

Element Nutritional Sciences Provides Operational Milestone Review and 2023 Outlook

BURLINGTON, Ontario--(BUSINESS WIRE)--January 12, 2023--Element Nutritional Sciences Inc. (CSE:ELMT; OTC:ELNSF; FRANKFURT:93X) (the “Company” or “Element”), today provides a review of its operational milestones in 2022 and an outlook for 2023.

Message from Stuart Lowther, Founder and Chief Executive Officer of Element

The commercial opportunity for Element and its Rejuvenate™ and Promino™ brands remain as attractive as ever. In the U.S. alone, the functional beverage market is estimated to be over \$48 billion¹ and is forecast to grow at a CAGR of 6.6%. This growth is being driven by consumers evolving to become more knowledgeable and selective about the products they consume, with 73% of adults currently consuming drinks promoting some type of added functional benefit². The Company expects the trends in the functional beverage market to remain favourable and allocated its resources in 2022 to rebranding and reformulating its flagship brands to better align with consumer preferences and optimize profitability.

Element’s strategy continues to focus on driving sales by developing innovative products that improve muscle health. We have already started to realize results from our rebranding and improved product formulation as demonstrated by recent purchase orders from Shoppers Drug Mart and Walgreens for our Rejuvenate™ Muscle Activator stick packs. Today, we have established 33,000 points of distribution in the U.S. and Canada. Our most recent financial results show revenue has increased over 100% from the same period in 2021, along with gross margins of 23%.

Looking forward to 2023, regulatory changes from Health Canada are expected to result expedited time-to-market for Rejuvenate™ Muscle Activator ready-to-drink beverages by enabling listings with key retailers in Canada. The Company expects that aligning U.S. and Canadian retail launches for its patented ready-to-drink beverage will create significant synergies and economies of scale that will contribute to higher gross profit margins and new points of distribution in the North American retail channel. Additionally, we are implementing new supply chain initiatives that will significantly lower raw material costs on finished goods and increase gross profit margins on all products.

The sports nutrition market is expected to drive incremental growth for Element in 2023. Our proprietary sports nutrition brand, Promino™, is the first patented NSF Certified for Sport® supplement to be made available to major sport leagues. Through a strategic partnership with James LaValle and Mike Potenza, Promino™ is being hand-delivered into the training rooms of virtually all major pro sports teams via the conditioning and nutrition teams for trial programs. Already Promino™ is in the locker rooms in the NBA, NHL, NFL and NCAA. This strategic outreach program will continue to seed this breakthrough product with today’s premier athletes and will be recognized as one of the most highly beneficial muscle recovery, repair and strength supplements available, displacing whey protein as the go-to protein source.

With the current changes to demographics and the continued demand for functional beverages are expected to provide tailwinds as we build revenue for our suite of innovative and patented brands. With a new formulation, changes in product mix, rigorous cost discipline and growing sales, we also believe we can improve profitability as we scale. In Q4 2022, we completed significant consumer insight work with our new ready-to-drink brand. We have positive consumer acceptance across the board in all areas including flavor, packaging, concept and price. This work is expected to translate into retail acceptance and consumer demand.

I would like to personally thank all our investors for their support. In 2022, we made significant progress towards unlocking our potential and improving muscle health for global consumers. We believe our team is well equipped to maintain our momentum into 2023 by breaking into new distribution channels with brands that are among the most innovative muscle health products in the nutritional market and that can lead the way to help millions of people improve their overall health and well being.

Key Milestones in 2022

Distribution

- Received purchase orders from Shoppers Drug Mart Inc. ("Shoppers") to distribute Rejuvenate™ Muscle Activator stick-packs across 594 Shoppers locations in Canada
- Announced Rejuvenate™ Muscle Activator ready-to-drink beverage is scheduled to launch in Canada ahead of schedule, following Health Canada regulatory changes, with expected Canadian retail launch in 2023 Q2.
- Entered into a contract with Dr. James LaValle and Mike Potenza to promote and educate professional sports leagues and teams on the benefits of Promino™, Element's proprietary sports nutrition brand
- Announced that Rejuvenate™ Immune Health is available to consumers on the Amazon platform in the U.S. through a distribution partnership with e-commerce accelerator Pattern Inc.
- Signed a distribution agreement with OCSB Emerging Brands Group ("OCS Brands"), whereby OCS Brands will distribute Rejuvenate™ across the convenience services channel in the U.S.
- Rejuvenate™ products became available online at Walgreens.
- Integrated its JAKTRX™ performance supplement branded products on Amazon.com
- Announced that its new and patented Promino™ line of sports nutrition products became available on Amazon with sales and fulfillment facilitated through Pattern

Innovation

- Completed commercialization for Clinical Strength Rejuvenate™ targeted towards the medical practitioner market
- Acquired the right to use the same plant-based amino acid formulation underlying its Rejuvenate™ muscle health products to develop a new higher dosage formulation for the sports nutrition market

- Announced that the clinically proven amino acid formulation used in Rejuvenate™ received a global Patent Cooperation Treaty patent issued by the U.S. Patent and Trademark Office

Financial and Corporate

- Generated revenue of \$4.1 million for the year-to-date Q3 2022, a 100% increase over the same period in the prior year, with a gross margin of 23%
- Commenced trading on the OTCQB® Venture Market (OTCQB) under the symbol “ELNSF” on February 2, 2022

About Element

Element is an innovative and research driven Canadian nutraceutical company specializing in the development of patented and science-based products for the global consumer packaged goods market, with a portfolio focused specifically on men and women over the age of 40. Element’s lead product, Rejuvenate™, is a proprietary formulation that is clinically proven to assist in the rebuilding, restoration and rejuvenation of natural loss of muscle mass due to aging or other medical conditions. Element also offers JAKTRX™, an elite brand of performance supplements. Element was founded in 2015 and is located in Burlington, Ontario.

To learn more about Element, visit elmtinc.com.

More information about **Rejuvenate™** can be found at: www.rejuvenatemuscle.com

More information about **JAKTRX™ and Promino™** can be found at: www.jaktrx.com

Forward Looking Statements

This news release contains "forward-looking information" and "forward-looking statements" (collectively, "forward looking statements") within the meaning of the applicable Canadian securities legislation. All statements, other than statements of historical fact, are forward-looking statements and are based on expectations, estimates and projections as at the date of this news release. Any statement that involves discussions with respect to predictions, expectations, beliefs, plans, projections, objectives, assumptions, future events or performance (often but not always using phrases such as “expects”, or “does not expect”, “is expected”, “anticipates” or “does not anticipate”, “plans”, “budget”, “scheduled”, “forecasts”, “estimates”, “believes” or “intends” or variations of such words and phrases or stating that certain actions, events or results “may” or “could”, “would”, “might” or “will” be taken to occur or be achieved) are not statements of historical fact and may be forward-looking statements. Forward looking statements in this news release include: the expected growth in the functional beverage market, the expected launch of Rejuvenate™ ready-to-drink beverage in Canada in April 2023 and that this launch will create synergies that lead to improved profitability, the expectation that points of distribution will increase in 2023, the expectation that revenue will accelerate in 2023, the expectation that Promino™ will contribute to revenue in 2023, and improvements in the future profitability of the Company.

These forward-looking statements are based on reasonable assumptions and estimates of management of the Company at the time such statements were made. Actual future results may differ materially as forward-looking statements involve known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of the Company to materially differ from any future results, performance or achievements expressed or implied by such forward-looking statements. Such factors, among other things, include: fluctuations in general macroeconomic conditions; expectations regarding the size of the United States and Canadian health, nutraceutical and wellness markets and changing consumer habits; the viability of the Company's products; availability of distribution channels for the Company's product offerings; the ability of the Company to successfully achieve its business objectives; plans for expansion; successful development of the Company's proposed products; the presence of laws and regulations that may impose restrictions or recalls on the sale of the Company's products in the United States and Canada; customer and distributor relations; fluctuations in securities markets; and the inability of the Company to obtain adequate insurance to cover risks and hazards. Although the forward-looking statements contained in this news release are based upon what management of the Company believes, or believed at the time, to be reasonable assumptions, the Company cannot assure shareholders that actual results will be consistent with such forward-looking statements, as there may be other factors that cause results not to be as anticipated, estimated or intended. Readers should not place undue reliance on the forward-looking statements and information contained in this news release. The Company assumes no obligation to update the forward-looking statements of beliefs, opinions, projections, or other factors, should they change, except as required by law.

No stock exchange, securities commission or other regulatory authority has approved or disapproved the information contained herein.

¹ Euromonitor, July 2021 - Data ending 2021.

² Mintels US Functional Drinks Market Report 2021.

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