

REFINITIV

# DELTA REPORT

## 10-K

SAVE FOODS INC.

10-K - DECEMBER 31, 2023 COMPARED TO 10-K - DECEMBER 31, 2022

The following comparison report has been automatically generated

TOTAL DELTAS	3462
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 CHANGES	7
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 DELETIONS	2851
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 ADDITIONS	604
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UNITED STATES

DESCRIPTION OF THE REGISTRANT'S SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-K

(Mark One)

☒ ANNUAL REPORTREGISTERED PURSUANT TO SECTION 13 OR 15(d) 12 OF THE SECURITIES EXCHANGE ACT OF 1934

For the Fiscal Year Ended December 31, 2022General

or

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

For the transition period from We are currently authorized to

Commission file number 000-56100

SAVE FOODS, INC.

(Exact name of registrant as specified in its charter)

Delaware

26-4684680

State or other jurisdiction of incorporation or organization

(I.R.S. Employer Identification No.)

HaPardes 134 (Meshek Sander), Neve Yarak, 4994500Israel

(Address of principal executive offices)

(347)468 9583

Registrant's telephone number, including area code

Securities registered pursuant issue up to Section 12(b) of the Act:

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Common Stock, par value \$0.0001 per share	SVFD	The Nasdaq Capital Market LLC

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

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

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. 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 Securities Exchange Act of 1934 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 (or for such shorter period that the registrant was required to submit such files). Yes ☒ No ☐

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

Large accelerated filer	<input type="checkbox"/>	Accelerated filer	<input type="checkbox"/>
Non-accelerated filer	<input checked="" type="checkbox"/>	Smaller reporting company	<input checked="" type="checkbox"/>
		Emerging growth company	<input checked="" type="checkbox"/>

If an emerging growth company, 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 13(a) of the Exchange Act. ☐

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 whether the registrant is a shell company (as defined in Rule 12b-2 of the Act). Yes ☐ No ☒

The aggregate market value of the voting and non-voting stock held by non-affiliates of the registrant as of June 30, 2022, based on the price at which the common equity was last sold on the Nasdaq Capital Market on such date, was \$8,744,689. For purposes of this computation only, all officers, directors and 10% or greater stockholders of the registrant are deemed to be affiliates.

As of March 22, 2023, there were 4,658,726495,000,000 shares of the registrant's common stock, outstanding.

## DOCUMENTS INCORPORATED BY REFERENCE

None.

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## FORWARD-LOOKING STATEMENTS

This Annual Report on Form 10-K (the “Annual Report”) includes a number of forward-looking statements that reflect management’s current views with respect to future events which 2,988,617 shares were issued and financial performance. Forward-looking statements are projections in respect of future events or our future financial performance. In some cases, you can identify forward-looking statements by terminology such as “outstanding” as “may,” “should,” “expects,” “plans,” “anticipates,” “believes,” “estimates,” “predicts,” “potential” or “continue” or the negative of these terms or other comparable terminology. Those statements include statements regarding the intent, belief or current expectations of our Company and members of our management team as well as the assumptions on which such statements are based. Prospective investors are cautioned that any such forward-looking statements are not guarantees of future performance and involve risks and uncertainties, and that actual results may differ materially from those contemplated by such forward-looking statements. Those risks and uncertainties include, among others:

- our customers require that our products undergo a lengthy pilot period without any assurance of sales;
- our history of operating losses and expectation to incur additional losses in the future;
- our ability to raise additional capital to meet our liquidity needs;
- because of our limited operating history, we may not be able to successfully operate our business or execute our business plan;
- our products and technology requiring additional trials, which could prolong the sales cycle;
- commercial success of our new generation products, as well as any future products, depends upon the degree of market acceptance by the packing house community as well as by other prospect markets and industries;
- our ability to comply with the continued listing standards of the Nasdaq Capital Market;
- sales of our products;
- the size and growth of our product market;
- our ability to obtain market acceptance of our environmentally friendly solutions for fruits and vegetables;
- our inability to respond effectively to technological changes in our industry, which could reduce the demand for our products;
- our ability or our contractors or service providers ability to comply with laws and regulations, to develop, market and sell our products or future products;
- our ability to achieve regulatory approvals and registration in the United States, Mexico, Israel, Spain, Italy, Chile, Colombia, Peru, and South Africa, which might take longer than expected;
- significant competition from other companies looking to develop or acquire new alternative environmentally friendly solutions for the treatment of fruits and vegetables, and other edible matter;
- our reliance on a limited number of suppliers to produce certain key components of our products;
- our ability to establish and maintain strategic partnerships with third parties, including for the distribution of products;
- our ability to establish sales, marketing and distribution capabilities or enter into successful relationships with third parties to perform these services;
- our reliance on rapidly establishing global distributorship network in order to effectively market our products;
- results of our early tests may not be indicative of results in future tests and we cannot assure you that any planned or future tests will lead to results sufficient for the necessary regulatory approvals;
- inherent dangers in production and transportation of hydrogen peroxide and highly concentrated organic acids could cause disruptions and could expose us to potentially significant losses, costs or other liabilities;
- our ability to attract and retain sufficient, qualified personnel;
- our ability to obtain or maintain patents or other appropriate protection for the intellectual property;
- our ability to adequately support future growth;
- potential product liability or intellectual property infringement claims;

- our business and operations may be affected by climate change conditions, which could materially harm our financial results;
- risks relating to portfolio concentration;
- risks relating to international expansion of our business and operations;
- the effect of COVID-19 on our business; and
- information with respect to any other plans and strategies for our business.

These statements are only predictions and involve known and unknown risks, uncertainties and other factors. Readers are urged to carefully review and consider the various disclosures made by us in this Annual Report and in our other reports filed with the Securities and Exchange Commission. We undertake no obligation to update or revise forward-looking statements to reflect changed assumptions, the occurrence of unanticipated events or changes in future operating results over time except as required by law. We believe that our assumptions are based upon reasonable data derived from and known about our business and operations. No assurances are made that actual results of operations or the results of our future activities will not differ materially from our assumptions.

As used in this Annual Report and unless otherwise indicated, the terms “Save Foods,” “we,” “us,” “our,” or “our Company” refer to Save Foods, Inc. Unless otherwise specified, all dollar amounts are expressed in United States dollars.

## PART I

### ITEM 1. BUSINESS

#### Company Overview

We are an agri-food tech company specializing in eco crop protection that helps reduce food waste and ensure food safety while reducing the use of pesticides. We develop eco-friendly “green” solutions for the food industry. Our solutions are developed to improve the food safety and shelf life of fresh produce. We do this by controlling human and plant pathogens, thereby reducing spoilage, and in turn, reducing food loss.

Our solutions are based on Save Foods’ proprietary blend of food acids combined with certain types of oxidizing agent-based sanitizers and in some cases with fungicides at low concentrations. Save Foods products have a synergistic effect when combined with these oxidizing agent-based sanitizers and fungicides. Our “green” solutions are capable of cleaning, sanitizing and controlling pathogens on fresh produce with the goal of making them safer for human consumption and extending their shelf life by reducing their decay. One of the main advantages of our products is that our ingredients do not leave any toxicological residues on the fresh produce we treat. In contrary, by forming a temporary protective shield around the fresh produce we treat, our products make it difficult for pathogens to develop and potentially provide protection which also reduces cross-contamination.

The U.S. Food and Drug Administration (the “FDA”) Food Safety Modernization Act (the “FSMA”) is transforming the United States’ food safety system by shifting the focus from responding to foodborne illness to preventing it. According to the recent data from the Centers for Disease Control and Prevention, approximately 48 million people in the United States get sick each year from foodborne diseases. We believe this is a significant public health burden that is largely preventable. Since 2011, the FDA has had a legislative mandate to require comprehensive, science-based preventive controls across the food supply. In the context of fresh produce at packing houses, the FDA’s final produce safety rule (with an initial compliance date of January 26, 2018) provides for the use of sanitizers to ensure produce is cleaned from human pathogens.

In addition, most conventional chemical pesticides (fungicides), which are currently used to protect fresh produce from microbial spoilage and reduce food waste, are potentially toxic, they remain on fruit peel and present health concerns, while also polluting the environment. Therefore, the use of these products is strictly regulated and their residue on food and on the environment are carefully monitored. Today's trends led by both consumers and regulatory bodies are to significantly reduce the use of fungicides and switch to greener solutions. In a series of studies conducted in collaboration with a large post-harvest service company during the second quarter of 2020, our products have shown impressive results in extending the shelf life of fresh produce in "organic" (where no fungicides are used at the post-harvest stage) and conventional (where fungicides are being used at the post-harvest stage) settings. On average, our products may reduce the rotten fruits at the retail level by 50%.

We have a unique opportunity to make a positive difference throughout the food value chain from field to fork and address two of the major's challenges in the food industry today - safety and waste. We target major markets that use conventional chemical pesticides and sanitizers, including the pre- and post-harvest market, the greenhouse market and the fresh-cut market, where our "green" treatments are used as alternatives for, or mixed with, conventional products in order to reduce (i) health and environmental concerns, and/or (ii) microbial resistance that has reduced the efficacy of conventional chemical pesticides.

## **Recent Developments**

### *Commercial Activity*

On September 14, 2022, we announced the commercial adoption of our eco-crop protection solution by Mexican lime packers following the successful completion of several pilot programs in Veracruz, Mexico.

On August 12, 2022, we announced the initiation of seven commercial pilots with leading Peruvian exporters, such as Agricola Cerro Prieto and another multinational packer. The pilots are designed to evaluate the impact of Save Foods' innovative solutions on avocados, berries and citrus fruits. As of the date of this Annual Report, we have received certain of the pilot results and expect to conduct further pilots during the second half of 2023, which if successful, may provide us with new commercial customers.

On March 21, 2022, we announced that Israeli packer, Rafkor Ltd., became a commercial customer of ours after successful pilot results showed a reduction of 60% in pear loss. Rafkor treats approximately 40% of pears grown in Israel.

On February 7, 2022, we announced that Mehadrin Tnuport Export L.P. began using our solution in their citrus packing houses. Mehadrin is Israel's largest grower and exporter of citrus produce, a well-known distributor for major retailers in Europe, North America and Asia, and a global supplier of Jaffa brand oranges.

On January 24, 2022, we announced that following a series of successful trials, Galilee Export asked each of its suppliers to apply our solutions to all bell peppers in Galilee Export's supply chain. Galilee Export is the second largest exporter of fruit and vegetables in Israel, with sales of over \$200 million a year. Thereafter, on February 23, 2022, Galilee Export announced it began using our solution on all of its avocados, after Galilee Export reported to us that our solution kept its avocados fresh and in good condition for up to twice as long compared to conventionally treated produce.

### *Underwritten Offering*

On August 15, 2022, we entered into an underwriting agreement with ThinkEquity LLC, as representative (the "Representative"), of the several underwriters named therein, relating to our public offering of 1,600,000 5,000,000 shares of our common preferred stock, par value \$0.0001 per share, (the "Common Stock"), at a public offering price of \$3.00 per share (the "Offering"). The Offering closed on August 18, 2022.

The shares of Common Stock in the Offering which none were offered, issued and sold under a prospectus supplement filed with the Securities and Exchange Commission on August 17, 2022, in connection with a takedown from our shelf registration statement on Form S-3 (Registration No. 333-266159), which became effective on July 22, 2022. In connection with the Offering, we agreed to issue to the Representative a warrant (the “Representative Warrant”) to purchase up to 5% of the shares of Common Stock sold in the Offering. The Representative Warrant is exercisable, in whole or in part, at a per share exercise price of \$3.75, which is equal to 125% of the public offering price per share of Common Stock. The Representative Warrant will be exercisable commencing on the date which is one hundred eighty (180) days following August 15, 2022 and will expire on August 15, 2027.

#### *Key Regulatory Approvals*

On June 9, 2022, we announced that our SaveProtect Organic® crop solution, used for extending the shelf life of fresh fruits and vegetables, was “listed” by the Organic Materials Review Institute (“OMRI”), an international non-profit organization that provides an independent review of products that are intended for use in certified organic production and processing. OMRI Listed® products may be used in certified organic production and processing under the United States Department of Agriculture (“USDA”) National Organic Program.

On February 17, 2022, we announced that our products are now registered by NSF International, a leading global independent public health and safety organization. Products with an NSF certification mark meet all standard requirements, and undergo testing and regular inspections to check they continue to comply with the standard. The mark confirms that a product has been impartially reviewed and that labeling and claims have been objectively verified.

#### *Strategic Changes and Cost Reduction Measures*

In December 2022, our board of directors resolved to implement certain cost reduction measures in light of the challenging economic macroeconomic conditions and certain observations made on the basis of our results of operations during 2022. In connection therewith, our board of directors instructed management of Save Foods Ltd. to reduce its headcount, including at the managerial level. We have reduced our full-time employee headcount and anticipate additional and related cuts during the remainder of 2023. Furthermore, following such cost reduction measures, we decided to reduce our research and development expenses by changing our strategic focus to the commercialization of our products and the conversion of completed pilots into paying customers.

### **Industry Overview and Market Opportunity**

#### *Background*

The world’s population is expected to grow to almost 10 billion people by 2050, boosting agricultural demand by some 50%. Providing healthy and safe food to feed the world’s population is one of the biggest challenges of the twenty first century, accentuated with the backdrop of a fragile global economy. Globally, around one-third of the food produced (estimated at circa 1.3 billion tons), is lost or wasted along the food chain - from production to consumption.



Fruits and vegetables are considered essential food commodities and demonstrate their best benefits when consumed fresh. Consumption **outstanding** as well as production of fresh fruit and vegetables is growing globally; in 2020, the global production of fresh fruit amounted to about 887 million tons, while the production of fresh vegetable amounted to about 1.09 billion tons (2018). According to a report published by Technavio in October 2020, the fresh food market size has the potential to grow by 337.76 million tons from 2020 to 2024, growing at a compound annual growth rate (“CAGR”) of almost 3% during the forecast period, and the market’s growth momentum will accelerate during the forecast period due to the steady increase in year-over-year growth. In the United States, according to a report by Grand View Research, increasing health awareness among the U.S. population and potential development of secondary diseases due to obesity and unhealthy eating habits are propelling the market of fruit and vegetables to reach an estimated \$1.1 billion by 2025.

#### Food Safety and Food Loss

##### Food Safety

We believe foodborne diseases are a significant public health concern globally. Hundreds of diseases are caused by eating contaminated food. Many diseases are spread through unwashed or untreated produce. With approximately 48 million people in the United States (one in six) getting sick, 128,000 hospitalized, and 3,000 die each year from foodborne diseases, according to recent data published by the FDA, and 23 million in the European region getting sick due to food borne disease, food safety is another major concern and source of waste, placing a material burden on public health and significant healthcare cost. The economic burden of foodborne illness has been estimated to be as high as \$90 billion annually.

When considering the farm-to-fork chain, microbial contamination of fresh produce can occur at multiple steps. Contamination can take place during the cultivation of fresh produce, at harvest, during preparation/washing, within distribution chains and transport to shops, and even at the final step in the consumers’ kitchen. We believe this is a significant public health burden that is largely preventable. The FSMA is transforming the United States food safety system by shifting the focus from responding to foodborne illness to preventing it. The Produce Safety rule of the FSMA establishes, for the first time, science-based minimum standards for the safe growing, harvesting, packing, and holding of fruits and vegetables grown for human consumption. The final rule went into effect on January 26, 2016. Sanitization is a cornerstone of FSMA compliance, which requires preventing or eliminating food safety hazards or reducing such hazards to a minimal level.

Markets require many types of produce to be washed prior to sale in order to remove dirt and other debris. Produce can be contaminated with foodborne pathogens before it enters the packing house, and these pathogens cannot be seen with the naked eye. Inability to visually spot pathogens makes the washing step one of the most important steps in packing because, if washing process is not controlled, it can become a source of cross-contamination (when foodborne pathogens fall off contaminated produce into the water where they can contaminate more produce). These washing steps are defined by the packing house safety managers as critical point because water mixed with organic materials are good conditions for pathogens to develop. Therefore, the use of sanitizers should be introduced during the washing step because they are, most of the time, one of the last solutions applied before the produce meets the consumer. Sanitizers are designed to inactivate/kill any bacteria in the water, drastically reducing the possibility of cross-contamination. We believe this represents a significant opportunity for us.

## Food Loss

The Food and Agriculture Organization of United Nations predicts that about one-third of the food produced globally is wasted or lost every year. Approximately 644 million tons of fruits and vegetables are thrown away each year (representing 42% of the total food wasted every year). A report published in April 2020, generated by the European Innovation Partnership Agricultural Productivity and Sustainability, estimates that in Europe an estimated 9 million tons of food is lost at the production stage (farm), while up to 16.9 million tons are lost at the processing stage (packing houses, etc.).

Much of this loss is caused by spoilage, which can be caused by microorganisms - primarily fungi and mold. In addition, mold and fungi represent the highest numbers of incidents of post-harvest microbial diseases in fresh produce worldwide. Taken together, it is estimated that nearly a third of all food grown is lost between the time that it is grown and harvested and the time that it is packaged for retail sale. Such waste equates to roughly \$680 billion in industrialized countries and \$310 billion in developing countries.

Post-harvest losses due to spoilage represent a significant problem along the supply chain and lead to profit losses in the millions. The main causes of these losses are pest or disease infestation and incorrect storage conditions, which lead to rotting or loss of fresh mass. Fruits and vegetables are largely damaged after harvest by fungi and other pathogens. It is estimated that an average of 45% of harvested fruit and vegetables are lost globally. Post-harvest diseases have been identified as the greatest cause of post-harvest losses in fruits and vegetables, causing significant economic losses. It is estimated that approximately 20 to 25% of the fruit and vegetables harvested are lost due to microbial spoilage during post-harvest handling in developed countries. Furthermore, the demand for fresh fruits and vegetables, especially exotic tropical fruit has contributed to the demand for post-harvest treatments to increase shelf life and maintain quality, resulting in more efficient export trade.

Today, the most common way to protect fresh produce and prevent loss is the use of hazardous chemicals such as fungicides in post-harvest applications. Post-harvest diseases are generally controlled by fungicides. Systemic (non-organic) fungicides, are one of the most commonly used fungicides, for example, non-organic citrus fruits are completely covered by the fungicides, and the residue is persistent for the life of the fruit providing protection. However, as they tend to affect a single biochemical pathway within the pathogen, fungi may readily develop resistance to systemic fungicides. To avoid potential issues with resistance, maximum concentration of fungicides will be generally used to ensure highly efficient eradication of the targeted pathogen which leaves high residue level on the treated produce. Such high concentration levels may have severe negative effects on human health, and the environment mainly due to the carcinogenic and/or teratogenic properties of the compounds, and by their cumulative toxic effects.

The effects of exposure to these hazardous chemicals on humans and the environment are a continuing concern as they are intrinsically toxic and pollute the environment through wastewater discharge from the packing house or a discarded fruit. Therefore, the agricultural use of certain pesticides (in the field or in the packing house) has been significantly reduced or abandoned in some countries leaving the growers with significant challenges.

To control and monitor the potential negative impacts pesticides might have over time, regulatory agencies that regulate pesticides - for example, the United States Environmental Protection Agency (the “EPA”), the Pest Management Authority Agency in Canada, and the European Food Safety Authority (“EFSA”) in Europe, have defined a maximum residue level (the “MRL”) that can be present on the treated produce. Additionally, more countries require an MRL for the commodity to be imported into their country. As there is increased awareness regarding compliance with MRLs, MRLs have become a much greater concern. These changes have also impacted the market and we believe that consumers spearheaded this change by demanding organic or pesticide-free foods. Recently, consumers have increasingly wanted to understand where and how their food is grown. Retailers and processors have capitalized on what they view as an opportunity to offer more information to consumers. It is more common now for retailers and processors to ask which products have been used on the commodities they are purchasing. There are also retailers and processors banning the use of certain products, requiring any residues to be below the established MRLs. The reduction in MRLs results in lower efficacy of fungicide and increased loss.

We believe that the rising demand for healthy food among the global population will trigger the market’s growth in the forthcoming years. Over the last decade, the organic market in Europe continued to grow and reached €40.7 billion in 2018 with 15.6 million hectares (approximately 38,548,439 acres) (including 2.2 million hectares in Spain, the largest organic area in Europe, followed by 2.0 million hectares in France and 2.0 million hectares in Italy), providing farmers with further added value on their production. The strong growth rates in both production and consumption indicate that the organic market has not yet reached its peak and further growth can still be expected. Organic farming is already responding to further emerging consumer trends such as veganism and demand for locally produced food products, turning these challenges into opportunities.

As consumer demand for organic fruits and vegetables is increasing globally and there is an increasing promotion by government organizations for the adoption of environmentally friendly pesticides, the biorational pesticides market, estimated at \$3.1 billion in the year 2022, is projected to reach a revised size of \$4.985 billion by 2028, growing at a CAGR of 8.2% during the forecast period 2022-2028. A biorational pesticide is a term used to define any pesticide material that causes relatively no harm to humans or animals and does little or no damage to the environment. We believe that our products could be defined as biorational products.

The global organic food market grew from \$259.06 billion in 2022 to \$294.54 billion in 2023 at a CAGR of 13.7%. The organic food market is expected to grow from \$512.01 billion in 2027 at a CAGR of 14.8%<sup>1</sup>. In addition, strict regulations have been imposed on the usage of pesticides and GMO-produced crops worldwide. This, in turn, has influenced consumer demand for organic fruits and vegetables.

<sup>1</sup> Organic Food Global Market Report 2023

### Case Study - Citrus Fruit

Citrus fruit, which represent one of the main fruits produced worldwide with more than 100 million tons produced worldwide, can be infected by many fungal pathogens, and these pathogens can cause considerable losses during storage and transportation. Losses are mainly caused by *Penicillium digitatum*, *P. italicum*, *Aspergillus flavus* and *Alternaria alternata* for citrus fruit. Post-harvest treatments such as thiabendazole, imazalil, sodium ortho-phenil phenate or other active ingredients have been used for many years. They are currently the most commonly used fungicides effective for controlling post-harvest fungal pathogens in citrus and they are used in citrus packing houses to maintain fresh fruit, control post-harvest decay, and extend fruit shelf life. However, significant problems such as environmental issues and health concerns have risen in the citrus industry due to chemical residues or the occurrence of pathogenic resistant strains which require the use of even higher concentration of these post-harvest treatments. However, currently, the residues of imazalil on citrus fruits is being revised by the European Commission. The EFSA put forward a proposal in 2018 to cut the MRL for imazalil from 5 milligrams per kilogram to 0.01 milligrams per kilogram, causing worry among Europe's main citrus producing countries and packers exporting their produce to European countries. Due to the significant impact this proposal could have on the citrus industry, the European Council has decided, in the meantime, to start reducing imazalil residues to four milligrams per kilogram for citrus fruit for a limited period of time to allow the citrus industry an extra time to find green and safe alternatives. Our solutions have already shown its benefits in reducing significantly the residues of imazalil while maintaining the produce shelf life.

### Current Market Drivers and Trends

In addition to food safety and food waste concerns, the following market drivers are also shaping the food industry by setting standards and conditions on the main actors in the industry:

- **Focus of consumers on health characteristics:** consumers are more aware and conscious of the health characteristics of the food they consume. Consumers pay more attention to the qualities of the fresh produce they buy. Particularly in the United States and Europe, products such as berries, avocados, mangoes, pomegranates, papayas and sweet potatoes are gaining popularity and considered “super foods,” and these products are showing a strong annual import growth of 10% to 20%.
- **Increasing demand for organic produce:** the demand for organic products is growing rapidly particularly in both Europe and North America, and is closely related to consumer interest in healthy and pure eating. While the increasing demand created potential for overseas supply, it can be challenging and expansive for exporters in tropical climates to comply with the increasingly demanding organic standards.
- **Success of retailers determined by quality of produce:** a recent report by Fruit Logistica published in 2019, based on consumer surveys that involved almost 7,000 consumers in 14 different markets across Europe and North America, demonstrated the increased importance of fresh produce for the profitability of food retailers. According to the report, when choosing the place to buy their groceries, consumers focus on the quality of the stores' fresh food, with freshness of fruits and vegetable being their top priority. The report also showed that customers who are satisfied with the store's fresh food quality, would visit the store more frequently than those who are not. In addition, consumers are also willing to pay more for better-quality produce and their basket will be 4% larger.
- **Promoting sustainability:** a large range of sustainability aspects are directly related and affected by the fresh produce industry. Food waste accounts for 8% of global greenhouse gas emissions. Both consumers and businesses, are becoming more aware of the growing importance of sustainability issues. As consumers increasingly embrace social causes, they seek products and brands that align with their values. According to a recent analysis published by Research Insights, nearly 6 in 10 consumers surveyed are willing to change their shopping habits to reduce environmental impact, nearly 8 in 10 respondents indicated sustainability is important for them, and among those respondents that indicated that sustainability is very or extremely important, over 70% indicated that they would pay a premium of 35%, on average, for brands that are sustainable and environmentally responsible. Increasing number of companies in the fresh food sector are investing in sustainability. Survey conducted by Champions 12.3 in 2017 showed that 99% of businesses that invested in reduction of food loss and waste, received a net positive financial return. Primary production companies are investing in aspects of food losses, energy efficiency and carbon footprint, through innovations such as drying produce, on-farm and off-grid cold rooms and post-harvest treatments.

- **Food retailers seek to reduce their waste and maximize their revenues:** more than eight million tons of food are wasted every year in the United States in the retail sector alone, which translates into \$18 billion in lost value (cost of waste) every year. Some retailers, including Walmart, have already committed to implement a zero-waste policy by 2025. Prevention solutions across the retail value chain offer the highest returns to retailers and are growing the fastest.
- **Regulators are promoting the use of safer chemical-based product:** for example, the EPA offers a “Safer Choice” label that product manufacturers may use on qualifying products to help consumers and commercial buyers identify products with safer chemical ingredients. The EPA requires that every chemical, regardless of percentage, in a Safer Choice-certified product is evaluated and allows only the safest ingredients.
- **Increasing investment in foodtech and agritech companies:** according to a recent report published by AgFunder, a venture capital firm active in the foodtech and agritech, startups developing agri-food tech solutions and products, raised approximately \$51.7 billion into agrifood technologies in 2021; an 85% increase over 2020<sup>2</sup>. Reduction of food waste, extension of the shelf life of fresh produce and reduction of the use of pesticides are main focus of the industry and many companies are addressing these objectives, including:  
The increased consumption of fruits and vegetables in combination with the current regulation and consumers’ demand for healthier food has placed a greater burden on the fresh produce industry to provide food products that are fresher in quality, demonstrate an extended shelf life and are safer to consume.  
The aforementioned changes provide a unique opportunity for us to introduce our products and solutions. We are aiming to become a significant player in post-harvest green produce treatment, fully responsive to the world’s ongoing change in fruit and vegetables consumption, food safety requirements as well as regulations and consumer demand to eliminate the use of hazardous chemicals.

### Our Core Products and Solutions

Our innovative products address what we believe to be two of the most significant challenges in the food industry: food safety promotion and food loss reduction. Our main product lines consist of a proprietary blend of organic food acids applied in pre- and post-harvest applications, which is designed to work together with an oxidizing agent (Save Foods solution) in order to improve food safety and increase fruit and vegetable’ shelf life by reducing microbial spoilage.

In pre-harvest application, our solutions could be applied several times up to 24 hours prior to the harvest. In post-harvest applications, the main steps are cleaning, sanitization and coating (wax). Our solutions address the cleaning and sanitization application points which are the critical first steps for preserving the quality of fresh produce by controlling microbial contamination related to food safety (e.g., Listeria, Salmonella, E. coli) and food loss due to microbial spoilage (e.g., fungi, mold and yeast). In general, the current process includes an initial washing step to remove soil and other debris, which improves the product appearance and lowers the product temperature. The next step includes sanitation or disinfection methods combined with fungicides that can further reduce the presence and prevent the transfer of spoilage and pathogenic microorganisms on fresh produce surfaces. The last step usually includes application of wax sometimes combined with an additional application of fungicides to prevent or reduce physiological changes and risks of spoilage. Our main products and solutions are applied at the cleaning and sanitization steps.

One of the main advantages of our solutions based on our food acid blend is its non-toxic residues that are providing protection to the treated produce. And we believe that all the blend ingredients are recognized by the FDA as GRAS when used as intended in fruit and vegetable wash applications. Moreover, they significantly reduce or eliminate the need for additional post-harvest applications with conventional fungicide by at least 50%, and in some cases entirely, and can reduce food waste due to spoilage by up to 50% (see results below on easy peelers and mango) at the retail level.

<sup>2</sup> 2022 AgFunder AgriFoodTech Investment Report

Our main products are *SavePROTECT* or *PeroStar*, which are an application added to fruit and vegetable wash water as a processing aid to peracetic acid (oxidizing agent) to increase its efficiency against plant pathogens and reduce produce loss.

#### **Processing Aids - *SavePROTECT* or *PeroStar***

Processing aids are products that are intended to be used with other products to aid the application or enhance the effect of that product. Save Foods processing aids, which are marketed as *SavePROTECT* in the Americas and *PeroStar* in the rest of the world, are based on our proprietary blend of food acids and are added to the wash water at the cleaning and sanitization stages simultaneously with a low concentration of peracetic acid (“PAA”), the active agent. This food acid blend serves several functions:

- *SavePROTECT/PeroStar* keeps the process wash waters at a relatively low stable pH level. We have observed that low pH levels strengthen the effectiveness of the PAA and the fungicide used which result in increased sanitation and biocide activity;
- PAA-based products are used as disinfectant in wash water. When used with PAA-based products, *SavePROTECT/PeroStar* may optimize the efficacy of PAA and eliminates the strong odor of PAA, creating a more friendly and safe working environment;
- When used with fungicides, including imidazole, imazalil, thiabendazole, etc. - most commonly used fungicides - *SavePROTECT/PeroStar* may optimize the efficacy of the fungicides used and prevent resistance buildup;
- *SavePROTECT/PeroStar* helps to clean the fruit surface and can improve the performance of the wax applied leading to an improved appearance of treated fruit by leaving a glossy finish on the outer skin of the fruit; and
- *SavePROTECT/PeroStar* helps to extend shelf life.

During 2020, we ran a series of proof of concept and small trials in collaboration with commercial partners on pears, avocado, easy peelers, lime, mango, bell pepper, lemons, fresh cut vegetables and figs. During 2021 and the first quarter of 2022, we initiated a proof of concept in bananas, lychee, berries, pomegranate, broccoli, tomato and eggplant. Since the fourth quarter of 2021, we have expanded our footprint to additional countries that are facing export challenges to Europe such as Peru, Turkey, South Africa and Mexico. As of December 31, 2022, we fully commercialized our solution with respect to easy peelers, lime, bell peppers, dates and avocado.

#### **Results on Berries**

Berries are easily perishable and maintaining fresh quality after harvest depends on proper handling, transportation, and storage. If berries are not properly handled during and after the harvest, they lose nutritional and monetary value.

Strawberries, raspberries, black raspberries, blackberries, and blueberries are picked fully ripe for best appearance and eating quality. Because they are so delicate and easily damaged, they are usually picked directly into final containers to minimize handling, so grading and sorting of damaged or decaying fruit happens as the crop is picked. Even when they are handled under optimal harvesting temperature and humidity conditions, their shelf life is still short compared to most fruits and vegetables. Finally, even though it is common knowledge that consumers should be washing the berries before consuming them, this doesn't always happen. That makes farm food safety procedures crucial to minimize the risk of spreading foodborne pathogens.

During the fiscal quarter ended December 31, 2021, and the fiscal quarter ended March 31, 2022, we began working with raspberries and strawberries producers to apply our solutions with the goal to extend their shelf life. The results of the trials have shown that for raspberries, our solutions have reclaimed 80% of the raspberries that would otherwise have gone to waste. The trial pushed the boundaries of the raspberries' shelf life, with 10 days in cold storage and three more days at room temperature, after which three times as many berries were viable to be sold. For strawberries, our treatments have shown a waste reduction of 85% after 15 days.

In addition, after successful pilots on raspberries and strawberries, we decided to conduct a pilot on blueberries in February 2022. In most cases, there are no known treatments for disinfection or post-harvest pathogen prevention in blueberries. The experiment simulated long shipment of blueberries in cold storage for one month. The results demonstrated that our solution protected blueberries from pathogens' contamination and, subsequently, extended their shelf life by seven days.

### Results on Avocado

During September 2021, we began a commercial pilot with Milopri, the avocado packer of Galilee Export, to evaluate Save Foods' solution on avocados. While our application was applied on the packing line, boxes of avocado were put aside for shelf-life evaluation. After 16 days at room temperature, the avocado treated with our solution showed the lowest percentage of decay resulting in two times more avocado available for consumption.

Following this successful commercial pilot, Milopri fully adopted and implemented our solutions by August 2022 with the intention to be ready for the 2022 - 2023 avocado season, which began in September 2022 and is expected to end by the end of the second quarter of 2023.

### Results on Bell-peppers

The Arava region in southern Israel produces approximately 60% of all the fresh vegetables that Israel exports, and bell peppers are its leading exported vegetable. At the beginning of the bell pepper season (September 2021), we began commercial pilots in two large packing houses in order to evaluate the benefits of our solution as applied to bell peppers. During September 2022, after successfully evaluating our solutions, these two large packing houses began using our solutions as their commercial treatment.

Our solutions have shown a decay reduction compared to the current industry standards and have maintained the firmness of the bell pepper overtime. While Israeli packers in the region are struggling to maintain a reasonable shelf life for their produce during the export process, our solutions have shown a significant improvement in export performance. The foregoing pilot demonstrated that bell peppers, after applying our solution, sustained 70% less decay after 28 days (23 days in cold storage and an additional five days at room temperature) translating into 20% more bell peppers to sell and consume. The post-harvest team at the Central-and Northern-Arava Research and Development center validated these results and the results were thereafter published in an Israeli local professional agriculture journal.



### Results on Easy Peelers

Easy peelers are citrus fruits that are easier to peel, such as tangerines, mandarins, satsumas, and clementines. As previously described, imazalil is currently one of the most commonly used fungicide that is effective in controlling post-harvest fungal pathogens in citrus. Currently, the residues of imazalil on citrus fruit is being revised by the European Commission and have already been reduced, and this reduction poses challenges, especially to packing houses exporting to Europe.

Between February and June 2020, we collaborated with the Israeli branch of one of the largest worldwide post-harvest service companies to demonstrate the safety and ability of PeroStar to meet the new requirement of reduced residue level of imazalil and efficiently control decay against the most common pathogens attacking citrus fruit such as green mold (*Penicillium digitatum*) and sour rot (*Geotrichum candidum*). The experiment simulated the applications in a packing house which tested the use of imazalil with and without our products. The reference used in the trials to compare the results was the maximum amount of imazalil allowed and the current treatment in the packing house which is a combination of PAA and imazalil as well as PAA alone to simulate treatment in organic settings.

To ensure the efficacy of the products, it is customary to deliberately infect the fruit with the target pathogen at a concentration of around 10 and to inoculate it for 16 to 24 hours before applying the solution. Following the application, the fruit was stored in cold storage for between 9 to 21 days and then stored in room temperature for shelf-life evaluation.

During these months, we ran a series of trials from small scale/lab test (between 350 to 500 fruits per trial) to semi-commercial application (more than 1000 fruits per trial). The semi-commercial pilots were run in Ashkelon, Israel on the packing line of Mehadrin in Israel, a well-known and recognized citrus packer. From January 2022 until January 2023, Mehadrin was applying our solutions on produce in one of its packing-lines in Ashkelon, Israel, in which Mehadrin had reported a reduction of 50% of pesticide usage. Due to technical reasons, our commercial implementation with Mehadrin recently transitioned to a packing-line in Netanya, Israel, for additional pilots.

The results of the trials have shown that PeroStar significantly reduced the need for additional post-harvest applications with imazalil by at least 50%, and in some cases entirely while improving the fruit shelf life, reducing waste). In addition, the use of PeroStar allows the packing house to meet the new limitations of imazalil utilization as well as meet its goal to apply greener and safer products (see graph below).

### Results on Mangos

We recently tested our PeroStar on mangos in collaboration with the Israeli-based Volcani Center for Agricultural Research. The goal of the test was to evaluate the effectiveness of PeroStar in preventing decay in harvested mangos in comparison with fludioxonil. Fludioxonil is a fungicide that is commercially available in Israel at a level of 250 to 300 parts per million. Fludioxonil is deemed to be an effective fungicide against fungi that attack the mango post-harvest, yet there is a growing need for “greener” solutions, given Fludioxonil’s level of toxicity.

Mangos were stored for three weeks after treatment at 12°C and an additional week of shelf life at 20°C in what would typically simulate a mango crate shipment to Europe and retailers in similarly distanced markets.

Results after evaluation have shown us that the treatment with PeroStar, improved the biocide activity of the PAA, which resulted in a reduction in both side decay and stem-end rot (common pathogens in mango) leading to an extended shelf life with no use of fungicide (as demonstrated in the picture below). In addition, the results also showed that the combination of PeroStar with a low concentration of fludioxonil reduced the post-harvest decay to zero. The results (as presented in the graph below) demonstrate that applying PeroStar enables mango producers to achieve an improved shelf life of produce compared to the current solution while reducing the use of conventional chemical pesticides.

During 2022, an independent study, performed by Itay Noked, agronomist and independent researcher (M.Sc. Post-Harvest), showed that our solution can extend the shelf life and freshness of mangos while virtually eliminating the use of post-harvest pesticides; after 21 days in storage and 15 days on the shelf, twice as many mangos were still edible when compared to mangos that didn’t undergo treatment, and 75% less pesticides were used.

Following these pilots, a commercial application was performed with an Israeli mango packer, in which only 25% fungicide were used together with our solution and compared to the current commercial application with 100% fungicide. Following such application, both batches of fruits were sent to a leading fresh produce distributor in Europe, and both were successfully distributed, demonstrating that our solutions help reduce up to 75% of the applied fungicide. We expect to start our commercial activities during the upcoming mango season in 2023.



*Results on Limes*

Following a successful pilot in Mexico on Persian lime (where SavePROTECT has reduced to zero the fruit decay after 21 days as shown in the graph below), the packing house bought its first batch to start its utilization of our product. Thereafter, and beginning in June 2021, the packing house began applying our solution to all of its packing facilities in Mexico.



Based on these results, food retailers may benefit from additional income of up to \$126 per ton of limes assuming a conservative average price of \$3,000 per ton (based on an average price per pound lime of \$1.49 in 2019), as presented in the graph below.

The European Union is a significant target market for our organic food acid blends because of strict regulations that are being imposed on the use of pesticides and GMO-produced crops, as well as health conscious consumers who represent a growing demand for organic fruits and vegetables. In August 2020, we submitted a regulatory dossier for our PeroStar as a processing aid to be used with PAA in Spain and Italy, two of the largest fruit and vegetables producers in Europe. See “Government Regulation and Product Approval” below.

Commercialization Stage

The table below summarizes our commercialization efforts and activities as of February 2023.

	Easy peeler	Lime	Avocado	Bell pepper	Lemon	Dates	Pears
California, USA	v						
Israel	v		v	v	v	v	v
Mexico		v					
Turkey	v				v		

Sanitizer – SF3HS or SF3H

Post-harvest sanitizers are considered a pesticide and regulated by the EPA in the United States. The EPA will review toxicity data and results from tests to show how well the product kills bacteria to determine if the product should be approved. See “Government Regulation and Product Approval” below.

This sub-category of products is based on our proprietary blend of food acids combined with hydrogen peroxide as the oxidizer and includes SF3HS and SF3H. We believe that this category of products will be an improved sanitizer as compared to traditional sanitizers. SF3HS and SF3H are public health antimicrobial pesticide products that bear a claim to control by at least a 3 log10 reduction (99.9%) pest microorganisms that pose a threat to human health (foodborne pathogens), and whose presence cannot readily be observed by the consumer.

After we have finalized our toxicological studies, we conducted a series of microbial trials in laboratories in both the United States and Israel in non-Good Laboratory Practice settings in order to evaluate the efficacy of SF3H as an antimicrobial agent to reduce foodborne pathogenic bacteria in “processing water” for fruit and vegetables. We used a modification of the Association of Official Agricultural Chemists Germicidal and Detergent Sanitizing Action of Disinfectants method and test protocol EN1276 (European standard for the evaluation of chemical disinfectant or antiseptic for bactericidal activity). The tested organisms are Listeria monocytogenes, Salmonella enterica and Escherichia coli O157:H7.

The last test was performed by Analytical Lab Group on a mix culture of *Listeria monocytogenes* with an exposure time of 30 seconds. The results showed more than 99.99999% (>7.51 Log10) reduction. In Israel, the tests were performed by the Institute for Food Microbiology and Consumer Good Health on a single strain for each pathogen (*Listeria monocytogenes*, *Salmonella typhimurium* and *E. coli*) with exposure time of 30 seconds and the results have shown between 99.99% to 99.9999% reduction. Exposure time is a key parameter in sanitization process, therefore allowing a short contact time is a significant advantage over the competition where the current minimum contact time available is 45 seconds.

Following the advice of our board of Directors, we recently decided to postpone our GLP efficacy studies for the time being in order to concentrate our efforts on the commercialization of our adjuvant, SavePROTECT/ PeroStar solutions.

#### *Results on Avocados (food safety)*

We have tested the efficacy of our SF3H and SF3HS products against *Listeria* on 40 avocados of which 10 avocados were treated with our SF3H and SF3HS products. The peel of the avocado was punctured and infected with high level of *Listeria*. The results have shown a 99.99% reduction within fifteen seconds of exposure time. In addition, we have also tested the efficacy of SF3H on avocado's shelf life compared to current treatments (12 avocados per treatment). The results (demonstrated below) show that after 18 days in room temperature the treated avocados display material reduction in microbial spoilage as compared to avocados treated with water and chlorine, a well-known sanitizer.

#### *Results on Microgreens (food safety)*

An increasing number of studies point to the growing demand for locally sourced, organic vegetables. Various types of "young vegetables," such as sprouts, microgreens and baby greens, are becoming increasingly popular due to their high nutritional value. Microgreens are deemed premium products and command higher retail value. They also belong to a group of "functional foods" and have high levels of bioactive compounds, while requiring less water and energy to grow, which they do year-round. Currently, microgreens are largely being cultivated in major greenhouses across the United States. According to Agrilyst, an agro-intelligence platform, greenhouse cultivation of microgreens was the highest in South and Northeast regions, each accounting for 71% and 59% in 2017. While consumers in the United States are more focused on growing leafy greens and microgreens than any other vegetables.

We have tested the efficacy of our SF3H products to control and prevent potential pathogen contamination on microherbs (pea and sorrel) produced by Israeli-based microgreens exporter 2BFresh. Our treatment combined a post-harvest spray application and a fogging treatment to be used in the cooldown storage room. In order to determine the efficacy of the product, 25 swabs were taken across 18 trays (nine of each microgreen species). The results showed more than 90% reduction of the total bacterial load post-treatment.

We believe that our SF3HS and SF3H provide improved sanitization of bacteria (including *E. coli*, *Salmonella* and *Listeria*) while leaving no toxic residues on fruits and vegetables.

We expect the first commercialization of SF3H and SF3HS at the earliest by the end of -2025.

#### **Other Products**

Our product portfolio also includes the *SpuDefender* and *FreshProtect*.

#### ***SpuDefender***

SpuDefender is one of our EPA-registered products which targets and is designed to control the post-harvest potato sprout. Due to the European Commission's decision on January 1, 2020, to no longer allow the use of the herbicide chlorpropham (the "CIPC"), the post-harvest potato industry is looking for new solutions. For over 50 years, CIPC was widely used as a sprout suppressing agrochemical agent applied to potatoes that were stored in processing facilities.

Following recent discussions with post-harvest experts and potential customers, we believe we should concentrate our efforts on the commercialization of our adjuvants. Furthermore, we believe that our SpuDefender product may offer a successful alternative to CIPC. We intend to initiate pilot tests with potential customers to treat potatoes pre-storage (three to six months storage in average) in 2024.

#### **FreshProtect**

FreshProtect is our second EPA registered product, which targets and is designed to control spoilage-creating microorganisms on post-harvest citrus fruit. The registered label of the product only allows us to market and sell FreshProtect in the United States (excluding California). However, we believe that FreshProtect has a significant potential in reducing the bacterial load entering the packing house in the pre-harvest market. The non-toxicity of FreshProtect allows its application up to the day of harvest (0-day pre-harvest interval), which is critical to prolong crop protection and reduce microbial spoilage.

We recently ran a proof-of-concept study under a controlled group environment of different plant fungi responsible for decay which showed promising initial results.

Recently, Dr. Jim Adaskaveg, Professor at the Microbiology and Plant Pathology Department at the University of California, Riverside, reported the completion of several successful field trials with FreshProtect on citrus trees where he demonstrated a significant reduction of decay in treated fruit and a reduction in bacterial populations.

The main conclusions of the trials were that FreshProtect with concentration of 1% and 2% applied at 400 gallons per acre materially reduced sour-rot on inoculated fruit. While both rates were also effective against fruit inoculated with *P. digitatum*, (i.e., fungus found in the soil of citrus-producing areas and major source of post-harvest decay), the 2% concentration of FreshProtect demonstrated significantly more efficacy at reducing sour-rot. Natural incidence of *Penicillium spp.* (a family of fungi) was also reduced on fruit inoculated with *G. candidum*, fungus that is a member of the human microbiome.

Furthermore, FreshProtect can be used in combination with several different kinds of pesticides and fertilizers which allows the application of more than one pesticide at once. This in turn reduces cost and facilitates implementation. The graph below summarizes these results:

The regulation for pre-harvest (in the field) application especially in California as well as in Israel may take more time than post-harvest application due the potential impact on the environment. We submitted the pre-harvest regulatory dossier on January 2023 in the US. In parallel, we started to run additional pilots in Israel with potential strategic partners in order for them to evaluate and validate the potential of FreshProtect for the pre-harvest market. We expect the registration of the product in the U.S. by the end of 2023. Once registered at the EPA level, we would be able to start the registration in California.

## Our Strengths

We believe that our main strengths include:

- **Strong Management Team with Commitment to Green Products.** Led by an experienced team in developing products and solutions for the agriculture industry, we plan on becoming a significant player in providing consumers with healthy and green fresh produce from farm to fork while endeavoring to ensure food safety and reducing food waste. We believe that our proprietary blend of food acids provides protection to the treated produce and works in synergy with well-known fungicides and sanitizers. This synergy allows us to significantly reduce the concentration of the fungicides that are heavily regulated in several countries and, in certain countries, outright banned and meet the food trends of sustainable and green produce.
- **Multi-Purpose Products that Simplify Crop Treatment Routine and Save Money.** While most chemicals marketed in the industry address either food safety or food waste, our multi-purpose solution are intended to provide a solution for both problems, while simplifying crop treatment and achieving cost saving. Our solutions are capable of cleaning and controlling pathogens that would otherwise render fresh produce as unsafe for human consumption. Our proprietary blend of food acids combined with well-known sanitizers are very efficient against foodborne pathogens like E. coli, Salmonella and Listeria as well as plant pathogens in short contact time (99.999% reduction within 30 seconds of contact). In addition, with multipurpose products, there is no need to order, ship or dispose of bottles of product, resulting in less energy consumed, less CO<sub>2</sub>, less fuel, and less waste. We believe our focus on natural product chemistries will allow us to continually drive lower costs, higher product gross margins and efficacy through longer shelf life and reduction of food waste.
- **Strong Intellectual Property Portfolio.** We believe that we have built a strong intellectual property position throughout the food chain (from field to fork) as our patents claim compositions and methods that can be used to protect food and agricultural products from decay. We rely on a combination of important intellectual property assets, to protect our innovation. Our employees, consultants, customers, and vendors are subject to confidentiality agreements that protect our proprietary manufacturing processes. Our patent portfolio includes granted patents in the United States, Europe, and Israel, as well as several priority applications, across several patent families, including composition-of-matter claims, methods of use claims, including for treating edible matter, for improving the appearance of edible plant matter, and sterilization methods, as well as for articles for implementing these methods. These patents directly protect a proprietary method for extending life shelf and reducing edible matter from microbial decay.
- **Commercially Available Products and Seamless Implementation.** One of the oxidizers being used with our products is PAA, a well-known and widely used sanitizer. Following the enforcement of the FSMA in connection with the use of sanitizers, more and more packers have been choosing this healthy and eco-friendly sanitizer over chlorine, and this choice facilitates implementation of our products. In addition, the application of our products does not require special equipment as they are used in combination with or replace existing products applied on the packing line or in the mix tank in the field. This allows a relatively cheap, seamless and fast implementation.
- **Significant Reduction of Hazardous Chemicals Food Residue.** All the ingredients in our blend of food acids are recognized by the FDA as GRAS when used as intended in fruit and vegetable wash applications, while oxidizers we use such as hydrogen peroxide rapidly decompose into water and oxygen. The absence of toxicological residues not only improves food quality but also promotes occupational safety for the employees of packing houses, contributing to a friendlier and safer working environment.

## Our Strategy

In September 2018, we changed our organizational structure and management team. After reviewing the then existing strategy and results of operation, as well as examining the market opportunities, the new management team decided to update our strategy, reduce the marketing and sales of its existing products, and focus our efforts and financial resources in developing its next generation products. During the years 2019 and 2020, we developed, validated and tested the efficacy of our next generation product - a blend of food acids - on a variety of crops in small and large scale commercial pilots. During 2021, following the completion of certain successful pilots conducted in 2020, we shifted our strategic focus to marketing, sales and overall commercialization of its products.

Over the course of 2022, we understood that working with global post-harvest service companies is challenging, especially when considering that our solutions reduce or replace their lucrative products (fungicides) on the packing line. Furthermore, we concluded that the validation of our solutions by these post-harvest service companies is long and required multiple pilots over several years. In addition, following the positive results on berries, and taking into account the short shelf life and the lack of existing solutions, we decided to focus our efforts on developing such solutions since a shorter shelf life may reduce our sale cycle and, accordingly, present greater market opportunity.

Therefore, we have revised our strategy, to commercialize our products directly to leading packing houses and through strategic partnerships with post-harvest service companies that work with local partners and/or distributors and focus more on produce that is significantly improved by our solutions while shortening the evaluation period. Our ultimate goal is to eventually gain presence in a variety of businesses comprising the food industry, including pre-harvest, post-harvest, retail and consumer businesses.

In order to achieve our goals, we intend to:

- **Develop a Strong Marketing Message Around Promoting Safe Food While Avoiding Food Waste.** We plan to brand our fresh produce with a “chemical residues free” seal of approval and we believe that like-minded fruit packers around the globe will seek to differentiate themselves from their competitors by obtaining this seal.
- **Expand Our Activities to Include Focus on Various Berries.** The berry market is virtually untapped and consists of very sensitive produce with limited shelf-life that stand to benefit from our solutions. Berries can be harvested several times throughout the course of the year and are considered to be a high value crop.
- **Acquire or License Complementary Products and Technologies.** We actively search for products and technologies that can enhance our portfolio and grow our business to address all the post-harvest treatments such as fruit coating products or technologies.
- **Expand to Additional Produce and Geographies.** Our plan is to focus first on key countries and regions with the largest markets for our crops, including Mexico, Israel, Turkey, Egypt, and key markets in the United States such as California. In the future, we are also planning to increase the variety of crops that can be treated with our products, to include produce such as apples, tomatoes, pomegranate, eggplant, broccoli, and papayas.
- **Focus on Exportation to Europe.** We plan to increase our focus on exports to Europe as EU regulations permit a limited use of fungicides. When taking into account these regulations, which are becoming increasingly difficult, and the long transportation time, there is a significant increase to the risk of produce decay.
- **Leverage Our Products Through Collaborations.** Our focus and expertise in the development of green products for the agritech industry and in post-harvest treatments allow us to be a partner of choice for other businesses looking for development partners and for larger companies wanting to leverage their product such as PAA into new combination products. For example, companies selling or owning fungicides, the MRL of which is being reduced, and that are working in synergy with our products are good partners. This type of collaboration could allow them to continue selling their product.



## Selling and Marketing

Although over the course of 2022, we ran over fifty successful pilots with potential commercial partners, we discovered that the sale cycle is significantly longer than we had anticipated and noted it would take, on average, at least two seasons for our new solutions to be fully implemented.

Therefore, to maximize our efforts during 2023, we optimized our marketing and sales strategy. We now concentrate our efforts first on high value crops, such as avocado, mango, citrus, pears, various berries, dates and bell peppers, while targeting larger producing countries in both the northern and southern hemispheres to overcome the seasonal effect. By March 2023, we expect to conduct pilots in South and Central America, the United States, South Africa, Turkey, Egypt, and Israel, and we are exploring collaboration opportunities in Morocco. In addition, to shorten the length of our pilots, we now aim to target fresh produce with a comparatively shorter shelf life, including various berries. Over the next 12 months, we intend to focus mainly on following up with the pilots performed during the last 18 months and convert them into full commercial applications. To facilitate our market penetration, we are collaborating with local agents and experts in various jurisdictions, each of which has connections with packers and retailers on the ground, which helps us bridge the language and cultural gaps.

The table below summarizes the market opportunities for selected produce in our target markets.

	Apples & Pears	Avocado	Bananas	Berries	Bell pepper	Citrus	Lettuce & chicory	Mango	Papaya	Tomatoes
Global Production of the Crop (in million ton) <sup>1</sup>	109.2	6.8	115.9	10.1	35.3	63.5	27.0	52.5	13.4	181.1
Production of the Crop in the Company's Target Markets (in million ton) <sup>2</sup>	19.4	3.9	17.6	4.2	9.6	19.0	7.5	7.7	1.7	51.4
Production of the Crop in the Company's Target Markets (in %)	18%	58%	15%	42%	27%	30%	28%	15%	13%	28%

1. Average global production for the years 2016, 2017, 2018, 2019 and 2020.

2. Our general target markets include Chile, Colombia, Egypt, Israel, Italy, Mexico, Morocco, Peru, Philippines, South Africa, Spain, Thailand, Turkey and the United States.

## Turkey

While Turkey is not a member of the EU, the EU estimates that more than 42 percent of all Turkish exports go to EU member states, which will soon be bound by stricter rules about the origin of their imports. Turkey's Ministry of Trade estimated that in 2020 the total value of Turkish exports to the EU exceeded €120 billion.

Since August 2021, we have been working with a local post-harvest agent to introduce us to local Turkish packers. Our current focus in Turkey is the citrus sector, and as of December 2021, we had three pilots ongoing with leading packers in Turkey. Following these pilots, Kalyoncu began implementing our solution in their citrus line next to Mersin.

We are targeting additional citrus packing houses in Turkey, which we expect to be ready for the upcoming citrus season of 2022-2023. In addition to citrus, we plan to commence a pilot of our treatment on bell peppers in Turkey.

## Mexico

To promote our activities in Mexico, we are collaborating with Agrinet S. A., an agritech consultancy firm with expertise in introducing new products into Mexico. Agrinet has initiated a pilot program across Mexico to demonstrate the benefits of Save Foods solution. The program included several packing house companies in Mexico that export mainly to the United States. In mid-2022, we decided, together with Agrinet, that it would be economically advantageous to focus on sales with lime packing companies.

Following successful pilots conducted between August and October of 2020 on Persian lime, SiCar, one of the largest packers of Persian lime in Mexico, is now applying our solution in all of their packing houses in Mexico. Mexico is the largest producer of Persian limes.

#### **Israel**

During January 2022, the beginning of the easy peeler season in Israel, Mehadrin, the largest citrus packing house in Israel, began using our solution in their citrus packing houses.

Over the course of 2022, we ran additional pilots with large packing houses in Israel on pears, berries, pomegranate and tomatoes. Following several successful pilots on pears, a leading Israeli pear packing company elected to use our solutions as their commercial applications and plans to implement our solutions in its facilities by mid-2023.

On September 11, 2020, we signed a five-year exclusive distribution agreement with Safe-Pack Products Ltd., according to which we granted Safe-Pack an exclusive right to resell, distribute, advertise, and market our products in the citrus industry in Israel and the Palestinian territories. Following review and careful consideration, this agreement was not profitable for both parties as initially expected and was mutually terminated in September 2022.

#### **United States**

The first market we target for the sale and distribution of SavePROTECT is the post-harvest citrus industry in the State of California, which alone accounts for approximately 80% of all fruits and vegetables in the United States.

Over the last three years, we have treated more than 200,000 tons of citrus fruit with the different version of our SavePROTECT product. Under the supervision of a world leading packing house to the citrus fruit industry, we evidenced SavePROTECT utility as having a good safety profile, ensuring food safety and in controlling microbial spoilage. We plan to leverage this collaboration in order to further penetrate the citrus based fruit packing industry, both in California and beyond.

The Post-harvest treatment market for fruits and vegetables, which is projected to grow from \$1.5 billion in 2019 to \$2.3 billion by 2026, growing at a CAGR of 6.5% during the forecast period, is led globally by select companies, including DECCO U.S. Post-Harvest, Inc., (United States), Pace International, (United States), Xeda International (France), John Bean Technologies (United States) and Agrofresh (United States).

During October 2021, we secured the appropriate regulatory approvals and, accordingly, we plan to further penetrate this market for the upcoming citrus season of 2022-2023. We currently focus on post-harvest treatment for the citrus industry (as well as mangos and avocados) in addition to pilot studies with leading packers expected to begin in March-April 2023, to evaluate and validate the efficiency of our solutions in their packing facilities.

On September 22, 2020, we entered into a non-exclusive commission agreement with Earthbound Technologies, LLC (“EBT”) for a period of 12 months, according to which EBT will introduce us to potential clients, pre-approved by us (the “Introduced Parties”) and will assist us in finalizing commercial agreements with the Introduced Parties. In consideration for its services, we agreed to pay EBT 12.5% of the net revenues generated from the Introduced Parties (during the agreement period and within 18 months following the termination of the agreement) up to a total aggregated amount of \$2,000,000, provided that the compensation shall not exceed 25% of our gross profit under the given commercial agreement signed with the Introduced Party. In addition, in the event that the aggregated net revenues generated from the Introduced Parties exceeds \$500,000, and subject to the approval of our board of directors, we will issue to EBT 7,143 options to purchase 7,143 shares of Common Stock at an exercise price of \$8.4 per share. In the event that certain additional events detailed in the agreement occur, we will also issue to EBT, subject to the approval of our board of directors, an additional 7,143 options to purchase 7,143 shares of Common Stock at an exercise price of \$8.4 per share. Until the date hereof, we have paid EBT an aggregate of \$18,271 for the year 2022, there were no issuances of shares or options.

## Spain

Following a collaboration with one of the world's leading post-harvest treatment service vendors in Spain during 2020, in which we examined our product on citrus fruit, we began the registration process of our product, PeroStar. We believe our product could be an improved alternative to current fungicides that will soon be significantly reduced in this market.

## Intellectual Property

We rely on patents and trade secret protection laws to protect our proprietary products and intellectual property. We entered into confidentiality agreements with our employees, consultants, customers, service providers and vendors that cover, inter alia, our technology and proprietary manufacturing processes.

As of the date hereof, we own ten issued patents, and one allowed patent application, all which help protect our technology. These patents were granted in Israel, the United States and Europe and are valid until between 2031 and 2041. In addition, eleven further patent applications are also pending in the various stages.

## Compositions and Methods of Treating Edible Matter and Substrates Therefor

This patent family includes granted patents in the United States, Israel, and an allowed application in Europe and is directed to a method for protecting edible matter from decay by applying to the edible matter a disinfecting composition containing, among other things, (1) phosphonic or phosphoric acid, (2) a carboxylic acid, (3) performic acid, (4) a performic acid source (such as formic acid) and an oxidizer (such as hydrogen peroxide).

File Number	Country	Type	Status	Application/Patent Number	Priority Date
SVF-P-001-DE	Germany	Patent	Issued	DE 602011071750.2	September 14, 2010
SVF-P-001-ES	Spain	Patent	Issued	11825901.9	September 14, 2010
SVF-P-001-FR	France	Patent	Issued	11825901.9	September 14, 2010
SVF-P-001-GB	Britain	Patent	Issued	11825901.9	September 14, 2010
SVF-P-001-IL	Israel	Patent	Issued	225247	September 14, 2010
SVF-P-001-IL1	Israel	Patent	Issued	254909	September 14, 2010
SVF-P-001-US1	United States	Patent	Issued	10,212,956	September 14, 2010
SVF-P-001-US2	United States	Patent	Allowed	16/278,108	September 14, 2010
SVF-P-001-US3	United States	Patent	Pending	18/082,810	September 14, 2010

## Methods for Improving the Appearance of Edible Plant Matter

This patent family includes a granted patent in Israel and is directed to a method of improving the appearance of edible plant matter either during the pre-harvest or post-harvest stage. The method includes applying a composition based on phosphonic acid to the edible plant matter.

File Number	Country	Type	Status	Application/Patent Number	Priority Date
SVF-P-002-IL	Israel	Patent	Issued	229724	May 30, 2011

#### ***Method and Apparatus for Maintaining Fresh Produce in a Transportation Container***

This patent family includes granted patents in both Israel and the United States, it relates to a method used to maintain fresh produce stored in transportation containers. The apparatus is configured to generate an aerosol of one or more liquid pesticides, thereby reducing pathogenic contamination within the transportation container. This patent family covers any liquid pesticide for use in the above-mentioned apparatus.

File Number	Country	Type	Status	Application/Patent Number	Priority Date
SVF-P-003-IL	Israel	Patent	Issued	227328	June 23, 2013
SVF-P-003-US	United States	Patent	Issued	9,487,350	June 23, 2013

#### ***Sterilization Compositions and Methods for Use Thereof***

This patent family is directed to compositions and methods for reducing pathogen load within a container or on a surface, including inter alia the surface of an edible plant matter. Furthermore, the application is directed to compositions and methods for disinfection of cooling systems.

File Number	Country	Type	Status	Application/Patent Number	Priority Date
SVF-P-004-USP	United States	Patent	Pending	63/426,096	November 17, 2022

#### ***Sterilization Devices and Methods for Use Thereof***

This patent family is directed to a device for controlling pathogen load within a container or on a surface by spraying a disinfecting composition in response to a trigger, such as increased pathogenic contamination.

File Number	Country	Type	Status	Application/Patent Number	Priority Date
SVF-P-005-USP	United States	Patent	Pending	63/426,120	November 17, 2022

#### ***Compositions Comprising of Several Organic Acids and Use Thereof***

This patent family is directed to kits and methods for controlling pathogen load within or on the surface of an edible plant matter.

File Number	Country	Type	Status	Application/Patent Number	Priority Date
SVF-P-006-EP	Europe	Patent	Pending	21763868.3	March 1, 2020
SVF-P-006-MX	Mexico	Patent	Pending	MX/a/2022/010828	March 1, 2020
SVF-P-006-PE	Peru	Patent	Pending	001876-2022/DIN	March 1, 2020
SVF-P-006-US	United States	Patent	Pending	17/908,624	March 1, 2020
SVF-P-006-ZA	New Zealand	Patent	Pending	2022/09840	March 1, 2020

### ***Combined Fungicidal Preparations and Methods for Use Thereof***

This patent family is directed to compositions and to methods for reducing pathogen load on a substrate.

File Number	Country	Type	Status	Application/Patent Number	Priority Date
SVF-P-007-EP	Europe	Patent	Pending	21829736.4	June 23, 2020
SVF-P-007-CA	Canada	Patent	Pending	3,184,215	June 23, 2020
SVF-P-007-US	United States	Patent	Pending	18/012,486	June 23, 2020

We cannot be sure that any patent 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. There is also a significant risk that any issued patents will have substantially narrower claims than those that are currently sought.

### **Competition**

Given that the market for the use of green and “residue free” solutions is evolving, we are continually facing growing competition. The market for post-harvest solutions is fragmented and includes various regional suppliers. The market of post-harvest treatments for fruits and vegetables is dominated by five large players with wide reach across the globe. We believe that a market edge will be given to a company that can solidify its reputation, product quality, customer service and customer intimacy, product innovation, technical service and value creation. Based on these variables, we believe that we compete favorably when compared with the global competition in this market.

Currently, our main competitors are companies providing PAA, chlorine and other sanitization solutions, such as Ozone as well as technology companies developing new biorational fungicides.

We also compete with heavily diversified multi-national chemical conglomerates, who produce various biocide formulations designed to kill or deactivate pathogenic micro-organisms. Of these, two companies are the most significant:

- **Peroxychem:** Peroxychem is a subsidiary of Evonik Industries AG (Germany). It is a significant worldwide producer of hydrogen peroxide, persulfates and PAA. Peroxychem generated sales of approximately \$300 million in 2019; and

- **Solvay (Belgium):** Similar to Evonik Industries, Solvay is a heavily diversified multinational chemical conglomerate. During the fiscal year 2022, Solvay had approximately €13.4 billion in net sales, spread across the breadth of their product lines. Most relevant to us is their blends of PAA and hydrogen peroxide, sold in two primary formulations - OXYSTRONG for water treatment and PROXITANE for the food industry.

In addition, we have several indirect competitors, which are companies with whom we seek to make strategic partnerships - large companies specializing in post-harvest solutions for the agricultural industry. This has been more difficult than initially anticipated due to our solutions reducing these companies' revenues from certain fungicides used on produce. Such companies include:

- **Decco US Post-Harvest:** Decco is a subsidiary of Decco Worldwide, which itself is a division of United Phosphorous Ltd. Decco provides a variety of solutions, both mechanical and chemical, for the post-harvest industry. They produce conventional fungicides (imazalil, thiabendazole, etc.), as well as produce coatings; and
- **Pace International:** Pace International is a subsidiary of the Sumitomo Chemical Company. Similar to Decco, it provides a variety of solutions - primarily in the realm of conventional fungicides and carnauba wax coatings for fruit.

We also consider Citrosol, Xeda International, JBT and Agrofresh as our indirect competitors (and current or potential collaborators).

The organic market offers a huge trade and income potential for producers, processors and trading companies globally. The rising demand of various organic products has driven the demand of organic post-harvest treatments. Green and organic technologies are increasingly being developed in a global market and several conventional post-harvest product and equipment suppliers, such as Citrosol, Fomesa and Peroxychem, have taken the opportunity and are starting to develop natural products.

### **Research and Development**

In the last two years we spent an aggregate of \$1,309,510 on research and development. In late 2022, our board of directors resolved to implement certain cost reduction measures, in light of the prevailing macroeconomic conditions and certain results of our operations. These cost reduction measures, included inter alia, the reduction of our budget in connection with our research and development activities and to focus mainly on the commercialization of our solutions with emphasis on converting recently completed pilots into paying customers.

### **Post-Harvest**

During 2022, we worked on the compatibility and synergistic effect of our processing aids products SavePROTECT/PeroStar with additional post-harvest treatments used in the packing house to provide an efficient, greener and cost-effective solution.

In addition, we have tested a natural edible coating for microbial safety and food quality enhancement in combination with our solutions with no conclusive results so far.

In addition to analytical methods, we have worked first on the optimization of our delivery system and we are collaborating with an industrial engineering company to develop a new cost-effective delivery system that will be combined with the collection and transmission of data to provide users with analytics and optimization tools and increase our presence in the packing house.

### **Pre-Harvest – FreshProtect and our Adjuvant**

We are also focused on developing new eco-friendly pre-harvest products which will improve post-harvest management practices by reduction of total microbial load, before even entering the packing house. An effective pre-harvest solution may reduce the need for post-harvest chemical fungicides while increasing profit through reduced spoilage in supply chains. In addition, the potential of addressing pre-harvest solution might offer new opportunities for treating crops, such as rice and wheat, with large market potential.

In pre-harvest application, one of the main advantages of our products is the non-toxicity of its ingredients, allowing its application up to the day of harvest (0-day pre-harvest interval), which is critical to prolonged crop protection and reduced microbial spoilage while reducing the total bacterial load entering the packing house. Field studies are conducted by Dr. James E. Adaskeveg from University of California, Riverside and the largest grower cooperative in CA in the United States on citrus trees to determine the effectiveness, optimize use protocol and effect on the environment. Additionally, in 2022, we conducted pre-harvest studies with leading Israeli citrus packers and independent mango researchers.

### **Production**

In Israel, we work exclusively with Zohar Dalia, a reputable chemical production company. Based on our formulation and guidance, Zohar Dalia is producing our PeroStar and any other small-scale formulation that we might need for the commercialization of our solutions. Zohar Dalia is particularly regarded for its deep understanding and experience working with oxidizer like hydrogen peroxide and PAA.

In the United States, we work with Seeler Industries, a national leader in marketing, handling, and in the termination of hydrogen peroxide.

In South Africa, we began working with a local producer Auryon Industries. This producer will supply our products to our clients in Egypt and be our “backup” production site.

All our producers, purchase all raw materials necessary for the production of our products. All ingredients and/or raw materials that are used in the creation of our products are commodities and are readily available for purchase off the shelf.

### **Government Regulation and Product Approval**

Our products are subject to national, state and local government regulations. Based on the product claims and classification, different regulatory and registration requirements may apply at the state, provincial or federal level.

### **Regulation of Our Processing Aid - SavePROTECT or PeroStar**

In the United States, our SavePROTECT product does not make any pesticidal claims and is not intended for use as a pesticide and, therefore, is not subject to the registration requirements of FIFRA. However, since the product is used on raw agricultural commodities in food processing facilities, the product is subject to regulation under the FFDCA. We believe that the product is in compliance with the FFDCA since every ingredient in the product can be considered GRAS when used as intended and the product does not have pesticidal activity per se.

Although SavePROTECT is not a pesticide under FIFRA, it is still required to be registered in California because the California statute requires the registration of both pesticide and adjuvant products.

On July 31, 2020, we submitted an “Application for Registration of Adjuvant” for SavePROTECT to the California Department of Pesticide Regulation (the “CDPR”). The dossier submitted included the following studies: (i) acute oral toxicity and acute dermal toxicity studies, (ii) physico-chemical property testing (determination of color, physical state, odor, density, pH, viscosity and oxidation/reduction chemical incompatibility), (iii) validation of the high-performance liquid chromatography method assay, (iv) stability test, and (iv) efficacy data.

Based on the intended use and claims for SavePROTECT, our product was registered with CDPR on October 27, 2021 as an adjuvant.

In addition, based on the opinion of our U.S. regulatory experts, all SavePROTECT ingredients are GRAS when used as intended and product does not have pesticidal activity.

In December 2021, we submitted an application for certification for our SavePROTECT to the OMRI, an international nonprofit organization that determines which input products are allowed for use in organic production and processing. OMRI Listed® products are allowed for use in certified organic operations under the USDA National Organic Program. OMRI reviews input products to verify that they meet the organic standards for use on organic farms or in organic processing. OMRI is recognized by the USDA National Organic Program as a reputable third-party input reviewer in Interim Instruction 3012 of the NOP Handbook. In addition, OMRI is accredited under the International Organization for Standardization ISO 17065 by the USDA Quality Assessment Division.

In June 2022, our SavePROTECT Organic was listed by OMRI allowing us to address the certified organic industry as well.

In Europe, processing aids are defined as substances that are added to exert a technological function during food processing and which may end up in the finished product. According to Regulation (EC) No. 1333/2008, processing aids means any substance which (i) is not consumed as food by itself; (ii) is intentionally used in the processing of raw materials, foods or their ingredients, to fulfil a certain technological purpose during treatment or processing; and (iii) may result in the unintentional but technically unavoidable presence in the final product as residues of the substance or its derivatives, provided they do not present any health risk and do not have any technological effect on the final product.

Processing aids are differentiated from food additives, which are substances that are added to food with the intention to exert a technological function within the final food product. Therefore, processing aids must not follow the EFSA guideline of “Data Requirements for the Evaluation of Food Additive Applications.”

In Europe, our PeroStar is not considered a processing aid in the enzymatic preparation category and, therefore, PeroStar is only regulated at the national level. While there are no harmonised requirements regarding the registration of a processing aids, some data (such as full composition and some toxicological data) must be disclosed and discussed with the competent authorities before the submission of a registration request.

In Spain, the guidelines for precise documentation for evaluation of technological adjuvants intended to be used in human food, state specific conditions for the assessment, authorization and use of all other types of processing aids, which are not processing aids in the enzymatic preparation category. During the third quarter of 2020, we submitted a regulatory dossier as a processing aid for PeroStar in Spain and Italy with very similar information as the regulatory dossier submitted in California. In December 2022, our European regulatory consultant informed us that we satisfied the safety requirement and that no further registration is required at this time.

In Mexico, based on the product composition and the legal status of the substances to be used as food additives, our PeroStar/SavePROTECT can be marketed and used in Mexico as a food additive (processing aid) and no registration is required (pending the final confirmation from Mexican government).



In Israel, the guidelines of the National Food Services, Ministry of Health, define the requirements for cleaning and disinfectant agents used with food. These guidelines state that such cleaning and disinfectant agents applied to the cleaning equipment which comes into direct contact with food, must not contain carcinogens. Specifically, List A and List B published by the Inter-ministerial Committee on Carcinogens, Mutagens and Teratogens of the Ministry of Health identify products and ingredients with carcinogenic, mutagenic and teratogenic properties. Our regulatory consultant in Israel has confirmed that our PeroStar does not contain carcinogens, mutagens and/or teratogens, and, therefore, is considered approved in terms of the relevant regulations of the National Food Services, Ministry of Health, and can be used as an additive to cleaning and disinfectant agents for fresh produce.

On January 22, 2022, we received an approval from Peru's Ministry of Agricultural Development and Irrigation to sell our products in Peru.

#### **Registration of Our SpuDefender and FreshProtect**

We currently have registrations for our SpuDefender (EPA Reg. No. 86381-1) and our FreshProtect (EPA Reg. No. 86381-2), at both the federal level and in the individual states where the products are sold for the use in post-harvest settings. To allow the utilization of our FreshProtect in pre-harvest settings, we submitted to EPA an updated product label in January 2023.

#### **Regulation of Our Sanitizers - SF3H and SF3HS**

In the United States, the primary federal laws that regulate the sale and distribution of our sanitizer products are the Federal Insecticide, Fungicide and Rodenticide Act ("FIFRA") and the Federal Food, Drug and Cosmetic Act ("FFDCA").

FIFRA is the federal law that regulates the sale and distribution of pesticides and is administered by the EPA. Products that claim or are otherwise intended to control microorganisms on inanimate surfaces, in water and on raw agricultural commodities are regulated, under FIFRA, as pesticides. FIFRA generally requires the pre-market registration of pesticide products. To register a pesticide product, we are required to provide test data and related information to demonstrate that the product is safe and effective under the conditions of use, as specified on the product label. The cost and timeframe to achieve EPA product registration depends on the type of product and the claims made for the product. Registered products are also subject to a number of recordkeeping and reporting obligations which require constant product oversight by companies.

Pursuant to FIFRA and Section 408 of the FFDCA, the EPA establishes tolerances for pesticide chemical residues that could remain in or on food, including raw agricultural commodities. A tolerance is the EPA established maximum residue level of a specific pesticide chemical that is permitted in or on a human or animal food in the United States. Generally, any pesticide chemical residue must have either a tolerance or an exemption from the requirement to have a tolerance in order to be permitted in or on human or animal food. The FDA enforces the tolerances pursuant to its authority under the FFDCA.

The FFDCA regulates the sale and distribution of drugs, medical devices, cosmetics and foods (including substances added to and found in food such as pesticide residues) and is administered by the FDA. Under the FFDCA, the FDA does not register or approve products that are used on food commodities and certain food-contact surfaces, such as food packaging. However, all substances that are used on food or food-contact surfaces need to be subject to an FDA regulation or permitted through other clearance mechanisms, such as a Food-Contact Notification, Threshold of Regulation opinion, by Prior Sanction or be "Generally Recognized as Safe" or "GRAS". If all the substances or ingredients in a particular product are cleared for use on food or food-contact surfaces or are GRAS then a company can market a product without obtaining any additional clearances. GRAS substances do not require pre-market approval or clearance by the FDA although the FDA does have a notification process for GRAS substances.

At the federal level, antimicrobial agents are subject to regulation by the FDA and/or EPA, either singly or jointly, depending upon the intended use of the product. Antimicrobial products applied to processed food are solely regulated by the FDA per longstanding FDA and EPA policy outlined in an EPA Notice titled "Legal and Policy Interpretation of the Jurisdiction Under the Federal Food, Drug, and Cosmetic Act of the Food and Drug Administration and the Environmental Protection Agency Over the Use of Certain Antimicrobial Substances" (63 Fed. Reg. 54,532 at 54,536 & 54,541 (Oct. 9, 1998)) and EPA's Pesticide Registration Manual, Chapter 18. Antimicrobial products applied to raw agricultural commodities (e.g. fruits and vegetables) are jointly regulated by the EPA and the FDA if their application takes place in a food-processing facility. If the antimicrobial product is applied to a raw agricultural commodity in a treatment facility that solely washes and packs food commodities, and the treatment does not change the status of the food as a raw agricultural commodity, then the EPA has sole federal regulatory jurisdiction.

Since our sanitizers will be and are intended to be used solely to treat raw agricultural commodities in post-harvest washing and packing facilities, at the federal level they are regulated solely by the EPA (as opposed to FDA): product registration is required under FIFRA and any food residues are regulated under the FFDCA. To complete the registration process, we will be required to submit a number of studies in the form of a registration application or dossier, which has not yet been submitted to EPA. These studies will specifically include: (i) safety studies - six acute toxicity studies (already finalized), (ii) physio-chemical properties testing (already finalized), (iii) one-year storage stability and corrosion (ongoing), and (iv) an efficacy study to demonstrate that the product is an effective sanitizer (studies conducted under non-good laboratory practices already performed and they show the product meets EPA performance standards). We have already identified and engaged with a third-party company in the United States to perform our good laboratory practices efficacy studies.

In addition, every state has its own laws that regulate pesticides and these laws require registration of pesticide products at the state level. Accordingly, products must also be registered in the states in which they are distributed prior to any sale.

#### **Organizational Structure**

As of December 31, 2022, we have one 98.48% owned subsidiary: Save Foods Ltd., which is incorporated in the State of Israel. Save Foods Ltd. is responsible for all of our commercialization of our pilots and sales activities.

#### **Human Capital Management**

As of March 27, 2023, we employed six full-time employees/consultants and two part-time employees. None of our employees are members of a union or subject to the terms of a collective bargaining agreement. Our employees are located in Israel.

We believe that our future success will depend, in part, on our continued ability to attract, hire and retain qualified personnel. In particular, we depend on the skills, experience and performance of our senior management. We compete for qualified personnel with other agritech companies, as well as universities and non-profit research institutions.

The success of our business is fundamentally connected to the well-being of our people. Accordingly, we are committed to the health and safety of our employees. In response to the COVID-19 pandemic, we implemented significant changes that we determined were in the best interest of our employees, as well as the communities in which we operate, and which comply with government regulations. This includes having employees work from home, while implementing additional safety measures for employees continuing critical on-site work.

We consider our employees to be a key factor to our success and we are focused on attracting and retaining the best employees at all levels of our business. We employ people based on relevant qualifications, demonstrated skills, performance and other job-related factors. We do not tolerate unlawful discrimination related to employment and strive to ensure that employment decisions related to recruitment, selection, evaluation, compensation, and development, among others, are not influenced by race, color, religion, gender, age, ethnic origin, nationality, sexual orientation, marital status, or disability. We are committed to creating a trusting environment where all ideas are welcome and employees feel comfortable and empowered to draw on their unique experiences and backgrounds.

We consider our relations with our employees to be good.

## Company Information

Our principal executive offices are located at HaPardes 134 (Meshek Sander), Neve Yarak, Israel, and our telephone number is (347) 468-9583. Our website address is [www.savefoods.co](http://www.savefoods.co). Any information contained on, or that can be accessed through, our website is not incorporated by reference into, nor is it in any way a part of, this Annual Report on Form 10-K.

We use our website ([www.savefoods.co](http://www.savefoods.co)) as a channel 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 10-K.

## Company History

We were incorporated under the name Pimi Agro Cleantech, Inc. on April 1, 2009, under the laws of the state of Delaware. On April 11, 2016, we changed our name from Pimi Agro Cleantech, Inc. to Save Foods, Inc. Our subsidiary was incorporated on January 14, 2004, under the name Pimi Marion Holdings Ltd., to exploit the knowledge, intellectual property and business assets of Nir Ecology Ltd., a company founded in September 1989, focused on developing sanitizing solutions for the water and food industry. During the initial years of its activity and until 2009, Pimi Marion Holdings Ltd. focused on the development of new products and applications within the potato-growing industry. On October 5, 2008, Pimi Marion Holdings Ltd. changed its name to Pimi Agro Cleantech Ltd. In September 2018, we changed our organizational structure and leadership team to support our new strategy and objectives. The goal of the organizational change was to drive us towards regulatory approvals for our new generation of products. Our revamped strategy was developed following research we conducted on the applicable and potential commercial markets for our products. The results of this research demonstrated a clear and significant market for our new products to be deployed as sanitizers for the agricultural and food tech industries. On May 2, 2019, Pimi Agro Cleantech Ltd. changed its name to Save Foods Ltd.

## ITEM 1A. RISK FACTORS

### Summary Risk Factors

Our business faces significant risks and uncertainties of which investors should be aware before making a decision to invest in our common stock. If any of the following risks are realized, our business, financial condition and results of operations could be materially and adversely affected. The following is a summary of the more significant risks relating to the Company. A more detailed description of our risk factors is set forth below under the caption “Detailed Risk Factors”.

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

- We have a history of operating losses and expect to incur additional losses in the future.
- We may need to raise significant additional capital, which we may be unable to obtain.

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

- We may not be able to successfully operate our business or execute our business plan.
- Our customers require that our products undergo a lengthy pilot period without any assurance of sales.
- Our products and technology require additional trials, which could prolong the sales cycle.
- The commercial success of our new generation products, as well as any future products, depends upon the degree of market acceptance by the packing house community as well as by other prospect markets and industries.

- We may face significant competition from other companies looking to develop or acquire new alternative environmentally friendly solutions for the treatment of fruits and vegetables, and other edible matter.
- Our success is dependent upon the acceptance of our environmentally friendly solutions for fruits and vegetables.
- We may be unable to respond effectively to technological changes in our industry, which could reduce the demand for our products.
- We currently rely on a limited number of suppliers to produce certain key components of our products.
- If we are unable to establish sales, marketing and distribution capabilities or enter into successful relationships with third parties to perform these services, we may not be successful in commercializing our products.
- We rely on rapidly establishing global distributorship network in order to effectively market our products.
- The results of our early tests may not be indicative of results in future tests and we cannot assure you that any planned or future tests will lead to results sufficient for the necessary regulatory approvals.
- Our products are highly regulated by governmental agencies in the countries where we conduct business and into which we plan to expand. Our success is dependent upon our ability to achieve regulatory approvals and registration in the United States, Mexico, Israel, Turkey, Egypt, Peru, and South Africa, which might take longer than expected.
- The inherent dangers in production and transportation of hydrogen peroxide and highly concentrated organic acids could cause disruptions and could expose us to potentially significant losses, costs or other liabilities.
- Our business and operations may be affected by climate change conditions, which could materially harm our financial results.
- Conditions in the global economy, including inflation and recessionary pressures, may adversely affect our business, financial condition and results of operation.
- Our relationship with our employees could deteriorate, and certain key employees could leave, which could adversely affect our business and results of operations.
- We are subject to risks relating to portfolio concentration.
- Our operating results may fluctuate, which makes our results difficult to predict and could cause our results to fall short of expectations.
- International expansion of our business exposes us to business, regulatory, political, operational, financial and economic risks associated with doing business outside of the United States, Mexico or Israel.
- Our business depends to some extent on international transactions.

#### *Risks Related to Intellectual Property*

- If we are unable to secure and maintain patent or other intellectual property protection for the intellectual property used in our products, our ability to compete will be harmed.
- If we are unable to prevent unauthorized use or disclosure of our proprietary trade secrets and unprotected know-how, our ability to compete will be harmed.
- We could become subject to patent and other intellectual property litigation that could be costly, result in the diversion of management's attention, require us to pay damages and force us to discontinue selling our products.
- We may be subject to claims challenging the inventorship or ownership of our patents and other intellectual property.
- We may experience claims that our products infringe the intellectual property rights of others, which may cause us to incur unexpected costs or prevent us from selling our products or services.

#### **Risks Related to Regulatory Compliance**

- If we or our contractors or service providers fail to comply with laws and regulations, we or they could be subject to regulatory actions, which could affect our ability to develop, market and sell our products or future products that we may develop and may harm our reputation in our industry.
- Regulatory reforms may adversely affect our ability to sell our products profitably.

#### **Risks Related to Ownership of our Common Stock**

- We may not satisfy Nasdaq's requirements for continued listing. If we cannot satisfy these requirements, Nasdaq could delist our securities.
- The market price of our Common Stock may be highly volatile.
- Sales of a substantial number of shares of our Common Stock in the public market by our existing stockholders could cause our share price to fall.
- Delaware law and provisions in our amended and restated certificate of incorporation and amended and restated bylaws could make a merger, tender offer or proxy contest difficult, thereby depressing the market price of our Common Stock.
- We may be subject to securities litigation, which is expensive and could divert management attention.
- 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 Common Stock, our stock price and trading volume could decline.
- We do not anticipate paying any cash dividends in the foreseeable future.
- We may need additional capital, and the sale of additional shares or equity or debt securities could result in additional dilution to our stockholders.

#### **General Risk Factors**

- Disruptions to our information technology systems due to cyber-attacks or our failure to upgrade and adjust our information technology systems, may materially impair our operations, hinder our growth and materially and adversely affect our business and results of operations.
- Failure to comply with anti-bribery, anti-corruption and anti-money laundering laws could subject us to penalties and other adverse consequences.
- We incur additional increased costs as a result of the listing of our Common Stock for trading on Nasdaq, and our management is required to devote substantial time to new compliance initiatives and reporting requirements.
- We face risks related to compliance with corporate governance laws and financial reporting standards.
- The ongoing conflict in Ukraine may result in market volatility that could adversely affect our business.
- If we fail to implement and maintain effective internal control over financial reporting, we may be unable to report our financial results accurately or meet our reporting obligations.

#### **Risks Related to our Incorporation and Location in Israel**

- Political, economic and military instability in Israel may impeded our ability to operate and hard our financial results.

#### **Detailed Risk Factors**

*You should carefully consider the risks described below, as well as the financial or other information in this Annual Report, including our consolidated financial statements and the related notes, before deciding whether to invest in our securities. The risks and uncertainties described below are not the only risks we face. We may face additional risks and uncertainties not currently known to us or that we currently deem to be immaterial. Any of the risks described below, and any such additional risks, could materially adversely affect our business, financial condition or results of operations. In such case, you may lose all or part of your original investment.*

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

#### ***We have a history of operating losses and expect to incur additional losses in the future.***

We have sustained losses in recent years, which as of December 31, 2022, accumulated to \$22.8 million, including an operating net loss of \$5.8 million and \$4.7 million for the years ended December 31, 2022 and 2021, respectively. We are likely to continue to incur significant net losses for at least the next several years as we continue to pursue our strategy, which is currently focused on converting pilots into paying customers, following lengthy sale cycles of at least two seasons. Our losses have had, and will continue to have, an adverse effect on our stockholders' equity and working capital. Any failure to achieve and maintain profitability would continue to have an adverse effect on our stockholders' equity and working capital and could result in a decline in our share price or cause us to cease operations.

#### ***We may need to raise significant additional capital, which we may be unable to obtain.***

Our capital requirements in connection with our research and development activities and transition to commercial operations have been significant. We will require additional funds to continue running pilots and testing of our technologies and products, to obtain intellectual property protection relating to our technologies when appropriate, and to market our products. There can be no assurance that financing will be available in amounts or on terms acceptable to us, if at all. In either of the aforementioned situations, we may not be able to fully implement its growth plans.

Additional financings that we may require in the future will dilute the percentage ownership interests of our stockholders and may adversely affect our earnings and net book value per share. In addition, we may not be able to secure any such additional financing on terms acceptable to us, if at all. Moreover, if we are unable to obtain such additional capital as discussed above, we will be required to stop our operations, and will resume our activities, only after capital is raised.

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

#### ***Because of our limited operating history, we may not be able to successfully operate our business or execute our business plan.***

In September 2018, the Company changed its organizational structure and management team. After reviewing the Company's then existing strategy and results of operation, as well as examining the market opportunities, the new management team decided to update the Company's strategy, reduce the marketing and sales of its existing products, and focus the Company's efforts and financial resources in developing its next generation products. During the years 2019 and 2020, we developed, validated and tested the efficacy of our next generation product - a blend of food acids - on a variety of crops in both small and large scale commercial pilots. In 2021, we commenced commercialization in various jurisdictions, while continuing to conduct commercial pilots. In 2022, we extended our commercial pilots in additional location in both the North and South hemisphere to address the seasonal effect.

Given our limited operating history, it is hard to evaluate our proposed business and prospects. Our proposed business operations will be subject to numerous risks, uncertainties, expenses and difficulties associated with early-stage enterprises. Such risks include, but are not limited to, the following:

- the absence of a lengthy operating history, in connection with, inter alia, implementation of effective logistics for the export of our product globally;
- insufficient capital to fully realize our operating plan;
- expected continual losses for the foreseeable future;
- operating in multiple currencies;
- our ability to anticipate and adapt to a developing market(s);

- acceptance of our products by the pre- and post-harvest industry players and consumers;
- limited marketing experience;
- a competitive environment characterized by well-established and well-capitalized competitors;
- the ability to identify, attract and retain qualified personnel; and
- operating in an environment that is highly regulated by a number of agencies.

Because we are subject to these risks, evaluating our business may be difficult, our business strategy may be unsuccessful and we may be unable to address such risks in a cost-effective manner, if at all. If we are unable to successfully address these risks our business could be harmed.

***Our customers require that our products undergo a lengthy testing period without any assurance of sales.***

Our prospective customers generally test and evaluate our solutions before applying these to their commercial product lines and integrating them into their facilities. This testing period takes at least two seasons and could be longer or subject to delays. Even after our solutions are approved by the customers, due to seasonal effects, it could take several months before they begin purchasing our solutions, if at all. Nothing guarantees that following such pilots, the targeted packing house will choose to use our solutions on its products or continue the process further and complete the sale cycle. The combination of the longer sales cycle and the unique nature of our solutions that could have different results following seasonal changes could have an impact on our profitability and business. As a result, we could have limited revenues, or no revenues, from prospective customers, even after we have invested significant amounts of time in the pilot phase and sales of our solutions, which in turn could adversely affect our business and financial results.

***Our products and technology require additional trials.***

The efficacy of our products has only been shown in the limited number of pathogens tested on certain produce and aforementioned climates, and therefore our products have yet to be proven against certain additional and relevant pathogens, produce and market climates to validate the efficacy and benefits of our products. These trials are lengthy and prolong our sale cycle by at least two seasons, and no assurance can be made that such packing facilities will choose to implement our solutions in their facilities.

***The commercial success of our new generation products, as well as any future products, depends upon the degree of market acceptance by the packing house community as well as by other prospect markets and industries.***

In order to achieve high volume sales and attain a leading market share and become the new standard of treatment, our products must not only be approved by the regulators, but also endorsed by the major packing houses and service providers, retailers of fruits and vegetables as well as environmental organizations. Our success depends on our ability to create significant value to the growers, the packing houses and the food retailers. We are aware of this key factor and are focusing on conducting large scale pilots with major fruits and vegetables packers and retail suppliers of fresh consumed goods in several countries, in order to show the efficacy of the products and our technology, and to receive the recognition of packers and retailers. However, there can be no assurances that we will succeed in such an endeavor, nor is it clear how long it will take until we receive market recognition.

There can be no assurance that any product that we bring to the market will gain market acceptance by prospective customers. The commercial success of our new generation products and any future product depends in part on the packing house community as well as other industries for various use cases, depending on the acceptance by such industries of our technology as a useful and cost-effective solution compared to current solutions. If our new generation products or any future product does not achieve an adequate level of acceptance, we may not generate significant product revenue and may not become profitable. The degree of market acceptance of our products will depend on a number of factors, including:

- the results of our large-scale pilots;



- the cost, safety, efficacy, and convenience of our new generation products;
- the acceptance of our products as a superior solution in the fresh produce industry;
- the ability of third parties to enter into relationships with us without violating their existing agreements;
- the effectiveness of our selling and marketing efforts;
- the strength of marketing and distribution support for, and timing of market introduction of, competing products; and
- publicity concerning our products or competing products.

Our efforts to penetrate the packing house industry and educate the marketplace on the benefits of our products may require significant resources and may never be successful.

***We may face significant competition from other companies looking to develop or acquire new alternative environmentally friendly solutions for the treatment of fruits and vegetables, and other edible matter.***

We expect to face significant competition in every aspect of our business, and particularly from other companies that seek to enter our focal market. As regulators continue to move away from current residue chemical solutions, such as chlorpropham or CIPC, existing suppliers of these solutions are continually looking to develop or acquire new alternative environment-friendly solutions that can sustain their market share and revenue streams, or to enable the continuance of CIPC at current levels in new ways of treatment. Additionally, as market opportunity becomes eminent, competitors and new players will most likely attempt to develop similar or comparable solutions. It is possible that superior or more cost-effective alternative technology will emerge that will achieve greater market acceptance and render our products less competitive. Furthermore, existing vendors can cooperate to combat new players by reducing market prices and margins or other competitive initiatives. Our future success will therefore depend, to a large extent, upon our ability to achieve market acceptance of our innovative solutions as well as develop and introduce new products and enhancements to existing products. No assurance can be given that we will be able to compete in such a marketplace.

The market for post-harvest solutions is fragmented with various regional suppliers. The market of post-harvest treatments for fruits and vegetables is dominated by five large players with wide reach across the globe, which players may perceive us as a competitive threat and institute commercial measures to reduce our market share, including by aggressively ‘bundling’ their products and services to compete with us, or purchase additional laboratories to further enable their expansion. We believe that the principal factors of competition in our industry include reputation, product quality, customer service and customer intimacy, product innovation, technical service and value creation.

***Our success is dependent upon the acceptance of our environmentally friendly solutions for fruits and vegetables.***

Our future success is dependent upon the acceptance of our environmentally friendly, non-toxic residual solutions for fruits and vegetables. While the market is signaling that such a direction is likely, certain trends as well as the future size of this market, and other potential markets for our products, rely upon a number of factors, many of which are beyond our control. For example, both the failure to convince retailers to bear additional costs for “green” fruit and vegetables as well as the failure to persuade consumers to purchase “green” fruits and vegetables for higher prices may adversely affect our business, financial condition, operating results and cash flow going forward.



***We may be unable to respond effectively to technological changes in our industry, which could reduce the demand for our products.***

Our future business success will depend upon our ability to maintain and enhance our technological capabilities and develop and market products, services and applications that meet changing customer needs and market conditions in a cost-effective and timely manner. Maintaining and enhancing technological capabilities and developing new products may also require significant investments in research and development, which following financial cutbacks, we have shifted our focus to the commercialization of our solutions with emphasis on converting recently completed pilots into paying customers. We may not be successful in converting our completed pilots into paying customers or to develop new products, services and technology that successfully compete or be able to anticipate changing customer needs and preferences, and our customers may not accept one or more of our new products or services. If we fail to keep pace with evolving technological innovations or fail to modify our products and services in response to customers' needs or preferences, then our business, financial condition and results of operations could be adversely affected.

***We currently rely on a limited number of suppliers to produce certain key components of our products.***

We rely on unaffiliated contract manufacturers to produce certain key components of our products. In Israel, we work exclusively with a well-known producer of chemicals, Zohar Dalia, who is responsible for the production of our products. Zohar Dalia is well known for its knowledge and handling of hydrogen peroxide. In the United States, we have worked for the past few years with Seeler Industries, a national leader in the marketing and handling of hydrogen peroxide. We additionally work with a producer in South Africa. There is limited available manufacturing capacity that meets our quality standards and regulatory requirements, especially for the manufacturing of the SF3H and SF3HS with one of their active ingredients - hydrogen peroxide - as well as for FreshProtect with one of its active ingredients - PO3. If we are unable to arrange for sufficient production capacity among our contract manufacturers or if our contract manufacturers encounter production, quality, financial, or other difficulties, including labor or geopolitical disturbances, we may encounter difficulty in meeting customer demands as we seek alternative sources of supply, or we may have to make financial accommodations to such contract manufacturers or otherwise take steps to mitigate supply disruption. We may be unable to locate an additional or alternate contract manufacturer that meets our quality controls and standards and regulatory requirements in a timely manner or on commercially reasonable terms. Any such difficulties could have an adverse effect on our business, financial condition and results of operations, which could be material.

***If we are unable to establish sales, marketing and distribution capabilities or enter into successful relationships with third parties to perform these services, we may not be successful in commercializing our products.***

We have a limited selling and marketing infrastructure and have limited experience in the sale, marketing or distribution of products. To achieve commercial success for any product for which we have obtained marketing approval, we will need to enter into collaborations with third parties like post-harvest service companies and establish a selling and marketing infrastructure or to out-license our products.

In the future, we may consider building a focused selling and marketing infrastructure to market our products in the United States or elsewhere in the world. There are risks involved with establishing our own sales, marketing and distribution capabilities. For example, recruiting and training a sales force could be expensive and time consuming and could delay any product launch. This may be costly, and our investment would be lost if we cannot retain or reposition our selling and marketing personnel.

Factors that may inhibit our efforts to commercialize our products on our own include:

- our inability to recruit, train and retain adequate numbers of effective selling and marketing personnel;
- the inability of sales personnel to obtain access to potential customers;

- the lack of complementary products to be offered by sales personnel, which may put us at a competitive disadvantage relative to companies with more extensive product lines; and
- unforeseen costs and expenses associated with creating an independent selling and marketing organization.

If we are unable to establish our own sales, marketing and distribution capabilities or enter into successful arrangements with third parties to perform these services, our revenues and our profitability may be materially adversely affected.

In addition, we may not be successful in entering into arrangements with third parties to sell, market and distribute our products in our target markets, including Chile, Mexico, Peru, Columbia, the United States, South Africa, the Philippines, Thailand, Turkey, Egypt, Morocco, Spain, Italy and Israel, or may be unable to do so on terms that are favorable to us. We likely will have little control over such third parties, and any of them may fail to devote the necessary resources and attention to sell and market our products effectively. If we do not establish sales, marketing and distribution capabilities successfully, either on our own or in collaboration with third parties, we will not be successful in commercializing our product candidates.

***We rely on rapidly establishing global distributorship network in order to effectively market our products.***

We have developed initial partnerships with local partners. In order to expand selling and marketing globally and capture leading market share before any potential reaction from the competitors, we will need to rapidly expand geographically and establish a global distribution network. This is likely to put pressure on our management, financial and operational resources. In order to mitigate this factor, once we establish a significant presence in the market, we will proceed to establish strategic partnerships with some of the leading players in the market; however, there are no assurances that we will succeed in establishing such partnerships, which may harm the marketing of our products and the development of our business.

***The results of our early tests may not be indicative of results in future tests and we cannot assure you that any planned or future tests will lead to results sufficient for the necessary regulatory approvals.***

Our products have been tested in multiple commercial and small-scale pilots on certain types of produce and during specific time of the year. We are currently in the development and optimization phases of these products. Results from our later-stage commercial tests may show lower efficacy than our early-tests conducted previously, and we cannot guarantee that when commercialized, our products will be effective and stable and product improvements as well as possible changes in the application and usage protocol may be required. Our results could further be affected by the changing behavior of the fruits throughout the season, therefore demonstrating inconsistent results. These factors may significantly delay receipts of regulatory approvals, and the introduction of our products into the market. Likewise, we cannot be sure these products will be commercially viable and have no assurances that we will be able to expand upon our current product offerings or that any such expansion will generate revenue.

***Our products are highly regulated by governmental agencies in the countries where we conduct business and into which we plan to expand. Our failure to obtain regulatory approvals and registration, to comply with registration and regulatory requirements or to maintain regulatory approvals would have an adverse impact on our ability to market and sell our products.***

Some of our products are subject to technical review and approval by government authorities in each country where we currently conduct our business and where we intend to sell our products.

The regulatory requirements to which we are subject are complex and vary from country to country. To obtain new registrations, it is necessary to have a local registrant, and to understand the country's regulatory requirements, both at the time an application for registration is submitted and when the registration decision is made, which may be several years later. A significant investment in registration data is required (covering all aspects from manufacturing specifications through storage and transport, use, and, finally, disposal of unwanted product and used containers) to ensure that product performance (e.g., efficacy), intrinsic hazards and use patterns are fully characterized. Risk assessments are conducted by government regulatory authorities who make the final decision on whether the documented risk associated with a product and active ingredient is acceptable prior to granting approval for sale. This process may be prolonged due to requirements for additional data or internal administrative processes. There is a risk that registration of a new product may not be obtained or that a product label may be severely reduced, restricting the use of the product. If these circumstances arise, there is a risk that the substantial investments made in product development will generate the projected sales that justified the investment, and our business, financial condition and results of operations may be adversely affected by failure to obtain new registrations.

Products that are already approved may be subject to periodic review by regulatory authorities in many countries. Such reviews frequently require the provision of new data and more complex risk assessments. The outcome of such reviews of existing registrations cannot be guaranteed and registrations may be modified or canceled. Since all government regulatory authorities have the right to review existing registrations at any time, the sustainability of the existing portfolio cannot be guaranteed. Existing registrations may be lost at any time, resulting in an immediate impact on sales. Furthermore, prior to expiration, it is necessary to renew registrations. The renewal period and processes vary by country and may require additional studies to support the renewal process. Failure to comply could result in cancellation of the registration, resulting in an impact on sales.

In addition, new laws and regulations may be introduced, or existing laws and regulations may be changed or may become subject to new interpretations, which could result in additional compliance costs, seizures, confiscations, recalls, monetary fines or delays that could affect us or our customers.

In the United States, to complete the registration process of our sanitizers, we will need to submit a number of studies in the form of a registration application or dossier, which has not yet been submitted to the EPA. In addition, applicable rules and regulations in California require registration of processing aids with the CDPR. On July 31, 2020 we submitted an "Application for Registration of Adjuvant" for our SavePROTECT processing aid to the CDPR. On October 27, 2021, we were informed that our application to CDPR was approved.

***Our success is dependent upon our ability to achieve regulatory approvals and registration in the United States, Mexico, Peru, Turkey, Egypt, South Africa, and Israel, which might take longer than expected.***

We are subject to extensive national, state and local government regulation. A critical key to our success and ability to expand our business is our ability to obtain regulatory approvals and registration in the United States and in other countries for the use of our products. The regulatory approvals of some of our products are dependent on trials to show the efficacy and the non-toxicity of our products, and are time and cost consuming. We do not anticipate any significant problems in obtaining future required licenses, permits or approvals that are necessary to expand our business, however such registration filing might take longer period than expected due to various factors including the recent disruptions in regular services as a result of COVID-19, and it might delay obtaining such regulatory approvals, or might cause delays in starting operations on a large scale in these countries and other jurisdictions.

***The inherent dangers in production and transportation of hydrogen peroxide and highly concentrated organic acids could cause disruptions and could expose us to potentially significant losses, costs or other liabilities.***

Our operations are subject to significant hazards and risks inherent to the transportation of the active ingredient of one of our products - hydrogen peroxide. In high concentrations, our blend of acids has a very low pH which may lead to skin burn and hydrogen peroxide is an aggressive oxidizer and both can corrode many materials. We are working with limited low concentration of the material, however in high concentrations of H<sub>2</sub>O<sub>2</sub> it will react violently. Hydrogen peroxide should be stored in a cool, dry, well-ventilated area and away from any flammable or combustible substances. It should be transported in special tanks and vehicles and should be stored in a container composed of non-reactive materials. These hazards and risks include, but are not limited to fires, explosions, third-party interference (including terrorism) and mechanical failure of equipment at our or third-party facilities. The occurrence of any of these events could result in production and distribution difficulties and disruptions, personal injury or wrongful death claims and other damage to properties.

***Our business and operations may be affected by unexpected events, including climate change conditions and natural disasters, which could materially harm our financial results.***

Unexpected events, including fires or explosions at our facilities, natural disasters such as earthquakes and wildfires, unplanned power outages, supply disruptions, failure of equipment or systems, and severe weather events, such as droughts, heat waves, hurricanes, and flooding, could adversely affect our reputation and results of operations through physical damage to our facilities and equipment and through physical damage to, or disruption of, local infrastructure or disrupt our operations generally. During the past several years we have seen an increase in the frequency and intensity of severe weather events and we expect this trend to continue due to climate change.

Our business, in particular, may be affected from changes in climate conditions as such events would affect the crops yield and their storability in those cases where there is unusually warm, dry, humid or cold weather before cropping.

In such instances, we may suffer a decrease in revenues as a result of a smaller storage volume of rooms or shorter storage period. We anticipate that once we increase our operations and enter certain markets which experience or will experience significant climate change, such as above-common rain fall, heat waves, dry air conditions, and unusually cold or prolonged cold weather conditions, such events may materially impact our financial results.

Furthermore, certain natural disasters may affect our operations. For example, our partner in Turkey is located in eastern Turkey, which is the region that sustained an earthquake that registered a 7.8 magnitude on February 6, 2023. Given that our operations are global in nature, and our partnerships are located in various geographic locations subject to certain inherent dangers, it is plausible that our business and operations may be adversely affected by any such future natural disasters.

***Conditions in the global economy, including inflation and recessionary pressures, may adversely affect our business, financial condition and results of operation.***

The recent historically high inflation in the U.S., geopolitical issues, continuous increases in interest rates, unstable global conditions and changes in exchange rates have led to global economic instability. Although demand for fresh horticultural products is considered inelastic in developed economies, the fresh produce and citrus industries that we sell to may be affected by material changes in supply, market prices, exchange rates and general economic conditions. As a result of the high inflation and recession, we are seeing record high levels of unemployment and consumer spending trends are changing. Delays or reductions in our customers' purchasing or shifts to lower-cost alternatives that result from tighter economic market conditions would reduce demand for our products and services and could, consequently, have a material adverse effect on our business, financial condition and results of operations.

***COVID-19, including the efforts to mitigate its impact, have, and may continue to have, an impact our business, liquidity, results of operations, financial condition and price of our securities.***

The COVID-19 pandemic, as well as the measures designed to contain and mitigate its effects, have had and will likely continue to have an impact on our business and operations, as well as the operations of our customers. Our operations were moderately impacted by certain restrictions that were put in place in effort to contain or mitigate the spread of COVID-19, specifically given the increasing difficulty with travelling abroad for on-site visits with suppliers and other business partners, as well as various packing houses' restrictions on our entry into their facilities for operational purposes. In the event future variants emerge and trigger additional restrictions and other preventative measures, such efforts may contribute to an economic downturn, which could decrease consumer spending on our products and services, as well as impact our ability to expand our customer base or provide additional services to our current users.

In addition, continuation or exacerbation of the global supply chain crisis, whether resulting from the COVID-19 pandemic or for reasons otherwise unrelated, may impact our ability to forecast and control costs for raw materials necessary for our solutions. For instance, given our dependency on third-party suppliers, our operations may be adversely affected by disruptions or delays to the supply chain resulting from temporary closures of our supplier's facilities, spikes in demand for our supplier's goods and/or services from other customers, interruptions in product supply, restrictions on export or shipment or disruptions in product fulfillment due to closure or delays of our supplier's delivery process.

***Increased attention to environmental, social, and governance ("ESG") matters and conservation measures may adversely impact our business or that of our manufacturers.***

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. For example, certain institutional and individual investors have requested various ESG-related information and disclosures as they increasingly incorporate ESG criteria in making investment and voting decisions. 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, in June 2022, the SEC published a proposed climate disclosure rule, subject to which we would be required to disclose certain climate-related information such as governance of climate-related risks and relevant risk management processes that could affect us, a climate related financial statements matrix and more. While the proposed rule has yet to be finalized and we cannot predict the ultimate scope and impact this will have on our business, if finalized, it would likely result in additional legal, accounting and financial compliance and increased general and administrative expenses. Moreover, this could result in increased management time and attention to ensure we are compliant with the regulations and expectations. 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 third parties on which we rely, which may augment or cause additional impacts on our business, financial condition, or results of operations.

***Our relationship with our employees could deteriorate, and certain key employees could leave, which could adversely affect our business and results of operations.***

Our business involves complex operations and demands a management team to determine and implement our strategy and workforce that is knowledgeable and has expertise in many areas necessary for our operations. As a company focused on commercializing our completed pilots into paying customers in the highly-specialized horticultural post-harvest field, we rely on our ability to attract and retain skilled employees, consultants and contractors. As of March 27, 2023, we employed six full-time employees and two part-time employees, including the employees employed by our subsidiary, Save Foods Ltd. Due to certain cost reduction measures recently implemented (as discussed herein), we have reduced our full-time employee headcount, and anticipate additional and related cuts during the remainder of 2023. The departure of highly skilled employees, consultants or contractors or one or more employees who hold key regional management positions could have an adverse impact on our operations, including customers choosing to follow a such regional manager to one of our competitors.

In addition, to execute our growth plan we must attract and retain highly qualified personnel. Competition for these employees exists; new members of management must have significant industry expertise when they join us or engage in significant training which, in many cases, requires significant time before they achieve full productivity. If we fail to attract, train, retain, and motivate our key personnel, our business and growth prospects could be severely harmed.

Furthermore, we are dependent upon the managers to oversee our operations. Thus, there can be no assurance that the managers' experience will be sufficient to successfully achieve our business objectives. All decisions regarding the management of our affairs will be made exclusively by our officers and directors. In the event these persons are ineffective, our business and results of operation would likely be adversely affected.

***We are subject to risks relating to portfolio concentration.***

Our business is highly dependent on a small number of products, which are based on our main active ingredients. Our core post-harvest business includes solutions designed to improve the yields of the packing house but mainly ensure food safety and assisting packing houses to meet the new FSMA requirements. Our ability to market and sell products containing our active ingredient to key service providers for treatment in post-harvest food safety industry in order to utilize their market position is important to our future success.

***Our operating results may fluctuate, which makes our results difficult to predict and could cause our results to fall short of expectations.***

Our operating results may fluctuate as a result of a number of factors, many of which are outside of our control. As a result, comparing our operating results on a period-to-period basis may not be meaningful, and you should not rely on our past results as an indication of our future performance. Our quarterly, year-to-date and annual expenses as a percentage of our revenues may differ significantly from our historical or projected rates. Our operating results in future quarters may fall below expectations. Any of these events could cause our stock price to fall. Each of the following factors, among the other risks described herein, may affect our operating results:

- our ability to penetrate the packing house industry with our products;
- our ability to generate revenue from our products;
- the amount and timing, of operating costs and capital expenditures related to the maintenance and expansion of our businesses, and operations;
- our focus on long-term goals over short-term results;
- the global economic situation; and
- fluctuations in weather conditions and its impact on the growing of fruits and vegetables.

***International expansion of our business exposes us to business, regulatory, political, operational, financial and economic risks associated with doing business outside of the United States, Mexico or Israel.***

Other than our headquarters and other operations which are located in Israel (as further described below), we currently have limited international operations, but our business strategy incorporates potentially significant international expansion, particularly in anticipation of approval of our product candidates. We also plan to retain sales representatives and third-party distributors, outside of the United States and Israel at a later date. Doing business internationally involves a number of risks, including but not limited to:

- multiple, conflicting and changing laws and regulations such as privacy regulations, tax laws, export and import restrictions, employment laws, regulatory requirements and other governmental approvals, permits, and licenses;
- failure by us to obtain regulatory approvals for the use of our product candidates in various countries;
- additional potentially relevant third-party patent or other intellectual property rights;
- complexities and difficulties in obtaining protection and enforcing our intellectual property;
- limits in our ability to penetrate international markets;
- financial risks, such as longer payment cycles, difficulty collecting accounts receivable, the impact of local and regional financial crises on demand and payment for our products and exposure to foreign currency exchange rate fluctuations;
- natural disasters, political and economic instability, including wars, terrorism, and political unrest, outbreak of disease, boycotts, curtailment of trade, and other business restrictions;
- certain expenses including, among others, expenses for travel, translation and insurance; and

- regulatory and compliance risks that relate to maintaining accurate information and control over sales and activities that may fall within the purview of the U.S. Foreign Corrupt Practices Act, as amended (the “FCPA”) its books and records provisions, or its anti-bribery provisions.

Any of these factors could significantly harm our future international expansion and operations and, consequently, our results of operations.

***Our business depends to some extent on international transactions.***

As a result of the international nature of our business, we are exposed to risks associated with changes in foreign currency exchange rates. A majority of our revenues and substantially all of our cost of sales are in USD, whilst our management, marketing, sales and R&D costs are in NIS. We are therefore exposed to foreign currency risk due to fluctuations in exchange rates. This may result in gains or losses with respect to movements in exchange rates, which may be significant and may also cause fluctuations in reported financial information that are not necessarily related to our operating results.

**Risks Related to Intellectual Property**

***If we are unable to secure and maintain patent or other intellectual property protection for the intellectual property used in our products, our ability to compete will be harmed.***

Our commercial success depends, in part, on obtaining and maintaining patent and other intellectual property protection for the proprietary blend used in our products and our manufacturing process, as well as continuing to develop and secure trade secrets. We might in the future opt to license intellectual property from other parties. If we, or the other parties from whom we may license intellectual property, fail to obtain and maintain adequate patent or other intellectual property protection for intellectual property used in our products, or if any protection is reduced or eliminated, others could use the intellectual property used in our products, resulting in harm to our competitive business position. In addition, patent and other intellectual property protection may not provide us with a competitive advantage against competitors that devise ways of making competitive products without infringing any patents that we own or have rights to.

U.S. patents and patent applications may be subject to interference proceedings, and U.S. patents may be subject to re-examination proceedings in the U.S. Patent and Trademark Office. Foreign patents may be subject to opposition or comparable proceedings in the corresponding foreign patent offices. Any of these proceedings could result in loss of the patent or denial of the patent application, or loss or reduction in the scope of one or more of the claims of the patent or patent application. Changes in either patent laws or in interpretations of patent laws may also diminish the value of our intellectual property or narrow the scope of our protection. Interference, re-examination and opposition proceedings may be costly and time consuming, and we, or the other parties from whom we might potentially license intellectual property, may be unsuccessful in defending against such proceedings. Thus, any patents that we own or might license may provide limited or no protection against competitors. In addition, our pending patent applications and those we may file in the future may have claims narrowed during prosecution or may not result in patents being issued. Even if any of our pending or future applications are issued, they may not provide us with adequate protection or any competitive advantages. Our ability to develop additional patentable technology is also uncertain.

Non-payment or delay in payment of patent fees or annuities, whether intentional or unintentional, may also result in the loss of patents or patent rights important to our business. Many countries, including certain countries in Europe, have compulsory licensing laws under which a patent owner may be compelled to grant licenses to other parties. In addition, many countries limit the enforceability of patents against other parties, including government agencies or government contractors. In these countries, the patent owner may have limited remedies, which could materially diminish the value of the patent. In addition, the laws of some foreign countries do not protect intellectual property rights to the same extent as do the laws of the United States.



***If we are unable to prevent unauthorized use or disclosure of our proprietary trade secrets and unprotected know-how, our ability to compete will be harmed.***

Proprietary trade secrets, copyrights, trademarks and unprotected know-how are also very important to our business. We rely on a combination of trade secrets, copyrights, trademarks, confidentiality agreements and other contractual provisions and technical security measures to protect certain aspects of our technology, especially where we do not believe that patent protection is appropriate or obtainable. We require our office holders, employees, consultants and distributors of our products and most third parties to execute confidentiality agreements in connection with their relationships with us. However, these measures may not be adequate to safeguard our proprietary intellectual property and conflicts may, nonetheless, arise regarding ownership of inventions. Such conflicts may lead to the loss or impairment of our intellectual property or to expensive litigation to defend our rights against competitors who may be better funded and have superior resources. Our office holders, employees, consultants and other advisors may unintentionally or willfully disclose our confidential information to competitors. In addition, confidentiality agreements may be unenforceable or may not provide an adequate remedy in the event of unauthorized disclosure. Enforcing a claim that a third party illegally obtained and is using our trade secrets is expensive and time consuming, and the outcome is unpredictable. Moreover, our competitors may independently develop equivalent knowledge, methods and know-how. Unauthorized parties may also attempt to copy or reverse engineer certain aspects of our products that we consider proprietary. As a result, other parties may be able to use our proprietary technology or information, and our ability to compete in the market would be harmed.

***We could become subject to patent and other intellectual property litigation that could be costly, result in the diversion of management's attention, require us to pay damages and force us to discontinue selling our products.***

Determining whether a product infringes a patent involves complex legal and factual issues, and the outcome of a patent litigation action is often uncertain. No assurance can be given that patents containing claims covering our products, parts of our products, technology or methods do not exist, have not been filed or could not be filed or issued. Furthermore, our competitors or other parties may assert that our products and the methods we employ in the use of our products are covered by U.S. or foreign patents held by them. In addition, because patent applications can take many years to issue and because publication schedules for pending applications vary by jurisdiction, there may be applications now pending of which we are unaware and which may result in issued patents which our current or future products infringe. Also, because the claims of published patent applications can change between publication and patent grant, there may be published patent applications with claims that we infringe. There could also be existing patents that one or more of our products or parts may infringe and of which we are unaware. As the number of competitors in the post-harvest market grows, and as the number of patents issued grows, the possibility of patent infringement claims against us increases.

Infringement actions and other intellectual property claims and proceedings brought against or by us, whether with or without merit, may cause us to incur substantial costs and could place a significant strain on our financial resources, divert the attention of management from our business and harm our reputation. Some of our competitors may be able to sustain the costs of complex patent or intellectual property litigation more effectively than we can because they have substantially greater resources.

We cannot be certain that we will successfully defend against allegations of infringement of patents and intellectual property rights of others. In the event that we become subject to a patent infringement or other intellectual property lawsuit and if the other party's patents or other intellectual property were upheld as valid and enforceable and we were found to infringe the other party's patents or violate the terms of a license to which we are a party, we could be required to pay damages. We could also be prevented from selling our products unless we could obtain a license to use technology or processes covered by such patents or will be able to redesign the product to avoid infringement. A license may not be available at all or on commercially reasonable terms or we may not be able to redesign our products to avoid infringement. Modification of our products or development of new products could require us to conduct clinical trials and to revise our filings with the applicable regulatory bodies, which would be time consuming and expensive. In these circumstances, we may be unable to sell our products at competitive prices or at all, our business and operating results could be harmed.



***We may be subject to claims challenging the inventorship or ownership of our patents and other intellectual property.***

We may be subject to claims that former employees, collaborators, or other third parties have an ownership interest in our patents or other intellectual property. Ownership disputes may arise in the future, for example, from conflicting obligations of consultants or others who are involved in developing our product candidates. Litigation may be necessary to defend against these and other claims challenging inventorship or ownership. 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 experience claims that our products infringe the intellectual property rights of others, which may cause us to incur unexpected costs or prevent us from selling our products or services.***

We continually seek to improve our business processes and develop new products and applications in a crowded patent space that we must continually monitor to avoid infringement. We cannot guarantee that we will not experience claims that our processes and products infringe issued patents (whether present or future) or other intellectual property rights belonging to others.

From time to time, we oppose patent applications that we consider overbroad or otherwise invalid in order to maintain the ability to operate freely in our various business lines without the risk of being sued for patent infringement. If, however, patents are subsequently issued on any such applications by other parties, or if patents belonging to others already exist that cover our products, processes or technologies, we could experience claims for infringement or have to take other remedial or curative actions to continue our manufacturing and sales activities with respect to one or more products. Likewise, our competitors may also already hold or have applied for patents in the United States or abroad that, if enforced or issued, could prevail over our patent rights or otherwise limit our ability to manufacture or sell one or more of our products in the United States or abroad. Any actions asserted against us could include payment of damages for infringement, stopping the use, require that we obtain licenses from these parties or substantially re-engineer our products or processes in order to avoid infringement. We may not be able to obtain the necessary licenses on acceptable terms, or at all, or be able to re-engineer our products successfully. Further, intellectual property litigation is expensive and time-consuming, regardless of the merits of any claim, and could divert our management's attention from operating our business.

**Risks Related to Regulatory Compliance**

***If we or our contractors or service providers fail to comply with laws and regulations, we or they could be subject to regulatory actions, which could affect our ability to develop, market and sell our products or future products that we may develop and may harm our reputation in our industry.***

If we or our manufacturers or other third-party contractors fail to comply with applicable federal, state or foreign laws or regulations, including with respect to food treatment, we could be subject to regulatory actions, which could affect our ability to develop, market and sell our current products or any future products which we may develop in the future and could harm our reputation and lead to reduced demand for or non-acceptance of our proposed products by the market.

***Regulatory reforms may adversely affect our ability to sell our products profitably.***

From time to time, legislation is drafted and introduced in the United States, Mexico, Israel or other countries in which we operate, that could significantly change the statutory provisions governing the clearance or approval, manufacture and marketing of our products, including in the food health industry. In addition, regulations and guidance may often be revised or reinterpreted by the regulatory authorities in ways that may significantly affect our business and our products. It is impossible to predict whether legislative changes will be enacted, or interpretations changed, and what the impact of such changes, if any, may be.

### **Risks Related to Our Operations in Israel**

#### ***Conditions in Israel may limit our ability to manage and market our products, which would lead to a decrease in revenues.***

Because most of our operations is conducted in Israel and our management is located in Israel, our operations are directly affected by economic, political, geopolitical and military conditions affecting Israel. Accordingly, political, economic and military conditions in Israel directly affect our business. Since the establishment of the State of Israel in 1948, a number of armed conflicts have occurred between Israel and its neighboring countries. These conflicts involved missile strikes against civilian targets in various parts of Israel including most recently, central Israel, and negatively affected business conditions in Israel as well as home starts and the building industry in Israel.

Our facilities are in range of rockets that may be fired from Lebanon, Syria or the Gaza Strip into Israel. In the event that our facilities are damaged as a result of hostile action or hostilities otherwise disrupt the ongoing operation of our facilities, our ability to deliver products to customers could be materially and adversely affected. Our commercial insurance in Israel does not cover losses that may occur as a result of acts of war; however, losses as a result of terrorist attacks to our facilities and disruption to the ongoing operations, are covered by our insurance for damages of up to \$40 million, if such damages are not covered by the Israeli government. Although the Israeli government currently covers the reinstatement value of direct damages that are caused by terrorist attacks or acts of war, we cannot assure you that this government coverage will be maintained and will be adequate in the event we submit a claim. Even if insurance is maintained and adequate, we cannot assure you that it will reduce or prevent any losses that may occur as a result of such actions or will be exercised in a timely manner to meet our contractual obligations with customers and vendors.

In addition, popular uprisings in various countries in the Middle East and North Africa have affected the political stability of those countries. Such instability may lead to deterioration in the political and trade relationships that exist between the State of Israel and these countries, such as Turkey, from which we import a significant amount of our raw materials. Moreover, some countries around the world restrict doing business with Israel and Israeli companies, and additional countries may impose restrictions on doing business with Israel and Israeli companies if hostilities in Israel or political instability in the region continues or increases. These restrictions may limit materially our ability to obtain raw materials from these countries or sell our products to companies and customers in these countries. In addition, there have been increased efforts by activists to cause companies and consumers to boycott Israeli goods. Such efforts, particularly if they become more widespread, may materially and adversely impact our ability to sell our products out of Israel.

Our employees in Israel, generally males, including executive officers, may be called upon to perform military service on an annual basis until they reach the age of 40 (and in some cases, up to 45 or 49). In emergency circumstances, they could be called to immediate and prolonged active duty. Our operations could be disrupted by the absence of a significant number of our employees related to military service or the absence for extended periods of one or more of our key employees for military service. Such a disruption could materially and adversely affect our business and results of operations. Additionally, the absence of a significant number of the employees of our Israeli suppliers and contract manufacturers related to military service may disrupt their operations, in which event our ability to deliver products to customers may be materially and adversely affected.

Any hostilities involving Israel or the interruption or curtailment of trade between Israel and its present trading partners, or a significant downturn in the economic or financial condition of Israel, could materially and adversely affect our operations and product development, cause our revenues to decrease and materially harm the share price of publicly traded companies with operations in Israel, such as us.

Furthermore, the Israeli government is currently pursuing extensive changes to Israel's judicial system. This has sparked extensive political debate. In response to the foregoing developments, many individuals, organizations and institutions, both within and outside of Israel, have voiced concerns that the proposed changes may negatively impact the business environment in Israel including due to reluctance of foreign investors to invest or transact business in Israel as well as to increased currency fluctuations, downgrades in credit rating, increased interest rates, increased volatility in security markets, and other changes in macroeconomic conditions. To the extent that any of these negative developments do occur, they may have an adverse effect on our business, our results of operations and our ability to raise additional funds, if deemed necessary by our management and board of directors.

***We may not be able to enforce covenants not-to-compete under current Israeli law that might result in added competition for our products.***

We have non-competition agreements with all of our employees, all of which are governed by Israeli law. These agreements prohibit our employees from competing with or working for our competitors, generally during their employment and for up to 12 months after termination of their employment. However, Israeli courts are reluctant to enforce non-compete undertakings of former employees and tend, if at all, to enforce those provisions for relatively brief periods of time in restricted geographical areas, and only when the employee has obtained unique value to the employer specific to that employer's business and not just regarding the professional development of the employee. If we are not able to enforce non-compete covenants, we may be faced with added competition.

***It may be difficult to acquire jurisdiction and enforce liabilities against our officers and directors who are based in Israel.***

The majority of our officers and present directors reside outside of the United States and most of our operations as of December 31, 2022 are located outside the United States. As a result, it may not be possible for United States investors to enforce their legal rights, to effect service of process upon our directors or officers or to enforce judgments of United States courts predicated upon civil liabilities and criminal penalties of our directors and officers under federal securities laws. Moreover, we have been advised that Israel does not have treaties providing for the reciprocal recognition and enforcement of judgments of courts with the United States. Further, it is unclear if extradition treaties now in effect between the United States and Israel would permit effective enforcement of criminal penalties of the federal securities laws.

#### **Risks Related to Ownership of Our Common Stock**

***We may not satisfy Nasdaq's requirements for continued listing. If we cannot satisfy these requirements, Nasdaq could delist our securities.***

Our Common Stock is listed on Nasdaq under the symbol "SVFD". To continue to be listed on Nasdaq, we are required to satisfy a number of conditions, including a minimum bid price of at least \$1.00 per share of Common Stock, a market value of our publicly held shares of at least \$1 million and shareholders' equity of at least \$2.5 million.

If we are delisted from the Nasdaq, trading in our securities may be conducted, if available, on the OTC Markets or, if available, via another market. In the event of such delisting, our shareholders would likely find it significantly more difficult to dispose of, or to obtain accurate quotations as to the value of our securities, and our ability to raise future capital through the sale of our securities could be severely limited. In addition, if our securities were delisted from the Nasdaq, our Common Stock could be considered a "penny stock" under the U.S. federal securities laws. Additional regulatory requirements apply to trading by broker-dealers of penny stocks that could result in the loss of an effective trading market for our securities.

***The market price of our Common Stock may be highly volatile.***

The market price of our Common Stock is likely to be volatile. Our Common Stock price could be subject to wide fluctuations in response to a variety of factors, including the following:

- reports of adverse events with respect to the commercialization and distribution of our products;
- inability to obtain additional funding;
- any delay in filing a regulatory submission for any of our products and any adverse development or perceived adverse development with respect to the review of that regulatory submission by the EPA, the FDA or other regulatory authority;
- failure to successfully develop and commercialize our products;
- failure to enter into strategic collaborations;
- failure by us or strategic collaboration partners to prosecute, maintain or enforce our intellectual property rights;
- changes in laws or regulations applicable to future products;
- inability to scale up our manufacturing capabilities through third-party manufacturers, inability to obtain adequate product supply for our products or the inability to do so at acceptable prices;
- introduction of new products or technologies by our competitors;
- failure to meet or exceed financial projections we may provide to the public;
- failure to meet or exceed the financial expectations of the investment community;
- announcements of significant acquisitions, strategic partnerships, joint ventures or capital commitments by our competitors;
- disputes or other developments relating to proprietary rights, including patents, litigation matters and our ability to obtain patent protection for our platform technologies, technologies, products or product candidates;
- additions or departures of key scientific or management personnel;
- significant lawsuits, including patent or stockholder litigation;
- changes in the market valuations of similar companies;
- sales of our securities by us or our stockholders in the future; and
- trading volumes of our securities.

In addition, companies trading in the stock market have experienced extreme price and volume fluctuations that have often been unrelated or disproportionate to the operating performance of these companies. Broad market and industry factors may negatively affect the market price of our Common Stock, regardless of our actual operating performance.

***Sales of a substantial number of shares of our Common Stock in the public market by our existing stockholders could cause our share price to fall.***

Sales of a substantial number of shares of our Common Stock in the public market, or the perception that these sales might occur, could depress the market price of our Common Stock 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 Common Stock.

***Delaware law and provisions in our amended and restated certificate of incorporation and amended and restated bylaws could make a merger, tender offer or proxy contest difficult, thereby depressing the market price of our Common Stock.***

Our status as a Delaware corporation and the anti-takeover provisions of the Delaware General Corporation Law may discourage, delay or prevent a change in control by prohibiting us from engaging in a business combination with an interested stockholder for a period of three years after the date of the transaction in which the person became an interested stockholder, even if a change of control would be beneficial to our existing stockholders. In addition, our amended and restated certificate of incorporation and amended and restated bylaws contain provisions that may make the acquisition of the Company more difficult, including the following:

- our stockholders will only be able to take action at a meeting of stockholders and will not be able to take action by written consent for any matter;
- our board of directors is classified into three classes of directors with staggered three-year terms;
- a special meeting of our stockholders may only be called by a majority of our board of directors;
- advance notice procedures apply for stockholders to nominate candidates for election as directors or to bring matters before an annual meeting of stockholders; and
- certain litigation against us can only be brought in Delaware.

These provisions, alone or together, could discourage, delay or prevent a transaction involving a change in control of the Company. These provisions could also discourage proxy contests and make it more difficult for stockholders to elect directors of their choosing and to cause us to take other corporate actions they desire, any of which, under certain circumstances, could limit the opportunity for our stockholders to receive a premium for their shares of our Common Stock, and could also affect the price that some investors are willing to pay for our Common Stock.

***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 Common Stock, our stock price and trading volume could decline.***

The trading market for our Common Stock 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 stock price would likely decline. If any analysts who may cover us were to cease coverage of the Company or fail to regularly publish reports on us, we could lose visibility in the financial markets, which in turn could cause our stock price or trading volume to decline.

***We do not anticipate paying any cash dividends in the foreseeable future.***

We have never declared or paid cash dividends, and we do not anticipate paying cash dividends in the foreseeable future. Therefore, you should not rely on an investment in our Common Stock as a source for any future dividend income. Our board of directors has complete discretion as to whether to distribute dividends. Even if our board of directors decides to declare and pay dividends, the timing, amount and form of future dividends, if any, will depend on our future results of operations and cash flow, our capital requirements and surplus, the amount of distributions, if any, received by us from our subsidiary, our financial condition, contractual restrictions and other factors deemed relevant by our board of directors.

***We may need additional capital, and the sale of additional shares or equity or debt securities could result in additional dilution to our stockholders.***

We may require additional cash resources due to changed business conditions or other future developments, including adverse effects to our business from global inflation and recession related issues. If these resources are insufficient to satisfy our cash requirements, we may seek to sell additional equity or debt securities or obtain one or more credit facilities. The sale of additional equity securities could result in additional dilution to our stockholders. The incurrence of indebtedness would result in increased debt service obligations and could result in operating and financing covenants that would restrict our operations. It is uncertain whether financing will be available in amounts or on terms acceptable to us, if at all.

#### **General Risk Factors**

***Disruptions to our information technology systems due to cyber-attacks or our failure to upgrade and adjust our information technology systems, may materially impair our operations, hinder our growth and materially and adversely affect our business and results of operations.***

We believe that an appropriate information technology (“IT”), infrastructure is important in order to support our daily operations and the growth of our business. If we experience difficulties in implementing new or upgraded information systems or experience significant system failures, or if we are unable to successfully modify our management information systems or respond to changes in our business needs, we may not be able to effectively manage our business, and we may fail to meet our reporting obligations. Additionally, if our current back-up storage arrangements and our disaster recovery plan are not operated as planned, we may not be able to effectively recover our information system in the event of a crisis, which may materially and adversely affect our business and results of operations.

In the current environment, there are numerous and evolving risks to cybersecurity and privacy, including criminal hackers, hacktivists, state-sponsored intrusions, industrial espionage, employee malfeasance and human or technological error. High-profile security breaches at other companies and in government agencies have increased in recent years, and security industry experts and government officials have warned about the risks of hackers and cyber-attacks targeting businesses such as ours. Computer hackers and others routinely attempt to breach the security of technology products, services and systems, and to fraudulently induce employees, customers, or others to disclose information or unwittingly provide access to systems or data. We can provide no assurance that our current IT system or any updates or upgrades thereto and the current or future IT systems of our distributors use or may use in the future, are fully protected against third-party intrusions, viruses, hacker attacks, information or data theft or other similar threats. Legislative or regulatory action in these areas is also evolving, and we may be unable to adapt our IT systems or to manage the IT systems of third parties to accommodate these changes. We have experienced and expect to continue to experience actual or attempted cyber-attacks of our IT networks. Although none of these actual or attempted cyber-attacks has had a material adverse impact on our operations or financial condition, we cannot guarantee that any such incidents will not have such an impact in the future.

***Failure to comply with anti-bribery, anti-corruption and anti-money laundering laws could subject us to penalties and other adverse consequences.***

We are subject to the FCPA and other anticorruption, anti-bribery and anti-money laundering laws in the jurisdictions in which we do business, both domestic and abroad. These laws generally prohibit us and our employees from improperly influencing government officials or commercial parties in order to obtain or retain business, direct business to any person or gain any advantage. The FCPA and other applicable anti-bribery and anti-corruption laws also may hold us liable for acts of corruption and bribery committed by our third-party business partners, representatives and agents. In addition, we leverage third parties to sell our products and conduct our business abroad. We and our third-party business partners, representatives and agents may have direct or indirect interactions with officials and employees of government agencies or state-owned or affiliated entities and we may be held liable for the corrupt or other illegal activities of these third-party business partners and intermediaries, our employees, representatives, contractors, channel partners and agents, even if we do not explicitly authorize such activities. These laws also require that we keep accurate books and records and maintain internal controls and compliance procedures designed to prevent any such actions. While we have policies and procedures to address compliance with such laws, we cannot assure you that our employees and agents will not take actions in violation of our policies or applicable law, for which we may be ultimately held responsible and our exposure for violating these laws increases as our international presence is established and as we increase sales and operations in foreign jurisdictions. Any violation of the FCPA or other applicable anti-bribery, anti-corruption laws and anti-money laundering laws could result in whistleblower complaints, adverse media coverage, investigations, imposition of significant legal fees, loss of export privileges, severe criminal or civil sanctions or suspension or debarment from U.S. government contracts, substantial diversion of management's attention, a decline in the market price of our Common Stock or overall adverse consequences to our reputation and business, all of which may have an adverse effect on our results of operations and financial condition.

***We incur additional increased costs as a result of the listing of our Common Stock for trading on Nasdaq, and our management is required to devote substantial time to new compliance initiatives and reporting requirements.***

As a public company, we incur significant accounting, legal and other expenses as a result of the listing of our Common Stock on Nasdaq. These include costs associated with corporate governance requirements of the Securities Exchange Commission, or the SEC, and the Marketplace Rules of Nasdaq, as well as requirements under Section 404 and other provisions of the Sarbanes-Oxley Act of 2002, or the Sarbanes-Oxley Act. These rules and regulations increase our legal and financial compliance costs, introduce costs such as investor relations, stock exchange listing fees and shareholder reporting, and make some activities more time consuming and costly. Any future changes in the laws and regulations affecting public companies in the United States, including Section 404 and other provisions of the Sarbanes-Oxley Act, the rules and regulations adopted by the SEC and the rules of the Nasdaq Stock Market may result in increased costs to us as we respond to such changes. These laws, rules and regulations could make it more difficult or more costly for us to obtain certain types of insurance, including director and officer liability insurance, and we may be forced to accept reduced policy limits and coverage or incur substantially higher costs to obtain the same or similar coverage. The impact of these requirements could also make it more difficult for us to attract and retain qualified persons to serve on our board of directors, our board committees or as executive officers.



***We face risks related to compliance with corporate governance laws and financial reporting standards.***

The Sarbanes-Oxley Act of 2002, as well as related new rules and regulations implemented by the SEC and the Public Company Accounting Oversight Board, require changes in the corporate governance practices and financial reporting standards for public companies. These new laws, rules and regulations, including compliance with Section 404 of the Sarbanes-Oxley Act of 2002 relating to internal control over financial reporting, have materially increased the legal and financial compliance costs of small companies and have made some activities more time-consuming and more burdensome.

***The ongoing conflict in Ukraine may result in market volatility that could adversely affect our business.***

In late February 2022, Russia invaded Ukraine, significantly amplifying already existing geopolitical tensions among Russia and other countries in the region and in the west, including the U.S. Russia's invasion, the responses of countries and political bodies to Russia's actions, the larger overarching tensions, and Ukraine's military response and the potential for wider conflict may increase financial market volatility and could have severe adverse effects on regional and global economic markets. The foregoing may, in particular, adversely affect our customers' ability to sell produce to Russia or other countries in the geographic vicinity.

Following Russia's actions, various countries, including the U.S., Canada, the United Kingdom, Germany and France, as well as the European Union, issued broad-ranging economic sanctions against Russia. Such sanctions included, among other things, a prohibition on doing business with certain Russian companies, officials and oligarchs; a commitment by certain countries and the European Union to remove selected Russian banks from the Society for Worldwide Interbank Financial Telecommunications electronic banking network that connects banks globally; and restrictive measures to prevent the Russian Central Bank from undermining the impact of the sanctions. To date the ongoing conflict has not affected our financial condition, yet the current sanctions (and potential further sanctions in response to continued Russian military activity) and other actions may have adverse effects on regional and global economic markets, and may result in increased volatility in the price of our Common Stock.

***If we fail to implement and maintain effective internal control over financial reporting, we may be unable to report our financial results accurately or meet our reporting obligations.***

The process of determining whether our existing internal controls over financial reporting systems are compliant with Section 404(a) and whether there are any material weaknesses or significant deficiencies in our existing internal controls requires the investment of substantial time and resources, including by our Chief Executive Officer, Chief Financial Officer and other members of our senior management and finance team. This determination and any remedial actions required could divert internal resources and take a significant amount of time and effort to complete and could result in us incurring additional costs that we did not anticipate, including the hiring of outside consultants. We could experience higher than anticipated operating expenses and higher independent auditor fees during and after the implementation of these changes.

Irrespective of compliance with Section 404, any failure of our internal controls could have a material adverse effect on our stated results of operations and harm our reputation. In connection with the issuance of our financial statements for each of the years ended December 31, 2019 and 2020, we identified a material weakness in our internal control over financial reporting that we subsequently remediated. If we identify future material weaknesses in our internal control of financial reporting, and if we are unable to implement any of the required changes to our internal control over financial reporting effectively or efficiently or are required to do so earlier than anticipated, it could adversely affect our operations, financial reporting and/or results of operations and could result in an adverse opinion on internal controls from our management and, once we lose our emerging growth company status, our independent auditors. Further, if our internal control over financial reporting is not effective, the reliability of our financial statements may be questioned and our share price may suffer.



## ITEM 1B. UNRESOLVED STAFF COMMENTS

None.

## ITEM 2. PROPERTIES

Our commercialization and manufacturing operations are currently conducted at Neve Yarak (Israel) where we lease approximately 230 square meters of space to run our trials. The lease expires on August 31, 2023 with the option to extend the lease agreement for an additional one-year period. Our current monthly rent payment is NIS 9,180 (approximately \$2,500) which includes taxes.

Our lease of office space in Miami, Florida was extended in January 2023 for an additional year and is set to expire in January 2024. Our current monthly rent payment is \$630 which includes taxes.

## ITEM 3. LEGAL PROCEEDINGS

We are not aware of any pending legal proceedings to which we are a party, or to which any director, officer or affiliate of our Company, or any owner of record or beneficially of more than 5% of any class of our voting securities, is a party adverse to us or has a material interest adverse to us.

## ITEM 4. MINE SAFETY DISCLOSURES.

Not applicable.

## PART II

## ITEM 5. MARKET FOR REGISTRANT'S COMMON EQUITY, RELATED STOCKHOLDER MATTERS AND ISSUER PURCHASES OF EQUITY SECURITIES

### Market Information

The shares of our Common Stock are currently traded on the Nasdaq Capital Market under the symbol "SVFD". The last reported sales price of our Common Stock on Nasdaq on March 24, 2023, was \$0.74 per share.

### Holders

As of March 24, 2023, there were approximately 145 holders of record of our Common Stock. These numbers are not representative of the number of beneficial holders of our shares nor is it representative of where such beneficial holders reside, since many of these shares were held of record by brokers or other nominees. Action Stock Transfer serves as transfer agent for our Common Stock.

### Dividend Policy

We have never paid cash dividends on any of our capital stock and we currently intend to retain our future earnings, if any, to fund the development and growth of our business. We do not intend to pay cash dividends to holders of our Common Stock in the foreseeable future.

### Securities Authorized for Issuance under Equity Compensation Plans

As of the date of this Annual Report, we maintain two active equity compensation plans: Report. All of our issued and outstanding shares have been validly issued, fully paid and non-assessable.

Our bylaws permit the 2018 Equity Incentive Plan (the "2018 Plan") and board of directors to issue the 2022 Share Incentive Plan (the "2022 Plan"). The following table presents whole or any part of any unissued balance of the information as authorized capital stock. Our certificate of December 31, 2022.

Plan Category	(a) Number of Securities to be Issued upon Exercise of Outstanding Options, Warrants and Rights	(b) Weighted- average Exercise Price of Outstanding Options, Warrants and Rights	(c) Number of Securities Remaining Available for Future Issuance under Equity Compensation Plans (Excluding Securities Reflected in Column (a))
Equity compensation plans approved by security holders:			
2018 Plan	192,576	3.38	91,016
2022 Plan	42,098	1.25	954,902
Total equity compensation plans approved by stockholders	234,674	3.00	1,048,918
Equity compensation plans not approved by security holders	-	-	-

#### 2018 Equity Incentive Plan

As of December 31, 2022, incorporation permits us to increase or decrease the number of shares of Common Stock reserved for the exercise of options granted under 2018 Plan was 91,016. As of December 31, 2022, 192,576 options to purchase Common Stock were outstanding under the 2018 Plan, at a weighted exercise price of \$3.38, and the last expiration date for any such option is July 1, 2030.

The 2018 Plan was adopted by our board of directors in October 2018, and became effective immediately thereafter. The 2018 Plan permits the grant of incentive stock options to employees of the Company, including officers and directors, and non-statutory stock options, stock appreciation rights, restricted stock, restricted stock units, performance units, performance shares and other stock or cash awards as the administrator of the plan may determine, to the Company's employees and service providers.

#### 2022 Share Incentive Plan

On August 29, 2022, the Company's stockholders approved the 2022 Plan, which was previously approved by our board of directors on July 18, 2022. As of December 31, 2022, the number of shares of Common Stock reserved for the exercise of options granted under 2022 Plan was 954,902.

The 2022 Plan permits the grant of stock options (including incentive stock options and nonqualified stock options), authorized shares of common stock restricted shares, restricted share units and other share-based awards. The maximum number of ordinary shares available for issuance under the 2022 Plan is equal to the sum of 1,000,000 shares of common stock, or such number as our board of directors may determine from time to time.

The 2022 Plan may be administered by the board of directors or a duly authorized committee of our board of directors. Subject to the provisions of the 2022 Plan, the administrator will have the authority, in its sole discretion to determine subject to applicable law, to interpret the terms of the 2022 Plan and any award agreements or awards granted thereunder, designate recipients of awards, determine and amend the terms of awards, including the exercise price of an option award, the fair market value of an ordinary share, the time and vesting schedule applicable to an award or the method of payment for an award, accelerate or amend the vesting schedule applicable to an award, prescribe the forms of agreement for use under the 2022 Plan and take all other actions and make all other determinations necessary for the administration of the 2022 Plan. The administrator also has the authority to amend and rescind rules and regulations relating to the 2022 Plan or terminate the 2022 Plan at any time before the date of expiration of its ten-year term.

The 2022 Plan provides for granting awards under various tax regimes, including, without limitation, in compliance with Section 102 of the Israeli Income Tax Ordinance (New Version), 5721-1961 (the “Ordinance”), and Section 3(i) of the Ordinance and for awards granted to our United States employees or service providers, including those who are deemed to be residents of the United States for tax purposes, Section 422 of the Code and Section 409A of the Code. 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.

Awards granted under the 2022 Plan to U.S. residents may qualify as “incentive stock options” within the meaning of Section 422 of the Code. The exercise price for “incentive stock options” must not be less than the fair market value on the date on which an option is granted, or 110% of the fair market value if the option holder holds more than 10% of our share capital. Notwithstanding the foregoing provisions, options may be granted with a per share exercise price of less than 100% of the fair market value per share on the date of grant pursuant to the issuance or assumption of an option in a transaction to which Section 424(a) of the Code applies in a manner consistent with said Section 424(a).

An award under the 2022 Plan may be exercised by providing the company with a written or electronic notice of exercise and full payment of the exercise price for such shares underlying the award, if applicable, in such form and method as may be determined by the administrator and permitted by applicable law. An award may not be exercised for a fraction of a share. With regard to tax withholding, exercise price and purchase price obligations arising in connection with awards under the 2022 Plan, the administrator may, in its discretion, accept cash, provide for net withholding of shares in a cashless exercise mechanism or direct a securities broker to sell shares and deliver all or a part of the proceeds to the Company or the trustee.

In the event of termination of a grantee’s employment or service with the company or any of its affiliates, all vested and exercisable awards held by such grantee as of the date of termination may be exercised within three months after such date of termination, unless otherwise determined by the administrator. After such three month period, all such unexercised awards will terminate and the shares covered by such awards shall again be available for issuance under the 2022 Plan. In the event of termination of a grantee’s employment or service with the company or any of its affiliates due to such grantee’s death, permanent disability or retirement, all vested and exercisable awards held by such grantee as of the date of termination may be exercised by the grantee or the grantee’s legal guardian, estate, or by a person who acquired the right to exercise the award by bequest or inheritance, as applicable, within twelve months after such date of termination, unless otherwise provided by the administrator. Any awards which are unvested as of the date of such termination or which are vested but not then exercised within the twelve month period following such date, will terminate and the shares covered by such awards shall again be available for issuance under the 2022 Plan. Notwithstanding any of the foregoing, if a grantee’s employment or services with the company or any of its affiliates is terminated for “cause” (as defined in the 2022 Plan), all outstanding awards held by such grantee (whether vested or unvested) will terminate on the date of such termination and the shares covered by such awards shall again be available for issuance under the 2022 Plan.

Other than by will, the laws of descent and distribution or as otherwise provided under the 2022 Plan, neither the options nor any right in connection with such options are assignable or transferable.

In the event of a share split, reverse share split, share dividend, recapitalization, combination or reclassification of our shares, or any other increase or decrease in the number of issued shares effected without receipt of consideration by the company (but not including the conversion of any convertible securities of the company), the administrator in its sole discretion shall make an appropriate adjustment in the number of shares related to each outstanding award and to the number of shares reserved for issuance under the 2022 Plan, to the class and kind of shares subject to the 2022 Plan, as well as the exercise price per share of each outstanding award, as applicable, the terms and conditions concerning vesting and exercisability and the term and duration of outstanding awards, or any other terms that the administrator adjusts in its discretion, or the type or class of security, asset or right underlying the award (which need not be only that of the Company, and may be that of the surviving corporation or any affiliate thereof or such other entity party to any of the above transactions); provided that any fractional shares resulting from such adjustment shall be rounded down to the nearest whole share unless otherwise determined by the administrator. In the event of a distribution of a cash dividend to all shareholders, the administrator may determine, without the consent of any holder of an award, that the exercise price of an outstanding and unexercised award shall be reduced by an amount equal to the per share gross dividend amount distributed by the Company, subject to applicable law.

In the event of a merger or consolidation of our company, or a sale of all, or substantially all, of the Company's shares or assets or other transaction having a similar effect on the Company, or change in the composition of the board of directors, or liquidation or dissolution, or such other transaction or circumstances that the board of directors determines to be a relevant transaction, then without the consent of the grantee, the administrator may but is not required to (i) cause any outstanding award to be assumed or substituted by such successor corporation, or (ii) regardless of whether or not the successor corporation assumes or substitutes the award (a) provide the grantee with the option to exercise the award as to all or part of the shares, and may provide for an acceleration of vesting of unvested awards, or (b) cancel the award and pay in cash, shares of the company, the acquirer or other corporation which is a party to such transaction or other property as determined by the administrator as fair in the circumstances. Notwithstanding the foregoing, the administrator may upon such event amend, modify or terminate the terms of any award as it shall deem, in good faith, appropriate.

During the year ended December 31, 2022, we granted to our directors and officers options to purchase a maximum aggregated number of 42,098 of the Company's Common Stock and issued 3,000 shares of restricted Common Stock, under the 2022 Plan. 42,098 options were granted at an exercise price of \$1 to \$1.5 per share, and the latest expiration date for such options is December 31, 2031.

#### **Recent Sales of Unregistered Securities**

Set forth below is information regarding shares of Common Stock and preferred stock issued, and options granted, by us during the years ended December 31, 2020, 2021, and 2022 that were not registered under the Securities Act. Also included is the consideration, if any, received by us, for such shares and options and information relating to the Securities Act, or rule of the SEC, under which exemption from registration was claimed.

During July, August and September 2020, we issued: (i) 67,369 shares of Common Stock in respect of the conversion of convertible loans; (ii) 32,769 units, for an aggregate amount of \$250,000, at a price of \$7.63 per unit, where each unit consists of one share of Common Stock and one warrant to purchase one share of Common Stock with an exercise price of \$8.40 per share.

During September 2020, we issued 13,107 units, for an aggregate amount of \$100,000, at a purchase price of \$7.63 per unit to Medigus Ltd. ("Medigus"), where each unit consists of one share of Common Stock and one warrant to purchase one share of Common Stock with an exercise price of \$8.40 per share.

During December 2020, we issued 6,350 shares of Common Stock following the exercise of options.

On June 20, 2021, we issued 12,000 shares of Common Stock to a consultant in exchange for investor relation services. We estimated the value of the shares issued to be \$126,600.

On August 2, 2021, we issued 14,285 shares of Common Stock to a consultant in exchange for investor and public relations services. We estimated the value of the shares issued to be \$127,622.

On each of August 5, 2021, September 30, 2021 and November 3, 2021, we issued 2,000 shares of Common Stock to a consultant in exchange for strategic consulting services, which included digital marketing campaigns. We estimated the value of the shares issued to be \$53,856.

On November 3, 2021, and May 2, 2022, we issued 700 and 600 shares of Common Stock to a consultant, which related to investor relations and public relations services provided to the Company pursuant to an agreement between the parties dated June 15, 2021. We estimated the value of the shares issued to be \$5,747 and \$4,926, respectively.

Also on November 3, 2021, January 27, 2022 and May 2, 2022, we issued 9,000, 12,500 and 12,500 shares of Common Stock to a consultant, which related to investor relations services provided to the Company pursuant to an agreement between the parties dated October 24, 2021.

On March 10, 2022, we issued 14,000 shares of Common Stock to a consultant, which related to investor relations services provided to the Company pursuant to an agreement between the parties dated March 10, 2022.

On March 24, 2022, we issued 9,000 shares of Common Stock to Mr. Joachim Fuchs, which related to services provided to the Company pursuant to a consulting agreement between the parties dated February 10, 2022.

On May 18, 2022, we issued 9,000 shares of Common Stock to a consultant, which related to services provided to the Company in connection with its cross-listing on the Frankfurt Stock Exchange pursuant to a board resolution dated May 11, 2022.

On July 11, 2022 and September 7, 2022 and October 11, 2022 we issued 6,000, 7,500 and 710,090 shares of Common Stock, respectively, to a consultant in consideration for services rendered pursuant to a consulting agreement by and between the Company and the consultant dated January 9, 2022.

On both, May 2, 2022 and August 22, 2022, we issued 12,000 shares of Common Stock to a consultant in consideration for services rendered pursuant to an amended consulting agreement by and between the Company and the consultant dated June 26, 2022.

On September 7, 2022, we issued 3,000 shares of Common Stock to Mr. Joachim Fuchs, chairman of the board of directors of our subsidiary, Save Foods Ltd. This grant and following grants were issued pursuant to the 2022 Plan.

On September 7, 2022, we issued 50,000 shares of Common stock to a consultant in consideration for services rendered pursuant to an amended consulting agreement by and between the Company and the consultant dated September 6, 2022.

On October 26, 2022, the Board approved the issuance of 50,000 shares of Common Stock to a consultant pursuant to his investor relations consulting agreement and in addition, quarterly issuances of 9,000 shares of Common Stock commencing January 1, 2023 and ending on December 31, 2024. On November 16, 2022 we issued 50,000 shares of Common Stock.

#### **Issuer Purchases of Equity Securities**

During the year ended December 31, 2022, we did not purchase any of our equity securities.

#### **ITEM 6. SELECTED FINANCIAL DATA**

[Reserved]

## ITEM 7. MANAGEMENT’S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following discussion and analysis of our financial condition and results of operations should be read in conjunction with our financial statements and the related notes appearing elsewhere in this Annual Report. In addition to historical information, the following discussion contains forward-looking statements that involve risks, uncertainties and assumptions. See “Forward-looking Statements” for a discussion of the uncertainties and assumptions associated with these statements. Our actual results may differ materially from those discussed below.

### Overview

We develop eco-friendly “green” solutions for the food industry. Our solutions are developed to improve the food safety and shelf life of fresh produce. We do this by controlling human and plant pathogens, thereby reducing spoilage, and in turn, reducing food loss.

Our products are based on a proprietary blend of food acids which have a synergistic effect when combined with certain types of oxidizing agent-based sanitizers and fungicides at low concentrations. Our green products are capable of cleaning, sanitizing and controlling pathogens on fresh produce with the goal of making them safer for human consumption and extending their shelf life by reducing their decay. One of the main advantages of our products is that our active ingredients do not leave any toxicological residues on the fresh produce we treat. In contrary, by forming a temporary protective shield around the fresh produce we treat, our products make it difficult for pathogens to develop and potentially provide protection which also reduces cross-contamination.

### Components of Results of Operation

#### Revenues and Cost of Revenues

Our total revenue consists of products and our cost of revenues consists of cost of products.

The following table discloses the breakdown of revenues and costs of revenues:

	Year Ended December 31	
	2022	2021
Revenues from sale of products	\$ 394,004	\$ 438,141
Cost of sales	(158,313 )	(135,943 )
Gross profit	\$ 235,691	\$ 302,198

#### Operating Expenses

Our current operating expenses consist of three components - research and development expenses, selling and marketing expenses and general and administrative expenses.

#### Research and Development Expenses, net

Our research and development expenses consist primarily of salaries and related personnel expenses, share base compensation, professional fees and other related research and development expenses such as field tests.

The following table discloses the breakdown of research and development expenses:

	Year Ended December 31	
	2022	2021
Salaries and related expenses	\$ 438,217	\$ 176,520
Share based compensation	3,024	19,235
Subcontractors	120,360	238,784
Laboratory and field tests	89,717	20,025
Depreciation	22,034	38,166
Other expenses	97,474	45,954
Total	\$ 770,826	\$ 538,684

Following careful consideration, our board of directors decided to implement certain cost reduction measures in 2023, including, inter alia, the reduction of our research and development expenses.

#### *Selling and Marketing Expenses*

Selling and marketing expenses consist primarily of salaries and related expenses, share based compensation and other expenses.

The following table discloses the breakdown of selling and marketing expenses:

	Year Ended December 31	
	2022	2021
Salaries and related expenses	\$ 256,700	\$ 30,329
Share based compensation	3,024	7,694
Professional services	167,084	90,249
Travel expenses	52,721	-
Other expenses	88,069	72,027
Total	\$ 567,598	\$ 200,299

We expect that our selling and marketing expenses will increase as we continue to increase our selling and marketing efforts including commercial validation pilots and recruit additional employees or contractor to support our selling and marketing efforts in our targeted geographical areas.

#### *General and Administrative Expenses*

General and administrative expenses consist primarily of professional services, share based compensation and other non-personnel related expenses.

The following table discloses the breakdown of general and administrative expenses:

	Year Ended December 31	
	2022	2021
Professional services	\$ 2,575,294	\$ 2,527,076
Share based compensation	934,188	598,699
Salaries and related expenses	297,848	214,570
Legal expenses	108,814	160,814
Insurance	473,650	473,985
Registration fees	233,350	233,395
Other expenses	93,765	58,315
Total	\$ 4,716,909	\$ 4,266,854

**Comparison of the Year Ended December 31, 2022 to the Year Ended December 31, 2021****Results of Operations**

The following table summarizes our results of operations for the years ended December 31, 2022 and 2021, together with the changes in those items in dollars:

	Year Ended December 31	
	2022	2021
Revenues from sales of products	\$ 394,004	\$ 438,141
Cost of sales	(158,313)	(135,943)
<b>Gross profit</b>	<b>235,691</b>	<b>302,198</b>
Research and development expenses	(770,826)	(538,684)
Selling and marketing expenses	(567,598)	(200,299)
General and administrative expenses	(4,716,909)	(4,266,854)
<b>Operating loss</b>	<b>(5,819,642)</b>	<b>(4,703,639)</b>
Finance income (expenses), net	39,801	(161,737)
<b>Comprehensive loss</b>	<b>(5,779,841)</b>	<b>(4,865,376)</b>
Less: Net loss attributable to non-controlling interests	40,241	44,796
<b>Net loss attributable to the Company's shareholders</b>	<b>(5,739,600)</b>	<b>(4,820,580)</b>
<b>Loss per share (basic and diluted)</b>	<b>(1.64)</b>	<b>(2.06)</b>
Weighted average number of shares of Common Stock outstanding	3,498,273	2,343,088

**Revenues**

Revenues for the year ended December 31, 2022 were \$394,004, a decrease of \$44,137, or 10%, compared to total revenues of \$438,141 for the year ended December 31, 2021. The decrease is mainly a result of a decrease in sales due to adverse weather conditions, which caused a reduction in citrus production.

We do not have backlogs or firm commitments from our customers for our products. Our sales might deteriorate if we fail to achieve commercial success or obtain regulatory approval of any of our products.

**Cost of Sales**

Cost of sales consists primarily of salaries, materials, and overhead costs of manufacturing our products. Cost of revenues for the year ended December 31, 2022 was \$158,313, an increase of \$22,370, or 16%, compared to total cost of revenues of \$135,943 for the year ended December 31, 2021. The increase is mainly a result of an increase in the prices of raw materials offset partially by a decrease in salaries.

**Gross Profit**

Gross loss for the year ended December 31, 2022 was \$235,691, a decrease of \$66,507, or 22%, compared to gross loss of \$302,198 for the year ended December 31, 2021. The decrease is mainly a result of the decrease in revenues, as detailed above as well as an increase in the prices of raw materials.

**Research and Development Expenses**

Research and development expenses consist of salaries and related expenses, share base compensation, consulting fees, service providers' costs, related materials and overhead expenses. Research and development expenses for the year ended December 31, 2022 were \$770,826, an increase of \$232,142, or 43%, compared to total research and development expenses of \$538,684 for the year ended December 31, 2021. The increase is mainly attributable to an increase in salaries and related expenses and field tests offset partially by a decrease in subcontractor's expenses.

**Selling and Marketing Expenses**

Selling and marketing expenses consist primarily of salaries and related costs for selling and marketing personnel, travel related expenses and services providers. Selling and marketing expenses for the year ended December 31, 2022 were \$567,598, an increase of \$367,299, or 183%, compared to total selling and marketing expenses of \$200,299 for the year ended December 31, 2021. The increase is mainly attributable to the increase in salaries and related expenses and professional services expenses.



**General and Administrative Expenses**

General and administrative expenses consist primarily of salaries and related expenses including share based compensation and other non-personnel related expenses such as legal expenses and directors and insurance costs. General and administrative expenses for the year ended December 31, 2022 were \$ 4,716,909 , an increase of \$450,055 , or 11%, compared to total general and administrative expenses of \$4,266,854 for the year ended December 31, 2021. The increase is mainly a result of the increase in share-based compensation to our employees and service providers, salaries and related expenses and professional services, offset partially by a decrease in legal expenses.

**Financing Income (Expenses), Net**

Financing income, net for the year ended December 31, 2022 were \$39,801, a decrease of \$201,538, or 125 %, compared to total financing expenses of \$161,737 for the year ended December 31, 2021. The decrease in financing expenses is mainly a result of decrease in changes in fair value of our convertible loans fully converted during 2021 as well as interest and currency exchange gains on our cash balances.

**Total Comprehensive Loss**

As a result of the foregoing, our total comprehensive loss for the year ended December 31, 2022 was \$5,779,841, compared to \$4,865,376 for the year ended December 31, 2021, an increase of \$914,465, or 19%.

**Impact of COVID-19**

The global spread of COVID-19 led many countries, including the United States, Europe and Israel (where we maintain material operations), to impose stringent limitations on movement, gatherings, transit of passengers and goods and to close the borders between countries. The responses of governments have notably impacted many economies as well as capital markets worldwide. While we have no and do not expect to experience any material impact on our overall liquidity and outlook, it is not possible at this time to estimate the full impact the COVID-19 pandemic may have on our business results of operations and financial condition.

**Critical Accounting Policies and Estimates**

We describe our significant accounting policies more fully in Note 2 to our consolidated financial statements included elsewhere in this Annual Report. We believe that the accounting policy described in Note 2 is critical in order to fully understand and evaluate our financial condition and results of operations.

We prepare our financial statements in accordance with the Generally Accepted Accounting Principles in the United States of America ("GAAP"). At the time of the preparation of the financial statements, our management is required to use estimates, evaluations and assumptions which affect the application of the accounting policy and the amounts reported for assets, obligations, income and expenses. Any estimates and assumptions are continually reviewed. The changes to the accounting estimates are credited during the period in which the change to the estimate is made.

### **Stock-based Compensation**

Employees and other service providers of the Company may receive benefits by way of stock-based compensation settled with company options exercised for shares of our Common Stock. The cost of transactions with employees settled with capital instruments is measured based on the fair value of the capital instruments on the granting date. The fair value is determined using an accepted options pricing model. The model is based on share price, grant date and on assumptions regarding expected volatility and expected lifespan.

The cost of the transactions settled with capital instruments is recognized in profit or loss together with a corresponding increase in the equity over the period in which the performance and/or service takes place, and ending on the date on which the relevant employees are entitled to the benefits (the “Vesting Period”). The aggregate expense recognized for transactions settled with capital instruments at the end of each reporting date and until the Vesting Period reflects the degree to which the Vesting Period has expired. The expense or income in profit or loss reflects the change of the aggregate expense recognized as of the end of the reported period.

### **Liquidity and Capital Resources**

Liquidity is the ability of a company to generate funds to support its current and future operations, satisfy its obligations, and otherwise operate on an ongoing basis. Significant factors in the management of liquidity are funds generated by operations, levels of accounts receivable and accounts payable and capital expenditures. Since our inception through December 31, 2022, we have funded our operations principally with approximately \$20 million (net of issuance expenses) from the issuance of shares of our Common Stock, options and loans.

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

	Year Ended December 31	
	2022	2021
Net cash used in operating activities	\$ (5,097,126)	\$ (4,113,307)
Net cash used in investing activities	(51,689)	(67,749)
Net cash provided by financing activities	4,094,940	10,725,016
Increase (decrease) in cash and cash equivalents and restricted cash	\$ (1,056,841)	\$ 6,542,317

As of December 31, 2022, we had cash of \$5,700,709, as compared to \$6,750,938 as of December 31, 2021. As of December 31, 2022, we had a working capital of \$5,557,595, as compared to \$6,297,793 as of December 31, 2021. The decrease in our cash balance is mainly attributable to cash used in operations.

### **Operating Activities**

Net cash used in operating activities was \$5,097,126 for the year ended December 31, 2022, as compared to \$4,113,307 for the year ended December 31, 2021 an increase of \$983,819. The increase is mainly attributable to the increase in our net loss of \$914,465 as well as decrease in liability for employee rights upon retirement and in accounts payables, partially offset by decrease in other current assets and in share-based compensation.

### **Investing Activities**

Net cash used in investing activities was \$51,689 for the year ended December 31, 2022, as compared to net cash used in investing activities of \$67,749 for the year ended December 31, 2021. The decrease is mainly attributable to the decrease in purchase of property and equipment.

## **Financing Activities**

Net cash provided by financing activities was \$4,094,940 for the year ended December 31, 2022, as compared to \$10,725,016 for the year ended December 31, 2021. The decrease is mainly the result of proceeds from the May 2021 Underwritten Offering described above and conversions of convertible loans which occurred during the second quarter of 2021 as compared to proceeds from the August 2022 Underwritten Offering described above.

## **Financial Arrangements**

Since our inception, we have financed our operation primarily through proceeds from sales of our shares of Common Stock and convertible loan agreements.

On June 24, 2020, we entered into a Securities Purchase Agreement (the “June 2020 SPA”) with the December 2019 Lenders in connection with the sale and issuance of 67,369 units, at a purchase price of \$7.63 per unit. Each unit consists of: (i) one share of the Company’s Common Stock; and (ii) one warrant to purchase one share of Common Stock with an exercise price of \$8.40. In connection with the June 2020 SPA, the Company issued to the December 2019 Lenders an aggregate of 67,369 shares of Common Stock and warrants to purchase an aggregate of 67,369 shares of Common Stock. The shares of Common Stock were issued on July 2, 2020.

Simultaneous with and conditioned upon the execution of the June 2020 SPA, the Company and each of the December 2019 Lenders, agreed to effectively cancel the December 2019 CLA and the equity securities issued thereunder. In connection therewith, each of the December 2019 Lenders, voluntarily waived any right to receive interest that accrued thereupon pursuant to the December 2019 CLAs.

On September 23, 2020, we entered into a Securities Purchase Agreement (the “September 2020 SPA”) with Medigus in connection with the sale and issuance of 13,107 units, at a purchase price of \$7.63 per unit, and for an aggregate purchase price of \$100,000. Each unit consists of: (i) one share of Common Stock and (ii) one warrant to purchase one share of Common Stock with an exercise price of \$1.20. In connection with the September 2020 SPA, the Company issued to Medigus an aggregate of 13,107 shares of Common Stock and warrants to purchase an aggregate of 13,107 shares of Common Stock. Furthermore, the September 2020 SPA contemplates an additional investment by Medigus not to exceed \$25,000 (the “Additional Investment”), which investment shall be triggered following the parties’ initiation of a proof of concept procedure to test the effectiveness of the Company’s sanitizers and its residual effects against different pathogens. In consideration for the Additional Investment, the Company has agreed to issue an additional 3,277 units at a purchase price of \$7.63, which units shall contain the same composition of securities as described in the aforementioned description of the September 2020 SPA.

During September 2020, we entered into a series of convertible loan agreements (each a “September 2020 CLA”) with certain lenders (the “September 2020 Lenders”), to sell convertible promissory notes with an aggregate principal amount of \$125,000 (the “September 2020 Notes”). The September 2020 Notes will bear interest at a rate of 5% per annum. The outstanding loan amount will mature on the earlier of (i) the third anniversary of each September 2020 CLA or (ii) a deemed liquidation event (as defined therein). The loan amount represented by the September 2020 Notes will be repaid to the September 2020 Lenders according to the following schedule: (i) the principal amount represented by the September 2020 Notes will be repaid in four bi-annual installments, commencing on the first anniversary following the closing of each September 2020 CLA, and (ii) the interest accrued on the loan amount will be paid in two bi-annual installments, commencing on the first anniversary of the first payment of that principal amount. The September 2020 Lenders may convert all or any portion of the September 2020 Notes into shares of Common Stock at any time prior to the closing of an underwritten public offering (the “Mandatory Conversion Event”), at a conversion price of \$7.63 per share. In addition, the September 2020 Notes will be automatically converted into shares of Common stock immediately prior to a Mandatory Conversion Event, at a conversion price as shall be determined in connection with the Mandatory Conversion Event.

During October 2020, we entered into a series of convertible loan agreements (each a “October 2020 CLA”) with certain lenders (the “October 2020 Lenders”), to sell convertible promissory notes with an aggregate principal amount of \$100,000 (the “October 2020 Notes”). The October 2020 Notes will bear interest at a rate of 5% per annum. The outstanding loan amount will mature on the earlier of (i) the third anniversary of each October 2020 CLA or (ii) a deemed liquidation event (as defined therein). The loan amount represented by the October 2020 Notes will be repaid to the October 2020 Lenders according to the following schedule: (i) the principal amount represented by the notes will be repaid in four bi-annual installments, commencing on the first anniversary following the closing of each October 2020 CLA, and (ii) the interest accrued on the loan amount will be paid in two bi-annual installments, commencing on the first anniversary of the first payment of that principal amount. The October 2020 Notes will be automatically converted into shares of Common stock immediately prior to a Mandatory Conversion Event, at a conversion price as shall be determined in connection with the Mandatory Conversion Event. In addition, the October 2020 Lenders may convert all or any portion of the notes into shares of Common Stock at any time prior to a Mandatory Conversion Event, at a conversion price of \$7.63 per share.

During January 2021, we entered into a series of convertible loan agreements (each a “January 2021 CLA”) with certain lenders (the “January 2021 Lenders”), to sell convertible promissory notes with an aggregate principal amount of \$274,000 (the “January 2021 Notes”). The January 2021 Notes bear interest at a rate of 5% per annum. The outstanding loan amount matures on the earlier of (i) the third anniversary of each January 2021 CLA or (ii) a deemed liquidation event (as defined therein). The loan amount represented by the January 2021 Notes will be repaid to the January 2021 Lenders according to the following schedule: (i) the principal amount represented by the notes will be repaid in four bi-annual installments, commencing on the first anniversary following the closing of each January 2021 CLA, and (ii) the interest accrued on the loan amount will be paid in two bi-annual installments, commencing on the first anniversary of the first payment of that principal amount. The January 2021 Notes will be automatically converted into shares of Common stock immediately prior to a Mandatory Conversion Event, at a conversion price as shall be determined in connection with the Mandatory Conversion Event. In addition, the January 2021 Lenders may convert all or any portion of the notes into shares of Common Stock at any time prior to a Mandatory Conversion Event, at a conversion price of \$7.63 per share.

As part of the September 2020 CLAs, the October 2020 CLAs and the January 2021 CLAs, we entered into a registration rights agreement with each of the September 2020 Lenders, October 2020 Lenders and the January 2021 Lenders, whereby each of such lenders received piggyback registration rights for the shares issuable upon conversion of the September 2020 Notes, October 2020 Notes and the January 2021 Notes to shares of Common Stock.

#### **Current Outlook**

We have financed our operations to date primarily through proceeds from sales of our shares of Common Stock. We have incurred losses and generated negative cash flows from operations since inception in 2009. Most of our revenues are currently generated in U.S. dollars from the sale of our products and services.

As of December 31, 2022, our cash and cash equivalents were \$5,700,709. We expect that our existing cash and cash equivalents will be sufficient to fund our current operations until at least December 2024. 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:

- the progress and costs of our studies and other research and development activities;
- the costs of manufacturing our products;
- the costs and timing of obtaining regulatory approval for our products;

- the costs of filing, prosecuting, enforcing and defending patent claims and other intellectual property rights;
- the potential costs of contracting with third parties to provide marketing and distribution services for us or for building such capacities internally; and
- the magnitude of our general and administrative expenses.

#### **ITEM 7A. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK**

As a smaller reporting company, we are not required to provide the information required by this item.

#### **ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA**

The information called for by Item 8 is included following the “Index to Financial Statements” on page F-1 of this Annual Report.

#### **ITEM 9. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE**

On July 25, 2021, our Board of Directors approved the dismissal of Halperin Ilanit CPA, or Halperin, as its independent registered accounting firm, effective as of the same date, and appointed Somekh Chaikin, member firm of KPMG International, as our new independent registered public accounting firm for the fiscal year ended December 31, 2021, effective as of the same date. There were no disagreements with accountants on accounting and financial disclosure of a type described in Item 304 (a)(1)(iv) or any reportable event as described in Item 304 (a)(1)(v) of Regulation S-K occurred within the Company’s two most recent fiscal years.

#### **ITEM 9A. CONTROLS AND PROCEDURES**

##### **Evaluation of Disclosure Controls and Procedures**

Disclosure controls and procedures are controls and other procedures that are designed to ensure that information required to be disclosed in our reports filed or submitted under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in the SEC’s rules and forms. Disclosure controls and procedures include, without limitation, controls and procedures designed to ensure that information required to be disclosed in our reports filed or submitted under the Exchange Act is accumulated and communicated to management, including our Chief Executive Officer and Chief Financial Officer, or persons performing similar functions, as appropriate, to allow timely decisions regarding required disclosure. Our management, including 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, 2022. Based on such evaluation, our Chief Executive Officer and Chief Financial Officer have concluded that, as of December 31, 2022, our disclosure controls and procedures were effective.

### **Management's Annual Report on Internal Control over Financial Reporting**

Our management, under the supervision of our Chief Executive Officer and Chief Financial Officer, is responsible for establishing and maintaining adequate internal control over financial reporting (as that term is defined in Rules 13a-15(f) and 15d-15(f) under the Exchange Act). Our internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of our financial reporting and the preparation of financial statements for external purposes in accordance with GAAP and includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of our company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of consolidated financial statements in accordance with GAAP, and that receipts and expenditures of our company are being made only in accordance with authorizations of our management and directors; and (3) provide reasonable assurance regarding prevention or timely detection of the unauthorized acquisition, use or disposition of our company's assets that could have a material effect on the consolidated financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risks that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Our management, under the supervision of our Chief Executive Officer and Chief Financial Officer, is responsible for establishing and maintaining adequate internal control over financial reporting as defined in Rules 13a-15(f) and 15d-15(f) under the Exchange Act.

Our management, including our Chief Executive Officer and Chief Financial Officer, assessed the effectiveness of our internal control over financial reporting as of December 31, 2022. In making this assessment, our management used the criteria established in Internal Control-Integrated Framework (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission. Our management has concluded, based on its assessment, that our internal control over financial reporting was effective as of December 31, 2022.

### **Attestation Report of the Registered Public Accounting Firm**

This annual report does not include an attestation report of our registered public accounting firm due to the Company's status as an emerging growth company, as defined in Rule 12b-2 of the Exchange Act.

### **Changes in Internal Control over Financial Reporting**

There were no changes in internal control over financial reporting during the year ended December 31, 2022 that have materially affected or are reasonably likely to materially affect the Company's internal control over financial reporting.

### **ITEM 9B. OTHER INFORMATION**

None.

### **ITEM 9C. DISCLOSURE REGARDING FOREIGN JURISDICTIONS THAT PREVENT INSPECTIONS**

Not applicable.

### PART III

#### ITEM 10. DIRECTORS, EXECUTIVE OFFICERS AND CORPORATE GOVERNANCE

The following table sets forth information regarding our executive officers, key employees and directors as of the date hereof:

##### Directors and Executive Officers

Name	Age	Position
Amitay Weiss <sup>(1) (6)</sup>	71	Chairman of the Board of Directors
David Palach	57	Chief Executive Officer
Dan Szttybel	46	Chief Executive Officer of Save Foods Ltd.
Lital Barda	36	Chief Financial Officer
Ronen Rosenbloom <sup>(1) (2) (3) (4) (5)</sup>	51	Director
Israel Berenshtein <sup>(1) (2) (4) (5)</sup>	51	Director
Eliahou Arbib <sup>(1) (2) (3) (4) (7)</sup>	56	Director
Udi Kalifi <sup>(1) (3) (7)</sup>	44	Director

(1) Independent Director

(2) Member of the Compensation Committee

(3) Member of the Audit Committee

(4) Member of the Nominating and Corporate Governance Committee.

(5) Member of Class I with a term ending at the 2025 annual meeting of stockholders.

(6) Member of Class II with a term ending at the 2023 annual meeting of stockholders.

(7) Member of Class III with a term ending at 2024 annual meeting of stockholders.

##### Amitay Weiss, Director

Mr. Weiss has served as a member of our board of directors since August 2020 and as our chairman of the board of directors since May 24, 2021. Mr. Weiss also serves as a director in other public companies, including but not limited to Gix Internet Ltd., Arazim Investments Ltd., Maris-Tech Ltd. and Upsellon Brands Holdings Ltd. Mr. Weiss also serves as Chairman of the Board for Automax Motors Ltd., Clearmind Medicine Inc., SciSparc Ltd. and Internet Golden Lines Ltd. amongst others. In April 2016, Mr. Weiss founded Amitay Weiss Management Ltd., an economic consulting company and serves as its chief executive officer. Mr. Weiss holds a B.A in economics from New England College, an M.B.A. in business administration from Ono Academic College in Israel, an Israeli branch of University of Manchester and an LL.B from the Ono Academic College.

**David Palach, Chief Executive Officer**

Mr. Palach has served as our chief executive officer since January 2021. Mr. Palach has owned and served as chief executive officer of S.T. Sporting LTD and Sun Light Lightning Solutions LTD, companies operating in the environmental industry since 2009 and 2015, respectively. Mr. Palach holds a BBA in Accounting from Baruch College/City University of New York and completed a Directors Course at Bar Ilan University in Israel. Mr. Palach previously maintained a certified public accounting license in the State of Maryland.

**Dan Szybel, Chief Executive Officer of Save Foods Ltd.**

Mr. Szybel has served as the chief executive officer of Save Foods Ltd. since April 2019. Mr. Szybel previously served as the chief executive officer of the Company from April 2019 to January 2021. Prior to this, Mr. Szybel served as our vice president of business development from October 2018 to March 2019. Prior to joining us, Mr. Szybel has served as principal at Goldmed Ltd., a consulting firm from September 2016 to September 2018. Mr. Szybel is the founder of Dan Szybel Consulting Group, a boutique firm advising global leaders and emerging startups in the healthcare field on strategy, partnerships, and investments and has served as its managing director/ since November 2014. Mr. Szybel is also the co-founder of MyndYou, a digital health-tech company. Prior to that, Mr. Szybel led the life sciences and healthcare advisory team at Kost, Forer, Gabbay & Kasierer, a member firm of Ernst & Young Global from July 2007 to November 2014. Mr. Szybel received his B.Sc. and M.Sc. in molecular biology and biotechnology from Bar-Ilan University. Mr. Szybel also completed a special EY-Kellogg-Recanati business program for employee excellence.

**Lital Barda, Chief Financial Officer**

Lital Barda has served as our chief financial officer since April 2022. In addition to her role as chief financial officer, Ms. Barda currently serves as an accountant and financial controller for Shlomo Zakai, CPA, a position she has held since November 2017, and provided a wide range of accounting and controlling services for publicly traded and private companies, including for the Company. Ms. Barda holds a B.A. in accounting from the Ono Academic College in Kiryat Ono, Israel. Ms. Barda is also a certified public accountant in Israel.

**Ronen Rosenbloom, Director**

Mr. Rosenbloom has served as a member of our board of directors since August 2020. Mr. Rosenbloom is an independent lawyer and has been working out of a self-owned law firm specializing in white collar offences since 2004. Mr. Rosenbloom has served on the board of directors of Medigus Ltd. (Nasdaq and TASE: MDGS) since September 2018 and ScoutCam Inc. (OTC: SCTC) since December 2019. Prior to that, Mr. Rosenbloom served as chairman of the Israeli Money Laundering Prohibition committee and the Prohibition of Money Laundering Committee of the Tel Aviv District, both of the Israel Bar Association from November 2015 to December 2019. Mr. Rosenbloom holds an LL.B. from the Ono Academic College, an Israeli branch of University of Manchester.

**Israel Berenshtein, Director**

Mr. Berenshtein has served as a member of our board of directors since August 2020. Mr. Berenshtein has also served on the board of directors of Chrion Refineries Ltd. (TASE: CHR) since May 2019 and recently started working as a lawyer in Ben Yakov, Shvimer, Dolv - Law Office. He previously served in the legal department of Sonol Israel Ltd. since April 2010 to December 2020. Before that, Mr. Berenshtein worked as a commercial lawyer and litigator for a leading Israeli law firm from July 2000 to April 2010. Mr. Berenshtein earned an LL.B. in law and an M.A. in political science from Bar Ilan University, Israel. Mr. Berenshtein was admitted to the Israel Bar Association in 2000.



**Eliahou Arbib, Director**

Mr. Arbib has served as a member of our board of directors since January 2021. Mr. Arbib has also served as chairman of the board of directors of Chiron Refineries Ltd. (TASE: CHR) since September 2016. He has also the current owner and manager of Eliahou Arbib Law Offices, since May 2013. Prior to that, from 1993 until 2000, Mr. Arbib was the managing director of AA Arbib Agriculture Supply Ltd. Mr. Arbib holds an LLB from the Law and Business Academic Center of Ramat Gan, Israel. Mr. Arbib has been an active member of the Israeli Bar Association since 2013, and served as deputy chairman of the Security and Defense Committee of the Israeli Bar Association since 2014.

**Udi Kalifi, Director**

Mr. Kalifi has served as a member of our board of directors since May 18, 2021. Mr. Kalifi is the owner and manager of Udi Kalifi Law Offices since 2006. He has also served as a member of the board of directors of Matomi Media Group Ltd. (TASE: MTMY) since May 2020. Mr. Kalifi holds an LLB, BSc in Accounting and LLM from the Tel Aviv University, Israel and a master's degree in law and economics from the University of Bologna, Humbourg and Rotterdam. Mr. Kalifi has been an active member of the Israeli Bar Association since 2006.

**Family Relationships**

There are no family relationships among any of our directors or executive officers.

**Involvement in Certain Legal Proceedings**

We are not aware of any of our directors or officers being involved in any legal proceedings in the past ten years relating to any matters in bankruptcy, insolvency, criminal proceedings (other than traffic and other minor offenses), or being subject to any of the items set forth under Item 401(f) of Regulation S-K.

**Composition of Board of Directors**

Our board of directors consists of five directors. Our directors are appointed by the board of directors at the annual general meeting. Each director's term will continue until the annual meeting of the stockholders held following his or her election and the election and qualification of his or her successor, or his or her earlier death, disqualification, resignation or removal.

When considering whether directors have the experience, qualifications, attributes or skills, taken as a whole, to enable our board of directors to satisfy its oversight responsibilities effectively in light of our business and structure, the board of directors focuses primarily on each person's background and experience as reflected in the information discussed in each of the directors' individual biographies set forth above. We believe that our directors provide an appropriate mix of experience and skills relevant to the size and nature of our business.

## Arrangements for Election of Directors and Members of Management

There are no arrangements or understandings with major stockholders, customers, suppliers or others pursuant to which any of our executive management or our directors were selected.

### Director Independence

Our board of directors has determined that Ronen Rosenbloom, Israel Berenshtein, Amitay Weiss, Eliahou Arbib and Udi Kalifi do not have a relationship that would interfere with the exercise of independent judgment in carrying out the responsibilities of a director and that each of these directors is “independent” as that term is defined under the rules of The Nasdaq Stock Market LLC (the “Nasdaq Rules”).

### Committees of the Board of Directors

Our board of directors directs the management of our business and affairs, as provided by Delaware law, and conducts its business through meetings of the board of directors and standing committees. We will have a standing audit committee, nominating and corporate governance committee and compensation committee following the consummation of this offering. In addition, from time to time, special committees may be established under the direction of the board of directors when necessary to address specific issues.

### Audit Committee

Our audit committee is responsible for, among other things:

- appointing, compensating, retaining, evaluating, terminating and overseeing our independent registered public accounting firm;
- discussing with our independent registered public accounting firm their independence from management;
- reviewing with our independent registered public accounting firm the scope and results of their audit;
- approving all audit and permissible non-audit services to be performed by our independent registered public accounting firm;
- overseeing the financial reporting process and discussing with management and our independent registered public accounting firm the quarterly and annual consolidated financial statements that we file with the SEC;
- overseeing our financial and accounting controls and compliance with legal and regulatory requirements;
- reviewing our policies on risk assessment and risk management;
- reviewing related person transactions; and
- establishing procedures for the confidential anonymous submission of concerns regarding questionable accounting, internal controls or auditing matters.

Our audit committee consists of Udi Kalifi, Eliahou Arbib and Ronen Rosenbloom, with Udi Kalifi serving as chair. Our board of directors has affirmatively determined that Udi Kalifi, Eliahou Arbib and Ronen Rosenbloom each meet the definition of “independent director” for purposes of serving on the audit committee under Rule 10A-3 under the Exchange Act and Nasdaq Rules. Each member of our audit committee also meets the financial literacy requirements of Nasdaq listing standards. In addition, our board of directors has determined that Udi Kalifi will qualify as an “audit committee financial expert,” as such term is defined in Item 407(d)(5) of Regulation S-K. Our board of directors adopted a written charter for the audit committee, which is available on our principal corporate website at [www.savefoods.co](http://www.savefoods.co).

### **Nominating and Corporate Governance Committee**

Our nominating and corporate governance committee is responsible for, among other things:

- identifying individuals qualified to become members of our board of directors, consistent with criteria approved by our board of directors;
- overseeing our succession plan for the CEO and other executive officers;
- overseeing the evaluation of the effectiveness of our board of directors and its committees; and
- developing and recommending to our board of directors a set of corporate governance guidelines.

Our nominating and corporate governance committee consists of Ronen Rosenbloom, Israel Berenshtein and Eliahou Arbib, with Ronen Rosenbloom serving as chair. Our board of directors adopted a written charter for the nominating and corporate governance committee, which is available on our principal corporate website at [www.savefoods.co](http://www.savefoods.co).

### **Compensation Committee**

Our compensation committee is responsible for, among other things:

- reviewing and approving the compensation of our chief executive officer and other executive officers;
- reviewing and making recommendations to the board of directors regarding director compensation; and
- appointing and overseeing any compensation consultants.

Our compensation committee consists of Ronen Rosenbloom, Israel Berenshtein and Eliahou Arbib, with Israel Berenshtein serving as chair. Our board has determined that Ronen Rosenbloom, Israel Berenshtein and Eliahou Arbib meet the definition of “independent director” for purposes of serving on the compensation committee under Nasdaq Rules, including the heightened independence standards for members of a compensation committee, and are “non-employee directors” as defined in Rule 16b-3 of the Exchange Act. Our board of directors adopted a written charter for the compensation committee, which is available on our principal corporate website at [www.savefoods.co](http://www.savefoods.co).

### **Risk Oversight**

Our board of directors is responsible for overseeing our risk management process. Our board of directors focuses on our general risk management strategy, the most significant risks facing us, and oversees the implementation of risk mitigation strategies by management. Our audit committee is also responsible for discussing our policies with respect to risk assessment and risk management. Our board of directors believes its administration of its risk oversight function has not negatively affected our board of directors’ leadership structure.

### **Compensation Committee Interlocks and Insider Participation**

None of the members of our compensation committee is or has been an officer or employee of the Company. None of our executive officers serves as a member of the board of directors or compensation committee (or other committee performing equivalent functions) of any entity that has one or more of its executive officers serving on our board of directors or compensation committee.

## Delinquent Section 16(a) Beneficial Ownership Reporting Compliance

Section 16(a) of the Exchange Act requires our directors and executive officers, and persons who own more than 10% of a registered class of our equity securities, to file with the SEC initial reports of ownership and reports of changes in ownership of our common stock and other equity securities. Officers, directors and greater than 10% stockholders are required by SEC regulations to furnish us with copies of all Section 16(a) forms they file. Based solely upon a review of copies of Section 16(a) reports and representations received by us from reporting persons, a Form 4 filed by Udi Kalifi, a member of our Board of Directors, was filed late.

## Code of Business Conduct and Ethics

We adopted a written code of business conduct and ethics that applies to our directors, officers and employees, including our principal executive officer, principal financial officer, principal accounting officer or controller, or persons performing similar functions. A copy of the code is posted on our website, [www.savefoods.co](http://www.savefoods.co). In addition, we post on our website all disclosures that are required by law or Nasdaq listing standards concerning any amendments to, or waivers from, any provision of the code.

## Change in Procedures for Recommending Directors

There have been no material changes to the procedures by which our stockholders may recommend nominees to our Board of Directors from those procedures set forth in our Proxy Statement for our 2022 Annual Meeting of Stockholders, filed with the SEC on July 18, 2022.

## ITEM 11. EXECUTIVE COMPENSATION

### Summary Compensation Table

The following table sets forth information concerning the compensation of our named executive officers for the years ended December 31, 2022 and 2021.

Name and principal position	Fiscal Year	Salary (\$)	Bonus (\$)	Stock awards (\$)	Option awards (\$)	All other compensation (\$)	Total (\$)
David Palach	2022	134,844	-	-	-	-	134,844
Chief Executive Officer <sup>(1)</sup>	2021	164,017	-	-	-	-	164,017
Dan Szybel	2022	221,114	15,000	-	7,771	-	243,885
Former co-Chief Executive Officer, Chief Executive Officer of Save Foods Ltd. <sup>(2)</sup>	2021	289,087	65,000	-	73,974	-	428,061
Neta Matis	2022	202,366	15,000	-	6,047	-	223,413
Chief Operating Officer of Save Foods Ltd. <sup>(3)</sup>	2021	250,570	55,000	-	44,962	-	350,532
Lital Barda	2022	-	-	-	-	-	-
Chief Financial Officer <sup>(4)</sup>	2021	-	-	-	-	-	-
Shlomo Zakai	2022	178,948	25,000	-	-	-	203,948
Former Chief Financial Officer <sup>(5)</sup>	2021	210,470	30,000	-	3,049	-	243,519

(1) Mr. Palach was appointed as the Company's co-Chief Executive Officer on November 5, 2020, and as the Company's Chief Executive Officer of the Company on January 11, 2021, upon the resignation of Mr. Szybel.

(2) Mr. Szybel resigned from his position as co-Chief Executive Officer of the Company, effective January 11, 2021, and thereafter continued serving as the Chief Executive Officer of Save Foods Ltd.

(3) On January 19, 2023, the Company notified Ms. Matis of her termination of employment as Chief Operating Officer and Head of Science of Save Foods Ltd., effective April 19, 2023.

(4) Ms. Barda's compensation is paid by Shlomo Zakai, CPA, for services she renders to the Company. The compensation of \$72,500 is included within the \$203,948 amount paid by the Company to Shlomo Zakai for said services. The terms of Ms. Barda's compensation were previously disclosed in a Form 8-K as filed with the SEC on April 18, 2022.

(5) Mr. Zakai resigned from his position as Chief Financial Officer of the Company, effective May 18, 2021, and thereafter continued serving as a financial controller of the Company.

## Outstanding Equity Awards at Fiscal Year-End

The following table provides information about the number of outstanding equity awards held by each of our named executive officers as of December 31, 2022:

Name	Option Awards				Stock Awards	
	Number of Securities Underlying Unexercised Options (Exercisable)	Number of Securities Underlying Unexercised Options (Unexercisable)	Option Exercise Price	Option Expiration Date	Equity Incentive Plan Awards: Number of Unearned Shares That Have Not Vested	Equity Incentive Plan Awards: Market or Payout Value of Unearned Shares That Have Not Vested
David Palach	-	-	-	-	-	-
Chief Executive Officer	-	-	-	-	-	-
Dan Szybel	14,286	-	3.15	1/3/2029	-	-
Former co-Chief Executive Officer, Chief Executive Officer of Save Foods Ltd.	28,572	-	3.15	4/2/2029		
	28,572	-	3.78	7/1/2030		
Lital Barda	-	-	-	-	-	-
Chief Financial Officer	-	-	-	-	-	-
Neta Matis	7,143	-	3.15	1/3/2029	-	-
Chief Operating Officer of Save Foods Ltd.	7,143	-	3.15	10/31/2029		
	21,143	-	3.15	6/23/2030		
Shlomo Zakai	9,524	-	3.15	1/3/2029	-	-
Former Chief Financial Officer	-	-	-	-	-	-

## Employment Agreements with Executive Officers

We, and through our Israeli subsidiary, have entered into written employment agreements with certain of our executive officers. We have entered into written employment and service agreement with each of our executive officers. Such employment and service agreement will contain customary provisions and representations, including confidentiality, non-competition, non-solicitation and inventions assignment undertakings by the executive officers. However, the enforceability of the noncompetition provisions may be limited under applicable law. In addition, we entered into agreements with each executive officer and director pursuant to which we will indemnify each of them up to a certain amount and to the extent that these liabilities are not covered by directors and officers insurance.

### Consulting Agreement with David Palach

On November 6, 2020, we entered into a consulting agreement with S.T Sporting (1996) Ltd., for the services of David Palach (the “CEO Consulting Agreement”). Pursuant to the terms of the CEO Consulting Agreement, Mr. Palach provides us services as chief executive officer. Pursuant to the terms of the CEO Consulting Agreement, Mr. Palach was entitled to a monthly fee in the amount of \$8,000 plus value added tax per month and a grant of options to purchase shares of our Common Stock, which amount shall be determined by good faith negotiations by the board of directors on a future date.

On June 23, 2021, our board of directors approved updated compensation for Mr. Palach pursuant to which Mr. Palach is entitled to a (1) monthly fee of \$14,000 plus value added tax per month, (2) reimbursement of expenses not exceeding \$500 per month (3) one-time grant of options to purchase shares of Common Stock representing 4.5% of the Company’s outstanding capital stock as of the date of June 23, 2021, and (4) the immediate repayment of \$8,000, representing debt payable to Mr. Palach that accrued during the period beginning November 2020 until April 2021.

On August 29, 2022, the monthly fee of Mr. Palach was reduced to \$6,000.

### Services Agreement with Dan Sztybel

On October 10, 2018, Save Foods Ltd. entered into a service agreement (as amended on March 28, 2019, the “Save Foods Ltd. CEO Services Agreement”) with Mr. Sztybel and Dan Sztybel Consulting Group Ltd., a consulting services company owned and controlled by Mr. Sztybel, pursuant to which Mr. Sztybel provides us with services as the chief executive officer of Save Foods Ltd. Pursuant to the terms of the Save Foods Ltd. CEO Services Agreement, Mr. Sztybel is currently entitled to a monthly fee in the amount of NIS 47,125 (approximately \$14,500) plus value added tax and car allowance in the amount of NIS 3,250 (approximately \$1,000) plus value added tax per month. In addition, under the Save Foods Ltd. CEO Services Agreement, Mr. Sztybel was granted options to purchase shares of our Common Stock, including the following:

- (a) Options to purchase up to 14,286 shares of Common Stock, under our Equity Incentive Plan, in the event that we will receive EPA and FDA approvals by the end of the second quarter of 2020. Such conditions were not met as of June 30, 2020.
- (b) Options to purchase up to 28,572 shares of Common Stock, under our Equity Incentive Plan.

Both parties may terminate the Save Foods Ltd. CEO Services Agreement at any time for any reason upon a 30-day prior written notice. Commencing April 2020, the Company and Mr. Sztybel agreed to temporarily reduce the monthly fixed fee to \$9,000 per month.

On July 13, 2021, Save Foods Ltd. entered into an employment agreement with Mr. Sztybel as its Chief Executive Officer, pursuant to which Mr. Sztybel is employed by Save Foods Ltd. on a full time basis. In accordance with the foregoing agreement, Mr. Sztybel is entitled to a gross salary of NIS 54,000 (approximately \$17,400) and certain additional social benefits customarily provided to officers of similar companies in Israel. On November 3, 2021, Save Foods Ltd. entered into an amendment to the employment agreement with Mr. Sztybel, according to which, effective October 1, 2021, the gross salary of Mr. Sztybel will be reduced to NIS 45,880 (approximately \$14,800). In addition, it was agreed that in the event that the agreement with Mr. Sztybel would be terminated by Save Foods Ltd. Prior to the lapse of 18 months following May 30, 2021, Mr. Sztybel would be entitled to a dismissal grant in an amount equal to Mr. Sztybel’s last salary multiplied by the number of months left between the termination date and November 30, 2022.

On June 23, 2021, our board of directors approved a one-time lump sum bonus to Mr. Sztybel in an amount of \$65,000 in connection with his contributions to the Company’s uplist to the Nasdaq Capital Market which closed on May 13, 2021.

### Employment Agreement with Lital Barda

On April 18, 2022, we entered into an consulting agreement with our Chief Financial Officer, Ms. Lital Barda. In accordance with the terms of Ms. Barda’s agreement, she is entitled to a monthly base salary of NIS 25,000, and a grant of options to purchase such number of shares of the Company’s common stock, par value \$0.0001 per share, as shall be agreed upon between Ms. Barda and the Board on a future date, and which shall be in accordance with the terms of the 2022 Plan.

### Director Compensation

#### Summary Compensation Table

The following table sets forth the compensation we paid our non-executive directors during the fiscal year ended December 31, 2022.

Name	Fees earned or paid in cash (\$)	Option awards (\$)	All other compensation (\$)	Total (\$)
Amitay Weiss	116,300	-	-	116,300
Eliahou Arbib	36,653	-	-	36,653
Udi Kalifi	36,653	-	-	36,653
Israel Berenshtein	36,653	-	-	36,653
Ronen Rosenbloom	36,653	-	-	36,653

## ITEM 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT AND RELATED STOCKHOLDER MATTERS

### Security Ownership of Certain Beneficial Owners and Management

The table below provides information regarding the beneficial ownership of our Common Stock as of March 22, 2023 of (i) each of our current directors, (ii) each of the Named Executive Officers, (iii) all of our current directors and officers as a group, and (iv) each person (or group of affiliated persons) known to us who owns more than 5% of our outstanding Common Stock.

The beneficial ownership of our Common Stock 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 shares of Common Stock issuable pursuant to options that are currently exercisable or exercisable within 60 days of March 22, 2023, if any, 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 shares of Common Stock beneficially owned is based on 4,658,726 shares of Common Stock outstanding as of March 22, 2023.

Unless otherwise indicated below, the address for each beneficial owner listed in the table below is c/o Save Foods, Inc., HaPardes 134 (Meshek Sander), Neve Yarak, Israel.

Owner	Number of Shares Beneficially Owned <sup>(1)</sup>	Percentage Beneficially Owned <sup>(1)</sup>
<b>5% or more shareholders:</b>		
<b>Directors and named executive officers who are not 5% holders:</b>		
Amitay Weiss <sup>(*)</sup>	-	** %
Eliahou Arbib <sup>(*)</sup>	-	** %
Udi Kalifi <sup>(*)</sup>	27,692	** %
Israel Berenshtein <sup>(*)</sup>	-	** %
Ronen Rosenbloom <sup>(*)</sup>	-	** %
Dan Sztobel <sup>(2)</sup>	74,605	1.58 %
David Palach	-	** %
Lital Barda	-	** %
<b>All directors and named executive officers as a group (8 persons)</b>	<b>102,297</b>	<b>2.2 %</b>

\* Indicates director of the Company.

\*\* Indicates beneficial ownership of less than 1% of total Common Stock outstanding.

(1) The percentages shown are based on 4,658,726 Common Stock issued and outstanding as of the date of March 22, 2023.

(2) Consists of (i) 3,175 shares of Common Stock and (ii) options to purchase 71,430 shares of Common Stock, which are currently exercisable or will become exercisable within 60 days of March 22, 2023.

**Change in Control**

We are not aware of any arrangement that might result in a change in control in the future. We have no knowledge of any arrangements, including any pledge by any person of our securities, the operation of which may at a subsequent date result in a change in the Company's control.

**Securities Authorized for Issuance Under Equity Compensation Plans**

Information about our equity compensation plans is incorporated herein by reference to "Item 5. Market For Registrant's Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities", of this Annual Report on Form 10-K.

**ITEM 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS, AND DIRECTOR INDEPENDENCE****Related Party Transactions**

The following is a description of transactions since January 1, 2020, to which we were a party or will be a party, in which the amount involved exceeded or will exceed the lesser of \$120,000 or 1% of the average of our total assets at year-end for the last two completed fiscal years, and any of our directors, executive officers or holders of more than 5% of our outstanding capital stock, or any immediate family member of, or person sharing the household with, any of these individuals or entities, had or will have a direct or indirect material interest.

**Employment Agreements**

Certain of our executive officers have employment and service agreements with us. We have entered into written employment and service agreement with each of our executive officers. Such employment and service agreement will contain customary provisions and representations, including confidentiality, non-competition, non-solicitation and inventions assignment undertakings by the executive officers. However, the enforceability of the noncompetition provisions may be limited under applicable law. See "Management-Employment Agreements with Executive Officers" and "- Service Contracts with Non-Executive Directors."

**Indemnification Agreements**

We entered into indemnification agreements with each of our directors and executive officers. These agreements, among other things, require us or will require us to indemnify each director and executive officer to the fullest extent permitted by Delaware law, including indemnification of expenses such as attorneys' fees, judgments, fines and settlement amounts incurred by the director or executive officer in any action or proceeding, including any action or proceeding by or in right of us, arising out of the person's services as a director or executive officer. For further information, see "Executive and Director Compensation-Limitations of Liability and Indemnification."

**Stock Options**

Since our inception, we have granted options to purchase shares of our Common Stock to our officers and certain of our directors. Such option agreements may contain acceleration provisions upon certain merger, acquisition, or change of control transactions. We describe our option plans under "Executive and Director Compensation-Equity Incentive Plan." If the relationship between us and an executive officer or a director is terminated, except for cause (as defined in the various option plan agreements), options that are vested will generally remain exercisable for three months after such termination.



## Policies and Procedures for Related Person Transactions

We have adopted a written related person transaction policy setting forth the policies and procedures for the review and approval or ratification of “related person transactions.” For purposes of this policy, a “related person transaction” is any transaction, arrangement or relationship, or any series of similar transactions, arrangements or relationships, in which we and any “related person” are participants involving an amount that exceeds \$120,000 including, without limitation, purchases of goods or services by or from the related person or entities in which the related person has a material interest, indebtedness, guarantees of indebtedness and employment by us of a related person. Transactions involving compensation for services provided to us as an employee, consultant or director will not be considered related-person transactions under this policy. A “related person” is any executive officer, director or a holder of more than five percent of our Common Stock, including any of their immediate family members and any entity owned or controlled by such persons.

Under this policy, where a transaction has been identified as a related person transaction, management must present information regarding the proposed related-person transaction to our audit committee (or, where review by our audit committee would be inappropriate, to another independent body of our board of directors) for review. In reviewing and approving any such transactions, our audit committee or other independent body of our board of directors, is tasked to consider all relevant facts and circumstances, including, but not limited to, whether the transaction is on terms comparable to those that could be obtained in an arm’s length transaction and the extent of the related person’s interest in the transaction. In the event a director has an interest in the proposed transaction, the director must recuse himself or herself from the deliberations and approval. All of the transactions described in this section occurred prior to the adoption of this policy.

### Director Independence

Our board of directors has determined that Ronen Rosenbloom, Israel Berenshtein, Amitay Weiss, Eliahou Arbib and Udi Kalifi do not have a relationship that would interfere with the exercise of independent judgment in carrying out the responsibilities of a director and that each of these directors is “independent” as that term is defined under the rules of The Nasdaq Stock Market LLC.

## ITEM 14. PRINCIPAL ACCOUNTING FEES AND SERVICES

### Independent Public Accounting Firm

On July 25, 2021, the Company’s board of directors appointed Somekh Chaikin, a member firm of KPMG International, located in Tel Aviv Israel, as its independent registered public accounting firm for the fiscal year ended December 31, 2021. Halperin Ilanit CPA served as the Company’s independent public accounting firm since 2018.

### Audit and Accounting Fees

The following table sets forth the fees billed to our Company for professional services rendered by (i) Halperin Ilanit CPA, an independent registered public accounting firm, for the period ended July 25, 2021, and (ii) Somekh Chaikin, a member firm of KPMG International, has served as our independent registered public accounting firm for fiscal year ended December 31, 2021 and the year ended December 31, 2022.

Services	2022	2021
Audit fees	\$ 197,000	\$ 172,500 (1)
Audit related fees	600	-
Tax fees	36,000	18,069
All other fees	-	-
<b>Total fees</b>	<b>\$ 233,600</b>	<b>\$ 190,569</b>

- (1) Audit Fees consists of \$27,500 in connection with the services rendered by Halperin Ilanit CPA, and \$145,000 in connection with the services rendered by Somekh Chaikin, member firm of KPMG International.

Audit fees consist of fees for professional services rendered for the audit of our annual financial statements.

## PART IV

### ITEM 15. EXHIBITS, FINANCIAL STATEMENT SCHEDULES

Exhibit No.	Exhibit Description
3.1.1	<a href="#">Amended and Restated Certificate of Incorporation (incorporated by reference to Exhibit 3.1 to our Registration Statement on Form 10 filed with the SEC on September 26, 2019)</a>
3.1.2	<a href="#">Certificate of Amendment of the Certificate of Incorporation, effective as of June 12, 2019 (incorporated by reference to Exhibit 3.3 to our Amendment No. 2 to Registration Statement on Form 10 filed with the SEC on December 11, 2019)</a>
3.1.3	<a href="#">Certificate of Amendment of the Certificate of Incorporation of Save Foods, Inc., effective as of November 24, 2020 (incorporated by reference to Exhibit 3.1.3 to our Registration Statement on Form S-1 filed with the SEC on March 16, 2021)</a>
3.1.4	<a href="#">Certificate of Amendment of the Certificate of Incorporation of Save Foods, Inc., dated February 23, 2021 (incorporated by reference to Exhibit 3.1 to our Current Report on Form 8-K filed with the SEC on February 25, 2021)</a>
3.1.5	<a href="#">Amended and Restated Certificate of Incorporation of Save Foods, Inc., effective as of March 16, 2021 (incorporated by reference to Exhibit 3.1.1 to our Registration Statement on Form S-3 filed with the SEC on July 15, 2022).</a>
3.2.1	<a href="#">Amended and Restated Bylaws of Save Foods, Inc. (incorporated by reference to exhibit 3.1 to our Current Report on Form 8-K filed with the SEC on August 24, 2022).</a>
4.1	<a href="#">Description of the Registrant's Securities (incorporated by reference to Exhibit 4.1 of our Annual Report on Form 10-K for the fiscal year ended December 31, 2020, filed with the SEC on March 29, 2021)</a>
10.1+	<a href="#">2018 Equity Incentive Plan (incorporated by reference to Exhibit 10.1 to our Registration Statement on Form 10 filed with the SEC on September 26, 2019)</a>
10.2+	<a href="#">Services Agreement, dated October 10, 2018, by and between Pimi Agro Cleantech Ltd., Dan Szybel and Dan Szybel Consulting Group Ltd. (incorporated by reference to Exhibit 10.4 our Registration Statement on Form S-1 filed with the SEC on March 16, 2021)</a>
10.3+	<a href="#">Services Agreement, dated January 15, 2019, by and between Pimi Agro Cleantech Ltd. and NSNC Consulting Ltd. (incorporated by reference to Exhibit 10.5 to our Registration Statement on Form S-1 filed with the SEC on March 16, 2021)</a>
10.4+	<a href="#">Addendum No. 1 to Services Agreement, dated March 28, 2019, by and between Pimi Agro Cleantech Ltd., Dan Szybel and Dan Szybel Consulting Group Ltd. (incorporated by reference to Exhibit 10.6 to our Registration Statement on Form S-1 filed with the SEC on March 16, 2021)</a>
10.5	<a href="#">Non-Exclusive Commission Agreement, dated September 22, 2020, by and among Save Foods, Inc. and Earthbound Technologies, LLC (incorporated by reference to Exhibit 10.10 to our Registration Statement on Form S-1 filed with the SEC on March 16, 2021)</a>
10.6	<a href="#">Distribution Agreement, dated September 22, 2020, by and among Save Foods Ltd. and Safe-Pack Products Ltd. (incorporated by reference to Exhibit 10.11 to our Registration Statement on Form S-1 filed with the SEC on March 16, 2021)</a>
10.7	<a href="#">Securities Purchase Agreement, dated September 23, 2020, by and among Save Foods, Inc. and Medigus Ltd. (incorporated by reference to Exhibit 10.11 to our Registration Statement on Form S-1 filed with the SEC on March 16, 2021)</a>
10.8+	<a href="#">Consulting Agreement, dated November 6, 2020, by and between Save Foods, Inc. and S.T. Sporting (1996) Ltd. (incorporated by reference to Exhibit 10.13 to our Registration Statement on Form S-1 filed with the SEC on March 16, 2021)</a>
10.9	<a href="#">Underwriting Agreement, between ThinkEquity LLC, a division of Fordham Financial Management, Inc., as representative of the several underwriters, and Save Foods, Inc. (incorporated by reference to Exhibit 1.1 to our Current Report on Form 8-K filed with the SEC on August 18, 2022)</a>
10.11+	<a href="#">The Save Foods, Inc. 2022 Share Incentive Plan (incorporated by reference to Exhibit 10.1 to our Current Report on Form 8-K filed with the SEC on August 30, 2022)</a>
21.1*	<a href="#">List of Subsidiaries</a>
23.1*	<a href="#">Consent of Independent Registered Public Accounting Firm</a>
31.1*	<a href="#">Section 302 Certification under the Sarbanes-Oxley Act of 2002 of the Principal Executive Officer and Principal Financial Officer</a>
32.1**	<a href="#">Section 906 Certification under the Sarbanes-Oxley Act of 2002 of the Principal Executive Officer and Principal Financial Officer</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 (formatted in Inline XBRL and contained in Exhibit 101)

\* Filed herewith

\*\* Furnished herewith

+ Management contract or compensatory plan or arrangement

### ITEM 16. FORM 10-K SUMMARY

None.



## SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

### SAVE FOODS, INC.

By: /s/ David Palach

Name: David Palach

Title: Chief Executive Officer

Date: March 27, 2023

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the registrant and in the capacities and on the dates indicated.

Signature	Title	Date
<u>/s/ David Palach</u>	Chief Executive Officer	March 27, 2023
<u>David Palach</u>	(Principal Executive Officer)	
<u>/s/ Lital Barda</u>	Chief Financial Officer	March 27, 2023
<u>Lital Barda</u>	(Principal Financial Officer)	
<u>/s/ Amitay Weiss</u>	Chairman of the Board	March 27, 2023
<u>Amitay Weiss</u>		
<u>/s/ Ronen Rosenbloom</u>	Director	March 27, 2023
<u>Ronen Rosenbloom</u>		
<u>/s/ Israel Berenshtein</u>	Director	March 27, 2023
<u>Israel Berenshtein</u>		
<u>/s/ Udi Kalifi</u>	Director	March 27, 2023
<u>Udi Kalifi</u>		
<u>/s/ Eliahou Arbib</u>	Director	March 27, 2023
<u>Eliahou Arbib</u>		

**SAVE FOODS, INC.**  
**CONSOLIDATED FINANCIAL STATEMENTS**  
**AS OF DECEMBER 31, 2022**

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**Save Foods, Inc.**  
**CONSOLIDATED FINANCIAL STATEMENTS**  
**AS OF DECEMBER 31, 2022**  
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**REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM  
TO THE BOARD OF DIRECTORS AND STOCKHOLDERS OF  
SAVE FOODS, INC.**

**Report of Independent Registered Public Accounting Firm**

To the Stockholders and Board of Directors

Save Foods, Inc.:

*Opinion on the Consolidated Financial Statements*

We have audited the accompanying consolidated balance sheets of Save Foods, Inc. and its subsidiary (hereinafter – “the Company”) as of December 31, 2022 and 2021, the related consolidated statements of comprehensive loss, changes in stockholders’ equity (deficit), and cash flows for each of the years in the two- year period ended December 31, 2022, and the related notes (collectively, the consolidated financial statements). In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2022 and 2021, and the results of its operations and its cash flows for each of the years in the two- year period ended December 31, 2022 in conformity with U.S. generally accepted accounting principles.

*Basis for Opinion*

These consolidated financial statements are the responsibility of the Company’s management. Our responsibility is to express an opinion on these consolidated 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 consolidated 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 consolidated 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 regarding the amounts and disclosures in the consolidated 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 consolidated financial statements. We believe that our audits provide a reasonable basis for our opinion.

/s/ Somekh Chaikin

Somekh Chaikin

Member Firm of KPMG International

We have served as the Company’s auditor since 2021.

Tel Aviv, Israel

March 27, 2023

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**SAVE FOODS, INC.**  
**CONSOLIDATED BALANCE SHEETS**  
(U.S. dollars except share and per share data)

	<b>December 31, 2022</b>	<b>December 31, 2021</b>
<b>Assets</b>		
<b>Current Assets</b>		
Cash and cash equivalents	5,700,709	6,750,938
Restricted cash (Note 2D)	50,062	56,674
Accounts receivable, net	192,597	172,630
Inventories	81,706	22,603
Other current assets (Note 3)	247,370	226,252
<b>Total Current assets</b>	<b>6,272,444</b>	<b>7,229,097</b>
<b>Right-of-use asset arising from operating leases (Note 7)</b>	<b>121,855</b>	<b>129,613</b>
<b>Property and equipment, net (Note 4)</b>	<b>97,914</b>	<b>100,944</b>
<b>Funds in respect of employee rights upon retirement</b>	<b>-</b>	<b>137,625</b>
<b>Total assets</b>	<b>6,492,213</b>	<b>7,597,279</b>
<b>Liabilities and Shareholders' Equity</b>		
<b>Current Liabilities</b>		
Short-term loan from banking institutions	-	8,390
Accounts payable	419,814	539,360
Other liabilities (Note 5)	295,035	383,554
<b>Total current liabilities</b>	<b>714,849</b>	<b>931,304</b>
<b>Operating lease liabilities (Note 7)</b>	<b>40,023</b>	<b>87,287</b>
<b>Liability for employee rights upon retirement</b>	<b>-</b>	<b>166,077</b>
<b>Total liabilities</b>	<b>754,872</b>	<b>1,184,668</b>
<b>Shareholders' Equity (Note 8)</b>		
Common stocks of \$ 0.0001 par value each ("Common Stocks"): 495,000,000 shares authorized as of December 31, 2022 and 2021; issued and outstanding 4,614,726 and 2,806,536 shares as of December 31, 2022 and 2021, respectively.	462	281
Preferred stocks of \$ 0.0001 par value ("Preferred stocks"): 5,000,000 shares authorized as of December 31, 2022 and 2021; issued and outstanding 0 shares as of December 31, 2022 and 2021.	-	-
Additional paid-in capital	28,710,019	23,607,503
Foreign currency translation adjustments	(26,275)	(26,275)
Accumulated deficit	(22,837,827)	(17,098,227)
	5,846,379	6,483,282
<b>Non-controlling interest</b>	<b>(109,038)</b>	<b>(70,671)</b>
<b>Total Shareholders' equity</b>	<b>5,737,341</b>	<b>6,412,611</b>
<b>Total liabilities and Shareholders' equity</b>	<b>6,492,213</b>	<b>7,597,279</b>

The accompanying notes are an integral part of the consolidated financial statements.



**SAVE FOODS, INC.**  
**CONSOLIDATED STATEMENTS OF COMPREHENSIVE LOSS**  
(U.S. dollars except share and per share data)

	<b>Year ended December 31</b>	
	<b>2022</b>	<b>2021</b>
Revenues from sales of products	394,004	438,141
Cost of sales (Note 11)	(158,313)	(135,943)
<b>Gross profit</b>	235,691	302,198
Research and development expenses (Note 12)	(770,826)	(538,684)
Selling and marketing expenses	(567,598)	(200,299)
General and administrative expenses (Note 13)	(4,716,909)	(4,266,854)
<b>Operating loss</b>	(5,819,642)	(4,703,639)
Financing income (expenses), net (Note 14)	39,801	(161,737)
<b>Comprehensive loss</b>	(5,779,841)	(4,865,376)
Less: Net loss attributable to non-controlling interests	40,241	44,796
<b>Net loss attributable to the Company's shareholders</b>	(5,739,600)	(4,820,580)
<b>Loss per share (basic and diluted) (Note 16)</b>	(1.64)	(2.06)
<b>Basic and diluted weighted average number of shares of common stock outstanding (Note 16)</b>	3,498,273	2,343,088

The accompanying notes are an integral part of the consolidated financial statements.

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**SAVE FOODS, INC.**  
**STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY (DEFICIT)**  
(U.S. dollars, except share and per share data)

	<u>Number of Shares</u>	<u>Amount</u>	<u>Additional paid-in capital</u>	<u>Foreign currency translation adjustments</u>	<u>Accumulated deficit</u>	<u>Total Company's Shareholders' equity (deficit)</u>	<u>Non- controlling interest</u>	<u>Total Shareholders' equity (deficit)</u>
<b>BALANCE AT JANUARY 1, 2021</b>	<b>1,606,765</b>	<b>161</b>	<b>11,867,585</b>	<b>(26,275)</b>	<b>(12,277,647)</b>	<b>(436,176)</b>	<b>(29,277)</b>	<b>(465,453)</b>
<b>CHANGES DURING THE YEAR ENDED DECEMBER 31, 2021:</b>								
Issuance of shares, net of issuance costs of \$1,542,138	1,090,909	109	10,457,753	-	-	<b>10,457,862</b>	-	<b>10,457,862</b>
Conversion of convertible loans	66,877	7	648,403	-	-	<b>648,410</b>	-	<b>648,410</b>
Share based compensation to employees and directors	-	-	219,814	-	-	<b>219,814</b>	3,402	<b>223,216</b>
Issuance of shares to services providers	41,985	4	413,948	-	-	<b>413,952</b>	-	<b>413,952</b>
Comprehensive loss for the year	-	-	-	-	(4,820,580)	<b>(4,820,580)</b>	(44,796)	<b>(4,865,376)</b>
<b>BALANCE AT DECEMBER 31, 2021</b>	<b>2,806,536</b>	<b>281</b>	<b>23,607,503</b>	<b>(26,275)</b>	<b>(17,098,227)</b>	<b>6,483,282</b>	<b>(70,671)</b>	<b>6,412,611</b>
<b>CHANGES DURING THE YEAR ENDED DECEMBER 31, 2022:</b>								
Issuance of shares, net of issuance costs of \$696,670	1,600,000	160	4,103,170	-	-	<b>4,103,330</b>	-	<b>4,103,330</b>
Issuance of shares to employees and services providers	208,190	21	916,458	-	-	<b>916,479</b>	591	<b>917,070</b>
Share based compensation to employees and directors	-	-	82,888	-	-	<b>82,888</b>	1,283	<b>84,171</b>
Comprehensive loss for the year	-	-	-	-	(5,739,600)	<b>(5,739,600)</b>	(40,241)	<b>(5,779,841)</b>
<b>BALANCE AT DECEMBER 31, 2022</b>	<b>4,614,726</b>	<b>462</b>	<b>28,710,019</b>	<b>(26,275)</b>	<b>(22,837,827)</b>	<b>5,846,379</b>	<b>(109,038)</b>	<b>5,737,341</b>

The accompanying notes are an integral part of the consolidated financial statements.

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**SAVE FOODS, INC.**  
**CONSOLIDATED STATEMENTS OF CASH FLOWS**  
(U.S. dollars)

	<b>Year ended December 31</b>	
	<b>2022</b>	<b>2021</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Loss for the year	\$ (5,779,841)	\$ (4,865,376)
Adjustments required to reconcile net loss for the period to net cash used in operating activities:		
Depreciation	54,719	57,195
Decrease in liability for employee rights upon retirement, net	(28,452)	(6,819)
Issuance of shares to employees and services providers	856,064	450,730
Share based compensation to employees and directors	84,171	186,438
Expenses on convertible loans	-	116,462
Exchange rate differences on operating leases	(13,731)	-
Increase in accounts receivable, net	(19,967)	(24,689)
Increase in inventories	(59,103)	(6,247)
Decrease (increase) in other current assets	39,888	(200,673)
Increase (decrease) in accounts payable	(116,580)	337,680
Decrease in other liabilities	(112,083)	(158,008)
Decrease in operating lease expense	66,647	-
Change in operating lease liability	(68,858)	-
Net cash used in operating activities	(5,097,126)	(4,113,307)
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Purchase of property and equipment	(51,689)	(67,749)
Net cash used in investing activities	(51,689)	(67,749)
<b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>		
Proceeds from convertible loans	-	274,000
Repayments of long-term loans from banking institutions	(8,390)	(7,875)
Repayments of right of use asset arising from operating leases	-	(38,971)
Proceeds from shares issued for cash, net of issuance costs	4,103,330	10,497,862
Net cash provided by financing activities	4,094,940	10,725,016
Effect of exchange rate changes on cash and cash equivalents	(2,966)	(1,643)
<b>INCREASE (DECREASE) IN CASH , CASH EQUIVALENTS AND RESTRICTED CASH</b>	<b>(1,056,841)</b>	<b>6,542,317</b>
<b>CASH, CASH EQUIVALENTS AND RESTRICTED CASH AT BEGINNING OF YEAR</b>	<b>6,807,612</b>	<b>265,295</b>
<b>CASH, CASH EQUIVALENTS AND RESTRICTED CASH AT END OF YEAR</b>	<b>\$ 5,750,771</b>	<b>\$ 6,807,612</b>

**The accompanying notes are an integral part of the consolidated financial statements.**

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**SAVE FOODS, INC.**  
**CONSOLIDATED STATEMENTS OF CASH FLOWS**  
(U.S. dollars)

**Supplemental disclosure of cash flow information:**

Cash paid during the year for:

Interest	\$	-	\$	231

**Non-cash transactions:**

Termination of lease agreement	-	51,358
Termination of lease liability	-	50,072
Conversion of convertible loans	-	648,410
Deferred issuance expenses	-	40,000
Initial recognition of operating lease right-of-use assets	47,280	201,467
Initial recognition of operating lease liability	47,280	201,467
Issuance of shares for future services	61,006	-

**The accompanying notes are an integral part of the consolidated financial statements.**

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**SAVE FOODS, INC.**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

**NOTE 1 – GENERAL**

**A. Operations**

Save Foods, Inc. (the “Company”) was incorporated on April 1, 2009, under the laws of the State of Delaware. On April 27, 2009, the Company acquired from its stockholders 98.48% of the issued and outstanding shares of Save Foods Ltd. (the Company and Save Foods Ltd. collectively, the “Group”), including preferred and Common Stock. Save Foods Ltd. was incorporated in 2004 and commenced its operations in 2005. Save Foods Ltd. develops, produces, and focuses on delivering innovative solutions for the food industry aimed at improving food safety and shelf life of fresh produce.

On May 13, 2021, the Company completed an underwritten public offering of 1,090,909 shares of its Common Stock for net proceeds of \$10,457,862. Commencing on May 14, 2021, The Company’s common stock was listed on the Nasdaq Capital under the symbol “SVFD”.

On August 15, 2022, the Company completed an underwritten public offering of 1,600,000 shares of its Common Stock at a price to the public of \$3.00 per share. The gross proceeds to the Company from this offering were \$4,800,000, before deducting underwriting discounts, commissions and other offering expenses, and excluding the exercise of the over-allotment option by the underwriter, which was not exercised in an amount totaling \$696,670 resulting in net proceeds of \$4,103,330. The Company granted the underwriter a 45-day option to purchase up to 240,000 additional shares of Common Stock of the Company to cover over-allotments at the public offering price, less the underwriting discounts and commissions. In addition, the Company issued to the underwriter as compensation, warrants to purchase up to 80,000 shares of Common Stock (5% of the aggregate number of shares of Common Stock sold in this offering). The underwriter’s warrants are exercisable at a per share exercise price equal to 125% of the public offering price per share in this offering (\$3.75). The underwriter’s warrants are exercisable at any time and from time to time, in whole or in part, during the four and a half year period commencing 180 days from the effective date of the registration statement.

**B. Reverse stock split**

On February 23, 2021, the Company amended its Certificate of Incorporation to effect a 7 to 1 reverse stock split of the Company’s outstanding Common Stock.

As a result of the reverse stock split, every 7 shares of the Company’s outstanding Common Stock prior to the effect of that amendment were combined and reclassified into one share of the Company’s Common Stock. No fractional shares were issued in connection with or following the reverse split. The number of authorized capital of the Company’s Common Stock and par value of the shares remained unchanged.

All share, stock option and per share information in these consolidated financial statements have been restated to reflect the stock split.

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**SAVE FOODS, INC.****NOTES TO CONSOLIDATED FINANCIAL STATEMENTS****NOTE 1 – GENERAL (continue)****C. Liquidity**

Since inception, the Company has incurred significant losses and negative cash flows from operations and has an accumulated deficit of \$22,837,827 as of December 31, 2022. The Company has financed its operations mainly through fundraising from various investors.

The Company's management expects that the Company will continue to generate losses and negative cash flows from operations for the foreseeable future. Based on the projected cash flows and cash balances as of the date of these financial statements, management is of the opinion that its existing cash will be sufficient to meet its obligations for a period which is longer than 12 months from the date of the approval of these consolidated financial statements.

**NOTE 2– SIGNIFICANT ACCOUNTING POLICIES**

These consolidated financial statements were prepared in accordance with accounting principles generally accepted in the United States of America (US GAAP).

**A. Use of estimates in the preparation of financial statements**

The preparation of consolidated financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, certain revenues and expenses, and disclosure of contingent assets and liabilities as of the date of the financial statements. Actual results could differ from those estimates. As applicable to these financial statements, the most significant estimates and assumptions relate to share based compensation.

**B. Functional currency**

A majority of the Group's revenues is generated in U.S. dollars. In addition, most of the Group's costs are denominated and determined in U.S. dollars. Management believes that the dollar is the currency in the primary economic environment in which the Group operates. Thus, the functional and reporting currency of the Group is the U.S. dollar. Transactions and monetary balances in other currencies are translated into the functional currency using the current exchange rate.

Accordingly, monetary accounts maintained in currencies other than the dollar are remeasured into dollars in accordance with Accounting Standards Codification ("ASC") 830, "Foreign Currency Matters". All transaction gains and losses of the remeasured monetary balance sheet items are reflected in the statements of operations as financial income or expenses, as appropriate.

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**SAVE FOODS, INC.****NOTES TO CONSOLIDATED FINANCIAL STATEMENTS****NOTE 2– SIGNIFICANT ACCOUNTING POLICIES (continue)****C.Principles of consolidation**

The accompanying consolidated financial statements include the accounts of the Company and its subsidiary, Save Foods Ltd. All significant intercompany balances and transactions have been eliminated on consolidation.

**D.Cash and cash equivalents, and restricted cash**

Cash equivalents are short-term highly liquid investments which include short term bank deposits (up to three months from date of deposit), that are not restricted as to withdrawals or use that are readily convertible to cash with maturities of three months or less as of the date acquired.

Restricted cash as of December 31, 2022 and 2021 include \$50,062 and \$56,674, respectively, collateral account for the Group's corporate credit cards and a loan and is classified in current assets.

**E.Accounts receivables**

The Group maintains an allowance for doubtful accounts for estimated losses inherent in its accounts receivable portfolio. In establishing the required allowance, management considers historical losses adjusted to take into account current market conditions and its customers' financial condition, the amount of receivables in dispute, and the current receivables aging and current payment patterns. As of December 31, 2022, and 2021, an allowance for doubtful debts in the amount of \$24,259 and \$27,450, respectively, is reflected in net accounts receivable. The Group does not have any off-balance-sheet credit exposure related to its customers.

**F.Property, plant and equipment, net**

1. Property and equipment are stated at cost, net of accumulated depreciation. Depreciation is calculated using the straight-line method over the estimated useful lives of the assets. When an asset is retired or otherwise disposed of, the related cost and accumulated depreciation are removed from the respective accounts and the net difference less any amount realized from disposition is reflected in the Statements of Comprehensive Loss.
2. Rates of depreciation:

	%
Furniture and office equipment	7-15
Machines	10-15
Computers	33
Vehicle	15

**G.Impairment of long-lived assets**

The Group's long-lived assets are reviewed for impairment in accordance with ASC Topic 360, "Property, Plant and Equipment", whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Recoverability of assets to be held and used is measured by a comparison of the carrying amount of an asset to the future undiscounted cash flows expected to be generated by the asset. If such assets are considered to be impaired, the impairment to be recognized is measured by the amount by which the carrying amount of the asset exceeds its fair value. No impairment expenses were recorded during the years ended December 31, 2022 or 2021.

## SAVE FOODS, INC.

### NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

#### NOTE 2– SIGNIFICANT ACCOUNTING POLICIES (continue)

##### H.Income taxes

The Group accounts for income taxes in accordance with ASC Topic 740, “Income Taxes”. Accordingly, deferred taxes are determined utilizing the asset and liability method based on the estimated future tax effects of differences between the financial statement carrying amount and the tax bases of assets and liabilities under the applicable tax law. Deferred tax balances are computed using the enacted tax rates expected to be in effect when these differences reverse. Valuation allowances in respect of deferred tax assets are provided for, if necessary, to reduce deferred tax assets to amounts more likely than not to be realized.

The Group accounts for unrecognized tax benefits in accordance with ASC Topic 740, which prescribes detailed guidance for the financial statement recognition, measurement and disclosure of unrecognized tax benefits recorded in a Company’s financial statements. According to ASC Topic 740, tax positions must meet a more-likely-than-not recognition threshold to be recognized. Recognized tax positions are measured as the largest amount that is greater than 50 percent likely of being realized. The Company’s accounting policy is to present interest and penalties relating to income taxes within income taxes; however the Company did not recognize such items in its fiscal years 2022 and 2021 financial statements and did not recognize any amount with respect to an unrecognized tax benefit in its balance sheets.

##### I.Liability for employee rights upon retirement

Under Israeli law and labor agreements, Save Foods Ltd. is required to make severance payments to retired or dismissed employees and to employees leaving employment in certain other circumstances. In respect of the liability to the employees, individual insurance policies are purchased, and deposits are made with recognized severance pay funds. The liability for severance pay is calculated on the basis of the latest salary paid to each employee multiplied by the number of years of employment. Employees are entitled to one month’s salary for each year of employment, or a portion thereof. The liability is covered by the amounts deposited including accumulated income thereon as well as by the unfunded provision. Such liability is removed, either upon termination of employment or retirement.

According to Section 14 to the Severance Pay Law (“Section 14”) the payment of monthly deposits by a company into recognized severance and pension funds or insurance policies releases it from any additional severance obligation to the employees that have entered into agreements with the company pursuant to such Section 14. Save Foods, Ltd. has entered into agreements with all of its employees in order to implement Section 14. Therefore, the payment of monthly deposits by Save Foods, Ltd. into recognized severance and pension funds or insurance policies releases it from any additional severance obligation to those employees that have entered into such agreements and therefore Save Foods, Ltd. incurs no additional liability since that date with respect to such employees. Amounts accumulated in the pension funds or insurance policies pursuant to Section 14 are not supervised or administrated by Save Foods, Ltd. and therefore neither such amounts nor the corresponding accrual are reflected in the balance sheet. Severance expenses for the years ended December 31, 2022 and 2021, amounted to \$32,270, and \$22,507, respectively.

##### J.Revenue recognition

The Group has revenue from customers. The Group recognizes revenue when it satisfies performance obligations under the terms of its contracts, and control of its products is transferred to its customers in an amount that reflects the consideration the Group expects to receive from its customers in exchange for those products. This process involves identifying the customer contract, determining the performance obligations in the contract, determining the transaction price, allocating the transaction price to the distinct performance obligations in the contract, and recognizing revenue when the performance obligations have been satisfied. A performance obligation is considered distinct from other obligations in a contract when it (a) provides a benefit to the customer either on its own or together with other resources that are readily available to the customer and (b) is separately identified in the contract. The Company considers a performance obligation satisfied once it has transferred control of a good or product to a customer, meaning the customer has the ability to direct the use and obtain the benefit of the product.

The Company’s primary source of revenues is from sales of eco-friendly “green” products for the food industry. The Company does not act as an agent in any of its revenue arrangements. Contracts with customers generally state the terms of the sale, including the quantity and price of each product purchased. Payment terms and conditions may vary by contract, although terms generally include a requirement of payment within a range of 30 to 90 days after the performance obligation has been satisfied. As a result, the contracts do not include a significant financing component. In addition, contracts typically do not contain variable consideration as the contracts include stated prices.



## SAVE FOODS, INC.

### NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

#### NOTE 2– SIGNIFICANT ACCOUNTING POLICIES (continue)

##### **K. Research and development expenses**

Research and development expenses are charged to comprehensive loss as incurred.

##### **L. Royalty-bearing grants**

Royalty-bearing grants from the Israeli Innovation Authority (the “IIA”) for funding approved research and development projects are recognized at the time Save Foods Ltd. is entitled to such grants (i.e. at the time that there is reasonable assurance that the Save Foods Ltd will comply with the conditions attached to the grant and that there is reasonable assurance that the grant will be received), on the basis of the costs incurred and reduce research and development costs. The cumulative research and development grants received by Save Foods Ltd from inception through December 2022 and 2021, amounted to \$155,765.

As of December 31, 2022, and 2021, the Group did not accrue for or pay any royalties to the IIA since no revenues were recognized in respect of the funded projects. In addition, the Group does not anticipate future sales related to these grants.

##### **M. Inventories**

Inventories are valued at the lower of cost or net realizable value. Cost of raw and packaging materials, purchased products, manufactured finished products and products in process are determined on the average cost basis.

The Group regularly reviews its inventories for impairment and reserves are established when necessary.

##### **N. Basic and diluted loss per common stock**

Basic loss per common stock is computed by dividing the loss for the period applicable to shareholders, by the weighted average number of shares of common stock outstanding during the period. Securities that may participate in dividends with the shares of common stock (such as the convertible preferred) are considered in the computation of basic loss per share under the two-class method. However, in periods of net loss, only the convertible preferred shares are considered, since such shares have a contractual obligation to share in the losses of the Company.

In computing diluted loss per share, basic loss per share is adjusted to reflect the potential dilution that could occur upon the exercise of potential shares.

##### **O. Stock-based compensation**

The Group measures and recognizes the compensation expense for all equity-based payments to employees and nonemployees based on their estimated fair values in accordance with ASC 718, “Compensation-Stock Compensation”. Share-based payments including grants of stock options are recognized in the statement of comprehensive loss as a compensation expense based on the fair value of the award at the date of grant. The fair value of stock options granted is estimated using the Black-Scholes option-pricing model. The Group has expensed compensation costs, net of forfeitures as they occur, applying the accelerated vesting method, over the requisite service period or over the implicit service period when a performance condition affects the vesting, and it is considered probable that the performance condition will be achieved.

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**SAVE FOODS, INC.**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

**NOTE 2– SIGNIFICANT ACCOUNTING POLICIES (continue)**

**P. Concentrations of credit risk**

Financial instruments that potentially subject the Company to concentrations of credit risk consist primarily of cash and cash equivalents as well as certain other current assets that do not amount to a significant amount. Cash and cash equivalents, which are primarily held in Dollars and New Israeli Shekels, are deposited with major banks in Israel and United States. The Group considers that its cash and cash equivalents have low credit risk based on the credit ratings of the counterparties. The Company does not have any significant off-balance-sheet concentration of credit risk, such as foreign exchange contracts, option contracts or other foreign hedging arrangements.

**Q. Commitments and Contingencies**

The Group records accruals for loss contingencies arising from claims, litigation and other sources when it is probable that a liability has been incurred and the amount can be reasonably estimated. These accruals are adjusted periodically as assessments change or additional information becomes available. Legal costs incurred in connection with loss contingencies are expensed as incurred.

**R. Leases** The Group determines if an arrangement is or contains a lease at contract inception.

The Group is a lessee in certain operating leases primarily for office space and vehicles. Operating leases are included in operating lease right-of-use (“ROU”) assets, other current liabilities, and operating lease liabilities in our consolidated balance sheets. ROU assets represent Group’s right to use an underlying asset for the lease term and lease liabilities represent Group’s obligation to make lease payments arising from the lease. Operating lease ROU assets and liabilities are recognized at commencement date based on the present value of lease payments over the lease term. As most of our leases do not provide an implicit rate, the Company generally uses the incremental borrowing rate based on the estimated rate of interest for collateralized borrowing over a similar term of the lease payments at commencement date. The operating lease ROU asset also includes any lease payments made and excludes lease incentives. Company’s lease terms may include options to extend or terminate the lease when it is reasonably certain that we will exercise that option. Lease expense for lease payments is recognized on a straight-line basis over the lease term.

The Group monitors for events or changes in circumstances that require a reassessment of one of its leases. When a reassessment results in the remeasurement of a lease liability, a corresponding adjustment is made to the carrying amount of the corresponding ROU asset unless doing so would reduce the carrying amount of the ROU asset to an amount less than zero. In that case, the amount of the adjustment that would result in a negative ROU asset balance is recorded in statement of comprehensive loss.

**S. New Accounting Pronouncements**

As of December 31, 2022, there are no recently issued accounting standards which are expected to have a material impact on the Group’s consolidated financial statements or disclosures.

**T. Change in classification**

During the current year the Group separated the issuance of shares to employees and service providers and the share-based compensation to employees and directors within the operating section of the cash flows statement. In addition, the Group presented the change in liability for employee rights upon retirement on a net basis in the operating section of the cash flows statement.

**SAVE FOODS, INC.****NOTES TO CONSOLIDATED FINANCIAL STATEMENTS****NOTE 3 – OTHER CURRENT ASSETS**

	<b>December 31,</b>	
	<b>2022</b>	<b>2021</b>
Prepaid expenses and advances to vendors	223,238	173,835
Government Institutions	24,132	52,417
	<b>247,370</b>	<b>226,252</b>

**NOTE 4 – PROPERTY AND EQUIPMENT, NET**

	<b>December 31,</b>	
	<b>2022</b>	<b>2021</b>
Computers	30,471	29,566
Furniture and office equipment	21,417	15,121
Machines	213,677	169,189
Vehicles	85,149	85,149
	<b>350,714</b>	<b>299,025</b>
Less - accumulated depreciation	(252,800)	(198,081)
Total property and equipment, net	<b>97,914</b>	<b>100,944</b>

For the years ended December 31, 2022 and 2021, depreciation expenses were \$54,719 and \$21,999 respectively, and additional property and equipment were purchased in an amount of \$51,689 and \$67,749 for the year ended December 31, 2022 and 2021, respectively.

**NOTE 5 – OTHER LIABILITIES**

	<b>December 31,</b>	
	<b>2022</b>	<b>2021</b>
Employees and related institutions	96,516	199,008
Accrued expenses	132,208	141,799
Operating lease liabilities	66,311	42,747
	<b>295,035</b>	<b>383,554</b>

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**SAVE FOODS, INC.**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
(U.S. dollars)

**NOTE 6 – COMMITMENT AND CONTINGENT LIABILITIES**

- A. Save Foods Ltd. is committed to pay royalties to the IIA on the proceeds from sales of products resulting from research and development projects in which the IIA participates by way of grants. In the first 3 years of sales the Company shall pay 3% of the sales of the product which was developed under IIA research and development projects. In the fourth, fifth and sixth years of sales, the Company shall pay 4% of such sales and from the seventh year onwards the Company shall pay 5% of up to 100% of the amount of grants received plus interest at LIBOR. Save Foods Ltd. was entitled to the grants only upon incurring research and development expenditures. There were no future performance obligations related to the grants received from the IIA. As of December 31, 2022 and 2021, the contingent liabilities with respect to grants received from the IIA, subject to repayment under these royalty agreements on future sales is \$ 155,765, not including interest.
- B. On September 22, 2020, the Company entered into a non-exclusive Commission Agreement with Earthbound Technologies, LLC (“EBT”) for a period of 12 months, according to which EBT will introduce the Company to potential clients, pre-approved by the Company (“Introduced Parties”) and will assist the Company in finalizing commercial agreements with the Introduced Parties. In consideration for its services, the Company agreed to pay EBT 12.5% of the net revenues generated from Introduced Parties (during the agreement period and within 18 months following the termination of the agreement) up to a total aggregated amount of \$2,000,000, provided that the compensation shall not exceed 25% of the Company’s gross profit under the given commercial agreement signed with the Introduced Party. In addition, in the event that the aggregated net revenues generated from Introduced Parties were to exceed \$500,000, and subject to the approval of the Board, the Company was to issue to EBT 7,143 options to purchase 7,143 shares of Common Stock at an exercise price of \$8.4 per share. In the event that certain additional events detailed in the agreement were to occur, the Company will also issue to EBT, subject to the approval of the Board, an additional 7,143 options to purchase 7,143 shares of Common Stock at an exercise price of \$8.4 per share. Such additional events have not occurred as of balance sheet date.
- C. On June 1, 2021 the Company terminated its October 10, 2018, consulting agreements with two of its consultants and signed new consulting agreements with the parties. According to the agreements, the consultants shall provide the Company with business development and strategic consulting services including ongoing consulting for the Company, board and management. The agreement shall be effective until terminated by each of the parties by giving a 30 days prior notice. Based on the agreements the Company would pay each a monthly fee of \$13,000, and \$2,000 as monthly reimbursement of expenses. In addition, the Company agreed to grant the consultants with signing bonuses in the amounts of \$150,000 and \$250,000 net of the outstanding debt of the Company to the consultants based on their October 10, 2018 agreements in the amount of \$33,000 each. In addition, the Company agreed to pay the consultants 5% of any gain generated by the Company exceeding an initial gain of 25% due to any sale, disposition or exclusive license of activities, securities, business, or similar events initiated by each the consultants. In addition, each consultant shall be entitled to a special bonus upon business opportunities or upon other events he assisted with (“Consultant Engagements”), authorized by the CEO or the Chairman of the Board. The special bonus shall not exceed two times each consultant monthly fee. As of the date of the financial statements no bonus was recorded as no such Consultant Engagements were executed.
- D. On August 18, 2021 and on October 5, 2021, the Company signed consulting agreements with two of its consultants according to which the consultants will serve as members of the scientific advisory board of the Company and shall provide the Company with ongoing business consulting services. Based on the agreements, the Company will pay the consultants an hourly fee of NIS 500 (approximately \$155) with maximum of 15 hour per months, each, unless agreed upon otherwise. The consultants will also be issued, subject to the approval of the Board of Directors of the Company, such number of shares of restricted common stock of the Company as is customarily issued to other directors of the Company. The agreement shall be in effect unless terminated by either one on the parties at any time upon 60 days prior notice. The terms of the grant have not yet been determined.

**SAVE FOODS, INC.**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
(U.S. dollars)

**NOTE 7 – LEASES**

A. The components of operating lease cost for the year ended December 31, 2022 and 2021 were as follows:

	December 31,	
	2022	2021
Operating lease costs	80,501	38,971
Short-term lease cost	-	4,378
Total operating lease cost	<b>80,501</b>	<b>43,349</b>

B. Supplemental cash flow information related to operating leases was as follows:

	December 31,	
	2022	2021
Cash paid for amounts included in the measurement of lease liabilities:		
Operating cash flows from operating leases	62,679	38,971
Right-of-use assets obtained in exchange for lease obligations (non-cash):		
Operating leases	47,280	201,467

C. Supplemental balance sheet information related to operating leases was as follows:

	December 31,	
	2022	2021
Operating leases:		
Operating leases right-of-use asset	<b>121,855</b>	
Current operating lease liabilities	66,311	
Non-current operating lease liabilities	40,023	
Total operating lease liabilities	<b>106,334</b>	
Weighted average remaining lease term (years)	1.78	
Weighted average discount rate	4 %	

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**SAVE FOODS, INC.**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
(U.S. dollars)

**NOTE 7 – LEASES (continue)**

D. Future minimum lease payments under non-cancellable leases as of December 31, 2022 were as follows:

	<u>2022</u>
2023	66,311
2024	43,303
Total operating lease payments	<u>109,614</u>
Less: imputed interest	<u>(3,280)</u>
Present value of lease liabilities	<u>106,334</u>

**NOTE 7 – LEASES (continue)**

In July 2021, Save Foods, Ltd signed a lease agreement for an office space in Tel Aviv, Israel for a period of 2 years with monthly payments of \$2,900 and an option to extend the agreement for an additional 3 years with monthly payments of \$3,000. During December 2021, Save Foods, Ltd. and the lessor mutually agreed that the lease agreement would be terminated on December 31, 2021.

In September 2021, the Company signed an additional lease agreement for an office and operational space in Neve Yarak, Israel for a period of 1 year with monthly payments of \$2,000 and an option to extend the agreement for an additional 2 years with monthly payment of \$2,800 in the first option period and \$3,000 in the second option period. The Company exercised its option to extend the lease agreement for an additional year.

A right-of-use assets in the amount of \$152,472 and lease liabilities in the amount of 152,472 have been recognized in the balance sheet in respect of these leases.

In December 2021, the Company signed a car rental lease agreement for a period of 3 years with monthly payments of \$950. A lease right-of-use asset and a related liability in the amount of \$34,362 have been recognized in the balance sheet in respect of this lease.

On December 15, 2021, the Company entered into a lease agreement for office space in Miami (hereinafter - the “Miami Lease”). The Miami Lease is for a period of 1 year with monthly payments of \$600 and an option to extend the agreement for an additional 1 year with monthly payments of \$630. A lease right-of-use asset and a related liability in the amount of \$14,633 have been recognized in the balance sheet in respect of this lease. The Company exercised its option to extend the lease agreement for an additional year.

In January 2022, the Company signed a car rental lease agreement for a period of 3 years with monthly payments of \$1,300. A lease right-of-use asset and a related liability in the amount of \$47,280 have been recognized in the balance sheet in respect of this lease.

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**SAVE FOODS, INC.**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
(U.S. dollars)

**NOTE 8 – SHAREHOLDERS’ EQUITY**

***Description of the rights attached to the Shares in the Company:***

**Common stock:**

Each share of common stock entitles the holder to one vote, either in person or by proxy, at meetings of stockholders. The holders are not permitted to vote their shares cumulatively. Accordingly, the stockholders of the Company’s common stock who hold, in the aggregate, more than fifty percent of the total voting rights can elect all of the directors and, in such event, the holders of the remaining minority shares will not be able to elect any of such directors. The affirmative vote of the holders of a majority of the issued stock of the Company entitled to vote.

The following description of our capital stock is intended as a summary only. We refer you to our Articles of Incorporation and outstanding Bylaws which have been filed as exhibits to this Annual Report, and to the applicable provisions of the Nevada Revised Statutes.

**Common Stock**

Our Articles of Incorporation authorizes 495,000,000 shares of common stock, par value \$0.0001 per share.

On October 5, 2023, our 1-for-7 reverse stock split, became effective.

**Voting Rights**

Holders of our common stock are entitled to one vote thereon for each share held on all matters submitted to a vote of our stockholders. Holders of our common stock have no cumulative voting rights, preemptive, conversion, redemption or subscription rights and there are no sinking fund provisions applicable to our common stock.

**Liquidation Rights**

In the event of our liquidation, dissolution or winding-up, holders of our common stock have the right under Section 78.590 of the Nevada Revised Statutes to a ratable portion of assets remaining after satisfaction in full of the prior rights of our creditors, all liabilities and the total liquidation preferences of any outstanding shares of preferred stock.

**Dividends**

Subject to preferences that may be applicable to any outstanding shares of preferred stock, holders of our common stock are entitled to receive dividends, if any, as may be declared from time to time by our board of directors, or board, out of our assets which are legally available.

**Preferred Stock**

Our Articles of Incorporation authorizes 5,000,000 shares of preferred stock, par value \$0.0001 per share. As of January 29, 2024, there were no shares of preferred stock outstanding. The board of directors is sufficient authorized to authorize, affirm, ratify provide for the issuance of these unissued shares of preferred stock in one or consent more series, and to such act fix the number of shares and to determine the rights, preferences and privileges thereof.

**Warrants and Options**

In the last three years, we issued warrants to purchase an aggregate of 37,935 shares of common stock to investors and service providers, with exercise prices ranging from \$0.35 to \$96.25 per share, of which zero warrants were exercised and 18,713 were expired / forfeited, and granted options to purchase an aggregate of 6,015 shares of common stock to directors, officers, employees and service providers with exercise prices ranging from \$7.00 to \$10.50 per share, of which zero options were exercised and 6,015 options were forfeited.

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## Anti-Takeover Provisions

The provisions of Nevada Revised Statutes, our Articles of Incorporation and our Bylaws may have the effect of delaying, deferring or action, except as otherwise provided by law, discouraging another person from acquiring control of the Company. These provisions, which are summarized below, may have the effect of discouraging takeover bids. They are also designed, in part, to encourage persons seeking to acquire control of us to negotiate first with our board of directors. We believe that the benefits of increased protection of our potential ability to negotiate with an unfriendly or unsolicited acquirer outweigh the disadvantages of discouraging a proposal to acquire us because negotiation of these proposals could result in an improvement of their terms.

### Transactions: Articles of Incorporation and Bylaw Provisions

Our Articles of Incorporation and our Bylaws include a number of provisions that could deter hostile takeovers or delay or prevent changes in control of our management team, including the following:

- **1.** **On May 13, 2021, Board of directors' vacancies.** Our Articles of Incorporation provide that vacancies on the Company completed an underwritten public offering board of 1,090,909 shares directors may be filled only by the affirmative vote of Common Stock a majority of the Company at directors then in office, irrespective of whether there is a price quorum. Additionally, the number of directors to serve on our board of directors is fixed solely and exclusively by resolution duly adopted by our board of directors. This would prevent a stockholder from increasing the public size of \$11.00 per share – see note 1 above. our board of directors and then gaining control of our board of directors by filling the resulting vacancies with its own nominees. This makes it more difficult to change the composition of our board of directors but promotes continuity of management.
- **Staggered Board.** Our Articles of Incorporation provide that the board of directors shall be divided into three classes, Class I, Class II and Class III, with each class having as equal a number of members as reasonably possible, with staggered three-year terms. This could discourage proxy contests and make it more difficult for stockholders to elect directors of their choosing and to cause us to take other corporate actions they desire.
- **Special meetings of stockholders.** Our Articles of Incorporation and By-laws provide that special meetings of our stockholders may be called by the board of directors acting pursuant to a resolution approved by the affirmative vote of a majority of the directors then in office, and special meetings of stockholders may not be called by any other person or persons.
- **2. No cumulative voting.** Nevada Revised Statutes provide that a Nevada corporation may provide for cumulative voting in the election of directors so long as certain procedures are followed. Our Articles of Incorporation do not provide for cumulative voting.
- **Amendment of Articles of Incorporation.** Any amendment of our Articles of Incorporation require the Company signed affirmative vote of the majority of the outstanding shares of capital stock entitled to vote on such amendment, and the affirmative vote of the majority of the outstanding shares of each class entitled to vote thereon as a consulting agreement class. Amendments to the Bylaws may be executed pursuant to a resolution by the board of directors pursuant to an affirmative vote of a majority of the directors then in office, or by the affirmative vote of at least 75% of the outstanding shares of capital stock entitled to vote.
- **Issuance of undesignated preferred stock.** Our board of directors has the authority, without further action by the stockholders, to issue up to 5,000,000 shares of undesignated preferred stock with rights and preferences, including voting rights, designated from time to time by our board of directors. The existence of authorized but unissued shares of preferred stock, which may be converted into large numbers of shares of common stock, would enable our board of directors to render more difficult or to discourage an attempt to obtain control of us by means of a third party according merger, tender offer, proxy contest or other means.



- **Nevada Business Combination Statute.** We are subject to which the consultant will provide “business combination” provisions of Nevada Revised Statutes. In general, Sections 78.411 to 78.444 of the Company Nevada Revised Statutes prohibits a Nevada corporation with investor relations services at least 200 stockholders from engaging in a business combination with an interested stockholder for a period of 12 months two years following the commencement date. As consideration date such person becomes an interested stockholder, unless the business combination or the transaction in which such person becomes an interested stockholder is approved in a prescribed manner. Generally, a “business combination” includes a merger, asset or stock sale, or other transaction resulting in a financial benefit to the interested stockholder. Generally, an “interested stockholder” is a person that, together with affiliates and associates, owns, or within two years prior to the determination of interested stockholder status did own, 10% or more of a corporation’s voting stock. The existence of this provision may have an anti-takeover effect with respect to transactions not approved in advance by our board of directors, and the anti-takeover effect includes discouraging attempts that might result in a premium over the market price for the agreement the Company will pay the consultant an annual fee of \$40,000 and shall issue the consultant 12,000 shares of Common Stock of the Company. On June 20, 2021, the Company issued 12,000 shares of Common Stock of the Company to the consultant. The Company determined the value of the shares issue at \$126,600 which was recorded as share based compensation expenses during the ended December 31, 2021, our common stock.
- **Exclusive forum.** Unless we consent in writing to the selection of an alternative forum, the state and federal courts of the State of Nevada are the sole and exclusive forums for (i) any derivative action or proceeding brought on our behalf, (ii) any action asserting a claim of breach of a fiduciary duty owed by any of our directors, officers or other employees to us or our stockholders, (iii) any action asserting a claim arising pursuant to any provision of the Nevada Revised Statutes, our Articles of Incorporation or our By-laws, or (iv) any action asserting a claim against us governed by the internal affairs doctrine. This choice of forum provision may limit a stockholder’s ability to bring a claim in a judicial forum that it finds favorable for disputes with us or our directors, officers or other employees, which may discourage such lawsuits against us and our directors, officers and other employees.

#### Transfer Agent and Registrar

The transfer agent and registrar for our common stock is Securities Transfer Corporation. The transfer agent and registrar’s address is 2901 N Dallas Parkway, Suite 380, Plano, Texas 75093. The transfer agent’s telephone number is (469)633-0101.

#### Listing

Our common stock is listed on the Nasdaq Capital Market under the symbol “NITO.”

Exhibit 10.19

### FIRST AMENDMENT TO THE SAVE FOODS, INC. 2022 SHARE INCENTIVE PLAN

#### FIRST AMENDMENT TO THE

#### SAVE FOODS, INC. 2022 SHARE INCENTIVE PLAN

This FIRST AMENDMENT TO THE SAVE FOODS, INC. 2022 SHARE INCENTIVE PLAN (this “**Amendment**”), dated as of October 2, 2023 (the “**Effective Date**”) is made and entered into by Save Foods, Inc., a Delaware corporation (the “**Company**”). Terms used in this Amendment with initial capital letters that are not otherwise defined herein shall have the meanings ascribed to such terms in the Save Foods, Inc. 2022 Share Incentive Plan (the “**Plan**”).

#### RECITALS

**WHEREAS**, Article 23 of the Plan provides that the Company’s board of directors (the “**Board**”) may amend the Plan at any time and from time to time;

**WHEREAS**, the Company previously reserved a total of one million (1,000,000) shares of Common Stock of the Company, par value \$0.0001 (“**Common Stock**”), to be delivered pursuant to awards under the Plan;

**WHEREAS**, the Board intends to submit this Amendment to the Company’s stockholders for their approval.

**NOW, THEREFORE**, in accordance with Article 23 of the Plan and subject to stockholder approval, the Plan is hereby amended, effective as of the date hereof, as follows:

1. Section 5.1 of the Plan is hereby amended by deleting said section in its entirety and substituting in lieu thereof the following new Section 5.1:

5.1 The maximum aggregate number of Shares that may be issued pursuant to Awards under this Plan (the “**Pool**”) shall be 7,500,000 authorized but unissued Shares (except and as adjusted pursuant to Section 14.1 of this Plan), or such other number as the Board may determine from time to time (without the need to amend the Plan in case of such determination); for the avoidance of any doubt, the Pool immediately prior to the Amendment was 1,000,000, thereby increasing the authorized but unissued amount by 6,500,000 Shares). However, except as adjusted pursuant to Section 14.1, in no event shall more than such number of Shares constituting the Pool, as adjusted in accordance with Section 5.2, be available for issuance pursuant to the exercise of Incentive Stock Options.

2. Except as expressly amended by this Amendment, the Plan shall continue in full force and effect in accordance with the provisions thereof, and all awards granted under the Plan prior to the Effective Date shall continue to be governed pursuant to the terms of the Plan as in effect immediately prior to the Effective Date.

[Remainder of Page Intentionally Left Blank;  
Signature Page Follows.]

3. On July 1, 2021, the Company and a consultant signed an Addendum to the October 20, 2020 Service Agreement (the “Original Agreement”) according to which the Company agreed to pay the consultant \$15,000 for digital communication services as per the Original Agreement and to issue the consultant 14,285 shares of Common Stock of the Company. The Company determined the value of the shares issued at \$127,622. In addition, the Company agreed to continue the Original Agreement for an additional six months for a monthly fee of \$10,000.

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IN WITNESS WHEREOF, the Company has caused this Amendment to be duly executed as of the date first written above.

4. On August 5, 2021, the Company signed consulting agreement with a third party according to which the Consultant will provide the Company with strategic consulting and coordination of digital marketing campaigns for a period of 6 months commencing September 1, 2021. As consideration for the agreement the Company will pay the consultant a total fee of \$301,000 and shall issue the consultant 12,000 shares of Common Stock of the Company. By November 3, 2021, the Company issued the Consultant 6,000 shares on account of the above agreement. The Company determined the value of the shares issued at \$53,856. On November 5, 2021, the Company and the consultant mutually agreed to terminate the consulting agreement.
5. On June 15, 2021, the Company signed consulting agreement with a third party according to which the Consultant will provide the Company with public relations services. Based on the agreement, the Company will pay the consultant a monthly fee of \$3,500 and shall issue the consultant 200 shares of Common Stock of the Company on the final day of each month following the commencement date of the agreement. On November 3, 2021 the Company issued to consultants 700 shares of the Company's common stock based on their June 15, 2021 consulting agreement. The Company determined the value of the shares issued at \$5,747. On May 2, 2022, the Company issued the consultants 600 shares under the 2021 consulting agreement which ended on December 31, 2021. The Company determined the value of the shares issued at \$4,926.
6. On October 1, 2021, the Company signed a consulting agreement with a consultant for a period of 18 months, according to which the consultant will provide the Company with consulting services related to international business development activities. Based on the agreement, the Company will issue the consultant 9,000 shares of common stock of the Company upon execution of the agreement and six installments of 12,500 shares of common stock of the Company at each of following 90 days following the execution date. On November 3, 2021 the Company issued to consultant 9,000 shares of the Company's common stock. The Company determined the value of the shares issued at \$61,200. On January 27, 2022, and on May 2, 2022, the Company issued an aggregate of 25,000 shares under its October 1, 2021 consulting agreement. On June 8, 2022 the Company decided to terminate the consulting agreement. During the years ended December 31, 2022 and 2021, the Company recorded share based compensation expenses of \$136,000 and \$95,200, respectively, in respect of the above agreement.
7. On January 31, 2022, following the Board of Directors of Save Foods Ltd.'s appointment of Mr. Joachim Fuchs as the Chairman of the Board of Directors of Save Foods Ltd, the Board of Directors of the Company (the "Board") approved the nomination and his consulting agreement. Based on the consulting agreement, Mr. Joachim Fuchs is entitled to a monthly fee of NIS 5,000 (approximately \$1,600) and subject to the approval of the Board, 9,000 shares of Common Stock and, subject to the terms of the equity incentive plan to be adopted by the Company, options to purchase 42,098 shares which represented 1.5% of the Company's' outstanding capital stock as of the date of the agreement of which (1) 0.5% of such options shall have an exercise price of \$1 and shall vest in 4 equal installments during the 12 month period commencing on the Effective Date (January 1, 2022), (2) 0.5% of such options shall have an exercise price of \$1.25 and shall vest in 4 equal installments during the 12 month period following the 12 month anniversary of the Effective Date, (3) 0.5% of such options shall have an exercise price of \$1.5 and shall vest in 4 equal installments during the 12 month period following the 24 month anniversary of the Effective Date. The Company determined the fair value of the options at \$90,665 . On March 24, 2022, the Company issued to Mr. Joachim Fuchs 9,000 shares of common stock. The Company determined the value of the shares at \$38,790 based on the share price at the agreement date.
8. On August 29, 2022, the Board of Directors approved an increase in Mr. Joachim Fuchs monthly fee to \$5,000 and in addition, a one time issuance of 3,000 shares of Common Stock. Such shares were issued on September 7, 2022. The Company determined the value of the shares at \$8,610 based on the share price at the resolution date.

SAVE FOODS, INC.  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
(U.S. dollars)

NOTE 8 – SHAREHOLDERS’ EQUITY (continue)

9. On March 10, 2022, the Company entered into an Investor Relations Agreement (the “March IR Agreement”) with a consultant for a period of 12 months. According to the Agreement, the Company will pay the consultant for his services a monthly fee of \$11,000 and in addition, 14,000 shares of Common Stock of the Company upon execution of the March IR Agreement. The shares were issued on March 10, 2022. The Company determined the value of the shares at \$103,600. During the year ended December 31, 2022, the Company recorded share based compensation expenses of \$84,015 and the remaining amount was recorded as prepaid expenses under other current assets.

By: On June 27, 2022 the Company/s/ David Palach  
Name: David Palach  
Title: Chief Executive Officer

Exhibit 19.1

SAVE FOODS, INC.  
INSIDER TRADING COMPLIANCE POLICY  
Adopted November 12, 2023  
Contents

	Page
I. Introduction and the consultant, signed an amendment to the March IR Agreement, according to which the monthly cash payment would be \$5,500. Persons Covered by this Policy	1

II.	10.Statement of Policies Prohibiting Insider Trading	<p>On April 1, 2022, the Company entered into an Investor Relations Agreement (the “April IR Agreement”) with a consultant for a period of 90 days. According to the April IR Agreement, the Company will pay the consultant for his services a monthly fee of \$15,000 and in addition, 12,000 shares of Common Stock of the Company upon execution of the agreement. The shares were issued on May 2, 2022. The Company estimated the value of the shares issued at \$66,000 based on the share price on the agreement date.<sup>2</sup></p>
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III.	Explanation of Insider Trading	<p>In addition, the Company will issue warrants (the “April Warrant”) to purchase 60,000 shares of Common Stock (see note 10(2) below).<sup>2</sup></p>
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#### IV. Procedures to Prevent Insider Trading

On June 26, 2022 (the “April IR Amendment Date”), the Company entered into an amendment to the April IR Agreement (the “April IR Amendment”), according to which the Company shall engage the consultant for additional period of 90 days commencing on July 1, 2022. According to the amendment to the April IR Agreement, the Company will pay the consultant for his services a monthly fee of \$3,333 and in addition, issued 12,000 shares of Common Stock upon execution of the amendment. Such shares were issued on August 22, 2022. The Company determined the value of the shares at \$39,480 based on the share price of the April IR Amendment Date.<sup>5</sup>

V. Additional Prohibited Transactions

In addition, per the April 19 Amendment, the Company will issue warrants to purchase 40,000 shares of Common Stock (see note 10(2) below).<sup>6</sup>

VI. Rule 10b5-1 Trading Plans

On August 29, 2022, the Board approved a one-time bonus of \$100,000 to the consultant.

**SAVE FOODS, INC.**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
(U.S. dollars)

**NOTE 8 – SHAREHOLDERS’ EQUITY (continue)**

	11.	On May 18, 2022, the Company issued 9,000 shares of Common Stock to the consultant, pursuant to a May 11, 2022 Board resolution. The shares were estimated at \$39,420 based on the share price of the resolution date.
VII.	12. Interpretation, Amendment, and Implementation of this Policy	On January 9, 2022 the Company entered into a Strategic consulting and Corporate Digital Marketing Agreement (the “Consulting Agreement”) with a consultant for a period of 12 months. According to the Consulting Agreement, the Company agreed to pay the consultant for his services a monthly fee of \$4,250. On June 13, 2022, the Company and the consultant entered into an amendment to the Consulting Agreement according to which, effective as of July 1, 2022, and for the remaining period of the Consulting Agreement, the Company shall issue the consultant (a) 6,000 shares of Common Stock, and (b) Common Stock representing \$19,125, which amount shall be calculated based on the average closing bid price of the Company’s Common Stock during the 10 trading days period prior to October 10, 2022, provided however, that the number of shares to be issued shall not be less than 6,000 shares of Common Stock. <sup>9</sup>
VIII.	Execution and Return of Certification of Compliance	<p>On July 11, 2022, the Company issued the consultant 6,000 shares of Common Stock. The Company determined the value of the shares at \$17,220 based on the share price of the date of the Consulting Agreement, of which \$16,852 was recorded as share based compensation expenses and the remaining portion was classified as prepaid expenses in other current assets.</p> <p>Additionally, on August 29, 2022, the Board approved a one-time bonus of \$7,500 and 7,500 shares of Common Stock of the Company, to the consultant. The shares were issued on September 7, 2022. The Company determined the value of the shares at \$21,525 based on the share price of the date of the Consulting Agreement.</p> <p>On October 11, 2022, the Company issued the consultant 10,090 shares of Common Stock, the Company recorded share based compensation expenses of \$19,125 in respect of the agreement.</p>
	13.	On August 15, 2022, the Company issued 1,600,000 shares of Common Stock in conjunction with its underwritten public offering as detailed in Note 1.
	14.	On September 6, 2022 the Company entered into a Services Agreement (the “Services Agreement”) with a consultant. According to the Services Agreement, the consultant would provide the Company with strategic advisory services for a period of six months. The Company agreed to pay the consultant for his services \$275,000, of which \$195,355 was recorded as investor relations expenses and the remaining was classified as prepaid expenses in other current assets. In addition, the Company issued to the consultant 50,000 shares of Common Stock. The Company determined the value of the shares at \$141,750 based on the share price of the date of the Services Agreement, of which \$100,697 was recorded as share based compensation expenses and the remaining was classified as prepaid expenses in other current assets.
	15.	On October 26, 2022, the Board approved the issuance of 50,000 shares of Common Stock to a consultant pursuant to his investor relations consulting agreement and in addition, quarterly issuances of 9,000 shares of Common Stock commencing January 1, 2023 and ending on December 31, 2024. On November 16, 2022 the Company issued 50,000 shares of Common Stock. The Company determined the value of the shares at \$99,500 based on the share price of the date of the board resolution. <sup>9</sup>



**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS INSIDER TRADING COMPLIANCE POLICY**

U.S. dollars) federal securities laws prohibit trading in the securities of a company while in possession of material nonpublic information and providing material nonpublic information and in breach of a duty of trust or confidence. These laws also prohibit anyone who is aware of material nonpublic information from providing this information to others who may trade. Violating such laws can undermine investor trust, harm our company's reputation, and result in your dismissal from Save Foods, Inc. (together with its subsidiaries, the "Company") or even serious criminal and civil charges against you and the Company.

This Insider Trading Compliance Policy (this "NOTE 9 – STOCK OPTIONS Policy") outlines your responsibilities to avoid insider trading and implements certain procedures to help you avoid even the appearance of insider trading.

**I. Introduction and Persons Covered by this Policy**

On October 18, 2018 This Policy applies to all officers<sup>1</sup>, the Company adopted the 2018 Share Incentive Plan (the "2018 Equity Incentive Plan"), pursuant to which the Company's Board of Directors is authorized to grant up to 190,477 options, exercisable into 190,477 shares of Common Stock directors, and employees of the Company. As someone subject to this Policy, you are responsible for ensuring that members of your household also comply with this Policy. This Policy also applies to any entities you control, including any corporations, limited liability companies, partnerships, or trusts, and transactions by such entities should be treated for the purposes of this Policy and applicable securities laws as if they were for your own account. The Company may determine that this Policy applies to additional persons with access to material nonpublic information, such as contractors or consultants. This Policy extends to all activities within and outside your Company duties. Every officer, director, and employee must review this Policy. Officers, directors and employees, together with any other person designated as being subject to this Policy, are referred to collectively as "Covered Persons."

Questions regarding the Policy should be directed to the Company's Chief Financial Officer (the "Compliance Officer") who shall be responsible for the administration of this Policy; provided that if the Chief Financial Officer is unavailable or personally involved in the transaction at issue, the Compliance Officer will be the Company's Executive Officer.

Actions taken by the Company, the Compliance Officer, or any other Company personnel do not constitute legal advice, nor do they insulate you from the consequences of noncompliance with this Policy or with securities laws.

<sup>1</sup> For the purpose of this Policy, the 2018 Equity Incentive Plan term "officer" has the meaning of the term in Rule 16a-1(f) under the Securities Exchange Act of 1934, as amended which means the Company's president, principal financial officer, principal accounting officer (or, if there is to offer attract and retain no such accounting officer, the best available personnel, provide incentive to individuals controller), any vice-president of the Company in charge of a principal business unit, division or function (such as sales, administration or finance), any other officer who perform services performs a policy-making function, or any other person who performs similar policy-making functions for the Company and promote the success Company. Officers of the Company's business.

On June 23, 2020, the Company granted 21,143 options to purchase its Common Stock under the 2018 Equity Incentive Plan. The options shall vest quarterly over two years commencing June 23, 2020, whereby 12.50% of the shares covered by the options will vest on the three month anniversary of June 23, 2020, and 12.50% of the shares covered by the options will vest at the end of each subsequent three month period thereafter over the course of the subsequent 21 months.

On July 1, 2020, the Company granted 71,431 options to purchase its Common Stock under the 2018 Equity Incentive Plan. The options shall vest quarterly over two years commencing June 1, 2020, whereby 12.50% of the shares covered by the options will vest on the three month anniversary of June 1, 2020, and 12.50% of the shares covered by the options will vest at the end of each subsequent three month period thereafter over the course of the subsequent 21 months. The fair value of the options was estimated at a value of \$344,767 at the date of issuance using the Black-Scholes option pricing model.

In addition, on July 1, 2020, the Board approved an increase to the share option pool under the 2018 Equity Incentive Plan by 99,466 shares of Common Stock, such that after the increase the total number of shares of Common Stock issuable under the 2018 Equity Incentive Plan is 289,943 shares of Common Stock.

On September 22, 2020, the Board approved an amendment of the terms of the outstanding options granted to certain employees and directors of the Company. According to the new terms, subject to the consummation of equity financing in excess of \$1,000,000 and the completion of listing of the Company's Common Stock for trade on the Nasdaq, and in the event that the employment parent(s) or engagement of such grantee is either terminated (not for cause) or otherwise changed thereby resulting in the conclusion of such engagement (including voluntary resignation), all outstanding options of such grantee shall vest immediately and subsidiaries shall be exercisable for a period of three years following the termination date.

On August 29, 2022, following the annual meeting of Company's stockholders, the Company adopted the 2022 Share Incentive Plan (the "2022 Share Incentive Plan"), pursuant to which the Company's Board of Directors is authorized to grant up to 1,000,000 options, exercisable into 1,000,000 shares of Common Stock (or such other number as the board may determine from time to time). The purpose of the 2022 Share Incentive Plan is (1) to afford an incentive to service providers deemed officers of the Company or any affiliate of if they perform such policy-making functions for the Company, which now exists or Company. "Policy-making function" is hereafter is organized or acquired by the Company or its affiliates, not intended to continue as service providers, (2) to increase their efforts on behalf of the Company or its affiliates and (3) to promote the success of the Company's business, by providing such service

providers with opportunities to acquire a proprietary interest in the Company through the issuance of shares or restricted shares of Common Stock, and by the grant of options to purchase shares, restricted share units and other share-based awards.include policy-making functions that are not significant.

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(U.S. dollars, except share and per share data)

**II. Statement of Policies Prohibiting Insider Trading****NOTE 9 – STOCK OPTIONS (continue)**

The following table presents No Covered Person shall purchase or sell any type of security while in possession of material nonpublic information relating to the security or the issuer of such security in breach of a duty of trust or confidence, whether the issuer of such security is the Company or any other company. In addition, if a Covered Person is in possession of material nonpublic information about other publicly-traded companies, such as suppliers, customers, competitors or potential acquisition targets, the Covered Person may not trade in such other companies' securities until the information becomes public or is no longer material. Further, no Covered Person shall purchase or sell any security of any other company, including another company in the Company's stock option activity for employees and directors industry, while in possession of material nonpublic information if such information is obtained in the course of the Company for Covered Person's employment or service with the year ended December 31, 2022 and 2021: Company.

	Number of Options	Weighted Average Exercise Price
Outstanding at January 1, 2021	206,862	3.37
Granted	-	-
Exercised	-	-
Forfeited	(2,381)	3.15
Expired	(11,905)	3.15
Outstanding at January 1, 2022	192,576	3.38
Granted	42,098	1.25
Exercised	-	-
Forfeited	-	-
Expired	-	-
Outstanding at December 31, 2022	234,674	3.00
Number of options exercisable at December 31, 2022	206,609	3.22

The aggregate intrinsic value of the awards outstanding as of December 31, 2022 and 2021 is \$0 and \$120,614, respectively. These amounts represent the total intrinsic value, based on the Company's stock price of \$ 0.76 and \$4.01 as of December 31, 2022 and 2021, respectively, less the weighted exercise price. This represents the potential amount received by the option holders had all option holders exercised their options as of that date. prohibitions do not apply to:

The fair value of options granted during 2022 was estimated at the dates of grant using the Black-Scholes option pricing model. The following are the data and assumptions used:

	2022
Dividend yield	0
Expected volatility (%) (*)	55.37-64.89 %
Risk-free interest rate (%) (**)	3.46-3.48 %
Expected term of options (years) (***)	5.31-6.31
Exercise price (US dollars)	1-1.5
Share price (US dollars)	2.87
Fair value (US dollars)	2.1-2.2

(\*) Due to the low trading volume purchases of the Company's Common Stock and lack of historical information, securities from the expected volatility was based on the historical volatility Company or sales of the Company's securities to the Company;

- exercises of share price options or other equity awards or the surrender of other public companies that operate in the same industry sector as shares to the Company (agricultural chemical industry), in payment of the exercise price or in satisfaction of any tax withholding obligations in a manner permitted by the applicable equity award agreement, or vesting of equity-based awards that, in each case, do not involve a market sale of the Company's securities (the "cashless exercise" of a Company share option through a broker does involve a market sale of the Company's securities, and therefore would not qualify under this exception);

(\*\*) The risk-free interest rate represented bona fide gifts of the risk-free rate of \$ zero – coupon US Government Loans.

- (\*\*\*) Due Company's securities unless the person giving the gift knows or has reason to the fact believe that the Company does not have sufficient historical exercise data, recipient intends to sell the expected term was determined based on securities while the "simplified method". donor is in possession of material nonpublic information about the Company; or
- purchases or sales of the Company's securities made pursuant to a plan adopted to comply with the Rule 10b5-1 under Securities Exchange Act of 1934, as amended ("Rule 10b5-1"). For more information about Rule 10b5-1 trading plans, see Section VI below.

The total fair value estimation of No Covered Person will directly or indirectly communicate (or "tip") material nonpublic information to anyone outside the non-cash compensation of Company (except in accordance with the 2022 grant was approximately \$90,665. Expenses incurred in respect of stock-based compensation for employees and directors, for Company's policies regarding confidential information) or to anyone within the year ended December 31, 2022 and 2021 were \$84,171 and \$223,216, respectively. The Group did not recognize an income tax benefit related to stock-based compensation as it's not recognized for tax purposes in Israel and Company other than on a full valuation allowance was recorded as it relates "need-to-know" basis.

### III. **Explanation of Insider Trading**

"Insider trading" refers to the deferred tax asset purchase or sale of a security while in possession of material nonpublic information relating to the Company security.

"Securities" includes shares, bonds, notes, debentures, options, warrants, equity and other convertible securities, as well as derivative instruments.

As of December 31, 2022, there

"Purchase" and "sale" are 91,016 options available for future grants defined broadly under the 2018 Equity Incentive Plan federal securities law. "Purchase" includes not only the actual purchase of a security, but any contract to purchase or otherwise acquire a security. "Sale" includes not only the actual sale of a security, but any contract to sell or otherwise dispose of a security. These definitions extend to a broad range of transactions, including conventional cash-for-shares transactions, conversions, the exercise of share options, transfers, gifts, and 957,902 options available for future grants under the 2022 Share Incentive Plan acquisitions and exercises of warrants or puts, calls, pledging and margin loans, or other derivative securities.

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## NOTE 10 – WARRANTS Attachment B

1. On February 1, 2022, the Company entered into a letter agreement (the “Letter Agreement”) with a consultant according to which the consultant will provide the Company with public relations, branding and other services as detailed in the Letter Agreement. As consideration for the services, the Company will issue the consultant, a warrant to purchase up to an aggregate of 77,400 shares of Common Stock, at an exercise price of \$0.05 per share (the “February 2022 Warrant”). The February 2022 Warrant will be issuable in five equal installments, 15,480 warrant shares upon the later of the signing of the Letter Agreement or the approval of the Letter Agreement by the Board, and four additional quarterly installments ending in February 2023.

A. What Facts Are Material?

Information is considered “**material**” if there is a substantial likelihood that a reasonable investor would consider it important in making a decision to buy, sell, or hold a security, or if the information is likely to have a significant effect on the market price of the security. Material information can be positive or negative and can relate to virtually any aspect of a company’s business or to any type of security, debt, or equity. Also, information that something is likely to happen in the future—or even just that it may happen—could be deemed material.

Examples of material information include (but are not limited to) information about corporate earnings or earnings forecasts; possible mergers, acquisitions, tender offers, or dispositions; dividends; major new products or product developments; important business developments such as major contract awards or cancellations, developments regarding strategic collaborators, or the status of regulatory submissions; management or control changes; significant borrowing or financing developments, including pending public sales or offerings of debt or equity securities; defaults on borrowings; bankruptcies; cybersecurity or data security incidents; and significant litigation or regulatory actions. Moreover, material information does not have to be related to a company’s business. For example, the contents of a forthcoming newspaper column that is expected to affect the market price of a security can be material.

Questions regarding material information should be directed to the Compliance Officer. **A good rule of thumb: When in doubt, do not trade.**

- B. The fair value of the February 2022 Warrant was determined based on the Company’s share price as of the date of the Letter Agreement using the Black-Scholes pricing model, assuming a risk-free rate of 1.35%, a volatility factor of 52.14%, dividend yields of 0% and an expected life of 0.75 years and was calculated at \$332,859.

On July 28, 2022, the Company and the consultant entered into an amendment to the Letter Agreement according to which the consultant shall be entitled to 30,960 February 2022 Warrants already vested and issued under the Letter Agreement and no further February 2022 Warrant shall be issued or issuable. The consultant shall be entitled to a per hour fee with a minimum aggregate compensation amounting to \$30,600 for the six month period commencing on August 1, 2022.

During the year ended December 31, 2022, the Company recorded \$138,692 as share based compensation expenses in respect of the February 2022 Warrant.

2. On April 1, 2022, the Company entered into April IR Agreement with a consultant for a period of 90 days (see note 8(10) above). According to the April IR Agreement, the Company will issue the April Warrant to purchase 60,000 shares of Common Stock, of which (a) 20,000 warrants shall vest after 12 months with an exercise price of \$8, (b) 20,000 warrants shall vest upon the laps of 18 months with an exercise price of \$9.50, and (c) 20,000 warrants shall vest after 24 months with an exercise price of \$11. The fair value of the April Warrant was determined based on the Company’s share price as of the date of the April IR Agreement using the Black-Scholes pricing model, assuming a risk-free rate between 1.72% to 2.44%, a volatility factor between 52.14% to 63.36%, dividend yields of 0% and an expected life between 1 to 2 years and was calculated at \$40,350.

On June 26, 2022, the Company entered into April IR Amendment (see note 8(10) above), according to which the Company shall engage the consultant for additional period of 90 days commencing on July 1, 2022. According to the April IR Amendment, the Company will issue warrants to purchase 40,000 shares of Common Stock, of which (a) 20,000 warrants shall vest after 6 months with an exercise price of \$4.50, (b) 20,000 warrants shall vest after 12 months with an exercise price of \$6. The fair value of the warrants was determined based on the Company’s share price as of the April IR Amendment Date using the Black-Scholes pricing model, assuming a risk-free rate between 2.52% to 2.79%, a volatility factor between 52.12% to 56.48%, dividend yields of 0% and an expected life between 0.5 to 1 years and was calculated at \$7,009.

What Is Nonpublic?

Information is “**nonpublic**” if it is not available to the general public. In order for information to be considered public, it must be widely disseminated in a manner making it generally available to investors in a Regulation FD-compliant method, such as, through newswire services such as Dow Jones, Reuters, Bloomberg, Business Wire, The Wall Street Journal, Associated Press, or United Press International; broadcasts on widely available radio or television programs; publication in a widely available newspaper, magazine, or news website; a Regulation FD-compliant conference call; or public disclosure documents filed with the US Securities and Exchange Commission (the “SEC”) that are available on the SEC’s website. Note that simply posting information to the Company’s website may not be sufficient disclosure to make the information public.

The circulation of rumors, even if accurate and reported in the media, does not constitute effective public dissemination. In addition, even after a public announcement, a reasonable period of time must lapse in order for the market to react to the information. Generally, one should allow

two full trading days following publication as a reasonable waiting period before such information is deemed to be public. For purposes of this Policy, a “trading day” is a day on which U.S. national stock exchanges are open for trading. If, for example, the Company were to make an announcement on a Monday prior to 9:30 a.m. Eastern Time, the information would be deemed public after the close of trading on Tuesday. If an announcement were made on a Monday after 9:30 a.m. Eastern time, the information would be deemed public after the close of trading on Wednesday.

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## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

## C. Who Is an Insider?

(U.S. dollars, except share “Insiders” include officers, directors, and per share data) any employees of a company, or anyone else who has material nonpublic information about a company. Insiders have independent fiduciary duties to their company and its stockholders not to trade on material nonpublic information relating to the company’s securities. Insiders may not trade in the Company’s securities while in possession of material nonpublic information relating to the Company, nor may they tip such information to anyone outside the Company (except in accordance with the Company’s policies regarding the protection or authorized external disclosure of Company information) or to anyone within the Company other than on a “need-to-know” basis.

**NOTE 11 – COST OF SALES** Individuals subject to this Policy are responsible for ensuring that members of their households also comply with this Policy. This Policy also applies to any entities controlled by individuals subject to the Policy, including any corporations, limited liability companies, partnerships or trusts, and transactions by these entities should be treated for the purposes of this Policy and applicable securities laws as if they were for the individual’s own account.

## D. Trading by Persons Other Than Insiders

	Year ended December 31	
	2022	2021
Salaries and related expenses	32,583	100,558
Share based compensation	-	11,540
Materials	77,281	9,882
Vehicle maintenance	18,175	1,533
Travel expenses	4,115	7,641
Other expenses	26,159	4,789
	<b>158,313</b>	<b>135,943</b>

Insiders may be liable for communicating or tipping material nonpublic information to a third party (“tippee”), and insider trading violations are not limited to trading or tipping by insiders. Persons other than insiders can also be liable for insider trading, including tippees who trade on material nonpublic information tipped to them or individuals who trade on material nonpublic information that has been misappropriated. Insiders may be held liable for tipping even if they receive no personal benefit from tipping and even if no close personal relationship exists between them and the tippee.

**NOTE 12 – RESEARCH AND DEVELOPMENT EXPENSES**

Tippees inherit an insider’s duties and are liable for trading on material nonpublic information illegally tipped to them by an insider. Similarly, just as insiders are liable for the insider trading of their tippees, so are tippees who pass the information along to others who trade. In other words, a tippee’s liability for insider trading is no different from that of an insider. Tippees can obtain material nonpublic information by receiving overt tips from others or through, among other things, conversations at social, business, or other gatherings.

	Year ended December 31	
	2022	2021
Salaries and related expenses	438,217	176,520
Share based compensation	3,024	19,235
Subcontractors	120,360	238,784
Depreciation	22,034	38,166
Travel expenses	229	3,836
Vehicle maintenance	30,887	15,253
Rent and asset management	35,556	4,925
Laboratory and field tests	89,717	20,025
Other expenses	30,802	21,940
	<b>770,826</b>	<b>538,684</b>

## E. Penalties for Engaging in Insider Trading

Penalties for trading on or tipping material nonpublic information can extend significantly beyond any profits made or losses avoided, both for individuals engaging in such unlawful conduct and their employers. The SEC and Department of Justice have made the civil and criminal prosecution of insider trading violations a top priority. Enforcement remedies available to the government or private plaintiffs under the federal securities laws include:

SEC administrative sanctions;

securities industry self-regulatory organization sanctions;  
civil injunctions;  
damage awards to private plaintiffs;  
disgorgement of all profits;  
civil fines for the violator of up to three times the amount of profit gained or loss avoided;  
civil fines for the employer or other controlling person of a violator (i.e., where the violator is an employee or other controlled person) of up to the greater of \$2.17 million (subject to adjustment for inflation) or three times the amount of profit gained or loss avoided by the violator;  
criminal fines for individual violators of up to \$5 million (\$25 million for an entity); and  
jail sentences of up to 20 years.

In addition, insider trading could result in serious sanctions by the Company, including dismissal. Insider trading violations are not limited to violations of the federal securities laws. Other federal and state civil or criminal laws, such as the laws prohibiting mail and wire fraud and the Racketeer Influenced and Corrupt Organizations Act (RICO), may also be violated in connection with insider trading.

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## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(U.S. dollars, except share and per share data)

## NOTE 13 – GENERAL AND ADMINISTRATIVE EXPENSES

	Year ended December 31	
	2022	2021
Professional services	2,575,294	2,527,076
Salaries and related expenses	297,848	214,570
Share based compensation	934,188	598,699
Legal expenses	108,814	160,814
Insurance	473,650	473,985
Rent and office maintenance	50,361	21,069
Registration fees	233,350	233,395
Communications	1,432	822
Depreciation	8,114	20,040
Other expenses	33,858	16,384
	<b>4,716,909</b>	<b>4,266,854</b>

## NOTE 14 – FINANCING INCOME (EXPENSES), NET

	Year ended December 31	
	2022	2021
Interest and amortization expenses	33,741	(8,339)
Currency exchange differences	14,857	(9,667)
Changes in fair value of convertible loans	-	(107,518)
Bank charges and other finance expenses, net	(8,797)	(36,213)
	<b>39,801</b>	<b>(161,737)</b>

## NOTE 15 – INCOME TAX

A. The Company is subject to the U.S. federal income tax rate of 21% plus state income tax rates which vary from state to state.

F. Size of Transaction and Reason for Transaction Do Not Matter

The size of the transaction or the amount of profit received does not have to be significant to result in prosecution. The SEC has the ability to monitor even the smallest trades, and the SEC performs routine market surveillance. Brokers or dealers are required by law to inform the SEC of any possible violations by people who may have material nonpublic information. The SEC aggressively investigates even small insider trading violations.

## IV. Income Statement of the Israeli company is taxable at enacted tax rate of 23%. Procedures to Prevent Insider Trading

The following procedures have been established, and will be maintained and enforced, by the Company to prevent insider trading.

## A. Blackout Periods

The Company and Save Foods Ltd. have not received final tax assessments since their inception although the tax reports of Save Foods Inc for the years through December 31, 2015 and of Save Foods Ltd for the years through December 31, 2017 are deemed to be final.

The period during which the Company prepares quarterly financials is a sensitive time for insider trading purposes, as Company personnel may be more likely to possess, or be presumed to possess, material nonpublic information. To avoid the appearance of impropriety and assist Company personnel in planning transactions in the Company's securities for appropriate times, **no officer, director, or employee as may be designated from time to time by the Compliance Officer (as well as any individual or entity covered by this Policy by virtue of their relationship to such director, officer or employee) will purchase or sell any security of the Company during the period beginning at 11:59 p.m. ET on the 14th calendar day before the end of any fiscal quarter of the Company and ending upon completion of the second full trading day after the public release of earnings data for such fiscal quarter or during any other trading suspension period declared by the Company.** For example, if the Company's fourth fiscal quarter ends on December 31, the corresponding blackout period would begin at 11:59 p.m., ET, on December 17 and end at the close of trading (generally, 4:01 p.m., ET) on the second full trading day after the public release of earnings data for such fiscal quarter.

Exceptions to the blackout period policy may be approved, in limited circumstances, only by the Compliance Officer or, in the case of exceptions for directors, the Board of Directors or Audit Committee of the Board of Directors.

From time to time, the Company, through the Board of Directors or the Compliance Officer, may recommend that officers, directors, employees, or others suspend trading in the Company's securities because of developments that have not yet been disclosed to the public. Subject to the exceptions noted above, all those affected should not trade in the Company's securities while the suspension is in effect, and should not disclose to others that the Company has suspended trading.

B.

As Pre-Clearance of December 31, 2022, the Company All Trades by All Officers, Directors and Save Foods Ltd. have estimated carry forward losses for tax purposes of approximately \$6,034,551 and \$13,528,454, respectively, of which \$770,787 can be offset against taxable income generated until 2027 and \$18,792,218 can be offset against future taxable income, if any. Certain Key Employees

To provide assistance in preventing inadvertent violations of applicable securities laws and to avoid the appearance of impropriety in connection with the purchase and sale of the Company's securities, all transactions in the Company's securities (including, without limitation, acquisitions and dispositions of Company shares, the exercise of share options, elective transactions under 401(k)/ESPP/deferred compensation plans, if any, and the sale of Company shares issued upon exercise of share options) by officers, directors, and certain key employees listed on Schedule I (as amended from time to time) (each, a "**Pre-Clearance Person**") must be pre-cleared by the Company's Compliance Officer or the Chief Financial Officer, except for certain exempt transactions as explained in Section VI of this Policy.

A request for pre-clearance must be in writing (including by e-mail), should be made at least two (2) business days in advance of the proposed transaction, and should include the identity of the Pre-Clearance Person, a description of the proposed transaction, the proposed date of the transaction, and the number of shares or other securities to be involved. In addition, the Pre-Clearance Person must execute a certification (in the form approved by the Compliance Officer) that he or she is not aware of material nonpublic information about the Company. The Compliance Officer will have sole discretion to decide whether to clear any contemplated transaction. All trades that are pre-cleared must be effected within five business days of receipt of the pre-clearance, unless a specific exception has been granted by the Compliance Officer. A pre-cleared trade (or any portion of a pre-cleared trade) that has not been effected during the five (5) business day period must be pre-cleared again prior to execution. Notwithstanding receipt of pre-clearance, if the Pre-Clearance Person becomes aware of material nonpublic information or becomes subject to a blackout period before the transaction is effected, the transaction may not be completed. Transactions under a previously established Rule 10b5-1 trading plan that has been pre-approved in accordance with this Policy are not subject to further pre-clearance.

None of the Company, the Compliance Officer, or the Company's other employees will have any liability for any delay in reviewing, or refusal of, a request for pre-clearance submitted pursuant to this Section IV.B. Notwithstanding any pre-clearance of a transaction pursuant to this Section IV.B, none of the Company, the Compliance Officer, or the Company's other employees assumes any liability for the legality or consequences of such transaction to the person engaging in such transaction.

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## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(U.S. dollars, except share and per share data)

## NOTE 15 – INCOME TAX (continue)

- B.C. The following is a reconciliation between the theoretical tax on pre-tax loss, at the income tax rate applicable to the Company (federal tax rate) and the income tax expense reported in the financial statements: Post-Termination Transactions

	Year ended December	
	2022	
Pretax loss	5,779,841	
Federal tax rate	21 %	
Income tax computed at the federal income tax rate	1,213,767	
Non-deductible expenses	(1,506)	
Share-based compensation	(19,359)	)
Differences in corporate income tax rates	52,813	
Remeasurement of deferred taxes for foreign currency effects	(365,167)	)
Changes in valuation allowance	(880,548)	
	-	

With the exception of the pre-clearance requirement, this Policy continues to apply to transactions in the Company's securities even after termination of service to the Company. If you are in possession of material nonpublic information when your service terminates, you may not trade in the Company's securities until that information has become public or is no longer material.

- V. C. Deferred taxes result primarily from temporary differences in the recognition of certain revenue and expense items for financial and income tax reporting purposes and for carryforwards. Significant components of the Company's deferred assets and liabilities are as follows: Additional Prohibited Transactions

	Year ended December 31	
	2022	2021
<b>Composition of deferred tax assets:</b>		
Employees and related institutions	6,927	11,663
Operating loss carry-forwards	4,378,800	3,304,604
Operating lease liabilities	24,328	29,615
Share-based compensation	182,212	
Others	241,325	-
Total deferred tax assets	4,833,592	3,345,882
<b>Composition of deferred tax liabilities:</b>		
Right-of-use asset	(27,894)	(29,518)
Total deferred tax liabilities	(27,894)	(29,518)
Net deferred tax assets	4,805,698	3,316,364
Valuation allowance	(4,805,698)	(3,316,364)
	-	-

The net change during Company has determined that there is a heightened legal risk and/or the year ended December 31, 2022 appearance of improper or inappropriate conduct if the persons subject to this Policy engage in certain types of transactions. Therefore, Covered Persons shall comply with the following policies with respect to certain transactions in the total valuation allowance amounted Company securities:

## A. Short Sales

Short sales of the Company's securities evidence an expectation on the part of the seller that the securities will decline in value, and therefore signal to \$1,489,334 the market that the seller has no confidence in the Company or its short-term prospects. In addition, short sales may reduce the seller's incentive to improve the Company's performance. For these reasons, short sales of the Company's securities are prohibited by this Policy.

## B. Publicly Traded Options

A transaction in options is, in effect, a bet on the short-term movement of the Company's shares and therefore creates the appearance that an officer, director, or employee is trading based on material nonpublic information. Transactions in options may also focus an officer's, director's,

or employee's attention on short-term performance at the expense of the Company's long-term objectives. Accordingly, transactions by Covered Persons in puts, calls, or other derivative securities involving the Company's equity securities, on an exchange or in any other organized market, are prohibited by this Policy.

C. Hedging Transactions

Certain forms of hedging or monetization transactions, such as zero-cost collars and forward sale contracts, allow an officer, director, or employee to lock in much of the value of his or her share holdings, often in exchange for all or part of the potential for upside appreciation in the shares. Such transactions allow the officer, director, or employee to continue to own the covered securities, but without the full risks and rewards of ownership. When that occurs, the officer, director, or employee may no longer have the same objectives as the Company's other stockholders. Therefore, such transactions by Covered Persons involving the Company's equity securities are prohibited by this Policy.

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## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(U.S. dollars, except share and per share data)

**NOTE 16 – LOSS PER SHARE**

Basic loss per share is computed by dividing net loss by the weighted average number of shares outstanding during the year. The weighted average number of shares of Common Stock used in computing basic and diluted loss per common stock for the years ended December 31, 2022 and 2021, are as follows:

	Year ended December 31	
	2022	2021
	Number of shares	
Weighted average number of shares of Common Stock outstanding attributable to shareholders	3,498,273	2,343,088
Total weighted average number of shares of Common Stock related to outstanding options, excluded from the calculations of diluted loss per share (*)	234,674	192,576

(\*) The effect of the inclusion of option and convertible loans in 2022 and 2021 is anti-dilutive.

**NOTE 17 – RELATED PARTIES****A. Transactions and balances with related parties**

	Year ended December 31	
	2022	2021
<b>General and administrative expenses:</b>		
Directors compensation	419,057	230,943
Salaries and fees to officers	665,982	722,979
	(*) 1,085,039	(*) 953,922
(*) of which share based compensation	124,508	104,362
<b>Research and development expenses:</b>		
Salaries and fees to officers	(*) 276,738	(*) 309,168
(*) of which share based compensation	3,024	22,481
<b>Cost of sales:</b>		
Salaries and fees to officers	-	(*) 49,913
(*) of which share based compensation	-	13,489
<b>Selling and marketing expenses:</b>		
Salaries and fees to officers	(*) 169,013	(*) 89,299
(*) of which share based compensation	3,024	8,992

**B.D. Balances with related parties and officers:** Purchases of the Company's Securities on Margin; Pledging the Company's Securities to Secure Margin or Other Loans

Purchasing on margin means borrowing from a brokerage firm, bank, or other entity in order to purchase the Company's securities (other than in connection with a cashless exercise of share options under the Company's equity plans). Margin purchases of the Company's securities by Covered Persons are prohibited by this Policy. Pledging the Company's securities as collateral to secure loans is also prohibited. This prohibition means, among other things, that you cannot hold the Company's securities in a "margin account" (which would allow you to borrow against your holdings to buy securities).

Other  
accounts  
payables

E. Director and Executive Officer Cashless Exercises

The Company will not arrange with brokers to administer cashless exercises on behalf of directors and executive officers of the Company. Directors and executive officers of the Company may use the cashless exercise feature of their equity awards; provided however, that the Company's involvement may be limited to avoid any inference that the Company has "extended credit" in the form of a personal loan to the director or executive officer in violation of applicable law. Questions about cashless exercises should be directed to the Compliance Officer.

F. 103,497 Standing Orders

A standing order placed with a broker to sell or purchase Company securities at a specified price leaves the security-holder with no control over the timing of the transaction. A transaction pursuant to a standing order, which does not meet the standards of a Rule 10b5-1 trading plan (as defined below) approved in compliance with this Policy, executed by the broker when the individual subject to this Policy is aware of material nonpublic information about the Company, may result in unlawful insider trading. Other than in connection with Rule 10b5-1 trading plan under this Policy, entry into or fulfillment of a standing order is prohibited whenever an individual subject to this Policy is in possession of material nonpublic information about the Company (including during a quarterly blackout period for persons subject to the blackout restrictions of this Policy or ad hoc blackout period for those insiders subject to such procedures). All standing orders must be of limited duration, cancelable, and in the case of a person subject to the blackout restrictions of this Policy or a person subject to an ad hoc blackout period, must be immediately canceled upon commencement of quarterly blackout or ad hoc blackout period, as applicable.

G. 113,845 Partnership  
Distributions

Nothing in this Policy is intended to limit the ability of an investment fund, a venture capital partnership or other similar entity with which a director is affiliated to distribute Company securities to its partners, members or other similar persons. It is the responsibility of each affected director and the affiliated entity, in consultation with their own counsel (as appropriate), to determine the timing of any distributions, based on all relevant facts and circumstances and applicable securities laws.

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## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(U.S. dollars, except share and per share data)

## VI. C. Rule 10b5-1 Trading Plans

## Other information:

The trading restrictions set forth in this Policy, other than those transactions described under “Additional Prohibited Transactions,” do not apply to transactions under a previously established contract, plan or instruction to trade in the Company’s securities entered into in accordance with Rule 10b5-1 trading plan that:

1. ● On November 5, 2020, has been submitted to and pre-approved by the board Compliance Officer;
  - includes a “Cooling Off Period” for
    - directors and officers that extends to the later of directors 90 days after adoption or modification of a Rule 10b5-1 trading plan or two (2) business days after filing the Form 10-Q or Form 10-K with financial results covering the fiscal quarter in which the Rule 10b5-1 trading plan was adopted, up to a maximum of 120 days; and
    - employees and any other persons, other than the Company, appointed Mr. David Palach, to serve as Chief Executive Officer that extends 30 days after adoption or modification of a Rule 10b5-1 trading plan;
  - for directors and officers, includes a representation in the Rule 10b5-1 trading plan that the directors or officers is (1) not aware of any material nonpublic information about the Company effective or its securities; and (2) adopting the Rule 10b5-1 trading plan in good faith and not as part of the same date. In connection with Mr. Palach’s appointment, the parties a plan or scheme to evade Rule 10b-5;
  - has been entered into in good faith at a consulting agreement pursuant to which time when the individual was not in possession of material nonpublic information about the Company and Mr. Palach agreed upon, inter alia, not otherwise in a blackout period, and the following engagement terms: (a) person who entered into the Rule 10b5-1 trading plan has acted in good faith with respect to the Rule 10b5-1 trading plan;
  - either (1) specifies the amounts, prices, and dates of all transactions under the Rule 10b5-1 trading plan; or (2) provides a monthly fee of \$8,000, written formula, algorithm, or computer program for determining the amount, price, and (b) a grant of options to purchase shares of the Company’s common stock, which amount shall be determined by the Board on a future date. On June 17, 2021 the Board of Directors of the Company approved an updated Compensation of its CEO, according to which the CEO shall be entitled to a monthly fee of \$14,000 and reimbursement of expenses of \$500 per month. In addition, the CEO shall receive a one-time grant of options to purchase shares of the Company representing 4.5% of the Company’s outstanding share capital as of the date of the approval. The terms of transactions, and (3) prohibits the grant have not yet been determined. On August 29, 2022, individual from exercising any subsequent influence over the monthly fee of Company’s Chief Executive Officer was reduced to \$6,000, transactions; and
2. ● On June 23, 2021 the Board complies with all other applicable requirements of Directors of the Company approved the compensation of its Chairman of the Board, according to which the Chairman of the Board shall be entitled to a monthly fee of \$5,000 and reimbursement of expenses of \$500 per month. In addition, the Chairman of the Board shall receive a one-time grant of options to purchase shares of the Company representing 1.5% of the Company’s outstanding share capital as of the date of the approval. The terms of the grant have not yet been determined.
 

On August 29, 2022, the Board approved, among other, an increase the monthly fee from \$5,500 to \$8,000 and a one-time bonus of \$25,000.
3. On June 23, 2021 the Board of Directors of the Company approved the compensation for each of members of the board, according to which, each member of the board shall be entitled to an annual fee of NIS 100,000 (approximately \$30,500). In addition, each member of the board shall receive a one-time grant of options to purchase shares of the Company representing 0.25% of the Company’s outstanding share capital as of the date of the approval. The terms of the grant have not yet been determined. On August 29, 2022, the Board approved, an increase to the quarterly fee of each member of the Board from NIS 25,000 (approximately \$7,575) to \$10,575.
4. On April 17, 2022, the Board resolved to appoint Ms. Lital Barda, the Company’s current financial controller, as the Company’s Chief Financial Officer, Treasurer and Secretary, which appointment was made effective on April 18, 2022. In connection with Ms. Barda’s appointment as the Company’s Chief Financial Officer, Treasurer and Secretary, the Board resolved to approve the following terms of compensation, effective immediately upon the effectiveness of Ms. Barda’s appointment: (a) a monthly base salary of NIS 25,000 and (b) a grant of options to purchase a number of shares of the Company’s Common Stock as shall be agreed upon between Ms. Barda and the Board on a future date, and which shall be in accordance with the terms of the Company’s approved equity incentive plan. On August 29, 2022, the Board approved, one time bonuses to each of the Chief Financial Officer and the financial controller in the total amount of \$25,000. Rule 10b5-1.

**NOTE 18 – GEOGRAPHIC AREAS AND MAJOR CUSTOMERS****A. Information on sales by geographic distribution:**

The Company has one operating segment. Sales are attributed to geographic distribution based on the location of the customer. The Compliance Officer may impose such other conditions on the implementation and operation of the Rule 10b5-1 trading plan as the Compliance Officer deems necessary or advisable. Individuals may not adopt more than one Rule 10b5-1 trading plan at a time except under the limited circumstances permitted by Rule 10b5-1 and subject to pre-approval by the Compliance Officer.

Although non-discretionary Rule 10b5-1 trading plans are preferred, discretionary Rule 10b5-1 trading plans, where the discretion or control over trading is transferred to a broker, are permitted if pre-approved by the Compliance Officer.

	Year ended December 31	
	2022	2021
United States	163,644	201,455
Mexico	154,425	221,025
Israel	29,998	15,661
Turkey	45,937	-
	<u>394,004</u>	<u>438,141</u>

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**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

(U.S. dollars, except share) The actual transactions effected pursuant to a pre-approved Rule 10b5-1 trading plan will not be subject to further pre-clearance for transactions in the Company's shares once the Rule 10b5-1 trading plan or other arrangement has been pre-approved.

Revocation of Rule 10b5-1 trading plans should occur only in unusual circumstances. Effectiveness of any revocation or amendment of a Rule 10b5-1 trading plan will be subject to the prior review and per share data approval of the Compliance Officer. Revocation is effected upon written notice to the broker. You should note that revocation of a Rule 10b5-1 trading plan can result in the loss of an affirmative defense for past or future transactions under a Rule 10b5-1 trading plan. You should consult with your own legal counsel before deciding to revoke Rule 10b5-1 trading plan.

**B. Sales to single customers exceeding 10% of sales:**

	Year ended December 31	
	2022	2021
Customer A	163,644	201,455
Customer B	154,425	221,025
Customer C	45,937	
	<u>364,006</u>	<u>422,480</u>

**C. Information on Long-Lived Assets - Property, Plant and Equipment and ROU assets by geographic areas:**

An individual may only modify a Rule 10b5-1 trading plan outside of a blackout period and, in any event, when the individual does not possess material nonpublic information. Modifications to and terminations of a Rule 10b5-1 trading plan are subject to pre-approval by the Compliance Officer and modifications of a Rule 10b5-1 trading plan that change the amount, price, or timing of the purchase or sale of the securities underlying a Rule 10b5-1 trading plan will trigger a new Cooling-Off Period.

The following table presents Company reserves the locations right to publicly disclose, announce, or respond to inquiries from the media regarding the adoption, modification, or termination of a Rule 10b5-1 trading plan and non-Rule 10b5-1 trading arrangements, or the execution of transactions made under a Rule 10b5-1 trading plan. The Company also reserves the right from time to time to suspend, discontinue, or otherwise prohibit transactions under a Rule 10b5-1 trading plan if the Compliance Officer or the Board of Directors, in its discretion, determines that such suspension, discontinuation, or other prohibition is in the best interests of the Company.

Compliance of a Rule 10b5-1 trading plan with the terms of Rule 10b5-1 and the execution of transactions pursuant to the Rule 10b5-1 trading plan are the sole responsibility of the person initiating the Rule 10b5-1 trading plan, and none of the Company, the Compliance Officer, or the Company's other employees assumes any liability for any delay in reviewing and/or refusing to approve a Rule 10b5-1 trading plan submitted for approval, nor the legality or consequences relating to a person entering into, informing the Company of, or trading under, a Rule 10b5-1 trading plan.

If required, an SEC Form 144 will be filled out and filed by the individual/brokerage firm in accordance with the existing rules regarding Form 144 filings. A footnote at the bottom of the Form 144 should indicate that the trades are in accordance with a Rule 10b5-1 trading plan that complies with Rule 10b5-1 and noting the expiration date of such Rule 10b5-1 trading plan.

During an open trading window, trades differing from Rule 10b5-1 trading plan instructions that are already in place are allowed as long as the Rule 10b5-1 trading plan continues to be followed.

The transactions prohibited under this Policy, including among others short sales and hedging transactions, may not be carried out through a Trading Plan or other arrangement or trading instruction involving potential sales or purchases of the Company's long-lived assets as of December 31, 2022 and 2021; securities.

	Year ended December 31	
	2022	2021
Israel	207,779	197,563
United States	11,990	32,994
	<u>219,769</u>	<u>230,557</u>

**NOTE 19 – SUBSEQUENT EVENTS**

- VII. 1. On January 20, 2023, the Company entered into consulting agreement with a consultant for a period **Interpretation, Amendment, and Implementation of twelve months. According to the agreement, the Company will issue on a quarterly basis, subject to the approval of the board of directors of the company, (a) 25,000 restricted shares of the company's common stock par value \$0.0001 per share (the "Common Stock") issued fully earned in connection with services rendered for the first quarter of 2023, and (b) 15,000 restricted shares of Common Stock issued fully earned in connection with services rendered for each subsequent quarter of 2023, such that, the consultant receive an aggregate of 70,000 restricted shares of Common Stock.**

2. On January 19, 2023 the Company terminated the employment of its Chief Operating Officer and Head of Science (“the COO”). The Company and the COO agreed that in addition to the termination benefits the COO is entitled to per her employment agreement, the COO shall be entitled to a termination bonus of NIS 60,000 (approximately \$17,000) and the issuance of 7,000 shares of the Company.
3. On January 26, 2023, the Company entered into Advisory Agreement with a consultant for a period of ninety days and after ninety days may be extended for any term mutually acceptable to the parties hereto. According to the agreement, the consultant shall serve as an advisor to the Company in connection with pursuing and evaluating entering into an equity purchase agreement (the “Equity Purchase Agreement”) with an institutional investor. The Company shall pay a success fee (the “Success Fee”) in the amount equal to 6% of the gross proceeds received by the Company under the Equity Purchase Agreement to be paid within five working days of each receipt of funds. However, with respect to any amount received by the Company from certain investors, the Success Fee shall be 5%.this Policy

The Compliance Officer shall have the authority to interpret and update this Policy and its Schedules and all related policies and procedures. In particular, such interpretations and updates of this Policy, as authorized by the Compliance Officer, may include amendments to or departures from the terms of this Policy, to the extent consistent with the general purpose of this Policy and applicable securities laws.

#### VIII. Execution and Return of Certification of Compliance

After reading this Policy, all Covered Persons should execute and return to the Company’s Compliance Officer the Certification of Compliance in a form to be designated by the Compliance Officer.

F-309

Exhibit 21.1

#### LIST OF SUBSIDIARIES

Company Name	Jurisdiction of Incorporation
Save Foods Ltd. <sup>(1)</sup>	Israel
NTWO OFF Ltd. <sup>(2)</sup>	Israel
Plantify Foods, Inc. <sup>(3)</sup>	Canada

(1) Save Foods Ltd. is the 98.48% owned subsidiary of Save N2OFF, Inc.

(2) NTWO OFF Ltd. is the 60% owned subsidiary of N2OFF, Inc.

(3) Plantify Foods, Inc. is the 23.13% owned subsidiary of N2OFF, Inc.

Exhibit 23.1

#### Consent of the Independent Registered Public Accounting Firm

##### The Board of Directors

##### Save Foods, Inc.:

We consent to the incorporation by reference in the registration statement (File No. 333-266159) on Form S-3 (File No. 333-266159) of our report dated March 27, 2023 April 1, 2024, with respect to the consolidated financial statements of Save Foods, N2OFF, Inc. and its subsidiary, Save Foods Ltd.

/s/ Somekh Chaikin

Member Firm of KPMG International

Tel Aviv, Israel

March 27, 2023 April 1, 2024

Exhibit 31.1

CERTIFICATION PURSUANT TO  
RULE 13a-14(a) UNDER THE SECURITIES EXCHANGE ACT OF 1934,  
AS ADOPTED PURSUANT TO  
THE SARBANES-OXLEY ACT OF 2002

I, David Palach, certify that:

1. I have reviewed this Annual Report on Form 10-K for the year ended **December 31, 2022** December 31, 2023, of **Save Foods, N2OFF, Inc.**;
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 year end 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 registrant as of, and for, the year end presented in this report;
4. The registrant's other certifying officer 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 registrant 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 registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the year end 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 registrant'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 year end covered by this report based on such evaluation; and
  - d. Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
  - 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 registrant'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 registrant's internal control over financial reporting.

Date: April 1, 2024

/s/ David Palach

David Palach

Chief Executive Officer (Principal Executive Officer)

Exhibit 31.2

CERTIFICATION PURSUANT TO  
RULE 13a-14(a) UNDER THE SECURITIES EXCHANGE ACT OF 1934,  
AS ADOPTED PURSUANT TO  
SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, Lital Barda, certify that:

1. I have reviewed this Annual Report on Form 10-K for the year ended December 31, 2023, of **N2OFF, Inc.**;
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 year end 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 registrant as of, and for, the year end presented in this report;
4. The registrant's other certifying officer 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 registrant 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 registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the year end 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 registrant'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 year end covered by this report based on such evaluation; and
  - d. Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
  - 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 registrant'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 registrant's internal control over financial reporting.

Date: March 27, 2023

/s/ David Palach

David Palach

Chief Executive Officer

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CERTIFICATION PURSUANT TO  
RULE 13a-14(a) UNDER THE SECURITIES EXCHANGE ACT OF 1934,  
AS ADOPTED PURSUANT TO  
SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, Lital Barda, certify that:

1. I have reviewed this Annual Report on Form 10-K for the year ended December 31, 2022, of Save Foods, Inc.;
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 year end 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 registrant as of, and for, the year end presented in this report;
4. The registrant's other certifying officer 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 registrant 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 registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the year end 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 registrant'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 year end covered by this report based on such evaluation; and
  - d. Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
  - 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 registrant'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 registrant's internal control over financial reporting.

Date: March 27, 2023 April 1, 2024

/s/ Lital Barda

Lital Barda

Chief Financial Officer (Principal Financial Officer and Principal Accounting Officer)

Exhibit 32.1

CERTIFICATION PURSUANT TO  
18 U.S.C. SECTION 1350,  
AS ADOPTED PURSUANT TO  
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Annual Report of Save Foods, N2OFF, Inc. (the "Company") on Form 10-K for the year ended December 31, 2022 December 31, 2023, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, David Palach, Chief Executive Officer of the Company, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that to the best of my knowledge:

- (1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended; and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

*/s/ David Palach*

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David Palach

Chief Executive Officer (Principal Executive Officer)

Save Foods, Inc.

March 27, 2023 April 1, 2024

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CERTIFICATION PURSUANT TO  
18 U.S.C. SECTION 1350,  
AS ADOPTED PURSUANT TO  
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Annual Report of **Save Foods, N2OFF**, Inc. (the “Company”) on Form 10-K for the year ended **December 31, 2022** **December 31, 2023**, as filed with the Securities and Exchange Commission on the date hereof (the “Report”), I, Lital Barda, Chief Financial Officer of the Company, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that to the best of my knowledge:

- (1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended; and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

/s/ Lital Barda

Lital Barda

Chief Financial Officer (Principal Financial Officer and Principal  
Accounting Officer)

**Save Foods, Inc.**

**March 27, 2023** **April 1, 2024**

**SAVE FOODS, INC.**  
**COMPENSATION RECOVERY POLICY**  
Adopted by the Board of Directors on November 12, 2023.

**Introduction**

The Board of Directors (the “**Board**”) of Save Foods, Inc. (the “**Company**”) believes that it is in the best interests of the Company and its stockholders to create and maintain a culture that emphasizes integrity and accountability and that reinforces the Company’s pay-for-performance compensation philosophy. The Board has therefore adopted this policy which provides for the recoupment of certain executive compensation (“**Erroneously Awarded Compensation**”) in the event of an accounting restatement resulting from material noncompliance with financial reporting requirements under the federal securities laws (the “**Policy**”). This Policy is designed to comply with Section 10D of the Securities Exchange Act of 1934 (the “**Exchange Act**”) and the rules of the Nasdaq Stock Market.

**Administration**

This Policy shall be administered by the Board or, if so designated by the Board, the Compensation Committee, in which case references herein to the Board shall be deemed references to the Compensation Committee. Any determinations made by the Board shall be final and binding on all affected individuals.

**Covered Executives**

This Policy applies to the Company’s current and former executive officers, as determined by the Board in accordance with Section 10D of the Exchange Act and the rules of the Nasdaq Stock Market, and such other employees who may from time to time be deemed subject to the Policy by the Board (“**Covered Executives**”).

**Recoupment; Accounting Restatement**

In the event the Company is required to prepare an accounting restatement of its financial statements due to the Company’s material noncompliance with any financial reporting requirement under the securities laws, including any required accounting restatement to correct an error in previously issued financial statements that is material to the previously issued financial statements, or that would result in a material misstatement if the error were corrected in the current period or left uncorrected in the current period, the Board will require reasonably prompt reimbursement or forfeiture of any excess Incentive Compensation (as defined below) received by any Covered Executive during the three completed fiscal years immediately preceding the date on which the Company is required to prepare an accounting restatement.

## **Incentive Compensation**

For purposes of this Policy, “**Incentive Compensation**” means any of the following; provided that such compensation is granted, earned, or vested based wholly or in part on the attainment of a financial reporting measure:

- Annual bonuses and other short- and long-term cash incentives.
- Incentive stock options.
- Nonstatutory stock options.
- Stock appreciation rights.
- Dividend equivalent rights.
- Restricted stock awards.
- Restricted stock unit awards.

Financial reporting measures include:

- Company stock price.
- Total shareholder return.
- Revenues.
- Net income.
- Earnings measures such as earnings per share.
- Book value per share.
- Pre-provision net revenue.

This Policy applies to all Incentive Compensation received by a Covered Executive (a) after beginning service as a Covered Executive; (b) who served as a Covered Executive at any time during the performance period for the Incentive Compensation; (c) while the Company has a class of securities listed on a national securities exchange or a national securities association; and (d) during the three completed fiscal years immediately preceding the date that the Company is required to prepare an accounting restatement as described above. This Policy shall also apply to any transition period that results from a change in the Company’s fiscal year within or immediately following those three completed fiscal years, provided, however, that a transition period between the last day of the Company’s previous fiscal year and the first day of its new fiscal year that comprises a period of nine to 12 months shall be deemed a completed fiscal year. The Company’s obligation to recover Erroneously Awarded Compensation is not dependent on if or when the restated financial statements are filed with the Securities and Exchange Commission.

## **Excess Incentive Compensation: Amount Subject to Recovery**

The Erroneously Awarded Compensation will be the amount of Incentive Compensation paid to the Covered Executive that exceeds the amount of Incentive Compensation that otherwise would have been received had it been determined based on the restated amounts, as determined by the Board in accordance with Rule 10D-1 of the Exchange Act and the rules of the Nasdaq Stock Market. Such amount must be computed without regard to any taxes paid.

Where the amount of Erroneously Awarded Compensation is not subject to mathematical recalculation directly from information in an accounting restatement because the Incentive Compensation was based on stock price or shareholder return, the Board will determine the amount of Erroneously Awarded Compensation based on a reasonable estimate of the effect of the accounting restatement on the stock price or total shareholder return upon which the Incentive Compensation was paid and maintain documentation of the determination of that reasonable estimate and provide such documentation to Nasdaq.

For purposes of determining the relevant recovery period, the date that the Company is required to prepare an accounting restatement is the earlier to occur of (a) the date the Board, a committee of the Board, or the officer or officers of the Company authorized to take such action if Board action is not required, concludes, or reasonably should have concluded, that the Company is required to prepare an accounting restatement; or (b) the date a court, regulator, or other legally authorized body directs the Company to prepare an accounting restatement.

## **Method of Recoupment**

The Board will determine, in its sole discretion, the method for recouping Incentive Compensation hereunder, which may include, without limitation:

- (a) requiring reimbursement of cash Incentive Compensation previously paid;
- (b) seeking recovery of any gain realized on the vesting, exercise, settlement, sale, transfer, or other disposition of any equity-based awards;
- (c) cancelling outstanding vested or unvested equity awards; and/or
- (d) taking any other remedial and recovery action permitted by law, as determined by the Board.

## **No Indemnification**

The Company shall not indemnify any Covered Executives against the loss of any incorrectly awarded Incentive Compensation.

## **Interpretation**

The Board is authorized to interpret and construe this Policy and to make all determinations necessary, appropriate, or advisable for the administration of this Policy. It is intended that this Policy be interpreted in a manner that is consistent with the requirements of Section 10D of the Exchange Act and any applicable rules or standards adopted by the Securities and Exchange Commission or the rules of the Nasdaq Stock Market.

## **Effective Date**



This Policy shall be effective as of the date it is adopted by the Board (the “Effective Date”) and shall apply to Incentive Compensation that is approved, awarded or granted to Covered Executives on or after that date.

**Amendment; Termination**

The Board may amend this Policy from time to time in its discretion and may terminate this Policy at any time.

**Other Recoupment Rights**

The Board intends that this Policy will be applied to the fullest extent of the law. The Board may require that any employment agreement, equity award agreement, or similar agreement entered into on or after the Effective Date shall, as a condition to the grant of any benefit thereunder, require a Covered Executive to agree to abide by the terms of this Policy. Any right of recoupment under this Policy is in addition to, and not in lieu of, any other remedies or rights of recoupment that may be available to the Company pursuant to the terms of any similar policy in any employment agreement, equity award agreement, or similar agreement and any other legal remedies available to the Company.

**Impracticability**

The Board shall recover Erroneously Awarded Compensation in accordance with this Policy unless such recovery would be impracticable, as determined by the Board in accordance with Rule 10D-1 of the Exchange Act and the rules of the Nasdaq Stock Market. Instances in which recovery may be impracticable include:

- (a) after the Company has made a reasonable attempt to recover Erroneously Awarded Compensation, the Board determines that the direct expense paid to a third party to assist in enforcing the policy would exceed the amount to be recovered;
- (b) recovery would violate home country law where that law was adopted prior to November 28, 2022, and the Board has obtained an opinion of home country counsel, acceptable to Nasdaq, that recovery would result in such a violation, and must provide such opinion to Nasdaq; or
- (c) recovery would likely cause an otherwise tax-qualified retirement plan, under which benefits are broadly available to employees of the registrant, to fail to meet the requirements of 26 U.S.C. 401(a)(13) or 26 U.S.C. 411(a) and regulations thereunder.

**Successors**

This Policy shall be binding and enforceable against all Covered Executives and their beneficiaries, heirs, executors, administrators or other legal representatives.

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