

APPENDIX 4E

For the year ended 31 December 2023

ASX Announcement

29 February 2024

1. Company information

Name of entity: Nutritional Growth Solutions Ltd.

ARBN: 642 861 774

Reporting period: For the year ended 31 December 2023

Previous period: For the year ended 31 December 2022

(All amounts in the following appendix are stated in thousand US dollars, unless stated otherwise)

2. Results for announcement to the market

		31 December 2023 US\$'000	% change from year ended 31 December 2021	31 December 2022 US\$'000
Revenue from ordinary activities	up	2,984	+1%	2,947
Loss from ordinary activities after tax	down	(2,887)	-32%	(4,249)

Commentary

The loss for the consolidated entity after providing for income tax amounted to \$2,887 including a non-cash finance expenses of \$90 in connection share-based payment made during the reporting period.

In 2023, the company showed 9% revenue growth in the United States and a 90% decline in revenue in the Rest of the world, as a result of its focus on profitable channels in the US – a total of 1% revenue increase.

No dividend has been proposed or declared for the reporting period, and it is not proposed to pay a dividend for the reporting period.

3. Consolidated statement of profit or loss and other comprehensive income

Refer to appendix.

4. Consolidated statement of financial position

Refer to appendix.

5. Consolidated statement of cash flows

Refer to appendix.

6. Consolidated statement of changes in equity

Refer to appendix.

7. Dividend information

No dividend or distribution has been proposed or declared for the reporting period, and it is not proposed to pay a dividend or distribution for the reporting period.

8. Details of dividend reinvestment plans

There is no dividend or distribution reinvestment plan in operation.

9. Net Tangible Assets Per Security

	31 December 2023 cents	31 December 2022 cents
Net tangible assets per security (cents)	(0.01)	(0.02)

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10. Details of entities over which control has been gained or lost during the period

None.

11. Details of associates and joint ventures

None.

12. Any other significant information

A capital raise on the ASX

On 09 May, 2023, the Company raised AUD 1.2 million (approximately gross US\$804 million) before costs via a share Placement to new institutional and sophisticated investors as well as existing shareholders. Under the Placement the Company issued 100,000,000 new ordinary shares plus 50,000,000 stock options. The stock options were vested upon issuance and exercisable till August 2026 at a price per option of AUD 0.02 commencing issuance date and will expire upon the elapse of the term. As part of the Placement, the Company issued to the lead broker 30,000,000 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 August 31, 2023.

Proceeds from the Placement were used predominantly to grow sales at Walmart, through additional purchase orders and specific marketing campaigns and to fund the expansion of the Group's operations, both geographically by entering new lucrative markets as well as investing in research and development as part of clinical trials and new product development.

Convertible Notes Issue

On 14 February, 2024 the Company issued 400,000 convertible notes. The Notes had a face value of AUD 1.00, fixed annual interest rate of 12.0% per annum, with the first interest payment due 6/2/2025. The issue of ordinary shares on conversion of the Convertible Notes is subject to shareholder approval for the purposes of ASX Listing Rule 7.1. The purpose for issuance is for working capital to support sales growth and sales channel expansion as the Company continues to advance to being cash flow positive.

13. Foreign entities

The Parent Company of the group was established under the corporate law in Israel and has a fully owned US subsidiary incorporated under the corporate law of Delaware. The financial statements of the Group are prepared in its functional currency, the US-Dollar, and are prepared according to IFRS Accounting Standards.

14. Commentary of results for the period

Returns to shareholders

Not applicable.

Results overview

Revenue for the year amounted to US\$2,984,000 (31 December 2022: US\$2,947,000), reflecting 1% pcg positive growth.

The Group reported a net loss for the year ended 31 December 2023 of \$2,887,000 (31 December 2022: loss of \$4,249,000), reflecting the Company's continued efforts in increasing e-commerce sales, and the development of profitable sales channels in the US. Operational expenses were improved by optimizing marketing tactics, and reducing waste.

Gross Margin for the year was 30% (31 December 2022 49%) due to short term increases in shipping costs, raw materials, and a one time inventory adjustment for 2023. Absent the inventory adjustment, the company's gross margins were 40%. Recent months have shown a normalization of shipping costs and improvements in raw material pricing.

The Group remains in a cash position, with a closing cash balance at 31 December 2023 of US\$172,000 (31 December 2022: US\$1,521,000).

This report is based on accounts which are in the process of being audited.

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Appendix: Consolidated statement of profit or loss and other comprehensive income

	Year ended December 31, 2023	Year ended December 31, 2022
Revenue	2,984	2,947
Cost of revenue	2,104	1,509
Gross profit	880	1,438
Research and development expenses	242	386
General and administrative expenses	1,377	1,636
Selling and marketing expenses	2,257	3,760
Operating loss	2,996	4,344
Financial expense	33	18
Financial income	142	113
Loss before tax	2,887	4,249
Taxes on income	-	-
Total comprehensive loss for the year	2,887	4,249
Basic and diluted loss per share	\$ (0.01)	\$ (0.03)

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Appendix: Consolidated statement of financial position

	December 31, 2023	December 31, 2022
ASSETS		
Current assets:		
Cash and cash equivalents	172	1,521
Trade receivables	15	82
Other accounts receivable	21	66
Inventories	718	1,277
Total current assets	926	2,946
Non-current assets:		
Intangible assets	20	40
Right of asset use, net	23	35
Property, plant and equipment, net	4	8
Total non-current assets	47	83
TOTAL ASSETS	973	3,029
	December 31, 2023	December 31, 2022
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities:		
Trade account payables	250	243
Lease liability	12	37
Derivative financial liability	77	138
Loans	336	-
Other account payables	362	536
Total current liabilities	1,037	954
Non-current liabilities:		
Long term lease liability	11	-
Total non-current liabilities	11	-
Shareholders' equity:		
Share capital and premium	16,035	15,298
Retained earnings (losses)	(16,110)	(13,223)
Total shareholders' equity	(75)	2,075
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	973	3,029

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Appendix: Consolidated statement of cash flows

	Year ended December 31, 2023	Year ended December 31, 2022
CASH FLOWS FROM OPERATING ACTIVITIES:		
Loss for the year	(2,887)	(4,249)
Adjustments to reconcile net profit to net cash provided by operating activities:		
Depreciation	44	41
Amortization of intangible assets	20	20
Decrease (increase) in trade receivables, net	67	(47)
Decrease in other accounts receivable	45	42
Decrease (increase) in inventories	559	(962)
Increase in trade accounts payables	7	30
Increase (decrease) in other accounts payables	(174)	84
Share-based payment	90	302
Change in fair value of derivative-warrants	(195)	(86)
Net cash used in operating activities	(2,424)	(4,825)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchase of property, plant and equipment	-	(4)
Payment of deposit	-	8
Net cash used in investing activities	-	4
CASH FLOWS FROM FINANCING ACTIVITIES:		
Principal paid on lease liabilities	(14)	(36)
Exercise of warrants	57	-
Issuance of shares and warrants, net	696	2,244
Receipts of loans, net	336	-
Net cash provided by financing activities	1,075	2,208
Net decrease in cash and cash equivalents	(1,349)	(2,621)
Cash and cash equivalents at the beginning of the year	1,521	4,142
Cash and cash equivalents at the end of the year	172	1,521

(*) represents amount less than US\$1K

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Appendix: Consolidated statement of changes in equity

	Share capital and premium	Retained earnings (losses)	Total
Balance at January 1, 2022	12,849	(8,974)	3,875
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>
Changes during the year:			
Total comprehensive loss	-	(2,887)	(2,887)
Issuance of shares, net	590	-	590
Exercise of options	57	-	57
Share based payment	90	-	90
Balance at December 31, 2023	<u>16,035</u>	<u>(16,110)</u>	<u>(75)</u>

*represents amount less than US\$1K

Audit

These accounts are currently in the process of being audited. Actual audited numbers may be different from these appendix. The annual report for the year ending on 31/12/2023 containing the audit report shall be provided in a due course.

NOTE 1 - GENERAL:

- 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 and its subsidiary (together, the "Group") develops, produces (outsourcing manufacturing) and sells clinically tested protein supplements for children – commercializing the intellectual property generated by years of medical research into paediatric nutrition.
- The Group 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 7,000,000 (approximately 5,005) pursuant to the offer by the issuance of 35,000,000 shares at an issue price of AUD 0.20 per share. Issuance expenses amounted to 593.
- On August 2021, the Company completed a follow-on public capital raise in ASX upon which the Company raised gross AUD 5,000,000 (approximately gross US\$3,623). The new shareholders received 23,255,814 new ordinary shares plus 5,813,953 stock options. As part of the capital raise, the Company issued to the lead broker 5,000,000 stock options. 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.