

Else Nutrition Reports 3Q2022 Financial Results

Conference call will be held on November 14th at 10AM ET

VANCOUVER, British Columbia, Nov. 14, 2022 — **ELSE NUTRITION HOLDINGS INC (BABY) (BABYF) (OYL.F) (“Else” or the “Company”)** the Plant-Based baby, toddler and children nutrition company, today reported third quarter 2022 financial results for the period ending September 30, 2022. The financial statements and MD&A are available on SEDAR under the Company’s profile.

Third Quarter 2022 Financial Highlights

- Revenues were \$2.2M, an 83% increase versus 1.2M in 3Q21, and 4% decline versus \$2.31M in 2Q22. The growth pause in revenues was due to a temporary product shortage driven by a mechanical malfunction at the Company’s US facility, which delayed production by about six weeks. The demand for the products stayed very high. Management estimates the revenue loss from the malfunction was roughly \$0.3M-\$0.5M in 3Q22.
- Sales in 3Q22 on Amazon.com increased 7% versus 2Q22. Demand exceeded supply during the quarter as the Company made the decision to pull back on supplying Amazon.com and its own e-store, to be able to fulfill all orders from brick-and-mortar retailers.
- Else products are listed in over 4,500 stores in North America, selling in over 3,400 stores already, compared with 1,200 stores in 1Q22. New 3Q22 retail chains include Walmart (400+ doors), CVS (1,000+ doors), Win Dixie (500+ doors), BuyBuyBaby (133 doors), Giant Food (161 doors), London Drugs (79 doors in BC and Alberta), Metro Ontario stores (139 stores in Ontario), and more. Management expects to surpass 5,000 listed stores and 10,000 Points of distribution by the end of 2022.
- Cash balance as of September 31, 2022, was \$17.4M CAD (including restricted cash and short-term bank deposit).
- The Company had no loans liability as of September 30, 2022.

Recent Business Highlights

- Expanded US retail presence to more than 4,500 stores in the United States and Canada, including the recent launches in CVS, London Drugs, Win-Dixie, and Metro Ontario stores. continuing to increase retail sales velocity and product range in existing stores, and adding key mass and grocery chains to our customer list
- Entered the Canadian market with the launch on Amazon.ca, and in brick-and-mortar stores, experiencing an unexpectedly fast market acceptance, interest, and demand. Expecting to be listed in more than 1,100 Canadian stores by the end of 2022.
- Entered the Chinese market with the launch of its flagship Chinese store on Tmall

Global. The company will be selling its Toddler Formula, Kids nutritional drinks and Baby Cereal products directly to Chinese consumers through the store.

- The Company plans to enter Western Europe in 1H2023. The initial launch will be in the UK via Amazon, with other countries to follow.
- Else Nutrition Kids Shakes are sold in 400 Walmart stores in 35 states including California, Florida, and Texas, with other products to follow soon.
- Else Super Cereal, the first US cereal brand certified safe from heavy metals, reached the best-seller status in its category on Amazon.com, within months of its launch.
- Successfully completed the second and last preclinical study on its infant formula, setting the path to FDA approval.
- In final preparations for the commencement of the FDA clinical study, awaiting control formula availability.

Management Commentary

Hamutal Yitzhak, CEO of Else Nutrition, commented, “We are pleased to see the demand for our products continue to grow in 3Q22 and the very successful launch in Canada. We are also very excited to see first sales in China (Cross-Border online) as this is by far the largest market in the world with the highest growth potential for Else.

In the third quarter we incurred unforeseen manufacturing challenges which resulted in product shortages that prohibited us from adequately supplying the strong and growing demand for our products. The shortfall of products was further caused by the strong demand in May and June, which depleted our inventory levels heading into 3Q. We are working closely with our manufacturing partner to increase production and resolve the inventory shortage issues as soon as possible. From a long-term standpoint, we are working diligently on securing additional manufacturing facilities in North America and Europe by the beginning of 2023, in order to better diversify our production capacity.”

We are very enthusiastic about our international expansion. Our entry into Canada in August is off to a spectacular start, as initial demand is multiple times our initial expectations. Our marketing efforts over the past years in the US have created pent-up demand for our unique products in Canada, and we are excited to see this market grow rapidly. In June, we announced our entry into the Chinese market via an agreement with Baozun, a leading E-commerce distributor in China, and in September we launched our flagship Chinese store on Tmall Global. Furthermore, we expect to enter the UK and Australia in the first half of 2023.

Our brick-and-mortar expansion is exceeding our expectations. We are currently listed in over 4,500 retail doors in the US and Canada, exceeding our stated goal of listing 4,000 doors by the end of 2022. Given the extraordinary enthusiasm from retailers for our products, we now

expect to reach about 5,000 stores by the end of 2022. Importantly, we are now selling on some of the most well-known online platforms and distributors such as Walmart.com, Kroger.com, UNFI, and KeHE.”

FDA Update

In Q4 2021 Else concluded a successful preclinical safety study of its plant-based infant formula, as part of the pathway to bring its Infant formulation to market.

The study results demonstrated proper growth, similar to dairy-based infant formula, in a neonatal preclinical model, which is a key first step on the path with the US Food and Drug Administration (FDA), as well as with other regulatory authorities, to demonstrate safety and nutrient bioavailability of the infant formula and its ingredients. In Q2, the results of the study were accepted for presentation in two key international pediatric nutrition scientific conferences and have been published in a scientific medical peer-reviewed journal. Else is in close communication with the FDA, sharing its plans and results to receive their guidance throughout the process of Else’s infant formula development.

In Q2 2022 Else conducted a second preclinical study, demonstrating the quality of the infant formula protein as part of the FDA requirements for new infant formula to be marketed in the US. Else is working on final preparations for the infant growth clinical study for the FDA and European permits planned to start by early 2023 and conclude in early 2024.

Clinical Research Demonstrating Product Claims

Else started the first clinical study to demonstrate the tolerance claim of its products in a specific intolerant children population.

A second clinical study to be conducted on a healthy toddler population to demonstrate healthy growth has been approved by the ethical committee and should begin very soon.

In 2023 the Company plans to continue research activity demonstrating the safety and tolerability of the infant formula as well as to provide scientific support for Else products including preparation for additional clinical studies.

Conference Call

Hamutal Yitzhak, CEO and Co-Founder, will hold a conference call to discuss the quarter’s financial results at 10:00 a.m. (Eastern Time) on November 14, 2022.

Interested parties can listen via a live webcast, from the link available in the Investors section of the Company’s website or at <https://app.webinar.net/AMgJ03EoQNW>.

A replay will be available after the call, in the Investors section of the Company’s website at

<https://app.webinar.net/AMgJ03EoQNW>.

About Else Nutrition Holdings Inc.

Else Nutrition Holdings Inc. is a food and nutrition company in the international expansion stage focused on developing innovative, clean, and plant-based food and nutrition products for infants, toddlers, children, and adults. Its revolutionary, plant-based, non-soy formula is a clean-ingredient alternative to dairy-based formula. Else Nutrition (formerly INDI) won the “2017 Best Health and Diet Solutions” award at Milan’s Global Food Innovation Summit. The holding company, Else Nutrition Holdings Inc., is a publicly-traded company, listed on TSX Venture Exchange under the trading symbol BABY and is quoted on the US OTC Markets Q.X. board under the trading symbol BABYF and the Frankfurt Exchange under the symbol OYL. Since launching its Plant-Based Complete Nutrition for Toddlers, made of whole foods, almonds, buckwheat, and tapioca, the brand has received thousands of powerful testimonials and reviews from parents and gained national retailer support from Sprouts Farmers Market, and achieved rapid sales growth. Else became the #1 Best Seller on Amazon in the Fall of 2020 in the New Baby & Toddler Formula Category. It recently won the ‘Best Dairy Alternative’ Award 2021 at World Plant-Based Expo and was a Nexty Award Finalist at Expo West 2022 in the Plant-Based lifestyle category.

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in this press release include statements with respect to the anticipated dates for filing the Company's financial disclosure documents. Such forward-looking statements reflect current estimates, beliefs and assumptions, which are based on management's perception of current conditions and expected future developments, as well as other factors management believes are appropriate in the circumstances. No assurance can be given that the foregoing will prove to be correct. Forward-looking statements made in this press release assume, among others, the expectation that there will be no interruptions or supply chain failures as a result of COVID 19 and that the manufacturing, broker and supply logistic agreement with the Company do not terminate. Actual results may differ from the estimates, beliefs and assumptions expressed or implied in the forward-looking statements. Readers are cautioned not to place undue reliance on any forward-looking statements, which reflect management's expectations only as of the date of this press release. The Company disclaims any obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise, except as required by law.

