

This is an English translation of the Company's immediate report in Hebrew that was published on October 5, 2021 [Reference no.: 2021-01-151893] (the “**Hebrew Version**”). This English version is only for convenience purposes. This is not an official translation and has no binding effect. Whilst reasonable care and skill have been exercised in the preparation hereof, no translation can ever perfectly reflect the Hebrew Version. In the event of any discrepancy between the Hebrew Version and this translation, the Hebrew Version shall prevail.

סבורייט בע"מ
SAVOREAT LTD.
(the “Company”)

6 October, 2021

To
The Israeli Securities Authority
www.isa.gov.il

To
The Tel Aviv Stock Exchange Ltd.
www.tase.co.il

Dear Sir and Madam,

Re: Immediate Report

The Company hereby wishes to update, that on October 6, 2021, its subsidiary, Egg’N’up Ltd. (the “Subsidiary”), signed with Millennium Food-Tech LP, (the “Millennium”),¹ a definitive agreement (the “Agreement”) for the investment in an egg-substitute developed by the Company,² based on plant sources, and composed of the Company's unique cellulose fibers (the “Egg Substitute”),³ this is being in continuation of the memorandum of understanding previously signed between the parties.⁴

The Agreement sets out the terms and conditions for the development of the egg-substitute based products through Egg’N’up Ltd., a privately held subsidiary established by the Company few months ago for these purposes, and for investing in its capital.

Under the Agreement, the Subsidiary will be entitled to raise between \$ 2.0 million and \$ 2.5 million (the “Maximum Investment Amount”) out of which private investors will invest between \$ 1.2 million and \$ 1.5 million in exchange for the Subsidiary’s share capital (the “Minimum Investment Amount”), and the balance – between approximately 0.8 and \$ 1.0 million, respectively – is expected to be received

¹ Millennium is a public limited liability partnership whose participation units are listed for trading on the Tel Aviv Stock Exchange Ltd. (the “TASE”). Prior to the signing of the Agreement, it was approved by the Company’s unified committee and board of directors.

² For details on completing the initial development of the Egg Substitute, see the Company's immediate report dated April 5, 2021 [reference number 2021-01-055446], which is incorporated by reference. Cellulose fiber is also used as part of the main product that the Company develops, the plant-based meat substitute.

³ It should be noted that the Company and Yissum, a founder and an interested party of the Company by virtue of its holdings (“Yissum”), filed an application for approval of another joint patent, which has not yet been approved.

⁴ Immediate report of the Company dated May 4, 2021 [reference number 2021-01-077370], which is hereby included by way of reference.



through a grant from the Israeli Innovation Authority (the “IIA”) under its program 46 (the “Program”).⁵ The private investors will have an option to redeem IIA’s grants and by that to increase their investment in the Subsidiary (the “Warrant”). Upon receipt of the funds from the private investors, and subject to the completion of additional details and documents, the IIA is expected to transfer the grant funds, although the private investors’ investments are not conditional on the actual receipt of the grants from the IIA (assuming that the grants from the IIA will be received by the Subsidiary upon completion of the information and details the IIA will require from it).⁶

Under the Agreement Millennium undertook to invest an initial amount of \$ 1.2 million in the Subsidiary in accordance with the terms of the Agreement (without taking into consideration possible increase of its investment, in the amount of approximately \$ 0.8 million, in the event it chooses to exercise its Warrant under the Program’s terms), in such manner whereby upon completion of the Agreement, assuming an investment of the entire Minimum Investment Amount by Millennium alone (and no additional private investors), the Subsidiary will be jointly owned by the Company (approximately 86%) and by Millennium (approximately 14%).⁷

The Investment is being made at a pre-money valuation for the Subsidiary (on a fully diluted basis) of \$ 8 million, and in return for its investment, Millennium will receive preference shares, which confer various rights and protections as is customary in such investment agreements. The Agreement includes reference to other issues customary in such agreements, such as the adoption of ESOP, ownership of intellectual property to be developed in the Subsidiary, issues relating to the sub-license granted by the Company to the Subsidiary for further development of the new product, indemnification, etc.

Based on the original license for the development of meat substitutes that the Company received from the Yissum - Research & Development Company of the Hebrew University of Jerusalem Ltd. (“Yissum”),⁸ the Subsidiary received from the Company (while amending the original license with Yissum) an exclusive license and sub-license for research and development, production, marketing and distribution of the egg-substitute and related products, using Yissum’s cellulose fibers and the Company’s formulation, and other issues were also included such as the supply of the Egg Substitute material to the Subsidiary from the Company and royalties to be paid to the Company when selling the product and/or granting sub-licenses.

⁵ The Subsidiary has received principal approval to be included under program 46 of the Israeli Innovation Authority, intended to encourage venture capital investments, by providing incentives to venture capital investors, in the form of a return on part of their investment through a grant to the project company and actual return to venture capital investors

⁶ In this context, it should be noted that the Subsidiary received in principle approval from the IIA to include Millennium’s investment under the Agreement within the framework of the Program.

⁷ Assuming the Minimum Investment Amount by Millennium, on a fully diluted basis (including the exercise of the option), the Subsidiary will be jointly owned by the Company (approximately 72%) and by Millennium (approximately 20%). The balance is reserved for the ESOP.

⁸ As of the date of this report, Yissum is also among the Company’s interested parties by virtue of its holdings.



The investment funds are expected to be used by the Subsidiary according to an agreed budget to be determined. Immediately after the completion of the investment in the Subsidiary, as described above, the Subsidiary will be controlled by the Company (both in terms of the holdings and composition of the Subsidiary's board of directors).

In accordance with the Company's strategy, the main goal in entering into the Agreement is to allow the Company's management to continue to focus on further developing its main product, meat substitutes based on plant components produced through the Company's unique 3D cooking and digital printing system,⁹ while utilizing the business opportunity and promotion of the benefits inherent in the further development of the Egg Substitute through the Subsidiary. The Company intends for the Subsidiary to be managed by a leading and independent professional management, separately from the Company's management, in a way that will allow the Company to continue to focus on the development of meat substitutes and the Subsidiary to develop the Egg Substitute.

About SavorEat

SavorEat Ltd. Is developing a platform for the production of various types of plant-based meat alternatives, which purpose is to give the consumer an eating experience that is as similar (in taste and texture) as possible to eating meat of animal origin, prepared on site, according to consumers' preferences and nutritional choices.

Forward-looking Statements Cautionary Clause – The Company's information and assessments as aforesaid, in connection with the raising the Minimum and Maximum Investment Amount under the Agreement and/or continued investments thereunder (within the framework of the IIA's Program and/or by other private investors), continued development of the Egg Substitute and/or further development through the Subsidiary, the receipt of grants from the IIA, the use of proceeds by the Subsidiary, including forecasts, dates, estimates and/or plans of the Company and the Subsidiary in connection therewith, are 'forward-looking information', as defined in the Israeli Securities Law involving high uncertainty, and based, among others, on third parties and many variables over which the Company does not necessarily have control, and therefore it is possible that the completion of the investments and/or continued investments under the Agreement, the completion of the Egg Substitute development, dates and schedules for its actual development, marketing and/or commercial production and other forward-looking terms and conditions set in relation to the Subsidiary's activities in the Agreement will not be realized and/or will not be fully realized and/or will be realized in a substantially different manner than was anticipated in the first place. Among the factors that

⁹ For details regarding the Company's main product and the Company's Robot Chef system, as well as the Company's use of raw materials and suppliers, see sections 1.8 and 1.21, respectively, in Chapter A (description of the corporation's business) of the Company's Periodic Report for the year 2020, dated March 25, 2021. [Reference 2021-01-048156] (the "Annual Report"), which are hereby incorporated by reference.



may cause the Company's information and assessments regarding such information not to be realized in the desired manner, may be noted, inter alia, the inability to complete the Agreement for reasons independent of the parties, the early stage of development and Subsidiary activity, non-receipt of regulatory approvals of entities and/or third parties required to complete the Maximum Investment Amount, failure to obtain the financing required by the parties involved on the date and to the extent required, and the realization of any of the risk factors as specified in section 1.32 of the Company's Annual Report.

Respectfully,

SavorEat Ltd.

Approved for reporting on behalf of the Company by:

Ms. Racheli Vizman, CEO and Director

Ms. Mira Damgian, CFO