

NextFerm Technologies Reports Fourth Quarter and Full Year 2020 Audited Financial Results



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For the first time, Company recorded initial net revenues of \$95 thousand in H2 2020, and expects significant net revenue growth in the upcoming quarters, with consistent improvement in gross profit starting H2 2021

Expects to begin mass production phase of ProteVin™, its proprietary vegan protein while generating initial demand from leading food and dietary supplement producers by the end of 2021

In January 2021 the Company consummated its IPO on TASE and raised ~ ILS 35.2 million

NextFerm Technologies Ltd. (TASE:NXFR), a Food-tech company that develops, produces and markets nutritional ingredients and yeast-based, vegan, non-GMO protein alternatives for a wide range of uses for the growing protein substitute market, food market and food supplement market, reported financial results for the fourth quarter and full year ended December 31, 2020.

2020 Highlights and 2021 Targets:

- **Astaferm™**- In Q3 2020 the Company recorded first revenues after launching Astaferm™, a potent, yeast-based and non-GMO antioxidant, in the US dietary supplement market by Purity Products, an established US dietary supplement brand, on its website, on Amazon and in physical stores. In February 2021, Carlson Labs, a US veteran dietary supplement producer, has launched Astaferm™-based dietary supplement on its website and in stores. The Company expects additional launches of Astaferm™ throughout 2021 with leading US dietary supplement companies.
- **ProteVin™** - A vegan protein developed by the Company, with nutritional value similar to animal protein and a neutral flavor, suitable for use as a quality source of protein in various markets: The sports nutrition market, the meat-replacements market, the milk market, infant and adult nutrition markets and more. The Company expects commercialization of the product in the US during 2022. Its main targets for 2021 include: (1) Completing industrial scale-up phase, including engagement with sub-contractors for mass production infrastructure; (2) Creating initial market demand with first purchase order or agreement by the end of 2021.

"We ended an exciting year in which we became a public company, recorded first sales of our Astaferm™ antioxidant in the US and completed the development of ProteVin™, our flagship product, a first-of-a-kind, yeast-based vegan protein with similar nutritional value to animal proteins with a neutral flavor." said Boaz Noy, Chief Executive Officer of NextFerm. "The fact that we achieved sales of almost USD 100,000 within a short period of time proves the need, interest

and trust in Astaferm™ from leading dietary supplement players and consumers in the US. Astaferm's uniqueness has been recognized thanks to its concentration of active ingredients, flavor and friendly gummy form. Astaferm™ enjoys respectable demand and in 2021 we expect to launch it with additional customers, which will reflect in the Company's performance, consistent quarterly growth and improved gross profit."

"As for ProteVin™, during 2021 we expect to commence commercial manufacturing scale-up, engagement with a manufacturing subcontractor and turning the growing interest of the alternative protein market into first ProteVin™ customer purchase order or contract by the end of 2021."

Fourth Quarter and Full Year 2020 Financial Highlights

Net Revenues increased 150% to \$68 thousand, compared to the third quarter of 2020. These revenues derive from the first sales of Astaferm™ starting September 2020. **2020 Annual net revenues amounted \$95 thousand.**

Under its strategic plan, during 2021, beside Purity Products and Carlson, the Company intends to have additional launches in cooperation with other US dietary supplement players. **The Company expects consistent quarterly growth in 2021, and an improvement in Astaferm's profitability by improving and streamlining production processes.**

Gross profit increased 116% to \$13 thousand compared to the third quarter of 2020. While gross margin decreased 300 basis points to 19% from 22% in the fourth quarter of 2020. **2020 Annual Gross profit** amounted \$19 thousand (gross margin of 20%). **The Company expects improvement of gross profitability, based on technological improvements, during H2 2021.**

Research and development expenses increased 42% to \$653 thousand compared to the third quarter of 2020. **Research and development** annual expenses for 2020 decreased 27% to \$2.2 million compared to the twelve months period ended December 31, 2019. The decrease is mainly due to a decrease in salaries and related expenses implemented in response to the COVID-19 crisis during 2020.

Sales and marketing expenses increased 68% to \$101 thousand compared to the third quarter of 2020. **Sales and marketing** annual expenses for 2020 increased 3.6% to \$313 thousand compared to the twelve months period ended December 31, 2019.

General and administrative expenses increased 43.5% to \$178 thousand compared to the third quarter of 2020. **General and administrative** annual expenses for 2020 decreased 8.6% to \$581 thousand compared to the twelve months period ended December 31, 2019. The decrease is mainly due to decrease in salaries and related expenses implemented in response to the COVID-19 crisis during 2020.

Operating loss increased 44% to \$919 thousand compared to the third quarter of 2020. **2020 Annual Operating loss** decreased 20.5% to \$3.1 million compared to the twelve months period ended December 31, 2019.

Net loss increased 46% to \$1.3 million compared to the third quarter of 2020. **2020 Annual Net loss** decreased 26% to \$3.4 million compared to the twelve months period ended December 31, 2019.

Net cash used in operating activities for 2020 increased 275% to \$3 million compared to the twelve months period ended December 31, 2019. The increase is mainly due cash inflow of \$2.75 million received under the agreement with Lallemand, a giant multi-national corporation operating in the yeast industry, and recognized in the cash flow from operating activities in 2019.

Cash and cash equivalents as of December 31, 2020 amounted \$716 thousand, compared to \$2.0 million as of December 31, 2019. In January 2021 the Company consummated an IPO of shares and warrants on the Tel-Aviv Stock Exchange with gross proceeds of ILS 30.5 million. In parallel, the Company raised additional gross proceeds of ILS 4.7 million from existing shareholders under identical terms and conditions to the IPO. In total, the Company raised gross proceeds of \$11 million.

About NextFerm Technologies

NextFerm Technologies (TASE:NXFR) is a food-tech company engaged in the research, development, production and marketing of yeast-based innovative, functional, vegan and non-GMO nutritional technologies and ingredients for a wide-range of uses for the food market, the dietary supplement market and the growing market for non-animal protein alternatives. NextFerm is developing and marketing Astaferm™, an innovative antioxidant, and ProteVin™, a vegan protein with nutritional value similar to that of animal protein with a neutral flavor.

For more information on the Company's website: www.nextferm.com

Forward-looking statement

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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Tags

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ASTAFERM

PROTEVIN

FOOD-TECH

ASTAXANTHIN

VEGAN

PROTEIN

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SUSTAINABILITY