New Israeli Shekels in thousands, except per share and share data)

**Note 12 - Commitments and contingencies**

**A. Service agreement with the Chief Executive Officer**

On February 24, 2020, a consulting agreement was signed by the Company and Mr. Ori Gilboa (the “Consulting Agreement” and “Mr. Gilboa”, respectively), under which Mr. Gilboa was appointed to the full-time position as the Company’s Chief Executive Officer (“CEO”), which includes but is not limited to, relations with investors, relations with various authorities regarding the Company’s operations, relations with financial institutions that the Company works with and with their various consultants, as well as additional activities, all as demanded from time to time by the Company’s board of directors (the “Services” and “Board of Directors”, respectively).

The appointment of Mr. Gilboa as the Company’s CEO became effective September 1, 2019 and the Consulting Agreement will continue being in effect until termination, as set forth in the Consulting Agreement.

In respect of the fulfillment of the position of CEO and Mr. Gilboa’s rendering of the Services to the Company, Mr. Gilboa was initially entitled to (i) a monthly fee of NIS 60 plus VAT, (ii) reimbursement of reasonable expenses against receipts or other document in accordance with the Company’s procedures, (iii) insurance coverage, indemnification and exemption from liability, as is customary practice regarding senior officers and directors, (iv) an annual bonus of up to total amount of NIS 360 or a higher amount at the discretion of the Board of Directors and subject to provisions of the remuneration policy in effect from time to time and (v) a grant of 232,000 options exercisable into the same number of ordinary shares over 4-years period based on a vesting schedule which may be subject to acceleration upon occurrence of certain events set forth in the Consulting Agreement.

On February 16, 2021, the Company’s shareholders approved to update the employment terms of Mr. Gilboa, to be effective from September 1, 2020 over a 3-year period. These terms included: (i) monthly compensation of NIS 90 plus VAT, to be updated annually by 12%, subject to the approval of the Board of Directors; (ii) an annual contingent bonus for each year in which Mr. Gilboa rendered management Services to the Company, in an amount of up to 6 monthly salaries, as shall be in effect at that time, subject to discretion of the Board of Directors and subject to provisions of the remuneration policy in effect from time to time; and (iii) a grant of 126,000 options exercisable into the same number of ordinary shares, at an exercise price of NIS 36 per share, to vest over a 4-year period.

On August 14, 2023, the Company’s shareholders approved to update the employment terms of Mr. Gilboa, to be effective from September 1, 2023 over a 3-year period. These terms included: (i) monthly compensation of NIS 120 plus VAT, which shall be indexed on quarterly basis to the ICPI (the “Consulting Fee”); (ii) annual contingent bonus for each year in which Mr. Gilboa rendered management Services to the Company, in an amount of up to 6 monthly Consulting Fees, as shall be in effect at that time, subject to discretion of the Board of Directors and subject to provisions of the remuneration policy in effect from time to time; and (iii) a grant of 900,000 Restricted Share Units (“RSUs”) exercisable into the same number of ordinary shares, based on vesting schedule as determined in the RSU Agreement.

For more information, see Note 14B and Note 18 below.

**B. Leasing transaction - see Note 9 above.**

NOTES TO THE FINANCIAL STATEMENTS (CONT.)  
(New Israeli Shekels in thousands, except per share and share data)

Note 13 - Share capital and reserves

A. Composition of share capital

	December 31			
	2023		2022	
	Authorized	Issued and outstanding	Authorized	Issued and outstanding
Ordinary shares, par value NIS 0.01 each (1)	1,000,000,000	69,579,231	100,000,000	27,780,896

(1) On August 14, 2023, the annual and special general meeting of shareholders of the Company approved to increase the authorized shares of the Company by 900,000,000 ordinary shares.

B. Rights attached to the ordinary shares

The ordinary shares of the Company grant the holders thereof the right to participate and vote in shareholders meetings, the right to receive a dividend, as declared, the right to participate in distributions of bonus shares and the right to participate in the distribution of the assets of the Company upon liquidation.

C. Changes in the issued and outstanding capital

	2023	2022	2021
Balance as of January 1	27,780,896	7,984,706	7,696,626
Conversion of non-registered rights into ordinary shares (1)	-	-	288,080
Issuance of ADSs and prefunded warrants through U.S. IPO (2)	-	15,750,885	-
Issuance of ADSs through private placement transaction (3)	-	4,045,305	-
Issuance of ADSs as commitment shares for receiving an equity line (4)	340,760	-	-
Issuance of ADSs resulted from partial exercise of Commitment Amount under equity line (4)	21,530,865	-	-
Repayment of promissory note through issuance of ADSs resulted from partial exercise of Commitment Amount under equity line (4)	11,503,375	-	-
Issuance of ADSs through public offering transaction as part of shelf prospectus (5)	8,333,335	-	-
Exercise of restricted share units into ordinary shares (6)	90,000	-	-
Balance as of December 31	69,579,231	27,780,896	7,984,706

(1) In February 2021, a service provider exercised 288,080 non-registered rights into the same number of ordinary shares of the Company for no consideration.

**NOTES TO THE FINANCIAL STATEMENTS (CONT.)**  
(New Israeli Shekels in thousands, except per share and share data)

**Note 13 - Share capital and reserves (Cont.)**

**C. Changes in the issued and outstanding capital (Cont.)**

(2) As noted in Note 1B above, on June 7, 2022, the Company completed the U.S. IPO under which the Company received gross proceeds of approximately \$13 million (approximately NIS 43,441), before deducting underwriting discounts and offering expenses payable by the Company, for the issuance and sale of -

- A. 2,941,918 Units at a public price of \$4.13 per Unit, each consisting of (i) one ADS and (ii) one Warrant exercisable for one ADS over a limited period of 5-years from the issuance date at an exercise price of \$5.00 (the Warrants are subject to a cashless exercise mechanism upon under certain events) and
- B. 208,282 Pre-Funded Units at a price to the public of \$4.129 per Pre-Funded Unit, each consisting of (i) one Pre-Funded Warrant exercisable for one ADS, which were exercisable immediately and may be exercised at any time until exercised in full, at an exercise price of \$0.001 (the Pre-Funded Warrants are subject to a cashless exercise mechanism upon under certain events) and (ii) one Warrant exercisable for one ADS over a limited period of 5-years from the issuance date at an exercise price of \$5.00 (the warrants are subject to a cashless exercise mechanism upon under certain events). It is noted that all of the Pre-Funded Warrants were fully paid at the Closing Date and 208,259 ADSs were issued in August 2022.

In connection with the U.S. IPO, the Company engaged a U.S. underwriter, which was granted as part of its compensation upon completion of the U.S. IPO the Representative's Warrant exercisable for 157,510 ADSs at an exercise price of \$5.16 per ADS at any time after December 2, 2022 through the close of business day on June 2, 2027. In addition, the Company granted to the underwriter the Over-Allotment Option to purchase up to an additional 469,654 ADSs at an exercise price of \$4.129 or Pre-Funded Warrants and/or 469,654 Warrants exercisable for the same number of ADS at an exercise price of \$0.001. In connection to offering closing, in June 2022, the underwriter partially exercised its Over-Allotment Option to purchase an additional 126,482 Warrants exercisable for the same number of ADSs for de minimis consideration. The remaining portion of Over-Allotment Option, consisting of up to 343,172 ADS and/or Pre-Funded Warrants and 343,172 Warrants, expired unexercised.

Upon satisfaction of customary closing conditions, the Closing Date of the U.S. IPO was June 7, 2022.

As the exercise price of the Warrants is determined in foreign currency and as the Warrants might be exercisable to variable number of shares due to cashless exercise mechanism, the Warrants are accounted for as a derivative financial liability.

Moreover, the Company receives substantially all of the Pre-Funded Warrant proceeds upfront (without any conditions) as part of the Pre-Funded Warrant's purchase price and in return the Company was obligated to issue fixed number of ADSs to holders. Thus, Pre-Funded Warrants were accounted for and classified as additional paid-in capital as part of the Company's shareholders' equity.

As the Representative's Warrant were granted to the underwriter as compensation for its underwriting services rendered in respect to the U.S. IPO, they were accounted for under IFRS 2 "Share-based Payment" in total amount of NIS 5, NIS 588 and NIS 463, respectively. These expenses were estimated at fair value by using Black-Scholes-Merton pricing model in which the assumptions that have been used were as follows: expected dividend yield of 0%; risk-free interest rate of 2.16%-3.11%; expected volatility of 52.92%, exercise period and exercise price based upon the stated terms, ADS price of \$2.76 which represents the quoted market price of the average 4 business days following the Closing Date. These expenses were included as part of the incremental and direct issuance costs incurred through the U.S. IPO.

**NOTES TO THE FINANCIAL STATEMENTS (CONT.)**  
**(New Israeli Shekels in thousands, except per share and share data)**

**Note 13 - Share capital and reserves (Cont.)****C. Changes in the issued and outstanding capital (Cont.)****(2) (Cont.)**

Pursuant to the above, at the initial recognition date the gross proceeds received was allocated to identified components as follows:

	<b>Fair value at Closing Date</b>
Derivative warrant liability (*)	3,947
Pre-funded warrant and ADSs	39,494
<b>Total gross consideration</b>	<b>43,441</b>

(\*) The fair value of the derivative warrant liability was determined and estimated at level 1 in the fair value hierarchy based on the price of the Warrants of \$0.3508 which is an average quoted market trading price in the first four business days following the Closing Date.

The total incremental and direct issuance costs amounted to NIS 7,949 (of which NIS 6,893 were cash expense) were allocated to the Warrants (NIS 723) and the ADSs (including the Pre-Funded Warrants) (NIS 7,226), based on the relative value of such identified instruments at the Closing Date. The portion of issuance costs that was allocated to the Warrants was recognized immediately as finance expenses in profit or loss and the portion of issuance costs related to the ADSs (including the Pre-Funded Warrants) was deducted from additional paid-in capital.

The following tabular presentation reflects the reconciliation of the fair value of derivative warrant liability during the years ended December 31, 2023 and 2022:

	<b>Year ended December 31,</b>	
	<b>2023</b>	<b>2022</b>
Opening balance	1,151	-
Recognition of fair value of warrants issued at effective date	-	3,947
Warrants issued as result of partially exercised of over-allotment option	-	158
Revaluation of derivative warrant liability exercisable for ADSs (see Note 16B below) (*)	(877)	(2,954)
<b>Closing balance</b>	<b>274</b>	<b>1,151</b>

(\*) Due to lack of trading activity of the Warrant, as of December 31, 2023, the management estimated the fair value of the Warrant by using Black-Scholes-Merton pricing model in which the assumptions that have been used were as follows: expected dividend yield of 0%; risk-free interest rate of 4.07%; expected volatility of 85.7%, exercise period and exercise price based on stated terms and ADS price of \$0.72 which represents the quoted market price.

As of December 31, 2023 and 2022, the measurement of the aforesaid derivative warrant liability was classified at level 1 in the fair value hierarchy.

**NOTES TO THE FINANCIAL STATEMENTS (CONT.)**  
**(New Israeli Shekels in thousands, except per share and share data)**

**Note 13 - Share capital and reserves (Cont.)**

**C. Changes in the issued and outstanding capital (Cont.)**

(3) On December 11, 2022, the Company entered into the PIPE Agreement with the PIPE Purchaser, under which the Company sold to the PIPE Purchaser 809,061 ADSs at a purchase price of \$1.854 per ADS in the PIPE for total gross proceeds of approximately \$1.5 million (approximately NIS 5,141) (the "Proceeds").

Following to completion of customary conditions, the closing date of the PIPE was December 12, 2022 (the "PIPE Closing Date").

In connection with the PIPE and pursuant to the PIPE Agreement, the Company granted registration rights (the "Registration Rights") to the PIPE Purchaser, under which the Company agreed to file a registration statement (the "Resale Registration Statement") with the Securities and Exchange Commission (the "SEC") as soon as reasonably practicable to register the resale of the ADSs, and to cause such Resale Registration Statement to be declared effective within 45-days of the PIPE Closing Date (the "Resale Effectiveness Date"). If the Resale Registration Statement was not declared effective by the SEC by the Resale Effectiveness Date, subject to certain permitted exceptions, the Company would have been required to pay liquidated damages in cash to the PIPE Purchaser on a monthly basis up to maximum aggregate liquidated damages equal to 12% of the aggregate Proceeds payable to a PIPE Purchaser under the PIPE Agreement. On January 17, 2023 the Company filed the Resale Registration Statement on Form F-1, which was declared effective by the SEC on January 24, 2023.

The Company received the Proceeds, which was recognized in the shareholders' equity (no amount was required to be allocated to the contingent liquidation damage feature as it was considered with an insignificant value).

(4) On June 5, 2023, the Company entered into the SEPA with Yorkville, under which the Company was granted the right, but not the obligation, to sell to Yorkville from time to time up to the Commitment Amount of the Company's ADSs, during a limited period of 48-months following the execution of the SEPA, subject to the restrictions and satisfaction of the conditions in the SEPA. At the Company's option, the ADSs would be purchased by Yorkville from time to time at a price equal to 95% of the lowest of the 3 daily Volume Weighted Average Price ("VWAPs") of the Company's ADSs for such trading day on the Nasdaq during regular trading hours as reported by Bloomberg L.P during a 3 consecutive trading day period commencing on the date that the Company, subject to certain limitations, delivers a notice to Yorkville that the Company is committing Yorkville to purchase such the Advance Shares. As consideration for Yorkville's irrevocable commitment to purchase the Company's ADSs up to the Commitment Amount, the Company issued 68,152 ADSs (the "Commitment Shares") to Yorkville.

The Company incurred direct and incremental issuance costs amounted to \$70 thousand (approximately NIS 260).

Pursuant to the SEPA, Yorkville shall not be obligated to purchase or acquire any ADSs under the SEPA which, when aggregated with all other ADSs or ordinary shares beneficially owned by Yorkville and its affiliates, would result in the beneficial ownership of Yorkville and its affiliates (on an aggregated basis) to exceed 4.99% of the then outstanding voting power or number of the Company's ordinary shares.

**NOTES TO THE FINANCIAL STATEMENTS (CONT.)**  
**(New Israeli Shekels in thousands, except per share and share data)**

**Note 13 - Share capital and reserves (Cont.)****C. Changes in the issued and outstanding capital (Cont.)****(4) (Cont.)**

Upon the execution of the SEPA, Yorkville, upon the Company's request, advanced to the Company \$2,000 thousand (approximately NIS 7,430 before issuance costs) of the Commitment Amount evidenced by the First Promissory Note. The First Promissory Note accrues interest at a rate of 8%, was issued with a 3% original issue discount and will be repaid in 10 monthly installments beginning on the 60th day following the execution date of the First Promissory Note either in cash or by issuance of Advance Shares. Each installment shall include an equal portion of the outstanding balance plus all accrued and unpaid interest on the First Promissory Note at such installment date.

Yorkville's obligation to purchase the Company's ADSs pursuant to the SEPA was subject to a number of conditions, including that a registration statement (the "YA Resale Registration Statement") be filed with the SEC, registering the Commitment Shares issued and the Advance Shares to be issued and sold pursuant to an Advance under the Securities Act of 1933, as amended (the "Securities Act") and that the YA Resale Registration Statement be declared effective by the SEC. On June 7, 2023, the Company filed YA Resale Registration Statement on Form F-1, which was declared effective by the SEC on June 16, 2023 (the "YA Resale Effective Date").

In accordance with IFRS and based on the overall contractual framework between the parties and the fact that the SEPA and the First Promissory Note were executed on the same date, both agreements were accounted for as one transaction as an issuance of a package that includes (1) right to sell Advance Shares (the "Put Options"), (2) First Promissory Note and (3) Commitment Shares.

At the initial date, the SEPA essentially constitutes a series of Put Options under which the Company may (but not obliged to) sell to Yorkville ordinary shares at a sale price representing a discount at a rate of 5% of the share market price at the exercise date of such put option. At subsequent date, upon exercise of each of the Put Options, a financial liability will be recognized at fair value through profits and losses over a limited period until the determination of the exercise price based on the aforesaid VWAP mechanism.

At the initial date, the proceeds received by the Company were allocated to the First Promissory Note based on its fair value amount and the remaining amount was allocated to the Commitment Shares as a residual amount. At subsequent dates, the Company recognized a discount expense over the economic life of the First Promissory Note based on the effective interest rate method.

Pursuant to the above, at the initial date the net proceeds received were allocated to identified components as follows:

	<b>Fair value at Closing Date</b>
Put Options (*)	-
First Promissory Note (**)	7,083
Commitment Shares	87
<b>Total net consideration</b>	<b>7,170</b>

(\*) Management by using the assistance of third-party appraiser has determined that the fair value of the Put Options is zero as the exercise price of the Put Options is out of money at any exercise date.

(\*\*) The fair value of the First Promissory Note was based on rating model using a discount rate of 17.51% which represented the Company's applicable rate of risk, as determined by management using the assistance of third-party appraiser.

**NOTES TO THE FINANCIAL STATEMENTS (CONT.)**  
**(New Israeli Shekels in thousands, except per share and share data)**

**Note 13 - Share capital and reserves (Cont.)****C. Changes in the issued and outstanding capital (Cont.)****(4) (Cont.)**

On December 11, 2023, the Company and Yorkville entered into a first amendment to the SEPA pursuant to which Yorkville, upon the Company's request, agreed to advance to the Company \$1,000 thousand (approximately NIS 3,708 before issuance costs) of the Commitment Amount, which is by the Second Promissory Note. The Second Promissory Note accrues interest at a rate of 8%, was issued with a 3% original issue discount and will be repaid in 5 equal monthly installments beginning on the 150th day following the execution date of the Second Promissory Note. The Second Promissory Note may be repaid with the proceeds of an Advance under the SEPA or repaid in cash.

Direct debt costs incurred amounted to \$30 thousand (approximately NIS 111).

The following tabular presentation reflects the reconciliation of the carrying amount of the Promissory Notes during the period commencing the Closing Date through December 31, 2023:

	<b>Year ended December 31, 2023</b>
Opening balance	-
Net amount allocated to Promissory Notes at initial date	10,680
Repayment of First Promissory Note in cash	(754)
Repayment of First Promissory Note and accrued interest through issuance of ADSs resulted from partial exercise of Commitment Amount under equity line	(3,313)
Recognition of discount, interest and exchange differences expenses related to Promissory Notes (see Note 16A below)	592
Income from exchange rate differentials	(66)
<b>Closing balance</b>	<b>7,139</b>

During the period commencing the YA Effective Date through December 31, 2023, the Company sold 33,034,240 Advance Shares to Yorkville out of the Commitment Amount under the SEPA for a total aggregate purchase price of \$3,394 thousand (approximately NIS 12,572). The difference between the fair value of the ADSs issued of \$145 thousand (approximately NIS 531) to the above aggregate purchase price received was recorded as finance expenses. See Note 16A below.

For selling of additional Advance Shares to Yorkville out of the Commitment Amount and increasing the Commitment Amount subsequent to balance sheet date, see also Note 21 below.

(5) On December 13, 2023, the Company entered into the Purchase Agreement with Yorkville under which the Company sold to Yorkville through the Registered Direct Offering 1,666,667 ADSs for total gross proceeds of \$1,000 thousand (approximately NIS 3,685), before deducting the offering expenses payable by the Company, at an offering price of \$0.60 per ADS.

The ADSs were issued pursuant to a prospectus supplement, dated as of December 13, 2023, which was filed with the SEC, in connection with a takedown from the Company's shelf registration statement on Form F-3, which became effective on September 27, 2023.

(6) In December 2023, 90,000 RSUs granted to the Company's CEO were settled for the same number of ordinary shares of the Company.

**NOTES TO THE FINANCIAL STATEMENTS (CONT.)**  
**(New Israeli Shekels in thousands, except per share and share data)**

**Note 14 - Share-based payment**

**A. Option plan**

The Company has adopted the SaverOne 2014 Ltd. 2015 Share Incentive Plan (the “Plan”), under which the Company is entitled to grant options, restricted shares and restricted share units to designated participants to purchase ordinary shares of the Company. Under the Plan, options forfeited or cancelled prior to their expiration date, become available for future grants. Unless stipulated otherwise by the Company’s Board of Directors, the unexercised options will expire 10-years period following the grant date. The Plan is subject to article 102 of the Israeli Income Tax Ordinance (New Version) - 1961 (the “Income Tax Ordinance”), as part of the equity track with a trustee. As of December 31, 2023, the Company has 294,770 options available for future grants.

**B. Grants**

**2021**

During the year ended December 31, 2021, the Board of Directors (or the shareholders at a general meeting to the extent that such approval was required) approved a grant of 140,000 options exercisable into shares of the Company, to several grantees, including the Company’s CEO. Each option is exercisable into one ordinary share of the Company, over a vesting term as determined by the Board of Directors at an exercise price in cash of between NIS 25.23 - NIS 36 per share (subject to standard adjustments). The fair value of the benefit in respect of the grant was estimated at an amount of NIS 2,109 which will be carried to profit and loss over the vesting period.

**2022**

During the year ended December 31, 2022, the Board of Directors (or the shareholders at a general meeting to the extent that such approval was required) approved a grant of 1,031,000 options exercisable into shares of the Company, to several grantees. Each option is exercisable into one ordinary share of the Company over a vesting terms as determined by the Board of Directors at an average exercise price in cash of NIS 1.639 per share (subject to standard adjustments). The fair value of the benefit in respect of the grant was estimated at an amount of NIS 876 which will be carried to profit and loss over the vesting period.

**2023**

During the year ended December 31, 2023, the Board of Directors (or the shareholders at a general meeting to the extent that such approval was required) approved a grant of 291,000 options exercisable into shares of the Company, to several grantees. Each option exercisable into one ordinary share of the Company over a vesting terms as determined by the Board of Directors at an average exercise price in cash for each of the option of NIS 1.062 per share (subject to standard adjustments). The fair value of the benefit in respect of the grant was estimated at an amount of NIS 240 which will be carried to profit and loss over the vesting period.

In addition, on August 14, 2023, the Company’s shareholders approved grant of 900,000 RSUs to the Company’s CEO exercisable into the same number of ordinary shares, based on vesting schedule commencing September 1, 2023 over a period of 3 years (see Note 12A above). The fair value of the benefit in respect of the grant was estimated at an amount of NIS 822 which will be carried to profit and loss over the vesting period.

**NOTES TO THE FINANCIAL STATEMENTS (CONT.)**  
**(New Israeli Shekels in thousands, except per share and share data)**

**Note 14 - Share-based payment (Cont.)****B. Grants (Cont.)**

The fair value of the options granted, as above, was estimated using the Black and Scholes model. The parameters used in calculating the model were as follows:

	<b>2023 grants</b>	<b>2022 grants</b>	<b>2021 grants</b>
Price per share	NIS 0.87 - 1.05	NIS 1.477	NIS 24.1 - 28.5
Exercise price	NIS 0.93 - 1.09	NIS 1.639	NIS 25.2 - 36
Expected volatility (%)	112.28 - 116.03	46	48
Expected term (in years)	6.25	10	10
Risk-free interest (%)	4.5	2.97	1.53
Expected dividend rate (%)	-	-	-

The total compensation cost related to all of the Company's equity-based awards recognized during the years ended December 31, 2023, 2022 and 2021 was comprised as follows:

	<b>Year ended December 31,</b>		
	<b>2023</b>	<b>2022</b>	<b>2021</b>
Research and development	354	362	486
Sales and marketing	-	-	1,456
General and administrative	624	795	1,406
<b>Total</b>	<b>978</b>	<b>1,157</b>	<b>3,348</b>

The following table presents additional information relating to the share-based payment under the Plan:

	<b>2023</b>		<b>2022</b>		<b>2021</b>	
	<b>Number of options</b>	<b>Weighted average of the exercise price</b>	<b>Number of options</b>	<b>Weighted average of the exercise price</b>	<b>Number of options</b>	<b>Weighted average of the exercise price</b>
Outstanding at the beginning of the year	1,826,519	5.74	795,519	10.61	662,501	5.64
Granted (*)	291,000	1.021	1,031,000	1.639	140,000	34.93
Forfeited	(312,289)	2.59	-	-	(6,982)	21.30
Exercised (*)	-	-	-	-	-	-
<b>Outstanding at the end of the year</b>	<b>1,805,230</b>	<b>5.55</b>	<b>1,826,519</b>	<b>5.74</b>	<b>795,519</b>	<b>10.61</b>
<b>Exercisable at the end of the year</b>	<b>982,967</b>	<b>7.98</b>	<b>651,277</b>	<b>8.81</b>	<b>516,135</b>	<b>6.17</b>

(\*) Excluding grant of 900,000 RSUs to the Company's CEO and exercise of 90,000 RSUs during the year ended December 31, 2023.  
See Notes 12A and 13C6 above.

As of December 31, 2023, there was NIS 1,687 of unrecognized compensation expense related to unvested share options. The Company recognizes compensation expense over the requisite service periods, which results in a weighted average period of approximately 3.2 years over which the unrecognized compensation expense is expected to be recognized.

NOTES TO THE FINANCIAL STATEMENTS (CONT.)  
(New Israeli Shekels in thousands, except per share and share data)

Note 15 - Notes to the statements of comprehensive loss

A. Research and development expenses, net

	Year ended December 31,		
	2023	2022	2021
Salary and related expenses (1)	12,962	11,297	9,152
Consulting and professional services	4,153	6,498	6,122
Subcontractors	2,406	1,485	1,772
Computer maintenance	827	553	515
Car maintenance	754	300	347
Depreciation and amortization	523	507	458
Office maintenance	400	396	413
Miscellaneous	836	454	312
Less government grants (2)	-	-	(244)
Total	<u>22,861</u>	<u>21,490</u>	<u>18,847</u>
(1) Including share-based payment	<u>354</u>	<u>362</u>	<u>486</u>

(2) See Note 11A above.

B. Selling and marketing expenses, net

	Year ended December 31,		
	2023	2022	2021
Investors relationship	2,108	-	-
Salary and related expenses	1,639	1,062	437
Share-based payment to service provider (1)	-	-	1,456
Miscellaneous	339	529	538
Less government grants (2)	(299)	-	-
Total	<u>3,787</u>	<u>1,591</u>	<u>2,431</u>

(1) On August 8, 2019, the Company signed a service agreement with a certain service provider (the "Service Provider"), under which the service provider was required to render advertising services over a period of time and at a monetary value of a defined volume and regarding various issues over a period of 15 months, commencing from October 1, 2019 through December 31, 2020 (the "Service Agreement", the "Service Provider Services" and the "Service Period", respectively). In return for the Service Provider Services, the Company undertook, inter alia, to allot to the Service Provider at the earlier of the end of the utilization by the Company of the Service Provider Services or at the end of the Service Period shares of the Company which will constitute 6.5% of the issued and outstanding shares of the Company, on a fully diluted basis as was outstanding on April 1, 2019.

The estimated fair value of the Service Provider Services amounted to NIS 3,500. The Company recognized share-based payment expenses regarding an equity interest settled transaction upon the actual receipt of the Service Provider Services. Accordingly, advertising expenses were recorded proportionately based on usage of the advertising budget as agreed between the parties.

(2) See Note 11B above.

NOTES TO THE FINANCIAL STATEMENTS (CONT.)  
(New Israeli Shekels in thousands, except per share and share data)

Note 15 - Notes to the statements of comprehensive loss (Cont.)

C. General and administrative expenses

	Year ended December 31,		
	2023	2022	2021
Salaries and related expenses (1)(2)	2,632	2,292	2,747
Consulting and professional services	3,343	2,109	1,366
Directors fees	330	424	450
Office expenses	51	81	78
Insurance	1,141	908	118
Miscellaneous	830	678	390
Total	8,327	6,492	5,149
(1) Including share-based payment	624	795	1,406
(2) Including salary of related party (See Note 18B below)	1,926	1,984	2,457

Note 16 - Financing income (expenses), net

A. Components of the financing expenses

	Year ended December 31,		
	2023	2022	2021
Adjustment to liability in respect of government grants (1)	(74)	(86)	(31)
Issuance costs allocated to warrant liability (2)	-	(723)	-
Interest in respect of leasing liability (3)	(22)	(43)	(61)
Interest and discount expenses in respect of promissory notes (4)	(592)	-	-
Revaluation expenses incurred from partial exercise of Commitment Amount under equity line (4)	(531)	-	-
Exchange rate differentials, bank commissions and miscellaneous	-	-	(136)
Total	(1,219)	(852)	(228)

B. Components of the financing income

	Year ended December 31,		
	2023	2022	2021
Revaluation income of derivative warrant liability (2)	877	2,954	-
Income from exchange rate differences	458	2,060	-
Interest in respect of bank deposits	272	85	3
Total	1,607	5,099	3

(1) See Note 11 above.

(2) See Note 13C2 above.

(3) See Note 9 above.

(4) See Note 13C4 above.

**NOTES TO THE FINANCIAL STATEMENTS (CONT.)**  
**(New Israeli Shekels in thousands, except per share and share data)**

**Note 17 - Taxes on income****A. Taxation of the Company in Israel****General**

The Company is taxed in Israel pursuant to the provisions of the Income Tax Ordinance.

The corporate tax rate applicable to the Company for all reported periods is 23%.

**B. Losses and deductions for tax purposes - carried forward to future years**

As of December 31, 2023, the carryforward net operating losses of the Company amounted to NIS 108 million. The Company did not record deferred taxes in respect of the loss carryforward since their utilization is not expected in the foreseeable future.

**C. Final tax assessment**

The Company has no final tax assessments since Inception Date. Notwithstanding, pursuant and subject to the provisions of article 145 of the Income Tax Ordinance, the reports filed with the tax authorities for the years up to and including 2018 are considered as final.

**D. The following tabular represents reconciliation between the amount of the “theoretical” tax that would have applied and the amount of the tax on ordinary operating income, as recorded in the statements of comprehensive loss:**

	Year ended December 31,		
	2023	2022	2021
Pre-tax loss as reported in the statements of comprehensive loss	33,835	24,962	26,490
Corporate tax rate	23%	23%	23%
Theoretical tax savings	7,782	5,741	6,093
Non-deductible expenses	(225)	(266)	(770)
Differences in measurement base	10	493	(21)
Losses and timing differences in respect of which no deferred taxes were recorded	(7,567)	(5,968)	(5,302)
Tax expenses in respect of the reported year	-	-	-

NOTES TO THE FINANCIAL STATEMENTS (CONT.)  
(New Israeli Shekels in thousands, except per share and share data)

**Note 18 - Related parties**

**A. Balances with related parties**

	As of December 31,	
	2023	2022
Trade payables	140	-
Other current liabilities - salaries and related expenses related parties (1)	-	113

(1) See also Notes 10 and 12A above.

**B. Transactions with related parties**

	Year ended December 31,		
	2023	2022	2021
General and administrative expenses - salaries and related expenses (including share-based payment) to related parties (1)	1,926	1,984	2,457

(1) See also Notes 12A and 15C above.

**NOTES TO THE FINANCIAL STATEMENTS (CONT.)**  
**(New Israeli Shekels in thousands, except per share and share data)**

**Note 19 - Financial instruments and risk management**

**A. Financial risk management**

**1. General**

The activities of the Company expose it to a range of financial risks: currency risks, market risks, credit risks and liquidity risks. During each period, the Company assesses the financial risks and makes decisions regarding them accordingly.

Risk management is conducted by management of the Company, which identifies, assesses and hedges the risks to the extent possible.

**2. Financial risk factors**

**A. Exposure to changes in foreign currency exchange rates**

The Company had certain assets and liabilities denominated in U.S. dollars whereby the financial statements are measured and presented in New Israeli Shekels. In such view, the Company had an exposure to changes in the exchange rate of the dollar, which were reflected as part of the financing expenses. As of December 31, 2023, the Company has significant balance of financial assets and financial liabilities amounted to NIS 16.6 and NIS 8.2, respectively, that are denominated in foreign currency which is different from Israeli Shekels.

The Company does not use financial instruments, including derivative instruments in order to reduce exposure to these risks.

**B. Credit risks**

1. As of December 31, 2023, the balances of cash, cash equivalents, short-term bank deposits and restricted deposits were deposited in one banking institution in Israel. The Company's management regularly assesses the financial strength of the financial institutions the Company works with. Accordingly, Company's management believes that the credit risk in respect thereof is not high.
2. The management regularly examines the quality of the customers, including an analysis of each new potential customer and accordingly determines the scope of the engagement with them. As of the reported periods, the balance of customers whose carrying amount was impaired by the management, and for whom the provision for credit losses was recognized, is based mainly on specific customers who did not meet the payment terms. The main factors taken into account in determining the provision for impairment of such customers are the Company's familiarity with the customers and the history of activity with them, the depth of arrears, the financial condition of the customers as known to the Company and the quality of the collateral granted.
3. The following is a breakdown of the financial assets in respect of which the Company is exposed to credit risks:

	As of December 31,	
	2023	2022
Cash and cash equivalents	17,112	19,240
Short-term bank deposits	-	10,070
Restricted deposits	211	201
Other current assets	855	594
Trade receivables, net	2,105	1,097
<b>Total</b>	<b>20,283</b>	<b>31,202</b>

**NOTES TO THE FINANCIAL STATEMENTS (CONT.)**  
(New Israeli Shekels in thousands, except per share and share data)

**Note 19 - Financial instruments and risk management (Cont.)**

**A. Financial risk management (Cont.)**

**2. Financial risk factors (Cont.)**

**C. Exposure to changes in interest rates**

As of December 31, 2023, the Company has outstanding promissory notes which accrued an interest in a fixed rate and thus the Company has no material exposure to changes in interest rates.

**D. Price risks of Company's ordinary share**

As of December 31, 2023, the Company is exposed to risks arising from (i) changes in the price of the Warrant of the Company measured at fair value through profit or loss as resulted from issuance of warrants to investors through the U.S. IPO (see Note 13C2 above) or (ii) changes in the price of the ordinary shares of the Company, upon exercise of each of the Put Options granted to Yorkville as the exercise will be determined based on VWAP mechanism over a limited period of three days (see Note 13C4 above). The fair value of such derivative financial liabilities subject the Company to recognize losses in case there will be change in the price of the Company's ordinary share. However, the settlement of these liabilities will be through exercise of the Company's ordinary shares.

**E. Liquidity risks**

As of December 31, 2023, the Company's working capital amounted to NIS 9,405.

The Company's policy is to manage its liquidity by assessing current forecasts for purposes of managing its cash for operating purposes during the normal course of business. Depending on its current needs, the Company conducts, from time to time, additional rounds of fundraising.

As of December 31, 2023, the balance of the Company's financial liabilities which is expected to be repaid in cash during the 12-month period following the balance sheet date, amounted to NIS 6,345. In addition, as of the same date, the Company has (i) liability in respect of grants received which will be repaid through payment of royalties of between 3.5% - 5% of the revenues deriving to the Company in the future from the know-how and technology developed as part of projects in respect of which such funding was received, (ii) leasing liability related to its premises, net, which will be repaid based on payments schedule as determined with the landlord and (iii) promissory notes, net received which will be repaid based on payments schedule as determined with the Yorkville.

**B. Fair value of financial instruments**

**Items, the carrying value of which approximates their fair value**

The Company's financial instruments which are part of its working capital, include cash and cash equivalents, short-term bank deposits, restricted deposits, trade receivables, net other current assets, trade payables and other current liabilities. As of the reported periods, the balances of these financial instruments in the statements of financial position constitute an approximation of their fair values. In addition, the Company has a liability in respect of government grants, a liability in respect of leasing and promissory notes, net that are measured at the initial recognition date at fair value and in subsequent periods at the amortized cost using the effective interest method. Taking into consideration that there has not been a significant change in the discount rate used for recognition of the liabilities and the current discount rate, the balance constitutes an approximation of fair value.

**NOTES TO THE FINANCIAL STATEMENTS (CONT.)**  
**(New Israeli Shekels in thousands, except per share and share data)**

**Note 19 - Financial instruments and risk management (Cont.)****C. A summary of financial instruments broken down by group:**

	<b>As of December 31,</b>	
	<b>2022</b>	<b>2021</b>
<b>Financial assets measured at depreciated cost</b>		
Cash and cash equivalents	17,112	19,240
Short-term bank deposits	-	10,070
Trade receivables, net	2,105	1,097
Other current assets	855	594
Restricted deposits	211	201
	20,283	31,202
<b>Financial liabilities measured at depreciated cost</b>		
Leasing liability (including current maturity)	1,332	649
Trade payables	4,303	1,956
Other current liabilities	2,042	2,872
Liability in respect of government grants (including current maturity)	1,327	1,254
Promissory notes, net	7,109	-
	16,143	6,082
<b>Financial liabilities measured at fair value</b>		
Derivative warrants liability	274	1,151

**D. Disclosure regarding financial instruments periodically measured at fair value**

For information regarding to warrants granted through the U.S IPO, see Note 13C2 above.

**E. Company capital risk management policy**

The goals of the Company's capital risk management policy are to preserve its ability to continue operating as a going concern with a goal of providing its shareholders with a yield on their investment and to maintain a beneficial equity structure with a goal of reducing the costs of equity.

The Company may take various steps with a goal of preserving or adapting its equity structure, including the issuance of new shares and warrants through equity fundraising for purposes of meeting its financial obligations and for purposes of continuing its development operations and commencing sales in commercial volumes.

**NOTES TO THE FINANCIAL STATEMENTS (CONT.)**  
**(New Israeli Shekels in thousands, except per share and share data)**

**Note 20 - Segment information and major customers**

**A. General information**

Since inception date, the operation of the Company is conducted through one operating segment, i.e., development of the technology necessary to create a life-saving system that prevents certain uses of cell phones while driving a motor vehicle.

**B. Revenues by geographic region are as follows:\**

	Year ended December 31,		
	2023	2022	2021
Israel	2,519	1,193	450
Europe	201	-	-
<b>Total</b>	<b>2,720</b>	<b>1,193</b>	<b>450</b>

Revenues were attributed to countries based on customer location.

**C. Major external customers from total revenues**

During the years ended December 31, 2023, 2022 and 2021, the Company had several customers which accounted for 38%, 37% and 10% of the Company's total revenues, respectively.

**Note 21 - Subsequent events**

The Company evaluated subsequent events and transactions that occurred after the balance sheet date up to the date that the financial statements were issued. Based upon this review, the Company did not identify any other subsequent events that would have required adjustment or disclosure in the financial statements, except as disclosed below.

**A. Partial exercise of Commitment Amount**

As noted in Note 13C4 above, during the period commencing on January 1, 2024 through the issuance date of these financial statements, the Company sold 2,150,000 Advance Shares to Yorkville out of the Commitment Amount under SEPA for a total purchase price of \$2,108 thousand (an amount of \$819 thousand out of which was accounted for as repayment of principal and accrued interest related to the First Promissory Note).

**B.** As noted in Note 13C4 above, on March 25, 2024, the Company entered into second amendment to the SEPA under which the Commitment Amount was increased from original amount of \$10,000 thousand to an updated amount of \$15,000 thousand.

**DESCRIPTION OF SECURITIES  
REGISTERED UNDER SECTION 12 OF THE EXCHANGE ACT**

**General**

Our authorized share capital consists of 1,000,000,000 ordinary shares, par value NIS 0.01 per share, of which 69,579,231 ordinary shares were issued and outstanding as of December 31, 2023.

All of our outstanding ordinary shares are validly issued, fully paid and non-assessable. Our ordinary shares are not redeemable and do not have any preemptive rights.

**Registration number and purposes of the company**

Our registration number with the Israeli Registrar of Companies is 515154607. Our purpose as set forth in our articles of association is to engage in any lawful activity.

**Voting rights and conversion**

All ordinary shares will have identical voting and other rights in all respects.

**Transfer of shares**

Our fully-paid ordinary shares are issued in registered form and may be freely transferred under our articles of association, unless the transfer is restricted or prohibited by another instrument, applicable law or the rules of a stock exchange on which the shares are listed for trade. The ownership or voting of our ordinary shares by non-residents of Israel is not restricted in any way by our articles of association or the laws of the State of Israel, except for ownership by nationals of some countries that are, or have been, in a state of war with Israel.

**Election of directors**

Our ordinary shares do not have cumulative voting rights for the election of directors. As a result, the holders of a majority of the voting power represented at a shareholders meeting have the power to elect all of our directors, subject to the special approval requirements for external directors under the Israeli Companies Law 5759-1999, as amended, or the Companies Law, and all the regulation under the Companies Law described under “Management — External directors.”

Under our articles of association, our board of directors must consist of no less than three but no more than 12 directors, including external directors. Pursuant to our articles of association, other than the external directors, for whom special election requirements apply under the Companies Law, the vote required to appoint a director is a simple majority vote of holders of our voting shares participating and voting at the relevant meeting.

In addition, our articles of association allow our board of directors to appoint new directors to fill in vacancies which can occur for any reason or as additional directors, provided that the number of board members shall not exceed the maximum number of directors mentioned above. The appointment of a director by the board shall be in effect until the following annual general meeting of the shareholders or until the end of the director’s tenure in accordance with our articles of association.

Our external directors have a term of office of three years under Israeli law and may be elected for up to two additional three-year terms under the circumstances described above. External directors may be removed from office only under the limited circumstances set forth in the Companies Law. See “— External directors” for a description of the procedure for the election and dismissal of external directors.

## **Dividend and liquidation rights**

We may declare a dividend to be paid to the holders of our ordinary shares in proportion to their respective shareholdings. Under the Companies Law, dividend distributions are determined by the board of directors and do not require the approval of the shareholders of a company unless the company's articles of association provide otherwise. Our articles of association do not require shareholder approval of a dividend distribution and provide that dividend distributions may be determined by our board of directors.

Pursuant to the Companies Law, the distribution amount is limited to the greater of retained earnings or earnings generated over the previous two years, according to our then last reviewed or audited financial statements, provided that the date of the financial statements is not more than six months prior to the date of the distribution, or we may distribute dividends that do not meet such criteria only with court approval. In each case, we are only permitted to distribute a dividend if our board of directors and the court, if applicable, determines that there is no reasonable concern that payment of the dividend will prevent us from satisfying our existing and foreseeable obligations as they become due. As of December 31, 2021, we did not have distributable earnings pursuant to the Companies Law.

In the event of our liquidation, after satisfaction of liabilities to creditors, our assets will be distributed to the holders of our ordinary shares in proportion to their shareholdings. This right, as well as the right to receive dividends, may be affected by the grant of preferential dividend or distribution rights to the holders of a class of shares with preferential rights that may be authorized in the future. For more information, see "Dividend Policy."

## **Exchange controls**

There are currently no Israeli currency control restrictions on remittances of dividends on our ordinary shares, proceeds from the sale of the shares or interest or other payments to non-residents of Israel.

## **Shareholder meetings**

Under Israeli law, we are required to hold an annual general meeting of our shareholders once each calendar year that must be held no later than 15 months after the date of the previous annual general meeting. All general meetings other than the annual meeting of shareholders are referred to in our articles of association as special meetings. Our board of directors may call special meetings whenever it sees fit, at such time and place, within or outside of Israel, as it may determine. In addition, the Companies Law provides that our board of directors is required to convene a special meeting upon the written request of (i) any two of our directors or one-quarter of the members of our board of directors or (ii) one or more shareholders holding, in the aggregate, either (a) 5% or more of our outstanding issued shares and 1% or more of our outstanding voting power or (b) 5% or more of our outstanding voting power.

Under Israeli law, one or more shareholders holding at least 1% of the voting rights at the general meeting may request that the board of directors include a matter in the agenda of a general meeting to be convened in the future, provided that it is appropriate to discuss such a matter at the general meeting. Also, one or more shareholders holding at least 5% of our voting rights may request that we convene an extraordinary general meeting of shareholders.

Subject to the provisions of the Companies Law and the regulations promulgated thereunder, shareholders entitled to participate and vote at general meetings are the shareholders of record on a date to be decided by the board of directors, which may be between no less than 28 days and no more than 40 days prior to the date of the meeting. Furthermore, the Companies Law requires that resolutions regarding the following matters must be passed at a general meeting of our shareholders:

- amendments to our articles of association;
- appointment or termination of our auditors;
- appointment of external directors;
- approval of certain related party transactions;
- increases or reductions of our authorized share capital;
- mergers; and
- the exercise of our board of director's powers by a general meeting, if our board of directors is unable to exercise its powers and the exercise of any of its powers is required for our proper management.

Under our articles of association, we are required to publish notice of any annual or special general meeting in two widely-published, Hebrew-language daily newspapers, or on our website and are not required to give notice of any annual general meeting or special general meeting to our registered shareholders, unless otherwise required by law. The Companies Law requires that a notice of any annual general meeting or special general meeting be provided to our shareholders at least 21 days prior to the meeting and if the agenda of the meeting includes the appointment or removal of directors, the approval of transactions with office holders or interested or related parties, or an approval of a merger, or as otherwise required under applicable law, notice must be provided at least 35 days prior to the meeting. Under the Companies Law, shareholders are not permitted to take action by written consent in lieu of a meeting.

## **Voting rights**

### ***Quorum requirements***

Pursuant to our articles of association, holders of our ordinary shares have one vote for each ordinary share held on all matters submitted to a vote before the shareholders at a general meeting. The quorum required for our general meetings of shareholders consists of at least two shareholders present in person, by proxy or written ballot who hold or represent between them at least 25% of the total outstanding voting rights. A meeting adjourned for lack of a quorum is generally adjourned to the next week at the same time and place or to a different time or date if so specified in the notice of the meeting. At the reconvened meeting, any number of shareholders present in person or by proxy shall constitute a lawful quorum, instead of 25% otherwise required by the Companies Law.

### ***Vote requirements***

Our articles of association provide that all resolutions of our shareholders require a simple majority vote, unless otherwise required by the Companies Law or by our articles of association. Pursuant to our articles of association, an amendment to our articles of association regarding any change to the board composition will require a simple majority. Under the Companies Law, each of (i) the approval of an extraordinary transaction with a controlling shareholder and (ii) the terms of employment or other engagement of the controlling shareholder of the company or such controlling shareholder's relative (even if not extraordinary) requires the approval described above under "Management — Fiduciary duties and approval of related-party transactions — Approval of related-party transactions." Certain transactions with respect to remuneration of our office holders and directors require further approvals described above under "Management — Fiduciary duties and approval of related-party transactions — Director and officer compensation." Under our articles of association, any change to the rights and privileges of the holders of any class of our shares requires a simple majority of the class so affected (or such other percentage of the relevant class that may be set forth in the governing documents relevant to such class), in addition to the ordinary majority vote of all classes of shares voting together as a single class at a shareholder meeting. Another exception to the simple majority vote requirement is a resolution for the voluntary winding up, or an approval of a scheme of arrangement or reorganization, of the company pursuant to Section 350 of the Companies Law, which requires the approval of holders of 75% of the voting rights represented at the meeting, in person, by proxy or by voting deed and voting on the resolution.

## **Access to corporate records**

Under the Companies Law, shareholders are entitled to access to minutes of our general meetings, our shareholders register and principal shareholders register, our articles of association, our financial statements and any document that we are required by law to file publicly with the Israel Securities Authority. In addition, shareholders may request any document related to an action or transaction requiring shareholder approval under the related-party transaction provisions of the Companies Law. We may deny this request if we believe it has not been made in good faith or if such denial is necessary to protect our interest or protect a trade secret or patent.

## **Shareholder duties**

Under the Companies Law, a shareholder has a duty to act in good faith and customary manner toward the company and other shareholders and to refrain from abusing its power in the company. This duty applies, among other things, when voting at a meeting of shareholders on an amendment to the articles of association, an increase of the authorized share capital, a merger or certain related-party transactions.

In addition, certain shareholders have a duty of fairness toward the company. These shareholders include any controlling shareholder, any shareholder that knows that it possesses the power to determine the outcome of a shareholder vote and any shareholder who, under our articles of association, has the power to appoint or to prevent the appointment of a director or officer of the company or to exercise another power with respect to the company. The Companies Law does not define the substance of this duty of fairness. However, a shareholder's breach of the duty of fairness is subject to laws regarding breaches of contracts and takes into account the status of such shareholder with respect to the company.

#### **Acquisitions under Israeli law**

##### ***Full tender offer***

A person wishing to acquire shares of a publicly-traded company incorporated in Israel, and who would, as a result, hold over 90% of the target company's issued and outstanding share capital is required by the Companies Law to make a tender offer to all of the company's shareholders for the purchase of all of the issued and outstanding shares of the company. If the shareholders who do not accept the offer hold less than 5% of the issued and outstanding share capital of the company, and more than half of the shareholders who do not have a personal interest in the offer accept the offer, all of the shares that the acquirer offered to purchase will be transferred to the acquirer by operation of law. However, a tender offer will also be accepted if the shareholders who do not accept the offer hold less than 2% of the issued and outstanding share capital of the company or of the applicable class of shares.

Upon a successful completion of such a full tender offer, any shareholder that was an offeree in such tender offer, whether or not such shareholder accepted the tender offer, may, within six months from the date of acceptance of the tender offer, petition an Israeli court to determine whether the tender offer was for less than fair value and that the fair value should be paid as determined by the court. However, under certain conditions, the offeror may include in the terms of the tender offer that an offeree who accepted the offer will not be entitled to petition the Israeli court as described above.

If a tender offer is not accepted in accordance with the requirements set forth above, the acquirer may not acquire shares from shareholders who accepted the tender offer that will increase its holdings to more than 90% of the company's issued and outstanding share capital or of the applicable class.

##### ***Special tender offer***

The Companies Law provides that an acquisition of shares in a public company must be made by means of a tender offer if, as a result of the acquisition, the purchaser would become a holder of 25% of the voting rights in the company, unless there is already a person holding 25% of the voting rights in the company. Similarly, the Companies Law provides that an acquisition of shares in a public company must be made by means of a tender offer if, as a result of the acquisition, the purchaser would become a holder of more than 45% of the voting rights in the company, unless there is already a person holding more than 45% of the voting rights in the company. These requirements do not apply if the acquisition (i) occurs in the context of a private placement by the company that received shareholder approval or (ii) was from a 25% or 45% shareholder, as the case may be. The tender offer must be extended to all shareholders, but the offeror is not required to purchase more than 5% of the company's outstanding shares, regardless of how many shares are tendered by shareholders. The tender offer generally may be consummated only if (i) at least 5% of the voting rights in the company will be acquired by the offeror and (ii) the number of shares tendered in the offer exceeds the number of shares whose holders objected to the offer.

##### ***Merger***

The Companies Law permits merger transactions if approved by each party's board of directors and, unless certain requirements described under the Companies Law are met, by a majority vote of each party's shares.

Special rules govern a merger with an acquiror that is already affiliated with the target. Unless a court rules otherwise, the merger must also be approved by at least 50% of the votes of the shares of the target that are held by the shareholders other than (i) the acquiror and (ii) any person (or group of persons acting in concert) who holds 25% or more of the voting rights of the acquiror, or the right to appoint 25% or more of the directors of the acquiror. If, however, the merger involves a merger with a company's own controlling shareholder or if the controlling shareholder has a personal interest in the merger, then the merger is instead subject to the same special majority approval that governs all extraordinary transactions with controlling shareholders (as described under "Management — Fiduciary duties and approval of related-party transactions— Approval of related-party transactions"). If the transaction would have been approved by the shareholders of a merging company but for the exclusion of the votes of certain shareholders as provided above, a court may still approve the merger upon the request of holders of at least 25% of the voting rights of a company, if the court holds that the merger is fair and reasonable, taking into account the value to the parties to the merger and the consideration offered to the shareholders of the company.

Upon the request of a creditor of either party to the proposed merger, the court may delay or prevent the merger if it concludes that there exists a reasonable concern that, as a result of the merger, the surviving company will be unable to satisfy the obligations of the merging entities, and may further give instructions to secure the rights of creditors.

In addition, a merger may not be consummated unless at least 50 days have passed from the date on which a proposal for approval of the merger was filed by each party with the Israeli Registrar of Companies and at least 30 days have passed from the date on which the merger was approved by the shareholders of each party.

#### **Borrowing powers**

Pursuant to the Companies Law and our articles of association, our board of directors may exercise all powers and take all actions that are not required under law or under our articles of association to be exercised or taken by our shareholders, including the power to borrow money for company purposes.

#### **Changes in capital**

Our articles of association enable us to increase or reduce our share capital. Any such changes are subject to the provisions of the Companies Law and must be approved by a resolution duly passed by our shareholders at a general meeting. In addition, transactions that have the effect of reducing capital, such as the declaration and payment of dividends in the absence of sufficient retained earnings or profits, require the approval of both our board of directors and an Israeli court.

#### **American Depository Shares**

##### *Name of the Depository*

The Bank of New York Mellon, as depositary, will register and deliver our ADSs. Each ADS will represent five ordinary shares (or a right to receive three ordinary shares) deposited with Bank Leumi, as custodian for the depositary in Israel. Each ADS will also represent any other securities, cash or other property which may be held by the depositary. The depositary's office at which our ADSs will be administered is located at the depositary's principal executive office, at 240 Greenwich Street, New York, N.Y. 10286.

The form of the deposit agreement for our ADSs and the form of American Depository Receipt that represents an ADS have been incorporated by reference as exhibits in our most recent Annual Report on Form 20-F.

## **Fees and Expenses**

### **Persons depositing or withdrawing ordinary shares or ADS holders must pay**

\$5.00 (or less) per 100 ADSs (or portion of 100 ADSs)

\$.05 (or less) per ADS

### **Persons depositing or withdrawing ordinary shares or ADS holders must pay**

A fee equivalent to the fee that would be payable if securities distributed to you had been ordinary shares and the ordinary shares had been deposited for issuance of ADSs

\$.05 (or less) per ADS per calendar year

Registration or transfer fees

Expenses of the depositary

Taxes and other governmental charges the depositary or the custodian has to pay on any ADSs or ordinary shares underlying ADSs, such as stock transfer taxes, stamp duty or withholding taxes

Any charges incurred by the depositary or its agents for servicing the deposited securities      As necessary

The depositary collects its fees for delivery and surrender of ADSs directly from investors depositing ordinary shares or surrendering ADSs for the purpose of withdrawal or from intermediaries acting for them. The depositary collects fees for making distributions to investors by deducting those fees from the amounts distributed or by selling a portion of distributable property to pay the fees. The depositary may collect its annual fee for depositary services by deduction from cash distributions or by directly billing investors or by charging the book-entry system accounts of participants acting for them. The depositary may collect any of its fees by deduction from any cash distribution payable (or by selling a portion of securities or other property distributable) to ADS holders that are obligated to pay those fees. The depositary may generally refuse to provide fee-attracting services until its fees for those services are paid.

From time to time, the depositary may make payments to us to reimburse us for costs and expenses generally arising out of establishment and maintenance of the ADS program, waive fees and expenses for services provided to us by the depositary or share revenue from the fees collected from ADS holders. In performing its duties under the deposit agreement, the depositary may use brokers, dealers, foreign currency or other service providers that are owned by or affiliated with the depositary and that may earn or share fees, spreads or commissions.

## **Warrants**

On June 7, 2022, we closed our initial public offering in the United States of 2,941,918 units, each consisting of one ADS and one warrant to purchase one ADS, and 208,282 pre-funded units, each consisting of one pre-funded warrant to purchase one ADS and one warrant to purchase one ADS, at a price to the public of \$4.13 per unit (\$4.129 per pre-funded unit), for gross proceeds of approximately \$13 million, before deducting underwriting discounts and offering expenses. As of December 31, 2022 3,276,682, warrants were outstanding.

The following summary of certain terms and provisions of the warrants offered in our initial public offering in the United States is not complete and is subject to, and qualified in its entirety by, the provisions of the warrant agent agreement between us and , as warrant agent, and the form of warrant, both of which are filed as exhibits 10.3 and 10.4, respectively, to our Annual Report on Form 20-F for the fiscal year ended December 31, 2022.

*Exercisability.* The warrants are exercisable at any time after June 7, 2022 until the close of business on June 7, 2027. The warrants will be exercisable, at the option of each holder, in whole or in part by delivering to us a duly executed exercise notice and, at any time a registration statement registering the issuance of the ordinary shares underlying the warrants under the Securities Act is effective and available for the issuance of such shares, by payment in full in immediately available funds for the number of ordinary shares purchased upon such exercise. If a registration statement registering the issuance of the ordinary shares underlying the warrants under the Securities Act is not effective or available the holder may, in its sole discretion, elect to exercise the warrant through a cashless exercise, in which case the holder would receive upon such exercise the net number of ordinary shares determined according to the formula set forth in the warrant. No fractional shares will be issued in connection with the exercise of a warrant. In lieu of fractional shares, we will pay the holder an amount in cash equal to the fractional amount multiplied by the exercise price.

*Exercise Limitation.* A holder will not have the right to exercise any portion of the warrant if the holder (together with its affiliates) would beneficially own in excess of 4.99% of the number of ordinary shares outstanding immediately after giving effect to the exercise, as such percentage ownership is determined in accordance with the terms of the warrants. However, any holder may increase or decrease such percentage to any other percentage not in excess of 9.99%, provided that any increase in such percentage shall not be effective until 61 days following notice from the holder to us.

*Exercise Price.* The exercise price per whole ADS purchasable upon exercise of the warrants is \$5.00 per ADS. The exercise price is subject to appropriate adjustment in the event of certain stock dividends and distributions, stock splits, stock combinations, reclassifications or similar events affecting our ordinary shares and also upon any distributions of assets, including cash, stock or other property to our stockholders.

*Transferability.* Subject to applicable laws, the warrants may be offered for sale, sold, transferred or assigned without our consent.

*Exchange Listing.* Our warrants are listed on the Nasdaq Capital Market, under the symbol “SVREW”.

*Warrant Agent.* The warrants will be issued in registered form under a warrant agent agreement between Computershare Limited, as warrant agent, and us. The warrants shall initially be represented only by one or more global warrants deposited with the warrant agent, as custodian on behalf of The Depository Trust Company, or DTC, and registered in the name of Cede & Co., a nominee of DTC, or as otherwise directed by DTC.

*Fundamental Transactions.* In the event of a fundamental transaction, as described in the warrants and generally including any reorganization, recapitalization or reclassification of our ordinary shares, the sale, transfer or other disposition of all or substantially all of our properties or assets, our consolidation or merger with or into another person, the acquisition of more than 50% of our outstanding ordinary shares, or any person or group becoming the beneficial owner of 50% of the voting power represented by our outstanding ordinary shares, the holders of the warrants will be entitled to receive upon exercise of the warrants the kind and amount of securities, cash or other property that the holders would have received had they exercised the warrants immediately prior to such fundamental transaction without regard to any limitations on exercised contained in the warrants.

*Rights as a Stockholder.* Except as otherwise provided in the warrants or by virtue of such holder’s ownership of our ordinary shares, the holder of a warrant does not have the rights or privileges of a holder of our ordinary shares, including any voting rights, until the holder exercises the warrant.

*Governing Law.* The warrants are governed by New York law.

## SECOND AMENDMENT TO STANDBY EQUITY PURCHASE AGREEMENT

This **SECOND AMENDMENT TO THE STANDBY EQUITY PURCHASE AGREEMENT**, dated as of March 25, 2024 (this “Second Amendment”), is entered between **SAVERONE 2014 LTD.**, a company incorporated in the State of Israel (“Company”), and **YA II PN, LTD.**, a Cayman Islands exempt limited partnership (the “Investor”).

### **PRELIMINARY STATEMENTS**

**A.** Reference is hereby made to that certain Standby Equity Purchase Agreement, dated as of June 5, 2023 as amended by the first amendment letter dated December 11, 2023 (as may be further amended, amended and restated, extended, supplemented or otherwise modified in writing from time to time and in effect immediately prior to the effectiveness of this Second Amendment, the “Existing Agreement”, and the Existing Agreement, as amended by this Second Amendment, the “Amended Agreement”), between the Company and the Investor.

**B.** The parties desire to amend certain of the terms and provisions of the Existing Agreement as specifically set forth in this Second Amendment.

**C.** The parties are prepared to amend the Existing Agreement, subject to the conditions and in reliance on the representations set forth in this Second Amendment.

Accordingly, in consideration of the premises and the mutual covenants contained herein, and other good and valuable consideration, the receipt and adequacy of which are hereby acknowledged, the parties hereto agree as follows:

**SECTION 1. Defined Terms.** Unless otherwise defined herein, all capitalized terms used herein, including in preamble and the preliminary statements hereto, shall have the meanings assigned to such terms in the Existing Agreement.

**SECTION 2. Amendments to Existing Agreement.** Subject to the satisfaction of the conditions precedent specified in Section 3 and in reliance upon the representations and warranties set forth in Section 4, the Existing Agreement is hereby amended as follows:

(a) The Definition of the term “Commitment Amount” as defined in Article I of the Existing Agreement is hereby amended and restated in its entirety as follows:

“Commitment Amount” shall mean \$15,000,000 of ADSs.

**SECTION 3. Conditions Precedent to Effectiveness of Second Amendment.** This Second Amendment shall become effective as of the date first written above (the “Second Amendment Effective Date”) upon satisfaction of each of the following conditions precedent (except to the extent such conditions precedent are subject to Section 4):

(a) *Second Amendment.* This Second Amendment shall have been duly executed and delivered by each party.

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**SECTION 4. Representations and Warranties.** Except as set forth in the SEC Documents, all representations and warranties contained in the Amended Agreement shall be true and correct in all respects as of the Second Amendment Effective Date as though made on and as of the Second Amendment Effective Date (or, to the extent such representations or warranties are expressly made solely as of an earlier date, such representations and warranties shall be true and correct as of such earlier date). Each party represents and warrants that:

(a) *Authorization; No Contravention.* The execution, delivery and performance by such party of this Second Amendment (i) have been duly and validly authorized by all corporate, shareholder, partnership or limited liability company action required to be taken by such party, and (ii) do not violate or contravene such party's governing documents or any applicable law or any material agreement or instrument or any court order which is binding upon such party or its property.

(b) *Enforceability.* This Second Amendment and the Amended Agreement are each a legal, valid and binding obligation of such party, enforceable against it in accordance with its terms, except as enforceability may be limited by bankruptcy, insolvency or similar laws affecting the enforcement of creditors' rights generally and by general equitable principles.

**SECTION 5. Survival of Representations and Warranties.** All representations and warranties made in this Second Amendment shall survive the execution and delivery of this Second Amendment. Such representations and warranties have been or will be relied upon by the parties and shall continue in full force and effect as long as any obligation under the Amended Agreement shall remain unpaid or unsatisfied.

**SECTION 6. Effect of Amendment, Other Agreements, Etc.**

(a) *Effect of Second Amendment.* After giving effect to this Second Amendment on the Second Amendment Effective Date, the Amended Agreement shall be and remain in full force and effect in accordance with its terms and is hereby ratified and confirmed by the parties in all respects. The execution, delivery, and performance of this Second Amendment shall not operate as a waiver of any right, power, or remedy of any party under the Existing Agreement. Each party hereby acknowledges and agrees that, after giving effect to this Second Amendment, all of its obligations and liabilities under the Existing Agreement to which it is a party, as such obligations and liabilities have been amended by this Second Amendment, are reaffirmed and remain in full force and effect. All references to the Existing Agreement in any document or instrument delivered in connection therewith shall be deemed to refer to the Amended Agreement. Nothing contained herein shall be construed as a novation of the obligations outstanding under the Existing Agreement, which shall remain in full force and effect, except as modified hereby.

(b) *Limited Effect.* This Second Amendment relates only to the specific matters expressly covered herein, shall not be considered to be an amendment or waiver of any rights or remedies that any party may have under the Existing Agreement or under applicable law, and shall not be considered to create a course of dealing or to otherwise obligate in any respect a party to execute similar or other amendments or waivers or grant any amendments or waivers under the same or similar or other circumstances in the future.

(c) *SEC Filings.* The Company shall, as soon as practicable following the date hereof, publicly disclose in an SEC filing all the material terms and transactions contemplated by this Second Amendment. Prior to the delivery of any Advance Notices pursuant to the Amended Agreement, the Company shall prepare and file with the SEC a Registration Statement on Form F-1 to register for resale the Common Shares issuable in connection with any such Advance Notice.

(d) *Commitment Fee.* The parties agree that the Commitment Fee, which was paid pursuant to the Existing Agreement shall not be increased as a result of this Second Amendment and no additional Commitment Fee shall be due from the Company.

#### **SECTION 7. Miscellaneous.**

(a) *Headings.* Section headings in this Second Amendment are included herein for convenience and do not affect the meanings of the provisions that they precede.

(b) *Severability.* If any provision of this Second Amendment is held invalid or unenforceable, either in its entirety or by virtue of its scope or application to given circumstances, such provision shall thereupon be deemed modified only to the extent necessary to render same valid, or not applicable to given circumstances, or excised from this Second Amendment, as the situation may require, and this Second Amendment shall be construed and enforced as if such provision had been included herein as so modified in scope or application, or had not been included herein or therein, as the case may be.

(c) *Binding Effect.* This Second Amendment binds and is for the benefit of the successors of each party.

(d) **GOVERNING LAW. THIS SECOND AMENDMENT SHALL BE GOVERNED BY AND INTERPRETED IN ACCORDANCE WITH THE LAWS OF THE STATE OF NEW YORK WITHOUT REGARD TO THE PRINCIPLES OF CONFLICT OF LAWS. THE PARTIES FURTHER AGREE THAT ANY ACTION BETWEEN THEM SHALL BE HEARD IN NEW YORK COUNTY, NEW YORK, AND EXPRESSLY CONSENT TO THE JURISDICTION AND VENUE OF THE SUPREME COURT OF NEW YORK, SITTING IN NEW YORK COUNTY, NEW YORK AND THE UNITED STATES DISTRICT COURT OF THE SOUTHERN DISTRICT OF NEW YORK, SITTING IN NEW YORK, NEW YORK, FOR THE ADJUDICATION OF ANY CIVIL ACTION ASSERTED PURSUANT TO THIS SECOND AMENDMENT.**

(e) *Execution in Counterparts.* This Second Amendment may be executed in identical counterparts, both which shall be considered one and the same agreement and shall become effective when counterparts have been signed by each party and delivered to the other party. Facsimile or other electronically scanned and delivered signatures, including by e-mail attachment, shall be deemed originals for all purposes of this Second Amendment.

*[Remainder of Page Intentionally Left Blank; Signature Pages Follow]*

IN WITNESS WHEREOF, the parties hereto have caused this Second Amendment to be executed and delivered as of the date first above written.

**SAVERONE 2014 LTD.**

By: /s/ Ori Gilboa  
Name: Ori Gilboa  
Title: Chief Executive Officer

*[Signature Page to Second Amendment to Standby Equity Purchase Agreement]*

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**YA II PN, LTD.**

By: Yorkville Advisors Global, LP  
Its: Investment Manager

By: Yorkville Advisors Global II, LLC  
Its: General Partner

By: /s/ Matt Beckman  
Name: Matt Beckman  
Title: Member

*[Signature Page to Second Amendment to Standby Equity Purchase Agreement]*

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**SaverOne 2014 Ltd.**

**(Hereinafter: the “Company”)**

# **Compensation Policy**

## **January 2021**

## **content matters**

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## **1. Definitions**

The Tel Aviv Stock Exchange

**"The Stock Exchange"**

The Israeli Companies Law 5759-1999

**The "Companies Law"**

**"Officer"**

General manager, chief executive officer, deputy to the general manager, assistant general manager, any incumbent in the Company even if their degree is different, as well as a director or manager subordinate directly to the general manager.

The Companies Law ,(amendment No. 20 ) 5773 - **"Amendment No. 20"**  
2012;

The terms of appointment and employment of a job holder, including granting exemption, insurance, commitment to indemnification or indemnification according to indemnification permit, retirement grant, and any benefit, other payment, or commitment to payment as mentioned, provided for by appointment or contract as mentioned

Companies Regulations (General Regarding  
Compensation and Expenses for an External Director),  
5760-2000

**"Appointment and  
Employment Terms"**

**Compensation Regulations**  
"

## **2. Purpose and Scope of Policy**

2.1. Pursuant to Amendment No. 20, the Company is required to establish a compensation policy for Officers of the Company or a subsidiary of the Company (if

any) (the "Policy" or the "Compensation Policy").

- 2.2. This document is intended to define and specify the Company's policy regarding the compensation of its current or future Officers. The establishment, publication, and submission to the general meeting's approval, in accordance with the Companies Law provisions, are intended to enhance transparency regarding the compensation of Officers in the Company and to improve the shareholders' ability to express their opinion and influence the Compensation Policy of Officers of the Company.
- 2.3. In addition, the Policy is tailored to the Company's objectives and long-term work plan and is intended to assist the following goals:
  - 2.3.1. The Company's ability to retain and recruit senior managers and individuals capable of leading the Company to significant achievements and addressing the challenges it faces;
  - 2.3.2. Creating a work environment with incentives that encourage, among its Officers, motivation to achieve the Company's goals in the short and long term, all in accordance with the Company's business plan, while taking reasonable risks and in accordance with the risk policy established by the Company's board of directors from time to time;
  - 2.3.3. Striking a fair balance among different components of compensation in determining the terms of appointment and employment of Officers of the Company;
  - 2.3.4. Preserving and strengthening the trust of shareholders and potential investors in the Company.
- 2.4. In accordance with the provisions of the Companies Regulations (Facilitation Relating to the Obligation to Establish a Compensation Policy), 5773-2013, the Policy's applicability shall commence on the date of its approval by the general meeting of the Company's shareholders, by the majority required under Section 267A(b) of the Companies Law, and until five (5) years from the date of its issuance

to the public pursuant to the prospectus to which this Compensation Policy is attached. This provision does not derogate from the compensation committee and the board of directors' obligation to periodically review the need to update the Compensation Policy, according to the Company's needs.

2.5. The Compensation Policy shall apply to current and future Officers of the Company.

**3. Principles Guiding the Examination and Determination of Appointment and Employment Terms of Officers**

3.1. Within the framework of examining the appointment and employment terms of Officers of the Company, the Compensation Committee and the Board of Directors shall evaluate the qualifications, skills, expertise, professional experience, and achievements of the Officer or the candidate to be an Officer in the Company, as relevant. Additionally, the Compensation Committee and the Board of Directors shall assess the Officer's (or the candidate to serve as an Officer of the Company) familiarity with the Company and familiarity with the market and environment in which it operates.

3.2. Without derogating from the above, the following parameters shall be examined:

3.2.1. The role filled or to be filled in the Company, its areas of responsibility, and the scope of its service;

3.2.2. The expected contribution of the Officer to the advancement of the Company's long-term goals and business;

3.2.3. Previous salary agreements signed with the Officer;

3.2.4. The compensation package, considering the Company's risk management considerations and long-term goals;

3.2.5. The financial status of the Company and its operational results; and

3.2.6. The ratio between the compensation of the Officer and the average and

median salaries of other employees in the Company (including contracted workers employed by the Company, as defined in Section 3 of Part A of the First Schedule of the Companies Law). The Board believes that maintaining reasonable and fair wage differentials within the Company's management hierarchy (from the CEO level and above) and other employees is important for maintaining good working relationships within the Company. Additionally, compensation and management incentives are important for the Company's profitability, success, and achievement of its business goals. The Board examined the relationship between the appointment and employment terms of each Officer and the average and median cost of employment of other Company employees.

As of the approval date of the Company's Compensation Policy, the ratio between the compensation of the CEO and the Officers who are subordinate to the CEO (on average) to the average compensation in the Company is 1.9, and the ratio between the compensation of the CEO and the Officers who are subordinate to the CEO (on average) to the median compensation in the Company is 1.5. The Board found these ratios to be reasonable, consistent with market norms, and not affecting employment relations within the Company.

3.3. Comparison to market acceptable salaries - if necessary, at the discretion of the Compensation Committee, a comparison shall be made to the market acceptable salaries relevant to similar positions in similar companies when determining the compensation of Officers, all as relevant. For the purpose of comparison, if made, companies will be selected if a reliable and complete information can be collected regarding the salaries of their Officers, satisfying to as many of the following criteria as possible:

3.3.1. Companies operating in the same industry as the Company or in closely related industries as much as possible.

3.3.2. Companies traded on the stock exchange with a market value similar to that of the Company.

3.3.3. Companies traded on the same index on the stock exchange on which the Company is traded at the time of the comparison.

3.3.4. Companies with financial data similar to the financial data of the Company, such as annual profit/loss, annual gross profit, equity, and research and development expenses.

3.3.5. Companies employing human resources in volumes similar to those of the Company.

For this section, "similar" shall be considered even if there is a deviation of 50%, up or down, in any criterion compared to the relevant data of the Company.

3.4. In accordance with the law, a non-material change in the employment terms of an Officer of the Company who is not a director and not the CEO, shall be approved by the Company's CEO and shall not require the approval of the Compensation Committee. For the purpose of this section, "non-material" means above 5% of the total fixed components of the compensation in a year in terms of employer cost.

3.5. In cases permitted by law, concerning Officers who are not controlling shareholders or their relatives, leniencies in their appointment and employment terms may be applied. This compensation policy shall be deemed to include such leniencies, starting from their entry into force, subject to the approval of the Company's Compensation Committee.

3.6. An Officer of the Company may be employed as an employee or alternatively provide services to the Company through a Company owned by such Officer, provided that the total expenses of the Company for the transaction or receipt of services as aforementioned, do not exceed the amount approved by the

Compensation Committee and the Board of Directors of the Company. For the purpose of this clause, a "service provider" shall be defined as a provider of services personally or through a Company (or other entity) in which the Officer holds more than 25% of the control means or is part of the core control of that Company (or other entity).

#### **4. Compensation Package Structure**

4.1. The appointment and employment terms of Officers include all of the following:

4.1.1. Fixed compensation;

4.1.2. Benefits and accompanying conditions to the fixed compensation;

4.1.3. Performance-based compensation (bonus);

4.1.4. Equity compensation (compensation in options or other securities of the Company);

4.1.5. Retirement provisions; and

4.1.6. Exemption, insurance, and indemnification.

4.2. The compensation package shall be determined and tailored to the position filled by the Officer according to the role that the Officer fulfills and shall include the following components, as detailed below:

Role/Group	Fixed Compensation	Benefits and Perks	Bonus	Equity Compensation	Retirement Provisions	Exemption, Insurance, and Indemnification
Chairperson of the Board	+	+	+	+	-	+

Board Member	+	+	+	+	-	+
CEO	+	+	+	+	+	+
Vice President or Officer subordinate to the CEO	+	+	+	+	+	+

4.3. In order to ensure consistency among all components of compensation, the maximum range between the various components of the total compensation package for a given year for office holders in the Company is expressed in the following table (it should be noted that this describes the ratio of the various components to the maximum base salary described in the table in Section 5 below):

Position	Base Compensation	Social Benefits and Perks	Performance-based Variable Compensation	Equity-based Variable Compensation <sup>1</sup>
Chairperson of the Board	100%	0%	25%	% 300
Board Member	100%	0%	25%	150%
CEO**	100%	50%	50%	% 300
Vice President or Officer subordinate to the CEO**	100%	50%	% 50	% 300

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.The rates are in relation to the base salary<sup>1</sup>

Notwithstanding the foregoing and in accordance with the provisions of Section 7.14 below, a board member shall be entitled to a special grant subject to the decision of the board of directors and the compensation committee, and under the approval of the shareholders' meeting of the Company, without prejudice to other components of their salary.

## **5. Fixed Compensation**

### **5.1. Table of Concentration of Fixed Compensation for Position Holders**

<b>Position</b>	<b>Maximum Fixed Compensation Gross</b>
Chairperson of the Board	Up to a maximum of 40,000 NIS per month
Board Member	Up to the maximum salary for a specialized external director as stipulated in the Compensation Regulations
CEO**	Up to a maximum of 90,000 NIS per month
Vice President or Officer subordinate to the CEO**	Up to a maximum of 60,000 NIS per month

\*An active chairman is a chairman of the board whose scope of service is not less than 70% of a full-time position (100%). The maximum fixed compensation for an active chairman as stated in the table will not be subject to his actual scope of service in the Company.

\*\* The amounts listed are for a full-time position (100%).

## 5.2. Active Chairman

An active chairman of the board may be entitled to a fixed compensation as detailed in section 5.1 above. If necessary, according to the discretion of the compensation committee, a comparison will be made to the market-accepted salary for a similar role in similar companies when determining the compensation of the chairman of the board, all as deemed relevant. It is clarified, however, that the chairman of the board shall be entitled to a fixed compensation different from that of other board members serving in the Company only when he serves as an "active chairman of the board", meaning that his responsibilities and role also involve active work within the Company, such as meetings with investors, active involvement in the day-to-day operations of the Company, etc., all in accordance with the terms of the agreement/service contract signed between him and the Company.

## 5.3. Board Members

5.3.1. Board members shall be entitled to a fixed compensation as determined in accordance with the regulations, and according to the Company's equity level as defined in the Compensation Regulations (as it may be from time to time). For the avoidance of doubt, the Company reserves the right to pay a higher compensation to a specialist director (as defined in the Compensation Regulations).

5.3.2. It should be noted that if a director in the Company is also an employee or service provider of the Company, in any capacity whatsoever, regardless of his title, he shall not be entitled to compensation for his participation in board meetings. For the purposes of this section, a director who is subject to doubt regarding whether he provides services to the Company or not shall declare before the compensation committee, upon their request, that he does not provide services personally and does not provide them through a Company in

which he holds controlling interest or 25% of the issued capital. For the purpose of this section, a "service provider" shall be defined as a person who provides services personally or through a Company (or other entity) in which the director holds more than 25% of the control or is part of the controlling core of that Company (or other entity).

5.3.3. Notwithstanding the foregoing, the Company, after obtaining all required approvals by law, may determine a different salary for directors in the Company, if deemed necessary by the Company in light of the relevant director's necessity, all in accordance with the framework of the fixed compensation detailed in section 5.1 above. Additionally, according to the provisions of section 7.14 below, a director may be entitled to a special grant.

#### 5.4. CEO, Vice President, or Directly Subordinate to the CEO

5.4.1. For the purposes of this section - "CEO", "Vice President", "Manager Directly Subordinate to the CEO", all together shall be referred to as: "Manager" or "Managers", as applicable.

5.4.2. The amount of fixed compensation for Managers shall be determined, among other factors, in accordance with the provisions of sections 3.1 and 3.2 above and shall not exceed the amount specified in the table in section 5.1 above.

5.4.3. Additionally, if necessary, according to the discretion of the compensation committee, a comparison will be made to the market-accepted salary as detailed in section 3.3 above.

### **6. Benefits and Conditions Associated with Fixed Compensation**

All the benefits and conditions listed below are maximum benefits and conditions.

Benefit / Accompanying Condition	CEO	Vice President or Officer subordinate to the CEO
Car	Level 5 vehicle	Level 4 vehicle
Car Value Allowance	Yes	Yes
Mobile Phone	Yes	Yes
Mobile Phone Allowance	Yes	Yes
Vacation Days	22	22
Accumulation of Vacation Days	Yes, for two years	Yes, for two years
Rehabilitation Days	By law	By law
Education Fund (Employer's Contribution: 7.5%; Employee's Contribution: 2.5%)	yes	yes
Pension Insurance by Law Expense	Yes	yes
Reimbursement in Role	Yes against invoices	Yes against invoices
Non-Compete Period	Up to 12 months	Up to 12 months

#### **7. Performance-Dependent Bonus (Grant)**

Granting bonuses to Officers and active board chairperson is intended to incentivize Officers and the active board chairperson in achieving long-term goals and objectives that serve the business success and strategic plan of the Company, as determined from time to time by the Company's board of directors. The success of the Company creates a shared interest with its existing Officers, as its success is also theirs.

After receiving recommendations from the compensation committee, the Company's board of directors may establish an annual bonus plan for Officers of the Company and the active board chairperson, based on the annual budget approved by the board of directors, all as detailed below.

- 7.1. Any payment made to an Officer in accordance with the bonus plan shall not be considered part of the fixed compensation and shall not serve as a basis for calculation, entitlement, or accumulation of any associated rights.
- 7.2. The bonus plan shall be approved individually for each Officer or active board chairperson, and the Company's management is authorized not to include a particular Officer or the active board chairperson in the bonus plan.
- 7.3. An Officer/active board chairperson shall be entitled to a bonus only if they have worked in the Company (or, in the case of the active board chairperson, served in their position) for a minimum period of 6 months prior to the grant of the bonus.
- 7.4. The maximum bonus for achieving all the objectives detailed below shall be calculated based on the December monthly salary, as follows:
  - 7.4.1. CEO – up to 6 monthly salaries;
  - 7.4.2. Active Board Chairperson – up to 6 monthly salaries;
  - 7.4.3. Deputy CEO, Officers subject to the CEO – up to 6 monthly salaries.
- 7.5. The bonus plan for Officers (excluding the CEO and active board chairperson) shall be based on objectives determined in advance by the compensation committee and the board of directors each year, as detailed below:
  - 7.5.1. Corporate General Objectives: A bonus based on criteria such as meeting Company expenditure targets, capital raising, adherence to product development plans, business development, achieving regulatory milestones, sales. The corporate general objective shall include at least one and no more

than three of the aforementioned criteria.

The weight given to the corporate general objective shall be between 30% and 50% of the total bonus amount.

7.5.2. **Measurable Personal Objectives:** These objectives shall be individually determined by the CEO (for Officers at the deputy CEO level, Officers subject to the CEO, or CEO in a subsidiary), based on measurable parameters related to the professional responsibility of each Officer of the Company. Measurable personal objectives may include up to three personal objectives.

The weight given to measurable personal objectives shall be between 30% and 50% of the total bonus amount.

7.5.3. **Managerial Discretion:** The performance evaluation of Officers at the deputy CEO level (including deputy CEO, Officers subject to the CEO, or CEO in a subsidiary) shall be conducted by the Company's CEO. The performance evaluation of each Officer shall consider their contribution to the Company during the year for which the bonus is paid, separately from financial and personal metrics.

The weight given to managerial discretion shall not exceed 30% of the total bonus amount.

Notwithstanding the provisions of section 7.5 above, the compensation committee and the Company's board of directors may approve a grant to an Officer subject to the CEO, which does not exceed the maximum grant as detailed in section 7.4.3 above, based on criteria not measurable according to the provisions of the Companies Law (Amendment No. 1).

7.6. The bonus plan for the CEO shall be based on objectives determined in advance by the compensation committee and the board of directors each year, as detailed below:

- 7.6.1. Corporate General Objective as detailed in section 7.5.1 above. The weight given to the corporate general objective shall be between 0% and 100% of the total bonus amount.
- 7.6.2. Managerial Discretion (based on criteria not measurable): The CEO's performance evaluation shall be conducted by the compensation committee and the board of directors. The weight given to the discretion of the appointed evaluator shall not exceed 20% of the total bonus amount.
- 7.7. The bonus plan for the active board chairperson shall be based on personal objectives and measurable corporate objectives, determined in advance by the compensation committee and the board of directors each year, and shall be in accordance with the achievement of the aforementioned objectives. The bonus shall be submitted for approval to the general meeting with a regular majority vote.
- 7.8. The compensation committee and the Company's board of directors shall determine the weighting of each criterion in the corporate general objectives and the measurable personal objectives (as applicable) at their discretion, provided that a minimum threshold for objective achievement shall be set at no less than 30% of the total objectives in order to receive any amount from the bonus.
- 7.9. The compensation committee and the Company's board of directors have full authority to reduce or not pay the bonus if they find that the Company's financial situation significantly deteriorates or does not allow payment as stipulated.

#### 7.10. One-time Grant

The Company's board of directors, upon the recommendation of the compensation committee, may grant a one-time bonus to an Officer for an event or events significant to the Company that are not included in the objectives detailed in section 7.5 above. The amount of the one-time grant shall not exceed three times the fixed bonus (monthly). In the event of a change in control of the Company, directors of the Company shall be entitled to receive a one-time grant up to the annual fixed

compensation of the directors.

- 7.11. If, after payment of the annual bonus or the one-time bonus, it is found that the bonus calculation was based on data found to be erroneous due to inadvertent errors and subsequently corrected in the financial reports of the Company during a period of three consecutive financial reports following the bonus payment date, Officers shall return to the Company the portion of the bonus paid to them, which was based on erroneous data, within 6 months from the date of publication of the corrected financial reports. The amount refunded by Officers shall be linked to the Consumer Price Index from the date of publication of the corrected reports until the actual repayment date.
- 7.12. After receiving approval from the compensation committee, the board of directors may convert the annual bonus to which an Officer is entitled into stocks or options of the Company, provided that their economic value is equivalent to the annual bonus.
- 7.13. The total annual bonus and the one-time bonus in section 7 shall not exceed 9 monthly salaries for the CEO or active board chairperson and 9 monthly salaries for deputy CEO and Officers subject to the CEO.

#### 7.14. Special Director Bonus

The Company's board of directors, upon the recommendation of the compensation committee, may grant a special bonus to a director for an event or events significant to the Company. The amount of the special bonus shall not exceed four times the monthly salary of the CEO at the time of granting the special bonus. The special bonus shall be subject to approval by the shareholders' general meeting.

**"A significant event"** in this section refers to an event that is not part of the Company's regular business operations, which the Company's board of directors believes that one or more of its members invested special effort in, and that the special effort bore fruit that the Company's board of directors believes is essential to the Company, and that there is a direct and substantial connection between the success of the Company and the special effort.

## **8. Equity Compensation**

As part of the terms of appointment and engagement Officers in the Company, the Company incorporates into the compensation package a component of monetary reward. Such a reward serves as an incentive for Officers by sharing in the profits and economic success of the Company. Additionally, this reward contributes to strengthening the attachment of Officers to the Company, ensuring their continued presence and investment in its future. The monetary reward component fosters a sense of vision among Officers who aspire to be part of the Company's success and to reap a share of its profits. Moreover, the monetary reward component enables the Company to employ skilled workers while dispersing the burden of salary expenses, thereby reducing the cash flow burden on the Company. By reducing the expense burden as mentioned, the monetary reward component allows the Company to allocate investments and take risks, as defined by the Company's board of directors, by entering into additional and new projects.

Recognizing the inherent benefits in the monetary reward component as part of the comprehensive salary package of Officers of the Company, the Company is entitled to include in the compensation package of Officers a component of monetary reward, as follows:

- 8.1. The options allocated to Officers will be allocated in accordance with the Company's options plan submitted by the Company to the tax authorities on August 25, 2015, or in accordance with an options plan approved by the Company's board of directors from time to time, to the maximum extent possible under the provisions of Section 102 of the Income Tax Ordinance [New Version] 1961, and will not be listed for trading on the stock exchange.
- 8.2. The value of the options, at the time of grant, according to the Black-Scholes model or according to the binomial model, will not exceed the fixed proportion specified in the table in Section 4 above of the maximum fixed annual reward amount of the Officer specified in Section 5 above.

- 8.3. The exercise price determined for the options will be determined according to the average price of the Company's stock over a period of three (3) months to thirty (30) trading days prior to the date of approval of the grant by the board of directors, according to the decision of the board of directors. In special cases where determined, the Company's board of directors may set an exercise price based on the stock price on a certain day, if the compensation committee and the Company's board of directors believe that an exercise price should be set as stated from the start of the engagement of the Officer by the Company. It is clarified that the Company's board of directors or its general meeting, as applicable, shall be entitled, at their discretion, to determine any other exercise price that exceeds the exercise price stated above.
- 8.4. The vesting period of the options granted to Officers will not be less than three years, with quarterly vesting so that at the end of each quarter the relative portion of the options allocated to Officers will vest. It is clarified that the vesting period will apply as long as the Officer is employed by the Company.  
However, the Company's board of directors may decide that a proportional part of the total options granted to the Officer will vest immediately, provided that such part does not exceed an amount representing 50% of the total options granted to the Officer.
- 8.5. In the event that the employment relationship between the employee and the employer terminates or the contract between the Officer and the Company terminates, the expiration date of the options that have vested will not exceed a period between three months and six months from the date of termination of the employment relationship or termination of the contract, as applicable. The Company's board of directors, after receiving the recommendation of the compensation committee, shall have the discretion to extend this period, provided that the extended period does not exceed one year. In the event of termination of

the employment relationship due to the dismissal of the Officer, the expiration date of the options shall not exceed one year.

8.6. The Company's board of directors shall have the discretion to decide whether to accelerate the vesting of the options granted to Officers in the following events:

8.6.1. Acquisition of control of the Company by a third party;

8.6.2. Merger of the Company, as defined in the Companies Law;

8.6.3. Transaction for the acquisition of a substantial asset by the Company;

8.6.4. Significant investment event in the Company. It is clarified that the determination of a "significant" investment shall be made by the Company's board of directors;

8.6.5. Sale or grant of an exclusive license to the majority of the Company's intellectual property.

## **9. Signing Bonus**

9.1. The Company may, under circumstances approved by the compensation committee and by the Company's board of directors as exceptional circumstances, offer a signing bonus to a new hire in the Company.

9.2. The amount of the signing bonus shall not exceed the amount of 2 monthly gross salaries as determined in relation to the relevant position. The Company may determine that the new hire shall be required to repay all or part of the signing bonus granted to him/her, as long as the new hire does not complete the minimum tenure in the Company.

## **10. Termination Conditions**

In the event of termination of employment of the Officer by the Company (not due to

"cause" as defined in the employment/service agreement signed with the Officer), or in the event of resignation of the Officer from the Company under circumstances requiring severance pay according to the law, in addition to the severance pay that the Company is obligated to pay the Officer according to the law, the Company, with the approval of the compensation committee and the Company's board of directors, is entitled to pay the following payments to the Officer:

#### 10.1. Advance Notice

10.1.1. The period of advance notice for each Officer shall be determined by the compensation committee and the Company's board of directors, prior to the signing of the employment agreement with the Officer, provided that it does not exceed a period of 6 months.

10.1.2. During the advance notice period, the Officer shall be required to continue to fulfill his duties, unless the Company's board of directors decides to release him from this obligation. In such a case, the Officer shall be entitled to continue under all terms of the appointment and employment without any changes.

10.1.3. Payment for the advance notice period shall not exceed the amount specified below:

CEO or CEO of a subsidiary Company	Up to 4 salaries
Vice President or Officer subordinate to the CEO**	Up to 3 salaries

10.1.4. The salary to be paid during the advance notice period shall be calculated based on the last salary (and on the fixed compensation only, i.e., excluding any bonuses paid to the Officer, but including related social conditions) paid

to the Officer prior to his termination/resignation in a manner that benefits severance pay entitlement.

#### 10.2. Retirement Grant

10.2.1. The compensation committee and the board of directors of the Company shall be entitled to approve a pension grant payment to Officers upon their retirement, provided that the retirement grant amount shall not exceed the following:

Position	Worked in the Company Up to One Year	Worked in the Company Over One Year
CEO	Up to 1 Monthly Salary	Up to 3 Monthly Salaries
Deputy CEO or other Officer	Up to 1 Monthly Salary	Up to 3 Monthly Salaries
Active chairperson of the board	Up to 1 Monthly Salary	Up to 3 Monthly Salaries

10.2.2. In the event of a change in control (as defined below), the detailed pension grant in the table above may increase by up to 50%. For the purposes of this provision, "change in control" shall include any event such as the sale of control of the Company to a third party, merger of the Company with another Company, or sale of the majority or all assets of the Company.

10.2.3. In considering whether to grant a one-time retirement benefit as specified above, the compensation committee and the board of directors, based on the recommendation of the chairman of the board (in the case of a CEO) or the

CEO (in the case of a vice president), shall examine the Officer's contribution to the Company and advancement of its goals, emphasizing specific activities and projects managed or entrusted to him/her, the degree of meeting personal goals set for him/her, if any, and the degree of meeting goals set in the Company's budget.

10.2.4. The retirement grant shall be paid upon termination of the employment relationship, based on the last salary (and on the fixed compensation only, i.e., excluding any bonuses paid to the Officer) paid to the Officer prior to his termination/resignation in a manner that benefits severance pay entitlement.

10.3. The board of directors may, upon receiving approval from the compensation committee, convert the grants as detailed in Sections 10.2 and 10.3 into stocks or options of the Company, provided that their economic value remains equal to the grants converted.

## **11. Exemption, Indemnification, and Insurance**

Officers of the Company shall be entitled to receive an exemption and indemnification letter from the Company, the terms of which shall be in accordance with the provisions of the Companies Law, and as may be in the Company from time to time according to the Company's regulators under the law, from time to time.

In addition to the above, Officers in the Company shall be entitled to be included under an officers insurance policy that the Company may acquire during its regular business activities, covering liabilities of the directors and Officers of the Company and its subsidiaries, as may be from time to time, including directors and Officers who are or may be considered controlling shareholders in the Company, all in the framework of an "umbrella transaction" as defined in the Companies Regulations (Facilitation of Transactions with Interested Parties), 5760-2000, within a liability limit of up to USD 10 million per insurance year, with an annual premium and self-participation according to market conditions at the time of policy issuance, provided that the cost is not significant to the Company.

**CERTIFICATION PURSUANT TO EXCHANGE ACT RULE 13a-14(a) or 15d-14(a)**

I, Ori Gilboa, certify that:

1. I have reviewed this annual report on Form 20-F of SaverOne 2014 Ltd.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the company as of, and for, the periods presented in this report;
4. The company's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the company and have:
  - a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the company, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
  - b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
  - c) Evaluated the effectiveness of the company's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
  - d) Disclosed in this report any change in the company's internal control over financial reporting that occurred during the period covered by the annual report that has materially affected, or is reasonably likely to materially affect, the company's internal control over financial reporting.
5. The company's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the company's auditors and the audit committee of the company's board of directors:
  - a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the company's ability to record, process, summarize and report financial information; and
  - b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the company's internal control over financial reporting.

Date: March 25, 2024

/s/ Ori Gilboa

Ori Gilboa  
Chief Executive Officer

**CERTIFICATION PURSUANT TO EXCHANGE ACT RULE 13a-14(a) or 15d-14(a)**

I, Omri Hagai, certify that:

1. I have reviewed this annual report on Form 20-F of SaverOne 2014 Ltd.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the company as of, and for, the periods presented in this report;
4. The company's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the company and have:
  - a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the Company, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
  - b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
  - c) Evaluated the effectiveness of the Company's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
  - d) Disclosed in this report any change in the Company's internal control over financial reporting that occurred during the period covered by the annual report that has materially affected, or is reasonably likely to materially affect, the Company's internal control over financial reporting; and
5. The Company's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the Company's auditors and the audit committee of the Company's board of directors (or persons performing the equivalent function):
  - a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the Company's ability to record, process, summarize and report financial information; and
  - b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the Company's internal control over financial reporting.

Date: March 25, 2024

/s/ Omri Hagai

Omri Hagai  
Chief Financial Officer

**CERTIFICATION PURSUANT TO  
18 U.S.C. Section 1350**

In connection with the filing of the Annual Report on Form 20-F for the period ended December 31, 2023 (the “Report”) by SaverOne 2014 Ltd. (the “Company”), the undersigned, as the Chief Executive Officer of the Company, hereby certifies pursuant to 18 U.S.C. Section 1350, that, to my knowledge:

- (1) the Report fully complies with the requirements of Section 13(a) or Section 15(d) of the Securities Exchange Act of 1934; and
- (2) the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: March 25, 2024

/s/ Ori Gilboa

Ori Gilboa

Chief Executive Officer

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**CERTIFICATION PURSUANT TO  
18 U.S.C. Section 1350**

In connection with the filing of the Annual Report on Form 20-F for the period ended December 31, 2023 (the “Report”) by SaverOne 2014 Ltd. (the “Company”), the undersigned, as the Chief Financial Officer of the Company, hereby certifies pursuant to 18 U.S.C. Section 1350, that, to my knowledge:

- (1) the Report fully complies with the requirements of Section 13(a) or Section 15(d) of the Securities Exchange Act of 1934; and
- (2) the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: March 25, 2024

/s/ Omri Hagai

Omri Hagai

Chief Financial Officer



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**CONSENT OF INDEPENDENT  
REGISTERED PUBLIC ACCOUNTING FIRM**

We have issued our report dated March 25, 2024, with respect to the financial statements of SaverOne 2014 Ltd., included in the Annual Report on Form 20-F for the year ended December 31, 2023. We consent to the incorporation by reference of said report in the Registration Statements of Saverone 2014 Ltd. on Form F-3 (File Nos. 333-274458, 333-269260 and 333-263338) and Form S-8 (File No. 333-274455).

**/s/ FAHN KANNE & CO. GRANT THORNTON ISRAEL**

Tel-Aviv, Israel

March 25, 2024

**Certified Public Accountants**

Fahn Kanne & Co. is the Israeli member firm of Grant Thornton International Ltd.