ELSE NUTRITION HOLDINGS INC. (formerly ASB CAPITAL INC.)

INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE NINE MONTHS ENDED

September 30, 2019

(in Canadian Dollars)

(Unaudited – Prepared by Management)

ELSE NUTRITION HOLDINGS INC. (formerly ASB CAPITAL INC.)

NOTICE OF NO AUDITOR REVIEW OF INTERIM FINANCIAL STATEMENTS

Under National Instrument 51-102, Part 4, subsection 4.3(3) (a), if an auditor has not performed a review of the interim financial statements, they must be accompanied by a notice indicating that the financial statements have not been reviewed by an auditor.

The accompanying unaudited interim condensed financial statements of the Company have been prepared by and are the responsibility of the Company's management.

The Company's independent auditor, Kost Forer Gabbay & Kasrierer (a member of EY Global Limited), has not performed a review of these financial statements in accordance with standards established by the Chartered Professional Accountants of Canada for a review of interim condensed financial statements by an entity's auditor.

November 28, 2019

Else Nutrition Holdings Inc. (formerly ASB Capital Inc.)
INTERIM CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION (UNAUDITED)
(In Canadian dollars)

As At	Note	September 30, 2019	December 31, 2018
ASSETS			
Current assets			
Cash		**$ 4,056,584**	$ 10,065
Accounts receivable		**302,822**	-
Taxes receivable	4	**150,677**	-
Inventory	5	**132,400**	-
Prepaid expenses		**429,819**	-
Restricted Cash		**38,070**	-
		5,110,372	10,065
Non-current assets			
Property, plant and equipment	6	**48,767**	-
Intangible assets	7	**337,937**	-
Total assets		**$ 5,497,076**	$ 10,065
LIABILITIES			
Current liabilities			
Accounts payable and accrued liabilities		**$ 473,938**	$ 137,254
Due to related parties	8	**53,000**	26,044
Total liabilities		**526,938**	163,298
SHAREHOLDERS' EQUITY			
Share capital	9,10	**7,844,468**	804
Subscription receivable	9	**-**	(804)
Reserves	9	**1,683,344**	-
Accumulated other comprehensive income		**5,763**	574
Deficit		**(4,563,437)**	(153,807)
Total shareholders' equity		**4,970,138**	(153,233)
Total liabilities and shareholders' equity		**$ 5,497,076**	$ 10,065

Going concern (Note 1)

Approved and authorized by the Board of Directors on November 28, 2019

"Hamutal Yitzhak"	*"Sokhie Puar"*
Hamutal Yitzhak, CEO and Director	Sokhie Puar, Director

The accompanying notes are an integral part of these interim condensed consolidated financial statements

Else Nutrition Holdings Inc. (formerly ASB Capital Inc.)
INTERIM CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE LOSS (UNAUDITED)
(In Canadian dollars)

	Note	**Nine months ended September 30, 2019**	For the period from May 23, 2018 (incorporation date) to September 30, 2018	**Three months ended September 30, 2019**	Three months ended September 30, 2018
Sale of Goods		**$ 299,781**	$ -	**$ 267,038**	$ -
Cost of sales		**(167,933)**	-	**(154,127)**	-
Gross Profit		**131,848**	-	**112,911**	-
Expenses					
Advertising		**11,400**	-	**11,400**	-
Amortization		**29,721**	-	**29,721**	-
Consulting fees		**177,027**	-	**171,609**	-
Investor relations		**75,000**	-	**75,000**	-
Insurance		**33,655**	-	**31,785**	-
Meals and entertainment		**2,304**	-	**2,304**	-
Office and miscellaneous		**120,654**	-	**112,430**	-
Professional fees		**413,776**	-	**140,070**	-
Rent		**24,216**	-	**19,109**	-
Research & development		**268,948**	-	**194,502**	-
Share-based compensation	8	**307,621**	-	**150,563**	-
Transfer agent and filing fees		**24,131**	-	**23,716**	-
Travel		**44,084**		**44,084**	-
Wages & salaries		**388,738**	-	**270,528**	-
Loss before other income (expenses)		**(1,789,427)**	-	**(1,163,910)**	-
Other income (expense):					
Listing expense	10	**(2,622,179)**	-	**-**	-
Other income		**1,976**	-	**1,226**	-
Net Loss		**(4,409,630)**	-	**(1,162,684)**	-
Other comprehensive income (items that may be subsequently reclassified to profit and loss):					
Exchange differences on translation of foreign operations		**5,189**	-	**13,410**	-
Comprehensive loss for the period		**$ (4,404,441)**	$ -	**$ (1,149,274)**	$ -
Basic and diluted loss per common share		**$ (0.15)**	$ -	**$ (0.03)**	$ -
Weighted average number of shares outstanding - basic and diluted		**29,259,248**	-	**41,768,165**	-

The accompanying notes are an integral part of these interim condensed consolidated financial statements.

Else Nutrition Holdings Inc. (formerly ASB Capital Inc.)
INTERIM CONDENSED STATEMENTS OF CHANGES IN EQUITY (DEFICIENCY) (UNAUDITED)
(In Canadian dollars)

	Note	Share capital: Number of shares	Share capital: Amount	Subscription Receivable	Reserves - options	Reserves - warrants	Accummulated other comprehensive income (loss)	Deficit	Total
As at May 23, 2018,		-	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Issuance of common shares	9, 10	29,400,019	804	(804)	-	-	-	-	-
Balance as at September 30, 2018		**29,400,019**	**804**	**(804)**	**-**	**-**	**-**	**-**	**-**
Balance at December 31, 2018		29,400,019	$ 804	$ (804)	$ -	$ -	$ 574	$ (153,807)	$ (153,233)
Foreign currency translation		-	-	-	-	-	5,189	-	5,189
Net loss		-	-	-	-	-	-	(4,409,630)	(4,409,630)
Issuance of shares for reverse takeover transaction	9, 10	7,538,631	1,884,658	804	-	-	-	-	1,885,462
Issuance of private placement shares	9	30,000,000	7,500,000	-	-	-	-	-	7,500,000
Share issued for finder's fees	9, 10	200,000	50,000	-	-	-	-	-	50,000
Share issuance cost	9	-	(1,590,994)	-	-	730,294	-	-	(860,700)
Share based compensation	8	-	-	-	953,050	-	-	-	953,050
Balance at September 30, 2019		**67,138,650**	**$ 7,844,468**	**$ -**	**$ 953,050**	**$ 730,294**	**$ 5,763**	**$ (4,563,437)**	**$ 4,970,138**

The accompanying notes are an integral part of these interim condensed consolidated financial statements.

Else Nutrition Holdings Inc. (formerly ASB Capital Inc.)
INTERIM CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS (UNAUDITED)
(In Canadian dollars)

	For nine months ended September 30, 2019	For May 23, 2018 (incorporation date) June 30, 2018
Operating Activities		
Net loss	$ **(4,409,630)**	$ -
Items not affecting cash:		
Share based compensation	**953,050**	-
Listing expense	**1,934,658**	-
Amortization	**29,721**	-
Changes in non-cash working capital:		
Taxes receivable	**(150,677)**	-
Prepaids	**(429,819)**	-
Restricted cash	**(38,070)**	
Accounts payable and accrued liabilities	**336,684**	-
Inventory	**(132,400)**	-
Subscription receivable	**804**	(804)
Accounts receivable	**(302,822)**	-
Due to related parties	**26,956**	-
Net cash provided by (used in) operating activities	**(2,181,545)**	(804)
Investing Activities		
Property plant and equipment	**(51,088)**	-
Intangible assets	**(365,337)**	-
Net cash used in investing activities	**(416,425)**	-
Financing Activities		
Shares issued for cash, net of share issuance cost	**6,639,300**	804
Net cash provided by financing activities	**6,639,300**	804
Change in cash	**4,041,330**	-
Effect of exchange rate on cash	**5,189**	-
Cash, beginning of period	**10,065**	-
Cash, end of period	$ **4,056,584**	$ -

The accompanying notes are an integral part of these interim condensed consolidated financial statements.

Supplemental cash flow information (Note 13)

1. NATURE OF OPERATIONS AND ABILITY TO CONTINUE AS A GOING CONCERN

Else Nutrition Holdings Inc. (previously ASB Capital Inc.) (the "Company" or "Else") was incorporated under the Business Corporations Act of British Columbia on July 18, 2011.

On June 12, 2019, ASB Capital Inc. ("ASB") completed a reverse take-over transaction with Else Nutrition GH Ltd. ("Else GH") by way of a share exchange, which constituted ASB's qualifying transaction (the "Transaction" or "RTO") (Note 10). Upon the completion of the Transaction, ASB 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 ("CPC") as defined in the TSX Venture Exchange (the "Exchange") Policy 2.4 with its shares listed on the NEX trading board of the Exchange. Upon completion of the Transaction, the Company's shares began trading on the Exchange 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 Exchange.

The Company focuses on research, development, manufacturing, marketing, sale and/or license of innovative plant-based food and nutrition products to the infant, toddler, children and adult markets.

The head office and registered office of the Company is located at Suite 1200 – 750 West Pender Street, Vancouver, British Columbia, V6C 2T8.

Going concern

These consolidated financial statements have been prepared on a going concern basis, which contemplates that the Company will continue in operation for the foreseeable future and be able to realize its assets and discharge its liabilities and commitments in the normal course of business. To date, the Company has not achieved a scalable commercialization of its products. At September 30, 2019, the Company has an accumulated deficit of $4,563,437. For the nine months ended September 30, 2019, the Company incurred a net loss of $4,409,630. These circumstances comprise a material uncertainty which cast significant doubt as to the Company's ability to continue as a going concern. The Company's ability to continue as a going concern is dependent upon its ability to generate product sales, negotiate collaboration or license agreements with upfront and/or continuing payments, obtain research grants, raise additional financing, and ultimately attain and maintain profitable operations.

While the Company is striving to act on these initiatives, there is no assurance that these and other strategies will be successful or sufficient to permit the Company to continue as a going concern. These interim condensed consolidated financial statements ("Financial Statements") do not reflect adjustments to the carrying values of the Company's assets and liabilities, revenue and expenses, and the statement of financial position classifications used, that would be necessary if the going concern assumption were not appropriate. Such adjustments could be material.

2. BASIS FOR PRESENTATION

Statement of compliance and presentation

These interim condensed consolidated financial statements have been prepared by management of the Company in accordance with International Accounting Standard ("IAS") 34, "Interim Financial Reporting", following the same accounting principles and methods of computation as outlined in the Company's financial statements for the period ended December 31, 2018, with exception to the newly adopted International Financial Reporting Standards ("IFRS") effective January 1, 2019, as discussed in Note 3 below. A description of accounting standards and interpretations that have been adopted by the Company can be found in the notes of the audited financial statements for the period ended December 31, 2018. These interim condensed consolidated financial statements include all necessary disclosures required for interim financial statements but do not include all disclosures required for annual financial statements. Therefore, these interim condensed consolidated financial statements should be read in conjunction with the most recent audited annual financial statements and the notes thereto for the period ended December 31, 2018.

These Financial Statements are presented in Canadian dollars except where otherwise indicated.

These interim condensed consolidated financial statements were approved and authorized for issue by the directors of the Company on November 28, 2019.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Significant accounting judgments, estimates and assumptions

The preparation of these Financial Statements requires management to make judgments and estimates and form assumptions that affect the reported amounts of assets and liabilities at the date of the Financial Statements and reported amounts of expenses during the period. Actual results could differ from these estimates.

Significant estimates are used in preparing the Financial Statements include, but are not limited to:

(i) Share-based payments

The fair value of stock options and finders' warrants issued are subject to the limitations of the Black-Scholes option pricing model that incorporates market data and involves uncertainty in estimates used by management in the assumptions. Because the Black-Scholes option pricing model requires the input of highly subjective assumptions, including the expected lift, volatility of share prices, risk-free rate and dividend yield, changes in subjective input assumptions can materially affect the fair value estimate.

(ii) Fair value of identifiable assets acquired, and liabilities assumed

The estimates of fair values of the identifiable assets acquired and liabilities assumed in a reverse takeover require management to make estimates about the price that could be received to sell the assets acquired or sell the liabilities assumed. Management uses an appropriate methodology (e.g. market, income or cost approach) to estimate the fair values of identifiable intangible assets acquired. When an income approach is used, management's estimates and assumptions include development costs, revenue growth rates and discount rates.

Significant judgments used in the preparation of these Financial Statements include, but are not limited to:

(i) Intangible assets

The application of the Company's accounting policy for intangible assets requires judgment in determining whether it is likely that the future economic benefits will flow to the Company, which may be based on assumptions about future events or circumstances. Estimates and assumptions may change if new information becomes available. If new information suggests future economic benefits are unlikely, the amount capitalized in excess over the recoverable value is written off to profit or loss in the period the new information becomes available.

(ii) Determination of functional currency of the Company

The functional currency for each of the Company and its subsidiary is the currency of the primary economic environment in which each entity operates. The determination of each entity's functional currency requires analyzing facts that are considered primary factors, and if the result is not conclusive, the secondary factors. The analysis requires the management to apply significant judgment since primary and secondary factors may be mixed. In determining its functional currency, the management analyzed both the primary and secondary factors, including the currency of each entity's operating cash flow, and sources of financing.

Consolidation

The Financial Statements include the accounts of the Company and its wholly owned subsidiary. All significant intercompany balances, transactions and any unrealized gains and losses arising from intercompany transactions, have been eliminated. The Company's subsidiary is as follows:

Entity	Country of Incorporation	Effective Interest
Else Nutrition GH Ltd.	Israel	100%

Else Nutrition GH Ltd. was incorporated on May 23, 2018 in accordance with the Israeli Corporations Authority. The address of Else Nutrition GH Ltd.'s corporate office and principal place of business is 4 Raul Wallenberg Street, Tel Aviv, Israel 6971904.

Foreign currency translation

Items included in the Financial Statements of each of entities are measured using the currency of the primary economic environment in which the entity operates ("the functional currency"). The Financial Statements are presented in Canadian Dollars, which is the Company's functional currency. The subsidiary's functional currency is the Israeli shekel and presentation currency.

Foreign currency transactions are translated into functional currency using the exchange rates prevailing at the date of the transaction. Foreign currency monetary items are translated at the period-end exchange rate. Non-monetary items measured at historical cost continue to be carried at the exchange rate at the date of the transaction. Non-monetary items measured at fair value are reported at the exchange rate at the date when fair values were determined.

Exchange differences arising on the translation of non-monetary items are recognized in other comprehensive income in the statement of comprehensive income to the extent that gains and losses arising on those non-monetary items are also recognized in other comprehensive income. Where the non-monetary gain or loss is recognized in profit or loss, the exchange component is also recognized in profit or loss.

Inventories

Inventory is recorded at the lower of cost and net realizable value. Cost is determined using the first in first out method (FIFO). Net realizable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses.

All inventories are periodically reviewed for impairment due to slow-moving and obsolete inventory. The provisions for obsolete, slow-moving or defective inventories are recognized in profit or loss. Previous write-downs to net realizable value are reversed to the extent there is a subsequent increase in the net realizable value of the inventories.

Share-based payments

The stock option plan allows Company directors, officers, employees and consultants to acquire shares of the Company. The fair value of options granted is recognized as a share-based compensation expense with a corresponding increase in shareholders' equity. An individual is classified as an employee when the individual is an employee for legal or tax purposes (direct employee) or provides services similar to those performed by a direct employee. Consideration paid on the exercise of stock options is credited to share capital and the fair value of the options is reclassified from share-based compensation reserve to share capital.

In situations where equity instruments are issued to non-employees and some or all of the services received by the entity as consideration cannot be specifically identified, they are all measured at the fair value of the share-based payment, otherwise, share-based payments are measured at the fair value of the services received.

The fair value is measured at grant date and each tranche is recognized over the period during which the options vest. The fair value of the options granted is measured using the Black-Scholes option pricing model taking into account the terms and conditions upon which the options were granted. At each reporting date, the amount recognized as an expense is adjusted to reflect the number of stock options that are expected to vest.

Development costs

Expenditures on the research phase of projects are recognized as an expense as incurred.

Cost that are directly attributable to a project's development phase are recognized as intangible assets, provided they meet the following recognition requirements:

- the development costs can be measured reliably
- the project is technically and commercially feasible
- the Company intends to and has sufficient resources to complete the project
- the Company has the ability to use or sell the internally developed equipment and machines
- the equipment and machines will generate probable future economic benefits

Development costs not meeting these criteria for capitalization are expensed as incurred.

Directly attributable costs include employee costs incurred on equipment and machine development along with an appropriate portion of relevant overheads and borrowing costs.

All finite-lived intangible assets, including capitalized internally developed assets, are accounted for using the cost model whereby capitalized costs are amortized on a straight-line basis over their estimated useful lives. Residual values and useful lives are reviewed at each reporting date. In addition, they are subject to impairment testing. Any capitalized internally developed asset that is not yet complete is not amortized but is subject to impairment testing.

Amortization has been included within depreciation, amortization and impairment of non-financial assets. Subsequent expenditures on the maintenance of developed assets are expensed as incurred.

When an intangible asset is disposed of, the gain or loss on disposal is determined as the difference between the proceeds and the carrying amount of the asset and is recognized in profit or loss within other income or other expenses.

Newly adopted accounting standards

The following amendment was adopted by the Company for the nine months ended September 30, 2019:

IFRS 16 Leases

On January 13, 2016, the International Accounting Standards Board published a new standard, IFRS 16, Leases, eliminating the current dual accounting model for lessees, which distinguishes between on-balance sheet finance leases and off-balance sheet operating leases. Under the new standard, a lease becomes an on-balance sheet liability that attracts interest, together with a new right-of-use asset. In addition, lessees will recognize a front-loaded pattern of expense for most leases, even when cash rentals are constant. IFRS 16 is effective for annual periods beginning on or after January 1, 2019.

(IN CANADIAN DOLLARS)

The Company adopted IFRS 16 by applying a modified retrospective approach, under which the transition impact is recognized as an adjustment to the opening balance of retained earnings on the adoption date with no restatement of comparative information. When applying the modified retrospective approach, the Company used the following practical expedients on a lease-by-lease basis:

- Apply a single discount rate to a portfolio of leases with reasonably similar characteristics,
- Account for leases for which the lease term ends within 12 months of the date of initial application as short-term leases and,
- Use hindsight in determining the lease term if the contract contains options to extend or terminate the lease.

The adoption of the IFRS 16 has had no material impact on the Company's consolidated financial statements, as the Company currently has limited exposure to leases. Therefore, the Company did not record any right of use assets and corresponding lease liabilities.

4. TAXES RECEIVABLE

	September 30, 2019	December 31, 2018
GST/HST Receivable	**$ 23,172**	$ -
Israel VAT Receivable	**127,505**	-
	$ 150,677	$ -

5. INVENTORY

	September 30, 2019	December 31, 2018
Raw material	**$ 24,758**	$ -
Finished goods	**107,642**	-
	$ 132,400	$ -

(IN CANADIAN DOLLARS)

6. PROPERTY PLANT AND EQUIPMENT

	Furniture and Equipment	Computer Hardware	Land Improvement	Total
Costs:				
Balance, December 31, 2018	$ -	$ -	$ -	$ -
Additions	21,995	21,672	7,421	51,088
Balance, September 30, 2019	**$ 21,995**	**$ 21,672**	**$ 7,421**	**$ 51,088**
Accumulated Depreciation:				
Balance, December 31, 2018	$ -	$ -	$ -	$ -
Amortization	603	1,534	184	2,321
Balance, September 30, 2019	**$ 603**	**$ 1,534**	**$ 184**	**$ 2,321**
Net Book Value:				
December 31, 2018	$ -	$ -	$ -	$ -
September 30, 2019	**$ 21,392**	**$ 20,138**	**$ 7,237**	**$ 48,767**

7. INTANGIBLE ASSETS

The intangible assets of the Company as at September 30, 2019 $337,937 (December 31, 2018 - $Nil) comprise of, among other things, customer and supplier relationships, branding, designs, know-how, contracts, all of which the management considers to be necessary and sufficient for the substantial operation of the business of the Company. Amortization for the period ended September 30, 2019 amounted to $27,400.

8. RELATED PARTY TRANSACTIONS

The amounts due to and from related parties are due to the directors and officers of the Company. The balances are unsecured, non-interest bearing and have no specific terms for repayment. These transactions are in the normal course of operations and have been valued in these Financial Statements at the exchange amount, which is the amount of consideration established and agreed to by the related parties.

Related party balances

	September 30, 2019	December 31, 2018
Directors and officers of the company	**$ 50,000**	$ -
Company controlled by director	**3,000**	-
Company with CEO in common	**-**	26,044
	$ 53,000	$ 26,044

(IN CANADIAN DOLLARS)

Related party transactions

During the nine months ended September 30, 2019 (2018), the Company has following transactions with related parties:

	September 30, 2019	September 30, 2018
Consulting Fees	$ 143,000	$ -
Share-based compensation	289,999	-
	$ 432,999	$ -

During the nine months ended September 30, 2019, the Company purchased intangible assets valued $365,337 from a company with CEO in common.

Share-based compensation granted to related parties for the nine months ended September 30, 2019 consists of the following:

	September 30, 2019	September 30, 2018
CEO & Director	$ 23,185	$ -
COO and Director	23,185	-
CTO	23,185	-
Director	17,389	-
VP Sales Operation	165,958	-
CFO and Corporate Seceratary	17,389	-
Director	11,593	-
Director	8,115	-
	$ 289,999	$ -

During the nine months ended September 30, 2019, the Company issued an aggregate of 3,050,000 share options and 32,401,492 share warrants to the directors and officers of the Company out of which 100,000 share options and 575,000 share warrants were vested as of September 30, 2019.

	Number of options granted	Number of options vested	Number of warrants granted	Number of warrants vested
CEO & Director	500,000	-	14,024,458	-
COO and Director	500,000	-	14,024,458	-
CTO	500,000	-	3,116,546	-
Director	375,000	46,875	-	-
VP Sales Operation	375,000	-	1,236,030	575,000
CFO and Corporate Seceratary	375,000	-	-	-
Director	250,000	31,250	-	-
Director	175,000	21,875	-	-
	3,050,000	100,000	32,401,492	575,000

9. SHARE CAPITAL

Authorized share capital

Unlimited number of common shares without par value

Issuance of share capital

In connection with the Transaction, ASB and Else GH had share consolidations: ASB Company consolidated its common shares on a 5:1 basis, resulting in 3,538,666 post-consolidation shares outstanding immediately prior to completion of the Transaction. Else GH consolidated 29,400,019 common shares issued and outstanding immediately prior to the closing of the Transaction on a one previously existing common share for 132.30022 new common shares basis. In addition, for services related to the Transaction 4,199,965 common shares were issued, valued at $1,935,462, were issued.

On June 12, 2019, the Company closed a private placement for 30,000,000 common shares at $0.25 per share for $7,500,000. Of this amount, $100,000 was received subsequently in July 2019.

In connection with the private placement, the Company paid $860,700 in finders' fees, and granted 4,237,760 share warrants (the "finder's warrants"). Each finder's warrant entitles the holder to acquire one post-consolidated common share of the company, where 2,037,760 share warrants can be exercised at a price of $0.25 per share, 1,000,000 share warrants can be exercised at $0.15 per share, and 1,200,000 share warrants can be exercised at a price of $0.0001 per share for a period of 24 months.

The 4,237,760 finder's warrants have an estimated fair value of $730,294, which has been added in the warrant reserve. The fair value of warrants was estimated using the Black-Scholes option pricing model with the following assumptions: expected life of 2 years, volatility 100%, risk-free rate 1.6%, dividend yield 0%.

Stock options

On June 12, 2019, the Company issued an aggregate of 3,430,000 incentive stock options to directors, officers, and employees of the Company. Each option is exercisable into one common share of the Company at a price of $0.25 per share for a period of five years from the date of grant. The total stock options will follow two different vesting schedules. Of the total options granted: (A) 2,630,000 options granted will be subject to a 36 months vesting schedule as follows: 1/3 of such options vest on the first year anniversary, the remaining 2/3 of such options vest in equal amounts each month for the next 24 months; and (B) 800,000 options granted are subject to a 24 months vesting schedule as follows: 12.5% vest upon completion of each quarter (up to 100% in 24 months). The options granted are subject to the terms and conditions of the Company's incentive stock option plan (as may be amended) and the policies of the Exchange.

On September 26, 2019, the Company issued an aggregate of 144,000 incentive stock options as a consideration towards consulting agreement for the general capital markets, management and business development advisory services. Each option is exercisable into one common share of the Company at a price of $0.49 per share for a period of three years from the date of grant. These options will vest equally over a period of 36 months from the date of grant.

(IN CANADIAN DOLLARS)

A summary of share options outstanding as at September 30, 2019 is as follows:

	Number of options	Weighted average exercise price ($)	Years to expiry
Balance as at December 31, 2018	-	-	-
Options granted	3,574,000	0.26	4.64
Balance as at September 30, 2019	3,574,000	0.26	4.64

As at September 30, 2019, the Company had share purchase options outstanding to directors, officers, employees, and consultants as follows:

Options granted	Exercisable options	Weighted average exercise price	Expiry Date	Weighted average years to expiry
3,430,000	100,000	$0.24	June 12, 2024	4.51
144,000	-	$0.02	September 26, 2022	0.12
3,574,000		$0.26		4.64

The fair value of the stock options outstanding as at September 30, 2019 was computed using Black Scholes model of option pricing using the following variables and assumptions:

Options issued	Issue Date	Exercise Price ($)	Market Price ($)	Risk Free Interest Rate (%)	Expected Volatility Range (%)	Average Expected Life (years)	Expected Dividend Yield (%)	Total Fair Value ($)	Fair Value Vested ($)
3,430,000	12-Jun-19	0.25	$0.25	1.600%	100.00%	5	-	640,408	159,052
144,000	26-Sep-19	$0.49	$0.25	1.600%	100.00%	3	-	17,563	-

(IN CANADIAN DOLLARS)

Share warrants

On June 12, 2019, the Company granted 31,801,492 share warrants to key persons and founders ("Key Person Warrant"). Each Key Person Warrant entitles the holder to receive an additional common share of the Company at nominal price of $0.0001 per common share exercisable for a period of three years following the achievement of following exercise events:

Exercise Event	Number of Key Person Warrants
Else obtains (A) Food and Drug Administration ("FDA") or equivalent regulatory approval in the US or (B) any other equivalent regulatory approval in any other primary large market (including any of the markets in European Union, UK, Canada, Australia, Japan, or China) permitting a product based on the intellectual property pertaining to a plant-based, non-dairy formulation to be sold or marketed as an infant	10,271,882 (32.3%)
The occurrence of Else, together with its affiliates, achieving $10 million in top line revenue in any 12 month period.	5,501,658 (17.3%)
The occurrence of Else, together with its affiliates, achieving $20 million in top line revenue in any 12 month period.	8,013,976 (25.2%)
The occurrence of Else, together with its affiliates, achieving $60 million in top line revenue in any 12 month period.	8,013,976 (25.2%)

Any unvested Key Person Warrants automatically expire on December 12, 2024 if the above exercise events have not occurred. As of September 30, 2019, no Key Person Warrants have vested.

On June 12, 2019, the Company granted 600,000 key person warrants (the "**Else Key Person Additional Warrants**") with each Else Key Person Additional Warrant entitling the holder to receive an additional common share of the Company for a nominal consideration of $0.0001 per share exercisable by the holder for a period of three years from the date of issuance. 125,000 of such Else Key Person Additional Warrants are subject to the following vesting schedule: 25,000 Else Key Person Additional Warrants vest and become exercisable on each of June 30, 2019, July 31, 2019, August 31, 2019, September 30, 2019 and October 31, 2019. As of September 30, 2019, an aggregate of 575,000 Else Key Person Additional Warrants have vested.

On June 12, 2019, the Company granted 1,200,000 advisor warrants (the "**Advisor Warrants**") for finance, corporate, and other advisory services. Each advisor warrant entitles the holder to acquire one common share of the Company at nominal consideration of $0.0001 per share for a period of three years following the date of issuance. As of September 30, 2019, an aggregate of 1,200,000 Advisor Warrants have vested.

On June 12, 2019, the Company granted 5,000,000 warrants to certain advisors (the "**Additional Advisor Warrants**") in connection with consulting services related to capital markets and future financings. Each Additional Advisor Warrant entitles the holder to receive an additional common share of the Company at an exercise price of $0.15 per share for period of two years from the date of grant. As of September 30, 2019, an aggregate of 5,000,000 Additional Advisor Warrants have vested.

(IN CANADIAN DOLLARS)

A summary of changes in the share purchase warrants outstanding is as follows:

	Number of warrants	Weighted average exercise price ($)	Weighted average years to expiry
Balance as at December 31, 2018	-	-	-
Warrants granted	40,639,252	0.06	4.49
Balance as at September 30, 2019	40,639,252	0.06	4.49

Details of warrants outstanding as at September 30, 2019 are as follows:

Number of warrants	Exercisable	Exercise Price	Expiry Date	Weighted average years to expiry
2,037,760	2,037,760	$0.25	June 12, 2021	0.09
31,801,492	-	$0.0001	December 12, 2024	4.07
600,000	575,000	$0.0001	June 12, 2022	0.04
1,200,000	1,200,000	$0.0001	June 12, 2022	0.08
5,000,000	5,000,000	$0.15	June 12, 2021	0.21
40,639,252	8,812,760			

For valuation purposes, the fair values of compensation warrants granted were estimated on their dates of issue using the Black-Scholes option pricing model and the following assumptions:

Warrants issued	Issue Date	Exercise Price ($)	Market Price ($)	Risk Free Interest Rate (%)	Expected Volatility Range (%)	Average Expected Life (years)	Expected Dividend Yield (%)	Total Fair Value ($)	Fair Value Vested ($)
2,037,760	12/Jun/19	0.25	$0.25	1.600%	100.00%	2	-	269,051	269,051
31,801,492	12/Jun/19	0.0001	$0.25	1.600%	100.00%	6	-	6,117,574	-
600,000	12/Jun/19	0.0001	$0.25	1.600%	100.00%	3	-	149,943	148,569
1,200,000	12/Jun/19	0.0001	$0.25	1.600%	100.00%	3	-	299,886	299,886
1,000,000	12/Jun/19	0.15	$0.25	1.600%	100.00%	2	-	161,357	806,786

10. REVERSE TAKEOVER TRANSACTION

In connection with the completion of the Transaction, the Company consolidated its common shares on a 5:1 basis, resulting in 3,538,666 post-consolidation shares ("post-consolidated shares") outstanding immediately prior to completion of the Transaction. The Company issued 29,400,019 post-consolidated common shares of the Company to the shareholders of Else GH pursuant to the share exchange between the Company and the shareholders of Else GH. All the issued and outstanding shares of Else GH immediately prior to the closing of the Transaction were exchanged at a ratio of 132.30022 post-consolidated shares for each 1.0 share of Else GH. The deemed value of the post-consolidation shares was $0.25 per share.

(IN CANADIAN DOLLARS)

As part of the Transaction, the Company also completed a private placement resulting in the issuance of 30,000,000 post-consolidated common shares of the Company at a purchase price of $0.25 per share for gross proceeds of $7,500,000 ("Private Placement").

In accordance with IFRS 3 "Business Combinations", the substance of the Transaction was a reverse takeover of a non-operating company. The Transaction does not constitute a business combination since ASB does not meet the definition of a business under IFRS 3, as it was a non-operating company.

As a result, for accounting purpose, the Transaction is being accounted for as a reverse takeover asset acquisition with identified Else GH as the acquirer and the net assets of ASB being treated as the acquired assets and the share-based payment under IFRS 2 related to the acquisition of the public company listing. Accordingly, the consolidated financial statements are presented as a continuation of Else GH which has a financial year end of December 31. Consideration paid by the acquirer is measured at the fair value of the equity issued to the shareholders of ASB, $884,667 (3,538,666 shares at $0.25 per share) with the excess amount above the fair value of the net assets acquired, treated as listing expense in the consolidated statement of loss.

In addition, finders' fees of 4,199,965 common shares, valued at $1,049,991, and 4,000,000 warrants, valued at $645,429 (Note 9), have been recorded as listing expense in the consolidated statement of comprehensive loss.

The assets acquired and liabilities assumed at their fair value on the acquisition date are as follows:

Category		**Amount**
Cash	$	6,041,505
Subscription receivables		-
Prepaid expenses and deposits		6,596
Sales tax receivable		22,766
Due to related party		-
Due from related party		69,055
Accounts payable		(2,430)
Subscription received		(6,178,780)
Net assets (liabilities) acquired		**(41,288)**
Fair value of 29,400,019 shares issued at $0.000027 to the shareholders of ASB Capital Inc.		804
Fair value of 3,538,666 shares issued at $0.25 to the shareholders of ASB Capital Inc.		884,667
	$	926,758
200,000 common shares issued to the finders		50,000
Fair value of 3,999,965 shares issued at $0.25 to the vendors of Else Nutrition GH Ltd.		999,991
Fair value of 4,000,000 warrants issued to advisor in relation to the RTO (Note 9)		645,429
Listing expense	$	2,622,179

11. FINANCIAL INSTRUMENTS

The Company's financial assets consist of cash, taxes and accounts receivable. 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:

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

For the nine months ended September 30, 2019 and the period ended December 31, 2018, the Company's cash, accounts receivable, restricted cash and accounts payable are classified as Level 1.

The Company is exposed to a variety of financial instrument related risks. The Board approves and monitors 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 as follows:

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 ensures, 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. The Company believes that these sources will be sufficient to cover the likely short-term cash requirements.

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.

12. CAPITAL MANAGEMENT

The Company considers its capital structure to include net residual equity of all assets, less liabilities. The Company's objectives when managing capital are to (i) maintain financial flexibility in order to preserve its ability to meet financial obligations and continue as a going concern; (ii) maintain a capital structure that allows the Company to pursue the development of its projects and products; and (iii) optimize the use of its capital to provide an appropriate investment return to its shareholders commensurate with risk.

(IN CANADIAN DOLLARS)

The Company's financial strategy is formulated and adapted according to market conditions in order to maintain a flexible capital structure that is consistent with its objectives and the risk characteristics of its underlying assets. The Company manages its capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of its underlying assets. To maintain or adjust the capital structure, the Company may attempt to issue new shares or acquire or dispose of assets.

13. SUPPLEMENTAL CASH FLOW INFORMATION

During the nine months ended September 30, 2019 and the period from May 23, 2018 to December 31, 2018, the Company incurred non-cash financing activities as follows:

	September 30, 2019	December 31, 2018
Non-cash financing activities:		
Subscribed capital stock	**$ -**	$ 804
Shares issued for finder's fees	**50,000**	-
Share issuance cost	**730,294**	-
Share-based compensation	**953,050**	-
Shares issued for reverse takeover transaction	**1,884,658**	-

14. COMMITMENTS

On September 26, 2019, the Company entered into a consulting services agreement with a company controlled by a director of the Company. As compensation for such consulting services, the company controlled by a director of the company was paid a one-time signing bonus of $25,000 and a monthly fee of $7,500 for the period from June 12, 2019 to June 30, 2019 and will be paid a monthly fee of $10,000 for the period from July 1, 2019 until April 30, 2020.

Additionally, the Company has engaged another company to provide and manage a comprehensive digital media marketing campaign for the Company for a total cost of USD$150,000.

15. SUBSEQUENT EVENTS

On October 28, 2019, the Company was granted a patent for its two products: (1) 100% plant-based toddler drink/formula which is scheduled to be launched in 2020, and (2) 100% plant-based infant formula, which is scheduled to be launched following FDA approval.

On October 28, 2019, 27,600 of the share warrants outstanding as on September 30, 2019 were exercised. Each warrant was exercised for one common share of the Company valued at $0.25 per share. Consequently, as of the date of this report, 40,611,652 share warrants are outstanding.

On October 31, 2019, 25,000 of the Else Key Person Additional Warrants were vested.