For personal use only

Transformational Acquisition of the World's First FSANZ-Approved 100% Organic, Plant-Based Infant Formula Business

Creating a global, better-for-you lifecycle nutrition platform — from birth to adolescence



The Sprout Organic range: plant-based infant formula, toddler drink, kids' essential shakes and snack bars.

Transaction Highlights

- **NGS to acquire 100% of Sprout Organic Pty Ltd** — owner of the world's first FSANZ-approved 100% organic, plant-based infant formula.
- Creates a diversified paediatric nutrition platform spanning infant, toddler and childhood nutrition across Australian and international markets.
- **~A$870,000 in identified annualised cost savings** through operational integration and corporate rationalisation.
- Sprout products already sold through 1,000+ retail outlets, including Chemist Warehouse, Woolworths Online, Coles Online and leading pharmacy networks.
- Complementary Australian and U.S. distribution, eCommerce platforms and outsourced (asset-light) manufacturing — no capex required to scale.
- **Sprout Founder & CEO Selasi Berdie to become NGS CEO and Executive Director**; Sprout COO Ben Chester to become Group COO; and Manik Pujara to transition to Non-Executive Director, subject to shareholder approval, and completion of the Transaction.

- **Firm commitments received to raise A$2.5M** via a placement at A$0.02 per share to fund growth, integration and working capital.
- **Approximately 90% of the major Sprout shareholders' consideration shares to be subject to 12 months' voluntary escrow** from the date of issue.
- Transaction and placement remain subject to shareholder approval and other customary conditions precedent.

For personal use only

Transaction Rationale

Nutritional Growth Solutions Limited (ASX: NGS) ("NGS" or the "Company") has entered into a binding Share Sale Agreement to acquire 100% of **Sprout Organic Pty Ltd** ("Sprout"), an Australian organic infant and children's nutrition company focused on plant-based and allergen-friendly products (the "Transaction").

The acquisition establishes a broader paediatric nutrition platform spanning infant, toddler and childhood categories — combining Sprout's infant and toddler nutrition portfolio with NGS's clinically backed Healthy Heights growth products. Together, the combined business is expected to support customer relationships across multiple stages of childhood development, while strengthening NGS's position across several fast-growing nutrition categories: infant nutrition, plant-based nutrition, allergen-friendly products and premium health-focused nutrition.

The material terms of the Transaction are set out in Schedule 1 to this announcement.

A World-First Product Solving a Real — and Growing — Problem

Awareness of childhood food allergies and dietary intolerance has risen sharply, and Australia sits at the centre of it. **Up to 10% of Australian infants are affected by an allergy, and more than 2% have a cow's-milk protein allergy**[1] — with Australia frequently described as the "allergy capital of the world" on a per-capita basis. For these families, conventional dairy- and soy-based infant formula simply is not suitable.

At the same time, today's parents are actively choosing cleaner, plant-based nutrition: around **72% of Millennials** (particularly those with children) express a strong interest in plant-based foods[2]. The result is a structural, effectively "forced" demand driver for allergen-friendly, plant-based formula — a need the market has historically been unable to meet.

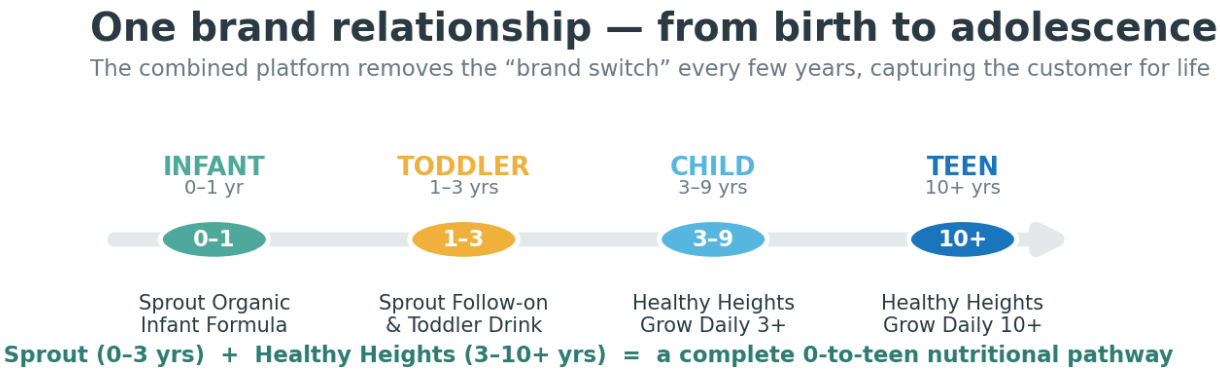
Sprout developed the **world's first FSANZ-approved 100% organic, plant-based infant formula** — purpose-built to give allergen-sensitive and plant-based families a trusted, clean-label option from day one. It is free from dairy, soy and common allergens, and is backed by proprietary formulation IP and provisional patents. FSANZ approval is itself a significant regulatory barrier to competition, creating a genuine moat in a category with no direct equivalent globally.

Up to ~10% of Australian infants are affected by an allergy; Sprout's plant-based formula is built for exactly this need.

One Brand, From Birth to Adolescence

Parents are typically forced to switch trusted brands every two to three years as a child's needs change — from infant formula, to toddler nutrition, to childhood supplements. Each switch creates churn and renewed anxiety around allergens, taste and safety. No single player has owned the trusted "infant-to-teen" relationship — and that is precisely the white space this combination is built to fill.

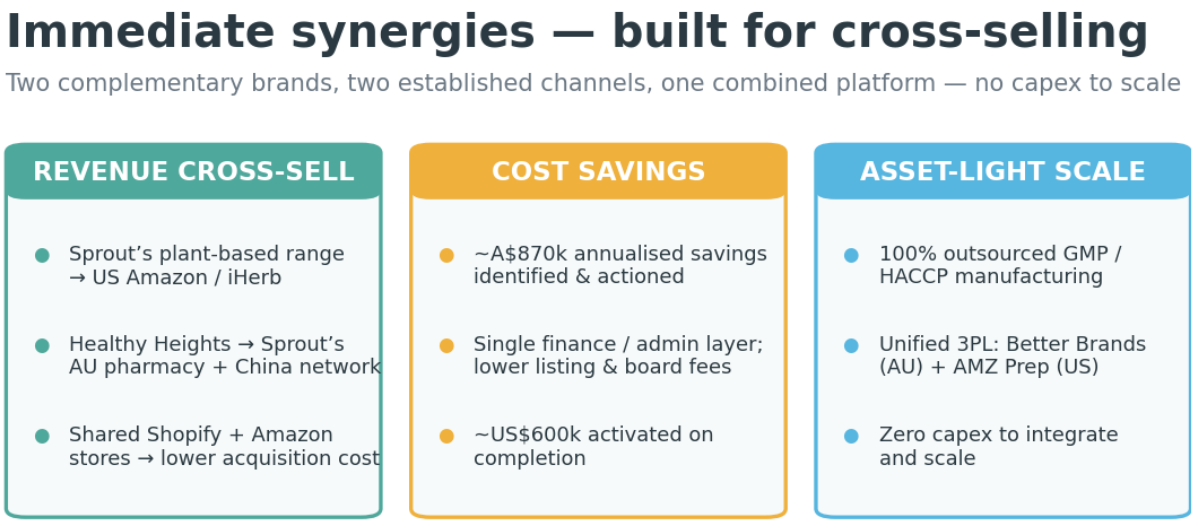
For personal use only



Sprout covers ages 0–3 (infant formula and toddler drink); Healthy Heights covers ages 3–10+ (clinically supported growth nutrition). Together they create a **complete 0-to-teen nutritional pathway on a single, lifelong brand relationship** — removing the "brand switch" problem entirely.

Built for Cross-Selling: Immediate Synergies

The two businesses are highly complementary and share an identical, asset-light operating model. That means synergies are available almost immediately on completion — across revenue, cost and operations — without the capital expenditure usually required to scale.



On the revenue side, NGS can launch Sprout's plant-based range into its U.S. Amazon and Shopify channels, while Healthy Heights enters Sprout's national pharmacy network and China footprint. On cost, management has identified **~A$870,000 of annualised savings** (with ~US$600k activated immediately on close) through shared corporate functions, reduced listing and director costs, and back-office consolidation. With inventory issues now resolved, paused marketing campaigns can be reinstated against confirmed demand.

Board & Leadership Changes

On completion, a refreshed leadership team will drive the combined group. Sprout Founder & CEO **Selasi Berdie** will be appointed NGS Chief Executive Officer & Executive Director; Sprout COO **Ben Chester** will become Group Chief Operating Officer; and **Manik Pujara**, currently Executive Director & Interim CEO, will transition to a Non-Executive Director role. The appointment of Mr Berdie as a director is subject to shareholder approval at the AGM.

For personal use only

Schedule 1 - Transaction Details — Material Terms

Acquisition	NGS to acquire 100% of the issued capital of Sprout Organic Pty Ltd under a binding Share Sale Agreement.
Upfront consideration	Approximately A$8.0 million, satisfied by the issue of 401,228,887 fully paid ordinary NGS shares at a deemed issue price of A$0.02 per share.
Convertible notes	Existing Sprout convertible notes to be extinguished via the issue of ~13,888,889 NGS shares.
Founder loans	Certain founder-related loans to be repaid through a combination of cash reserves and placement proceeds.
Capital raising	Firm commitments received to raise A$2.5 million (before costs) via 125,000,000 fully paid ordinary shares at A$0.02 per share.
Use of proceeds	Working capital, inventory expansion, sales & marketing, integration costs and general corporate purposes.
Lead Manager	Taurus Capital Group Pty Ltd — management fee of 6% of gross funds raised, plus (subject to shareholder approval) 25,000,000 options exercisable at A$0.025, expiring three years from issue.
Leadership	Selasi Berdie (Sprout Founder & CEO) to become NGS CEO & Executive Director; Ben Chester (Sprout COO) to become Group COO; and Manik Pujara (current Executive Director & Interim CEO) to transition to Non-Executive Director, on completion.
Conditions	Completion of the Transaction, placement and associated securities issuances is subject to shareholder approval at the Company's AGM (expected July 2026) and other customary conditions precedent.
Escrow	Approximately 90% of the consideration shares received by the major Sprout shareholders to be subject to voluntary escrow for 12 months from the date of issue.

Indicative Financial Impact

CY2025 (1 January 2025 – 31 December 2025)	NGS	Sprout	Combined Group
Annual Revenue (USD	1,627,301	3,704,757	5,332,058
Annual Profit/(Loss) (before tax and extraordinary items) (USD)	(1,591,414)	(23,113)	(1,806,403)
Consolidated EBITDA (USD)	(1,369,024)	(99,464)	(1,468,488)

NOTE:
The financial figures in the above table are in USD.
The figures for NGS are audited, and the figures for Sprout are unaudited; therefore, the Combined Group numbers are unaudited.
The financial figures in the table above do not include the identified annualised cost savings referred to in the announcement.

Indicative Capital Structure

Security	Pre-Transaction	Post-Transaction
Ordinary shares on issue	333,093,207	934,482,097
Options on issue	90,385,421	115,385,421
Placement shares to be issued	–	125,000,000
Shares issued to Sprout shareholders	–	401,228,887
Shares issued for loan scrip payment	–	46,271,114
Maximum shares on conversion of convertible notes	–	13,888,889

Security	Pre-Transaction	Post-Transaction
Shares issued for advisory scrip payment	–	15,000,000
Lead Manager options	–	25,000,000

The post-transaction capital structure is indicative only and assumes completion of the Transaction, placement and all associated securities issuances.

Indicative Timetable

Event	Date
Resumption of trading	Immediately following this announcement
AGM to approve Transaction and Placement	~6 weeks from this announcement
Settlement date for Placement shares	Shortly after AGM approval

Dates are indicative and subject to change.

Executive Commentary

> **Executive Director and Interim CEO, Mr Manik Pujara, said:** *"This is a genuinely transformational acquisition for NGS. Sprout has built something rare — the world's first FSANZ-approved 100% organic, plant-based infant formula — alongside strong retail and export distribution and attractive gross margins. Bringing it together with our clinically backed Healthy Heights range creates a paediatric nutrition platform spanning infancy through childhood, across Australian and international markets. I'm delighted to welcome Selasi and Ben to lead the combined group, and I look forward to supporting them as a Non-Executive Director."*
>
> **Incoming CEO and Sprout Founder, Mr Selasi Berdie, said:** *"Sprout and NGS are a natural fit — premium, clean-label and clinically supported products, and a shared focus on children's nutrition. Combining Sprout's organic, plant-based infant and toddler range with NGS's Healthy Heights products creates a complementary platform that supports children across multiple stages of development, with the scale, distribution and operational capability of a larger group behind it. I'm honoured to lead the combined business and excited about what we can build together."*

About the Businesses

Sprout Organic is an Australian nutrition company focused on organic, plant-based and allergen-friendly products for infants and toddlers, and the developer of the world's first FSANZ-approved 100% organic, plant-based infant formula. Its products are distributed through 1,000+ retail outlets and a growing export footprint across China, New Zealand, Malaysia, the UAE and other markets, supported by an in-house direct-to-consumer eCommerce capability (Shopify and Amazon).

Nutritional Growth Solutions (ASX: NGS) is the developer of the clinically supported Healthy Heights range, focused on childhood growth and development nutrition, with established distribution across Australia and the United States.

Sources

1. Food allergy prevalence (around 1 in 10 infants) and Australia as the "allergy capital of the world" — Murdoch Children's Research Institute (HealthNuts and EarlyNuts population studies) and Allergy & Anaphylaxis Australia / ASCIA. Cow's milk protein allergy (more than 2%, around 1 in 50 infants) — ASCIA, "Cow's Milk (Dairy) Allergy".
2. Plant-based interest among Millennials (around 72%, particularly those with children) — GlobeScan & EAT, "Grains of Truth" 2024.

Market statistics are drawn from third-party industry and clinical sources, have not been independently verified by NGS, and should be read as indicative only.

— ENDS —

For personal use only

This announcement was authorised for release by the Board of Nutritional Growth Solutions Limited.

For further information, please contact:

Manik Pujara | Executive Director & Interim CEO | manik@ngsolutions.co

About Nutritional Growth Solutions

Nutritional Growth Solutions is a U.S.-based health, nutrition, and wellness company. NGS develops, produces and sells clinically tested nutritional formulas for children following 20 years of medical research into paediatric nutrition. The nutritional supplements market has experienced tremendous growth in recent years, but most attention has been focused on adult users and children under the age of three. The children aged three to twelve years represent a significant 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

Forward-Looking Statements

Certain statements in this announcement may constitute forward-looking statements or statements about future matters that are based upon information known and assumptions made as of the date of this announcement. Forward looking statements can generally be identified by the use of forward looking words such as, “expect”, “anticipate”, “likely”, “intend”, “should”, “could”, “may”, “predict”, “plan”, “propose”, “will”, “believe”, “forecast”, “estimate”, “target” and other similar expressions within the meaning of securities laws of applicable jurisdictions. Indications of, and guidance or outlook on, future earnings, financial position, or performance are also forward-looking statements. These statements are subject to internal and external risks and uncertainties that may have a material effect on future business. Actual results may differ materially from any future results or performance expressed, predicted or implied by the statements contained in this announcement. As such, undue reliance should not be placed on any forward-looking statement. Past performance is not necessarily a guide to future performance. Nothing contained in this announcement nor any information made available to you is, or shall be relied upon as, a promise, representation, warranty or guarantee, whether as to the past, present or future.

For personal use only