

NUTRITIONAL GROWTH SOLUTIONS LTD.

CONSOLIDATED FINANCIAL STATEMENTS

AS OF DECEMBER 31, 2022

Letter from the Chairman

Dear Shareholders,

On behalf of the Board, it is a pleasure to present Nutritional Growth Solutions Annual report for the period ended 31 December 2022.

Over the past year, with a focus on the US market we have achieved significant milestones and as of May 2023, Healthy Heights products will be stocked in 465 Walmart stores across the United States.

To further expand retail and online presence in the US, NGS entered a distribution deal with United Natural Foods Inc. (NYSE: UNFI), the US' largest publicly traded wholesale distributor, supplying natural products to approximately 30,000 natural product superstores, independent retailers, supermarket chains and e-commerce retailers.

With proven initial sales through physical Walmart stores, we expect the agreement with United Natural Foods to play a key role over the coming period in further expanding our distribution through a greater number of national and regional retailers.

In addition to driving sales through Walmart, we expanded our US presence with full product ranging of Healthy Heights® on Kroger.com, as well as subsidiaries Ralphs.com and Smiths.com, complementing NGS's existing online distribution through Walmart.com and Rangeme.com.

Although we remain strongly focused on the US market, during the year, we also expanded our global distribution with key agreements in Korea and Poland.

NGS also bolstered its Board during the year to drive the next stage of growth, with myself being appointed as Chairman in February and Peter Osborne joining the Board as a Non-Executive Director in August.

The appointment of Steve Turner as CEO to drive the next stage of North America growth, with over 20 years' experience having previously held role with numerous multinational pharmaceutical and health companies, will be of significance as we continue to execute on our growth strategy.

With a strong foundation build and a well-defined strategy going forwards, the Board believes that we have the ability to create significant shareholder value over the coming year.

On behalf of the Board, I would like to thank shareholders for their ongoing support to date. With the aim of improving nutrition and growth for children globally and a strong foundation build, we look forward to an exciting year in 2023 and beyond.

David Fenlon

Non-Executive Chairman

Letter from the CEO

The 2023 year has been a critical year operationally for Nutritional Growth Solutions, and in shifting our strategy to focus on the US market, we achieved several critical milestones that have laid a strong foundation for NGS' North American growth.

Over this last year, we have seen consistent improvement in our sales and profits related to the successes we have had thus far in our US operations. Sales in the US generated 93% of our topline revenues in 2022, compared to 82% in 2021. This was a result of continued growth in our retail and online strategies in the US and having less sales with distributors. Total sales in the US grew to approximately \$2.7 million, up from \$2.5 million in 2021. In addition to the modest growth in the US, we improved our gross margins from approximately 45% to 49% due to increased sales in our core channels.

In anticipation of our retail sales expansion, we invested capital in a significant volume of inventory, approximately \$1.3 million, to prepare for product launches. As part of our 2023 operational plans, we will work to capitalize on our inventory position and expect to spend less in the coming year related to inventory production.

Our operating efficiency has improved compared to the prior year. Part of our investments in selling and marketing activities this last year were focused on the attempted expansion into the China market. In 2023, we expect these costs to decrease significantly while focusing on increasing the company's sales in the USA. At the same time, the company's operational efficiency improved this year, and this was reflected in a decrease in FY22 net loss from \$4.2M (versus FY21 net loss of \$4.8M).

In September, our products were stocked on the shelves of 403 Walmart stores in the United States and since, we have continued to achieve a sales velocity above expectations, which resulted in Walmart increasing the number of stores, with Healthy Heights products to be stocked in 465 Walmart stores from May 2023. As sales velocity through Walmart continues to increase, we can expect to see an organic increase in the number of Walmart stores stocking our products.

We have also continued to expand our relationship with Walmart, with our new product Healthy Tummies® developed in collaboration with the merchant team, expected to be on shelves by Q4 2023, further driving revenues through this leading North American retailer.

In 2023, we will continue to execute on our North American growth strategy of increasing sales velocity, growing the number of Walmart stores in which NGS products are stocked, expanding product lines through further development, increasing US distribution as additional retailers seek to leverage off Walmart's success and continuing to support and optimize Amazon and e-commerce platforms.

With over 3,500 stores in the US alone, Walmart represents a significant opportunity for NGS, and based on an increase in sales velocity and SKU count, we have the potential to generate substantial revenue from Walmart alone.

With NGS products being both revenue generating and profitable for Walmart, we expect to see additional US retailers start to stock NGS products and as we continue to meet with key buyers from both national and regional retailers and attend key trade shows and events to build further awareness for the brand.

With a robust marketing strategy to support growth, during 2023 we'll continue to utilize digital media to drive greater sales and awareness, in support of our physical and online sales of our products in North America and globally. I would like to take this opportunity to thank our shareholders, Board and the entire Nutritional Growth Solutions team for their support and dedication to date, and we look forward to achieving further milestones in 2023.

Stephen Turner

Chief Executive Officer

NUTRITIONAL GROWTH SOLUTIONS LTD.

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Independent Auditors' Statement to Shareholders of NUTRITIONAL GROWTH SOLUTIONS LTD.

Opinion

We have audited the accompanying consolidated financial statement of Nutritional Growth Solutions Ltd. (the "Company"), which comprise the statements of financial position as of December 31, 2022, the related statements of comprehensive income, changes in equity and cash flows for the year ended December 31, 2022, and notes to the financial statement, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statement present fairly, in all material respects, the consolidated financial position of the Company as of December 31, 2022, its financial performance and its cash flows for the year ended December 31, 2022 in accordance with International Financial Reporting Standards (IFRSs).

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the financial statements section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) together with the ethical requirements that are relevant to our audit of the financial statements in Israel, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Material Uncertainty Related to Going Concern

We draw attention to Note 1C in the consolidated financial statements, which indicated that the Group incurred a net loss of USD 4,249 thousand during the year ended December 31, 2022. As stated in Note 1C, these events and conditions, indicate that a material uncertainty exists that may cast substantial doubt on the Group's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

<i>Share based payments</i>	<i>How the matter was addressed in our audit</i>
Share based payments expenses for the year ended December 31, 2022 amounted to USD 302 thousand. The Company has a share-based remuneration scheme for employees. The fair value of the options was estimated by using the Black and Scholes model. The fair value of the options and performance rights granted is charged to profit or loss over the vesting period of each tranche and the credit is recognized in equity, based on the Company's estimate of shares that will eventually vest. The performance rights have performance conditions in addition to continued service. Share based payment calculation is a judgmental accounting area which requires assumptions utilized in the fair value calculations. There is a risk in the consolidated financial statements that the Company may incorrectly measure the fair value and incorrectly recognize and/or inappropriately disclose. The accounting policy for share based payment is described in Note 2, and the assumptions are disclosed in Note 10.B of the accompanying financial statements.	Our procedures in respect of this area included: • Reviewing the terms of the share-based scheme and performance rights and ensuring that they were appropriately accounted for in accordance with IFRS 2 criteria. • Inspect the calculation of the fair value as held by the Company. • Confirming the inputs to the calculations, where appropriate, to external data. • Holding discussions with key management personnel to understand the changes made to the awards, if any. • Considering the adequacy of the Company's disclosures in respect with the treatment of share-based payments in the consolidated financial statements.

Other information

The directors and management of the Company are responsible for the other information. The other information comprises the information contained in the directors' report for the year ended December 31, 2022, but does not include the consolidated financial statements and our auditor's report thereon. Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon. In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed on the other information that we obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the management and directors for the Consolidated Financial Statements

The directors and the management of the Company are responsible for the preparation and fair presentation of these consolidated financial statements in accordance with IFRSs, and for such internal control as management and the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error. In preparing the consolidated financial statements, the management and the directors are responsible for assessing the ability of the Company to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the management and the directors either intend to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the Audits of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audits conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of the audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audits procedures responsive to those risks, and obtain audits evidence that is sufficient and appropriate to provide a basis for our opinion.

The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audits in order to design audits procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audits evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audits evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audits and significant audits findings, including any significant deficiencies in internal control that we identify during our audits.

Lior Shahar

Partner

Tel-Aviv, Israel

March 30, 2023



BDO Ziv haft
Certified Public Accountants (Isr.)
BDO Member Firm

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NUTRITIONAL GROWTH SOLUTIONS LTD.
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
(US Dollar in thousands)

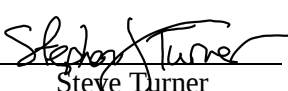
	<u>Note</u>	<u>December 31, 2022</u>	<u>December 31, 2021</u>
ASSETS			
Current assets:			
Cash and cash equivalents		1,521	4,142
Trade receivables		82	35
Other accounts receivable	4	66	108
Inventories	7	1,277	315
Total current assets		<u>2,946</u>	<u>4,600</u>
Non-current assets:			
Intangible assets, net	5	40	60
Right of asset use	9	35	73
Property, plant and equipment, net	6	8	7
Total non-current assets		<u>83</u>	<u>140</u>
TOTAL ASSETS		<u>3,029</u>	<u>4,740</u>

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

NUTRITIONAL GROWTH SOLUTIONS LTD.
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
(US Dollar in thousands)

	<u>Note</u>	<u>December 31, 2022</u>	<u>December 31, 2021</u>
LIABILITIES AND SHAREHOLDERS' EQUITY			
Current liabilities:			
Trade account payables		243	213
Lease liability	9	37	36
Derivative financial liability	10	138	127
Other account payables	8	536	452
Total current liabilities		<u>954</u>	<u>828</u>
Non-current liabilities:			
Long term lease liability	9	-	37
Total non-current liabilities		<u>-</u>	<u>37</u>
Shareholders' equity:			
	10		
Share capital and premium*		15,298	12,849
Accumulated deficit		(13,223)	(8,974)
Total shareholders' equity		<u>2,075</u>	<u>3,875</u>
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY			
		<u>3,029</u>	<u>4,740</u>

* Reclassified

 Steve Turner Chief Executive Officer	 Dave Fenlon Chairman	 Yossi Nizhar Chief Financial Officer	March 30 2023 Date of approval of financial statements
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The accompanying notes are an integral part of the consolidated financial statements.

NUTRITIONAL GROWTH SOLUTIONS LTD.
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
(US Dollar in thousands except earnings per share)

	<u>Note</u>	<u>Year ended December 31, 2022</u>	<u>Year ended December 31, 2021</u>
Revenue	11	2,947	3,040
Cost of revenue		<u>1,509</u>	<u>1,679</u>
Gross profit		<u>1,438</u>	<u>1,361</u>
Research and development expenses	12	386	897
General and administrative expenses	13	1,636	2,071
Selling and marketing expenses	14	<u>3,760</u>	<u>3,126</u>
Operating loss		<u>4,344</u>	<u>4,733</u>
Financial expense		18	65
Financial income		<u>113</u>	<u>18</u>
Loss before tax		4,249	4,780
Taxes on income	15	<u>-</u>	<u>-</u>
Total comprehensive loss for the year		<u>4,249</u>	<u>4,780</u>
Basic and diluted loss per share	10	<u><u>\$ (0.03)</u></u>	<u><u>\$ (0.05)</u></u>

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

NUTRITIONAL GROWTH SOLUTIONS LTD.
CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY
(US Dollar in thousands)

	**Share capital and premium	Accumulated deficit	Total
Balance at January 1, 2021	8,516	(4,194)	4,322
Changes during the year:			
Total comprehensive loss	-	(4,780)	(4,780)
Issuance of shares, net	3,280	-	3,280
Exercise of options (*)	*	-	*
Share based payment	1,053	-	1,053
Balance at December 31, 2021	<u>12,849</u>	<u>(8,974)</u>	<u>3,875</u>
Changes during the year:			
Total comprehensive loss	-	(4,249)	(4,249)
Issuance of shares, net	2,147	-	2,147
Share based payment	302	-	302
Balance at December 31, 2022	<u>15,298</u>	<u>(13,223)</u>	<u>2,075</u>

*Amount under 1 US Dollar in thousands

** Reclassified

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

NUTRITIONAL GROWTH SOLUTIONS LTD.
CONSOLIDATED STATEMENTS OF CASH FLOWS
(US Dollar in thousands)

	Year ended December 31, 2022	Year ended December 31, 2021
CASH FLOWS FROM OPERATING ACTIVITIES:		
Loss for the year	(4,249)	(4,780)
Adjustments to reconcile net loss to net cash provided by operating activities:		
Depreciation	41	20
Amortization of intangible assets	20	90
Decrease (increase) in trade receivables, net	(47)	3
Decrease in other accounts receivable	38	140
Increase in inventories	(962)	(170)
Increase in trade accounts payables	30	27
Increase (decrease) in other accounts payables	84	(52)
Share-based payment	302	1,053
Gain from forgivable loan	-	(129)
Change in fair value of derivative-warrants	(86)	(18)
Net cash used in operating activities	<u>(4,829)</u>	<u>(3,816)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchase of property, plant and equipment	(4)	(4)
Purchase of intangible assets	-	(75)
Payment of deposit	8	(8)
Net cash used in investing activities	<u>4</u>	<u>(87)</u>
CASH FLOWS FROM FINANCING ACTIVITIES:		
Principal paid on lease liabilities	(36)	(10)
Issuance of shares and warrants, net	2,244	3,425
Net cash provided by financing activities	<u>2,208</u>	<u>3,415</u>
Net decrease in cash and cash equivalents	(2,621)	(488)
Cash and cash equivalents at the beginning of the year	<u>4,142</u>	<u>4,630</u>
Cash and cash equivalents at the end of the year	<u>1,521</u>	<u>4,142</u>

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

NUTRITIONAL GROWTH SOLUTIONS LTD.
CONSOLIDATED STATEMENTS OF CASH FLOWS
(US Dollar in thousands)

	Year ended December 31, 2022	Year ended December 31, 2021
APPENDIX A - AMOUNT PAID DURING THE YEAR FOR:		
Interest paid	6	2
	Year ended December 31, 2022	Year ended December 31, 2021
APPENDIX B – NON-CASH FINANCING AND INVESTING ACTIVITIES:		
Recognition of right of use assets and lease liabilities	-	83

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

NUTRITIONAL GROWTH SOLUTIONS LTD.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

NOTE 1 - GENERAL:

- A. Nutritional Growth Solutions Ltd. (the "Company") was incorporated on November 24, 2013 in Israel and commenced its operations on May 1, 2014. The Company has a wholly - owned subsidiary in the United States, NG Solutions INC., which was incorporated in August 2017. The Company's address is Hanechoset 3, Tel Aviv-Yafo. The Company and its subsidiary (together, the "Group") develops, produces and sells clinically tested protein supplements for children by commercializing the intellectual property generated by years of medical research into pediatric nutrition.
- B. The Company was admitted to the official list of the ASX on October 30, 2020 through an initial public offering ("IPO") with its ordinary fully paid shares having commenced trading on October 30, 2020. The Company raised gross amount of AUD 7 million (approximately 5,005) pursuant to the offer by the issuance of 35,000,000 shares at a share price of AUD 0.20 per share.
- C. The Group incurred a net loss of USD 4,249 thousand for the year ended December 31, 2022, and generated USD 13,223 thousand of accumulated deficit since inception and up until December 31 2022. These events and conditions, indicate that a material uncertainty exists that may cast substant doubt on the Group's ability to continue as a going concern. In order to overcome the uncertainty, the Company targeting its efforts in raising additional funds, increasing its revenue and implements cost reduction initiative.

NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES:

The principal accounting policies adopted in the preparation of the financial statements are set out below. The policies have been consistently applied to all the years presented.

Basis of preparation

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS"), as issued by the International Accounting Standard Board ("IASB"). The financial statements have been prepared under the historical cost convention. The Company has elected to present the consolidated statements of comprehensive income using the function of expense method. In addition, these consolidated financial statements are presented in US Dollars. All currency amounts have been recorded to the nearest thousand, unless otherwise indicated.

NUTRITIONAL GROWTH SOLUTIONS LTD.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES (CONT.):

Basis of consolidation (cont):

Where the Company has control over an investee, it is classified as a subsidiary. The Company controls an investee if all three elements are present: power over the investee, exposure to variable returns from the investee, and the ability of the investor to use its power to affect those variable returns. Control is reassessed whenever facts and circumstances indicate that there may be a change in any of these elements of control.

The consolidated financial statements of the Company include the accounts of the Company and its subsidiary as if they formed a single entity. Intercompany transactions and balances between the two entities were eliminated in full.

Use of estimates and assumptions in the preparation of the financial statements

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosure of contingent assets and liabilities at the dates of the financial statements and the reported amounts of expenses during the reporting periods. Actual results could differ from those estimates. See also Note 3.

Cash and cash equivalents

Cash equivalents are considered by the Group to be highly-liquid investments, including, inter alia, short-term deposits with banks and the maturity of which do not exceed three months at the time of deposit and which are not restricted.

Loss per share

Loss per share is calculated by dividing the net loss, by the weighted number of ordinary shares outstanding during the period. Basic loss per share only include shares that were actually outstanding during the period.

Foreign currency

The financial information of the Group is presented in US Dollars which is the Company's functional which is the currency that best reflects the economic substance of the underlying events and circumstances relevant to the Company. Transactions and balances in foreign currencies are converted into US Dollars in accordance with the principles set forth by IAS 21 ("The Effects of Changes in Foreign Exchange Rates"). Accordingly, transactions and balances have been converted as follows:

- Monetary assets and liabilities – at the rate of exchange applicable at the consolidated statements of financial position date.
- Income and expense items – at exchange rates applicable as of the date of recognition of those items.

NUTRITIONAL GROWTH SOLUTIONS LTD.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES (CONT.):

Foreign currency (cont):

- Non-monetary items are converted at the rate of exchange used to convert the related statement of financial position items i.e. at the time of the transaction.

Exchange gains and losses from the aforementioned conversion are recognized in profit or loss.

Fair value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- A. In the principal market for the asset or liability; or
- B. In the absence of a principal market, in the most advantageous market for the asset or liability.

The principal or the most advantageous market must be accessible by the Group.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

Classification by fair value hierarchy

Assets and liabilities presented in the consolidated statements of financial position at fair value are grouped into classes with similar characteristics using the following fair value hierarchy which is determined based on the source of input used in measuring fair value:

- Level 1 - Quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2 - Inputs other than quoted prices included within Level 1 that are observable either directly or indirectly.
- Level 3 - Inputs that are not based on observable market data (valuation techniques that use inputs that are not based on observable market data).

For assets and liabilities that are recognized in the financial statements at fair value on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by re-assessing categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

NUTRITIONAL GROWTH SOLUTIONS LTD.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES (CONT.):

Financial instruments

1. Financial Assets

The Group classifies its financial assets into the following category, based on the business model for managing the financial asset and its contractual cash flow characteristics. The Group's accounting policy for the relevant category is as follows:

Amortized cost: These assets arise principally from the selling products to customers (e.g. trade receivables), but also incorporate other types of financial assets where the objective is to hold these assets in order to collect contractual cash flows and the contractual cash flows are solely payments of principal and interest.

They are initially recognized at fair value plus transaction costs that are directly attributable to their acquisition or issue, and are subsequently carried at amortized cost using the effective interest rate method, less provision for impairment and trade receivables are initially recognized at their transaction price. Impairment provisions for trade receivables are recognized based on the simplified approach within IFRS 9 using a provision in the determination of the lifetime expected credit losses. During this process the probability of the non-payment of the trade receivables is assessed. This probability is then multiplied by the amount of the expected loss arising from default to determine the lifetime expected credit loss for the trade receivables. For trade receivables, which are reported net, such provisions are recorded in a separate provision account with the loss being recognized in the consolidated Statements of comprehensive income. On assessment that the trade receivable will not be collectable, the gross carrying value of the asset is written off against the associated provision.

2. Financial Liabilities

The Group classifies its financial liabilities based on the purpose for which the liability was acquired. The Group's accounting policy is as follows:

Amortized cost: Trade payables, certain other accounts payable and liability for royalties payable are initially recognized at fair value and subsequently carried at amortized cost using the effective interest method

Fair value through profit or loss: this category comprises of convertible loan and financial derivatives which was designated upon initial recognition according to IFRS 9. Changes in fair value recognized in the consolidated statement of comprehensive income except for changes derived from credit risk in respect of financial liabilities designated at fair value which are recognized in other comprehensive income.

NUTRITIONAL GROWTH SOLUTIONS LTD.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES (CONT.):

Share based payment

The Group has a share based remuneration scheme for employees. The fair value of share options and performance shares was estimated by using a Black and Scholes model. The model was designed to take into account the unique terms and conditions of the performance shares and share options, as well as the capital structure of the Group and the volatility of its share prices, on the date of grant based on certain assumptions.

Non-market vesting conditions are taken into account by adjusting the number of equity instruments expected to vest at each reporting date so that, ultimately, the cumulative amount recognized over the vesting period is based on the number of options that eventually vest. Non-vesting conditions and market vesting conditions are factored into the fair value of the options granted. As long as all other vesting conditions are satisfied, a charge is made irrespective of whether the market vesting conditions are satisfied. Other conditions are described in Note 11 and include, among others. The fair value of the equity settled options granted is charged to statement of comprehensive income over the vesting period of each tranche and the credit is recognized in equity, based on the Group's estimate of shares and options that will eventually vest.

Current income taxes

The current tax liability is measured using the tax rates and tax laws that have been enacted or substantively enacted by the reporting date as well as adjustments required in connection with the tax liability in respect of previous years.

The Company has incurred losses, and no current income taxes or tax liability are recorded. Deferred tax assets relating to carry forward losses in the financial statements being recognized only when their utilization in the foreseeable future is probable.

NUTRITIONAL GROWTH SOLUTIONS LTD.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES (CONT.):

Property, plant and equipment

Items of property, plant and equipment are initially recognized at cost including directly attributable costs. Depreciation is calculated on a straight-line basis from cost to residual value, over the useful lives of the assets at annual rates as follows:

	<u>Annual depreciation rate (%)</u>
Computers	33
Furniture and office equipment	20

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of any component accounted for as a separate asset is derecognised when replaced. All other repairs and maintenance are charged to profit or loss during the reporting period in which they are incurred.

The assets' residual values, depreciation rates, and depreciation method are reviewed, and adjusted if appropriate, at the end of each reporting period. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is higher than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in profit or loss.

Inventories

Inventories are recognized at the lower of cost and net realizable value. Cost comprises all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition. The Group measures cost of raw materials on First In First Out ("FIFO") basis and finished goods according to costs based on direct costs of materials and labor.

Issuance costs

The Group allocated the incremental costs that were directly attributable to issuing new shares to equity (net of any income tax benefit) and the costs that were related to the stock market listing, or are otherwise not incremental and directly attributable to issuing new shares, were recognized as an expense in the statement of comprehensive income. Costs that were related to both share issuance and listing were allocated between those functions based on the number of shares.

NUTRITIONAL GROWTH SOLUTIONS LTD.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES (CONT.):

Leases

IFRS 16 provides a single lessee accounting model, requiring the recognition of assets and liabilities for all leases, excluding leases where the lease term is 12 months or less, or where the underlying asset is of low-value.. The Group does not have significant leasing acting as a lessor.

Lease liabilities are measured at the present value of the contractual payments due to the lessor over the lease term, with the discount rate determined by reference to the rate implicit in the lease unless (as is typically the case) this is not readily determinable, in which case the Group's lessee's incremental borrowing rate on commencement of the lease is used. Variable lease payments are only included in the measurement of the lease liability if they depend on an index or rate. In such cases, the initial measurement of the lease liability assumes the variable element will remain unchanged throughout the lease term. Other variable lease payments are expensed in the period to which they relate.

On initial recognition, the carrying value of the lease liability also includes:

- amounts expected to be payable under any residual value guarantee.
- the exercise price of any purchase option granted if it is reasonably certain to exercise that option.
- any penalties payable for terminating the lease, if the term of the lease has been estimated on the basis of termination option being exercised.

Right of use assets are initially measured at the amount of the lease liability, reduced for any lease incentives received, and increased for:

- lease payments made at or before commencement of the lease;
- initial direct costs incurred; and
- the amount of any provision recognized where the Group is contractually required to dismantle, remove or restore the underlying asset.

NUTRITIONAL GROWTH SOLUTIONS LTD.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES (CONT.):

Leases (cont.)

Subsequent to initial measurement lease liabilities increase as a result of interest charged at a constant rate on the balance outstanding and are reduced for lease payments made. Right of use assets are amortized on a straight-line basis over the remaining term of the lease or over the remaining useful life of the right of use asset, if rarely, this is judged to be shorter than the lease term. In the scenario that the measurement of lease liabilities takes into consideration the purchase option the Group will amortize the right of use assets over the underlying asset's useful life. Lease liabilities are remeasured when there is a change in future lease payments arising from a change in an index or rate or when there is a change in the Group's assessment of the term of any lease. The remeasurement being recognized in front of the right of use assets.

Research and development costs

Expenditure on research activities is recognized in profit or loss as incurred. Development expenditures is recognized as an intangible asset when the Group can demonstrate:

- The product is technically and commercially feasible.
- The Group intends to complete the product so that it will be available for use or sale.
- The Group has the ability to use or sell the product.
- The Group has the technical, financial and other resources to complete the development and to use or sell the product.
- Use or sale of the product will generate future economic benefits
- The Group is able to measure reliably the expenditure attributable to the product during the development.

During the years ended December 31, 2022 and 2021, expenses were not capitalized, as they do not meet the criteria set forth in IAS 38.

Externally acquired intangible assets

Externally acquired intangible assets are initially recognised at cost and subsequently amortised on a straight-line basis over their useful economic lives.

Intangible assets are recognised on business combinations if they are separable from the acquired entity or give rise to other contractual/legal rights. The amounts ascribed to such intangibles are arrived at by using appropriate valuation techniques

NUTRITIONAL GROWTH SOLUTIONS LTD.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES (CONT.):

Impairment of non-financial assets

Non-financial assets excluding inventories are subject to impairment test whenever events or changes in circumstances indicate that their carrying amount may not be recoverable. Where the carrying value of the non-financial asset exceeds its recoverable amount (i.e. the higher of value in use and fair value less costs to dispose), the asset is written down and impairment charge is recognized to profit or loss. Non-financial assets with indefinite useful life or assets that are not in use are tested for impairment on a yearly basis and also when there is an indication for impairment. Where it is not possible to estimate the recoverable amount of an individual asset, the impairment test is carried out on the asset's cash-generating unit (i.e. the smallest group of assets to which the asset belongs that generates cash inflow that are largely independent of cash inflows from other assets).

An impairment loss allocated to asset, is reversed only if there have been changes in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognized. Reversal of an impairment loss, as above, is limited to the lower of the carrying amount of the asset that would have been determined (net of depreciation or amortization) if no impairment loss been recognized for the asset in prior years and the assets recoverable amount. After an impairment of non-financial asset is recognized, the Company examines at each reporting date whether there are indications that the impairment which was recognized in the past is no longer exists or should be reduced. The reversal of impairment loss of an asset is recognized in profit or loss.

NUTRITIONAL GROWTH SOLUTIONS LTD.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES (CONT.):

Employee benefits

The Group has several employees' benefits plans:

1. Short-term employee benefits: Short-term employee benefits include salaries, paid annual leave, paid sick leave, recreation and social security contributions and are recognized as expenses as the services are rendered. A liability in respect of a cash bonus or a profit-sharing plan is recognized when the Group has a legal or constructive obligation to make such payment as a result of past service rendered by an employee and a reliable estimate of the amount can be made.
2. Post-employment benefits: The plans are financed by contributions to insurance companies and classified as defined contribution plans. The Group has contributed for all of its employees contribution plans pursuant to Section 14 to the Severance Pay Law which the Company pays fixed contributions and will have no legal or constructive obligation to pay further contributions if the fund does not hold sufficient amounts to pay all employee benefits relating to employee service in the current and prior periods.

Contributions to the defined contribution plan in respect of severance or retirement pay are recognized as an expense simultaneously with receiving the employee's services and no additional provision is required in the financial statements except for the unpaid contribution. The Group also operates for some employees an immaterial defined benefit plan in respect of severance pay pursuant to the Severance Pay Law.

Liability for royalties payable

The Group measured its governmental liabilities on grants received, each period, based on discounted cash flows derived from Group's future anticipated revenues. The discount rate reflects the market rate at the date of receiving the grant. A change in the estimate within a reasonable range will not result a material change of the liability.

NUTRITIONAL GROWTH SOLUTIONS LTD.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES (CONT.):

New standards, interpretations and amendments not yet effective

The Group has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

There are a number of standards, amendments to standards, and interpretations which have been issued by the IASB that are effective in future accounting periods that the Group has decided not to adopt early.

The following amendments are effective for the period beginning January 1, 2023:

- Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2);
- Definition of Accounting Estimates (Amendments to IAS 8); and
- Deferred Tax Related to Assets and Liabilities arising from a Single Transaction (Amendments to IAS 12).

The following amendments are effective for the period beginning January 1, 2024:

- IFRS 16 Leases (Amendment – Liability in a Sale and Leaseback)
- IAS 1 Presentation of Financial Statements (Amendment – Classification of Liabilities as Current or Non-current)
- IAS 1 Presentation of Financial Statements (Amendment – Non-current Liabilities with Covenants)

NUTRITIONAL GROWTH SOLUTIONS LTD.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

NOTE 3 - CRITICAL ACCOUNTING ESTIMATES:

Share based payment

The Group has a share-based remuneration scheme for employees and suppliers. In 2022 and 2021 the fair value of the share and options were estimated by using the Black and Scholes model, which was aimed to model the value of the Company's assets over time. In 2022 and 2021 the fair value of share options was estimated by using a black and Scholes model, which was aimed to model the value of the Group's equity over time. The simulation approach was designed to take into account the unique terms and conditions of the performance shares and share options, as well as the capital structure of the Company and the volatility of its assets, on the date of grant based on certain assumptions. Those conditions are described in Note 10b and include, among others, expected volatility, the dividend growth rate and expected term. The fair value of the equity settled options granted is charged to statement of comprehensive income over the vesting period of each tranche and the credit is recognized in equity, based on the Group's estimate of shares that will eventually vest.

NOTE 4 - OTHER ACCOUNTS RECIVABLE:

	December 31, 2022	December 31, 2021
Prepaid expenses	60	85
Deposit	4	12
Government institutions	-	11
Others	2	-
Total	66	108

NUTRITIONAL GROWTH SOLUTIONS LTD.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

NOTE 5 - INTANGIBLE ASSETS:

On December 17, 2020 the Group signed a purchase agreement with Ausmerica Wellness Services LLC to acquire the Kidzshake brand (the "Kidzshake") associated assets. In order to estimate the fair value of the purchased assets the Group used the expertise of an external valuator.

For the year ended December 31, 2022:

	<u>Customer's relation</u>	<u>Brand</u>	<u>Know how</u>	<u>Total</u>
Cost:				
As of January 1, 2022	58	22	70	150
Additions	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
As of December 31, 2022	<u>58</u>	<u>22</u>	<u>70</u>	<u>150</u>
Accumulated depreciation:				
As of January 1, 2022	(14)	(6)	(70)	(90)
Additions	<u>(15)</u>	<u>(5)</u>	<u>-</u>	<u>(20)</u>
As of December 31, 2022	<u>(29)</u>	<u>(11)</u>	<u>(70)</u>	<u>(110)</u>
Net book value:				
As of December 31, 2022	<u>29</u>	<u>11</u>	<u>0</u>	<u>40</u>

For the year ended December 31, 2021:

	<u>Customer's relation</u>	<u>Brand</u>	<u>Know how</u>	<u>Total</u>
Cost:				
As of January 1, 2021	58	22	70	150
Additions	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
As of December 31, 2021	<u>58</u>	<u>22</u>	<u>70</u>	<u>150</u>
Accumulated depreciation:				
As of January 1, 2021	-	-	-	-
Additions	<u>(14)</u>	<u>(6)</u>	<u>(70)</u>	<u>(90)</u>
As of December 31, 2021	<u>(14)</u>	<u>(6)</u>	<u>(70)</u>	<u>(90)</u>
Net book value:				
As of December 31, 2021	<u>44</u>	<u>16</u>	<u>-</u>	<u>60</u>

NUTRITIONAL GROWTH SOLUTIONS LTD.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

NOTE 6 - PROPERTY, PLANT AND EQUIPMENT, NET:

For the year ended December 31, 2022:

	<u>Computers</u>	<u>Furniture and office equipment</u>	<u>Total</u>
Cost:			
As of January 1, 2022	21	19	40
Additions	4	-	4
As of December 31, 2022	<u>25</u>	<u>19</u>	<u>44</u>
Accumulated depreciation:			
As of January 1, 2022	(16)	(17)	(33)
Additions	(2)	(1)	(3)
As of December 31, 2022	<u>(18)</u>	<u>(18)</u>	<u>(36)</u>
Net book value:			
As of December 31, 2022	<u>7</u>	<u>1</u>	<u>8</u>

For the year ended December 31, 2021:

	<u>Computers</u>	<u>Furniture and office equipment</u>	<u>Total</u>
Cost:			
As of January 1, 2021	17	19	36
Additions	4	-	4
As of December 31, 2021	<u>21</u>	<u>19</u>	<u>40</u>
Accumulated depreciation:			
As of January 1, 2021	(11)	(12)	(23)
Additions	(5)	(5)	(10)
As of December 31, 2021	<u>(16)</u>	<u>(17)</u>	<u>(33)</u>
Net book value:			
As of December 31, 2021	<u>5</u>	<u>2</u>	<u>7</u>

NOTE 7 - INVENTORIES:

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Finished goods	1,068	203
Raw materials	209	112
Total	<u>1,277</u>	<u>315</u>

NUTRITIONAL GROWTH SOLUTIONS LTD.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

NOTE 8 - OTHER ACCOUNTS PAYABLE:

	December 31, 2022	December 31, 2021
Accrued expenses	214	136
Liability to royalties payable	125	142
Employees, salaries and related liabilities	116	118
Credit cards	80	55
Others	1	1
Total	<u>536</u>	<u>452</u>

NOTE 9 – LEASES:

On August 27, 2021, the Group' US subsidiary has signed an office lease agreement, under which, the subsidiary leased about 150 square meters, for a period of 26 months commencing October 1, 2021 for its day to day office needs and onsite work. The monthly base rent fees are 3.5. The lease does not contain a purchase option. The interest rate applied was 11% per annum.

The Company leases its offices under short term lease agreements and applied the exemption not to recognize right-of-use assets and liabilities for leases with less than 12 months and do not contain a purchase option.

Total lease expenses in 2022 and 2021 were 44 and 12, respectively.

NUTRITIONAL GROWTH SOLUTIONS LTD.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

NOTE 9 – LEASES (CONT):

Set out below are the carrying amounts of right-of-use assets recognized and the movements during the period.

	Office facilities
At January 1, 2022	73
Depreciation expense	(38)
As at December 31, 2022	<u>35</u>
At January 1, 2021	<u>-</u>
Additions	83
Depreciation expense	(10)
As at December 31, 2021	<u>73</u>

Set out below are the carrying amounts of lease liabilities and the movements during the period:

	2022
At January 1, 2022	73
Accretion of interest	6
Interest payment	(6)
Principal payment	(36)
As at December 31, 2022	<u>37</u>
	2021
At January 1, 2021	<u>-</u>
Additions	83
Accretion of interest	2
Interest payment	(2)
Principal payment	(10)
As at December 31, 2021	<u>73</u>

The following are the amounts recognized in profit or loss:

	2022	2021
Depreciation expense of right-of-use assets	38	10
Interest expense on lease liabilities	6	2
Total amount recognized in profit or loss	<u>44</u>	<u>12</u>

The Company doesn't have extension option for the leasing.

NUTRITIONAL GROWTH SOLUTIONS LTD.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

NOTE 10 - SHAREHOLDERS' EQUITY:

A. Share capital:

Listing on the ASX:

1. The Company was admitted to the official list of the ASX on October 30, 2020, with its ordinary fully paid shares having commenced trading on October 30, 2020. The Company raised gross AUD 7 million (approximately 5,005) pursuant to the offer by the issuance of 35,000,000 shares at a share price of AUD 0.20 per share. Issuance expenses amounted to 593 out of which 102 was recorded in the statement of income (see also Note 2). Prior to the IPO, the Company issued bonus shares so that each ordinary share received approximately 27 additional ordinary shares and consequently the total existing shares was increased to 36,500,000.

2. On August 2022, the Company raised AUD 3.48 million (approximately gross 2,385) before costs via a share Placement (the "Placement") to new investors as well as existing shareholders. Under the Placement the Company issued 29,232,835 new ordinary shares plus 14,499,985 stock options. Issuance expenses amounted to 143. The stock options are vested upon issuance and exercisable till November 2023 at a price per option of AUD 0.27 commencing issuance date and will expire upon the elapse of the term. As part of the Placement, the Company issued to the lead broker 5,480,000 stock options with terms identical to the terms of the shareholders' stock options. The stock options have been admitted to the official list of the ASX on November 21, 2022. The fair value of share options was determined according to the market price of the same traded option (NGSO). The option market price as of issue date is 0.01 USD per option.

NUTRITIONAL GROWTH SOLUTIONS LTD.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

NOTE 10 - SHAREHOLDERS' EQUITY (CONT.):

A. Share capital (cont.):

3. On August 2021, the Company completed a follow-on public capital raise in ASX upon which the Company raised gross AUD 5 million (approximately gross 3,623, approximately net 3,425 after issuance expenses). Issuance expenses amounted to 343 which were recorded in the equity. Each new shareholder received 4 new ordinary shares plus 1 stock option against AUD 0.86. The stock options are vested upon issuance and exercisable over 2 years at a price per option of AUD 0.27 commencing issuance date (the “term”) and will expire upon the elapse of the term. The stock options have been admitted to the official list of the ASX on November 23, 2021. Upon the options’ issuance, the fair value of share options was estimated by using a Black and Scholes simulation model approach. The option value as of issue date is 0.02 USD per option.

The simulation approach was designed to take into account the terms and conditions of the share options, as well as the capital structure of the Group and the volatility of its assets, on the date of grant based on certain assumptions. Those conditions are, among others are:

- The expected volatility is 60%.
- The dividend growth rate 0%.
- Expected term - 2 years.

Reconciliation of liabilities arising from financial activities:

The changes in the Company's liabilities arising from financing activities can be classified as follows:

	<u>Derivative liability</u>
As of January 1, 2022	127
Issuance of warrants (financial derivative) as part of package	97
Decrease in fair value of financial derivative	(86)
As of December 31, 2022	<u>138</u>
	<u>Derivative liability</u>
As of January 1, 2021	-
Issuance of warrants (financial derivative) as part of package	145
Decrease in fair value of financial derivative	(18)
As of December 31, 2021	<u>127</u>

NUTRITIONAL GROWTH SOLUTIONS LTD.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

NOTE 10 - SHAREHOLDERS' EQUITY (CONT.):

A. Share capital (cont.):

Movement in number of shares	<u>Number of shares</u>
Opening balance as at January 1, 2022	118,074,617
Issuance of shares as a result of exercise of Performance Rights	1,000,000
Issuance of shares	29,232,835
Closing balance at December 31, 2022	<u>148,307,452</u>

Movement in number of shares	<u>Number of shares</u>
Opening balance as at January 1, 2021	<u>94,714,298</u>
Issuance of shares as a result of exercise of employee options	104,505
Issuance of shares (follow on capital raise)	23,255,814
Closing balance at December 31, 2021	<u>118,074,617</u>

	<u>Number of ordinary shares as of December 31,</u>	
	<u>2022</u>	
	<u>Authorized</u>	<u>Issued and outstanding</u>
Ordinary shares of NIS 0.01 par value	<u>500,000,000</u>	<u>148,307,452</u>
	<u>Number of ordinary shares as of December 31,</u>	
	<u>2021</u>	
	<u>Authorized</u>	<u>Issued and outstanding</u>
Ordinary shares of NIS 0.01 par value	<u>500,000,000</u>	<u>118,074,617</u>

NUTRITIONAL GROWTH SOLUTIONS LTD.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

NOTE 10 - SHAREHOLDERS' EQUITY (CONT.):

B. Share based payment:

1. On March 1, 2022 the Group granted to the Chairman of the Board of Directors 5,000,000 options exercisable into 5,000,000 ordinary shares of the Company, NIS 0.01 par value each. The options are exercisable at a price of AUD 0.27 per share, 1,00,000 options vested at date of grant and 4,000,000 options will vest equally each year over a period of 2 years commencing February 28, 2022. Contractual life of the options is 5 years. The option value as of grant date is USD 0.037 per option. The fair value of share options was estimated at \$184 by using a Black and Scholes model approach, which was aimed to model the value of the Company's assets over time.

The simulation approach was designed to take into account the terms and conditions of the share options, as well as the capital structure of the Group and the volatility of its assets, on the date of grant based on certain assumptions. Those conditions are, among others:

- The expected volatility is 60%.
- The dividend growth rate 0%.
- Expected term - 5 years.

2. On March 30, 2022 the Group granted to three employees 600,000 options exercisable into 600,000 ordinary shares of the Company, NIS 0.01 par value each. The options are exercisable at a price of AUD 0.17 per share and will vest equally each quarter over a period of 3 years commencing on the Vesting Commencement Date (Usually the commencement date of the employee) with a 1-year cliff from the Vesting Commencement Date with a 1-year cliff from the Vesting Commencement Date. Contractual life of the options is 10 years. The option value as of grant date is USD 0.073 per option. The fair value of share options was estimated at \$44 by using a Black and Scholes model approach, which was aimed to model the value of the Company's assets over time.

The simulation approach was designed to take into account the terms and conditions of the share options, as well as the capital structure of the Group and the volatility of its assets, on the date of grant based on certain assumptions. Those conditions are, among others:

- The expected volatility is 60%.
- The dividend growth rate 0%.
- Expected term - 10 years.

NUTRITIONAL GROWTH SOLUTIONS LTD.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

NOTE 10 - SHAREHOLDERS' EQUITY (CONT.):

B. Share based payment (cont.):

3. On August 30, 2022 the Group granted to two employees 750,000 options exercisable into 750,000 ordinary shares of the Company, NIS 0.01 par value each. The options are exercisable at a price of AUD 0.12 per share and will vest equally each quarter over a period of 3 years commencing July 1, 2022 with a 1-year cliff. Contractual life of the options is 10 years. The option value as of grant date is USD 0.073 per option. The fair value of share options was estimated at \$35 by using a Black and Scholes model approach, which was aimed to model the value of the Company's assets over time.

The simulation approach was designed to take into account the terms and conditions of the share options, as well as the capital structure of the Group and the volatility of its assets, on the date of grant based on certain assumptions. Those conditions are, among others:

- The expected volatility is 60%.
- The dividend growth rate 0%.
- Expected term - 10 years.

4. On December 14, 2022 the Group signed a service agreement with The Market Bull Pte Ltd, a leading multimedia news organization (the "Producer") whereby the Producer will provide investor relations and media coverage to the Group for a period of six (6) months commencing December 2022. Under the Agreement, the Producer is entitled to issuance of 200,000 ordinary shares which will be issued to the Producer after the elapse of four (4) months commencing December 13, 2022 (provided the Agreement was not terminated earlier nor the Producer breached the Agreement). The Producer is also entitled to fixed cash compensation.

5. On January 14, 2021 the Group granted to one of its officers 500,000 options exercisable into 500,000 ordinary shares of the Company, NIS 0.01 par value each. The options are exercisable at a price of AUD 0.26 per share and will vest equally each month over a period of 3 years commencing July 1, 2020 with a 1-year cliff on July 1, 2021. Contractual life of the options is 10 years. The option value as of grant date is USD 0.12 per option. The fair value of share options was estimated at \$61 by using a Black and Scholes model approach, which was aimed to model the value of the Company's assets over time.

The simulation approach was designed to take into account the terms and conditions of the share options, as well as the capital structure of the Group and the volatility of its assets, on the date of grant based on certain assumptions. Those conditions are, among others:

- The expected volatility is 60%.
- The dividend growth rate 0%.
- Expected term - 10 years.

NUTRITIONAL GROWTH SOLUTIONS LTD.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

NOTE 10 - SHAREHOLDERS' EQUITY (CONT.):

B. Share based payment (cont.):

6. On January 27, 2021, the Group has signed a two years agreement (the “Agreement”) with Yoola Labs Ltd. (“Yoola”), a leading YouTube multi-channel network and influencer-focused service provider. Yoola will offer the Group and its Healthy Height® brand services for organic interaction with target audiences in Asia. As part of the Agreement, Yoola and its influencers were issued 250,000 share options, under the same terms of the Group’s 2020 Share Incentive Plan in effect (the “ESOP”), fully vested and exercisable. The options are exercisable at a price of AUD 0.2747 per share. Yoola and its influencers will also be entitled to success-based cash compensation based on actual attributed sales as a result of Yoola and its influencers’ effort. The option value as of grant date is USD 0.05 per option. The fair value of share options was estimated by using a Black and Scholes model approach, which was aimed to model the value of the Group's assets over time.

The service value is estimated at \$12 based on the fair value options according to IFRS 2. The simulation approach was designed to take into account the terms and conditions of the share options, as well as the capital structure of the Group and the volatility of its assets, on the date of grant based on certain assumptions. Those conditions are, among others:

- The expected volatility is 60%.
- The dividend growth rate 0%.
- Expected term - 2 years

To the date of the Financial Statements the options have expired.

7. On February 25, 2021, the Group has signed a two years agreement (the “Gavin Thomas Agreement”) with Gavin Thomas, a leading Social Media Influence service provider which was introduced to the Group by Yoola. As part of the Gavin Thomas Agreement, Gavin Thomas was issued 250,000 share options, under the same terms of the Group’s 2020 Share Incentive Plan in effect (the “ESOP”), fully vested and exercisable. The options are exercisable at a price of AUD 0.2731 per share. Gavin Thomas is also be entitled to fixed cash compensation and based on actual attributed sales.

The value of the service was estimated according to the fair value of the options.

The option value as of grant date is 0.05 per option. The fair value of share options was estimated by using a Black and Scholes model approach, which was aimed to model the value of the Company's assets over time. The service value is estimated at \$13 based on the fair value options according to IFRS 2.

NUTRITIONAL GROWTH SOLUTIONS LTD.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

NOTE 10 - SHAREHOLDERS' EQUITY (CONT.):

B. Share based payment (cont.):

The simulation approach was designed to take into account the terms and conditions of the share options, as well as the capital structure of the Group and the volatility of its assets, on the date of grant based on certain assumptions. Those conditions are, among others:

- The expected volatility is 60%.
- The dividend growth rate 0%.
- Expected term - 2 years.

8. On November 4, 2021 the Group granted to one of its officers 750,000 options exercisable into 750,000 ordinary shares of the Company, NIS 0.01 par value each. The options are exercisable at a price of AUD 0.175 per share and will vest equally each quarter over a period of 4 years commencing July 6, 2021 with a 1-year cliff. Contractual life of the options is 10 years. The option value as of grant date is USD 0.08 per option. The fair value of share options was estimated by using a Black and Scholes model approach, which was aimed to model the value of the Company's assets over time.

The simulation approach was designed to take into account the terms and conditions of the share options, as well as the capital structure of the Group and the volatility of its assets, on the date of grant based on certain assumptions. Those conditions are, among others:

- The expected volatility is 60%.
- The dividend growth rate 0%.
- Expected term - 10 years.

9. On November 18, 2021 the Group signed a service agreement with Spark Plus Pte Ltd. (the “advisor”) whereby the advisor will provide investor relations and roadshow services to the Group for a period of six (6) months commencing November 2021. Under the Agreement, the Advisor is entitled to issuance of 232,835 ordinary shares which will be issued to the Advisor after the elapse of four (4) months commencing November 2021 . In March 2022 the Group issued 232,835 ordinary shares to the Advisor.

NUTRITIONAL GROWTH SOLUTIONS LTD.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

NOTE 10 - SHAREHOLDERS' EQUITY (CONT.):

B. Share based payment (cont.):

10. Upon listing on the ASX, the Group granted 8,800,002 performance rights (the "Performance Rights") to subscribe ordinary shares of the Company. The Performance Rights are exercisable at a price of USD 0.02 and AUD 0.2 per share. The Performance Rights will vest and become exercisable to ordinary shares at the earliest between achieving cumulative revenues of 3,900 or at October 31, 2025. The Performance Rights shall expire on December 31, 2025. The fair value of performance rights was estimated by using the Black and Scholes model, which was aimed to model the value of the Group's assets over time. In 2022 and 2021, the Group recorded a share-based payment expenses at the amount of 44 and 895, respectively, to shares mentioned above. On July 6, 2021, the employment of one of the grantees was terminated, and as a result 1,114,286 Performance rights have expired. On April 2022 the Group achieved cumulative revenues of 3,900 and the 7,685,716 Performance Rights were vested, on that date 1,000,000 of the Performance Rights exercised to ordinary shares.

On October 21, 2014 the Group established a share option plan (the "Plan"). The options were granted under section 102 of the Israeli tax ordinance. On August 6, 2020, towards its ASX admission, the Group established a new share option plan that, among other things includes enhancements to allow the Group option grant to American and Australian optionees under the terms of their tax jurisdictions.

All options data are presented after giving effect to the issuance of bonus shares.

11. Options to the CEO:

- On November 28, 2016, the Group granted 375,604 options exercisable into 375,604 ordinary shares of the Company, NIS 0.01 par value each. The options exercisable at a price of NIS 0.01 per share and will vest equally each month over a period of 2 years. The option value as of grant date is USD 6 per option. The fair value of the option is equal to the ordinary shares fair value.
- On March 28, 2017, the Group granted 562,771 options exercisable into 562,771 ordinary shares of the Company, NIS 0.01 par value each. The options are exercisable at a price of NIS 0.01 per share and will vest equally each month over a period of 3 years. The option value as of grant date is USD 6 per option. The fair value of the option is equal to the ordinary shares fair value.

12. On January 3, 2019, the Group granted 2,261,625 options exercisable into 2,261,625 ordinary shares of the Company, NIS 0.01 par value each. The options are exercisable at a price of NIS 0.01 per share and will vest equally each month over a period of 4 years. The option value as of grant date is USD 7.19 per option. The fair value of the option is equal to the ordinary shares fair value.

NUTRITIONAL GROWTH SOLUTIONS LTD.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

NOTE 10 - SHAREHOLDERS' EQUITY (CONT.):

B. Share based payment (cont.):

13. On July 1, 2019, the Group granted to one of its officers 300,000 options exercisable into 300,000 ordinary shares of the Company, NIS 0.01 par value each. The options were exercisable at a price of \$2.31 per share and have vested equally each month over a period of 1.5 years. The option value as of grant date is 1.95 USD per option. The fair value of the option is equal to the ordinary shares fair market value. Towards the company's admission in Austrian Stock Exchange and as per the Company's prospectus, the exercise price of the grant was changed to AUD 0.2, in line with the initial public offering share price. Contractual life of the options under the Plan is 10 years. The fair value of share options was estimated by using a Black and Scholes model approach, which was aimed to model the value of the Company's assets over time.

The simulation approach was designed to take into account the terms and conditions of the share options, as well as the capital structure of the Group and the volatility of its assets, on the date of grant based on certain assumptions. Those conditions are, among others:

- The expected volatility is 57.62%,
- The dividend growth rate 0%,
- Expected term - 10 years

The valuation performed by an external valuator based on management's assumptions.

The options and performance rights to employees, officers and consultants outstanding as of December 31, 2022 and 2021 are comprised, as follows:

	Year ended December 31, 2022	
	Number of options	Weighted average Exercise price
Outstanding at beginning of year	12,469,052	\$0.024
Expired	783,336	\$0.146
Exercised	1,000,000	\$0.001
Granted	6,550,000	\$0.171
Outstanding at end of year	<u>17,235,716</u>	<u>\$0.077</u>
Exercisable options	<u>11,517,537</u>	<u>\$0.032</u>

NUTRITIONAL GROWTH SOLUTIONS LTD.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

NOTE 10 - SHAREHOLDERS' EQUITY (CONT.):

B. Share based payment (cont.):

	Year ended December 31, 2021	
	Number of options	Weighted average Exercise price
Outstanding at beginning of year	12,300,002	\$ 0.019
Expired	1,114,286	\$ 0.146
Exercised	466,664	\$ 0.146
Granted	1,750,000	\$ 0.172
Outstanding at end of year	12,469,052	\$ 0.024
Exercisable options	3,116,734	\$ 0.041

C. Loss per share:

Loss per share has been calculated using the weighted average number of shares in issue during the relevant financial periods, the weighted average number of equity shares in issue and loss for the period as follows:

	Year ended December 31, 2022	Year ended December 31, 2021
Loss for the year	(4,249)	(4,780)
Weighted average number of ordinary shares	129,724,480	102,590,609
Basic and diluted loss per share	\$ (0.03)	\$ (0.05)

NOTE 11 - REVENUE:

Geographical analysis of revenue

	Year ended December 31,			
	2022		2021	
	%		%	
United States	93%	2,727	82%	2,505
Rest of the world	7%	220	18%	535
	100%	2,947	100%	3,040

NUTRITIONAL GROWTH SOLUTIONS LTD.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

NOTE 12 - RESEARCH AND DEVELOPMENT EXPENSES:

	Year ended December 31, 2022	Year ended December 31, 2021
Payroll and related benefits	285	300
Advisors fee	57	75
Share based payment	44	522
	<u>386</u>	<u>897</u>

NOTE 13 - GENERAL AND ADMINISTRATIVE EXPENSES:

	Year ended December 31, 2022	Year ended December 31, 2021
Professional fees	896	1,022
Salary and related expenses	481	472
Share based payment	201	531
Payments for short term lease	57	45
Depreciation	1	1
	<u>1,636</u>	<u>2,071</u>

NOTE 14 - SELLING AND MARKETING EXPENSES:

	Year ended December 31, 2022	Year ended December 31, 2021
Subcontractors	1,528	1,022
Advertising expenses	1,178	1,154
Salary and related expenses	868	722
Share based payment	57	-
Others	129	228
	<u>3,760</u>	<u>3,126</u>

NUTRITIONAL GROWTH SOLUTIONS LTD.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

NOTE 15 - TAXES ON INCOME:

1. General tax rate applicable to income in Israel:

Israeli corporate tax rates are 23% in 2022 and 2021. The Company in Israel has final tax assessments until 2015.

2. U.S. subsidiary:

The U.S. subsidiary incorporated in 2017 and is subject to local corporate tax in the United States. In 2022 the federal rate applies was 21% (2021 – 21%). As of December 31, 2022, the U.S. subsidiary has not received any final tax assessments with respect to previous years.

3. Tax reconciliation:

	Year ended December 31, 2022	Year ended December 31, 2021
Loss before taxation	(4,249)	(4,780)
Theoretical tax credit at applicable statutory 2021 & 2022: 23%	(977)	(1,099)
Effect of the different tax rate in the U.S.	(*)	(8)
Temporary differences and tax losses for which no deferred tax asset is recognized	912	880
Non-allowable expenses	65	240
Miscellaneous	-	(13)
Tax on income	<u>-</u>	<u>-</u>

(*) Amount under 1 US Dollar in thousands

4. Net operating losses carry forwards:

As of December 31, 2022, the Company has estimated carry forward tax losses of approximately 13,450 which may be carried forward and offset against taxable income for an indefinite period in the future. The Company did not recognize deferred tax assets relating to carry forward losses in the financial statements because their utilization in the foreseeable future is not probable.

NUTRITIONAL GROWTH SOLUTIONS LTD.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

NOTE 16 - COMITMENTS AND CONTINGENT LIABILITIES:

Liability for royalties payable

The Group is committed to pay royalties to the Israeli government (Ministry of economy) on proceeds from the increase of product sales to the U.S. market and from January 2022, also to China. Under the terms of the Israeli government funding program, the Company will pay royalties of 3% of the increase in sales during a period of 5 years to the U.S. market commencing December 31, 2017 and to China commencing December 31, 2021. Royalties' payment shall not exceed 100% of the grant received, as of December 31, 2022 the total grant amount received for the program related to the US market is 125 and the total grant amount received for the program related to China is 153. As of December 31, 2022 the Group estimates that, under the terms of the Israeli government program, its future increase in sales to China will not meet the threshold terms required to pay royalties and therefore all the grant received for the China program has been deducted from selling and marketing expenses.

NOTE 17 - RELATED PARTIES:

Terms and conditions of transactions with related parties

The sales to and purchases from related parties are made on terms equivalent to those that prevail in arm's length transactions. Outstanding balances at the year-end are unsecured and interest free and settlement occurs in cash. There have been no guarantees provided or received for any related party receivables or payables.

Related party transactions

	Year ended December 31, 2022	Year ended December 31, 2021
Subcontractors and consulting expenses (research and development, general and administrative)	152	93
Payroll and related benefits including management fees	549	568
Share based payment	242	1,028
Revenue received from related party	21	30

NUTRITIONAL GROWTH SOLUTIONS LTD.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

NOTE 17 - RELATED PARTIES (CONT):

Payables to related parties

Name	Nature of transaction	December 31, 2022	December 31, 2021
Related party	Management fees	14	8
Related party	Payroll and related benefits	93	45

Receivables from related parties

Name	Nature of transaction	December 31, 2022	December 31, 2021
Related party	Revenues from related party	6	8

NOTE 18 - FINANCIAL INSTRUMENTS AND RISK MANAGEMENT:

The Group is exposed to a variety of financial risks, which results from its financing, operating and investing activities. The objective of financial risk management is to contain, where appropriate, exposures in these financial risks to limit any negative impact on the Group's financial performance and position. The Group's financial instruments are its cash and other receivables, payables, other payables and liability for royalties. The carrying value of cash and cash equivalents, trade receivables, net and other current assets, and trade payables and other accounts payables and accrued expenses approximate their fair value due to the short-term nature of these instruments. The main purpose of these financial instruments is to raise finance for the Group's operation. The Group actively measures, monitors and manages its financial risk exposures by various functions pursuant to the segregation of duties and principals. The risks arising from the Group's financial instruments are mainly credit risk and currency risk. The risk management policies employed by the Company to manage these risks are discussed below.

Credit risk

Credit risk arises when a failure by counterparties to discharge their obligations could reduce the amount of future cash inflows from financial assets on hand at the financial statements date. The Group closely monitors the activities of its counterparties which enables it to ensure the prompt collection of customer's balances. The Group's main financial assets are cash and cash equivalents as well as other receivables and represent the Company's maximum exposure to credit risk in connection with its financial assets. Wherever possible and commercially practical the Group holds cash with major financial institutions in Israel and United states.

NUTRITIONAL GROWTH SOLUTIONS LTD.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

NOTE 18 - FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (CONT.):

Credit risk (cont):

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date was:

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Cash and cash equivalents	1,521	4,142
Trade account receivable	82	35
Other account receivable	4	12
Total	<u>1,607</u>	<u>4,189</u>

Currency risk:

Currency risk is the risk that the value of financial instruments will fluctuate due to changes in foreign exchange rates. Currency risk arises when future commercial transactions and recognized assets and liabilities are denominated in a currency that is not the Group's functional currency. The Group exposed to foreign exchange risk arising from currency exposure primarily with respect to the Euro and New Israeli Shekel ("NIS"). The Group's policy is not to enter into any currency hedging transactions.

The carrying amounts of the Group's foreign currency denominated monetary assets and monetary liabilities at the reporting date are as follows:

Assets	December 31, 2022			
	<u>AUD</u>	<u>Euro</u>	<u>NIS</u>	<u>TOTAL</u>
Cash and cash equivalents	313	1	105	419
Trade accounts receivable	-	-	6	6
Other accounts receivable	50	-	4	54
	<u>363</u>	<u>1</u>	<u>115</u>	<u>479</u>
Liabilities	<u>AUD</u>	<u>Euro</u>	<u>NIS</u>	<u>TOTAL</u>
Trade accounts payable	90	5	25	120
Other accounts payable	138	-	147	285
Liability for royalties payable	-	-	125	125
	<u>228</u>	<u>5</u>	<u>297</u>	<u>530</u>
Net	<u>135</u>	<u>(4)</u>	<u>(182)</u>	<u>(51)</u>

NUTRITIONAL GROWTH SOLUTIONS LTD.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

NOTE 18 - FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (CONT.):

Currency risk (cont.):

Assets

December 31, 2021

	AUD	Euro	NIS	TOTAL
Cash and cash equivalents	398	80	230	708
Trade accounts receivable	-	-	8	8
Other accounts receivable	41	-	19	60
	<u>439</u>	<u>80</u>	<u>257</u>	<u>776</u>

Liabilities

	AUD	Euro	NIS	TOTAL
Trade accounts payable	24	4	-	28
Other accounts payable	127	-	127	254
Liability for royalties payable	-	-	142	142
	<u>151</u>	<u>4</u>	<u>269</u>	<u>424</u>

Net

<u>288</u>	<u>76</u>	<u>(12)</u>	<u>352</u>
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Sensitivity analysis:

A 10% strengthening of the United States Dollar against the following currencies would have increased equity and the income statement by the amounts shown below. This analysis assumes that all other variables, in particular interest rates, remain constant. For a 10% weakening of the United States Dollar against the relevant currency, there would be an equal and opposite impact on the profit and other equity.

	Year ended December 31, 2022	Year ended December 31, 2021
NIS	(18)	(1)
AUD	14	29
EURO	*	8
	<u>(4)</u>	<u>36</u>

(*) Amount under 1 US Dollar in thousands

NUTRITIONAL GROWTH SOLUTIONS LTD.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

NOTE 18 - FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (CONT.):

Liquidity risks:

Liquidity risk is the risk that arises when the maturity of assets and the maturity of liabilities do not match. An unmatched position potentially enhances profitability, but can also increase the risk of loss. The Group has procedures with the object of minimizing such loss by maintaining sufficient cash and other highly liquid current assets and by having available an adequate amount of committed credit facilities. Accordingly, the Group has a positive working capital.

The following tables detail the Group's remaining contractual maturity for its financial liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group can be required to pay.

At December 31, 2022	Up to 3 Months	Between 3 and 12 months	Between 1 and 2 year
Trade accounts payable	243	-	-
Other accounts payable	410	-	-
Liability for royalties payable	-	125	-
Lease liability	-	37	-
Total	653	162	-

At December 31, 2021	Up to 3 Months	Between 3 and 12 months	Between 1 and 2 year
Trade accounts payable	213	-	-
Other accounts payable	310	-	-
Liability for royalties payable	-	142	-
Lease liability	-	37	36
Total	523	179	36

NUTRITIONAL GROWTH SOLUTIONS LTD.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

NOTE 18 - FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (CONT.)

Fair value of financial liabilities

Items carried at fair value as of December 31, 2022 are classified in the table below:

	US\$ In Thousands			
	Fair value measurements using input type			
	December 31, 2022			
	Level 1	Level 2	Level 3	Total
Financial derivative	(138)	-	-	(138)

	US\$ In Thousands			
	Fair value measurements using input type			
	December 31, 2021			
	Level 1	Level 2	Level 3	Total
Financial derivative	(127)	-	-	(127)

Nutritional Growth Solutions Ltd ASX Additional Information

Additional Information Per ASX Listing Rules

1. Corporate Governance Statement

1.1. The Company's Corporate Governance Statement can be found at:

<https://ngsolutions.co>

2. Shareholder and Option Holder Information

2.1. Top 20 Holders of Ordinary Fully Paid Securities as at 16 March 2023

Rank	Holder Name	Holding	Issued
1	MOR RESEARCH APPLICATIONS LTD	12,604,790	8.50%
2	BNP PARIBAS NOMS PTY LTD <DRP>	11,819,055	7.97%
3	MS HADASSA BYMEL	8,098,652	5.46%
4	BNP PARIBAS NOMINEES PTY LTD <IB AU NOMS RETAILCLIENT DRP>	6,381,028	4.30%
5	PROF PHILLIP MOSHE	5,028,720	3.39%
6	PROF RAANAN SHAMIR	4,465,470	3.01%
7	NETWEALTH INVESTMENTS LIMITED <SUPER SERVICES A/C>	3,750,934	2.53%
8	MRS LILY MAH <MJ A/C>	3,562,129	2.40%
9	PROF LAZAR LIORA	3,151,184	2.12%
9	DR MICHAL GAVAN	3,151,184	2.12%
11	MR NARINDER SINGH SUDAGAR SINGH <SIDHU A/C>	3,057,429	2.06%
12	MR MARX LIN	2,553,000	1.71%
13	APPWAM PTY LTD	2,500,000	1.69%
14	NETWEALTH INVESTMENTS LIMITED <WRAP SERVICES A/C>	2,212,336	1.49%
15	GCN INVESTMENTS PTY LTD <SEVEEN SUPERFUND A/C>	2,140,000	1.44%
16	JOMALCO PTY LTD	1,716,667	1.16%
17	CITICORP NOMINEES PTY LIMITED	1,520,834	1.03%
18	BLACKCHESS INVESTMENT PTY LTD	1,500,000	1.01%
19	MR BRIAN LEEDMAN & MRS NATASHA LEEDMAN	1,440,000	0.97%
20	HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	1,250,000	0.84%
	Total	82,075,210	55.34%

2.2. Top 20 Holders of Quoted Options as at 16 March 2023

Rank	Holder Name	Holding	Issued
1	MISS KARIN SANDRA HELENA OLOFSSON <MICO INVESTMENT A/C>	2,013,746	6.54%
2	MR NICHOLAS DERMOTT MCDONALD	1,231,614	4.00%
3	ARGONAUT INVESTMENTS PTY LIMITED <ARGONAUT INVEST NO 3 A/C>	1,219,000	3.96%
4	JET GLOBAL FUND PTY LTD	1,000,000	3.25%
5	MOLO CAPITAL PTY LTD <JAMIE MYERS FAMILY A/C>	858,649	2.79%

6	GOFFACAN PTY LTD	839,999	2.73%
7	BARCLAY WELLS LTD <NOMINEE A/C>	833,333	2.71%
8	CKBCAJ FAMILY PTY LTD <MACDONALD FAMILY A/C>	750,000	2.44%
9	BLACK TROJAN INVESTMENTS PTY LTD <ONE TRIPLE ONE A/C>	699,600	2.27%
10	ALPHA CAPITAL AUSTRALASIA PTY LTD	686,166	2.23%
11	MR KEVIN DANIEL LEARY & MRS HELEN PATRICIA LEARY <KEVIN & HELEN LEARY S/F A/C>	595,592	1.94%
12	LSR TRADING PTY LIMITED	550,000	1.79%
13	MR DAVID RALPH BAKER & MR MATTHEW DAVID BAKER <BAKER SUPER 4 DRB A/C>	536,625	1.74%
13	ALASUE SUPERANNUATION PTY LTD <ALASUE SUPER FUND A/C>	536,625	1.74%
15	BAKER YOUNG LIMITED	497,188	1.61%
16	ATLANTIS MG PTY LTD<MG FAMILY A/C>	486,825	1.58%
17	MR NARINDER SINGH SUDAGAR SINGH <SIDHU A/C>	477,500	1.55%
18	NETWEALTH INVESTMENTS LIMITED <SUPER SERVICES A/C>	453,333	1.47%
19	MR MICHAEL ZOLLO	436,333	1.42%
20	MACDONALD FAMILY SF PTY LTD <MACDONALD FAMILY SF A/C>	428,325	1.39%
	Total	15,131,453	49.14%

3. Substantial Holders

3.1. Substantial Holders of 5% or more of Fully Paid Securities as at 16 March 2023

MOR RESEARCH APPLICATIONS LTD	12,604,790	8.50%
HADASSA BYMEL PHARMACY & NATURE LTD	8,098,652	5.46%

4. Numbers of Holders of Each Class of Equity Securities as at 16 March 2023

Security Name	Total Holders	Total Holdings
ORDINARY FULLY PAID SHARES	759	148,307,452
UNQUOTED OPTIONS	37	37,589,885
QUOTED OPTIONS	256	30,793,938

5. Voting Rights Attached to Each Class of Equity Securities

ORDINARY FULLY PAID SECURITIES	ONE VOTE FOR EACH SHARE
QUOTED AND UNQUOTED OPTIONS	NO VOTING RIGHTS ATTACHED

6. Distribution Schedule for Each Type of Equity Security as at 16 March 2023

6.1. Ordinary Fully Paid Securities

Holding Ranges	Holders	Units	% Issued
ABOVE 0 UP TO AND INCLUDING 1,000	21	3,247	0.00%

ABOVE 1,000 UP TO AND INCLUDING 5,000	142	454,771	0.31%
ABOVE 5,000 UP TO AND INCLUDING 10,000	83	670,827	0.45%
ABOVE 10,000 UP TO AND INCLUDING 100,000	325	14,145,510	9.54%
ABOVE 100,000	188	133,033,097	89.70%
Total	759	148,307,452	100.00%

6.2. Unquoted Options

Holding Ranges	Holders	Units	% Issued
ABOVE 0 UP TO AND INCLUDING 1,000	-	-	-
ABOVE 1,000 UP TO AND INCLUDING 5,000	-	-	-
ABOVE 5,000 UP TO AND INCLUDING 10,000	-	-	-
ABOVE 10,000 UP TO AND INCLUDING 100,000	4	400,000	1.06%
ABOVE 100,000	33	37,189,885	98.94%
Totals	37	37,589,885	100.00%

6.3. Quoted Options

Holding Ranges	Holders	Units	% Issued
ABOVE 0 UP TO AND INCLUDING 1,000	1	1	0.00%
ABOVE 1,000 UP TO AND INCLUDING 5,000	16	60,368	0.20%
ABOVE 5,000 UP TO AND INCLUDING 10,000	26	202,442	0.66%
ABOVE 10,000 UP TO AND INCLUDING 100,000	146	6,234,562	20.25%
ABOVE 100,000	67	24,296,565	78.90%
Totals	256	30,793,938	100.00%

7. Number of Holders Holding Less than a Marketable Parcel as at 16 March 2023

There are 309 holders with an unmarketable parcel with a total of 2,040,254 fully paid ordinary shares, amounting to 1.38% of Issued Capital.

8. Name of Company Secretary

As an Israeli company NGS is not required to have a company secretary however Automic Pty Ltd act as the company's local agent in Australia and Mr Lee Tamplin is the person responsible for communications with the ASX.

9. Address and Telephone Number of Registered Office and Principle Administrative Office if Different

9.1. Israel

3 Hanechoset Street
Tel Aviv 6971068
Israel

9.2. Australia

Automic Group
Deutsche Bank Tower

Level 5/126 Phillip St Sydney, NSW, 2000
1300 288 664

10. Address and Telephone Number of Each Office Where the Register of Securities is kept

- 10.1. Automic Group
Deutsche Bank Tower
Level 5/126 Phillip St Sydney, NSW, 2000
1300 288 664

11. List of Other Stock Exchanges on which any of the Entity's Securities are Quoted

- 11.1. NGS is listed on ASX. Home exchange is Perth. It is not listed on other stock exchanges.

12. As at 16 March 2023 the Company does not have any securities that are Restricted Securities or subject to Voluntary Escrow.

13. As at 16 March 2023 there were no persons holding more than 20% in any class of unquoted Securities.

14. Other Information

- 14.1. There is no current on-market buy-back.

- 14.2. No securities have been approved to be issued under item 7 of section 611 of the Corporations Act.

- 14.3. No securities were purchased on-market for the purposes of, or to satisfy entitlements of holders of options or other rights to acquire securities granted under, an employee incentive scheme.