

APPENDIX 4E

For the year ended 31 December 2021

1. Company information

Name of entity: Nutritional Growth Solutions Ltd.

ARBN: 642 861 774

Reporting period: For the year ended 31 December 2021

Previous period: For the year ended 31 December 2020

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

2. Results for announcement to the market

		31 December 2021 US\$'000	% change from year ended 31 December 2020	31 December 2020 US\$'000
Revenue from ordinary activities	up	3,040	63%	1,870
Loss from ordinary activities after tax	up	(4,780)	10%	(4,361)

Commentary

The loss for the consolidated entity after providing for income tax amounted to \$4,780,000 including a non-cash finance expenses of \$1,052,000 in connection share-based payment made during the reporting period.

In 2021, the company showed 63% revenue growth.

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. Consolidated statement of profit or loss and other comprehensive income

Refer to appendix.

4. Consolidated statement of financial position

Refer to appendix.

5. Consolidated statement of cash flows

Refer to appendix.

6. Consolidated statement of changes in equity

Refer to appendix.

7. 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.

8. Details of dividend reinvestment plans

There is no dividend or distribution reinvestment plan in operation.

9. Net Tangible Assets Per Security

	31 December 2021 cents	31 December 2020 cents
Net tangible assets per security (cents)	(0.04)	(0.04)

10. Details of entities over which control has been gained or lost during the period

None.

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11. Details of associates and joint ventures

None.

12. Any other significant information

Follow on capital raise on the ASX

On August 2021, the Company completed a follow-on public capital raise in ASX upon which the Company raised gross AUD 5 million (approximately gross US\$3,623,000). The new shareholders received 23,255,814 new ordinary shares plus 5,813,953 stock options. The stock options are vested upon issuance and exercisable over 2 years at a price per option of AUD 0.27 commencing issuance date and will expire upon the elapse of the term. As part of the capital raise, the Company issued to the lead broker 5,000,000 stock options with terms identical to the terms of the new shareholders' stock options. The stock options have been admitted to the official list of the ASX on November 23, 2021.

Proceeds from the follow-on capital raise will be used predominantly to fund the expansion of the Group's operations, both geographically by entering new lucrative markets, as well as expanding the Company's product range.

13. 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 according to IFRS Accounting Standards.

14. Commentary of results for the period

Returns to shareholders

Not applicable.

Results overview

Revenue for the year amounted to US\$3,040,000 (31 December 2020: US\$1,870,000), reflecting 63% pcg growth.

The Group reported a net loss for the year ended 31 December 2021 of \$4,780,000 (31 December 2020: loss of \$4,361,000), reflecting the Company's investment in new sales channels and R&D. Included in the net loss for the year are non-cash expense of \$1,052,000 in connection of share-based payments.

The Group remains in a strong cash position, with a closing cash balance at 31 December 2021 of US\$4,142,000 (31 December 2020: US\$4,630,000).

This report is based on accounts which are in the process of being audited.

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Appendix: Consolidated statement of profit or loss and other comprehensive income

	Year ended December 31, 2021	Year ended December 31, 2020
Revenue	3,040	1,870
Cost of revenue	<u>1,679</u>	<u>950</u>
Gross profit	<u>1,361</u>	<u>920</u>
Research and development expenses	897	239
General and administrative expenses	2,071	1,268
Selling and marketing expenses	<u>3,126</u>	<u>1,662</u>
Operating loss	<u>4,733</u>	<u>2,249</u>
Financial expense	65	2,219
Financial income	<u>18</u>	<u>108</u>
Loss before tax	4,780	4,360
Taxes on income	<u>-</u>	<u>1</u>
Total comprehensive loss for the year	<u><u>4,780</u></u>	<u><u>4,361</u></u>
Basic and diluted loss per share	<u><u>\$ (0.05)</u></u>	<u><u>\$ (0.09)</u></u>

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Appendix: Consolidated statement of financial position

	December 31, 2021	December 31, 2020
ASSETS		
Current assets:		
Cash and cash equivalents	4,142	4,630
Trade receivables	35	38
Other accounts receivable	108	240
Inventories	316	145
Total current assets	<u>4,601</u>	<u>5,053</u>
Non-current assets:		
Intangible assets	60	150
Right of asset use, net	73	-
Property, plant and equipment, net	7	13
Total non-current assets	<u>140</u>	<u>163</u>
TOTAL ASSETS	<u><u>4,740</u></u>	<u><u>5,216</u></u>
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities:		
Trade account payables	213	186
Lease liability	36	-
Derivative financial liability	127	-
Other account payables	452	579
Total current liabilities	<u>828</u>	<u>765</u>
Non-current liabilities:		
PPP loan	-	129
Long term lease liability	37	-
Total non-current liabilities	<u>37</u>	<u>129</u>
Shareholders' equity:		
Share capital and premium	11,061	7,781
Share based payment reserve	1,788	735
Retained earnings (losses)	(8,974)	(4,194)
Total shareholders' equity	<u>3,875</u>	<u>4,322</u>
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	<u><u>4,740</u></u>	<u><u>5,216</u></u>

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Appendix: Consolidated statement of cash flows

	Year ended December 31, 2021	Year ended December 31, 2020
CASH FLOWS FROM OPERATING ACTIVITIES:		
Loss for the year	(4,780)	(4,361)
Adjustments to reconcile net profit to net cash provided by operating activities:		
Depreciation	20	10
Amortization of intangible assets	90	-
Decrease (increase) in trade receivables, net	3	(26)
Decrease (increase) in other accounts receivable	140	(140)
Increase in inventories	(171)	(9)
Financing income		(9)
Increase in trade accounts payables	27	151
Increase (decrease) in other accounts payables	(52)	302
Share-based payment	1,053	291
Gain from loan forgiveness	(129)	-
Change in fair value of derivative-warrants	(18)	-
Change in fair value of convertible loan	-	2,223
Net cash used in operating activities	<u>(3,816)</u>	<u>(1,568)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchase of property, plant and equipment	(4)	(5)
Purchase of intangible assets	(75)	(75)
Withdrawal (payment) of deposit	(8)	4
Net cash used in investing activities	<u>(87)</u>	<u>(76)</u>
CASH FLOWS FROM FINANCING ACTIVITIES:		
Receipt of convertible loan	-	1,042
Lease payments	(10)	-
Receipt of PPP loan	-	138
Issuance of shares and options, net	3,425	4,514
Net cash provided by financing activities	<u>3,415</u>	<u>5,694</u>
Net increase (decrease) in cash and cash equivalents	(488)	4,050
Cash and cash equivalents at the beginning of the year	<u>4,630</u>	<u>580</u>
Cash and cash equivalents at the end of the year	<u><u>4,142</u></u>	<u><u>4,630</u></u>

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Appendix: Consolidated statement of changes in equity

	Share capital and premium	Share based payment reserve	Retained earnings (losses)	Total
Balance at January 1, 2020	2	444	167	613
Changes during the year:				
Total comprehensive loss	-	-	(4,361)	(4,361)
Issuance of shares, net	4,514	-	-	4,514
Conversion of convertible loan	3,265	-	-	3,265
Share based payment	-	291	-	291
Balance at December 31, 2020	<u>7,781</u>	<u>735</u>	<u>(4,194)</u>	<u>4,322</u>
Changes during the year:				
Total comprehensive loss	-	-	(4,780)	(4,780)
Issuance of shares, net	3,280	-	-	3,280
Exercise of options (*)	*	(*)	-	*
Share based payment	-	1,053	-	1,053
Balance at December 31, 2021	<u>11,061</u>	<u>1,788</u>	<u>(8,974)</u>	<u>3,875</u>

(*) represents amount less than US\$1K

Audit

These accounts are currently in the process of being audited. The annual report for the year ending on 31/12/2021 containing the audit report shall be provided in a due course.

NOTE 1 - GENERAL:

- i. 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.
- ii. 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 paediatric nutrition.
- iii. The Company changed its name from N.G Solutions Ltd. to Nutritional Growth Solutions Ltd. as of June 2020.
- iv. On September 30, 2019, the Company merged with its related party, Nutriteen professionals Ltd. ("Nutriteen") which was incorporated in 2015. The Company and Nutriteen were held before the merger by the same shareholders. The Israeli Tax Authority has approved the merger framework, according to which Nutriteen was absorbed and fully merged within the Company. The merger was also updated at the Company register. The financial statements are presented according to the as pooling method according to which the current period numbers and comparative numbers reflects the consolidated financial statements of Nutriteen and the Company.
- v. The Group was admitted to the official list of the ASX on October 30, 2020, with its ordinary fully paid shares having commenced trading on October 30, 2020. The Company raised gross AUD 7,000,000 (approximately US\$5,005,000) pursuant to the offer by the issuance of 35,000,000 shares at an issue price of AUD 0.20 per share. Issuance expenses amounted to US\$593,000.