

APPENDIX 4D

For the half year ended 30 June 2023

1. Company information

Name of entity: Nutritional Growth Solutions Ltd.

ABN: 642 861 774

Reporting period: For the half year ended 30 June 2023

Previous period: For the half year ended 30 June 2022

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

2. Results for announcement to the market

		30 June 2023 US\$'000	% Change from half year ended 30 June 2022	30 June 2022 US\$'000
Revenue from ordinary activities	Up	1,521	10%	1,386
Loss from ordinary activities after tax	down	(1,487)	32%	(2,195)

Operating and financial review

Nutritional Growth Solutions achieved half yearly revenue of US\$1.52 million, growth of 10% on the prior corresponding period (pcp), and incurred a loss of US\$1.5 million for H1 FY23 versus US\$ 2.2 million on H1 FY22, attributed to Company continues strategy to focus on its US business, ensuring that operational costs are in line with the current operational plan and focus on the North American market.

Key operational achievements for Nutritional Growth Solutions over the half-year ended 30 June 2023 include:

- Continued focus on US market and building sales momentum through Walmart while improving our sales performance on Amazon and on major e-commerce platforms in the United States, including Walmart.com, Kroger.com, Smiths.com, Ralphs.com and RangeMe.com. US sales alone in H1 FY23 grew by 23% compared with the prior corresponding period (pcp).
- Initiating the Company restructuring program to provide a significant reduction in costs without impacting upon sales and includes the reorganisation and simplification of the Company's corporate operations. Significant structural changes have already been made to the US team to focus all resources on maintaining sales momentum and growth opportunity.

Commentary

The loss for the consolidated entity after providing for income tax amounted to US\$1.5 million including a non-cash finance expenses of US\$44k in connection of non-cash share-based payments.

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. Net Tangible Asset Per Security

	30 June 2023	30 June 2022
	cents	cents
Net tangible assets per security (cents)	(0.01)	(0.02)

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

None

5. 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.

APPENDIX 4D

For the half year ended 30 June 2023

6. Details of dividend reinvestment plans

There is no dividend or distribution reinvestment plan in operation.

7. Details of associates and joint venture entities

None

8. 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 with IFRS Accounting Standards.

9. Independent Audit Review

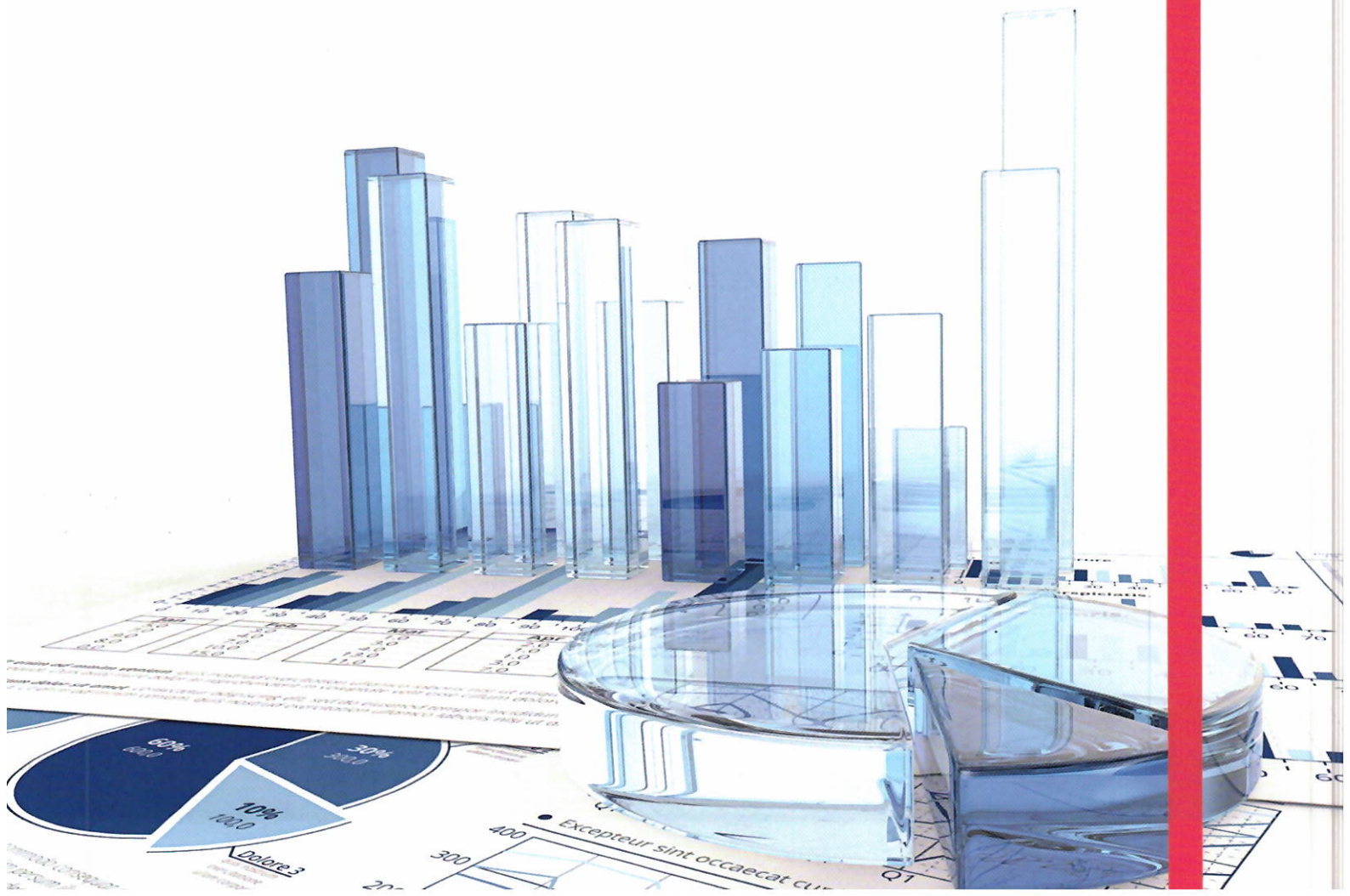
The Condensed Interim Consolidated Financial Statements contain an Audit Review by BDO Ziv Haft. The Audit Review is not subject to a modified opinion, emphasis of matter or other matter.

NUTRITIONAL GROWTH SOLUTIONS LTD.

CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

AS OF JUNE 30, 2023

UNAUDITED



NUTRITIONAL GROWTH SOLUTIONS LTD.

TABLE OF CONTENTS

	<u>Page</u>
Review report on interim financial information	1
Unaudited condensed interim consolidated statements of financial position	2-3
Unaudited condensed interim consolidated statements of comprehensive income	4
Unaudited condensed interim consolidated statements of changes in shareholders' equity	5-6
Unaudited condensed interim consolidated statements of cash flows	7
Notes to the unaudited condensed interim consolidated financial statements	8-11



**Review report on interim financial information
to the shareholders of
NUTRITIONAL GROWTH SOLUTIONS LTD.**

Introduction

We have reviewed the accompanying condensed interim consolidated statement of financial position of Nutritional Growth Solutions Ltd. (the "Company") as of June 30, 2023 and the related condensed interim consolidated statements of comprehensive income, changes in shareholders' equity and cash flows for the six-month period then ended, and a summary of significant accounting policies and other explanatory notes. Management is responsible for the preparation and fair presentation of this interim financial information in accordance with International Accounting Standard 34 "Interim Financial Reporting". Our responsibility is to express a conclusion on this interim financial information based on our review.

Scope of review

We conducted our review in accordance with International standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of Interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed interim consolidated financial information does not present fairly, in all material respects, the consolidated financial position of the Company as at June 30, 2023, and of its financial performance and its consolidated cash flows for the six month period then ended in accordance International Accounting Standard 34.

Material Uncertainty Related to Going Concern

We draw attention to Note 1C in the consolidated financial statements, which indicated that the Company incurred net loss of USD 1,487 thousand during the six-month period ended June 30, 2023. As stated in Note 1C, this event and condition, indicate that a material uncertainty exists that may cast substantial doubt on the Company's ability to continue as a going concern. Our conclusion is not modified in respect of this matter.

Lior Shahar

Tel-Aviv, Israel

August 29, 2023

Ziv haft
Certified Public Accountants (Isr.)

BDO Member Firm

Tel Aviv 03-6386868	Jerusalem 02-6546200	Haifa 04-8680600	Beer Sheva 077-7784100	Bnei Brak 073-7145300	Kiryat Shmona 077-5054906	Petah Tikva 077-7784180	Modiin Ilit 08-9744111	Nazrat Ilit 04-6555888
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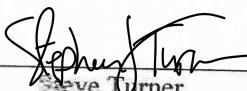
NUTRITIONAL GROWTH SOLUTIONS LTD.
UNAUDITED CONDENSED INTERIM CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
(US Dollar in thousands)

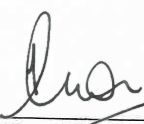
	June 30, 2023	December 31, 2022
	<u>Unaudited</u>	
ASSETS		
Current Assets:		
Cash and cash equivalents	265	1,521
Trade receivables, net	100	82
Other accounts receivable	171	66
Inventories	<u>1,314</u>	<u>1,277</u>
Total current assets	<u>1,850</u>	<u>2,946</u>
Non-Current Assets:		
Intangible assets	30	40
Right of use asset	16	35
Property, plant and equipment, net	<u>6</u>	<u>8</u>
Total non-current assets	<u>52</u>	<u>83</u>
Total Assets	<u>1,902</u>	<u>3,029</u>


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

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

	Note	June 30, 2023 <u>Unaudited</u>	December 31, 2022
LIABILITIES AND EQUITY			
Current Liabilities:			
Trade payables		274	243
Lease liability		17	37
Derivative financial liability		135	138
Short term loans	3	191	-
Other accounts payable		520	536
Total current liabilities		1,137	954
Equity:			
Share capital and premium	4	15,475	15,298
Accumulated deficit		(14,710)	(13,223)
Total equity		765	2,075
Total liabilities and shareholders' equity		1,902	3,029


 Steve Turner
 Chief Executive Officer


 Dave Fenlon
 Chairman


 Yossi Nizhar
 Chief Financial Officer

August 29, 2023
 Date of approval of
 financial statements

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

NUTRITIONAL GROWTH SOLUTIONS LTD.

UNAUDITED CONDENSED INTERIM CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

(US Dollar in thousands)

	Six-month period ended June 30,	
	2023	2022
	Unaudited	
Revenue	1,521	1,386
Cost of revenue	901	807
Gross profit	620	579
Research and development expenses	170	199
General and administrative expenses	715	787
Selling and marketing expenses	1,243	1,888
Operating loss	1,508	2,295
Financial expense	13	6
Financial income	34	106
Total comprehensive loss for the period	1,487	2,195
Basic and diluted loss per share	\$ (0.01)	\$ (0.02)

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

NUTRITIONAL GROWTH SOLUTIONS LTD.

**UNAUDITED CONDENSED INTERIM CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS'
EQUITY
(US Dollar in thousands)**

For the six-month period ended June 30, 2023 (Unaudited):

	<u>Share capital and premium</u>	<u>Accumulated deficit</u>	<u>Total</u>
Balance at January 01, 2023	15,298	(13,223)	2,075
Changes during the period:			
Total comprehensive loss	-	(1,487)	(1,487)
Issuance of shares, net	132	-	132
Share based payment	45	-	45
Balance at June 30, 2023	<u>15,475</u>	<u>(14,710)</u>	<u>765</u>

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

NUTRITIONAL GROWTH SOLUTIONS LTD.

UNAUDITED CONDENSED INTERIM CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS'

EQUITY

(US Dollar in thousands)

For the six month period ended June 30, 2022 (Unaudited):

	<u>Share capital and premium</u>	<u>Accumulated deficit</u>	<u>Total</u>
Balance at January 01, 2022	12,849	(8,974)	3,875
Changes during the period:			
Total comprehensive loss	-	(2,195)	(2,195)
Exercise of options	-	-	-
Share based payment	226	-	226
Balance at June 30, 2022	<u>13,075</u>	<u>(11,169)</u>	<u>1,906</u>

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

NUTRITIONAL GROWTH SOLUTIONS LTD.
UNAUDITED CONDENSED INTERIM CONSOLIDATED OF CASH FLOWS
(US Dollar in thousands)

	Six-month period ended June 30,	
	2023	2022
	Unaudited	
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net loss for the period	(1,487)	(2,195)
Adjustments to reconcile net loss to net cash used in operating activities:		
Depreciation	21	21
Amortization of intangible assets	10	10
Change in fair value of derivative-warrants	(3)	(87)
Increase in trade receivables, net	(18)	(94)
Decrease (increase) in other accounts receivable	(105)	48
Increase in inventories	(37)	(633)
Increase (decrease) in trade payables	31	(21)
Decrease in other accounts payable	(16)	(107)
Share based payment	45	226
Net cash used in operating activities	<u>(1,559)</u>	<u>(2,832)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchase of property assets	-	(3)
Net cash used in investing activities	<u>-</u>	<u>(3)</u>
CASH FLOWS FROM FINANCING ACTIVITIES:		
Lease payments	(20)	(18)
Grant from the Innovation Authority	-	132
Receipts of loans, net	191	-
Issuance of shares and warrants, net	132	-
Net cash provided by financing activities	<u>303</u>	<u>114</u>
Net decrease in cash and cash equivalents	(1,256)	(2,721)
Cash and cash equivalents at the beginning of the period	<u>1,521</u>	<u>4,142</u>
Cash and cash equivalents at the end of the period	<u><u>265</u></u>	<u><u>1,421</u></u>

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

NUTRITIONAL GROWTH SOLUTIONS LTD.

NOTES TO THE UNAUDITED CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

(US Dollar in thousands)

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 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 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.
- C. The Company incurred a net loss of USD 1,487 thousand for the six-months period ended June 30, 2023, generated USD 14,710 thousand of accumulated deficit since inception and up until June 30, 2023 and recorded negative cash flows from operations of USD 1,559 for the six month period ended June 30, 2023. 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. 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:

Basis of preparation

These interim consolidated financial statements have been prepared in accordance with IAS 34 Interim Financial Reporting. They do not include all disclosures that would otherwise be required in a complete set of financial statements and should be read in conjunction with the 2022 annual financial statements. These condensed interim consolidated financial statements do not include immaterial disclosures to the annual financial statements.

Significant accounting policies

The Group has applied the same accounting policies and methods of computation in its interim consolidated financial statements as in its 2022 annual financial statements.

NUTRITIONAL GROWTH SOLUTIONS LTD.

NOTES TO THE UNAUDITED CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

(US Dollar in thousands)

NOTE 3- SHORT TERM LOANS:

In January 2023, the Company has entered into 2 short-term loan agreements with financial institutions to support its operational and working capital requirements. These loans are classified as short-term liabilities on the statements of financial position, as their maturity dates are within the next twelve months from the reporting date.

The main terms of the loans:

1. Loan for the principal amount of 200 bears an average interest rate of 9.49% per annum. First three-month interest only and then nine equal monthly payments (principal and interest).
2. Loan for the principal amount of 86, to be repaid in daily repayments over 10 months , bears an average interest rate of 15% per annum . Repayments method: a 17% of the Company's daily specific sales amount on its website is remitted to the lender until the lender has received the full agreed amount.

As of June 30, 2023 the outstanding balance of short-term loans amounted to 191.

NOTE 4 -SHAREHOLDERS' EQUITY:

Share capital:

On May 09, 2023, the Company announced that it had completed a placement to sophisticated and institutional investors for the issue of 100,000,000 fully paid ordinary shares at an issue price of AUD 0.012 per share raising AUD 1.2 million (before issuance costs) plus 50,000,000 stock options.

To be executed in two tranches:

3. In the first tranche (**First Tranche**), in May 2023, the Company issued 20,000,000 ordinary shares representing AUD 240,000 (approximately 158 before issuance cost).
4. In the second tranche (**Second Tranche, see also Note 5**), in August 2023, the remaining 80,000,000 ordinary shares, representing AUD 960,000 (approximately 634 before issuance cost), plus 50,000,000 stock options are to be issued subject to shareholder approval. The stock options are vested upon issuance and exercisable over 3 years 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 **Second Tranche**, the Company issued to the lead broker 30,000,000 stock options with terms identical to the terms of the shareholders' stock options. A shareholders' approval accepted at the Company's Annual General Meeting on July 25, 2023, following the statements of financial position date.

NUTRITIONAL GROWTH SOLUTIONS LTD.

NOTES TO THE UNAUDITED CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

(US Dollar in thousands)

NOTE 4- SHAREHOLDERS' EQUITY (CONT.):

Share based payment:

The options to officers and consultants outstanding as of June 30, 2023 and 2022 are comprised, as follows:

	Six-month period ended June 30, 2023	
	Unaudited	
	Number of options	Weighted average Exercise price
Outstanding at beginning of year	17,235,716	\$ 0.077
Expired	850,000	\$ 0.093
Outstanding at end of period	<u>16,385,716</u>	<u>\$ 0.073</u>
Exercisable options	<u>13,411,758</u>	<u>\$ 0.046</u>
	Six-month period ended June 30, 2022	
	Unaudited	
	Number of options	Weighted average Exercise price
Outstanding at beginning of year	12,469,052	\$ 0.024
Exercised	1,000,000	-
Granted	6,050,000	\$ 0.18
Outstanding at end of period	<u>17,519,052</u>	<u>\$ 0.02</u>
Exercisable options	<u>9,802,450</u>	<u>\$ 0.04</u>

NOTE 5 - SUBSEQUENT EVENTS:

In August 2023, the Company completed the Second Tranche (See Note 3) upon which the Company raised gross AUD 960 thousand (approximately gross 634, approximately net 584 after issuance expenses). Issuance costs amounted to 50 which were recorded in the equity. Under the Second Tranche the Company issued 80,000,000 ordinary shares plus 50,000,000 stock options. So that at the end of First Tranche and the Second Tranche each new shareholder received 2 ordinary shares plus 1 stock option against AUD 0.012. The stock options are vested upon issuance and exercisable at AUD 0.02 per share over 3 years commencing issuance date (the “term”) and will expire upon the elapse of the term.

NUTRITIONAL GROWTH SOLUTIONS LTD.

NOTES TO THE UNAUDITED CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

(US Dollar in thousands)

NOTE 5 - SUBSEQUENT EVENTS (CONT.):

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 will be admit to the official list of the ASX on September, 2023.