

Nutritional Growth Solutions Limited (ASX: NGS)
2024 Annual General Meeting
Chair's Address and Managing Director's Presentation

Nutritional Growth Solutions Limited (ASX:NGS) ("NGS" or "the Company") advises the following address and presentation are attached and will be presented today at the Annual General Meeting of the Company, beginning at 2pm (AEST):

- Chair's Address – Mr. Dave Fenlon
- CEO Presentation – Mr. Steve Turner

Chair's Address

Throughout the year in question, Steve has led the turnaround of the business since his appointment as CEO and reset the base to support expansion of the Healthy Heights® brand in the United States through both eCommerce channels and big-box retailer, Walmart.

On 26 April, 2024, amidst challenging conditions, the Company secured binding commitments for a \$2.0 million capital raise. This substantial injection will be critical in providing the working capital needed to increase production to expand our retail footprint and invest in existing and new channels with trade and marketing support to accelerate sales performance and increase our consumer base.

The Company remains laser-focused on the North American opportunity, leveraging our experienced American management team and established distribution network to penetrate the lucrative U.S. retail market.

In addition, it has become apparent there are synergistic Australian brands also looking to enter the United States. To the extent that NGS can create shareholder value, generate margin accretive revenue through its existing team and distribution network, the opportunity presents a complementary capital light model that is worth exploring.

Alongside its existing product range, a business model whereby NGS is the exclusive North American partner would increase the basket of products on offer for the existing ecosystem, including category buyers and retailers. Through this flexible model, NGS will be better positioned to continue with growing its existing brands, as well as creating material additional revenue at above industry average rates.

As we enter the second half of the year, the Company is well-capitalised and ready to execute a well-defined growth strategy. The Board is confident in our pathway to profitability and our commitment to creating shareholder value. I would like to take this opportunity to thank existing shareholders for their ongoing support and welcome new sophisticated investors to the NGS register.

-ENDS -

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

For further information, please contact:

Stephen Turner
Managing Director and CEO

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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>



CEO Business Update



Steve Turner
CEO

HEALTHY HEIGHTS® PRODUCT PORTFOLIO

Healthy Heights® was developed by an expert team of pediatric endocrinologists and nutritionists, offering a comprehensive range of nutritional shakes and supplements, patented and clinically proven to support children's growth development.

With US based operations, NGS has established strong foundations in the US\$20B¹ toddler nutrition market in North America with products sold in Walmart and online via the Healthy Heights® website, Amazon and iHerb.



STRATEGIC HIGHLIGHTS

NGS is a nutritional company headquartered in the United States. We develop, produce and sell clinically tested nutritional supplements for children, underpinned by 20 years of medical research in pediatric nutrition.

Strong Gross Profit Margin

FY23 40% group gross margin¹
providing clear pathway to profitability

Walmart retail footprint

USA retail distribution in
1,335 Walmart stores

Nearing Positive Cash Flow

Forecasted to be cash flow positive by end
of 2024 (excluding inventory purchases)

Strategic Restructuring

Simplified operations with significant
reductions in costs realised

Unlocking Potential Growth

Plans for rapid expansion
in USA retail footprint

Leveraging U.S. Operations

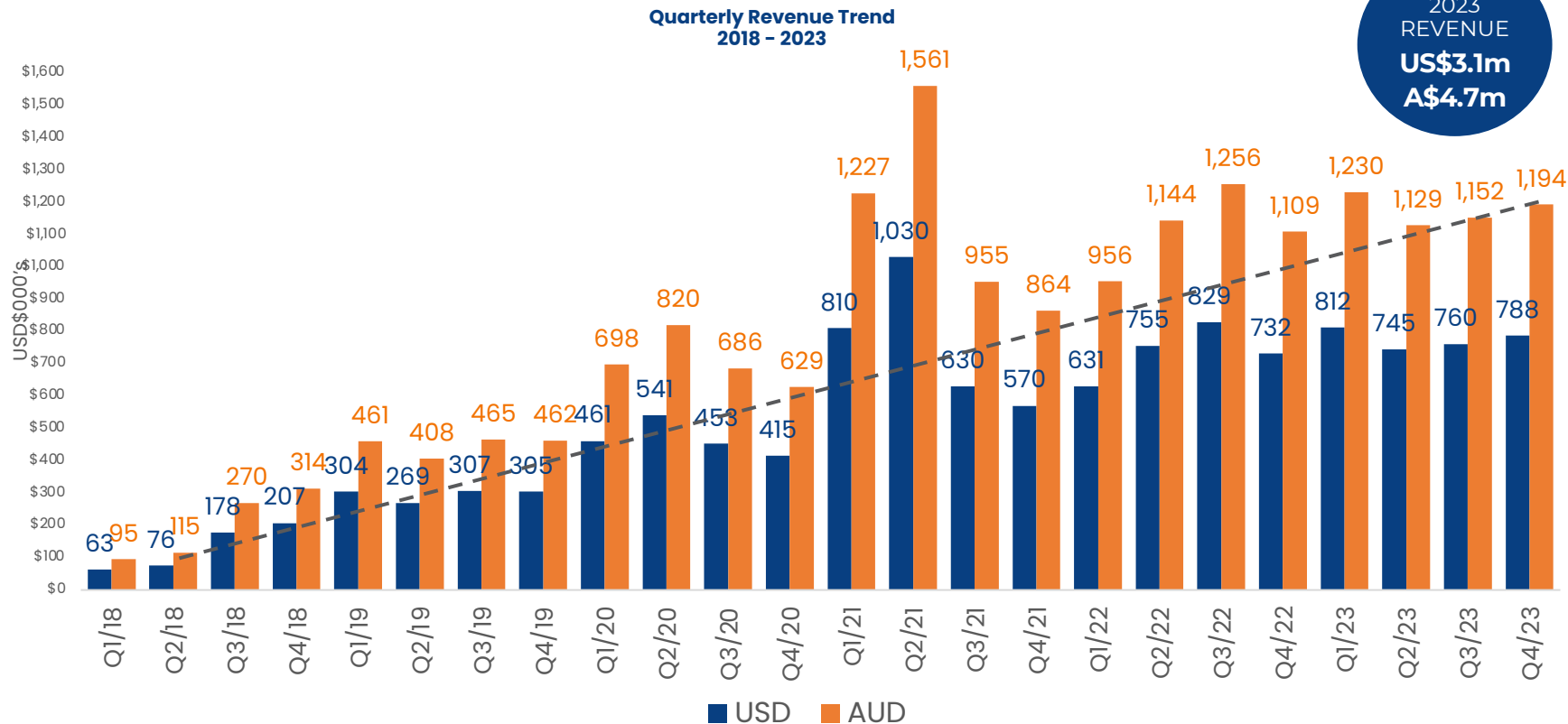
Opportunity to capitalise on U.S. team and
distribution by licencing Australian brands

- U.S. based operations with core revenue generated from U.S. retail distribution and eCommerce, inc. D2C, Amazon, Walmart.com and iHerb.
- Healthy Heights® sub-brands Kidz Protein® and Happy Tummies® are ranged in Walmart with confirmed ongoing ranging in 2024/2025 planograms.
- In 2023 NGS conducted a strategic restructure to simplify operations, delivering a significant reduction in cost base realised in 1H 2024.

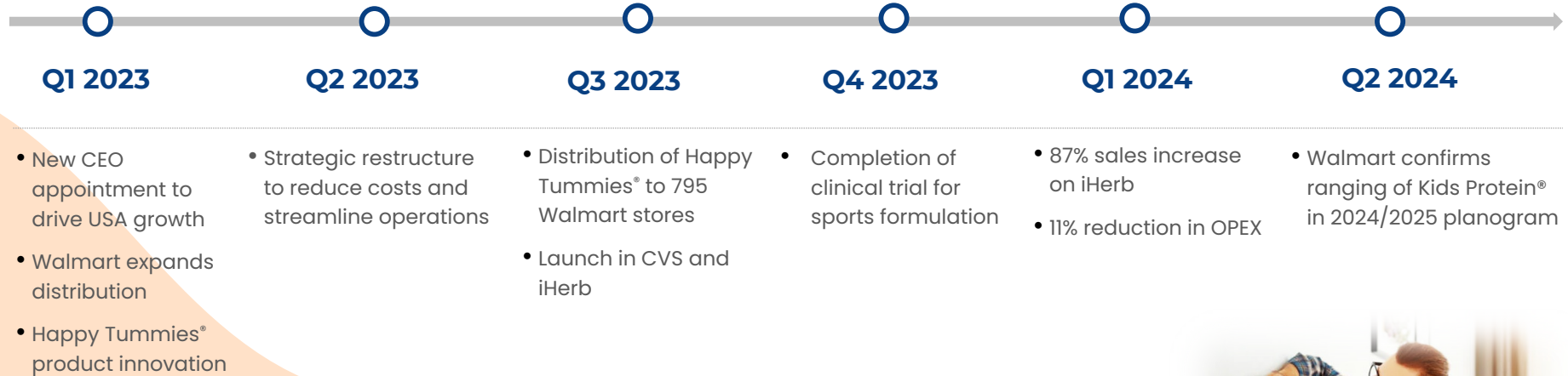
¹ The financial information for FY23 is based on unaudited financial statements for FY23 released on the ASX on 29 February 2024. NGS reports according to the fiscal year in Israel; 1 January – 31 December.

FY23: CONSISTENT SALES PERFORMANCE

Continued focus on the U.S. market and building sales momentum in Walmart delivered consistent steady growth in 2023.



KEY MILESTONES



1H FY24: YTD REVENUE CONSTRAINED BY UNDERCAPITALISATION

1H 2024 sales growth was constrained by supply chain disruptions and the prioritisation of cash preservation.

- **Optimised Profitability:** Although revenues were constrained in 1H 2024 due to limited working capital, relative profitability has increased due to the significant reduction in operating expenses.
- **Expense Management:** Q1 2024 operating expenses decreased by 11% versus prior quarter (Q4 2023), demonstrating lean operations and efficient cost management to extend the Company's cash runway.
- **Supply Chain Enhancements:** New direct procurement agreements with key ingredient suppliers were established to avoid future shortages that caused top-selling products to be out-of-stock in Q1 2024. Increased working capital will allow for extended weeks of finished goods inventory coverage.
- **Marketing and Trade Activity:** Scaling back on advertising to preserve cash impacted 1H revenues and new customer acquisition; however, targeted channel activities resulted in high engagement and repeat purchase from existing consumers.
- **Walmart Strong Performance:** Despite these issues, Walmart's 1H sales velocity continued to perform strongly, resulting in secured ranging of Happy Tummies®, Healthy Heights®, and Kidz Protein® in their 2024/25 planogram.

2H FY24: POSITIVE OUTLOOK

With the Company recapitalised, NGS is confident in returning to strong sales performance and profitable growth.

- **Return to Growth:** With access to adequate working capital to build inventory cover and invest in proven effective marketing activities, the Company is now well positioned to drive rapid revenue growth by focusing on the following key priorities:
 - (1) Increasing sales velocity with existing e-Commerce channels and big-box retailer, Walmart.
 - (2) Rapidly expanding its U.S. 'bricks and mortar' retail footprint.
 - (3) Developing licencing partnerships with complimentary Australian health brands with high potential in the U.S., to increase revenues and margin contribution while utilising its existing ecosystem.

- **Pathway to Positive Cashflow:** Management have reduced annual operating costs from c. \$6M to c. \$3M, and will continue to improve efficiencies, paving the way to cashflow positive operations. This significant cost reduction already achieved provides a strong foundation for sustained profitable growth.



STRATEGIC PRIORITIES: KEY GROWTH ENGINES

The Company remains laser-focused on the North American opportunity, leveraging our experienced American team and established distribution network to penetrate the lucrative U.S. retail market.

INCREASE SALES VELOCITY



- **Accelerate Walmart sales velocity**
 - Continued targeted trade campaign
 - Product extensions and innovation.
- **Increase sales on eCommerce platforms**
 - Invest in driving reach and conversion on Amazon, iHerb and D2C website

EXPAND RETAIL FOOTPRINT



- **Increase Walmart Store Coverage**
 - Incremental regional penetration in up to 3,500 Walmart stores.
- **Increase U.S. Retail Footprint**
 - Leverage Walmart's success to expand to other premium retailers, i.e. currently in negotiations with CVS (15,000 stores).

U.S. LICENCE FOR AUSTRALIAN BRANDS



- **Explore Australian Brand Partnerships**
 - Identify synergistic Australian brands with high potential in U.S. marketplace.
 - Generate margin accretive revenue via exclusive U.S. licence arrangements.
 - Capital light model leveraging NGS existing team and distribution platforms.