

Binding Commitments received for A\$2.0 million Capital Raise

HIGHLIGHTS

- NGS has secured commitments of A\$0.475 million under a Loan Notes Placement and A\$1.525 million under a Share Placement to accelerate growth in the USA.
- Under the Loan Note Placement, 475,000 Loan Notes at \$1.00 each will be issued that will become convertible into ordinary shares at a conversion price of \$0.003 solely subject to shareholder approval.
- Under the Share Placement, 508.33 million Placement Shares will be issued at \$0.003 each, subject to Shareholder approval.
- The Capital Raise was supported by Australian sophisticated and professional investors, including NGS's single largest shareholder.
- Funds raised under the Capital Raise will enable NGS to invest in sales and marketing to grow brand awareness and market share in the USA, increase production to expand retailer distribution beyond Walmart, expand its product portfolio, and scale operations to drive efficiencies.

Nutritional Growth Solutions Limited (ASX:NGS) ("NGS" or "the Company"), is pleased to announce that it has received binding commitments for both the issue of 475,000 loan notes (**Loan Notes**), to be issued at \$1.00 each (**Loan Note Placement**) and the issue of 508.33 million ordinary shares (**Placement Shares**), subject to receipt of Shareholder approval, at \$0.003 each (**Share Placement**).

The Loan Note Placement and the Share Placement are together referred to as '**the Capital Raise**'.

The offer of the Loan Notes and Placement Shares was made to sophisticated and professional investors in Australia and successfully closed, achieving binding commitments of A\$2.0 million.

Stephen Turner, NGS CEO and Managing Director, commented on the capital raise: *"We are appreciative of the support from existing and new investors, who have participated in the Capital Raise. This substantial injection of capital will provide balance sheet flexibility and working capital to accelerate growth in the USA and increase production to expand our retail footprint beyond Walmart. It also allows for development and expansion in branded product offering through our strong USA retail channel understanding and expertise. The increased scale will bring significant cost efficiencies in procurement and operations, fast-tracking our path to sustained positive cashflow and profitability."*

The Loan Note Placement

The 475,000 Loan Notes to be issued under the Loan Note Placement, have an interest rate of 12% and are a debt instrument, however will become convertible into ordinary shares (**Loan Note Shares**) solely subject to shareholder approval under Listing Rule 7.1, in which case, the face value of the Loan Notes (being \$475,000 in aggregate) (plus unpaid interest) will be converted into Loan Note Shares at a conversion price of \$0.003.

In the event Shareholders do not approve the conversion mechanism in the terms of issue of the Loan Notes, the Company will be required to repay the Loan Notes plus all accrued and unpaid interest in cash on the Maturity Date, being 3 years following the date of issue of the Loan Notes (unless repaid earlier).

Director, Peter Osborne has committed to taking up \$25,000 in the Loan Note Placement. Conversion of such Loan Notes into Loan Note Shares is subject to shareholder approval.

A summary of the terms of issue of the Loan Notes is appended to this ASX Announcement at **Schedule 1**.

The Share Placement

The 508.33 million Placement Shares will be issued under the Share Placement at a price of \$0.003 each, to raise a total of A\$1.525 million. The issue of the Placement Shares is subject to receipt of Shareholder approval under Listing Rule 7.1.

Director, David Fenlon has committed to taking up \$25,000 in the Share Placement.

Use of Proceeds

The net proceeds from the Capital Raise are planned to be invested in the following areas:

| Item | Amount |
|--|--------------------|
| Sales and marketing for growth | \$500,000 |
| Inventory build to service new retailers | \$750,000 |
| Product portfolio development | \$250,000 |
| Additional working capital | \$380,000 |
| Costs of the capital raising | \$120,000 |
| Total proceeds from Capital Raising | \$2,000,000 |

NGS aspires to become known as a leader in providing premium nutrition for growing children under the Healthy Heights® brand, with its primary market in the USA.

The Company has, through its rejuvenated leadership team, achieved significant milestones in sales performance and operations development in the past year. The renewed ranging, addition of Happy Tummies and growing sales with a combined footprint of over 1300 select Walmart stores nationwide has exposed the Healthy Heights® brand to a widespread consumer base.

NGS is in the advanced stages of negotiating ranging with multiple other major retailers in the US grocery and pharmacy channels, and expect to see significant increases in retail banner expansion, points of distribution, and total number of stores that stock NGS products.

With a capable US leadership team and robust digital marketing strategy to support expected growth, the business is now well placed to maximise its USA infrastructure, expand its retail footprint and product portfolio, and significantly scale operations to accelerate its run-rate to sustained profitability and positive cashflow.

Advisors

The lead manager to the Capital Raise was MST Financial Services Pty Limited (ACN 617 475 180, AFSL 500577) (the **Lead Manager**).

The Company also engaged TAKE Global Pty Ltd (ACN 668 506 214) (**TAKE Global**) to act as strategic advisor for the Capital Raise and has agreed to issue 7.5 million Shares (**Advisor Shares**) to TAKE Global, subject to Shareholder approval.

Indicative timetable with respect to the Loan Notes and Placement Shares

| Event | Time and Date |
|---|-----------------------|
| ASX Announcement | Friday, 26 April 2024 |
| Loan Notes issued | Monday, 6 May 2024 |
| General Meeting to be convened | Tuesday, 25 June 2024 |
| Allotment of Placement Shares, Loan Note Shares, Shares on conversion of existing Convertible Notes ¹ and Advisor Shares | Monday, 1 July 2024 |
| Normal trading of Placement Shares, Loan Note Shares, Shares on conversion of existing Convertible Notes and Advisor Shares | Tuesday, 2 July 2024 |

Note 1 – These are the 400,000 Convertible Notes were issued on 14 February 2024.

This timetable is indicative only and may be subject to change. NGS reserves the right to amend any or all of these dates and times subject to the *Corporations Act 2001* (Cth), the ASX Listing Rules and other applicable laws.

This announcement has been authorised for release by the Board.

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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.

<https://healthyheights.com/> <https://ngsolutions.co>

For more information visit: <https://ngsolutions.co/investor-centre/>

NGS encourages all current investors to go paperless by registering their details with the designated registry service provider, Automic Group.

Disclaimer

Forward looking statements

This document contains certain "forward-looking statements". The words "expect", "anticipate", "estimate", "intend", "believe", "guidance", "should", "could", "may", "will", "predict", "plan" and other similar expressions are intended to identify forward-looking statements. Indications of, and guidance on, future earnings and financial position and performance are also forward-looking statements. Forward-looking statements, opinions and estimates provided in this document are based on assumptions and contingencies that are subject to change without notice and involve known and unknown risks and uncertainties and other factors that are beyond the control of NGS, its directors and management. This includes statements about market and industry trends, which are based on interpretations of current market conditions.

Forward-looking statements are provided as a general guide only and should not be relied upon as an indication or guarantee of future performance. Actual results, performance or achievements may differ materially from those expressed or implied in such statements and any projections and assumptions on which these statements are based. These statements may assume the success of NGS's business strategies. The success of any of those strategies will be realised in the period for which the forward-looking statement may have been prepared or otherwise. Readers are cautioned not to place undue reliance on forward-looking statements and except as required by law or regulation, none of NGS, its representatives or advisers assumes any obligation to update these forward-looking statements. No representation or warranty, express or implied, is made as to the accuracy, likelihood of achievement or reasonableness of any forecasts, prospects, returns or statements in relation to future matters contained in this document. The forward-looking statements are based on information available to NGS as at the date of this document. Except as required by law or regulation (including the ASX Listing Rules), none of NGS, its representatives or advisers undertakes any obligation to provide any additional or updated information whether as a result of a change in expectations or assumptions, new information, future events or results or otherwise. Indications of, and guidance or outlook on, future earnings or financial position or performance are also forward-looking statements.

For more information visit: <https://ngsolutions.co/investor-centre/>

Schedule 1 – Loan Note Terms

| | |
|--|---|
| Number of Loan Notes subscribed for: | 475,000 |
| Face Value of each Note: | \$1.00 |
| Interest rate | 12% per annum |
| Conversion Price | \$0.003 |
| Redemption | <p>In the event the Loan Notes are not earlier converted, the Loan Notes will be repaid in cash on the earlier of:</p> <ul style="list-style-type: none"> • In the event of an insolvency event; and • On the date that is 3 years following the issue of the Loan Notes (unless repaid earlier). |
| Conversion (subject to Shareholder approval) | <p>The Loan Notes are a debt security.</p> <p>At the general meeting of NGS, proposed to convene in June 2024, Shareholders will, however, be asked to approve a conversion mechanism (Conversion Mechanism) in the Loan Note terms such that:</p> <ul style="list-style-type: none"> • The Face Value plus accrued interest (Outstanding Amount) will automatically convert into ordinary shares in NGS (Loan Note Shares) with such number determined by dividing the Outstanding Amount by the Conversion Price. • The Loan Note Shares will then be issued within 10 business days following receipt of shareholder approval. <p>The Conversion Mechanism will need to be approved under ASX Listing Rule 7.1.</p> |