

SAVOREAT LTD.
INTERIM FINANCIAL INFORMATION
(Unaudited)
AS OF JUNE 30, 2021

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

Auditors' review report to the shareholders of SavorEat Ltd.

Introduction

We have reviewed the attached financial information of SavorEat Ltd. (hereinafter - the Company), which is comprised of the condensed statement of financial position as of June 30, 2021 and the condensed statements of comprehensive income, changes in equity and cash flows for the six-month period ended on that date. The Board of Directors and management are responsible for the preparation and presentation of the financial information for these interim periods in accordance with the provisions of IAS 34 "Interim Financial Reporting". Our responsibility is to express a conclusion with respect to the financial information for these interim periods, based on our review.

Scope of review

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

Conclusion

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

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

Tel Aviv
August 12, 2021

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

SAVOREAT LTD.
CONDENSED STATEMENT OF FINANCIAL POSITION
AS OF JUNE 30, 2021

	As of June 30		As of December 31,
	2021	2020	2020
	(Unaudited)		(Audited)
	NIS		
A s s e t s			
CURRENT ASSETS:			
Cash and cash equivalents	15,755,936	913,130	55,665,300
Short-term deposits	34,004,000	78,000	82,005
Other receivables	547,478	33,001	836,656
	50,307,414	1,024,131	56,583,961
NON-CURRENT ASSETS:			
Property, plant and equipment, net	285,566	78,853	138,348
Right-of-use asset	642,800	-	810,488
Deposits	91,265	-	91,260
Total assets	51,327,045	1,102,984	57,624,057
CURRENT LIABILITIES:			
Accounts payable	791,273	263,408	422,685
Related parties	-	45,175	9,306
Trade payables	570,976	-	635,132
Current maturities on lease	351,465	-	372,342
Advance payment on grant from the Israel Innovation Authority	-	424,956	-
Income tax payable	-	13,748	-
	1,713,714	747,287	1,439,465
NON-CURRENT LIABILITIES:			
Liability for options	4,854,099	-	10,202,487
Lease liability	353,354	-	464,005
Total liabilities	6,921,167	747,287	12,105,957
EQUITY:			
Ordinary share capital	20,550	10,302	20,550
Share premium	57,974,201	620,429	57,974,201
Capital reserve	5,089,034	-	3,935,035
Accumulated loss	(18,677,907)	(275,034)	(16,411,686)
Total equity (capital deficiency)	44,405,878	355,697	45,518,100
Total liabilities and equity	51,327,045	1,102,984	57,624,057

Date of approval of the financial information: August 12, 2021.

Oded Shoseyov
Chairman of
the Board

Racheli Vizman
Chief Executive
Officer

Mira Damgian
Chief Financial
Officer

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

SAVOREAT LTD.
CONDENSED STATEMENT OF COMPREHENSIVE INCOME
FOR THE SIX-MONTH PERIOD ENDED JUNE 30, 2021

	Six months ended June 30		Year ended December 31
	2021	2020	2020
	(Unaudited)		(Audited)
	NIS		
Research and development expenses	(5,594,116)	(64,455)	(5,081,199)
Administrative and general expense	(1,282,884)	(92,261)	(1,044,945)
Marketing expenses	(843,388)	(1,250)	(318,452)
Operating loss	(7,720,388)	(157,966)	(6,444,596)
Changes in fair value of derivative financial instruments	5,491,193	-	(9,277,763)
Finance income	146,393	5,310	111,000
Finance expenses	(183,419)	(1,835)	(679,784)
Loss before taxes on income	(2,266,221)	(154,491)	(16,291,143)
Loss and comprehensive loss	(2,266,221)	(154,491)	(16,291,143)
<u>(Loss) per share</u>			
Basic (loss) per share	(1.10)	(0.15)	(12.66)
Diluted (loss) per share	(3.57)	(0.15)	(12.66)

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

SAVOREAT LTD.
CONDENSED STATEMENT OF CHANGES IN EQUITY
FOR THE SIX-MONTH PERIOD ENDED JUNE 30, 2021

	<u>Share capital</u>	<u>Share premium</u>	<u>Capital reserve NIS</u>	<u>Accumulated loss</u>	<u>Total</u>
Balance as of January 1, 2021 (audited)	20,550	57,974,201	3,935,035	(16,411,686)	45,518,100
Change during six-month period ended June 30, 2021 (unaudited):					
Share-based payment	-	-	1,153,999	-	1,153,999
Loss	-	-	-	(2,266,221)	(2,266,221)
Balance as of June 30, 2021 (unaudited)	<u>20,550</u>	<u>57,974,201</u>	<u>5,089,034</u>	<u>(18,677,907)</u>	<u>44,405,878</u>
Balance as of January 1, 2020 (audited)	10,302	620,429	-	(120,543)	510,188
Change during six-month period ended June 30, 2020 (unaudited):					
Loss	-	-	-	(154,491)	(154,491)
Balance as of June 30, 2020 (unaudited)	<u>10,302</u>	<u>620,429</u>	<u>-</u>	<u>(275,034)</u>	<u>355,697</u>
Balance as of December 31, 2020 (audited)	10,302	620,429	-	(120,543)	510,188
Change during 2020:					
Issue of shares	10,248	57,353,772	-	-	57,364,020
Share-based payment	-	-	3,935,035	-	3,935,035
Loss	-	-	-	(16,291,143)	(16,291,143)
Balance as of December 31, 2020 (audited)	<u>20,550</u>	<u>57,974,201</u>	<u>3,935,035</u>	<u>(16,411,686)</u>	<u>45,518,100</u>

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

SAVOREAT LTD.

CONDENSED STATEMENT OF CASH FLOWS

FOR THE SIX-MONTH PERIOD ENDED JUNE 30, 2021

	Six months ended June 30		Year ended December 31
	2021	2020	2020
	(Unaudited)		(Audited)
	NIS		
Cash flows from operating activity:			
Net (loss)	(2,266,221)	(154,491)	(16,291,143)
Adjustments required to present cash flows from operating activity			
Adjustments to profit and loss items:			
Depreciation and amortization	192,916	2,512	38,073
Finance income	(146,393)	(5,310)	(111,000)
Finance expenses	183,419	-	679,784
Share-based payment	1,153,999	-	3,935,035
Changes in fair value of derivative financial instruments	(5,491,193)	-	9,277,763
	<u>(4,107,252)</u>	<u>(2,798)</u>	<u>13,819,655</u>
 Change in operating asset and operating liability items:			
Increase in accounts payable	378,697	119,261	256,444
Decrease (increase) in other receivables	289,174	(9,943)	(837,145)
Increase (decrease) in related parties	(9,306)	41,078	5,209
Increase in advance payment for Innovation Authority grant	-	424,956	-
Increase (decrease) in trade payables	(64,156)	-	635,132
	<u>594,409</u>	<u>575,352</u>	<u>59,640</u>
 Total adjustments	<u>(3,512,843)</u>	<u>572,554</u>	<u>13,879,295</u>
 Interest paid in cash	<u>(40,615)</u>	-	<u>(5,622)</u>
Net cash used for operating activity	<u>(5,819,679)</u>	<u>418,063</u>	<u>(2,417,470)</u>
 Cash flows from investing activity:			
Change in restricted and earmarked cash	-	(78,000)	-
Amount placed in deposit	(33,921,995)	-	(173,265)
Acquisition of property, plant and equipment	(172,446)	(85,836)	(143,146)
Net cash used in investing activity	<u>(34,094,441)</u>	<u>(163,836)</u>	<u>(316,411)</u>
 Cash flows from financing activity:			
Net consideration on investment agreement cancelled	-	(7,365)	-
Proceeds from issue of share, less issue expenses	-	(14,729)	54,088,730
Issue of options	-	-	4,311,014
Principal payment on leases	(131,528)	-	(2,088)
Net cash provided by financing activity	<u>(131,528)</u>	<u>(22,094)</u>	<u>58,397,656</u>
 Increase (decrease) in cash and cash equivalents	<u>(40,045,648)</u>	<u>232,133</u>	<u>54,989,613</u>
Foreign exchange on cash and cash equivalents	<u>136,284</u>	<u>5,310</u>	<u>(674,162)</u>
Balance of cash and cash equivalents at beginning of the period	<u>55,665,300</u>	<u>675,687</u>	<u>675,687</u>
Balance of cash and cash equivalents at end of the period	<u>15,755,936</u>	<u>913,130</u>	<u>55,665,300</u>

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

SAVOREAT LTD.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL INFORMATION

AS OF JUNE 30, 2021

(Unaudited)

NOTE 1 - GENERAL:

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

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

b. Definitions

In this financial information:

The Company	-	SavorEat Ltd.
Related parties	-	As defined by IAS 24.
Interested parties and controlling shareholders	-	As defined by the Israel Securities Law, 1968 and the regulations thereunder. Accordingly, and as of the date of this interim information, the interested parties of the Company are Prof. Oded Shoseyov, Prof. Ido Braslavsky, Racheli Vizman, Yisum Research Development Company is the technology transfer company of the Hebrew University of Jerusalem Ltd (hereinafter: "Yisum"), Millennium Food-Tech Limited Partnership and Meitav-Dash Investment Ltd (through provident and pension funds, mutual funds and partnerships), More Investments Ltd (through provident funds and partnerships) and Altshuler Shaham Ltd (through Psagot Provident and Pension)

In late 2019, Coronavirus (COVID-19) broke out in China and began spreading to many countries worldwide, including in Israel, and was announced in March 2020 as a pandemic by the World Health Organization (WHO) (hereinafter - COVID). Following the spread of COVID and the lockdowns imposed in many countries worldwide, global economic activity has slowed down. COVID has severely hit several industries and the scale of consumption.

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

SAVOREAT LTD.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL INFORMATION (Continued)

AS OF JUNE 30, 2021

(Unaudited)

NOTE 2 – SIGNIFICANT ACCOUNTING POLICIES

Basis of preparation of the condensed financial information

The interim condensed consolidated financial information of the Group as of June 30, 2021 and for the six-month period then ended (hereinafter – the "Interim Financial Information") was prepared in accordance with IAS 34 "Interim Financial Reporting", including the additional disclosure required by Chapter D of Securities Regulation (Periodic and Immediate Reports), 1970. The Interim Financial Information does not include all information and disclosure required in annual financial statements. The Interim Financial Information should be read in conjunction with the 2020 annual financial statements and the accompanying notes, which were prepared in accordance with International Financial Reporting Standards (hereinafter – "IFRS") and include the additional disclosure required by Chapter D of Securities Regulation (Annual Financial Statements), 2010.

Estimates

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

When formulating the accounting estimates used in this condensed interim financial information, significant judgment is used by management in implementing the Company's accounting policies and the uncertainty involved in the key sources of the estimates were identical to those in the annual financial statements of the Company for the year ended December 31, 2020.

NOTE 3 - SIGNIFICANT EVENTS IN THE REPORTING PERIOD:

- a. On May 6, 2020, the Company received a notice from the Israel National Authority for Technological Innovation that its Research Committee resolved in its April 1, 2020 meeting to approve the plan submitted by the Company regarding the development of an innovative cellulose-based meat substitute that provides identical eating experience to that of meat.

The research and development expenses approved for the plan amount to NIS 2,307,888, with a grant approved at 75% of that amount, i.e. NIS 1,730,916. The Company expects to receive a balance of NIS 191 thousand that was not received as of the date of approval of this interim financial information.

- b. On May 3, 2021, the Company signed with Millennium Food-Tech Limited Partnership – an interested party of the Company by virtue of its holdings – a non-binding memorandum of understanding for investment in a new product developed by the Company – a plant-based egg substitute, produced using the unique cellulose fibers of the Company. The memorandum of understanding sets out the main commercial terms that will be included in a final and binding agreement, under which the continued R&D work on the new product would be made through a private company, and Millennium would invest \$2 million with an option to increase the investment by additional \$0.5 million from other investors. The investment will be made based on a pre-money valuation of \$8 million. As of the date of approval of this report, the parties are negotiating the terms of a final and binding agreement.

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NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL INFORMATION (Continued)

AS OF JUNE 30, 2021

(Unaudited)

NOTE 3 - SIGNIFICANT EVENTS IN THE REPORTING PERIOD (CONTINUED):

- c.** As part of an investment agreement with More Provident Funds Ltd and Meitav-Dash Investments Ltd, an option was granted to invest an additional amount in exchange of additional ordinary shares of the Company, in effect over two years after closing the transaction, but not less than a year after completion of listing. The number of shares to be allocated upon exercising the above right is 106,984, for an exercise price of \$8.88 per share. The total change recognized in the fair value of this financial instrument in the six-month period ended on June 30, 2021 is NIS 5.4 million.
- d.** On April 6, 2021, the Company entered into two agreements. The first – with a local company engaged in manufacturing and storage of food – is an agreement for manufacturing and supply of the raw materials used in production of the plant-based hamburger, which is the first product that the Company intends to bring to market on the basis of its unique system for advanced digital manufacturing of meat substitutes. The second – with an Israeli food distributor – is an agreement for transportation and supply of the raw material. The manufacturing agreement is intended to provide the infrastructure for regular manufacturing, storage and supply of the raw materials to the Company, with the supplier committing to set up a dedicated production line for manufacturing the raw material. The distribution agreement is intended to allow an infrastructure for regular dispatching, transporting and supply of the raw materials to the Company and/or to future customers, while keeping appropriate maintenance, transportation and supply conditions.

NOTE 4 - EQUITY:

On March 24, 2021, the Company's Board of Directors approved an additional allocation of 120,392 options to employees under the plan discussed in note 8 to the annual financial statements. In the six months ended June 2021, a total of 32,052 options were granted under that plan, and about 1,555 options expired. The Company uses the Black and Scholes pricing model for valuing the options granted.

	June 30, 2021
Dividend yield	0%
Expected volatility	76%
Risk-free interest rate	0.265%
Expected period to exercise	4
Share price on valuation date	72.3

The expense recognized in the income statement of the Company in 2021 for options granted to employees is NIS 1,153,999.

SAVOREAT LTD.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL INFORMATION (Continued)

AS OF JUNE 30, 2021

(Unaudited)

NOTE 5 - EARNINGS PER SHARE:

a. Basic

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

	Six months ended June 30		Year ended December 31,
	2021	2020	2020
	(Unaudited)		(Audited)
	NIS		
(Loss) for the period	(2,266,221)	(154,491)	(16,291,143)
Weighted average of the number of ordinary shares issued	<u>2,055,043</u>	<u>1,030,181</u>	<u>1,286,438</u>
Basic earnings per shares (NIS)	<u>(1.10)</u>	<u>(0.15)</u>	<u>(12.66)</u>

b. Diluted

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

	Six months ended June 30		Year ended December 31,
	2021	2020	2020
	(Unaudited)		(Audited)
	NIS		
Total loss for the period, used for calculation of basic (loss) per share	(2,266,221)	(154,491)	(16,291,143)
Adjustments for additional shares assuming exercise of warrants	<u>(5,348,389)</u>	<u>-</u>	<u>-</u>
Total (loss) used in calculation of (loss) per share	(7,614,610)	(154,491)	(16,291,143)
Weighted average of number of shares used in calculation of (loss) per share	<u>2,134,458</u>	<u>1,030,181</u>	<u>1,286,438</u>
	<u>(3.57)</u>	<u>(0.15)</u>	<u>(12.66)</u>

NOTE 6 - SUBSEQUENT EVENTS:

- a.** In July 2021, the Company submitted a new application to the Israel National Authority for Technological Innovation. The amount of research and development expenses cited in the plan for implementation is NIS 9,460,855, with a grant, if approve, that may be up to 50% of development expenses, i.e. NIS 4,730,427. Participation in expenses is dependent on approval by the Innovation Authority, which, as of the date of this report, has not yet been received.

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NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL INFORMATION (Continued)

AS OF JUNE 30, 2021

(Unaudited)

NOTE 6 - SUBSEQUENT EVENTS (CONTINUED):

- b.** On August 12, 2021, the Company's Board of Directors approved a grant of 5,872 ordinary stock options to employees.