



NextFerm Technologies – Update

Dear Shareholders,

Following the Company's previous reporting regarding cash flow difficulties and the measures taken in response, alongside significant progress achieved this year in manufacturing infrastructure (including the completion of the first stage of establishing production line in India) and product development, the Company would like to update regarding its assets and an efficiency plan that the Company's management believes will enable it to maximize its assets and focus its business activities to drive immediate growth in revenues and achieve gross profitability.

The plan is based on raising at least USD 900,000 and focusing business activities on the Indian market and product lines that do not require further investments and, according to the Company's management, can achieve profitability. In addition, the Company expects to complete the sale of a piece of equipment (a Spray Dryer) for an additional approximately USD 900,000.

The main elements of the plan:

1. Focusing on yeast extract products

Focusing on yeast extract products and other yeast-derived products to be initially sold to the Indian market through the Joint Venture established with the subcontractor in India. The Joint Venture has active operational and marketing infrastructure, and initial sales have already been conducted. These products target a market estimated at over USD 2 billion annually. The Company intends to expand the products portfolio offered through the Joint Venture, improve profitability, and market these products in India and globally.

2. OPEX reduction

Reducing the Company's operating expenses (OPEX) to approximately USD 2 million per year (assuming the minimum funding is raised). As part of this measure, the Company plans to rehire some of the employees whose employment ended in October 2024. It should be noted that since the termination of employment, as reported in the immediate report dated October 6, 2024, the Company's senior executives have continued their activities without compensation.

3. Securing financing

The Company is working to secure financing of approximately USD 1.8 million to enable at least additional year of operation, through: (a) exercising the private placement of approximately USD 900,000, for which a shareholders' meeting has

been scheduled for December 31, 2024; and (b) selling a piece of equipment (a Spray Dryer) purchased by the Company but no longer needed, as a similar item is already available at the subcontractor's facilities in India, for approximately USD 900,000.

4. ProteVin™

To date, the Company has produced dozens of tons of ProteVin™, positioned the product as a leading protein of its kind, and generated demand from many food and dietary supplement companies worldwide. Additionally, the product has been launched by customers in the US, Europe, and Asia. However, until the sale of the by-products derived from ProteVin™ production and capacity increase, ProteVin™ production generate losses and require additional investments. Therefore, under the updated operational framework, ProteVin™ production will be suspended. The return to protein business will be subject to profitability that will allow continued investment in this important and growing field from a strong and competitive position.

Company Assets:

1. Production

The Company and the Joint Venture have access to production infrastructure in India capable of supporting annual revenues of approximately USD 20 million. These revenues refer to the Joint Venture's activities, with the Company entitled to 50% of the gross profit.

2. Marketing

There is a marketing infrastructure in India for the Joint Venture products, as well as existing marketing infrastructure in the US. Additionally, the Company maintains relationships with many customers in the food and dietary supplement industries, including global food companies.

3. Products

Through the Joint Venture, the Company has developed six Yeast Extract products currently offered to the Indian market.

4. Strategic Customers

A new grade of Yeast Extract product has been developed, produced, and approved within the Joint Venture for a strategic customer in India purchasing a similar product in approximately USD 1 million annually. Initial supplies of this grade have been delivered to the strategic customer.

5. R&D and New Products

In 2025, the focus will be on adapting Yeast Extract products to customer needs to increase sales and profitability.

Cash Balance and Fundraising:

As of the date of this report, the Company's cash balance is approximately USD 70,000.

The Company has signed commitments from foreign investors, including interested parties, to invest a total of approximately USD 880,000 in a private placement at a PPS of ILS 1.382, determined as the average closing price of the Company's shares over the seven trading days prior to the Board's approval. Completion of the private placement is subject to shareholder approval.

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.

Sincerely,

Boaz Noy, CEO

Yossi Ohana, CFO

NextFerm Technologies Ltd.