

Else Nutrition Reports Fourth Quarter 2020 and Full Year 2020 Results

Management is pleased to announce during 2020 fiscal year the Company successfully completed its initial rollout, on August 12th, of the first Plant-Based Complete Nutrition for Toddlers product and executed of its strategic plan to setup an expansive growth platform for sales of its unique line of plant-based baby, toddler, children and adult nutrition products. During the year 2020 the Company has:

- Successfully completed development of its first Plant-Based Complete Nutrition for Toddlers product.***
- Established commercial production capabilities with third party manufacturer.***
- Successfully onboarded KeHE Distributor, the first major distribution partner with a reach to 30,000 retail stores across the U.S.***
- Established online product store at Amazon.com and Elsenutrition.com.***
- Established initial online market penetration with extremely positive reviews from parents and pediatricians.***
- Completed two financings for over \$33.7M CDN.***
- Onboarded a strategic partner, H&H Group.***

VANCOUVER, BC, April 30, 2021 /CNW/ - **ELSE NUTRITION HOLDINGS INC. (TSXV: BABY) (OTCQX: BABYF) (FSE: OYL) (“Else” or the “Company”)** the plant-based baby, toddler and children nutrition company, today announced results for its fourth quarter ended December 31, 2020, and for its full year 2020.



Management is pleased to announce the Company completed many of its strategic goals to prepare the Company to become one of the leading providers of plant-based nutrition products as a healthy alternative to dairy-based formulas. In the fourth quarter the Company achieved initial sales from the launch of the Plant-Based Complete Nutrition for Toddlers product on the Company’s ecommerce website and on Amazon.com; with plans of a launch in the retail store in the first quarter of 2021. Full financial results can be found in the Company News section of the Company’s website at <https://elsenutrition.com/pages/investor-relations>.

Q4 2020 Financial Highlights

- Else achieved a high growth rate in online market penetration sales during Q4 2020, showing substantial month-on-month growth in its two online sales channels – www.elsenutrition.com and www.Amazon.com,
- Initial sales showed high-level of customer satisfaction, development of brand loyalty and over 30% in repeat sales.
- In November Else ranked “Best seller” on Amazon Infant & Toddler formula new releases.
- Else received and fulfilled the first purchase order from KeHE Distributors for onboarding Sprouts Farmers Market, 360 stores. KeHE is one of the two largest US natural food distributors (reaches 30,000 doors), it opened 5 Distribution Centers for Else the product to support Sprouts and other customers.
- The Company continued to work with its retail brokers and pursue expansion of listings in new natural food, grocery, and online retail accounts and with additional distributors.
- The Company performed two (2) commercial production runs in Q4 2020, building production capacity and product inventory towards commercial ramp-up during 2021.
- The Company completed the development of a new product – Complete Nutrition for Kids, in powder form, for children 3 years and older.
- Revenues for Q4 were C\$598 thousand.
- Revenues for the year ended Dec. 2020 were C\$1,482 thousand.
- Operating loss was C\$3,439 thousand, compared to C\$1,344 thousand in the fourth quarter of 2019.
- Net loss was C\$14,028 thousand, or C\$0.15 per share, compared to C\$1,357 thousand, or C\$0.01 per share in the fourth quarter of 2019.
- Cash flow used for operating activities was C\$3,975 thousand, compared to C\$5,242 thousand in the fourth quarter of 2019.
- Cash position was C\$25,356 million as of December 31, 2020 (including restricted cash and short-term bank deposit).

Twelve (12) Months Financial Highlights

Product Development:

The company completed the development of its first product – Plant-Based Complete Nutrition for Toddlers (12-36 months) and performed several scale-up production tests in the US, aiming to launch the product in the US. Although COVID-19 had significant impacts on the Company’s activities, Else succeeded to launch its first product with minor delay.

In Q4 2020 Else completed the development of its second product – Plant-Based Complete Nutrition for Kids (3+ years) preparing to launch in Q2 2021.

IP and TM

During 2020 the company filed patent applications to cover new developments as well as continuations of the original patent application; being the basis of its current and future products. The company also filed trademark applications for the brand name “ELSE” and the company name “ELSE NUTRITION” in the US and in over 40 additional countries.

Advisory board and Clinical studies

During 2020 the company engaged Key Opinion Leaders and experts in the fields of pediatric gastroenterology and nutrition and allergy to its advisory board. These well recognized experts will lead the clinical activities planned for the coming years to support the infant formula regulatory process in US, Europe and the marketing activities for many ranges of products.

The Company added Prof. Yvan Vandenplas, Dr. Carina Venter, Prof. Ron Shaoul and Dr. Kayla Bridges to its advisory board.

Prof. Yvan Vandenplas is Head of the KidZ Health Castle, at the University Hospital Brussels (UZ Brussel). He has vast experience infant nutrition and especially cow’s milk allergy and functional gastro-intestinal disorders. He has published over 500 peer reviewed papers including studies related to hydrolyzed proteins (milk and rice) in treating cow milk allergies.

Dr. Carina Venter holds a PhD (RD) from the University of Southampton, UK. She is currently an Associate Professor of Pediatrics, Section of Allergy/Immunology at the Children’s Hospital Colorado and University of Colorado Denver. She is a well-known researcher in the field of allergy prevention and treating children with food allergies.

Corporate

During 2020 the Company hired several experts and doubled in size.

The Company successfully completed two funding rounds:

- CAD \$8M raised in March 2020, led by the H&H Group, a Hong Kong based public company.
- CAD \$25.7M raised in early Oct. 2020, led by the H&H Group & Canaccord Genuity.

Production:

The Company started commercial manufacturing in July 2020 and performed three (3) additional commercial production runs during 2020 (in August, November and December), building inventory to service the online and retail expansion in the U.S. market.

Product/Brand Marketing:

The Company launched its website in Q1 2020, with the aim to raise awareness and

anticipation for its soon-coming products.

Developed a full brand identity and built an email opt-in base of over 10,000 newsletter subscribers.

Executed a soft-launch of its Else Plant-Based Complete Nutrition for Toddlers product in mid-August 2020 on elsenutrition.com, followed by a launch on Amazon.com in late September. The product ranked #1 best seller position on Amazon Baby & Toddler Formula New Releases Category in the Fall of 2020.

In Q3 Else launched an integrated digital, social and influencer marketing campaign to create awareness of its brand message, to reach potential buyers for its online store and on Amazon.com. Else initiated multiple marketing and advertising campaigns on Facebook, Instagram, Google, and other channels. The Company grew its marketing team to facilitate branding, digital marketing, and customer care, and continues to expand the team as sales grow.

The Company curated and launched an influencer marketing engine, spanning almost 100 influencers to drive brand awareness and product sales.

Customer reception of the product was overwhelmingly positive with high-level of satisfaction with product quality and effect on babies. Online sales grew month-on-month, and a high level of consumer loyalty achieved (30% repeat sales).

Retail Launch

Else retained four retail brokers, who by year end of 2020 had listed Else's product with several natural food retail chains representing close to 500 stores, including Sprouts Farmer Market (360 doors).

Else onboarded KeHE Distributors, one of the largest natural food distributors in North America, that serves close to 30,000 doors.

In November, Else received the first purchase order from KeHE Distributors, shipped product to the first five distribution centers activated by KeHE for Else across the U.S. to serve Sprouts and other accounts for launch in Q1 of 2021.

Operations:

To support its growth the Company implemented several IT systems, including the Financial module of Oracle's NetSuite ERP package, and the Zendesk CRM package. The Company started implementing the NetSuite Logistics and Order Management module.

The Company uses 3PL warehousing services to support B2C order fulfillment (using three US

Distribution Centers) and to store production material.

Financials

As the company started operation in June 2019 there are no comparable figures from 2019.

- Operating loss was C\$9,017 thousand.
- Net loss was C\$24,104 thousand, or C\$0.3 per share.
- Cash flow used for operating activities in the first twelve months of 2020 was C\$9,587 thousand.

Hamutal Yitzhak, Else CEO, commented: "I am very proud of our achievements in 2020. Although COVID-19 caused a slowdown on many fronts, we succeeded to complete two manufacturing runs as preparation towards our commercial launch. We achieved substantial month-on-month sales growth on our e-store and on Amazon.com; representing extremely encouraging sign for Else's future. We also made significant progress on many other fronts, including delivering initial product shipments to KeHE distributors, listing on additional natural food retail chains, continued product development and staff expansion. Having built a great infrastructure in 2020, we are very proud of our progress and feel confident in our ability to deliver strong growth and market penetration in the remainder of this year and beyond." she added.

Impact of COVID-19

We experience the effect of the pandemic in all areas of our business, from delays in raw material deliveries, to clinical and product development projects and absence of key persons in the company from time to time. Due to lockdowns and other COVID-19 related measures all our business meeting, marketing events, conferences and expos were either canceled or turned virtual, slowing down the pace of our business development efforts.

About Else Nutrition Holdings Inc.

Else Nutrition GH Ltd. is an Israel-based food and nutrition company 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 the Global Food Innovation Summit in Milan. The holding company, Else Nutrition Holdings Inc., is a publicly traded company, listed as TSX Venture Exchange under the trading symbol BABY and is quoted on the US OTC Markets QX board under the trading symbol BABYF and on the Frankfurt Exchange under the symbol OYL. Else's Executives includes leaders hailing from leading infant nutrition companies. Many of Else advisory board members had past executive roles in companies such as Mead Johnson, Abbott Nutrition, Plum Organics and leading infant nutrition Societies, and some of them currently serve in

different roles in leading medical centers and academic institutes such as Boston Children's Hospital, Pediatrics at Harvard Medical School, USA, Tel Aviv University, Schneider Children's Medical Center of Israel, Rambam Medical Center and Technion, Israel and University Hospital Brussels, Belgium.

For more information, visit: elsenutrition.com or @elsenutrition on Facebook and Instagram.

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