

Strategic Restructure to Significantly Reduce Costs & Capital Raise to Fund North American Expansion

HIGHLIGHTS

- **Strategic restructure to simplify operations and build a stronger foundation, with a significant reduction in costs without impacting product and sales generation, creating a more sustainable and durable business model.**
- **The cost restructure is expected to significantly reduce annual Selling, General and Administrative (“SG&A”) expenses by approximately US\$1.9 million or 34% compared in 2022.**
- **Significant structural and cost changes have already been made to the US team to focus all resources on maintaining sales momentum, margin and growth opportunity.**
- **NGS will also continue to seek further cost saving measures to ensure to build shareholder value based on the Company’s strength in the US.**
- **Executive Director Liron Fendell to step down from the NGS Board.**
- **Chairman Dave Fenlon and Non-Executive Director Peter Osborne have elected to be partially paid fees in deferred equity.**
- **Capital raise completed via a placement to sophisticated and institutional shareholders raising a total of A\$1,200,000 (before costs), with funds to be applied to the Company’s North American expansion strategy and complimentary business acquisitions.**

Nutritional Growth Solutions Ltd (ASX: NGS) (“NGS” or the “Company”) a global nutrition company, announces a strategic restructure, combined with a capital raise, as part of the next phase to build a stronger foundation and create a more sustainable and durable business model. The restructuring program is expected to provide a significant reduction in costs without impacting upon sales and includes the reorganisation and simplification of the Company’s corporate operations, a significant reduction in management positions across the business, and outsourced functions to dramatically reduce operating costs.

This represents a major pivot for NGS, as the Company continues 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.

The overall restructuring efforts are expected to significantly reduce annual SG&A expenses by approximately US\$1.9 million or 34% compared to total expenses in 2022. This realignment of costs will enable NGS to focus on its core initiatives and maintain momentum, positioning the Company for long-term success.

Significant structural changes have already been made to the US team to focus all resources on maintaining sales momentum and growth opportunity. The net result of these operational changes in the US translates to approximately US\$720K in annual savings related to personnel and selling costs.

It should be noted that Chairman Dave Fenlon and Non-Executive Director Peter Osborne have elected to be paid reduced fees in deferred equity (subject to shareholder approval), demonstrating their commitment to the Company.

NGS will also continue to seek further cost saving measures to ensure to build shareholder value based on the Company's strength in the US.

Capital Raising

In combination with the strategic restructuring, NGS has undertaken a placement to sophisticated and institutional investors raising a total of A\$1,200,000 (before costs) (**Placement**). The Placement comprises of an offer of 100,000,000 new fully paid ordinary shares (**Placement Shares**) at an issue price of A\$0.012. The Placement Shares will be issued in 2 tranches, with tranche 1 issuing 20,000,000 shares under the company's existing 7.1 capacity and tranche 2, issuing an additional 80,000,000 shares subject to shareholder approval. Binding commitments have been received for the total capital raise.

The Placement includes 1 free attaching option (**Options**) for every 2 Placement Shares subscribed for. The Options are exercisable at \$0.02 per option with an expiry 3 years from the date of issue. The issue of the Options will be subject to shareholder approval and the Company intends to seek quotation of the Options subject to meeting the ASX listing rule requirements.

Funds raised via the Placement will be used for working capital as the Company seeks to further expand its sales activities in the US. Conditions of the capital raise were linked directly to the restructuring by the Company, with Molo Capital acting as the lead manager to the raise. Details of Molo Capital's fees are included in the Appendix 3B released at the same time as this announcement and include, as part consideration, the issue of Options which will also be subject to shareholder approval.

Resignation of Liron Fendell

As part of the strategic restructure, Ms Liron Fendell has stepped down from the Board. Ms Fendell has played a key role in building NGS into the business that it is today, and the Company thanks her for her dedication.

NGS' CEO, Stephen Turner, commented: "Today we announce these extensive changes to "right size" our organization to ensure we have a sustainable and durable business model. We do not take this action lightly, however whilst challenging, these intentional steps are required for NGS to continue to execute on its North American expansion strategy. The combination of the influx of working capital achieved from the significant cost reductions combined with the organisational changes, will allow NGS to focus on the core opportunity of building sales of our emerging brand Healthy Heights® and further establishing our leadership position in children's growth and development in the eyes of our consumers."

-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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