



Else Nutrition Holdings Inc. (BABYF)

Investment Thesis

Else Nutrition offers a first-mover, clean-label, whole-plant-based alternative in the infant/toddler nutrition market—a high-growth niche with significant regulatory tailwinds and global expansion potential.

Company Overview

Else Nutrition is a Canada-/U.S.-listed micro-cap (OTC: BABYF) that develops, manufactures and markets plant-based nutrition products for infants, toddlers, children and adults. The company’s mission: to provide a “clean”, non-dairy, non-soy, whole-plant alternative in nutrition where few credible choices exist.

The Problem & The Solution

The Problem

Traditional infant and toddler nutrition is dominated by dairy- or soy-based formulas and foods. Many families seek plant-based, allergen-friendly, clean-label alternatives; regulatory, manufacturing and supply-chain barriers limit new entrants.

The Solution

Else Nutrition offers formulas and toddler nutrition products built from whole-plant ingredients (e.g., almond, buckwheat, tapioca) that are dairy-free, soy-free and clean-label. The brand has already gained retail presence and testimonials while positioning for the next step into infant-formula.

Market Opportunity

The infant/toddler nutrition market is multi-billion-dollar globally and continues to grow as demand for premium, specialty, plant-based, allergen-safe nutrition rises. Meanwhile, regulatory shifts in markets such as the U.S. are opening the door for alternative formulas. In simple terms: a high-growth niche inside the broader nutrition market, offering meaningful upside if Else captures share.

Business Model

Else Nutrition generates revenue by selling its branded nutrition products (formulas, toddler nutrition, ready-to-drink shakes, etc.) through retail channels (brick & mortar) and e-commerce in North America and internationally. Key drivers: retail door expansion, product line extension, regulatory approvals for new product categories (infant formula), and cost-structure improvement.

Competitive Positioning

What sets Else apart:

- A genuinely plant-based, non-dairy, non-soy formula which is rare in the infant/toddler category.
- Clean-label ingredients (whole-plant-based) appealing to growing consumer segments (allergy-aware, plant-based diet, premium parents).
- Early regulatory momentum: a recent legislative/regulatory shift in the U.S. explicitly cited as enabling “innovative, non-dairy, non-soy plant-based infant formula”.

Demonstrated operational improvement: e.g., gross margin expansion, cost reduction, and a leaner structure point toward scaling viability. Together, these carve a niche “moat” around a specialist product in a high barrier-to-entry market (given regulation, manufacturing, formulation, consumer trust).

Financial Snapshot & Traction

- **Revenue**
 - In Q3 2025 the company reported CAD \$1.66 million in revenue (down slightly from CAD \$1.79 million in Q3 2024) due to temporary out-of-stock issues.
- **Profitability/Margins**
 - Gross profit margin improved dramatically to ~34% in Q3 2025 versus negative margins (-9%) in Q3 2024. Operating expense fell ~68% year-over-year to CAD \$1.15 million, and operating loss narrowed to CAD \$0.58 million.
- **KPIs**
 - >11,000 retail doors in US & Canada; >100,000 “happy customers” cited.
- **Balance Sheet Health:**
 - Cash position reported at only CAD \$91 K at quarter-end, which is very tight.

Investment Highlights

Major regulatory tailwind	U.S. legislation is now enabling plant-based, non-dairy, non-soy infant nutrition options—Else is positioned to benefit.
Scalable niche product	Early retail traction + clean-label plant-based credentials give the company potential to expand both product lines and geographies.
Operational turnaround underway	Margin improvement, cost reduction, leaner operating model improve scalability and lessen capital burn.
Strategic timing	With rising consumer demand for plant-based/allergen-safe nutrition and global expansion ahead, the company may be entering a window of accelerated growth.
First-mover advantage in a specialized category	If Else gets regulatory clearance for infant formula and ramps distribution, the upside could be substantial relative to current valuation.

The Vision

Else Nutrition’s long-term vision is to become the leading plant-based nutrition brand for infants, toddlers and children globally—challenging traditional dairy/soy incumbents and capturing the growing cohort of health-, plant- and allergy-aware parents. With regulatory shifts, the company is targeting expansion of its product pipeline (including infant formula), scaling its distribution network, and driving margin improvement. If successful, Else could redefine how a generation of parents feeds their children. The thesis rests on execution: scaling manufacturing, distribution, regulatory approvals, and maintaining cost discipline.