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Zacks Small-Cap Research

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Saverone 2014 Ltd (SVRE-NASDAQ)

SVRE: Reports full-year results which indicate that domestic operations continue to s struggle. Significant challenges ahead in 2025.

We are adjusting our valuation target to $6.50/ADS based on the latest share count. We caution investors that the company will likely require significant additional funding to support operations in 2025 and beyond which could result in further dilution.

Current Price (03/21/25)	$4.37
Valuation	**$6.50**

OUTLOOK

SaverOne's domestic operations in Israel continued to encounter longer sales cycles through the balance of 2024 which impacted full-year results.

As a result of the company's latest filings, we have the most up-to-date information on the company's total outstanding shares (741.2 million) and the exchange ratio of ADSs to ordinary shares is now at 1 to 1200.

2025 is likely going to be a critical year for SaverOne and its NASDAQ listing as its financing needs remain substantial and the company's options may be limited given ADS adjustments previously made to maintain a stock price above $1.

SUMMARY DATA

52-Week High	**$328.54**
52-Week Low	**$4.11**
One-Year Return (%)	**-99%**
Beta	**2.11**
Average Daily Volume (sh)	**15,571**
ADS Outstanding (mil)*	**0.45**
Market Capitalization ($mil)	**$2.0**
Short Interest Ratio (days)	**N/A**
Institutional Ownership (%)	**5**
Insider Ownership (%)	**N/A**
Annual Cash Dividend	**$0.00**
Dividend Yield (%)	**0.00**
5-Yr. Historical Growth Rates	
Sales (%)	**N/A**
Earnings Per Share (%)	**N/A**
Dividend (%)	**N/A**
P/E using TTM EPS	**N/A**
P/E using 2024 Estimate	**N/A**
P/E using 2025 Estimate	**N/A**
Zacks Rank	**N/A**

*excludes 200 mil ordinary shares

Risk Level	**High, Speculative**
Type of Stock	**Growth**
Industry	**Vehicle Safety**

ZACKS ESTIMATES

Revenue
(in millions of $)

	Q1 (Mar)	Q2 (Jun)	Q3 (Sep)	Q4 (Dec)	Year (Dec)
2023		0.4 A		0.4 A	0.8 A
2024		0.1 A		0.3 A	0.4 A
2025		0.6 E		1.8 E	2.4 E
2026		2.4 E		2.7 E	5.1 E

	Q1 (Mar)	Q2 (Jun)	Q3 (Sep)	Q4 (Dec)	Year (Dec)
2023		-205.02A		-157.13A	-356.75A
2024		-65.92A		-39.02A	-96.10A
2025		-6.84 E		-5.11 E	-11.78E
2026		-5.10 E		-5.14 E	-10.23E

* half year earnings per ADS may not sum due to rounding and share issuance. EPS adjusted to reflect the ADS ratio change from 1 to 5 common shares to 1 to 90 common shares on 10/28/24 and from 1 to 90 common shares to 1 for 1200 common shares on 2/21/25.

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WHAT'S NEW

- On Friday, March 21st after the market closed, SaverOne 2014 (NASDAQ: SVRE) reported its financial results for the full year 2024. After backing out the previously reported 6-month revenues of $129k USD we estimate that second-half revenues were roughly $325K USD. While revenues were up sharply from the first half of 2024 (up more than 150%), revenues were roughly 30% below our fairly conservative estimates for the second half of 2024 or $470k USD. The domestic situation in Israel has resulted in a longer sales cycle which continues to impact results. The company has had some success expanding into markets in Europe and the United States but significant challenges continue to face the company.

- The company has significantly expanded its outstanding share count – growing from roughly 100 million shares in June 2024 to over 740 million as of March 2025 – in order to fund operations recently. However, given certain NASDAQ limitations on reverse share splits (or ADS ratio adjustments which are effectively a reverse split) this may not be a viable financing option in 2025.

- The company has a solid technological platform for addressing the challenges of distracted driving but the combination of a difficult operating environment in Israel and the complexity of installing its system has meant the company's financial performance has fallen short of expectations. Management indicated that they expect to return to growth in 2025 as a result of international expansion efforts.

- The company also indicated that it continues to hold discussions with OEMs and tier-one suppliers regarding its Vulnerable Road User sensor solution. Given the substantial investment that the company has made in R&D in recent years (averaging roughly $5 million per year or 10 times revenue), it will be critical that the company moves toward commercializing this product as soon as possible.

SaverOne Reports Full-Year 2024 Results

SaverOne (NASDAQ: SVRE) reported its full-year 2024 results after the market closed on March 21st and we have used the published full-year results and the previously announced 6-month results through 6/30/24 to back into the second half results for 2024. We estimate that revenues for the second half of 2024 were approximately $326k up nicely from the $129k in the first half of 2024, but revenues still missed our projection by about 30%. We do believe that the company's gross margin improved meaningfully in the second half of 2024 (exceeding 40%) but it is unclear what drove that improvement and given the relatively low sales volume it is difficult to read too much into the margin changes.

The company indicated that it experienced longer sales cycles in its domestic market (Israel) for the balance of 2024 and that impacted second-half results as well. While the company has expanded its pilot programs in the US and Europe, we remain very concerned with the slow pace of orders. In August of 2024, the company reported that roughly 4,800 units had been ordered but as of March 2025, the number of ordered units has only grown by 600 units to 5,400 units. Given the company's significant R&D expenditures and cash burn rate, the company will need to convert a significant number of its pilot agreements into commercial sales soon.

The company has been working to control costs, but we estimate that its R&D expenditures in the second half of 2025 still exceeded total revenue for the period at nearly a 9 to 1 ratio. The company's cash used in operations exceeded more than $9 million and with just $3.6 million on the balance sheet as of 12/31/24 the company noted that it does not believe that it has sufficient resources to operate for 12

months from the date of the 20-F (March 21, 2025). Management indicated that it plans to address its cash flow deficiency by raising funds from new or existing investors.

As we have noted previously, gauging the share count and ADS count for SaverOne is incredibly difficult. As of 1/31/25, the company reported 675 million shares outstanding and by March 19, 2025, this had grown to 741 million.

The company's reliance on equity issuance to fund operations has led to a staggering jump in the share count in just the past 15 months, growing from 69.6 million shares at 12/31/23 to approximately 741 million as of March 2025. While the ADS ratio adjustments (from 1 to 5 to 1 to 90 and to now 1 to 1200) and the conversion of some 167k ADSs to close to 200 million ordinary shares has limited the total growth of outstanding ADS, this continuous share issuance has effectively diluted the existing holders to a point where they hold almost no meaningful position in the stock.

Another important consideration for ADS investors to monitor will be the company's share price over the next 18 months. The company noted in its latest 20-F filing that it would not be eligile to maintain its NASDAQ compliance if it complete reverse stock splits that exceed 1 for 250 in a 2-year period. Since these ratio adjustments, of the common share to ADS ratio has gone from 5 to 1 in October 2024 to 1200 to 1 as of the latest adjustment in January 2025. The company has effectively reached the Nasdaq maximum with a 1-for-240 effective reverse-split.

If the company's ADSs were to fall below $1 for a 30-day trading period prior to October 2026, the ADSs would be "**subject to immediate delisting from Nasdaq**".

We anticipate that the company could need to raise $5-$10 million to fund operations through 2026 and if the company were to elect to finance operations through the sale of additional equity it is possible that this level of fundraising could negatively impact the share price. If the company can fund its operations through some combination of debt and equity or a convertible bond it may mitigate this risk but thus far the company has elected to finance its operating losses with equity issuance so ADS investors should be aware of this risk.

MODEL UPDATE

We are adjusting our model to reflect the longer sales cycle that the company is now experiencing in its domestic market which has now lasted through 2024 and into 2025. We are still projecting a meaningful increase in the company's commercial installations in 2025 with total 2025 revenue now forecast at $2.5 million. This new estimate is below our previous forecast of $3.1 million but will still require the company to nearly double its installed base in 2025. We are also introducing a 2026 revenue target of $5.1 million.

SaverOne will have to rapidly convert pilots in the US and Europe into large commercial deployments if it is to achieve these goals.

We would caution investors that the company currently does not have the financial capacity to operate through 2026 which implies the need for additional financing to support operations. If this financing comes in the form of equity issuance, it is likely to negatively impact the company's ADSs trading on the Nasdaq, and as we've noted if the ADSs trade below $1 for 30 days the ADS are subject to immediate delisting.

Management will have to thread the needle in 2025 by significantly growing its business, controlling costs, and securing reasonable financing to fund operations.

VALUATION

Valuation calculations for SaverOne remain difficult because the company is financing its operations on a continuous basis through share issuance and it appears as though the company is unlikely to generate positive cash flow from operations for the foreseeable future.

We are adjusting our 12-month target valuation for the company to roughly $6 million while adjusting our projected effective ADS count to roughly 900,000 at the end of 2025 resulting in a new target valuation for the shares of $6.50/ADS but we recognize that many of the factors that go into our calculation (particularly the share count) of this target are difficult to forecast at this time.

If the company is able to secure a less dilutive form of financing, signs a significant commercial agreement that speeds the company's path to profitability or if it successfully attracts financing for its VRU unit we will reevaluate our target.

Lastly, we would note that SaverOne's shares occasionally trade independently of the fundamentals and attract large numbers of active day traders though this activity has subsided as the number of ADS outstanding has been reduced. Investors should be aware that short-term traders have targeted the company in the past and have demonstrated an ability to influence the stock price, independently of what the fundamental valuation would suggest.

OVERVIEW

Business:

SaverOne has built its first commercial product to address the growing issue of distracted driving caused by mobile phone use. The company's solution detects and locates a driver's cell phone radio frequency (RF) signal when the SaverOne app is installed and the accompanying "phone location unit" is installed in a vehicle. SaverOne's in-cabin Driver Distraction Prevention Solution (DDPS) will identify if the driver's cell phone is within the area of the driver's seat when the SaverOne App is installed and limit the phone's use to handsfree calling, navigation, music streaming, and any critical apps selected by the client.

Figure 1: SaverOne Solutions



Source: Company Presentation

While most drivers are familiar with Apple Carplay and Android Auto's tools which aim to reduce distracted driving, if you've used these tools, you will be aware that bypassing the system simply requires clicking the "I'm not driving" button. Those tools effectively work on the honor system which is not adequate for corporations, fleet managers, or bus companies looking to ensure their drivers are completely focused on the task at hand – driving safely. Also, Carplay and Android Auto are principally solutions for passenger vehicles with center console entertainment systems that are often missing from commercial vehicles.

The SaverOne system will block access to the most distracting apps on the driver's phone (i.e., social media and texting) while still allowing access to necessary apps like navigation and the ability to make hands-free phone calls. SaverOne developed this technology in Israel and is initially deploying this solution for the commercial vehicle market in Israel and Europe with plans to expand to the United States market. The principal driver of adoption thus far has been the need for commercial operators and fleet managers to mitigate the risk associated with distracted driving when employees are operating their

vehicles or buses. While this technology has existed for years (we've identified at least three versions of RF-blocking technologies that came to market well over a decade ago) the market has been demanding a solution that is not based on completely blocking access to a phone. A solution like SaverOne's which is not reliant on driver cooperation yet still allows drivers to access navigation tools, music services or proprietary apps can help mitigate risk for corporate fleets while allowing a phone to still be a useful tool. The company launched its initial product in 2019 in Israel (before the Covid-19 pandemic) with several pilot installations. As of August 2024, the company has reported that about 4,800 systems have been ordered and roughly 3,750 of these systems have been installed.

[1]https://www.mckinsey.com/industries/automotive-and-assembly/our-insights/The-future-of-mobility-mobility-evolves

[2] https://usa.streetsblog.org/2022/06/13/how-to-save-the-lives-of-unhoused-pedestrians

PROJECTED INCOME STATEMENT

SaverOne 2014 Ltd
Income statement in USD (converted from NIS at $1 = 3.700 NIS)
ADS Ratio 1 ADS to 5 common shares until 10/28/24
ADS Ratio 1 ADS to 90 common shares after 10/28/24
ADS Ratio 1 ADS to 1200 common shares after 2/21/25

	2023	2024	6 months 6/30/25	6 months 12/31/25	2025	6 months 6/30/26	6 months 12/31/26	2026
Net revenues	$ 750	$ 455	$ 648	$ 1,835	$ 2,482	$ 2,385	$ 2,743	$ 5,127
Cost of revenues	$ 543	$ 289	$ 462	$ 1,315	$ 1,778	$ 1,717	$ 1,975	$ 3,692
Gross profit	$ 207	$ 166	$ 185	$ 519	$ 704	$ 668	$ 768	$ 1,436
	28%	36%	29%	28%	28%	28%	28%	28%
Operating expenses:								
Research and development expenses	6,303	5,242	2,293	2,064	4,357	2,064	1,899	3,963
Selling and marketing expenses	1,044	1,296	817	939	1,756	1,221	1,587	2,808
General and administrative expenses	2,296	2,614	1,452	1,481	2,933	1,510	1,541	3,051
Total operating expenses	$ 9,643	$ 9,153	$ 4,561	$ 4,484	$ 9,045	$ 4,795	$ 5,026	$ 9,821
(Loss)/Income from operations	$ (9,436)	$ (8,987)	$ (4,376)	$ (3,964)	$ (8,341)	$ (4,127)	$ (4,258)	$ (8,386)
Net Financing Income/(Loss)	$107	($456)	($175)	($184)	($359)	($220)	($235)	($455)
Loss for the period	$ (9,329)	$ (9,443)	$ (4,551)	$ (4,148)	$ (8,700)	$ (4,347)	$ (4,493)	$ (8,841)
(Loss)/Earnings per ordinary share	($0.30)	($0.08)	($0.01)	($0.00)	($0.01)	($0.00)	($0.00)	($0.01)
(Loss)/Earnings per ADS	($356.75)	($96.10)	($6.84)	($5.11)	($11.78)	($5.10)	($5.14)	($10.23)
Weighted average number of shares outstanding								
Average shares used to calculate EPS	31,380	117,908	798,000	975,000	886,500	1,023,750	1,049,344	1,036,547
Average Effective ADSs used to calculate EPS	26	98	665	813	739	853	874	864

Source: Zacks SCR, Brian Lantier, Company Filings

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BALANCE SHEET

SaverOne 2014 Ltd
Balance Sheet in USD (converted from NIS at $1 = 3.647 NIS)
12/31/24

Assets	
Current Assets	
Cash and cash equivalents	3,646
Trade receivables	444
Inventory	1,375
Other current assets	462
Total current assets	5,928
Non-Current Assets	
Property & Equipment (net)	63
Restricted deposits	59
trade recivables, net	220
Right of use assets	261
Total non-current assets	603
Total Assets	**6,531**
Liabilities	
Current Liabilities	
Promissory note, net	1,737
Trade payable	501
Current maturities of leasing liabilities	129
Other current liabilities	820
Derivative warrants liability	0
Liability in respect of government grants	66
Total current liabilities	3,252
Non-Current Liabilities	
Leasing liability, net current	166
Liability in respect of government grants	198
Total Liabilities	**3,616**
Shareholder's Equity	
Additional Paid-in Capital	46,600
Captial reserve in respect of share-based payment	3,079
Accumulated deficit	(46,764)
Shareholder's Equity (Deficiency)	**2,915**
Total Liabilities & Shareholder's Equity	**6,531**

Source: Company press release

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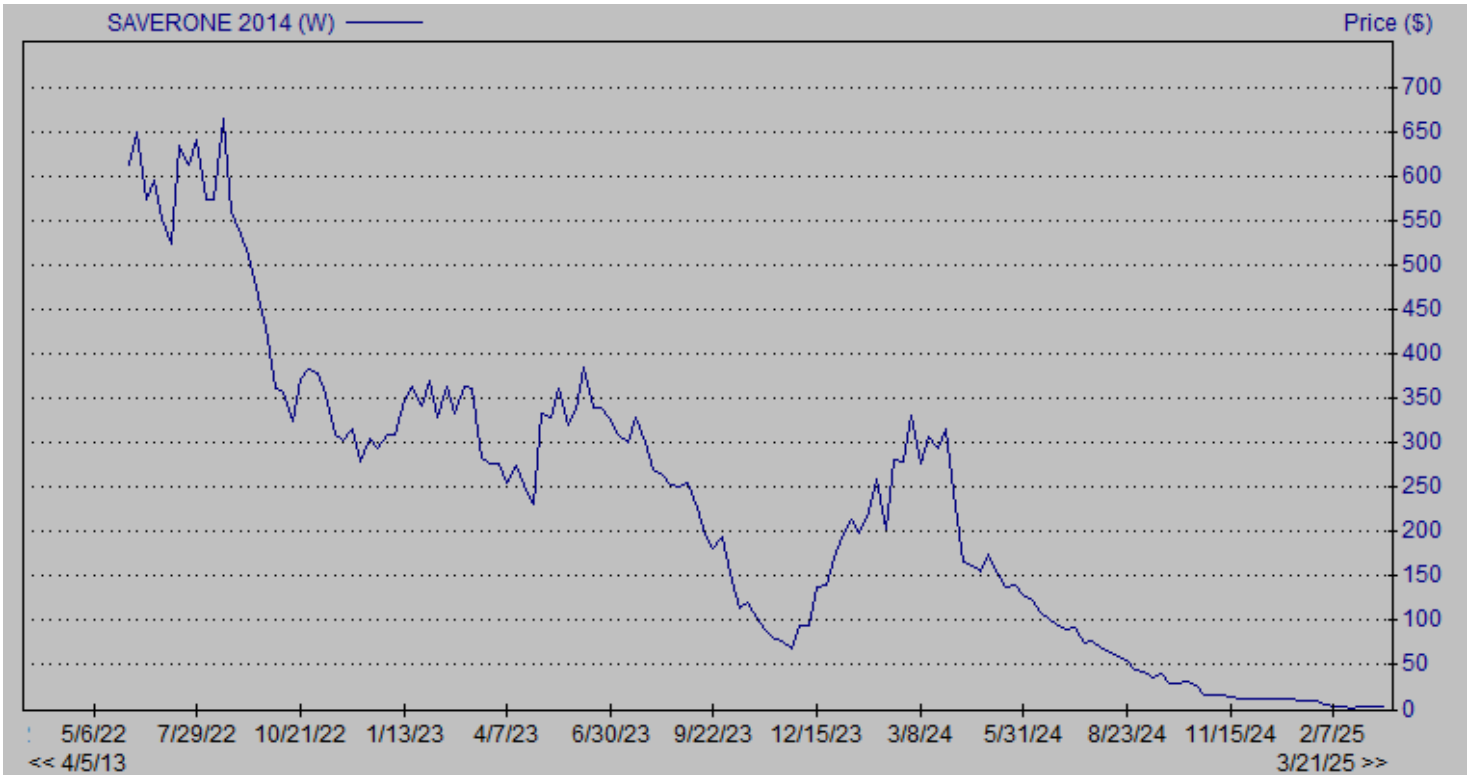
HISTORICAL STOCK PRICE



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