

# **Else Nutrition Reports Strong 2Q2022 Financial Results with 44% revenue increase QoQ**

**Highlighted by an 84% Growth in Amazon Sales**

**Conference call will be held on August 15th at 11AM ET**

VANCOUVER, British Columbia, Aug. 15, 2022 — **ELSE NUTRITION HOLDINGS INC (BABY) (BABYF) (OYL.F) (“Else” or the “Company”)** the Plant-Based baby, toddler and children nutrition company, today reported second quarter 2022 financial results for the period ending June 30, 2022. The financial statements and MD&A are available on SEDAR under the Company’s profile.

## **Second Quarter 2022 Financial Highlights**

- Revenues were \$2.3M, a 44% increase versus \$1.6M in 1Q22, driven by the expansion of the toddler products across all channels, and the introduction of the new Toddler Omega product.
- Sales on Amazon.com increased 84% sequentially versus 1Q22, an impressive acceleration from prior periods.
- Else products are now listed in over 3,000 (vs. 1200 listings in Q1) natural food, grocery, and drug stores, reflecting 250% increase in the store count listings Expecting most of these stores to be actively selling in 3Q22.
- On June 29, 2022, the company executed on a funding round of \$7.3M, further bolstering its balance sheet.
- Cash balance as of June 30, 2022 was \$22M (including restricted cash and short-term bank deposit).
- The Company had no loans liability as of June 30, 2022.

## **Recent Business Highlights**

- Expanded US retail presence to more than 3,000 stores and continue to increase retail sales velocity. Several retailers have already added the new Kids products to their range.
- In 4Q2022 Else plans an entry to the UK market in Amazon UK, the first European country, following the invitation of Amazon EU to launch in the Amazon European account. Else products will also be sold in retail drug and grocery chain stores in the UK. Else first entry into Europe will be followed by additional EU market entries in 2023.
- Signed a long-term distribution agreement with Baozun, a leading E-Commerce Distributor in China, setting the stage to enter the Chinese market in Q3.
- Preparing to enter the Canadian market in August 2022, launching Toddler, Kids and

Cereal products online on Else's Canadian e-store, amazon.ca and selling via a distributor in all retail channels.

- Expanded retail and ecommerce distribution of the Kids product line to include KeHE, UNFI, Walmart.com, Kroger.com, Thrive Market, and additional channels.
- Successfully launched a second toddler product, Else™ Toddler Omega complete & balanced nutrition drink on amazon.com and on the Company's e-store, to be followed by retail distribution in select retail outlets. The Toddler Omega is showing strong sales as it is offered at a more affordable price point and attracts a wider consumer audience.
- Successfully launched its third product line, Else™ Super Cereal, the first US cereal brand certified safe from heavy metals. It was launched on amazon.com and on the Company's e-store, followed by retail distribution in select retail outlets.
- Successfully completed the second and last preclinical study on our infant formula, setting the path to FDA approval.

## **Management Commentary**

Hamutal Yitzhak, CEO of Else Nutrition commented: "We are extremely pleased to see our strong growth momentum continue in 2Q22. We are seeing robust sales growth across all channels, most notably Amazon, which grew 84% quarter over quarter. Importantly, we have doubled the number of Else subscribers on Amazon.com in the past three months to roughly 2,000, demonstrating the loyalty that consumers have for our brand and products."

"We also seeing growing sales velocity and reorder quantities with many of our retailers. We are currently listed in over 3,000 retail doors, well on our way to reaching our stated goal of listing 4,000 doors 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."

"Our international expansion plans are progressing very well. In June 2022, we announced our entry into the Chinese market via a signed agreement with Baozun, a leading E-commerce distributor in China. In August 2022 we will enter the Canadian market on Amazon.ca, on our own e-store, and in grocery and drug retailers. Furthermore, we expect to enter the UK and Western Europe via Amazon by the end of 2022."

## **FDA and Clinical Research 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 started the first clinical study to demonstrate the tolerance of its products in a specific intolerant children population. A second clinical study to be conducted on a healthy toddler population has been approved by the ethical committee and is about to start in Q3 2022. Else is working on final preparations for the infant growth clinical study for the FDA and European permits planned to start by end of 2022.

In 2023 the Company plans to continue research activity demonstrating the safety and tolerability of the infant formula as well as 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 11:00 a.m. (Eastern Time) on August 15, 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/JnOW24nGMwX>.

A replay will be available after the call, in the Investors section of the Company's website at <https://app.webinar.net/JnOW24nGMwX>.

### **About Else Nutrition Holdings Inc.**

Else Nutrition G.H. 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 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 QX 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.

For more information, visit: [elsenutrition.com](https://elsenutrition.com) or @elsenutrition on Facebook and Instagram.

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