

Nutritional Growth Solutions delivers record revenue in FY21

Revenue driven by new markets, products and sales channels growth

Nutritional Growth Solutions Ltd. (ASX:NGS; NGS or the Company), a global nutrition company creating clinically proven products to support growth development in children, is delighted to announce its unaudited results for the 12 months ended 31 December 2021 (**FY21**) that saw the Company successfully execute on its growth strategy, increasing revenue by 63%.

Key FY21 highlights:

- Record revenue of US\$3.04 million, up 63% (FY20: US\$1.87 million)
- Entered new markets: China, Italy and Southeast Asia
- Expanded Healthy Heights® range: Grow Daily Boys 10+ shakes and Grow Daily 3+ Nutrition Bars
- Signed distribution agreements with Ultrahealth, Australia Sunshine and Chemist Warehouse China
- Entered into an MOU for New Zealand production of Healthy Heights® for APAC region
- Commenced clinical trials for children treated with stimulant medication for ADHD
- Strengthened balance sheet with the successful A\$5 million capital raise
- Appointed senior leaders with proven track records to drive international growth

Commenting on the year, Nutritional Growth Solutions CEO and Managing Director, Liron Fendell said, “We have made significant progress this year in growing Healthy Heights® into a global leader for child nutrition.

“Our strategy is focused on three pillars: global expansion, product innovation and channel strategy. We entered three new markets in China, Italy and Southeast Asia. We expanded our range with the launch of two new products, Grow Daily Boys 10+ and Grow Daily 3+ Nutrition Bars. We diversified our sales channels through distribution deals in China, Europe and Southeast Asia as well as retail and medical distributor expansion in North America to complement pharmacy sales.

“We received positive clinical trial results for Grow Daily Boys 10+ and commenced new trials with children treated with stimulant medications for ADHD (Attention Deficit Hyperactivity Syndrome). Nutritional Growth Solutions creates unique nutritional supplements that are scientifically formulated by paediatric doctors, patented and clinically proven to support growth development in children, so these additional results will assist in building on the trust we have created for the brand.”

FINANCIAL UPDATE¹

During FY21, NGS generated revenue of US\$3.04 million, up 63% (FY20: US\$1.87 million). This result was underpinned by expansion into new markets, broadening the product range and growth in eCommerce in

¹ The audit of the Company’s FY21 financial statements is ongoing, and these figures are therefore unaudited.



North America. NGS incurred a net loss of US\$4.8 million (FY20: US\$4.4 million), reflecting the Company's growth investment into new markets and new product development.

NGS had net assets of US\$3.9 million as at 31 December 2021, with cash and cash equivalents of US\$4.1 million and no debt, providing flexibility and confidence for the Company to execute its growth plans.

OPERATIONAL UPDATE

Global expansion: China, Italy and Southeast Asia

In January, Healthy Heights® launched in China, through NGS' flagship T-Mall Global store. T-Mall Global is China's largest online cross-border marketplace generating over half a billion transactions a month.

In March, Healthy Heights® debuted in Europe in pharmacies and health food stores across Italy. The Italian market exceeded sales expectations, producing wholesale sales of over US\$505,000 in 2021.

NGS will enter Southeast Asia and expand its presence in China through a multi-region distribution agreement signed with leading Australian-based distributor, Australia Sunshine.

Product innovation: Healthy Heights® Grow Daily Boys 10+ and Grow Daily 3+ Nutrition Bars

In May, NGS launched Grow Daily 3+ Nutrition Bars made with the same nutritional profile as the Grow Daily 3+ shake, which is clinically proven to support height and growth development in children.

NGS launched Grow Daily Boys 10+ - a shake formulated with a patented blend of nutrients to support the physical development of young males entering pre-teen and teenage years. The formula received positive clinical trial results showing an increase in growth in healthy, lean, and short pre-adolescent 10 to 14.5-year-old males.

Channel Strategy: Focus on Where Consumers are Shopping

In August, NGS signed a supply agreement with the China subsidiary of Australia's largest pharmacy retailer, Chemist Warehouse which sees Grow Daily 3+ on the Chemist Warehouse China T-Mall Global store – one of the largest pharmacy stores currently on the platform, and on shelves in Chemist Warehouse stores in China.

A distribution agreement with Australia Sunshine sees Grow Daily 3+ stocked through leading e-commerce platforms in China and Southeast Asia, including JD.com (NASDAQ: JD), as well as multinational ecommerce platforms Lazada and Shopee, and TikTok's emerging e-commerce channel.

The launch of Healthy Heights® in Italy sees Grow Daily 3+ stocked in pharmacy and health food stores across the country after a three-year exclusive distribution deal with distributor of clinically proven products, Dicofarm.

In October, NGS signed a distribution agreement with Australian-based distributor, Ultrahealth Group, to stock Healthy Heights® through leading Chinese e-commerce platforms including the second largest cross border e-commerce platform, Koala, and one of the world's largest community e-commerce platforms, Little Red Book.



Clinical trials for children being treated for ADHD

NGS will clinically test the effectiveness of Grow Daily 3+ on the height and weight of children treated with stimulant medications for ADHD (Attention Deficit Hyperactivity Syndrome).

ADHD is a prevalent disorder globally, with treatment's side effects including decreased appetite. If the trial shows that Healthy Heights® counteracts the negative effects of the drugs and supports growth, US payers may be more likely to cover Healthy Heights® alongside an ADHD diagnosis.

A\$5 million Capital Raise to accelerate global growth strategy

In August, NGS completed a successful A\$5 million capital raise, before capital raise expenses. The proceeds from the Placement will be used for brand equity building in China and North America, inventory to support increasing sales and fund clinical testing on new products.

Senior leaders appointed to drive international growth

During the year, NGS appointed a President in North America, a Commercial Director for China and a Global Strategic Advisor to drive the next stage of growth. Pharmaceutical veteran, Mr Stephen Turner was appointed as President in North America to lead the company's expansion into US retail and wholesale distribution. Ms Vicky Hou was appointed as Commercial Director for China to drive the Company's sales and marketing efforts and; Ms Linda Luo was appointed as Global Strategic Advisor to implement NGS' global strategic direction.

POSITIVE OUTLOOK

Commenting on NGS' positive outlook ahead, Ms Fendell said, "Momentum is expected to increase in 2022. We will launch into several Southeast Asian markets through production facilities in New Zealand. We have doubled our SKU offering, broadened our product range and are examining new products, including Kidz Protein dairy-based shake range, Kidz Protein vegan shake range, new Grow Daily 3+ nutrition bars and a kids sports shake. This will prepare us for a mass retail rollout in the US through Walmart and RangeMe and increasing distribution channels in the US, China and Southeast Asia.

"We look forward to executing on the strategies in place to ensure even more children around the world can access our products and reach their full growth potential with unique products that are clinically proven."

This announcement has been authorised for release by the Board of Directors of NGS.

-ends-

For more information:

Corporate

Liron Fendell, CEO & MD
Nutritional Growth Solutions Ltd.
E: liron@ngsolutions.co

Investors

Eric Kuret
Market Eye
P: +61 417 311 335

Media

Tristan Everett
Market Eye
P: +61 403 789 096



E: eric.kuret@marketeye.com.au E: tristan.everett@marketeye.com.au

About Nutritional Growth Solutions

Nutritional Growth Solutions is a global nutritional health company focused on the well-being of children. NGS develops, produces and sells clinically tested nutritional supplement formulae for children following 20 years of medical research into pediatric nutrition at Schneider Children's Medical Centre, Israel's largest pediatric hospital.

The nutritional supplements market has experienced tremendous growth in recent years, but most attention has been focused on adult users and children under three years of age. The three to twelve-year-old consumers represent a larger market opportunity and NGS is highly differentiated from its competitors with clinically tested products and an expanding product portfolio to capture this market opportunity.

ngsolutions.co

For personal use only