

## **NextFerm Technologies Reports Second Quarter 2022 Financial Results and Business Update**

**The Company's net revenues in the second quarter of 2022 include, for the first time, revenues from sales of its vegan protein: ProteVin™, after achieving two out of five milestones set by the Company for 2022: Operation of the first production facility for manufacturing ProteVin™ and Commercial launch of ProteVin™ and supply of the first order**

**During August 2022, after the second quarter, the company has entered into a 4.5 years supply agreement for ProteVin™, totaling approximately \$3 million, with Spacemilk, an American vegan health and sports nutrition brand**

(Yokneam Illit, August 18, 2022) – NextFerm Technologies Ltd. (TASE:NXFR), a food-tech company developing ProteVin™, a vegan, yeast-based, non-GMO protein alternative and other innovative yeast-based nutrients, reported financial results for the Second quarter and half year of 2022 and business update.

**Boaz Noy, Chief Executive Officer of NextFerm, said,** “At the end of the second quarter of 2022, we recorded revenue from the sale of ProteVin™ for the first time, having successfully achieved the first two out of our five milestones for 2022. After the end of the quarter, we marked another achievement and entered into a first multi-year supply agreement to supply our protein to the sports nutrition powder brand. ProteVin-based sports nutrition powder is expected to be launched by the end of 2022 with the ProteVin™ brand on the product packaging. The company expects to sign additional supply agreements subject to the maturation of the protein testing processes that are currently being carried out by dozens of potential customers. We invest our efforts in marketing, accelerate launching efforts and expanding production capacity from a rate of tens of tons per year, characterized by gross loss, to an industrial and profitable production rate of hundreds of tons starting in 2023.”

### **Second Quarter and first half of 2022 Financial Highlights:**

**Net Revenues** increased to \$41 thousand compared to \$9 thousand in the second quarter of 2021. **Company's net revenues for the first half of 2022** increased to \$125 thousand compared \$91 thousand in the first half of 2021. The revenues derived from the sale of ProteVin™, Astaferm®, the Company's vegan protein which was first launched in June 2022. The rest of the revenue derived from sales of the company's antioxidant Astaferm®, to new and recurring customers.

## **ProteVin™ - Key goals for 2022**

1. Operation of the first production facility for manufacturing ProteVin™ which was established in the GFR facilities in Canada, with a capacity of tens of tons, in the first half of 2022- **achieved**.
2. Commercial launch of ProteVin™ and supply of the first orders received in the USA during the first half of 2022- **achieved**.
3. Growing market demand and receive additional purchase orders, accelerating growth into sports nutrition and food markets by dominant players.
4. Expansion of production capacity for ProteVin™ to a profitable industrial scale of hundreds of tons per year. Such expansion is expected to begin during the second half of 2022, towards the start of production at these volumes in 2023.
5. Obtain a regulatory approval for marketing ProteVin™ in Israel in 2022. Israel is first in the world in terms of the shift to veganism and alternative nutrition and is an important market for the Company. It will be emphasized that ProteVin™ may be marketed in the US, Europe and other countries based on existing regulations regarding baking yeast and products thereof.

**Gross loss** totaled \$99 thousand in the second quarter of 2022 compared to gross loss of \$2 thousand in the second quarter of 2021. **Gross loss** totaled \$86 thousand in the in the first half year of 2022 compared to gross profit of \$5 thousand in the first half year of 2021. The gross loss is mainly driven from sales of ProteVin™ for the first time which is produced in a primary industrial facility with a production capacity of tens of tons per year, the fixed expenses involved in the Company's operation are distributed over a limited production volume. One of the company's main milestones for 2022 is the expansion of ProteVin™'s production capacity to a scale of hundreds of tons per year.

**Research and development** expenses totaled \$1.3 million in the second quarter of 2022, compared to \$695 thousand in the second quarter of 2021. **Research and development** expenses for the first half of 2022 totaled \$2.4 million compared to \$1.4 million in the first half year of 2021. The changes contributing to the increase of the compared periods last year, were due to an increase in expenses related to the scale-up process, which includes implementing the production process into the facility, capacity improvement, and improving the quality of ProteVin at the facility of GFR in Canada.

**Sales and marketing** expenses totaled \$171 thousand compared to \$97 thousand in the second quarter of 2021. **Sales and marketing** expenses for the first half of 2022 totaled \$291 thousand compared to \$180 thousand in the first half year of 2021. The increase compared to the corresponding periods last year is

mainly due to an increase expense for participation in international conferences and exhibitions, in which the Company did not participate last year, as Covid-19 restrictions declined in most regions around the world during 2022 and the company's moving forward towards industrial production stage.

**General and administrative** expenses totaled \$322 thousand compared to \$272 thousand in the second quarter of 2021. **General and administrative** expenses for the first half of 2022 totaled \$641 thousand compared to \$559 thousand in the first half year of 2021. The increase compared to the corresponding period last year is mainly due to an increase in the stock base compensation expenses, due to options granted to employees during March 2022, as well an increase in expenses due to signing a new lease agreement during the period, as the Company moved to new offices.

**Operating loss** totaled \$1.9 million compared to \$1.1 million in the second quarter of 2021. **2022 half year operating loss** totaled \$3.4 million compared to \$2.2 million in the first half of 2021.

**Net loss** totaled \$1.9 million compared to \$960 thousand in the second quarter of 2021. **2022 half year Net loss** totaled \$3.4 million compared to \$3.1 million in the in the first half of 2021.

**Net cash from operating activities** was \$2.2 million compared to \$1.1 million in the second quarter of 2021. **Net cash from operating activities for the first half year of 2022** was \$4.0 million compared to \$2.1 million in first half year of 2021. The increase in cash from operating activities compared to the corresponding period last year mainly due to the scale-up and production activities at the facility in Canada.

**Cash and cash equivalents and deposits as of June 30, 2022**, amounted \$7.8 million, compared to \$13.2 million as of December 31, 2021. In January 2021, the Company completed an IPO of shares and warrants on the Tel-Aviv Stock Exchange. In total, the Company raised a gross amount of \$11 million. In December 2021, the Company completed a private placement of the Company's ordinary shares for a total of \$8.1 million.

### **About NextFerm Technologies**

NextFerm Technologies, traded on the Tel Aviv Stock Exchange (TASE:NXFR) is a food-tech company engaged in the research, development, manufacturing and marketing of innovative, functional and vegan yeast-derived, non-GMO protein alternatives for various applications in the food and food supplement markets and the growing market for animal-derived protein alternatives.

NextFerm's flagship product is ProteVin™, a vegan, yeast-derived protein with animal-like nutritional value (Amino acid profile BCAA=21%, Leucine=9%, EAA=53% and high digestibility PDCAAS=1) and a neutral flavor. ProteVin™ is designed for a variety of categories in the alternative protein market, which is estimated at USD 20 billion in terms of final products and at USD 3.5 billion in terms of raw materials

with an annual growth rate of above 20%, including milk and dairy substitutes, meat substitutes and additional categories such as infant nutrition, adult nutrition, and sports nutrition.

Another product currently being sold is Astaferm®, an innovative astaxanthin-based antioxidant derived from yeast that has been sold in the US since the end of 2020 through well-established and leading brands in the food supplement market in the US. In July 2021, the Company received Regulatory marketing approval in Canada.

The company has additional products which have been licensed to Lallemand, a global giant focused on yeast.

For more information, visit the NextFerm website at: [www.nextferm.com](http://www.nextferm.com)

### **Legal Notice Regarding Forward-Looking Statements**

This announcement also includes forecasts, projections, assessments, estimates and other information which refer to future events and matters, the realization of which is uncertain and not exclusively under the Company's control (forward-looking information). The main facts and data used to support this information are facts and data regarding the current position of the Company and its businesses (including the scope of sales and levels of profitability, manpower, commercial engagements and more), facts and data regarding the current global position of the Company's operating segments (including industry-specific financial developments, environmental regulatory developments, the competitive environment, technological developments, the reinsurance market and more), and macro-economic facts and data (including the economic situation both in Israel and around the world, yields in the capital markets, social and state developments and more), all as known by the Company when publishing this announcement. The forward-looking information included above in this announcement is significantly based upon, in addition to the existing information held by the Company, on the Company's current assessments and expectations of future developments vis-a-vis each one of the aforementioned parameters, and the interconnectedness of each one of these developments. The Company has no certainty that its forecasts and assessments will indeed eventuate, and the Company's operating results may be materially different than the results assessed or implicit based on that set forth above, inter alia, as a result of a change in any of the aforementioned factors.

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**NEXTFERM TECHNOLOGIES LTD.**  
**CONDENSED CONSOLIDATED UNAUDITED STATEMENTS OF OPERATIONS**

	Three Months Ended June 30,		Six Months Ended June 30,	
	2022	2021	2022	2021
	U.S. dollars in thousands		(except per share data)	
<b>NET REVENUES</b>	41	9	125	91
<b>COST OF REVENUES</b>	140	11	211	86
<b>GROSS PROFIT</b>	(99)	(2)	(86)	5
<b>OPERATING EXPENSES:</b>				
Research and development, net *	1,325	695	2,366	1,422
Selling and marketing *	171	97	291	180
General and administrative *	322	272	641	559
Total operating expenses	1,818	1,064	3,298	2,161
<b>OPERATING LOSS</b>	1,917	1,066	3,384	2,156
Financial expenses	50	27	150	1,118
Financial income	65	134	98	163
<b>FINANCIAL EXPENSES (INCOME), net</b>	(15)	(107)	52	955
<b>LOSS BEFORE TAXES ON INCOME</b>	1,902	959	3,436	3,111
<b>TAXES ON INCOME</b>	6	1	7	1
<b>NET LOSS</b>	1,908	960	3,443	3,112
<b>LOSS PER SHARE:</b>				
Basic & Diluted	0.13	(#) 0.09	0.23	(#) 0.30

# Immaterial adjustment in comparable numbers

\* The above items are inclusive of the following share-based compensation expense:

Research and development, net	65	1	78	78
Selling and marketing	16	-	19	3
General and administrative	59	-	78	37
	140	1	175	118

**NEXTFERM TECHNOLOGIES LTD.  
CONDENSED CONSOLIDATED UNAUDITED BALANCE SHEETS**

	<b>June 30, 2022</b>	<b>December 31, 2021</b>
	<b>U.S. dollars in thousands</b>	
<b>A s s e t s</b>		
<b>CURRENT ASSETS:</b>		
Cash and cash equivalents	\$ 7,828	\$ 13,164
Accounts receivable:		
Trade	39	60
Other	448	147
Inventories	1,014	771
Total current assets	9,329	14,142
<b>NON-CURRENT ASSETS:</b>		
Property and equipment, net and advances for Property and equipment	2,654	1,674
Long-term deposits and other	43	45
Right of use assets	567	607
Total non-current assets	3,264	2,326
Total assets	\$ 12,593	\$ 16,468
<b>Liabilities and shareholders' equity</b>		
<b>CURRENT LIABILITIES:</b>		
Accounts payable and accruals:		
Trade	\$ 368	\$ 605
Other	425	701
Current maturities of lease liabilities	197	214
I/A liability	58	35
Deferred revenues and Contract liability	2,350	2,350
Option component liability	89	86
Total current liabilities	3,487	3,991
<b>LONG-TERM LIABILITY -</b>		
Lease Liabilities	367	456
Long term I/A liability	333	347
Total liabilities	700	803
<b>SHAREHOLDERS' EQUITY:</b>		
Ordinary shares	43	43
Additional paid-in capital	31,614	31,614
Accumulated other comprehensive loss	(23,251)	(19,983)
Total shareholders' equity	8,406	11,674
Total liabilities and shareholders' equity	\$ 12,593	\$ 16,468

**NEXTFERM TECHNOLOGIES LTD.**  
**CONDENSED CONSOLIDATED UNAUDITED STATEMENTS OF CASH FLOWS**

	<b>Six Months Ended June 30,</b>	
	<b>2022</b>	<b>2021</b>
	<b>U.S. dollars in thousands</b>	
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Cash generated from operations (see appendix A)	(4,003)	(2,087)
Income taxes paid	(7)	(1)
<b>Net cash (outflow) from operating activities</b>	<b>(4,010)</b>	<b>(2,088)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Property and equipment purchases	(1,085)	(77)
Short-term deposits	-	(1,227)
<b>Net cash (outflow) from investing activities</b>	<b>(1,085)</b>	<b>(1,304)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>		
Interest element of lease payments	(35)	(23)
Principal element of lease payments	(74)	(11)
Proceeds from Issuance of Ordinary shares (IPO), net of issuance cost	-	9,490
Proceeds from Issuance of Options (IPO), net of issuance cost	-	266
<b>Net cash inflow from financing activities</b>	<b>109</b>	<b>9,722</b>
<b>NET CHANGE IN CASH AND CASH EQUIVALENTS</b>	<b>(5,204)</b>	<b>6,330</b>
<b>BALANCE OF CASH AND CASH EQUIVALENTS</b>		
<b>AT BEGINNING OF PERIOD</b>	13,164	716
<b>EFFECTS OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS</b>	<b>(132)</b>	<b>(8)</b>
<b>BALANCE OF CASH AND CASH EQUIVALENTS</b>		
<b>AT END OF PERIOD</b>	<b>7,828</b>	<b>7,038</b>



**NEXTFERM TECHNOLOGIES LTD.**  
**CONDENSED CONSOLIDATED UNAUDITED STATEMENTS OF CASH FLOWS**

	<b>Six Months Ended June 30,</b>	
	<b>2022</b>	<b>2021</b>
	<b>U.S. dollars in thousands</b>	
<b>APPENDIX A: NET CASH PROVIDED BY OPERATING ACTIVITIES:</b>		
Net loss for the period	(3,443)	(1,172)
Adjustments required to reflect cash flows from operations:		
Depreciation and amortization	188	90
Non-cash employee benefits expense – share-based payments	175	69
Income taxes paid	7	-
Fair value adjustment to Convertible loan	-	91
Fair value adjustment to Options	3	-
Fair value adjustment to Option component liability	-	(393)
Change in IIA liability	9	9
Interest expenses (income) and exchange rate differences for operating lease	(40)	1
Effects of exchange rate changes on cash and cash equivalents	132	(16)
	474	(149)
Change in operating assets and liabilities:		
(Increase) in inventories	(243)	(87)
(Increase)/decrease in trade receivables	21	-
(Increase)/decrease in other receivables	(299)	24
Increase/(decrease) in trade payable	(237)	4
Increase/(decrease) in other payable	(276)	(107)
	(1,034)	(166)
Cash generated from operations	(4,003)	(1,487)
<b>Non- Cash Financing and Investment activities:</b>		
Lease asset vs lease liability	43	38