

APPENDIX 4D

For the half year ended 30 June 2024

1. Company information

Name of entity: Nutritional Growth Solutions Ltd.

ABN: 642 861 774

Reporting period: For the half year ended 30 June 2024

Previous period: For the half year ended 30 June 2023

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

2. Results for announcement to the market

		30 June 2024 US\$'000	% Change from half year ended 30 June 2023	30 June 2023 US\$'000
Revenue from ordinary activities	Down	1,247	18%	1,521
Loss from ordinary activities after tax	down	(1,285)	16%	(1,487)

Operating and financial review

Nutritional Growth Solutions achieved half yearly revenue of US\$1.25 million, a decrease of 18% on the prior corresponding period (pcp), and incurred a smaller loss of US\$1.3 million for H1 FY24 versus US\$1.5 million on H1 FY23, attributed to Company continues strategy to focus on its US business, and reducing operational costs.

Key operational achievements for Nutritional Growth Solutions over the half-year ended 30 June 2024 include:

- Revenues showing recovery in recent period, despite being impacted by capital constraints and out-of-stocks on top selling items.
- Reduction in Corporate costs by 28% 1H FY24 compared to prior 2H FY23. Continued cost discipline along with gross margin improvements through managing inventory, premium price products and cost of goods.

Commentary

The loss for the consolidated entity after providing for income tax amounted to US\$1.3 million including a non-cash finance expenses of US\$30k in connection of non-cash share-based payments.

Operating loss was 1,082 1HFY24 compared to 1,508 in 1H FY23, demonstrating a 31% improvement.

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 2024	30 June 2023
	cents	cents
Net tangible assets per security (cents)	(0.052)	(0.01)

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.

6. Details of dividend reinvestment plans

There is no dividend or distribution reinvestment plan in operation.

APPENDIX 4D

For the half year ended 30 June 2024

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, 2024

UNAUDITED

NUTRITIONAL GROWTH SOLUTIONS LTD.

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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, 2024 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, 2024, 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 1,285 thousand during the six-month period ended June 30, 2024. 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 28, 2024

Ziv haft
Certified Public Accountants (Isr.)
BDO Member Firm

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

	<u>June 30, 2024</u>	<u>December 31, 2023</u>
	<u>Unaudited</u>	
ASSETS		
Current Assets:		
Cash and cash equivalents	126	172
Trade receivables, net	62	15
Other accounts receivable	13	21
Inventories	468	681
Total current assets	<u>669</u>	<u>889</u>
Non-Current Assets:		
Intangible assets	10	20
Right of use asset	18	22
Property, plant and equipment, net	3	5
Total non-current assets	<u>31</u>	<u>47</u>
Total Assets	<u>700</u>	<u>936</u>

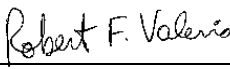
The accompanying notes are an integral part of the financial statements.

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

	<u>Note</u>	<u>June 30, 2024</u> <u>Unaudited</u>	<u>December 31, 2023</u>
LIABILITIES AND EQUITY			
Current Liabilities:			
Trade payables		454	252
Lease liability		16	11
Derivative financial liability		251	77
Short term loans	3	196	340
Convertible loans and notes	4	613	-
Other accounts payable		<u>602</u>	<u>422</u>
Total current liabilities		<u>2,132</u>	<u>1,102</u>
Equity:			
	5		
Share capital and premium		15,969	15,939
Accumulated deficit		<u>(17,401)</u>	<u>(16,116)</u>
Total equity		<u>(1,432)</u>	<u>(177)</u>
Total liabilities and shareholders' equity		<u><u>700</u></u>	<u><u>936</u></u>


Steve Turner
Chief Executive Officer


David Fenlon
Chairman


Rob Valerio
Chief Financial Officer

August 30, 2024
Date of approval of
financial statements

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

NUTRITIONAL GROWTH SOLUTIONS LTD.
CONDENSED INTERIM CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
(US Dollar in thousands)

	Six-month period ended June 30,	
	2024	2023
	Unaudited	
Revenue	1,247	1,521
Cost of revenue	<u>863</u>	<u>901</u>
Gross profit	<u>384</u>	<u>620</u>
Research and development expenses	98	170
General and administrative expenses	533	715
Selling and marketing expenses	<u>835</u>	<u>1,243</u>
Operating loss	1,082	1,508
Financial expense	229	13
Financial income	<u>26</u>	<u>34</u>
Total comprehensive loss for the period	<u><u>1,285</u></u>	<u><u>1,487</u></u>
Basic and diluted loss per share	<u>* \$ (0.052)</u>	<u>* (0.01)</u>

* After giving effect to the reverse stock split on July 19, 2024 (see also Note 6.4)

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

NUTRITIONAL GROWTH SOLUTIONS LTD.
CONDENSED INTERIM CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY
(US Dollar in thousands)

For the six-month period ended June 30, 2024 (Unaudited):

	<u>Share capital and premium</u>	<u>Accumulated deficit</u>	<u>Total</u>
Balance at January 01, 2024	15,939	(16,116)	(177)
Changes during the period:			
Total comprehensive loss	-	(1,285)	(1,285)
Share based payment	30	-	30
Balance at June 30, 2024	<u>15,969</u>	<u>(17,401)</u>	<u>(1,432)</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, 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 OF CASH FLOWS
(US Dollar in thousands)

	Six-month period ended June 30,	
	2024	2023
	Unaudited	
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net loss for the period	(1,285)	(1,487)
Adjustments to reconcile net loss to net cash used in operating activities:		
Depreciation and amortization	2	21
Amortization of intangible assets	10	10
Change in fair value of derivative financial liability	174	(3)
Increase in trade receivables, net	(48)	(18)
Decrease (increase) in other accounts receivable	8	(105)
Decrease (increase) in inventories	213	(37)
Increase in trade payables	202	31
Increase (decrease) in other accounts payable	184	(16)
Change in fair value of convertible loans and notes	20	-
Finance expenses, net	17	-
Share based payment	30	45
Net cash used in operating activities	(473)	(1,559)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Lease payments	(5)	(20)
Receipts of short-term loans, net	(144)	191
Convertible loans and notes issuance	576	-
Issuance of shares and warrants, net	-	132
Net cash provided by financing activities	427	303
Net decrease in cash and cash equivalents	(46)	(1,256)
Cash and cash equivalents at the beginning of the period	172	1,521
Cash and cash equivalents at the end of the period	126	265

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 1,285 thousand for the six-months period ended June 30, 2024, generated USD 17,401 thousand of accumulated deficit since inception and up until June 30, 2024 and recorded negative cash flows from operations of USD 473 for the six month period ended June 30, 2024. 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 2023 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 2023 annual financial statements. Other new and amended standards and Interpretations issued by the IASB that will apply for the first time in future financial statements are not expected to impact the Group as they are either not relevant to the Group's activities or require accounting which is consistent with the Group's current accounting policies.

NUTRITIONAL GROWTH SOLUTIONS LTD.

NOTES TO THE UNAUDITED CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

(US Dollar in thousands)

NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES (CONT.):

New standards, interpretations and amendments not yet effective

On April 9, 2024, the IASB published IFRS 18 Presentation and Disclosure in Financial Statements which replaces IAS 1 Presentation of Financial Statements and is mandatorily effective for annual reporting periods beginning on or after January 1st, 2027, the main changes are as follows:

1. Mandatory sub totals to be presented in the profit and loss.
2. Aggregation and disaggregation of information including the introduction of overall principles for how information should be aggregated and disaggregated in financial statements.
3. Disclosures related to management defined performance measures (MPMs).

The Group is currently assessing the impact of IFRS 18 on the financial statements, but at this stage it is unable to estimate such an impact. The effect of the new standard, however it may be, will only affect matters of presentation and disclosure.

NOTE 3 - SHORT TERM LOANS:

In September 2023, the Company has entered into two short-term loan agreements with financial institutions to support its operational and working capital requirements.

The main terms of the loans:

1. Loan for the principal amount of USD 282 thousand bears an average interest rate of 10.99% per annum. First three-month interest only and then nine equal monthly payments (principal and interest). USD 91 thousand were used to pay off a previous loan.
2. Loan for the principal amount of USD 84 thousand, to be repaid in daily repayments over 10 months, bears an average interest rate of 15.71% 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. USD 207 thousand were used to pay off a previous loan.

In April 2024, the Company has entered into additional short-term loan agreement with a financial institution. The loan principal amount is USD 82 thousand and will be repaid in daily repayments over the next 10 months from the funding date, in accordance with 17% of the Company's daily specific sales amount on its website until the lender will receive the full agreed amount. The loan bears an average interest rate of 15% per annum.

As of June 30, 2024 the outstanding balance of all short-term loans amounted to USD 196 thousand. These loans are classified as short-term liabilities on the statement of financial position, as its maturity dates are within the next twelve months from the reporting date.

NUTRITIONAL GROWTH SOLUTIONS LTD.

NOTES TO THE UNAUDITED CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

(US Dollar in thousands)

NOTE 4 - CONVERTIBLE LOANS AND NOTES:

In February 2024, the Company issued two convertible notes (the "February 2024 Convertible Notes") totaling AUD 400 thousand. The February 2024 Convertible Notes are convertible for AUD 0.0024 per share and accrue annual interest of 12%. The February 2024 Convertible Notes can be repaid in cash upon the earlier of the Company insolvency or 3 years from issuance date. The February 2024 Convertible Notes were converted in full into shares after the reporting date, in July 2024 (see also Note 6.2).

In April 2024, the Company issued convertible loans (the "April 2024 Convertible Loans") totaling AUD 475 thousand. The April 2024 Convertible Loans are convertible for AUD 0.003 per share and accrue annual interest of 12%. The April 2024 Convertible Loans can be repaid in cash upon the earlier of the Company insolvency or 3 years from issuance date. The April 2024 Convertible Loans were converted in full into shares after the reporting date, in July 2024 (see also Note 6.2).

The Company designated the February 2024 Convertible Notes and the April 2024 Convertible Loans to be recognized at fair value through profit or loss. Their fair value will be measured at each cut-off date. As of June 30, 2024 the total amount of the February 2024 Convertible Notes and the April 2024 Convertible Loans amounted to USD 613 thousand (AUD 898 thousand).

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NUTRITIONAL GROWTH SOLUTIONS LTD.

NOTES TO THE UNAUDITED CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

(US Dollar in thousands)

NOTE 5 -SHAREHOLDERS' EQUITY:

Share based payment:

The options to officers and consultants outstanding as of June 30, 2024 and 2023 are comprised, as follows:

		Six-month period ended June 30, 2024	
		Unaudited	
		Number of options	Weighted average Exercise price
Outstanding at beginning of year		46,135,716	\$ 0.028
Outstanding at end of period		46,135,716	\$ 0.028
Exercisable options		46,285,755	\$ 0.027
		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		16,385,716	\$ 0.073
Exercisable options		13,411,758	\$ 0.046

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NUTRITIONAL GROWTH SOLUTIONS LTD.
NOTES TO THE UNAUDITED CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
(US Dollar in thousands)

NOTE 6 - SUBSEQUENT EVENTS:

1. On July 2024, the Company issued 508.33 million Placement Shares at AUD 0.003 per Placement Share to raise a total of AUD 1.525 million.
2. On July 17, 2024 the Company converted all the February 2024 Convertible Notes and the April 2024 Convertible Loans investors into ordinary shares of the Company. See also Note 4.
3. On July 18, 2024, the Company issued 20 million options to its CEO and director, Stephen Turner. The options are exercisable at AUD 0.004 and expire on 18 July, 2027.
4. On July 26, 2024, all of the authorized and issued share capital of the Company were consolidated in accordance with 1 to 10 ratio (the “Reverse Stock Split”). Loss per share have been calculated after giving effect to the Reverse Stock Split.

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