

Management's Discussion and Analysis of Financial Condition
And Results of Operations of



ELSE NUTRITION HOLDINGS INC.

For the three-months ended September 30, 2025

(Expressed in Canadian Dollars in Thousands)

November 14, 2025

MANAGEMENT'S DISCUSSION AND ANALYSIS

The following management's discussion and analysis ("**MD&A**") is a review of the results of operations, current financial position and outlook of Else Nutrition Holdings Inc. (referred to herein as the "Company", "**Else**", "**we**", "**us**" or "**our**"). Unless otherwise noted, reference to the Company includes its subsidiaries. This MD&A should be read in conjunction with the Company's unaudited consolidated interim financial statements and accompanying notes for the three-months ended September 30, 2025 (the "**Interim Financial Statements**"), as well as our audited annual consolidated financial statements and accompanying notes for the year ended December 31, 2024 and the related annual MD&A.

The financial information contained in this MD&A and in our Interim Financial Statements have been prepared in accordance with International Financial Reporting Standards ("**IFRS**") as issued by the International Accounting Standards Board. Unless otherwise noted, all dollar amounts are expressed in thousands of Canadian dollars except with respect to share amounts.

See "*Forward-Looking Statements*" and "*Risk Factors*" for a discussion of the uncertainties, risks and assumptions associated with these statements. Actual results may differ materially from those indicated or underlying forward-looking information as a result of various factors, including those referred to under the heading "*Risk Factors*" and elsewhere in this MD&A.

Additional information relating to our Company, including our most recent annual information form is available on SEDAR+ at <https://www.sedarplus.ca/> or the Company's website at www.elsenutrition.com.

DESCRIPTION OF BUSINESS

The Company was incorporated on July 18, 2011 under the *Business Corporations Act* (British Columbia) under the name ASB Capital Inc. and was classified as a Capital Pool Company, as such term is defined in Policy 2.4 - *Capital Pool Companies* ("**Policy 2.4**") of the TSX Venture Exchange ("**TSX-V**"). The Company's head office is located at 26 HaBarzel St., Tel Aviv, Israel, 6971070, and its registered and records office is located at 750 West Pender Street, Vancouver, British Columbia. The Company also maintains an office in British Columbia at 1048 165th Street, Surrey, British Columbia, V4A 9A2. The Company's website is www.elsenutrition.com. Information contained on the Company's website is not incorporated into this MD&A.

On June 12, 2019, the Company completed a reverse take-over transaction with Else Nutrition GH Ltd. ("**Else GH**") by way of a share exchange, (the "**Transaction**" or "**RTO**"). Upon the completion of the Transaction, the Company changed its name from ASB Capital Inc. to Else Nutrition Holdings Inc. In connection with the Transaction Else GH became a wholly owned subsidiary of the Company.

Prior to the Transaction, the Company was classified as a Capital Pool Company as defined in the TSX-V Policy 2.4 with its shares listed on the NEX trading board of the TSX-V. Upon completion of the Transaction, the Company's shares began trading on the TSX-V as a Tier 2 'Technology' company on June 18, 2019 under the trading symbol 'BABY'. The Transaction represented the qualifying transaction of the Company under the policies of the TSX-V.

Effective December 10, 2019, the Company's common shares were listed for trading on the OTCQB International Market under the trading symbol 'BABYF'. The OTCQB International Market is a venture market operated by the OTC Markets Group and designed for early-stage and developing U.S. and international companies. The Company upgraded its OTCQB listing to the OTCQX® Best Market as of July 24, 2020.

On June 12, 2020, the Company’s common shares were also accepted for listing on the Frankfurt Stock Exchange (FSE) under the trading symbol ‘0YL’.

On January 25, 2022, the Company’s common shares and warrants commenced trading on the Toronto Stock Exchange (“**TSX**”) under the trading symbols of ‘BABY’, ‘BABY.WT’ and ‘BABY.WT.A’. In connection with the TSX listing, the Company’s common shares and warrants were concurrently delisted from the TSX-V. The warrants listed for trading under the symbol ‘BABY.WT’ expired on October 6, 2022.

The Company is a developer of innovative food products and formula nutrition for infants, toddlers, kids, and adults. It currently has seven product lines that are either commercialized or in development. Five of these product lines are the proprietary 100% plant-based non-dairy and non-soy nutrition products (collectively, “**Else Formula**”): (i) plant-based baby formula products for the ‘infant formula’ market (between 0 to 1 year old); (ii) plant-based formula products for the ‘toddler nutrition’ market (between 1 to 3 years old); (iii) the ‘kids nutrition’ market (3-12 years old); (iv) the ‘adult nutrition’ market; and (v) complementary food products for babies (6 months and older). These five products lines are intended to be 100% plant-based, clean-label, non-GMO, natural, and gluten, dairy, and soy free alternatives to baby, toddler, kids, and adult nutrition and foods. Most of the products are organic.

The Company also operates and generates revenue from two product lines which were acquired by the Company from Golden Heart F.M.C.G. Ltd. and are comprised of the following:

- 1) ‘baby snacks’ – vegan-friendly snack products for the baby and toddler food market; and
- 2) ‘baby feeding accessories’ – baby feeding bottles and teats (sterile and non-sterile).

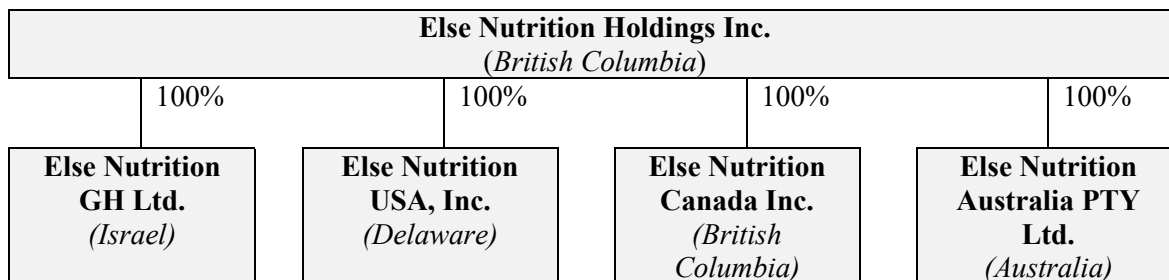
See the heading “*Overall Performance*” below for additional information with respect to each product line.

On January 23, 2020, Else Nutrition USA, Inc. (“**Else Nutrition USA**”), a private company, was incorporated in the State of Delaware. Else Nutrition USA is a wholly-owned subsidiary of the Company.

On January 25, 2022, Else Nutrition Canada Inc., a private company, was incorporated in the Province of British Columbia. Else Nutrition Canada Inc. is a wholly-owned subsidiary of the Company.

On December 7, 2022, Else Nutrition Australia PTY Ltd., a private company, was incorporated in Australia. Else Nutrition Australia PTY Ltd. is a wholly-owned subsidiary of the Company.

The chart below sets out the intercorporate relationship between the Company, Else Nutrition GH, Else Nutrition USA, Else Nutrition Canada Inc., and Else Nutrition Australia PTY Ltd.:



Commercial Highlights-no new updates

International Patents Portfolio and Regulatory Assessments

As of the date of this MD&A, through its subsidiary, Else GH, the Company holds international patent applications under the Patent Cooperation Treaty WO/2014/125485 non-dairy formulae and WO/2021/234715 - nut and non-dairy components having reduced trace element content, compositions comprising them and processes for their production, and WO/2023/152741 non-dairy formulae for use in improving growth and tolerance in a subject in need thereof.

Under WO/2014/125485, the Company obtained intellectual property protection for its product composition through 27 granted patents in 14 countries (including Australia, Eurasia [two jurisdictions], Israel, Korea, Japan, Mexico, Ukraine, the United States, South Africa, India, Chile, New Zealand and Canada) with additional patent applications pending in 43 countries (including, Australia, Brazil, China, Hong Kong, Europe [will be designated in all 37 European countries], Korea, and the United States). The patents are valid through 2034, and cover non-dairy almond-based formulas used for the preparation of infant or toddler formula and other types of supplemental or functional food for other age groups, involving a composition comprising almond and at least one non-dairy component comprising all essential amino acids for use in the nutrition of an infant and/or a toddler and for use in whole balance nutrition of a subject, whether an infant, toddler, child, adolescent, adult, elderly person at any health or physical condition. The WO/2021/234715 patent application is directed to plant-based components, having reduced trace element contents, food products and nutritional compositions comprising them and methods for their preparation. This patent application is pending for examination in 46 countries (Australia, Canada, Columbia, Europe [will be designated in 37 countries], Hong Kong, Israel, Mexico, New Zealand, Philippines, Singapore and United States). The WO/2023/152741 patent application covers different uses and benefits supported in our studies. This patent application is pending for examination in 40 countries (Europe [will be designated in 37 countries], Canada, Israel and United States).

For additional information on the scope of the patents, refer to the heading “Intellectual Property and Proprietary Protection” in the Company’s AIF, which is accessible on the Company’s SEDAR+ profile.

Trademarks

The Company holds a registered “ELSE” trademark in 64 countries (including Albania, Armenia, Australia, Azerbaijan, Bosnia and Herzegovina, Brazil, Bhutan, Belarus, Canada, Switzerland, Colombia, Cuba, European Union [27 countries], UK, Iceland, India, Japan, Korea, Liechtenstein, Mexico, Monaco, Moldova, Montenegro, Republic of North Macedonia, Mongolia, Malaysia, Norway, New Zealand, Philippines, Serbia, Russian Federation, Singapore, San Marino, Turkey, Turkmenistan, Ukraine, and United States).

The Company holds a registered trademark for “ELSE NUTRITION” in the U.S. and Turkey.

OVERALL PERFORMANCE

The Company continues to generate revenue from its baby snacks and baby accessories product lines. Since the third fiscal quarter in 2020, the Company has been generating revenue from its Else Nutrition Toddler Formula line. See “*Else Formula – Toddlers*”. During the second quarter of 2021, the Company launched its protein shake under the Else Formula Kids nutrition product line. See “*Else Formula – Kids*”. Since its third fiscal quarter in 2020, the Company has entered into distribution agreements with various brick-and-mortar and online retailers to increase its sales flow and customer base. See the heading “*Strategic Marketing and Distribution Partnerships*” for more information.

Currently, consumers may purchase Else Nutrition formula products online or in-person at various brick-and-mortar retail chains located across the U.S and Canada. See the headings “*Strategic Marketing and Distribution Partnerships*” and “*Overall Performance – Toddlers*” for a description of these channels. On October 8, 2021, the Company announced that it received a U.S. notice of allowance on the composition of its proprietary formulation, for use in functional food.

The Company plans to continue expanding its marketing and sales endeavors in the Canadian, United States, European, and Israeli markets. The Company launched sales in Canada on Amazon.ca and in natural food, grocery, and drug retail stores during the third quarter of 2022. The Company launched its own Canadian online e-store in the second quarter of 2023. In the near future, the Company also intends to expand its customer base beyond the North American market by partnering with local distributors in other jurisdictions as well as international online e-commerce platforms. With respect to the European marketplace, the Company launched the sale of its toddler product in the fourth quarter of 2023 in the United Kingdom, but stopped selling directly in this market and is seeking independent distributors instead. . The Company also entered the Australian market in the first quarter of 2024. The initial launch was via Amazon and the healthylife.com.au e-store (part of the Woolworths Retail Group). The Company decided to pause its efforts to penetrate the Australian and Chinese markets due to the current financial market situation, and the high-cost estimation for market penetration in the upcoming years.

The Company intends to maintain responsibility for the designs of the product packaging for its branded line of products. Product packaging design will be localized by the geographic market and the local language. The design, size and availability of the respective products may differ between various markets.

The Company has funded its operations with proceeds from revenue as well as equity financings, and it expects to seek additional funding through equity or debt financings and partnership collaborations to finance its product development, the Else Formula product portfolio, and corporate growth. However, if the Company’s product development and commercial activities do not show positive progress, or if the capital markets generally or with respect to the food tech and “better for you” sectors or development stage companies are unfavorable, the Company’s ability to obtain additional funding may be adversely affected.

The Company has experienced delays in certain research and development milestones throughout 2023 and 2024. During the years ended 2022 and 2023 the continuous infant formula shortage crisis in the U.S. (in which multiple recall events of leading infant nutrition brands occurred) posed another delay in the Company’s ability to start the clinical growth study. This was a result of the Company’s inability to source a control formula for the study’s comparator arm and the overload of work that the U.S. Food and Drug Administration (the “FDA”) faces with the enforcement discretion to allow infant formula brands from outside the U.S. to be marketed in the U.S. as part of the crisis management. Therefore, the Company expects ongoing delays in the FDA reviewing process and long waiting times for input and responses

required to execute the next steps for bringing the infant formula to market. Since the first quarter of 2023, the Company has been in continuous discussion with the FDA regarding study protocols, pre-clinical studies, and the composition of the Company's product formula. Unfortunately, until the date of this MD&A, two years from the preclinical study report submission, the Company did not receive confirmation from the FDA on its preclinical study, though all requested information was provided. Moreover, the FDA has not yet responded to pivotal questions regarding the PER preclinical study, which is a limiting step toward the initiation of the clinical safety study, and the FDA has been unwilling to review the clinical study protocol and further communicate on this matter with the Company. This delay in FDA communication causes major limitations in progressing with the infant formula development. Since the FDA's decision to discontinue additional reviews, leaving unanswered questions and unclarity on a novel regulatory pathway creates a major obstacle in the Company's infant formula development. The Company started a lobbying process, which will also include legal involvement to reverse this decision, and hopes to obtain an explanation from the FDA, along with clarity and full transparency regarding the FDA's expectations from an innovative infant formula. Recently, the company's efforts have been strongly supported and aligned with Operation Stork Speed, a federal initiative to improve US infant formula quality, availability and innovation while reviewing the US infant formula regulatory code in purpose of modernizing and aligning it with other advanced countries regulatory codes. Further to the company's engagement with policy makers, a congressional letter demanding FDA to provide a clear pathway for non dairy non soy plant based infant formula has been sent to the FDA. The National Academies of Sciences, Engineering, and Medicine (NASEM) recently issued a strong recommendation against using the Protein Efficiency Ratio (PER) rat bioassay as the primary method for assessing protein quality in infant formula. Key Findings and Recommendations from the NASEM Report were: PER is outdated and biologically irrelevant for infants. The PER method, which uses rats to assess protein quality, has been in use since 1996 and was reaffirmed in FDA regulations in 2014.

However, NASEM concluded that PER is not physiologically appropriate for evaluating protein quality in infant formulas intended for human infants .

Recommendation to discontinue PER:

The report explicitly recommends that the FDA should no longer use PER as the method for establishing the biological quality of protein in new infant formulas.

It also suggests that the FDA reconsiders its existing draft guidance that relies on PER . Preferred alternative: Amino acid scoring using human milk:

- NASEM recommends adopting the human milk amino acid profile as the reference pattern for assessing protein quality.
- Additional options recommended by NASEM (As previously suggested to the FDA by the Company) include:
 - In vitro methods for protein digestibility and amino acid scoring.
 - Human clinical studies that monitor growth and protein utilization.
 - Computational models and nutritional databases to predict protein quality.
 - Comparative studies with European Union standards, which do not rely on PER

This approach aligns with global standards and reflects the nutritional needs of infants more accurately.

Global harmonization and regulatory modernization:

The committee emphasized the importance of aligning U.S. regulations with international standards to facilitate global harmonization and improve infant formula safety and quality .

The letter sent by the congressmen to the FDA has been recently replied positively, reaffirming the FDA acknowledges the need for a non dairy non soy plant based infant formula alternative and is working diligently and methodologically to provide the requested clear pathway for its approval.

In June 2025 the company's CEO Featured in a Washington Times op-ed advocating for regulatory reform. In July 2025 a new pre-legislative milestone has been published - The U.S. House Appropriations Committee's included language in the FY2026 FDA Appropriations Bill directing the FDA to streamline approval pathways for plant-based, non-soy, non-dairy infant formulas. This marks a turning point for regulatory progress and positions the Company to capitalize on rising consumer demand and expanded market access. The company expects the new pre-legislative language regarding the clear pathway for FDA infant formula approval to be voted and concluded by the U.S House of appropriators in November 2025.

The Company continues to monitor its spending and will amend its plans based on business opportunities that may arise in the future. Management regularly monitors economic conditions and estimates their impact on the Company's operations and incorporates these estimates in both short-term operating and longer-term strategic decisions.

Else Formula

The Company successfully launched its toddler (12-36 months old) product in August 2020 and continues to undertake efforts towards successfully commercializing the Else product lines geared towards the infant (0-12 months old) market segment. Under its kids nutrition product line (2 years+) the Company successfully launched two products in June 2021. In March 2022 the Company launched its new Toddler Omega product line and in April 2022 the Company launched its Super Cereal line of products for babies over the age of 6 months. In November 2023, the Company launched a ready-to-drink liquid version of the Else Formula kids products for both U.S. and Canadian markets.

As of the date of this MD&A, management intends to expand the intended market segment to include adult nutrition. The Company plans to develop, based on Else IP, a series of plant-based, clean-label, whole-balanced meal products, and to commercialize a line of ready-to-drink adult products in the U.S. and Canada in 2026.

Toddlers

The Company has executed its strategy to implement a number of e-commerce and brick-and-mortar distribution channels in the U.S. and Canada. The Else Formula toddler nutrition product line began generating revenue during the second quarter of 2020 and was first launched in the United States and Canadian markets in August 2020. During the third quarter of 2023, the Company launched in the United Kingdom, and during the first quarter of 2024 in Australia. To date, the Company did not record any material revenue in those markets and the ability to achieve significant market share is mainly related to the Company's ability to support marketing activities in these markets which is directly dependent in the company's ability to raise additional funds. Therefore, the Company decided to pause these two initiatives. The company is engaged with local distributors in several South American and other smaller markets for distribution of its products.

Toddler Omega

Following the success of the strong market response to its Organic Plant-Based Complete Nutrition for Toddlers, the Company formulated Else™ Toddler Omega, its first Else toddler product to have added Omega 3 and Omega 6 fatty acids that support brain and eye development, designed to optimize essential fatty acids, making it complete and balanced. The product was launched on Amazon.com in March 2022, and on the Company's e-store in May 2022, followed by retail distribution in select retail outlets. This product has been offered by several online and brick-and-mortar U.S. retailers since 2023.

With essential Omega 3 and Omega 6 fatty acids for brain development, high-quality plant-based protein from almonds, buckwheat and supplemented with additional free amino acids and over 20+ vitamins and minerals, Else™ Toddler Omega is a complete and balanced plant-based, clean-label, non-GMO, soy-free, gluten-free, non-organic nutritional drink for toddlers aged 12-36 months. It is designed to support a toddler's growth and development, as well as promote natural digestion, through its combination of whole food ingredients: almond, buckwheat, and tapioca.

As some of its ingredients are non-organic, the product is also priced to attract a wider audience and is already selling very strongly.

Infants

The Else Formula offered in the 'infant formula' product category, refers to a manufactured substitute for breast milk for feeding babies under 12 months. Currently, the infant formula has been commercially produced, however it is still in the research and development stage in terms of regulatory approval. The "pilot stage" where, among other things, a pilot batch manufactured for testing the product's sensory and physical characteristics and for production efficiency has been completed and further improvements were evaluated. Developments and improvements of the infant formula ingredients were made in lab and pilot scale. On October 13, 2021, the Company announced that it completed the first commercial trial run of its infant formula for infants between the ages of 0-12 months.

One year after commencing this initiative, the Company finished developing a proprietary production process for its Else Formula infant product line, pending certain patent applications.

As of the date of this MD&A, the Company has conducted two preclinical safety studies that demonstrated proper growth, similar to dairy-based infant formula, in a neonatal preclinical model, as well as the quality of the infant formula protein. The first preclinical study examined proper growth, similar to dairy-based infant formula, in a neonatal preclinical model, which is a key first step with the FDA for approval, as well as with other regulatory authorities, to demonstrate safety and nutrient bioavailability of the infant formula and its ingredients. The results of the study have been presented in two key scientific meetings focused on pediatric nutrition and were also recently published in scientific peer-reviewed journals. Our FDA consultants have advised that the second study demonstrated the quality of the infant formula protein in a preclinical model as part of the FDA requirements for new infant formula to be marketed in the U.S.

The Company prepared for the clinical study and received approval from the Institutional Review Board (the ethical committee) for the infant growth study protocol testing of the Else Infant Formula. The Company is seeking FDA regulatory approval for the Else Formula product for infants in the United States. In February 2023, the Company announced that as a final step before initiating the study, the Company submitted the preclinical studies results as well as the infant growth study protocol to the FDA for review and is in discussion with the FDA for the infant formula optimization prior to the clinical study initiation.

Unfortunately, up to the date of this MD&A, being two years from the preclinical study report submission, the Company has not received confirmation from the FDA regarding its preclinical study, though all requested information was provided. Moreover, the FDA has not yet responded to pivotal questions regarding the PER preclinical study, which is a limiting step toward the initiation of the clinical safety study, and the FDA has been unwilling to review the clinical study protocol and further communicate on this matter with the Company. This delay in FDA communication causes major limitations with the infant formula development.

Since the FDA's decision to discontinue additional reviews, the Company has been left with unanswered questions and ambiguity on a novel regulatory pathway, which creates a major obstacle in the Company's infant formula development. The Company started a lobbying process, actively engaging with policy makers to and has successfully managed to include legal involvement to reverse this decision and hopes to obtain an explanation from the FDA, along with clarity and full transparency regarding the FDA's expectations from an innovative infant formula.

In addition, the Company is seeking to approve the suitability of its ingredients as protein sources for infant and follow-on formulas in different countries, such as European countries. The Company plans to use the data generated in current processes for regulatory approval in additional territories in the future.

Complementary Nutrition for Babies – Super Cereal

The Company has launched a line of Super Cereal products in four (4) flavors for use by babies from 6 months and older as complementary nutrition under the baby food regulation. This Super Cereal product line is the first U.S. baby cereal line to receive the clean label purity award certification, which ascertains it is safe of heavy metals, contaminants, and pesticides. As expected, this new line of products was launched in the U.S. during the second quarter of 2022 on amazon.com and on Else's own website, and already in many stores around the U.S. This product is also available for purchase in Canada, online and in-stores.

Kids

The research and development and commercial scale-up of the Else Formula powdered product line for kids ages 2-12 years old was completed in the first quarter of 2021. This product features nutrition shakes for kids based on a composition which is used for the Else Formula.

On June 17, 2021, the Company launched the first two plant protein-based shakes for kids which can be used as a milk alternative, meal replacement, or served alongside meals, mixed into recipes such as smoothies, pancakes and muffins, among others. The shakes based on plant proteins come in two flavors, vanilla and chocolate and are packaged in 16 oz powder cans.

Else e-store and Amazon.com are selling Else Kids products in the U.S. since June 2021, iHerb started to sell Else's Kids products in the U.S. and internationally in October 2021. All other online platforms also started selling Else's Kids products during the fourth quarter of 2021 or early 2022.

On September 21, 2021, the Company announced that it launched two additional new flavors of its complete nutrition shakes for kids, banana chia and mango chia, giving parents even more sustainable, clean-label, whole-food-based options.

On August 2021, the Company announced it has completed its first full-scale commercial trial manufacturing run of its ready-to-drink liquid version of the Else Formula kids product line.

The Company launched a ready-to-drink liquid version of the Else Formula kids products in two flavours, vanilla and chocolate, in the fourth quarter of 2023, in both the U.S. and Canada. The products are available through Amazon, on the Company's e-stores, on Walmart.com, in 1,000 Walmart stores, and in multiple grocery chains in North America.

Baby Snacks Products

The baby snacks products are currently marketed and sold exclusively in Israel under the HEART brand in many retailers' grocery and drug stores and/or on their respective online websites. This product line represented about 5% of the Company's revenue in the third quarter of 2025.

The Company's management maintains customer relationships with major grocery and drug retailers through its distributor in Israel. The Company expects to continue to manufacture the baby snacks product line in Israel for the foreseeable future.

The Company will continue its present sales and distribution practices in Israel. In the long-term, the Company may offer the baby snacks products in other markets using major offline and online retail channels, both directly and/or via distributors.

Baby Feeding Accessories Products

The baby feeding accessories product line includes sterile and non-sterile baby feeding bottles and disposable sterile nipples (teats). This product line represented about 6% of the Company's revenue in 2024. Else's baby feeding accessories are tailored to the needs of Israeli institutional customers, particularly maternities. Accordingly, the baby feeding accessories are sold to hospitals, maternities and other institutional clients located in Israel. Distribution of the baby feeding accessories is conducted using third-party warehouse facilities and independent freight service providers. Ordinarily, this product line is manufactured through third-party facilities located in India, United Kingdom and Bulgaria. The majority of the revenues from this product line are related to Klalit health 5 years fund tender, which has recently ended. The Company filed for a new 5 years tender but hasn't been responded yet regarding the final tender winner. Should the Company not win the tender, the majority of the related revenues will be at risk.

Cease Trade

On June 17, 2025, the Company's principal regulator in Canada, the British Columbia Securities Commission (the "BCSC"), notified the Company that it had issued a cease trade order (the "CTO") under Multilateral Instrument 11-103 Failure-to-File Cease Trade Orders in Multiple Jurisdictions against the Company. The CTO was issued as a result of the Company's delay in filing its interim financial statements, the accompanying management discussion and analysis, and CEO and CFO certifications for the 3 months period ended March 31, 2025 (the "Interim Filings") on SEDAR+ within 45 days after the end of its interim period on March 31, 2025.

On August 21, 2025, the Company completed the required filings, and on September 11, 2025, the Company completed the required filings of the interim financial statements, the accompanying management discussion and analysis, and CEO and CFO certifications for the 3 months period ended June 30, 2025. Accordingly, the share trade has resumed on September 15, 2025.

Reverse Share Split

Effective from November 6, 2025, the Company's shares were reverse split in a ratio of 10:1. As a result, all common shares, options for shares, warrants to purchase common shares, exercise price and net loss per share amounts were adjusted retroactively for all periods presented in these consolidated financial statements as if the share split had been in effect as of the date of these consolidated financial statements.

SELECTED FINANCIAL INFORMATION

The following tables show selected financial information for the first half of 2025 and the first half of 2024, and the most recently completed financial year ended December 31, 2024. The selected financial information set out below may not be indicative of the Company's future performance. The information contained in each table should be read in conjunction with the Interim Financial Statements.

<i>(expressed in thousands of Canadian dollars)</i>	Nine-months ended September 30, 2025 \$	Nine-months ended September 30, 2024 \$	Year ended December 31 2024 \$
Total revenue	5,249	6,547	7,973
Net loss for the period	(5,642)	(10,696)	(15,182)
Loss per share, basic and fully diluted ⁽¹⁾	(0.18)	(0.68)	(0.09)
Total current assets	3,967	9,390	6,843
Total non-current assets	426	756	717
Total current liabilities	5,763	5,123	5,805
Total non-current liabilities	-	-	-
Total equity (deficit)	(1,370)	5,023	1,755

Notes:

- (1) Diluted loss per common share is equivalent to the basic income (loss) per common share as a result of the net loss for the period.

RESULTS OF OPERATIONS

The Company recorded a net loss of \$5,642 for the nine-months ended September 2025 and a net loss of \$10,696 for the nine-months ended September 2024. The decrease in the net loss of \$5,054 is mainly related to reducing the operating expenses due to lower available cash and difficulties in fundraising.

The table below provides a more detailed break-down of the Company's financial results for the nine-months ended September 2025 compared to the nine-months ended September 2024:

<i>(expressed in thousands of Canadian dollars)</i>	Nine-months ended September 30	
	2025	2024
	\$	\$
Revenue	5,249	6,547
Cost of sales (purchased products)	4,224	6,259
Gross profit	1,025	288
Gross profit percentage	20%	4%
Operating Expenses		
Employee benefits expense	1,986	2,932
Research & development subcontractors	1	957
Share-based compensation	23	210
Consulting fees	91	451
Professional fees	264	733
Advertising	1,376	3,664
Depreciation and amortization	217	252
Investors relations	127	459
Office and miscellaneous	598	1,445
Total operating expenses	4,683	11,103
Loss before other expenses	(3,658)	(10,815)
Other income (expenses):		
Unrealized gain of foreign currency	67	133
Revaluation of share warrants	(1,166)	2,479
Revaluation of convertible loan	(675)	(2,495)
Financial expenses	(214)	(37)
Finance income	4	39
Net loss	(5,642)	(10,696)
Exchange differences on translation of foreign operations	(233)	330
Comprehensive loss for the year	(5,875)	(10,366)
EBITDA	(3,584)	(10,428)

Nine-month period ended September 30, 2025 compared to September 30, 2024

Revenues

During the nine-months ended September 2025, the Company generated a total revenue of \$5,249 (nine-months ended September 2024 - \$ 6,547), a decrease of \$1,298, due to low available cash, which results in low marketing budgets and supply chain interruptions.

Cost of sales of \$4,224 (nine-months ended September 2024 - \$6,259) consists of expenses relating to the manufacturing and distribution of goods sold by the Company, namely the baby snacks and baby feeding accessories, and mainly the formula. The decrease in the cost of sales is primarily related to lower revenue.

Gross Profit

During the nine-months ended September 2025, the Company generated a gross profit percentage of 20% (nine-months ended September 2024 – 4%). During the nine-months ended September 2025, the Company increased its gross profitability mainly relating to operating efficiency improvement and cost reduction.

Operating Expenses

Operating expenses of \$4,683 (nine-months ended September 2024 – \$11,103) decreased in most of the expense items as a result of the management strategy of cost reduction while increasing efficiency as a result of the cash situation.

Employee benefits expense of \$1,986 (nine-months ended September 2024 - \$2,932) decreased as a result of reducing the number of employees to be more efficient and reduce the expenses mainly relating to long-term activities such as marketing to health care professionals and R&D.

Share-based compensation of \$23 (nine-months ended September of 2024 - \$210) consists of the stock options and warrants vested during the period in accordance with the Black and Scholes formula. See the heading “*Outstanding Share Data*” for further details.

Consulting fees of \$91 (nine-months ended September 2024 - \$451) consist of expenses relating to the consulting fees paid to financial, branding, and other strategic advisors of the Company. The Company has reduced these expenses for cost-saving considerations while focusing on expenses increasing shore-term revenue.

Professional fees of \$264 (nine-months ended September 2024 - \$733) consist of expenses relating to the fees paid to the Company’s accountants and lawyers in Canada, Israel, and the United States for ongoing regulatory advice. The Company has reduced these expenses for cost-saving considerations.

Advertising expenses of \$1,376 (nine-months ended September 2024 - \$3,664) consist of expenses relating to the marketing, branding, and promotion activities of the Company and its products. The company strategy's is to reduce the expenses and focus on high ROAS advertising channels, to be more efficient.

Depreciation and amortization of \$217 (nine-months ended September 2024 - \$252) refer to the amortization of intangibles and depreciation of the Company’s property, plant, and equipment.

Investor relations costs of \$127 (nine-months ended September 2024 - \$459) consist of expenses related to the engagement of investor relations agencies. The decrease is according to the company's strategy to reduce the operating expenses.

Office and miscellaneous costs of \$598 (nine-months ended September 2024 - \$1,445) consist of expenses paid with respect to the office maintenance, transfer agent, filing fees, travel, IT expenses, and donations. The decrease is according to the company's strategy to reduce the operating expenses.

Research and Development

The Company had research and development and related subcontractors' expenses of \$1 in the nine-months ended September 2025 (nine-months ended September 2024 - \$957). The company's current strategy is to reduce R&D long term expenses according to the current cash situation.

The following table summarizes the Company's research and development expenses for the Else Formula in the nine-month period ended September 30, 2025, compared to the nine-month period ended September 30, 2024:

<i>(expressed in thousands of Canadian dollars)</i>	For the nine-month period ended September 30	
	2025	2024
	\$	\$
Patents and Intellectual Property Protection	-	78
Consulting Fees	-	376
Raw Materials and Scale up	1	503
Total	1	957

SUMMARY OF QUARTERLY RESULTS

The following table sets out selected financial data in respect of the eight most recently completed quarters of the Company. The data is derived from the Financial Statements and the interim financial statements of the Company filed on SEDAR+ for the respective fiscal periods.

For the period ended <i>(expressed in thousands of Canadian dollars)</i>	Revenue	Comprehensive Profit (Loss) for the quarter	Basic and diluted Profit (Loss) per share
	\$	\$	\$
December 31, 2023	2,362	(5,804)	(0.04)
March 31, 2024	2,123	(5,497)	(0.4)
June 30, 2024	2,630	(2,506)	(0.2)
September 30, 2024	1,794	(2,363)	(0.14)
December 31, 2024	1,426	(4,746)	(0.3)
March 31, 2025	2,085	(3,960)	(0.1)
June 30, 2025	1,500	(975)	(0.4)
September 30, 2025	1,664	(739)	(0.02)

The comprehensive loss for the quarter ended September 30, 2025, has decreased by \$164 mainly relating to company's strategy to reduce the operating costs.

The comprehensive loss for the quarter ended June 30, 2025, has decreased by \$975 mainly relating to company's strategy to reduce the operating costs.

The comprehensive loss for the quarter ended March 31, 2025, has increased by \$3,960 mainly due to inventory write-offs and an increase in cost of sales.

The comprehensive loss for the quarter ended December 31, 2024 has decreased by \$4,746 and remained at the same level.

The comprehensive loss for the quarter ended September 30, 2024 has decreased by \$2,363 mainly due to the revaluation of investor's warrants liability.

The comprehensive income for the quarter ended June 30, 2024 decreased by \$2,506 due to continuity of reducing expenses in office, and miscellaneous and professional fees.

The comprehensive loss for the quarter ended March 31, 2024 increased by \$5,497 primarily as a result of the revaluation of warrants and revaluation of the convertible loan.

For further explanation and analysis of quarterly results, please refer to the Company's Management Discussion and Analysis for each of the respective quarterly periods which are filed on SEDAR+ and available at <https://www.sedarplus.ca/>.

Use of Proceeds

The following table outlines the use of proceeds from each of the following offerings as of March 31, 2025 : (i) June 2019 private placement completed in connection with the RTO; (ii) March 2020 private placement; (iii) October 2020 prospectus offering; (iv) October 2021 Unit Offering; (v) June 2022 Unit Offering; (vi) December 2022 convertible loan and July 2023 convertible loan; (vii) November 2023 Unit Offering; (viii) May 2024 convertible loan; and (ix) July 2024 Unit Offering; (x) January 2025 private placement; and (xi) February 2025 convertible loan.

Proposed Use of Net Proceeds of Company Financings													
	Total	Feb-Sep 2025	Jan-2025	Jul-2024	May-2024	Nov-2023	Jul-2023	Dec-2022	Jun-2022	Oct-2021	Oct-2020	Mar-2020	Jun-2019
Marketing/Advertising ⁽¹⁾	12,900	-	-	1,000	-	2,000	-	-	2,400	1,500	6,000	-	-
Research and development ⁽²⁾	9,710	-	-	210	-	500	-	-	2,000	3,000	4,000	-	-
Distribution	1,500	-	-	-	-	-	-	-	-	-	1,500	-	-
Inventory ⁽³⁾	3,800	-	-	500	-	1,000	-	-	1,300	-	1,000	-	-
Production capacity	10,500	-	-	-	-	-	-	-	-	7,500	3,000	-	-
Other working capital and general corporate purposes ⁽⁴⁾	15,260	-	-	759	-	1,066	-	-	1,043	4,013	8,379	-	-
Additional funds raised ⁽⁵⁾	26,390	1,577	503	-	1,299	-	3,112	5,281	-	-	-	7,979	6,639
Total⁽⁶⁾	80,060	1,577	503	2,469	1,299	4,566	3,112	5,281	6,743	16,013	23,879	7,979	6,639

Notes:

- (1) Presented according to Advertising expenses included in the FS.
- (2) Research and development including Research & development subcontractors and employee benefits expense related to R&D.
- (3) Presented according to inventory increase.

- (4) Presented as a plug number to the total use of proceeds.
- (5) Additional funds raised are related to the following:
- (i) June 2019 \$7,500 (RTO) - the net proceeds of \$6,639 were proposed mainly to cover outstanding payables, R&D, and commercialization of products, marketing, salaries, and other general and administrative expenses such as auditors, legal, office maintenance and investor relations expenses). See also the Filing Statement.
- (ii) March 2020 \$7,979 (Private Placement) – According to the share purchase agreement the use of proceeds was proposed mainly to cover sales and marketing, manufacturing and clinical tests, and general working capital (amounts were not stated).
- (iii) December 2022, July 2023, May 2024 net proceeds from convertible loan.
- (iv) January 2025 net proceeds from private placement.
- (v) February until September 2025, net proceeds from convertible loan.
- (6) Total use of proceeds is presented according to the net cash used in operating activities.

The following table outlines the use of proceeds from each of the Company’s offerings as of September 30, 2025, and as of each of the previous four quarters, and the years ended December 2024, 2023 and 2022.

Use of Net Proceeds from								
	Total	Q3 2025	Q2 2025	Q1 2025	2024	2023	2022	Q4 2021
Marketing/Advertising ⁽¹⁾	22,748	305	446	563	1,072	4,378	5,955	6,462
Research and development ⁽²⁾	11,068	-	-	24	868	3,527	3,579	2,769
Distribution	-	-	-	-	-	-	-	-
Inventory ⁽³⁾	439	(480)	(993)	(861)	17	1,423	1,364	2,122
Production capacity (see below) ⁽⁴⁾	-	-	-	-	-	-	-	-
Other working capital and general corporate purposes ⁽⁵⁾	34,740	2,435	2,271	1,231	622	8,983	10,024	4,410
Total⁽⁶⁾	68,995	2,260	1,724	957	2,579	18,311	20,922	15,763

Notes:

- (1) Presented according to advertising expenses included in the Financial Statements.
- (2) Research and development including Research and development subcontractors expenses and employees benefits expenses related to R&D.
- (3) Presented according to inventory increase.
- (4) Since RTO date on June 12, 2019, The Company investigated the option to partner with an existing manufacturer to build its own manufacturing line within their operations. The Company received detailed pricing offers and identified a partner, but the scope of the project was unexpectedly increased to be over US\$20,000 (due to many price increases that occurred in 2022) which, given the fast-declining financial environment, was judged to be too risky.
- (5) Calculated as a plug number to the total use of proceeds and representing expenses related to salaries, consulting fees, accounting and legal fees, investor relation fees, IT, insurance, traveling and office maintenance.
- (6) Total use of proceeds is presented according to the net cash used in operating activities included in the Financial Statements.

LIQUIDITY AND CAPITAL RESOURCES

The Company's approach to managing its liquidity is to ensure that it has sufficient resources to meet its liabilities as they come due and have sufficient working capital to fund operations for the ensuing fiscal year. As of the date of this MD&A, the Company's financing of operations has been achieved from its sales of baby snacks, baby accessories, the Else Toddler Nutrition product line, and by equity financing, including the issuance and subsequent exercise of share purchase warrants as described in further detail under the heading "*Outstanding Share Data*" below. The Company anticipates that it will require significant funds to support its operations. Management intends to support such operations through the continued sales of its product lines and financings in the form of equity and/or debt.

Cash Flows

The fluctuations in the Company's use of cash for the nine-month period ended September 30, 2025, and the nine-month period ended September 30, 2024, are categorized by operating, investing, and financing activities, reflected in the following table:

<i>(expressed in thousands of Canadian dollars)</i>	Nine-month period ended September 30	
	2025	2024
	\$	\$
Cash used in operating activities	(2,260)	(9,765)
Cash provided by investing activities	350	2,435
Cash provided by financing activities	1,623	3,851
Exchange rate difference on balance of cash and cash equivalent	312	923
Net increase (decrease) in cash and cash equivalents	25	(2,556)

In the nine-months ended September 30, 2025, cash used in operating activities was \$(1,947) compared to cash used for operating activities in the amount of \$(9,765) in the nine-months ended September 30, 2024. The decrease is mainly related to the company's strategy to reduce operating costs.

In nine-months ended September 30, 2025, cash provided by investing activities was \$350 compared to cash provided in investing activities of \$2,435 during the nine-months ended September 30, 2024. The decrease is mainly related to decrease in short-term deposit.

In the nine-months ended September 30, 2025, cash provided by financing activities was \$1,623 compared to \$3,851 in the nine-months ended September 30, 2024. The increase is related to receipt of short-term loans, issuance of convertible loan and warrants, issuance of common shares.

By the end of the nine-months ended September 30, 2025, the Company has not yet achieved profitable operations and has an accumulated deficit of \$85,301. Whether, and when, the Company can attain profitability and positive cash flows from its operations remains uncertain. While the Company has been successful in obtaining financing to date, there can be no assurance that it will be able to do so in the future on terms favorable to the Company.

The ability of the Company to arrange additional financing in the future will depend, in part, on the prevailing capital market conditions. Any quoted market for the Company's shares may be subject to market trends generally, notwithstanding any potential success of the Company in creating new revenues, cash flows, or earnings.

Payments Due by Period

All of the company's liabilities are classified as short-term liabilities, due in less than one year.

OUTSTANDING SHARE DATA

As of the date of this MD&A, the Company has 37,411,428 issued and fully paid common shares, 995,435 outstanding incentive stock options, 14,883,992 warrants issued and outstanding. As of the date of this MD&A, the Company does not have any preferred shares issued and outstanding.

Number Outstanding as of:	November 14, 2025	September 30, 2025
Common shares issued and outstanding	37,411,428	37,411,428
Incentive stock option pool ⁽¹⁾	5,611,714	5,611,714
Founder and key person warrants - 2019 QT ⁽²⁾	3,180,149	3,180,149
Investor Warrants - October 2021 Unit Offering ⁽³⁾	402,500	402,500
Underwriter Warrants - October 2021 Unit Offering ⁽³⁾	2,326	2,326
Investor Warrants – June 2022 Unit Offering ⁽⁴⁾	700,400	700,400
Investor Warrants – November 2023 Unit Offering ⁽⁵⁾	1,300,000	1,300,000
Agent Warrants – November 2023 Unit Offering ⁽⁵⁾	65,000	65,000
Convertible Security Funding Agreement Warrants – December 2022 Convertible Loan ⁽⁶⁾	824,713	824,713
Amended Convertible Security Funding Agreement Warrants – July 2023 Convertible Loan ⁽⁶⁾	359,178	359,178
Convertible Security Funding Agreement Warrants – May 2024 Convertible Loan ⁽⁶⁾	415,987	415,987
Investor Warrants – July 2024 Unit Offering ⁽⁷⁾	1,324,503	1,324,503
Agent Warrants – July 2024 Unit Offering ⁽⁷⁾	92,715	92,715
Convertible Security Funding Agreement Warrants – February 2025 Convertible Loan ⁽⁸⁾	6,216,522	6,216,522
TOTAL	57,907,135	57,907,135

Notes:

- (1) Represents the entire stock option pool, including allocated and unallocated stock options. The total number of issued and outstanding stock options that have been granted from the stock option pool is 5,611,714. See “*Incentive Stock Options*”.
- (2) The previously disclosed warrants were issued on June 12, 2019 in connection with the RTO. See the Company's MD&A for the year ended December 31, 2019 and the Filing Statement for further details.
- (3) See “*October 2021 Unit Offering*”.
- (4) See “*June 2022 Unit Offering*”. The underwriter warrants issued pursuant to the June 2022 Unit Offering expired on June 29, 2024.
- (5) See “*November 2023 Unit Offering*”.
- (6) See “*December 2022, July 2023 and May 2024 Convertible Loan*”.
- (7) See “*July 2024 Unit Offering*”.
- (8) See “*February 2025 Convertible Loan*”.

Incentive Stock Options

The Company did not grant any stock options during the nine-months ended September 30, 2025. As of the date of this MD&A, an aggregate of 617,332 stock options have vested.

The following table presents the changes in the number of stock options and the weighted average exercise prices of the incentive stock options:

For the nine-month period ended September 30	2025		2024	
	Number of Options	Weighted average exercise price (\$)	Number of Options	Weighted average exercise price (\$)
Stock options outstanding at beginning of the period	1,021,536	7.9	1,017,539	15
Stock options granted during the period	-	-	173,500	2.6
Stock options forfeited during the period	(388,534)	5.1	(107,427)	17.4
Stock options exercised during the period	-	-	(59,500)	3
Stock options outstanding at end of the period	633,002	10.1	1,024,112	10
Stock options exercisable at end of the period	617,332	8	900,380	17

Warrants

The following table presents the changes in the number of share purchase warrants and the weighted average exercise prices of the mentioned share purchase warrants. As of the date of this MD&A, an aggregate of 11,703,843 share purchase warrants have vested.

For the nine-month period ended September 30	2025		2024	
	Number of Warrants	Weighted average exercise price (\$)	Number of Warrants	Weighted average exercise price (\$)
Share warrants outstanding at beginning of the period	8,667,470	4.2	6,880,293	5.8
Share warrants granted during the period	6,216,522	0.2	1,833,205	2.3
Share warrants expired during the period	-	-	(46,028)	10.5
Share warrants exercised during the period	-	-	-	-
Share warrants forfeited during the period	-	-	-	-
Share warrants outstanding at end of the period	14,883,992	2.3	8,667,470	4.2
Share warrants exercisable at end of the period	11,703,843	2.90	5,487,321	6.7

The following table lists the inputs to the Black and Scholes model used for the fair value measurement of the above warrants:

Warrant Measurements	Fair Value
Dividend yield (%)	-
Expected volatility of the share prices (%)	172-241
Risk-free interest rate (%)	2.48-2.59
Expected life of share warrants (years)	1.23-3.38
Share price (\$)	0.2

November 2023 Unit Offering

On November 21, 2023, the Company closed a public offering of units (the “**November 2023 Unit Offering**”) for gross proceeds of \$5,005. The Company issued 1,300,000 units at a price of \$3.85 per unit, each unit consisting of one common share and one common share purchase warrant. Each warrant is exercisable into one common share at a price of \$4.85 per common share until November 21, 2028.

A.G.P. Canada Investments ULC acted as the sole agent and bookrunner in connection with the November 2023 Unit Offering and received a cash commission equal to 7% of the proceeds raised and 65,000 common share purchase warrants exercisable at \$4.85 per share until November 21, 2026.

At the time of closing the Company recorded an increase in equity in respect of its common shares, totaling \$1,831 (after deduction of issuance expenses totaling \$314) and liability in respect of warrants at the amount of \$2,422 (after deduction of issuance expenses totaling \$418).

Effective as of July 12, 2024, the 1,300,000 warrants issued pursuant to the November 2023 Unit Offering were amended such that these warrants are now exercisable at US\$1.51 per share until July 5, 2029.

July 2024 Unit Offering

On July 5, 2024, the Company closed a public offering of units (the “**July 2024 Unit Offering**”) for gross proceeds of US\$2,000,000. The Company issued 1,324,503 units at a price of US\$1.51 per unit, each unit consisting of one common share and one common share purchase warrant. Each warrant is exercisable into one common share at a price of US\$1.51 per common share until July 5, 2029.

In connection with the July 2024 Unit Offering, the Company paid a cash fee of US\$140,000 and issued 92,715 common share purchase warrants to an arms-length advisor of the Company. The warrants issued to the advisor are exercisable to acquire one common share at a price of US\$1.51 until July 5, 2029.

December 2022, July 2023, and May 2024 Convertible Loan

On December 19, 2022, the Company entered into a convertible security funding agreement with Lind Global Fund II LP, an entity managed by The Lind Partners, LLC, a New York-based institutional fund manager (together, “**Lind**”). Pursuant to the agreement, Lind agreed to invest up to an aggregate of US\$13,750,000 in the Company.

On December 22, 2022, the Company completed the first tranche closing for net proceeds of US\$4,133,125, after deduction of the original issue discount and closing fee (the “**First Tranche**”). Pursuant to the First Tranche, the Company issued: (i) a convertible security (the “**Initial Convertible Security**”) with a two-year term and a face value of US\$5,100,000; and (ii) 824,713 common share purchase warrants exercisable into common shares of the Company for a period of 48 months from the date of issuance at an exercise price of \$11.5 per share.

On July 7, 2023, the Company and Lind entered into an amending agreement pursuant to which: (i) the amount of the Initial Convertible Security was increased by US\$3,000,000 for net proceeds of US\$2,420,012; and (ii) the Company issued to Lind an additional 359,178 common share purchase warrants exercisable into common shares of the Company for a period of 48 months from the date of issuance at an exercise price of \$9.058 per common share. As a result of the increase, the total face value of the Initial Convertible Security was increased from US\$5,100,000 to US\$8,100,000.

On May 7, 2024, the Company completed a third tranche closing, pursuant to an amending agreement with Lind, for net proceeds of US\$950,000, after deduction of the original issue discount and closing fee (the “**Second Tranche**”). Pursuant to the third Tranche, the Company issued: (i) a convertible security (the “**Second Convertible Security**”) with a two-year term and a face value of US\$1,200,000; and (ii) 415,987 common share purchase warrants exercisable into common shares of the Company for a period of 48 months from the date of issuance at an exercise price of \$3.2019 per share.

The Initial Convertible Security and the Second Convertible Security each have a 36-month maturity date. Lind can convert 1/20th of the face value each month at a conversion price equal to 85% of the five-day volume weighted average price of the common shares immediately prior to each conversion, subject to a right to increase conversions in certain circumstances. The outstanding face value of the Initial Convertible Security and the Second Convertible Security, after 180 days, may be repaid in cash at the discretion of the Company, with a 5% premium (the “**Buy-Back Right**”). Should the Company exercise its Buy-Back Right, Lind would have the option to convert up to 33.3% of the face value of the Initial Convertible Security and/or the Second Convertible Security, as applicable, into common shares.

February 2025 Convertible Loan

On February 13, 2025, the Company amended and restated the convertible security funding agreement originally dated December 18, 2022, with Lind Global Fund II, LP, an entity managed by The Lind Partners LLC. Under the amendment, the loan was increased by up to US\$1,200,000 (“the Amended Loan”). The Amended Loan bears an annual interest of 12.5% with a maturity of 36 months. The Conversion price was set at 80% of the 5 day volume weighted average price (VWAP) of the Company's common shares immediately prior to each conversion, subject to Lind's right to increase conversions in certain circumstances, in accordance with the amended loan schedule. In connection with the amendment, the Company issued 6,216,522 Warrants to purchase 6,216,522 common shares at an exercise price of \$0.201 per share for a period of four years from the date of issuance. As the exercise price of the warrants is denominated in Canadian dollars and the functional currency of the Company is the USD the warrants are presented at fair value through profit or loss using the Black & Scholes option pricing model. The fair value of the warrants on the date of issuance was \$ 1,046. This amount was recorded in profit and loss as it represents transaction costs in connection with the increase in the convertible loan.

On February 18, 2025, the Company elected to exercise its right to increase the face value of its convertible security by US\$ 375,000 under its previously announced convertible security funding agreement with Lind, for additional proceeds of US\$ 240,000, net of a US\$ 60,000 closing fee.

On March 17, 2025, the Company elected to exercise its right to increase the face value of its convertible security by US\$ 187,500 under its previously announced convertible security funding agreement with Lind, for additional proceeds of US\$ 150,000 thousand.

On April 1, 2025, the Company increased the face value of the third convertible security by an additional US\$ 187.5 thousands for proceeds of US\$150 thousands.

On May 1, 2025, the Company elected to exercise its right to increase the face value of its convertible security by US\$125 thousand under its previously announced convertible security funding agreement with Lind, for additional proceeds of US\$100 thousand (approximately \$138).

On May 28, 2025, the Company elected to exercise its right to increase the face value of its convertible security by US\$250 thousand under its previously announced convertible security funding agreement with Lind, for additional proceeds of US\$200 thousand (approximately \$277).

On June 2, 2025, the Company elected to exercise its right to increase the face value of its convertible security by US\$87.5 thousand under its previously announced convertible security funding agreement with Lind, for additional proceeds of US\$70 thousand (approximately \$96).

On September 18, 2025, the Company elected to exercise its right to increase the face value of its convertible security by US\$230 thousand under its previously announced convertible security funding agreement with Lind, for additional proceeds of US\$224 thousand (approximately \$309).

OFF-BALANCE SHEET ARRANGEMENTS AND PROPOSED TRANSACTION

To the best of management's knowledge, there are no off-balance sheet arrangements or proposed transactions that have or are reasonably likely to have, a current or future effect on the results of operations or financial condition of the Company other than as disclosed in this MD&A.

TRANSACTIONS WITH RELATED PARTIES

Related party transactions are in the ordinary course of operations and measured at the exchange amount, which is the amount of consideration established and agreed by the related parties. Amounts due to or from related parties are non-interest bearing and unsecured. Repayment terms, if any, are determined at the time of the advance.

Key management compensation (expenses)

Key management includes members of the board of directors and executive officers of the Company. Overall compensation awarded to key management during the nine-month period ended September 30, 2025 and the nine-month period ended September 30, 2024 is provided below.

<i>(expressed in thousands of Canadian dollars)</i>	Nine-months ended	
	September 30, 2025	September 30, 2024
Management, wages and related, General Administration	808	803
Share-based compensation	2	92

Share based compensation for the nine-month period ended September 30, 2025 and the nine-month period ended September 30, 2024 for the directors and officers of the Company consisted of the following:

<i>(expressed in thousands of Canadian dollars)</i>	nine-months ended	
	September 30, 2025	September 30, 2024
Hamutal Yitzhak - CEO and Director	-	3
Uriel Kesler - COO and Director	-	3
Michael Azar - CTO	-	3
Sokhie Puar - Director	-	3
Reuben Halevi - VP Sales Operation	-	2
Shay Shamir - CFO and Corporate Secretary	-	2
Satwinder Mann - Director	-	12
Eli Ronen - Director	1	7
Yaki Luski - Director	1	23
Akash Bedi - Director	-	-
Total	2	58

Other related party balances (liability)

<i>(expressed in thousands of Canadian dollars)</i>	Nine-months ended	
	September 30, 2025	September 30, 2024
	\$	\$
Company controlled by a director ⁽¹⁾	49	11
Salaries payable	435	89

Notes:

- (1) Paid to Sokhie Puar, a director of the Company, for monthly consulting fees of C\$7,350 per month including GST related to Canadian regulatory and capital markets advisory services.

SIGNIFICANT ACCOUNTING POLICIES AND CRITICAL ACCOUNTING ESTIMATES

The Interim Financial Statements are impacted by the significant accounting policies used, and the estimates and assumptions made by management during their preparation. The Company's accounting policies are described in note 2 of the Interim Financial Statements.

CHANGES IN ACCOUNTING POLICIES

From December 31, 2024, to the date of this MD&A, there have been no changes in the Company's accounting policies.

FINANCIAL INSTRUMENTS AND OTHER INSTRUMENTS

The Company's financial assets consist of cash, taxes and accounts receivable, inventory and prepaid. The estimated fair values of cash, accounts receivable, and due from related parties approximate their respective carrying values due to the short period to maturity.

Financial instruments measured at fair value are classified into one of three levels in the fair value hierarchy according to the relative reliability of the inputs used to estimate the fair values. The three levels of the fair value hierarchy are:

- Level 1 - unadjusted quoted prices in active markets for identical assets or liabilities;
- Level 2 - inputs other than quoted prices that are observable for the asset or liability either directly or indirectly; and
- Level 3 - inputs that are not based on observable market data.

For the first quarter ended March 31, 2025 and the first quarter ended March 31, 2024, the Company's cash, accounts receivable, restricted cash and accounts payable are classified as level 1.

The publicly traded warrants are classified as level 1 and all other warrants and broker warrants with a fair value are classified as level 3 of the fair value hierarchy.

The Company is exposed to a variety of financial instrument-related risks. The Company's board of directors approve and monitor the risk management processes, inclusive of counterparty limits, controlling and reporting structures. The type of risk exposure and the way in which such exposure is managed is provided below.

Liquidity Risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations when they become due. The Company currently has limited cash available and as a result the Interim Financial Statements include a going concern note. The Company's ability to continue as a going concern is dependent upon its ability to generate product sales, negotiate collaboration agreements with upfront and/or continuing payments, raise additional equity or debt financing, and ultimately attain and maintain profitable operations, none of which are guaranteed. The Company is seeking to raise additional capital to ensure, as far as reasonably possible, it will have sufficient capital in order to meet short-term business requirements, after taking into account cash flows from operations and the Company's holdings of cash.

Interest Rate Risk

Interest rate risk is the risk that future cash flows will fluctuate as a result of changes in market interest rates. The Company is exposed to risks associated with the effects of fluctuations in the prevailing levels of market interest rates. The Company has no significant interest rate risk.

Credit Risk

Credit risk is the risk of a loss in a counterparty to a financial instrument when it fails to meet its contractual obligations. The Company's exposure to credit risk is limited to its cash. The Company limits its exposure to credit risk by holding its cash in deposits with high credit quality financial institutions.

Share Price Risk

The Company's warrant liability is sensitive to market price risk arising from uncertainties about future value of the Company. However, there will be no effect on the cash flow of the Company as the warrants can be only exercised to Company's shares.

FORWARD-LOOKING STATEMENTS

This MD&A, including any information incorporated by reference, contains statements that, to the extent that they are not historical fact, may constitute "forward-looking statements" within the meaning of applicable securities legislation.

Forward-looking statements may include, but are not limited to, statements with respect to:

- financial and other projections, future plans, objectives, performance, revenues, growth, profits or operating expenses;
- the use of available funds and/or net proceeds from the offerings described herein;
- the performance of the Company's business and operations, including expectations regarding its anticipated future gross revenues, profit margins and expenses to be incurred in its operations;
- plans to research, develop, implement, adopt, market and sell new technology or products, including continued research, development and commercialization regarding the Company's products and proposed products;
- estimates and projections regarding the industry in which the Company operates or will operate, including the global baby and toddler food market, infant formula market, nutritional drinks market, and baby feeding accessories market, kids and adult nutritional food and drinks market and expectations relating to trends and the adoption of new products;
- requirements for additional capital and future financing options;
- plans to launch new products, obtain new customers or expand the customer base, and enter into new markets;
- expansion and acceptance of the Company's products in markets across different jurisdictions;
- manufacturing and distribution partnerships and agreements;
- plans related to marketing, distribution and production capacity;
- the timing and possible outcome of regulatory and legislative matters, including, without limitation, the FDA, European Medicines Agency, and other regulatory approval processes;
- the Company's business objectives, milestones and the anticipated timing of execution; and
- other expectations of the Company.

Often, but not always, forward-looking statements can be identified by the use of words such as "plans", "expects", "is expected", "project", "estimates", "forecasts", "budget", "intends", "anticipates", or

“believes” or variations (including negative variations) of such words and phrases, or statements that certain actions, events or results “may”, “could”, “would”, “might” or “will” be taken, occur or be achieved.

Such forward-looking statements, made as of the date hereof, reflect the Company’s current views with respect to future events and are based on information currently available to the Company and are subject to and involve certain known and unknown risks, uncertainties, assumptions and other factors which may cause the actual results, performance or achievements of the Company to be materially different from any future results, performance or achievements expressed in or implied by such forward-looking statements, including but not limited to those described below and referred to under the heading “*Risk Factors*” and those discussed under the “*Risk Factors*” section of our most recent annual information form.

In making the forward-looking statements included in this MD&A, the Company has made various material assumptions, including, but not limited to:

- the general business, economic, financial market, regulatory and political conditions in which the Company operates will remain positive;
- the Company is a going concern, and will continue in operation for the foreseeable future;
- the Company will continue to be in compliance with regulatory requirements;
- the tax treatment of the Company and its subsidiaries will remain constant and the Company will not become subject to any material legal proceedings;
- the Company will have sufficient working capital and be able to secure additional funding necessary for the continued operation and development of the Company; and
- key personnel will continue their employment with the Company and the Company will be able to obtain and retain additional qualified personnel, as needed, in a timely and cost-efficient manner.

These risks, uncertainties, assumptions, and other factors should be considered carefully, and prospective investors and readers should not place undue reliance on the forward-looking statements. In addition, the Company has attempted to identify important risks and other factors that could cause actual actions or results to differ materially from those described in this forward-looking information, although there may be other risks or factors that cause actions or results not be as anticipated, estimated or intended.

These risks, uncertainties and other factors include, but are not limited to: the risks and factors set out below under the heading “*Risk Factors*”; risks posed by the economic and political environments in which the Company operates and intends to operate; changes in the laws and regulatory requirements with respect to the Company’s product lines; contamination or adulteration of the Company’s products; the potential for losses arising from the expansion of operations into new markets; increased competition; assumptions regarding market trends and the expected demand and desires for the Company’s products and proposed products; reliance on industry manufacturers, suppliers and others; the failure to adequately protect intellectual property; a failure to adequately manage future growth and product development; adverse market conditions; expansion of business into emerging markets; the Company’s ability to access and purchase raw materials; failure to satisfy ongoing regulatory requirements; and including risks relating to the Company’s ability to continue as a going concern.

Investors are cautioned that the above list of cautionary statements is not exhaustive. Any forward-looking statement speaks only as of the date on which such statement is made, and the Company undertakes no obligation to update any forward-looking statement or information or statements to reflect information, events, results, circumstances or otherwise after the date on which such statement is made or to reflect the occurrence of unanticipated events, except as required by law including securities laws.

RISK FACTORS

An investment in the securities of the Company is highly speculative and involves numerous and significant risks. Such investment should be undertaken only by investors whose financial resources are sufficient to enable them to assume these risks and who have no need for immediate liquidity in their investments. Prospective investors should carefully consider the risk factors that have affected, and which in the future are reasonably expected to affect, the Company and its financial position, including risks described in this MD&A.

For other risk factors applicable to the Company, please refer to the Filing Statement under the heading “*Risk Factors – Else Nutrition/Resulting Issuer Risk Factors*” and the AIF under the heading “*Risk Factors*”, all of which are currently available and may be accessed on the Company’s SEDAR+ profile at <https://www.sedarplus.ca/>.

INTERNAL CONTROLS OVER FINANCIAL REPORTING (“ICFR”)

The management of the Company is responsible for establishing and maintaining adequate internal controls over financial reporting. Internal controls over financial reporting is a process to provide reasonable assurance regarding the reliability of the Company’s financial reporting for external purposes in accordance with IFRS. Internal controls over financial reporting includes maintaining records that in reasonable detail accurately and fairly reflect the Company’s transactions and dispositions of the assets of the Company; providing reasonable assurance that transactions are recorded as necessary for preparation of the Company’s consolidated financial statements in accordance with IFRS; providing reasonable assurance that receipts and expenditures are made in accordance with authorizations of management and the directors of the Company; and providing reasonable assurance that unauthorized acquisition, use or disposition of the Company’s assets that could have a material effect on the Company’s consolidated financial statements would be prevented or detected on a timely basis. Our management and the board of directors do not expect that our disclosure controls and procedures or internal controls over financial reporting will prevent all errors or all instances of fraud. A control system, no matter how well designed and operated, can provide only reasonable (not absolute) assurance that the control system’s objectives will be met. Further, the design, maintenance and testing of a control system must reflect the fact that there are resource constraints and the benefits of controls must be considered relative to their costs.

Because of the inherent limitations in all control systems, no evaluation of controls can provide absolute assurance that all control gaps and instances of fraud have been detected. These inherent limitations include the reality that judgment in decision-making can be faulty, and that breakdowns can occur because of simple errors or mistakes. Controls can also be circumvented by the individual acts of some persons, by collusion of two or more people, or by management override of the controls. The design, maintenance and testing of any system of controls is based in part upon certain assumptions about the likelihood of future events, and any control system may not succeed in achieving its stated goals under all potential future conditions.

Management conducted an evaluation of the effectiveness of the Company’s internal controls over financial reporting based on the framework and criteria established in Internal Control – Integrated Framework, issued by the Committee of Sponsoring Organizations of the Treadway Commission (2013) (‘COSO’). This evaluation included review of the documentation of controls, evaluation of the design effectiveness of controls, testing of the operating effectiveness of controls and a conclusion on this evaluation.

Based on this evaluation, management concluded that as of December 31, 2024, the Company’s internal controls over financial reporting, as defined in NI 52-109 - Certification of Disclosure in Issuer’s Annual and Interim Filings, are ineffective due to the lack of sufficient number of personnel with an appropriate level of knowledge and experience in accounting for complex or non-routine transactions. In addition, the

Company did not retain complete documentation as evidence for performing (i) Entity Level Controls (ii) business processes controls (including automated and IT-dependent manual) (iii) sufficiently precise management review controls and (iv) evidence to demonstrate completeness and accuracy of information prepared by entity (“IPE”). As a result, we could not monitor and oversee the completion of our assessment of the design and operating effectiveness of internal control over financial reporting in a timely manner. A material weakness is a deficiency, or a combination of deficiencies, in internal control over financial reporting, such that there is a reasonable possibility that a material misstatement of the Company's annual or interim financial statements will not be prevented or detected on a timely basis.

INVESTOR RELATIONS

The Company appreciates your continued support in our vision to create the first infant and toddler dairy-free, soy-free, plant-based nutrition for babies and toddlers. To find out more about the Company, please visit our website at www.elsenutrition.com.

ADDITIONAL INFORMATION

For more information, please contact the following officers and directors of the Company:

Ms. Hamutal Yitzhak, CEO, Co-Founder & Director, Else Nutrition Holdings Inc.

Email: hamutaly@elsenutrition.com

Telephone: +972(03)6445095

Mr. Shay Shamir, CFO , Else Nutrition Holdings Inc.

Email: shays@elsenutrition.com

Telephone : +972(03)6445095

On behalf of the Board of Directors

"Hamutal Yitzhak"

Hamutal Yitzhak

CEO and Director

November 14, 2025