

APPENDIX 4E

For the year ended 31 December 2022

1. Company information

Name of entity: Nutritional Growth Solutions Ltd.

ARBN: 642 861 774

Reporting period: For the year ended 31 December 2022

Previous period: For the year ended 31 December 2021

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

2. Results for announcement to the market

		31 December 2022 US\$'000	% change from year ended 31 December 2021	31 December 2021 US\$'000
Revenue from ordinary activities	down	2,947	-3%	3,040
Loss from ordinary activities after tax	down	(4,249)	-11%	(4,780)

Commentary

The loss for the consolidated entity after providing for income tax amounted to \$4,249 including a non-cash finance expenses of \$281 in connection share-based payment made during the reporting period.

In 2022, the company showed 9% revenue growth in the United States and a 59% decline in revenue in the Rest of the world – a total of 3% revenue decline.

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 2022 cents	31 December 2021 cents
Net tangible assets per security (cents)	(0.02)	(0.04)

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

None.

APPENDIX 4E

For the year ended 31 December 2022

11. Details of associates and joint ventures

None.

12. Any other significant information

A capital raise on the ASX

On August 2022, the Company raised AUD 3.48 million (approximately gross US\$2,385) before costs via a share Placement to new institutional and sophisticated investors as well as existing shareholders. Under the Placement the Company issued 29,000,000 new ordinary shares plus 14,499,985 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. 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.

Proceeds from the Placement will be 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

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\$2,294,000 (31 December 2021: US\$3,040,000), reflecting 3% pcp negative growth.

The Group reported a net loss for the year ended 31 December 2022 of \$4,249,000 (31 December 2021: loss of \$4,780,000), reflecting the Company's investment in increasing e-commerce sales, development of new sales channels and R&D. Included in the net loss for the year are non-cash expense of \$281,000 in connection of share-based payments.

The Group remains in a cash position, with a closing cash balance at 31 December 2022 of US\$1,521,000 (31 December 2021: US\$4,142,000).

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

APPENDIX 4E

For the year ended 31 December 2022

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

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

APPENDIX 4E

For the year ended 31 December 2022

Appendix: Consolidated statement of financial position

	December 31, 2022	December 31, 2021
ASSETS		
Current assets:		
Cash and cash equivalents	1,521	4,142
Trade receivables	82	35
Other accounts receivable	66	108
Inventories	1,277	315
Total current assets	<u>2,946</u>	<u>4,600</u>
Non-current assets:		
Intangible assets	40	60
Right of asset use, net	35	73
Property, plant and equipment, net	8	7
Total non-current assets	<u>83</u>	<u>140</u>
TOTAL ASSETS	<u>3,029</u>	<u>4,740</u>
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities:		
Trade account payables	243	213
Lease liability	37	36
Derivative financial liability	138	127
Other account payables	536	452
Total current liabilities	<u>954</u>	<u>828</u>
Non-current liabilities:		
Long term lease liability	-	37
Total non-current liabilities	<u>-</u>	<u>37</u>
Shareholders' equity:		
Share capital and premium	13,436	11,061
Share based payment reserve	1,862	1,788
Retained earnings (losses)	(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>

Appendix: Consolidated statement of cash flows

APPENDIX 4E

For the year ended 31 December 2022

	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 profit 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	42	140
Increase in inventories	(962)	(171)
Increase in trade accounts payables	30	27
Increase (decrease) in other accounts payables	84	(52)
Share-based payment	302	1,053
Gain from loan forgiveness	-	(129)
Change in fair value of derivative-warrants	(86)	(18)
Net cash used in operating activities	<u>(4,825)</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)
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 options, 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>

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

APPENDIX 4E

For the year ended 31 December 2022

Appendix: Consolidated statement of changes in equity

	Share capital and premium	Share based payment reserve	Retained earnings (losses)	Total
Balance at January 1, 2021	7,781	735	(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>11,061</u>	<u>1,788</u>	<u>(8,974)</u>	<u>3,875</u>
Changes during the year:				
Total comprehensive loss	-	-	(4,249)	(4,249)
Issuance of shares, net	2,178	(31)	-	2,147
Exercise of options	143	(143)	-	*
Share based payment	54	248	-	302
Balance at December 31, 2022	<u>13,436</u>	<u>1,862</u>	<u>(13,223)</u>	<u>2,075</u>

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

Audit

These accounts are currently in the process of being audited. The annual report for the year ending on 31/12/2022 containing the audit report shall be provided in a due course.

NOTE 1 - GENERAL:

- i. 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.
- ii. 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.
- iii. 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.
- iv. 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.