



**INFANT NUTRITION INDUSTRY OVERVIEW
&
ELSE NUTRITION PEER ANALYSIS**
November 2022



ELSE NUTRITION HOLDINGS INC.

TSX: BABY, OTCQX: BABYF, FSE: 0YL

www.elsenutrition.com



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Else Nutrition Holdings Inc. - Overview

Else Nutrition Holdings Inc. (“Else Nutrition” or “the Company”) (TSX: BABY, OTCQX: BABYF, FSE: 0YL) is a science-based nutrition company in its international expansion stage that developed the world’s first whole, plant-based, dairy and soy free infant formula. Else’s revolutionary infant formula is currently the only plant-based, whole, clean ingredient alternative to dairy and soy-based infant formulas. The need for this clean healthy alternative is for babies who are allergic, intolerant, or sensitive to these proteins, as well as for families who wish to avoid these components for lifestyle reasons.

Else Nutrition is currently in the clinical process of gaining FDA and EU approvals for its infant formula product line, while in the meantime, the Company is already marketing and expanding its market share of its innovative, baby cereals (+6 months in age), toddler complete nutrition (12-36 months) and kids nutritional drinks (2-10 years) in the USA, Canada and China. Else Nutrition’s products meet the requirements of Global Standards and are free from antibiotics, gluten, hexane, GMO (genetically modified organism) & hormones. Else Nutrition’s products contain the world’s foremost patented formula that is based on plants, non-dairy and soy free. Else Nutrition has patents for infant, toddler and adult-based applications in about 20 and 15 countries, respectively, with pending patents in dozens of additional countries. Else Nutrition’s USDA Organic infant formula products are non-dairy, non-soy, organic, non-GMO and free from gluten and corn syrups. The Company’s products consist of a minimally processed, whole foods combination of almonds, buckwheat and tapioca. These products are modeled after the human milk nutritional composition which provides all the vital nutrients like carbohydrates, proteins with essential amino acids, nutritious fats and other vitamins and minerals that support babies’ proper growth and development. The Company’s plant-based Baby Super Cereal is the first and only baby cereal in the USA to be certified with the Clean Label Project Purity Award, and thus is the only USA baby cereal officially certified as safe from heavy metals. Else’s Baby Super Cereal reached #1 best seller in Amazon.com baby cereal category in October 2022. All the Company’s products for babies, toddlers and children are Clean Label Purity Award certified – providing them an official stamp of being safe from heavy metals and pesticides in the USA. The brand has gained retailer coverage by National retailers like Walmart, CVS pharmacy, Sprouts Farmers Market, and many others, achieving rapid sales growth and is currently sold in over 3,000 stores in the USA. 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.

Else Nutrition is financially sound with no debt and a stable 12-month cash runway. During the third quarter ending September 30, 2022, Else Nutrition generated total revenues of C\$2.2 million, an increase of 83% compared to C\$1.2 million during the quarter ended September 30, 2021. This increase was mainly due to higher formula sales.

Else Nutrition’s Partnerships 2021-2022

- In 2021, Else Nutrition partnered with the two largest US distributors namely, UNFI & KeHE. Through these partnerships, Else Nutrition’s products will be and are available across thousands of mid-sized and small grocers, independent stores and also in more than 5,000 food co-operatives.
- The Company also has partnerships with major e-Commerce platforms like Amazon, iHerb, Thrive Market, Vitacost, Kroger, Walmart and other listed retailers for the distribution of its nutrition products.
- Throughout 2021, Else Nutrition expanded its product line from a single toddler product to a multiple product range, with listings in dozens of natural food and premium grocery retailers like Sprouts, Vitamin Cottage Natural Grocers, Raley’s, Roche Bros, Big Y, PCC, Associated food stores, Lassen’s, amongst others, representing over 1,300 stores.
- On June 21, 2022, Else Nutrition entered into an agreement with buybuy Baby, a popular retailer of specialty baby products, to sell its nutrition products across North America. Through this partnership, the Company’s products have been made available across 133 retail stores in North America.
- In July 2022, Else Nutrition entered the Canadian market and started selling its major nutrition products, Super Cereals, Kids Protein Shakes and Toddler Nutrition products through both online and retail distribution channels.
- On August 22, 2022, Else Nutrition’s products were launched on Amazon.com in Canada.
- On August 29, 2022, Else Nutrition expanded its offline outreach in Canada through its partnership with Canadian-based pharmacy retail outlet, London Drugs. Through this partnership, Else Nutrition’s products for kids and toddlers will be accessible across London Drugs’ 73 stores in Western Canada.
- On September 7, 2022, Else launched its toddler products in over 1,000 CVS stores across the USA.
- On September 12, 2022, Else launched its toddler nutrition products in over 500 Winn Dixie supermarket stores.
- On October 13, 2022, Else launched its kids nutritional drinks in Walmart stores in 35 states across USA. Apart from the USA & Canada, Else Nutrition’s partnership with Amazon will enable it to expand its product offerings to seven of the largest markets in Europe (UK, France, Spain, Netherlands, Sweden, Germany and Italy) in the year 2023.
- In Sept 2022, Else entered the Chinese infant formula market, which accounts for about 45% of the global infant formula market.
- On June 7, 2022, the Company partnered with Baozun, a popular e-commerce provider in China to sell its nutrition products in the country. Through this partnership, Else Nutrition would gain access to many retail customers via Baozun’s distribution to online shopping portals like JD.com, Kuaishou, WeChat, Tmall and many others. On Sept 29, 2022, the Company officially launched its flagship Chinese store on Tmall Global and is currently selling its Toddler Formula and Baby Cereal products.
- Else Nutrition plans to expand its global footprint to Australia by Q3 2023. The Company expects to enter the infant formula market pending FDA approval, which is expected in 18-24 months.
- Currently, Else Nutrition is in talks with some of its partners in Canada and the US to further expand its current lines of business.

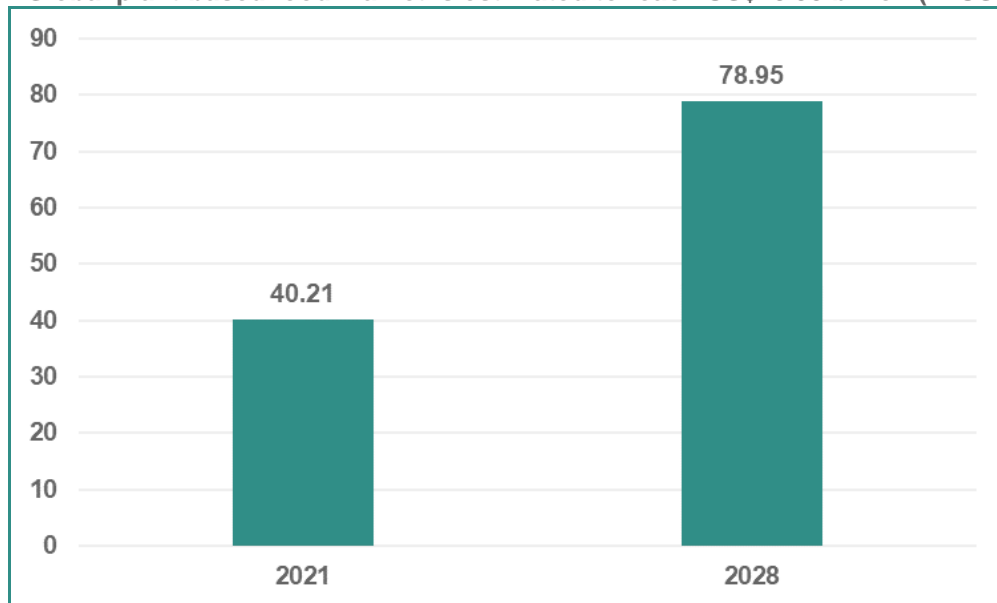
Industry Overview

Global plant-based food market - Overview

Plant-based food consists of fruits and vegetables, grains and legumes, nuts and seeds, spices, herbs and all food products excluding animal-based products. In recent years, consumers are reducing their meat consumption due to growing concerns over obesity, which is believed to increase the severity of diseases. According to OECD (2021), countries like Mexico, the US, the UK, Canada, Germany and Australia are reported to have higher percentage of obese population above the age of 15 years. Such concerns have made consumers to shift to plant-based foods that contain no cholesterol. According to the Good Food Institute (GFI), a US-based non-profit organization, plant-based food sales grew 6.2% y-o-y in 2021, compared to total food sales (1.9% y-o-y) in the US.

According to Vantage Market Research, a US-based market research company, the global plant-based food market was valued at US\$40.21 billion in 2021 and is expected to grow to US\$78.95 billion in 2028 at a CAGR of 11.90% during the 2022 to 2028 forecast period. This growth in plant-based food market is attributed to growing awareness about chronic lifestyle diseases and animal protein sensitivity. Availability of plant-based products like egg substitutes and dairy alternatives that contain higher nutrients and taste similar to those of animal products and their rising popularity among consumers are also expected to drive the growth in the plant-based food market. Exhibit 1 presents the forecast of global plant-based food market.

Exhibit 1: Global plant-based food market is estimated to reach US\$78.95 billion (in US\$ billions)

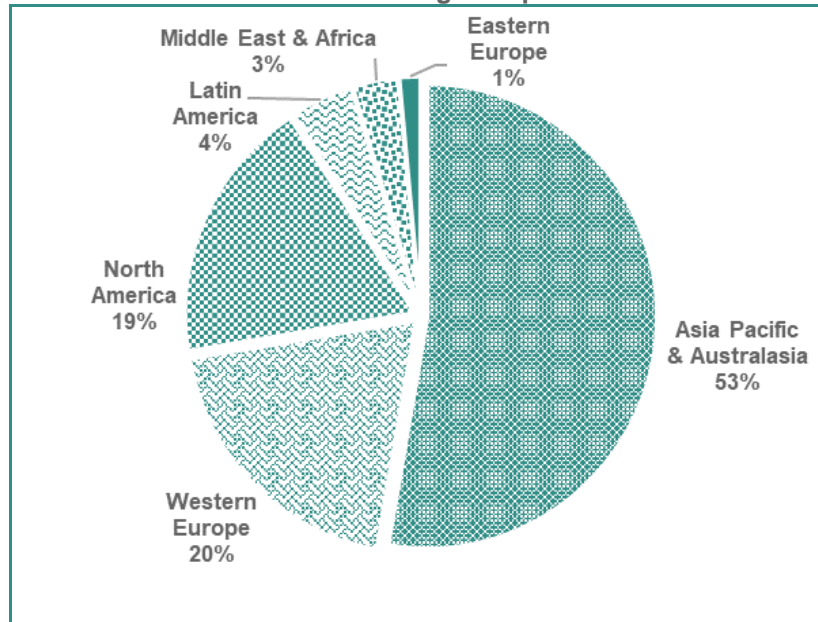


Source: *Vantage Market Research – Plant Based Food Market*

Global plant-based milk retail sales are estimated to be US\$17.8 billion in 2021

According to GFI's, *2021 Plant-based State of the Industry* report (April 2022), plant-based milk is the most evolved of all the plant-based food categories. In 2021, plant-based milk sales accounted for about 35% of overall plant-based food sales in the US. Cow milk allergy, lactose intolerance, absence of cholesterol and vegan diets have a significant influence on consumers' preference of plant-based milk alternatives. Almond milk and oat milk are the most popular plant-based milk alternative in the US. According to Plant Based Food Association's (a US-based non-profit organization) *2021 US retail sales data for the plant-based food industry*, plant-based milk sales in the US grew 4% y-o-y, while animal-based milk sales declined 2% y-o-y in 2021. The US plant-based milk retail sales were estimated to be about US\$2.6 billion in 2021. In the meantime, the global plant-based milk retail sales were estimated to be US\$17.8 billion in 2021, an increase of 14% compared to US\$15.6 billion 2020. In 2021, Asia pacific & Australasia and Western Europe accounted for about 53% and 20% of the global share in plant-based milk retail sales, respectively. Exhibit 2 presents the share of plant-based milk retail sales across various geographic regions.

Exhibit 2: Asia-Pacific & Australasia leads in global plant-based milk retail sales in 2021

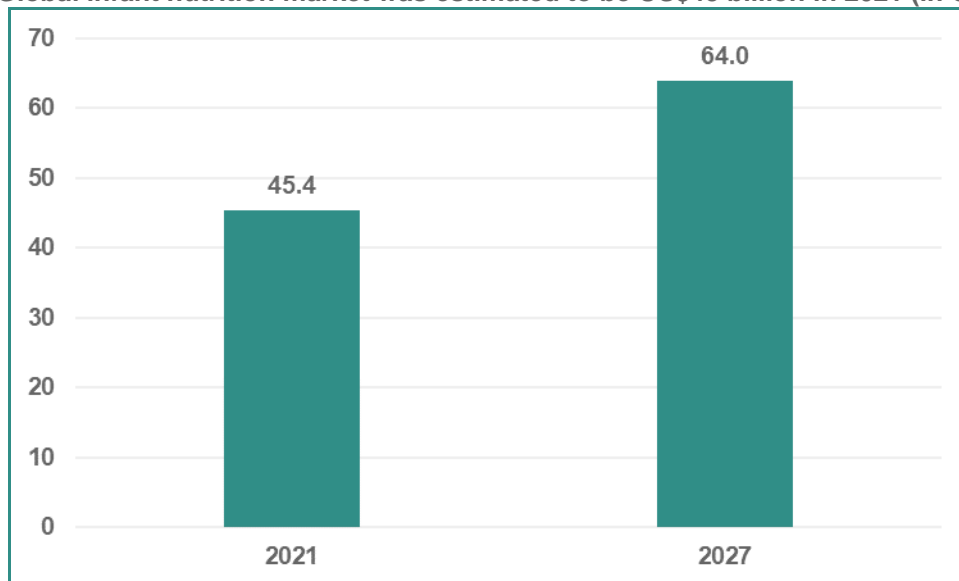


Source: *Good Food Institute – 2021 State of the Industry*

Infant nutrition market is estimated to reach US\$64 billion in 2027

Infant nutrition consists of infant food and formula. Infant food refers to mashed vegetables, fruits and cereals that are made for infants aged above four months. In general, infant formulas are prepared for infants below the age of one year. Infant formula is helpful to mothers who cannot breastfeed due to factors like work, inadequate nutrients in breastmilk and unhealthy diet. The infants who consume infant formulas do not require any supplements as the product contains all the essential nutrients including iron and vitamin D required for growth and development. According to IMARC, an Indian market research company, the global infant nutrition market is valued at US\$45.4 billion in 2021 and is forecast to grow at a CAGR of 5.7% to reach US\$64 billion in 2027. This growth is primarily attributable to increasing urbanization, rising female labor force participation and a growing preference for a comfort-driven lifestyle. Exhibit 3 presents the forecast of infant nutrition market.

Exhibit 3: Global infant nutrition market was estimated to be US\$45 billion in 2021 (in US\$ billions)



Source: *IMARC – Global Infant Nutrition Market*

Global infant formula market is estimated to be US\$125.2 billion in 2030

The three major types of infant formulas available in the market are cow milk-based, soy-based and milk protein hydrolysate formulas. Cow milk-based formulas account for a major share of sales in the total infant formula market and are known to be an alternative to breast milk. Over the years, cow milk-based formulas have modified its method and concentration to make it easily digestible and increase its nutrients for infants. Soy-based formulas are introduced as an alternative for cow milk-based formulas for infants who are allergic to milk-based formulas. Hydrolysate protein formulas are fed to infants with a milk allergy. The hydrolysate formula consists of milk protein that is chemically broken down into smaller peptides.

Since the COVID-19 pandemic there has been disruptions in acquiring raw materials for infant formula, logistics issues and labor shortages. This, in turn, created a shortage for infant formula across the world. The US infant formula market consists of three major suppliers, Abbott Laboratories (~42%), Mead Johnson (~35%) and Nestle (~15%), who control about 90% of infant formula sales. In May 2022, infant formula shortage aggravated in the US due to the shutdown of Abbott's Michigan infant formula plant. In February 2022, the US Food and Drug Administration directed Abbott to recall some of its infant formula as a result of bacterial contamination. This also led to the shutdown of the contaminated facility. The US government's measures to import infant formula from other countries helped ease the situation. According to Precedence Research, a Canada/India-based market research firm, the global infant formula market was estimated to be US\$58.84 billion in 2021 and is anticipated to grow at a CAGR of 8.75% during the 2022 – 2030 forecast period to reach US\$125.2 billion by 2030. Despite cow-milk based formula dominating the market, the demand for organic infant formula has increased over the years due to prevalence of milk allergies and child malnutrition. The growth in the organic infant formula market is expected to drive the growth in the overall infant formula market.

National Health Service estimates 7% of infants aged below one year to have milk allergy

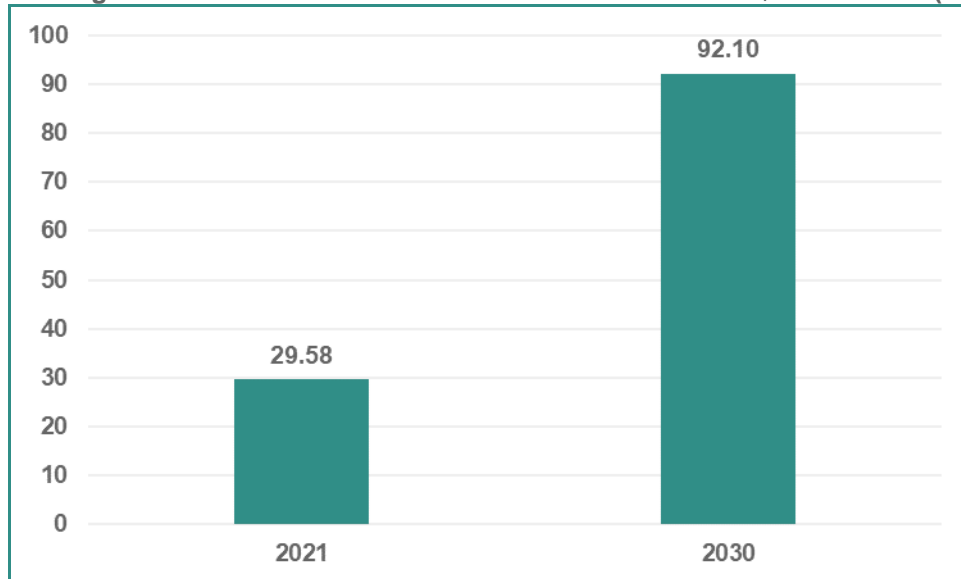
Lactose intolerance refers to a situation where a person has inadequate lactase (a gut enzyme that helps in digestion of lactose) production in the body. This could cause abdominal pain, diarrhea and bloating in the body. According to National Institute of Diabetes and Digestive and Kidney Diseases, around 68% of world's population have lactose malabsorption (a symptom of lactose intolerance), which is more prevalent in Asia and Africa in comparison to the Americas and Northern Europe. Hence, plant-based milk is widely consumed in Asia. According to GFI, Asia Pacific & Australasia's plant-based milk retail sales was estimated to be about US\$9.4 billion in 2021. Lactose intolerance is more prevalent in adults and rarely in infants. Genetic mutation also causes lactose intolerance and can be passed on to children. Infants who have adequate lactase digest are diagnosed with a hereditary disorder called galactosemia.

Milk allergies are more prevalent in infants; however, this can be misunderstood as lactose intolerance. Milk allergy is an immune system response that affects multiple body organs and can be life-threatening. A lactose intolerant infant does not produce lactase but an infant with milk allergy can produce lactase and face difficulties while digesting the proteins. Milk allergy could affect infant's respiratory system, gastrointestinal system and skin while lactose intolerance only affects bowels. Milk allergies can be immunoglobulin E mediated (IgE mediated) or non-immunoglobulin E mediated (non-IgE mediated). Generally, symptoms of non-IgE mediated allergy are similar to lactose intolerance so it can be incorrectly labelled as lactose intolerance. If the infant is suspected to have milk allergy, feeding mothers should avoid consuming dairy products. According to National Health Service, a UK's public funded health care system, milk allergy is estimated to affect about 7% of infants aged below one year. Companies like Else Nutrition offers products that are best alternatives to dairy milk products and are enriched with nutrients required for infants, toddlers and kids.

Organic infant formula market is estimated to grow at a CAGR of 13.45% from 2022 to 2030

Organic infant formula does not contain carrageenan, fructose, pesticide residue, genetically modified organisms (GMOs), preservatives, growth hormones and synthetic chemicals. Typically, a certified organic formula consists of at least 95% organic ingredients excluding salt and water. In case, an infant formula is produced with about 70% of organic ingredients, the products may be labelled as made with organic. Many parents prefer organic formulation because infants have unmaturing digestive systems that cannot tolerate growth hormones and pesticide residues. Since all the organic infant formulations are regulated by USDA certification/E.U. organic certification, organic formulas are also highly nutritional and regarded as safe. According to Market Research Future, a US-based market research firm, global organic infant formula market was valued at US\$29.58 billion in 2021 and is estimated to grow at a CAGR of 13.45% to reach US\$92.10 billion in 2030. This growth is attributed to the increasing demand for organic formula due to sub-optimal breastfeeding rate and lifestyle changes of the parents. Exhibit 4 presents the forecast of organic infant formula market.

Exhibit 4: Global organic infant formula market is estimated to reach US\$92.10 billion (in US\$ billions)



Source: *Market Research Future – Organic Infant Formula*

Soy-based formulas could also cause allergies to infants

Plant-based formulations include soy, rice, almond, buckwheat, chickpea and others. Soy-based formulas are widely used after cow milk-based formulas. Soy-based formulas contain soy isolate proteins that are extracted to increase the protein purity in the formulas to obtain at least 90% of protein and reduce fat content to 1%. Despite soy-based formula being an alternative for cow milk allergy, there are some infants who are allergic to both cow milk-based and soy-based formulas and find it difficult to digest. According to the British Journal of General Practice (BJGP), about 60% of infants who have non-IgE mediated milk allergy also react to soy allergies and about 14% of infants who have IgE mediated milk allergy could also react to soy allergy.

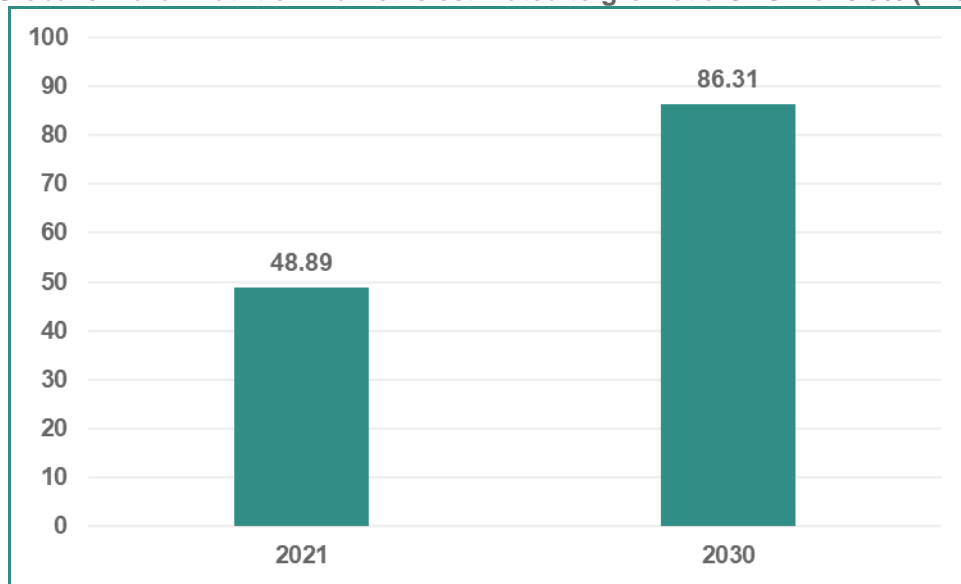
Almond, buckwheat and pea-based infant formula is a good alternative for soy-based formula. Almond also has a good source of vitamin E, magnesium, calcium and riboflavin and has monosaturated fatty acids. Buckwheat is a good source of carbohydrates, proteins, dietary fibers, all nine essential amino acids that are not present in food and also has essential minerals for infant's growth and development. Chickpeas are also a complete source of protein. Further, almonds, buckwheat and peas rarely cause allergy compared to soy and cow milk. Else Nutrition's infant formula made from a combination of almonds, buckwheat and tapioca serve as a suitable alternative for infants with both soy and cow milk allergies. Else Nutrition is also expected to benefit from the growing market share for such alternatives.

Global Kids Nutrition Market is estimated to be reach US\$86.31 billion in 2030

Most of the children nutrition products in the market are focused on developing products that would enhance the growth and development of children, specifically in the pre-school to mid-school age group. Some of the major health issues in children are wasting (low weight for their height), stunting (refers to smaller in height for their age) and obesity (overweight for their height). Children who have poor nutrition intake can become stunted/wasted. Such cases are more prevalent in low or low-middle income countries. In the meantime, upper- middle income and lower-middle income countries were found to have more cases of child obesity. According to WHO, percentage of children who are overweight has increased from 5.4% in 2000 to 5.7% in 2020.

Nutritional drinks aid in kids' growth and offer immune support. The market also offers a wide variety of organic products like cereals, milk powders, fruit smoothies, snacks and drinks. The kids' nutrition market is categorized based on age groups like 1-5 years, 6-10 years, and 11-15 years. Children in the age group of 1 to 5 years require nutrition that enhances their brain development and immune system. While 6- to 10-year-old children require nutritional diets that helps in growth and to build muscles. Children in the 11-15 years age group require nutrition to maintain muscle growth and brain development and build up energy. According to Emergen Research (a Canada-based market research company), the kids nutrition market was valued at US\$48.89 billion in 2021 and is forecast to grow to US\$86.31 billion in 2030 at a CAGR of 6.5%. Increasing malnutrition and obesity in children are some of the major factors that are expected to primarily drive this growth. Exhibit 5 presents the forecast of children nutrition market.

Exhibit 5: Global children nutrition market is estimated to grow at a CAGR of 6.5% (in US\$ billions)



Source: Emergen Research – Kids Nutrition Market

Plant-based infant formulas are estimated to have 65% lesser carbon footprint

According to the British Medical Journal, a UK-based healthcare publishing company, the food industry, specifically dairy and meat production account for around 30% of global greenhouse emissions of gases. The major environmental challenges of the infant and toddler formula industry are higher utilization of natural resources and release of significant amount of greenhouse gases from animal agriculture. Cow milk-based infant formulas is one of the major causes for methane emissions. Plant-based nutrition products foster animal welfare and consume lesser natural resources in comparison to the resources required to produce milk-based nutrition products through animal agriculture. Manufacturing of infant formulas using plant-based products including almond, tapioca and buckwheat have a 65% lesser carbon footprint in comparison to several global dairy brands that manufacture dairy formulas which contain whey protein, lactose, vegetable oils and skimmed milk powders. According to carboncloud.com (a Climate Intelligence Portal that measures the climate footprint of food industry) Else Nutrition’s plant-based formulas have a climate footprint of an average 3.65Kg CO₂ e/Kg in comparison to dairy formulas’ climate footprint of an average 10Kg CO₂ e/Kg.

Else Nutrition's Peer Analysis

Public Peers:

- Abbott Laboratories (NYSE: ABT, EBS: ABT.SW) (“Abbott”)** – Abbott is a US-based healthcare company that develops, produces and sells a diversified portfolio of health care products in about 150 countries. The company operates in four segments namely, established pharmaceutical products, diagnostics products, medical devices and nutritional products. Nutritional products consist of wide variety of pediatric and adult dietary products. Abbott offers a variety of nutritional products for adults and patients to increase protein intake and maintain metabolism. The nutritional product segment primarily consists of Similac products. Abbott offers a wide portfolio of infant formula under the brand Similac, which consist of approximately 21 infant formulas including powder, ready-to-feed and liquid form. Each formula varies depending upon their product content and purpose such as supplementation, colic symptoms, food allergies, diarrhea and spit up. Similac also offers products that contains non-GMO content, USDA organic, soy, lactose sensitivity, kosher, 2'-FL HMO and 5 HMOs. Abbott also offers Elecare infant formula, which is an amino acid-based formulation. Abbott's infant formula are available for premature, infants (0-12 months) and toddlers (12-36 months). Abbott's only plant-based infant formula is Similac Soy Isomil. Majority of the Similac products are milk-based and milk-based alternative products. During the quarter ended June 30, 2022, Abbott's pediatric nutritional segment generated total revenues of US\$925 million, a decrease of 15% compared to the quarter ended June 30, 2021 (US\$1,093 million).
- Danone S.A. (OTC: DANOF, OTC; GPDF, PAR; BN.PA) (“Danone”)** – Danone is a France-based food company that manufactures and distributes bottled water, dairy products and plant-based products such as yogurts, coffee creamers, ice creams and desserts. Danone has more than 100 brands distributed in over 120 countries across the world. The company operates in three segments namely, essential dairy and plant-based products, waters and specialized nutrition. Specialized nutrition consists of nutritional products for infants, children, pregnant and feeding mothers. In 2021, Aptamil brand accounted for the highest share of Danone's sales revenue. Aptamil brand provides milk-based and whey-based infant formulation for premature, infant and toddlers. Aptamil has about eight different formulations, which are classified based on infant's age group (such as premature, below six months, six to twelve months and one year to two year) and nutritional supplements required (milk allergy infants and malnutrition). For the six months ended June 30, 2022, Danone's specialized nutrition segment generated total revenues of €4,029 million compared to €3,513 million, an increase of 14.7% in comparison to June 30, 2021.
- The Hain Celestial Group, Inc. (Earth's Best) (NMS: HAIN, STU: HF1.SG)** – The Hain Celestial Group is a US-based company that offers natural foods and personal care products. The Hain Celestial Group has a variety of brands under the following categories namely, snacks, meat and dairy alternatives, tea foods, and personal care. Earth's Best, a subsidiary of The Hain Celestial Group, offers toddler and infant products. Earth's Best infant and toddler products consist of diapers & wipes, infant & special diets and oral care. Earth's Best infant formulas are USDA organic and does not contain corn syrup solids and any hormones or antibiotics that can cause artificial growth. Earth's Best's Infant & Toddler food consists of organic infant & baby formula, organic toddler milk drink powder and non-GMO plant-based infant formula. Earth's Best organic infant & baby formula and organic toddler milk drink powder are cow milk-based formulas that has 95% lesser lactose in comparison to common milk-based formulas. This helps in easy digestion in infants aged less than a year. Organic toddler milk drink powder is for toddlers above the age of one year. Earth's Best non-GMO plant-based soy baby formula is soy-based and lactose-free infant formula that are for infants in the age group of one to twelve months.

- The A2 milk company Ltd. (OTC: ACOF, OTC: ACOY, ASX: A2M.AX) (“A2 Milk”)** – A2 Milk is a New Zealand-based dairy nutrition company that offers A2 protein-based milk products and other infant nutrition products. A2 milk’s primary products are ultra-heat treatment milk (UHT), fresh milk, extended shelf-life milk (ESL), milk powders, infant milk formula and other dairy nutritional products. The company offers two types of milk products namely, A2 milk products (that contains only A2 protein) and A2 Platinum milk products. A2 Platinum milk products consists of A2 Platinum Premium infant formula and A2 Platinum Premium follow-on formula. A2 Platinum Premium infant formula is prepared for bottle-feeding infants within 0 to 6 months of age. A2 Platinum Premium infant formula contains essential ingredients and nutrition that helps in the growth and development of infants less than six months. A2 Platinum Premium infant formula offers products that contain whey protein (60%), casein protein (40%) & A2 beta-casein. A2 Platinum Premium follow-on formula (above 6 months) is the second stage milk-based formula, which helps to supplement first food for infants. A2 Platinum Premium follow-on formula contains essential nutrition that cater to the growing needs of infants. Some of the other nutrition products of A2 Platinum are Premium Toddler Milk Drink, Premium Junior Milk Drink, a2 Smart Nutrition and a2 nutrition for mothers. For the year ended June 30, 2022, A2 Milk’s infant milk formula generated revenues of NZ\$1,022.17million (*NZ\$ represents New Zealand Dollar*), an increase of 12% compared to the year ended June 30, 2021.
- Bubs Australia Ltd. (OTC: BUBSF, ASX: BUB.AX) (“Bubs Australia”)** - Bubs Australia is an Australian company that offers infant nutrition and dairy products. Bubs Australia’s major product offerings are Supreme Formula, Cow’s Milk Formula, Goats Milk Formula, Junior Nutrition, Family Nutrition, Cereals & Porridge, Pouches, Rusk and snacks. The company operates in three segments under the infant formula product mix namely, Bubs Supreme, Bubs Organic and Bubs Goat. All these three segments are categorized into two stage groups, stage one is for infants aged below six months and stage two is for infants who are six to twelve months of age. Supreme infant formula is an A2 beta-casein protein cow milk-based formula, Organic infant formula is a grass-fed cow’s milk-based formula and Goat infant formula is a goat milk-based formula. During the year ended June 30, 2022, Bubs Australia generated total revenues of A\$53.5 million (*A\$ represents Australian Dollar*) from the sale of infant formula, an increase of 177% compared to the year ended June 30, 2021. This increase was primarily due to higher Bubs Infant Formula sales across Australia’s major retailers and the launch of e-commerce sales.

Table 1: Else Nutrition’s Public Peers with Highlights on Infant Formula Products (as of November 16, 2022)

Company Name	Ticker	Enterprise Value (USD millions)	Market Cap (USD millions)	Infant Formula	Type	Global Patents on Infant Formula Products	FDA Approval on Infant Formula Products
	NYSE: ABT EBS: ABT.SW	\$186,340.00	\$179,830.00	Similac, Similac Organic	Dairy	✓	✓
				Similac Soy Isomil	Soy		
	OTCQX: DANOY OTCQX: GPDNF PAR: BN.PA	\$44,290.00	\$32,610.00	Aptamil Gold	Dairy	✓	✓
				Farex, Farex Baby Food	Dairy		
				Aptamil Pepti, Neocate LCP	Dairy Free		
				Dexolac	Dairy		
	NMS: HAIN STU: HF1.SG	\$2,810.00	\$1,850.00	Organic Infant & Baby	Organic	✓	✓
				Non-GMO Infant	Plant-based		
	OTC: ACOFP OTC: ACOFY ASX: A2M	\$2,526.20	\$2,930.00	A2 Platinum Premium	Dairy	✓	
				A2 Platinum Premium Follow-On Formula			
	OTC: BUBSF ASX: BUB	\$172.02	\$261.01	Supreme Infant Stage-1 & Stage-2	Dairy	✓	✓
				Organic Grass Fed Stage-1 & Stage-2	Organic		
	TSX: BABY OTCQX: BABYF FSE: 0YL	\$39.78	\$55.64	Plant-based Baby Cereals	Plant-based	✓	Expected within 18-24 months

Source: Morningstar & Company Filings & Company Websites

Private Peers:

- Mead Johnson Nutrition (“Mead Johnson”)** – Mead Johnson is a US-based company that offers nutritional products for premature infants, infants, toddlers and prenatal mothers. Mead Johnson is an independent subsidiary of Reckitt Benckiser Group Plc. (“Reckitt”; OTC: RBGLY, LSE: RKT.L). Reckitt is a UK-based company that provides hygiene, health and nutrition products across the world. Mead Johnson’s nutritional products are sold under the brand Enfamil. Enfamil products consists of Enfamil Premature for premature infants, Enfamil Neuropro for infants, Enfagrow for toddlers, Enfamom for prenatal mothers. Enfamil-Neuropro consists of three infant formula and one premature infant formula, which is a non-fat cow milk-based formulation. Currently, Enfamil brand consists of six formulations for premature, eleven formulations for infants (including neuropro, enspire, nutramigen) and eight nutritional products for toddlers. Enfamil ProSobee infant is the only plant-based formulation. Enfamil’s infant products are classified based on the feeding needs such as tummy troubles, allergies, everyday nutrition and special dietary needs.
- Nature’s One Inc. (“Nature’s One”)** – Nature’s One is a US-based food company that manufactures and distributes toddler formulation, diapers and infant wipes, beverages and cereals for toddlers and prenatal nutritional product. The company focuses on providing organic products for their consumers. Nature’s One provides eight varieties of organic toddler formulation for infants aged above one year. Nature’s One’s toddler formulations are classified based on the purpose such as lactose sensitivity, no soy protein, dairy based and diarrhea. Nature’s One offers a plant-based formula known as Baby’s Only Organic Plant-based Pea Protein Toddler formula. Most of the Nature’s One’s products are organic dairy-based including goat milk-based and A2 milk-based. Among eight Nature’s One formulations, six are USDA certified organic products. The company delivers their products only to the United States and Canada.
- Bellamy’s Organic Pty Ltd (“Bellamy’s”)** – Bellamy’s, a subsidiary of China Mengniu Dairy Company Limited, offers organic and nutrition products for infants and toddlers. Bellamy’s organic segment consists of two types of product offerings namely, infant formula and other food categories. Bellamy’s has 12 different formulations under the following products namely, Classic, Beta Genica-8™, Gold+ and Mim’s Goat Milk. Each Formulation contains Stage-1 Infant Formula (0-6 months), Stage-2 Follow-On Formula (6-12 months), & Stage-3 Toddler Milk Drink (above 12 months). Bellamy’s organic infant formula contains organic milk solids, organic vegetable oils, organic galacto-oligosaccharides (GOS) liquid (prebiotics that contributes to gut health) from milk, sodium caseinate, emulsifier, antioxidants, dried DHA and ARA oils, minerals and vitamins that support infant growth and development. Bellamy’s organic Beta Genica-8™ is a non-GMO product prepared from A2 certified organic milk that supports the nutritional growth in infants from birth until six months of age. Bellamy’s Gold+ infant formula is prepared with the company’s Di-GeniX™ (a combination of probiotic Bifidobacterium and prebiotic GOS) symbiotic blend. Bellamy’s other food categories offer products such as cereals, pouch, savoury meals, pasta and rusks.
- Plum Organics (“Plum Organics”)** – Plum Organics, a subsidiary of Sun Maid Growers of California, is a US-based company that offers organic food products for infants and snacks for toddlers. Plum Organics provides USDA organic infant foods under three categories namely, stage-1, which offers first foods for infants aged above 4 months, stage-2 is an organic infant food that is a mix of vegetables, fruits and grains that introduces different flavors for infants aged above six months and stage-3 is a mix of fruits, vegetables, meat and grains that helps infants aged above six months to have solid food. Plum Organics also provide other infant food offerings like Super Puffs & Little Teethers. Plum Organics’ toddler product offerings are a mixture of organic fruits, proteins, grains and vegetables. Plum Organics’ kids’ products consist of nutritious mashups, snack bars and smoothies, which contain essential organic ingredients & nutrients that are a mixture of vegetables, fruits, grains and beans.

Recent Merger & Acquisitions in the Infant Nutrition Industry

- Danone acquires 100% stake in Dumex Baby Food (August 2022)** – Danone S.A. (“Danone”) is a French company that offers dairy, plant-based, waters and nutrition products. On May 6, 2022, Danone announced to acquire 100% equity stake in Dumex Baby Food (“Dumex”) from Yashili International Group Co. Ltd, a subsidiary of Yashili International Holdings Ltd, for a total consideration of RMB870 million excluding cash and debt. Dumex is a Chinese-based company that manufactures infant milk formula products. On August 16, 2022, Danone completed the acquisition of Dumex. Through this acquisition, Danone has expanded its infant milk formula manufacturing capacity in China.
- Nestle acquired Orgain (April 2022)** – Nestle S.A. (“Nestle”) is a Switzerland-based company that manufactures and markets beverages and food products. On February 2, 2022, Nestle’s Health Science division entered into an agreement to acquire majority stake in Orgain for an undisclosed amount. Orgain is a US-based company that operates health stores offering nutrition products. Butterfly Equity is the holding company of Orgain. According to the terms of the agreement Nestle would acquire a majority stake in Orgain, while Orgain’s founder Andrew Abraham and Butterfly Equity would continue to hold a minority stake in the company. Nestle Health Science also has an option to completely acquire Orgain by the year 2024. The acquisition was completed on April 1, 2022. Through this acquisition, Nestle has increased its portfolio of plant-based nutrition products.
- Eat Well Group acquires 51% stake in Amara Organic Foods (November 2021)** – Eat Well Group (“Eat Well”) is a Canadian company that invests on the plant-based food segment. On October 27, 2021, Eat Well Group signed a definitive agreement to acquire 51% stake in Amara Organic Foods (“Amara”) for a total consideration of US\$11.6 million. The offer price consists of US\$1 million to be paid in cash upon initial closing of the transaction and deferred payment of US\$10.6 million over a period of 24 months (at about US\$1.3 million per quarter). According to the transaction terms, Eat Well would be issued 2,047,299 Series A Preferred shares of Amara for the total consideration of US\$11.6 million. The transaction was completed on November 2, 2021. Through this acquisition, Eat Well expects to become a leader in plant-based consumer goods. Amara is a US-based company that offers plant-based infant food products.
- Reckitt’s sale of IFCN business in China to Primavera Capital (September 2021)** – Reckitt Benckiser Group plc (“Reckitt”) is a UK-based company that manufactures hygiene, health and home products. On June 5, 2021, Reckitt announced to sell its Infant Formula and Child Nutrition business (“IFCN”) in China to Primavera Capital Group (“Primavera Capital”, a China-based investment firm). Reckitt’s IFCN China business was estimated with an implied enterprise value of US\$2.2 billion. According to the terms of the transaction, Reckitt would retain 8% stake in IFCN China and receive net cash proceeds of US\$1.3 billion. On September 9, 2021, Reckitt completed the sale of IFCN China. Through this acquisition, Primavera has obtained royalty-free exclusive and perpetual license of the Mead Johnson brand in Greater China.
- Once upon a Farm’s acquisition of Raised Real (June 2021)** – Once upon a Farm is a US-based company that offers plant-based food nutrition products for children. On June 22, 2021, Once Upon a Farm acquired all the assets of Raised Real for an undisclosed amount. Raised Real is a US-based company that offers infant and toddler foods. Through this acquisition, Once Upon a Farm intends to expand its organic plant-based food nutrition products to certain frozen foods that caters to toddlers and infants.
- Sun Maid’s acquisition of Plum Organics (May 2021)** – Sun-Maid Growers of California (“Sun Maid”) is a US-based food producing company that sells dried fruits and raisins. On March 31, 2021, Sun Maid announced to acquire Plum Organics (“Plum Organics”) from Campbell Soup Company. Plum Organics is a US-based organic food producing company that offers toddler snacks and infant food. On May 3, 2021, Sun Maid acquired Plum Organics for a total consideration of US\$101 million. Through this acquisition, Sun Maid has added Plum Organics’ toddler snacks and infant food products to its portfolio of fruit snacks.
- Neptune Wellness Solutions acquires 50.1% stake in Sprout Foods (February 2021)** – Neptune Wellness Solutions (“Neptune Wellness”) is a Canada-based health and well-being company that offers organic food, beverages, personal care and beauty products. Sprout is an US-based company that offers organic foods for toddlers and infants. On February 10, 2021, Neptune Wellness acquired 50.1 % stake in Sprout Foods (“Sprout”) for a total consideration of US\$18 million. The transaction price consists of US\$6 million of cash and issuance of US\$12 million worth of common shares (6,741,573 Neptune Wellness common shares). Through this acquisition, Neptune intends to accelerate its transformation CPG company that offers plant-based health and wellness brands.
- Hero Group’s acquisition of Baby Gourmet (January 2021)** – Hero Group (“Hero”) is a Switzerland-based company that offers food nutrition products. On January 18, 2021, Hero acquired a 97% ownership interest in Baby Gourmet through a cash offer. Baby Gourmet is a Canada-based company that offers snacks and organic meals for babies. According to Hero’s 2021 Annual Report, the company acquired majority interest in Baby Gourmet for a total consideration of CHF20.55 million (CHF refers to Swiss Franc). Hero also owns a call option on the remaining 3% non-controlling interest. Through this acquisition, Hero intends to further expand their footprint in the baby food market.

Table 2: Recent Merger & Acquisition Activities in Infant Nutrition Industry

M&A Activity	Transaction Value (USD millions)	Date/ Anticipated Date	Transaction Summary
Danone acquisition of Dumex Baby Food	RMB 870 million	August 16, 2022	On May 6, 2022, Danone announced to acquire 100% equity stake in Dumex from Yashili International Group Co. Ltd. Through this acquisition, Danone has expanded its infant milk formula manufacturing capacity in China.
Nestle's acquisition of Orgain	Undisclosed	April 01, 2022	On February 2, 2022, Nestle's Health Science division entered into an agreement to acquire majority stake in Orgain, while Orgain's founder Andrew Abraham and Butterfly Equity would continue to hold a minority stake in the company. Through this acquisition, Nestle has increased its portfolio of plant-based nutrition products.
Eat Well acquires 51% stake in Amara	\$11.60	November 02, 2021	On October 27, 2021, Eat Well Group signed a definitive agreement to acquire 51% stake in Amara Organic Foods. Through this acquisition, Eat Well expects to become a leader in plant-based consumer goods.
Reckitt's sale of Infant Formula and Child Nutrition (IFCN) business to Primavera Capital	\$1,300.00	September 09, 2021	On June 5, 2021, Reckitt announced to sell its Infant Formula and Child Nutrition business ("IFCN") in China to Primavera Capital. Through this acquisition, Primavera has obtained royalty-free exclusive and perpetual license of the Mead Johnson brand in Greater China.
Once upon a Farm's acquisition of Raised Real	Undisclosed	June 22, 2021	On June 22, 2021, Once Upon a Farm acquired all the assets of Raised Real. Through this acquisition, Once Upon a Farm intends to expand its organic plant-based food nutrition products to certain frozen foods that caters to toddlers and infants.
Sun-Maid Grower's acquisition of Plum Organics	\$101.00	May 3 ,2021	On March 31, 2021, Sun Maid announced to acquire Plum Organics. Through this acquisition, Sun Maid has added Plum Organics' toddler snacks and infant food products to its portfolio of fruit snacks.
Neptune Wellness acquires 50.1% stake in Sprout Foods	\$18.00	February 10, 2021	On February 10, 2021, Neptune Wellness acquired 50.1 % stake in Sprout Foods. Through this acquisition, Neptune intends to accelerate its transformation CPG company that offers plant-based health and wellness brands.
Hero Group's acquisition of Baby Gourmet	CHF 20.55 million	January 18, 2021	On January 18, 2021, Hero acquired a 97% ownership interest in Baby Gourmet through a cash offer. Through this acquisition, Hero intends to further expand their footprint in the baby food market.

Source: Company filings & websites

Sources

- [Else Nutrition Holdings – Website and Press Releases](#)
- [Good Food Institute – Plant-Based State of the Industry](#)
- [Vantage Market Research – Global Plant Based Food Market](#)
- [Plant-Based Food Association – US Retail Sales Data for the Plant-Based Food Industry](#)
- [National Institute of Diabetes and Digestive and Kidney Diseases – Lactose Intolerance](#)
- [IMARC – Infant Nutritional Market](#)
- [Precedence Research – Infant Formula Market](#)
- [Market Research Future – Global Organic Infant Formula Market](#)
- [Data Bridge Market Research – Global Plant-Based Baby Food Market](#)
- [Emergen Research – Global Kids Nutrition Market](#)

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