

Nutritional Growth Solutions Full Year 2022 Results

OPERATIONAL HIGHLIGHTS

- NGS has focused on the US market, with sales momentum building through Walmart:
 - Healthy Heights® now stocked in Walmart stores across the US
 - Online sales through Walmart.com doubled during the December Quarter
 - Walmart point-of-sale sales grew at 50% month on month, with sales growing 250% from October to December 2022.
 - Expanded ranging with NGS' new Happy Tummies® supplement to be stocked in Walmart with the product developed at Walmart's request
- Amazon sales growth of 16% over the PCP to US\$1.8 million.
- Distribution agreement with largest wholesale distributor in the US, United Natural Foods Inc. (NYSE: UNFI) to expand North American distribution in 2023, leveraging the sales success with Walmart.
- NGS entered new markets including Poland and South Korea with the potential to expand revenues.
- Commenced clinical trials to evaluate effects of NGS innovative sports supplement on physical activity performance in children.
- Revenue for 2022 of US\$2.9 million with 9% revenue growth in the United States, and gross profit margin of 49%.

CORPORATE HIGHLIGHTS

- Newly appointed CEO, Stephen Turner, to drive the next stage of growth for NGS, with over 20 years' industry experience having held senior roles with numerous multinational health and pharmaceutical companies.
- David Fenlon appointed as Independent Non-Executive Chairman of the Company. David has over 30 years' experience in retail and consumer goods across Europe, Australasia and North America.

- **Peter Osborne appointed as a Non-executive Director. Peter is currently a strategic advisor in Asia for several ASX listed retail and consumer goods companies.**

Nutritional Growth Solutions Ltd (ASX: NGS) (“NGS” or the “Company”) a global nutrition company creating clinically proven protein supplements to support growth development in children, announces its full year results for the 12 months ended 31 December 2022 (**FY22**).

OPERATIONAL UPDATE

Focus on the US Market

During the year, NGS focused on growth in the US market, with its Healthy Heights® range making significant strides. In September 2022, NGS launched some of its Healthy Heights® range in Walmart stores across the US, with the products now stocked in 409 stores. The Company has received replenishment orders from Walmart since the products have been on the shelves, and based on the initial sales success, NGS announced the ranging of its new Happy Tummies® product in Walmart later this year.

Based on these initial results, NGS is now working with Walmart to expand the number of stores. Currently, NGS is selling 2 products in 409 stores, out of over 3,500 Walmart stores in the US, providing the opportunity for significant growth with this key NGS customer. During 2023, the Company will continue to implement its marketing strategy with the aim of building further awareness and increasing both sales velocity and the number of stores in which NGS' products are stocked.

In addition to the potential for growth with Walmart, the sales performance is key to gaining distribution through other retailers across the US

During the year, Amazon total sales increased 16% over the PCP to US\$1.8 million, with strong daily sales building in the second half of the year, positioning the company for continued growth in 2023.

The Healthy Heights® range commenced sales on the ecommerce channel of Kroger (NYSE: KR). NGS also sells through Walmart.com, RangeMe.com, Smiths.com and Ralphs.com. Additionally, NGS has signed a distribution agreement with the largest natural products wholesale distributor in the US, United Natural Foods Inc., which can expand Healthy Heights® retail and online presence across the country.

Global Expansion

NGS signed an Exclusive Distribution Agreement with Pharmabest, a leading distributor of high-quality and evidence based dietary supplements and medical devices in Poland. The agreement targeted total sales of 135,000 units by 2025 with Pharmabest supporting the brand with targeted offline and online distribution opportunities in the region.

Additionally, NGS launched its entire Healthy Heights® range (including Grow Daily 3+, Grow daily 10+, KidzProtein and KidzProtein Vegan) in South Korea through a supply agreement with Coupang, the country's largest online retailer with 18 million active customers.

Furthermore, 15,000 units of Healthy Heights® manufactured in New Zealand were dispatched by NIG Nutritionals to China and Australia to fulfill distribution orders with Chemist Warehouse China, UltraHealth and Australia Sunshine. This was a significant milestone in executing NGS' Asia Pacific rollout strategy and increasing sales in this highly attractive market.

NGS is currently working to identify strategic distribution partners for China and South East Asia, as it moves away from investing in direct marketing in the region, and shifting focus to North America.

By expanding NGS' reach and offering its products to a wider customer base, NGS can tap into new markets, increase brand recognition and strengthen its presence in the children's nutritional supplement industry.

Positive clinical trial results of Healthy Heights® Grow Daily Boys 10+ formula

NGS received positive results from an open extension (6-12 months) clinical trial on its Grow Daily Boys 10+ formula, with the results now published in peer-reviewed international medical journal, Hormone Research in Pediatrics. The extension phase results found significant dose-response correlations between the consumption of Grow Daily Boys 10+ and the gain in height, weight, and muscle-mass. Throughout the study, net changes in fat mass and fat mass percentage were minor (mean changes of less than 0.8 kg and less than 0.8%, respectively), showing the intervention had no obesogenic effect. This represents a significant achievement for the Company as it demonstrates the effectiveness of the NGS' products in promoting healthy growth and development in pre-adolescent males.

CORPORATE UPDATE

NGS appointed David Fenlon as Independent Non-Executive Chairman of the Company, with over 30 years' experience in retail and consumer goods across Europe, Australasia and North America.

During 2022, the Company also appointed Peter Osborne as a Non-executive Director, having provided valuable guidance in commercialising and expanding product ranges into key growth markets across Asia. He is currently a Strategic Advisor in Asia for ASX listed retail and consumer goods companies, Ecofibre Limited (ASX:EOF) and BWX Limited (ASX:BWX), Director of Advangen, Inc, Japan, Operating Partner of Cortina Capital, Strategic Advisor to Edison Partners, External Advisor to Bain & Company and was previously Asia Pacific Chairman for US probiotic company Seed Health.

As an after balance date event, the Company underwent a leadership restructure to focus on the growth of its business in the North American market. NGS President, North America, Mr Stephen Turner, is to transition to CEO effective 1 March 2023, succeeding Ms Liron Fendell who will remain on the Board as a Non executive Director. Mr Turner will drive the next stage of growth for NGS, with over 20 years' industry experience through senior roles with numerous multinational health and pharmaceutical companies.

NGS's recent appointments demonstrate the Company's commitment to strengthening its board and leadership team with seasoned industry leaders.

Financial Overview

During 2022, the Company achieved revenue of US\$2.9 million with 9% revenue growth in the United States, and gross profit margin of 49%. It should be noted that the 2022 revenue figures were impacted by supply chain issues during the first 4 months of 2022, with global revenues also decreasing due to NGS refocusing its sales strategy on the US market.

The Group reported a net loss for the year ended 31 December 2022 of \$4,249,000, 11% improvement compared to 2021 (31 December 2021: loss of \$4,780,000). This result is due to the Company's investment in increasing sales and marketing, development of new sales channels and R&D. Included in the net loss for the year are non-cash expense of US\$281,000 in connection of share-based payments.

NGS has a closing cash balance at 31 December 2022 of US\$1,521,000.

On August 2022, the Company raised AUD 3.48 million (approximately gross US\$2,385k) 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.

-ENDS-

This announcement has been authorised for release by the Board of Directors of Nutritional Growth Solutions Ltd.

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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.

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