

Else Nutrition Reports an 82% increase in Fiscal Year 2022 Revenues

Conference call will be held on Friday, March 31 at 10 AM ET

VANCOUVER, British Columbia, March 31, 2023 — **ELSE NUTRITION HOLDINGS INC (BABY) (BABYF) (OYL.F) (“Else” or the “Company”)** the Plant-Based baby, toddler, and children nutrition company, today reported fourth quarter and fiscal year 2022 financial results for the period ending December 31, 2022. The financial statements and MD&A are available on SEDAR under the Company’s profile.

Fourth Quarter and Fiscal Year 2022 Financial Highlights

- 4Q22 revenues were \$2.4M, an 86% increase versus \$1.3M in 4Q21, and a 5% increase versus \$2.2M in 3Q22. Revenue growth continued to be hampered by product shortages caused by a mechanical malfunction at the Company’s US facility. The demand for products remained very high, outstripping the available supply. Management estimates the revenue loss from the malfunction was roughly \$1.1M in 4Q22.
- Sales to brick-and-mortar retailers in 4Q22 increased 69% versus 3Q22. Sales on Amazon in 4Q22 decreased by 24% versus 3Q22. Demand exceeded supply during the quarter as the Company continued to pull back on supplying Amazon.com and its own e-store, to be able to fulfill all orders from brick-and-mortar retailers.
- Sales in Canada, via Amazon and brick-and-mortar retailers increased over 100% in 4Q22 versus 3Q2022 and represented roughly 10% of the Company’s formula sales. Demand exceeded supply during the quarter and the Company chose to pull back on supplying Amazon.ca and its own e-store, to be able to fulfill at least part of the orders from brick-and-mortar retailers, still creating a significant backlog that was fulfilled in 1Q2023.
- Fiscal year 2022 revenues were \$8.6M, an 82% increase versus \$4.7M in FY2021.
- Cash balance as of December 31, 2022, was \$16.6M CAD (including restricted cash and short-term bank deposit), after a successful capital investment of \$4.1M from Lind Partners LLC.

Recent Business Highlights

- Else products are listed in over 11,000 stores in North America, compared with 1,200 stores in 1Q22. Management expects to reach 20,000 listed stores and 50,000 points of distribution by the end of 2023.
- Expanded US distribution to more than 6,000 CVS stores, more than 750 Walmart stores, over 400 Win Dixie stores and to 161 Giant Food Stores.
- Expanded production capacity by adding a second manufacturing facility in the US and

launching its first production facility in Europe. The additional production facilities will increase the Company's production capacity by about three times, greatly reducing the risk of future out of stock situations.

- Expanded its presence in the Chinese market with the launch on JD.com, China's largest online retailer with 580 million annual active customers. This launch follows the Company's successful launch on Tmall in September. The Company will be selling its Toddler Formula, Kids nutritional drinks and Baby Cereal products directly to Chinese consumers through the store.
- Entered the Canadian market with the launch on Amazon.ca and in brick-and-mortar stores. The success of the launch exceeded expectations given a fast entry to major retailers across the country and a high demand for Else's products. The Company expects to be listed in more than 3,000 Canadian stores by the end of 2023.
- The Company plans to enter Western Europe in 2H2023. The initial launch will be in the UK via Amazon and natural food distributors, with other European countries to follow.
- Successfully completed the second and last preclinical study on its infant formula, setting the path to FDA approval.

Management Commentary

Hamutal Yitzhak, CEO of Else Nutrition, commented, "We are very pleased with the significant progress we made in 2022, as we continue our journey to become a global leader in the plant-based nutrition arena. We are becoming a recognized national brand in the US, carried by major grocery and drug retailers. We ended 2022 with Else products listed in over 11,000 store locations, an incredible growth from roughly 1,200 stores at the end of 2021. Our customers now include prominent retailers such as CVS and Walmart, as well as leading e-commerce sites such as Amazon, Walmart.com, Tmall, and JD. We expect to reach 20,000 retail locations in 2023. We also expanded our geographic reach during 2022, as we entered the Canadian and Chinese markets. Furthermore, we widened our product assortment, from a single SKU to more than 15, adding Nutritional Kids Shakes, Baby Super Cereals, and Toddler Omega. We expect to double our SKU count in 2023 which should further accelerate our growth.

We are pleased to announce that the product shortages which limited our ability to supply our customers, thus hampering our sales growth in recent months, are essentially behind us. We worked diligently to secure two additional manufacturing facilities in the US and Europe and have been manufacturing at our new US facility for weeks. The two new facilities have more than tripled our current production capacity, mitigating the risk of future out-of-stock situations. We estimate the revenue impact due to the product shortage to be roughly \$1.5M during the second half of 2022, roughly over 15% of our annual sales.

As we look out into 2023, we remain focused on our growth objectives. We continue to be enthusiastic about our international expansion. Growing our sales in China will be a priority in 2023, following our successful launches on Tmall Global and JD.com. China is the world's largest infant formula market, valued at roughly \$33 billion and expected to grow to \$40 billion by 2025. Our entry into Canada in August had a much greater than anticipated start, and the outsized demand has continued. We expect to roughly double our store base in Canada in 2023. Furthermore, we are excited to enter the UK and Australia in the second half of 2023, as demand for an alternative to dairy and soy formula continues to increase in those regions.

In 2023 we will begin our infant growth clinical study for the FDA and European permits, with expected conclusion in 2024. Receiving FDA approval is a very high priority for Else Nutrition, as we believe that becoming the first non-dairy and non-soy FDA-approved infant formula will be transformational for the valuation of the Company.

FDA Update

As part of the pathway to bring its Infant formulation to market under FDA and other authorities approvals, Else concluded two successful preclinical safety studies during 2021 and 2022 on its plant-based infant formula, to demonstrate safety and nutrient bioavailability of the infant formula and its ingredients. The results demonstrated proper growth, similar to dairy-based infant formula, in a neonatal preclinical model, as well as the infant formula protein efficiency and quality. Those are the key two steps out of three, on the path to obtaining the FDA and other regulatory permits to bring the product to market.

In February 2023, the Company announced that the Institutional Review Board (the ethical committee) approved the infant growth study protocol for the testing of the Else Infant Formula.

As a final step before initiating the study, the Company has now submitted the infant growth study protocol to the FDA for review and is awaiting the FDA response, as well as a comparator formula availability, currently unavailable due to the continuous infant formula shortage followed by several recent product recalls in the US. In 2023, a second clinical growth study on the healthy toddler population has started as part of the company's plans to continue research activity demonstrating the safety, tolerability, and efficacy of its product range.

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 March 31, 2023.

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/MDxXRYw6vqg>.

A replay will be available after the call, in the Investors section of the Company's website at <https://app.webinar.net/MDxXRYw6vqg>.

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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