UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

Form 10-Q

(Mark One)
☒ **QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the quarterly period ended June 30, 2019

OR

☐ **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the transition period from to

Commission file number: 333-161943

Better Choice Company Inc.

(Exact name of registrant as specified in its charter)

Delaware	**83-4284557**
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)
4025 Tampa Road, Suite 1117 **Oldsmar, Florida**	**34677**
(Address of principal executive offices)	(Zip Code)

(646) 846-4280
(Registrant's telephone number, including area code)

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	**Trading Symbol(s)**	**Name of each exchange on which registered**
N/A	N/A	N/A

Indicate by check mark whether the registrant: (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ☐ No ☒*

*(As a voluntary filer, the Registrant has not been subject to the filing requirements of Section 13 or 15(d) of the Exchange Act for the past 90 days. The Registrant has filed all reports required under Section 13 or 15(d) of the Exchange Act during the preceding 12 months).

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes ☒ No ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company" and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer	☐	Accelerated filer	☐
Non-accelerated filer	☒	Smaller reporting company	☒
		Emerging growth company	☐

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes ☐ No ☒

The number of shares of the registrant's common stock, par value $0.001 per share, outstanding as of October 7, 2019 was 45,427,659.

BETTER CHOICE COMPANY INC.
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EXPLANATORY NOTE

This Quarterly Report is filed by Better Choice Company Inc. ("Better Choice Company") and as discussed in more detail in our Transition Report on Form 10-KT, filed on July 25, 2019, the Company completed its acquisitions (the "acquisitions") of TruPet LLC ("TruPet") and Bona Vida, Inc. ("Bona Vida"). The acquisition of TruPet is treated as a reverse merger with TruPet determined to be the accounting acquirer of the Company. As such, the historical financial statements are those of TruPet and TruPet's equity has been re-cast to reflect shares of Better Choice Company common stock received in the acquisitions. The acquisition of Bona Vida is treated as an asset acquisition. Unless otherwise stated or the context otherwise requires, the historical business information described in this Quarterly Report prior to consummation of the Acquisitions is that of TruPet and, following consummation of the Acquisitions, reflects business information of the Company, TruPet and Bona Vida as a combined business. References to the "Company", "we", "us" and "our" in this Report, refer to TruPet and its consolidated subsidiaries prior to May 6, 2019 and to Better Choice Company, TruPet and Bona Vida and their consolidated subsidiaries post May 6, 2019.

Concurrently with the filing of this Quarterly Report, the Company is filing an amendment on Form 8-K/A to its Current Report on Form 8-K relating to the completion of the acquisitions which includes unaudited financial statements of TruPet and Bona Vida as of and for the three months ended March 31, 2019 and certain pro forma financial information. This Quarterly Report should be read in conjunction with the information in the Form 8-K/A.

FORWARD-LOOKING STATEMENTS

This Quarterly Report contains forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. We intend such forward-looking statements to be covered by the safe harbor provisions for forward-looking statements contained in Section 27A of the Securities Act of 1933, as amended (the "Securities Act") and Section 21E of the Securities Exchange Act of 1934, as amended (the "Exchange Act"). All statements other than statements of historical facts contained in this Quarterly Report are "forward-looking statements" for purposes of federal and state securities laws, including statements regarding our expectations and projections regarding future developments, operations and financial conditions, and the anticipated impact of our acquisitions, business strategy, and strategic priorities. These statements involve known and unknown risks, uncertainties and other important factors that may cause our actual results, performance or achievements to be materially different from any future results, performance or achievements expressed or implied by the forward-looking statements.

In some cases, you can identify forward-looking statements by terms such as "may," "will," "should," "expect," "plan," "anticipate," "could," "intend," "target," "project," "contemplate," "believe," "estimate," "predict," "potential" or "continue" or the negative of these terms or other similar expressions, although not all forward-looking statements contain these words. The forward-looking statements in this Quarterly Report are only predictions and are based largely on our current expectations and projections about future events and financial trends that we believe may affect our business, financial condition and results of operations. These forward-looking statements speak only as of the date of this Quarterly Report and are subject to a number of known and unknown risks, uncertainties and assumptions. Although we believe the expectations reflected in any of our forward-looking statements are reasonable, actual results could differ materially from those projected or assumed in any of our forward-looking statements. Our future financial condition and results of operations, as well as any forward-looking statements, are subject to change and inherent risks and uncertainties.

These forward-looking statements present our estimates and assumptions only as of the date of this Quarterly Report. Accordingly, you are cautioned not to place undue reliance on forward-looking statements, which speak only as of the dates on which they are made. Except as required by applicable law, we do not plan to publicly update or revise any forward-looking statements contained herein, whether as a result of any new information, future events, changed circumstances or otherwise. You should, however, consult further disclosures we make in future filings and public disclosures, including without limitation, our Annual Report on Form 10-K, Transition Report on Form 10-KT, Quarterly Reports on Forms 10-Q and Current Reports on Forms 8-K.

PART I. FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS

Better Choice Company Inc.
Condensed Consolidated Balance Sheets
As of June 30, 2019 and December 31, 2018
(Dollars in thousands)

	6/30/2019 (Unaudited)	12/31/2018
Assets		
Current Assets		
Cash and cash equivalents	$ 5,019	$ 3,946
Restricted cash	6,243	-
Accounts receivable, net	333	276
Inventories, net	1,707	1,557
Prepaid expenses and other current assets	1,134	269
Total Current Assets	14,436	6,048
Property and equipment, net	59	71
Right of use asset, operating lease, net of accumulated amortization	840	-
Intangible assets, net	961	-
Other assets	182	28
Total Assets	$ 16,478	$ 6,147
Liabilities & Stockholders' Deficit		
Current Liabilities		
Line of credit	$ -	$ 4,600
Other liabilities	-	1,899
Long-term debt, current portion	6,200	1,600
Accounts payable	2,413	765
Due to related parties	134	-
Accrued liabilities	2,198	244
Deferred revenue	318	66
Operating lease liability, current portion	262	-
Warrant derivative liability	2,304	-
Total Current Liabilities	13,829	9,174
Operating lease liability	590	-
Deferred rent	15	15
Total Liabilities	14,434	9,189
Commitments and contingencies	-	-
Redeemable Series E Convertible Preferred Stock, $0.001 par value, 2,900,000 & 0 shares authorized, 1,707,919 & 0 shares issued and outstanding at June 30, 2019 and December 31, 2018, respectively.	13,007	-
Stockholders' Deficit		
Common Stock, $0.001 par value, 88,000,000 shares authorized, 43,168,161 & 11,661,485 shares issued and outstanding at June 30, 2019 and December 31, 2018, respectively.	43	12
Convertible Series A Preferred Units, $0.001 par value, units equivalent to 0 & 2,391,403 Common Stock issued and outstanding at June 30, 2019 and December 31, 2018, respectively	-	2
Additional paid-in capital	170,017	13,642
Accumulated deficit	(181,023)	(16,698)
Total Stockholders' Deficit	(10,963)	(3,042)
Total Liabilities, Redeemable Preferred Stock and Stockholders' Deficit	$ 16,478	$ 6,147

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

Better Choice Company Inc.

Unaudited Condensed Consolidated Statements of Operations
For the Three and Six Months Ended June 30, 2019 and 2018
(Dollars in thousands, except per share amounts)

	For the Six Months ended June 30,		For the Three Months ended June 30,	
	2019	2018	2019	2018
Net Sales	$ 7,635	$ 7,064	$ 4,084	$ 3,817
Cost of Goods Sold	4,082	3,329	2,421	1,384
Gross Profit	3,553	3,735	1,663	2,433
Operating Expenses:				
General & Administrative Expense	6,004	1,351	4,571	665
Share-Based Compensation Expense	4,212	-	4,006	-
Sales & Marketing	5,597	2,819	3,412	1,512
Other Operating Expenses	1,721	1,899	937	958
Total Operating Expenses	17,534	6,069	12,926	3,135
Loss from Operations	(13,981)	(2,334)	(11,263)	(702)
Other Income (Expense)				
Interest Expense	(124)	(66)	(62)	(43)
Loss on Acquisition	(149,988)	-	(149,988)	-
Change in Fair Value of Derivative Liability	(193)	-	(193)	-
Total Other Expenses	(150,305)	(66)	(150,243)	(43)
Net Loss	(164,286)	(2,400)	(161,506)	(745)
Preferred dividends	27	-	27	-
Net Loss Available to Common Stockholders	$ (164,313)	$ (2,400)	$ (161,533)	$ (745)
Weighted Average Number of Shares Outstanding	21,202,188	11,497,128	30,638,048	11,497,128
Loss per share, basic and diluted	$ (7.75)	$ (0.21)	$ (5.27)	$ (0.06)

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

Better Choice Company Inc.

Unaudited Condensed Consolidated Statements of Changes in Stockholders' Deficit

	Common Stock		Series A Preferred Units				
	Shares	Amount	Shares	Amount	Additional Paid-in Capital	Accumulated Deficit	Total
Balance at December 31, 2017	11,497,128	$ 11,497			$ 8,545,446	$ (10,672,090)	$ (2,115,147)
Net loss for the period						(1,655,302)	(1,655,302)
Subtotal - March 31, 2018	11,497,128	11,497			8,545,446	(12,327,392)	(3,770,449)
Net loss for the period						(744,558)	(744,558)
Subtotal - June 30, 2018	11,497,128	11,497			8,545,446	(13,071,950)	(4,515,007)
Shares issued pursuant to private placement			2,391,403	2,391	4,665,609		4,668,000
Stock compensation pursuant to services provided	164,357	164			430,647		430,811
Net loss for the period						(3,626,157)	(3,626,157)
Balance at December 31, 2018	11,661,485	11,661	2,391,403	2,391	13,641,701	(16,698,107)	(3,042,353)
Impact on Prior Year of Adoption of ASC 842						(11,824)	(11,824)
Shares issued pursuant to private placement			69,115	69	149,931		150,000
Stock compensation pursuant to services provided	18,964	19			206,147		206,166
Net loss for the period						(2,780,082)	(2,780,082)
Subtotal - March 31, 2019	11,680,449	11,680	2,460,517	2,461	13,997,779	(19,490,013)	(5,478,093)
Stock compensation pursuant to services provided	1,099,822	1,100			2,225,907		2,227,006
Stock based commissions to third parties	798,492	798			4,790,156		4,790,955
Conversion of Series A Preferred Units to Common Stock	2,460,517	2,461	(2,460,517)	(2,461)			-
Retired TruPet Units	(1,011,748)	(1,012)			(2,198,988)		(2,200,000)
Subtotal - May 6, 2019 (Pre-Transaction)	15,027,533	15,028	-	-	18,814,854	(19,490,013)	(660,132)
Acquisition of Better Choice Company	3,117,364	3,117			18,701,067		18,704,184
Acquisition of Bona Vida	18,003,273	18,003			108,001,637		108,019,640
PIPE (net of issuance costs)	5,744,991	5,745			15,670,045		15,675,790
Subtotal - May 6, 2019 (Post-Transaction)	41,893,161	41,893			161,187,602	(19,490,013)	141,739,482
Stock compensation pursuant to services provided	100,000	100			599,900		600,000
Conversion of Series E Preferred Stock	1,175,000	1,175			7,050,678		7,051,853
Vesting of stock options for services provided					1,178,997		1,178,997
Net loss for the period						(161,533,182)	(161,533,182)
Balance at June 30, 2019	43,168,161	$ 43,168			$ 170,017,177	$ (181,023,195)	$ (10,962,849)

Better Choice Company Inc.

Unaudited Condensed Consolidated Statements of Cash Flows
For the Six Months Ended June 30, 2019 and 2018
(Dollars in thousands)

Cash Flow from Operating Activities	**June 30, 2019**	**June 30, 2018**
Net loss	$ (164,286)	$ (2,400)
Adjustments to reconcile net loss to net cash used in operating activities:		
Depreciation and amortization	45	7
Stock-based compensation expense	4,212	-
Non-cash lease expense	2	-
Change in fair value of derivative liability	193	-
Loss on acquisition	149,988	-
Other	(4)	-
(Increase) decrease in operating assets		
Accounts receivable	(27)	(50)
Inventories	42	(296)
Prepaid expenses and other assets	(466)	48
Change in operating lease right of use asset	(457)	-
(Decrease) increase in current liabilities		
Accounts payable	(32)	530
Accrued liabilities	1,600	76
Deferred revenue	252	68
Deferred rent	-	(9)
Change in Lease liability	457	-
Cash Used in Operating Activities	$ (8,481)	$ (2,026)
Cash Flow from Investing Activities		
Cash spent for acquisition of fixed assets (Office Furniture)	(4)	(31)
Cash acquired in merger	1,955	-
Security deposits paid	(81)	-
Cash Provided by (Used in) Investing Activities	$ 1,870	$ (31)
Cash Flow from Financing Activities		
Repayment of advance	(1,899)	-
Proceeds from private placement of Series A Preferred Units	150	-
Proceeds from private issuance of public equity	15,676	-
Payment of old debt	(6,200)	-
Proceeds from the issuance of debt	6,200	2,013
Cash Provided by Financing Activities	$ 13,927	$ 2,013
Net Changes in Cash, Cash Equivalents and Restricted Cash	$ 7,316	$ (44)
Total Cash, Cash Equivalents and Restricted Cash, Beginning of Period	3,946	157
Total Cash, Cash Equivalents and Restricted Cash, End of Period	$ 11,262	$ 113

Supplemental Cash Flow Information

The following represent noncash financing and investing activities and other supplemental disclosures related to the statement of cash flows:

On May 6, 2019, the Company acquired the net assets of Bona Vida and Better Choice in exchange for shares:

Dollars in thousands

	Assets
Current Assets	
Accounts receivable, net	$ 30
Inventories, net	193
Prepaid expenses and other current assets	399
Total Current Assets	622
Intangible Assets	986
Other assets	74
Total Assets	$ 1,682
	Liabilities
Current Liabilities	
Accounts payable	$ (1,814)
Accrued liabilities	(325)
Total Current Liabilities	(2,139)
Warrant derivative liability	(2,111)
Total Liabilities	$ (4,250)
Redeemable Series E Preferred Stock	$ 20,059

On January 1, 2019, the Company adopted ASC 842 which resulted in the acquisition of right of use assets and lease liabilities as follow:

Right of use asset and lease liability acquired under operating leases	

Right of Use asset recorded upon adoption of ASC 842	$ 477
Lease liability recorded upon adoption of ASC 842	(489)

The Company paid no income taxes during the six months ended June 30, 2019 or 2018.

Cash interest paid amounted to $123 and $66 during the six months ended June 30, 2019 and 2018, respectively.

Notes to the Unaudited Condensed Consolidated Financial Statements

Note 1 – Nature of Business and Summary of Significant Accounting Policies

Nature of the Business

Better Choice Company, Inc. (the "Company") is a holistic pet wellness company providing high quality, hemp-based, raw cannabidiol ("CBD") infused and non-CBD infused food, treats and supplements, dental care products, and accessories for pets and their human parents. Our products are formulated and manufactured using only high-quality ingredients manufactured, tested and packaged to our specifications. On May 6, 2019, the Company acquired TruPet LLC and Bona Vida Inc. in a pair of all-stock transactions (the "acquisitions"). The acquisition of TruPet LLC is a reverse acquisition for accounting purposes, with TruPet as the accounting acquirer.

The majority of our products are sold online directly to consumers with additional sales through online retailers and pet specialty stores. We have a limited selection of CBD infused canine products available on our Bona Vida website. The information contained in, or accessible through, these websites does not constitute a part of this Quarterly Report.

Basis of Presentation

The accompanying unaudited condensed consolidated financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America ("U.S. GAAP") for interim financial information and with the instructions to Form 10–Q and Article 10 of Regulation S–X. Accordingly, they do not include all of the information and notes required by accounting principles generally accepted in the United States of America. However, in the opinion of management, all adjustments (consisting of normal recurring accruals) considered necessary for a fair presentation of the financial position and operating results have been included. Operating results for the three and six months ended June 30, 2019 are not necessarily indicative of the results that may be expected for any subsequent quarters or for the year ending December 31, 2019. The significant accounting policies applied by the Company are described below. We present our tables, except for the Statements of Stockholders' Deficit, in dollars (thousands), numbers in the text in dollars (millions) and % as rounded up or down.

Basis of Measurement

The unaudited condensed consolidated financial statements of the Company are presented on a going concern basis, under the historical cost convention except for certain financial instruments that are measured at fair value, as explained in the accounting policies below. Historical cost is measured as the fair value of the consideration provided in exchange for goods and services. The Company's functional and presentation currency is United States dollars ("USD").

Consolidation

The consolidated financial statements and related notes include the accounts of the Company and its wholly-owned subsidiaries. All intercompany balances and transactions have been eliminated in consolidation.

Cash and Cash Equivalents

Cash and cash equivalents include demand deposits held with banks and highly liquid investments with remaining maturities of ninety days or less at acquisition date. For purposes of reporting cash flows, the Company considers all cash accounts that are not subject to withdrawal restrictions or penalties to be cash and cash equivalents.

Restricted Cash

As part of the revolving credit agreement with Franklin Synergy Bank, the Company is required to maintain a cash balance of $6.2 million in its account. Any withdrawals from the account require an equal reduction to the funds available under the revolving credit agreement.

Dollars in thousands	**June 30, 2019**	**December 31, 2018**
Cash and cash equivalents	$ 5,019	$ 3,946
Restricted cash	6,243	0
Total cash, cash equivalents and restricted cash	$ 11,262	$ 3,946

Accounts Receivable

Accounts receivable represents amounts due from customers less an allowance for doubtful accounts. A provision is recorded for impairment when there is objective evidence (such as significant financial difficulties of the debtor) that the Company will not be able to collect all amounts due according to the original terms of the receivable. A provision is recorded as the difference between the carrying value of the receivable and the present value of future cash flows expected from the debtor, with an offsetting amount recorded as an allowance, reducing the carrying value of the receivable. The provision is included in general and administrative expense in the statements of operations. As of the period ended June 30, 2019 and December 31, 2018, the Company considers accounts receivable to be fully collectible and, accordingly, no allowance for doubtful accounts has been recorded.

Inventories

Inventories are recorded at the lower of cost and net realizable value. The net realizable value represents the estimated selling price for inventories in the ordinary course of business, less all estimated costs of completion and costs necessary to make the sale.

Cost is determined on a standard cost basis and includes the purchase price and other costs, such as transportation costs. Inventory average cost is determined on a first-in, first-out ("FIFO") basis and trade discounts are deducted from the purchase price.

Property and Equipment

Property and equipment are carried at cost and includes expenditures for new additions and other additions, which substantially increase the useful lives of existing assets. Depreciation is computed at various rates by use of the straight-line method. Depreciable lives are generally as follows:

Furniture and Fixtures	5 to 7 years
Equipment	7 years

Expenditures for normal repairs and maintenance are charged to operations as incurred. The cost of property or equipment retired or otherwise disposed of and the related accumulated depreciation are removed from the accounts in the year of disposal with the resulting gain or loss reflected in earnings.

The Company assesses potential impairments of its property and equipment whenever events or changes in circumstances indicate that the asset's carrying value may not be recoverable. An impairment charge would be recognized when the carrying amount of property and equipment is not recoverable and exceeds its fair value. The carrying amount of property and equipment is not recoverable if it exceeds the sum of the undiscounted cash flows expected to result from the use and eventual disposition of the property and equipment.

Income Taxes

No provision has been made for federal and state income taxes prior to the date of the acquisitions since the proportionate share of TruPet's income or loss was included in the personal tax returns of its members because TruPet was a limited liability company. Subsequent to the acquisitions, the Company, as a corporation, is required to provide for income taxes.

The Company utilizes Accounting Standards Codification ("ASC 740"), "Accounting for Income Taxes", which requires the recognition of deferred tax assets and liabilities for the expected future tax consequences of events that have been included in the financial statements or tax returns. Under this method, deferred income taxes are recognized for the tax consequences in future years of differences between the tax bases of assets and liabilities and their financial reporting amounts at each period end based on enacted tax laws and statutory tax rates applicable to the periods in which the differences are expected to affect taxable income. Valuation allowances are established, when necessary, to reduce deferred tax assets to the amount expected to be realized.

The effective tax rate for each of the three months and the six months ended June 30, 2019 is 0%. The effective tax rate differs from the U.S. Federal statutory rate of 21% primarily because our previously reported losses have been offset by a valuation allowance due to uncertainty as to the realization of those losses.

The Company accounts for uncertain tax positions in accordance with the provisions of ASC 740. Accounting guidance addresses the determination of whether tax benefits claimed or expected to be claimed on a tax return should be recorded in the financial statements, under which a company may recognize the tax benefit from an uncertain tax position only if it is more likely than not that the tax position will be sustained on examination by the taxing authorities, based on the technical merits of the position.

The tax benefits recognized in the financial statements from such a position are measured based on the largest benefit that has a greater than 50% likelihood of being realized upon ultimate settlement. Accordingly, the Company would report a liability for unrecognized tax benefits resulting from uncertain tax positions taken or expected to be taken in a tax return. The Company elects to recognize any interest and penalties, if any, related to unrecognized tax benefits in tax expense.

The Tax Cuts and Jobs Act (the "Tax Act") was enacted on December 22, 2017. The Tax Act reduces the U.S. federal corporate tax rate from 35% to 21%. As of the completion of these unaudited condensed financial statements, we have made a reasonable estimate of the effects of the Tax Act. This estimate incorporates assumptions made based upon the Company's current interpretation of the Tax Act and may change as the Company may receive additional clarification and implementation guidance and as the interpretation of the Tax Act evolves. In accordance with SEC Staff Accounting Bulletin No. 118, the Company will finalize the accounting for the effects of the Tax Act no later than the end of the fourth quarter of fiscal year 2019. Future adjustments made to the provisional effects will be reported as a component of income tax expense in the reporting period in which any such adjustments are determined. Based on the new tax law that lowers corporate tax rates, the Company revalued its deferred tax assets. Future tax benefits are expected to be lower, with the corresponding one-time charge being recorded as a component of income tax expense.

Revenue

The Company recognizes revenue to depict the transfer of promised goods to the customer in an amount that reflects the consideration to which the Company expects to be entitled in exchange for those goods.

In order to recognize revenue, the Company applies the following five (5) steps:

- Identify a customer along with a corresponding contract;
- Identify the performance obligation(s) in the contract to transfer goods to a customer;
- Determine the transaction price the Company expects to be entitled to in exchange for transferring promised goods to a customer;
- Allocate the transaction price to the performance obligation(s) in the contract; and
- Recognize revenue when or as the Company satisfies the performance obligation(s).

A description of the Company's revenue generating activities is listed below:

Direct-to-consumer ("DTC") – Our products are offered through our online stores where customers place orders online or through our customer service number. Revenue is recorded, net of discounts, at the time the order is received by the customer. Revenue is deferred for orders that have been placed, and paid for, but have not yet been received by the customer during the reporting period. As our customers have a 60-day guarantee on the product purchased, the Company records a liability for two months of estimated returns based on historical experience.

Loyalty Program - The Company offers a loyalty program to all of its direct-to-consumer customers. There are two tiers to the program.

Tier 1: the customer will earn 6 points for every $1 spent

Tier 2: the customer can earn points at a much faster rate and will also have opportunities to earn bonus points for different events, such as a birthday. This tier is known as the TruDog Love Club, and the customer accumulates twelve points for every $1 spent.

The redemption requirements are the same under both levels and, for every five hundred points earned, customers receive a $5 gift code which can be redeemed for goods purchased in the future. The Company records a reduction to sales revenue and deferred revenue when the customer accumulates loyalty points.

Wholesale Sales – This channel includes the sale of our products to wholesale customers for resale. The Company's policy is to recognize revenue at the time the product is shipped to the wholesale customer, net of estimated returns and allowances.

Consignment – The Company partners with an Amazon channel partner to market and sell TruDog products. Revenue is recognized, net of returns, when our partner ships the product to the end customer. The commission, selling, marketing and storage fees are recognized at the time the services are rendered by the channel partner and are recorded by the Company, as follows:

- Commission, selling and marketing fees as sales and marketing expenses
- Storage fees as cost of goods sold.

Cost of Goods Sold

Cost of goods sold consists primarily of the cost of product obtained from the contract manufacturing plants, packaging materials and CBD oils directly sourced by the Company, and freight for shipping product from our contract manufacturing plants to our warehouse. We review inventory on hand periodically to identify damages, slow moving inventory, and/or aged inventory. Based on the analysis, we record inventories on the lower of cost and net realizable value, with any reduction in value expensed as cost of goods sold.

Advertising

The Company charges advertising costs to expense as incurred and such charges are included in sales and marketing expenses.

Advertising costs, consisting primarily of Facebook advertising, search costs and email advertising, were $2.3 million and $1.2 million for the three-month periods ended June 30, 2019 and 2018, respectively. For the six-month periods ended June 30, 2019 and 2018, advertising costs were $3.5 million and $2.2 million, respectively.

Research and Development

Research is a planned search or a critical investigation aimed at discovering new knowledge and information with the hope that such knowledge will be useful in developing a new product or service (referred to as a "product") or a new process or technique (referred to as a "process") or bringing about a significant improvement to an existing product or process. Development is the translation of research findings or other knowledge into a plan or design for a new product or process or for a significant improvement to an existing product or process whether intended for sale or use. It includes the conceptual formulation, design and testing of product alternatives, construction of prototypes and operation of pilot plants. No research and development costs were incurred during the three or six month period ended June 30, 2019 and June 30, 2018.

Shipping and Handling / Freight Out

The Company recognizes shipping and handling costs as a fulfillment cost, included in other operating expenses as they are incurred prior to the customer obtaining control of the products. Shipping and handling costs primarily consist of costs associated with moving finished products to customers through third-party carriers.

Shipping and handling costs were $0.6 million and $0.7 million for the three-month periods ended June 30, 2019 and 2018, respectively. For the six-month periods ended June 30, 2019 and 2018, shipping and handling costs were $1.2 million and $1.3 million, respectively.

Additionally, for direct to consumer customers, the Company may recover such costs by passing them onto the customer. In these instances, the Company includes the freight charges billed to customers in total revenue.

The amount included in revenue related to such recoveries was $0.2 million and $0.3 million for the three-month periods ended June 30, 2019 and 2018, respectively. For the six-month periods ended June 30, 2019 and 2018, the amounts included in revenue related to such recoveries was $0.4 million and $0.6 million, respectively.

Fair Value of Financial Instruments

A financial instrument is defined as cash, evidence of an ownership interest in an entity, or a contract that both:

- Imposes on one entity a contractual obligation either:
  - To deliver cash or another financial instrument to a second entity; or
  - To exchange other financial instruments on potentially unfavorable terms with the second entity.
- Conveys to that second entity a contractual right either:
  - To receive cash or another financial instrument from the first entity; or
  - To exchange other financial instruments on potentially favorable terms with the first entity.

The Company's financial instruments recognized in the balance sheet consist of cash and cash equivalents, restricted cash accounts, accounts receivable, deposits, accounts payable, line of credit, due to related party, accrued and other liabilities, warrant derivative liability and long-term debt. Warrant derivative liability is measured at fair value each reporting period. The fair values of the remaining financial instruments approximate their carrying values.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The Company has applied the framework for measuring fair value which requires a fair value hierarchy to be applied to all fair value measurements. The fair value of the warrant derivative liability is considered a Level 3 financial instrument.

All financial instruments recognized at fair value in the balance sheet are classified into one of three levels in the fair value hierarchy as follows:

- Level 1 – valuation based on quoted prices (unadjusted) observed in active markets for identical assets or liabilities. Cash is measured based on Level 1 inputs.
- Level 2 – valuation techniques based on inputs that are quoted prices of similar instruments in active markets; quoted prices for identical or similar instruments in markets that are not active; inputs other than quoted prices used in a valuation model that are observable for that instrument; and inputs that are derived from or corroborated by observable market data by correlation or other means.
- Level 3 – valuation techniques with significant unobservable market inputs.

Derivative Financial Instruments

Financial Accounting Standards Board ("FASB") ASC Topic 815, "Derivatives and Hedging", generally provides three criteria that, if met, require companies to bifurcate conversion options from its host instruments and account for them as free standing derivative financial instruments. These three criteria include circumstances in which (a) the economic characteristics and risks of the embedded derivative instrument are not clearly and closely related to the economic characteristics and risks of the host contract, (b) the hybrid instrument that embodies both the embedded derivative instrument and the host contract is not re-measured at fair value under otherwise applicable generally accepted accounting principles with changes in fair value reported in earnings as they occur and (c) a separate instrument with the same terms as the embedded derivative instrument would be considered a derivative instrument subject to the requirements of ASC 815. ASC 815 also provides an exception to this rule when the host instrument is deemed to be conventional, as described.

The accounting treatment of derivative financial instruments requires that the Company record the embedded conversion option and warrants at their fair values as of the inception date of the agreement and at fair value as of each subsequent balance sheet date. Any change in fair value is recorded as non-operating, non-cash income or expense for each reporting period at each balance sheet date. The Company reassesses the classification of its derivative instruments at each balance sheet date. If the classification changes as a result of events during the period, the contract is reclassified as of the date of the event that caused the reclassification.

The pricing model we use for determining fair value of our derivatives is the Lattice Model. Valuations derived from this model are subject to ongoing internal and external verification and review. The model uses market-sourced inputs such as interest rates and stock price volatilities. Selection of these inputs involves management's judgment and may impact net income (see Note 8).

Basic and Diluted Loss Per Share

Basic and diluted loss per share has been determined by dividing the net loss available to stockholders for the applicable period by the basic and diluted weighted average number of shares outstanding, respectively. Common Stock equivalents and incentive shares are excluded from the computation of diluted loss per share when their effect is anti-dilutive.

Stock-Based Compensation

The Company recognizes a compensation expense for all equity–based payments in accordance with FASB ASC Topic 718, "Compensation – Stock Compensation". The Company accounts for share–based payments granted to non–employees in accordance with FASB ASC Topic 505–50, "Equity Based Payments to Non–Employees." The Company follows the fair value method of accounting for stock awards granted to employees, directors, officers and consultants. Stock-based awards to employees are measured at the fair value of the related stock-based awards. Stock-based payments to others are valued based on the related services rendered or goods received or if this cannot be reliably measured, on the fair value of the instruments issued. Issuances of such awards are valued using the fair value of the awards at the time of grant. The Company recognizes stock-based payment expenses over the vesting period based on the number of awards expected to vest over that period on a straight-line basis. Forfeitures are accounted for as they occur.

The fair value of an option award is estimated on the date of grant using the Black–Scholes option valuation model. The Black–Scholes option valuation model requires the development of assumptions that are inputs into the model. These assumptions are the expected stock volatility, the risk–free interest rate, the expected life of the option, the dividend yield on the underlying stock and the expected forfeiture rate. Expected volatility is calculated based on the analysis of other public companies within the pet wellness sector. Risk–free interest rates are calculated based on continuously compounded risk–free rates for the appropriate term.

Determining the appropriate fair value model and calculating the fair value of equity–based payment awards requires the input of the subjective assumptions described above. The assumptions used in calculating the fair value of equity–based payment awards represent management's best estimates, which involve inherent uncertainties and the application of management's judgment. The Company is required to estimate the expected forfeiture rate and recognize expense only for those shares expected to vest.

Use of Estimates

The preparation of these financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the dates of the financial statements and the reported amounts of expenses during the reporting periods.

The Company evaluates its estimates on an ongoing basis. The Company bases its estimates on various assumptions that are believed to be reasonable under the circumstances, the results of which form the basis for making judgments about the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates under different assumptions or conditions.

Segment Information

Operating segments are identified as components of an enterprise about which separate discrete financial information is available for evaluation by the chief operating decision-maker in making decisions regarding resource allocation and assessing performance. To date, the Company has viewed its operations and manages its business as one segment operating in the United States of America. The Company's chief operating decision-maker does not review operating results on a disaggregated basis; rather, the chief operating decision-maker reviews operating results on an aggregate basis.

License Intangibles

License intangibles are recorded at fair value at the date of acquisition and are amortized ratably over the life of the license agreement.

Commitments and Contingencies

We may be involved in legal proceedings, claims, and regulatory, tax, or government inquiries and investigations that arise in the ordinary course of business resulting in loss contingencies. We accrue for loss contingencies when losses become probable and are reasonably estimable. If the reasonable estimate of the loss is a range and no amount within the range is a better estimate, the minimum amount of the range is recorded as a liability.

We do not accrue for contingent losses that are considered to be reasonably possible, but not probable; however, we disclose the range of such reasonably possible losses. Loss contingencies considered remote are generally not disclosed.

We have entered into debt, royalty and lease agreements for which we are committed to pay certain amounts over a period of time. See Notes 5, 6 and 7.

Reclassification of Prior Period Presentation

Certain reclassifications have been made to conform the prior period data to the current presentations. These reclassifications had no effect on the reported results.

Recently Issued Accounting Pronouncements

The Company has reviewed the Accounting Standards Update ("ASU") accounting pronouncements and interpretations thereof issued by the FASB that have effective dates during the reporting period and in future periods.

New Standards and Interpretations:

Adoption of FASB ASC Topic 842 "Leases"

The amendments in this update establish a comprehensive new lease accounting model. The new standard: (a) clarifies the definition of a lease; (b) requires a dual approach to lease classification similar to current lease classifications; and (c) causes lessees to recognize leases on the balance sheet as a lease liability with a corresponding right-of-use asset for leases with a lease term of more than twelve months. The new standard is effective for fiscal years and interim periods beginning after December 15, 2018, with early adoption permitted. A modified retrospective transition approach is required for leases existing at, or entered into after, the beginning of the earliest comparative period presented in the financial statements, including a number of optional practical expedients that entities may elect to apply. In July 2018, the FASB issued ASU No. 2018-11, "Leases (Topic 842): Targeted Improvements", an update which provides another transition method, the prospective transition method, which allows entities to initially apply the new lease standard at the adoption date and recognize a cumulative-effect adjustment to the opening balance of retained earnings in the period of adoption. The Company adopted the new standard on January 1, 2019 using the prospective transition method.

The Company has identified all leases to determine the impact of ASC 842 on its consolidated financial statements. The Company has elected to apply the practical expedient to certain classes of leases, whereby the separation of components of leases into lease and non-lease components is not required, and all of the practical expedients to all leases, (1) whether any expired or existing contracts are or contain leases, (2) lease classification for any expired or existing leases and (3) initial direct costs for any existing leases. The adoption of the new standard resulted in the recording on the consolidated balance sheet as of January 1, 2019 a right-of-use asset of $0.5 million, a lease liability of $0.5 million and a corresponding cumulative adjustment to accumulated deficit of an immaterial amount in accordance with ASC 842.

Adoption of FASB ASU No. 2018-07 "Improvements to Nonemployee Share-Based Payment Accounting"

On January 1, 2019, the Company adopted ASU No. 2018-07 "Improvements to Nonemployee Share-Based Payment Accounting". The amendments in this update expanded the scope of ASC 718 to include share-based payment transactions for acquiring goods and services from non-employees. The requirements of ASC 718 are applied to nonemployee awards except for specific guidance on inputs to an option pricing model and the attribution of cost. The amendments specify that ASC 718 applies to all share-based payment transactions in which a grantor acquires goods or services to be used or consumed in a grantor's own operations by issuing share-based payment awards. The amendments also clarify that ASC 718 does not apply to share-based payments used to effectively provide (1) financing to the issuer or (2) awards granted in conjunction with selling goods or services to customers as part of a contract accounted for under ASC 606, "Revenue from Contracts with Customers."

The Company is treating the inclusion of share-based payments to non-employees as a change in accounting principle prospectively beginning in the period ending June 30, 2019. As the Company did not make any share-based payments to non-employees in prior periods, there was no impact on the results of operations in prior periods.

Adoption of ASU 2018-13 "Fair Value Measurement"

In August 2018, the FASB issued ASU 2018-13, "Fair Value Measurement (Topic 820) Changes to the Disclosure Requirement for Fair Value Measurement" which amends ASC 820 to expand the disclosures required for items subject to Level 3, fair value remeasurement, including the underlying assumptions. ASU 2018-13 is effective for public companies for fiscal years beginning after December 15, 2019. The Company has early adopted the disclosures as permitted under the ASU.

New and Revised Standards not Yet Adopted:

In June 2016, the FASB issued ASU No. 2016-13 "Financial Instruments – Credit Losses: Measurement of Credit Losses on Financial Instruments (Topic 326)". ASU 2016-13 changes the impairment model for most financial assets. The new model uses a forward-looking expected loss method, which will generally result in earlier recognition of allowances for losses. ASU 2016-13 is effective for annual and interim periods beginning after December 15, 2019. The Company does not anticipate any material impact from the implementation of this ASU.

The Company has carefully considered other new pronouncements that alter previous generally accepted accounting principles and does not believe that any new or modified principles will have a material impact on the Company's reported balance sheet or operations in 2019.

Note 2 - Acquisition of TruPet LLC and Bona Vida, Inc.

On May 6, 2019, the Company completed the acquisitions through the issuance of shares of Common Stock, par value $0.001 of the Company (the "Common Stock"). Following the completion of the acquisitions, the business conducted by the Company became primarily the businesses conducted by TruPet and Bona Vida. TruPet is a North American online seller of pet foods, pet nutritional products and related pet supplies. Bona Vida is an emerging hemp based CBD platform focused on developing a portfolio of brand and product verticals within the animal health and wellness space. The completion of the acquisitions has created a vertically integrated pet wellness company providing high-quality raw CBD infused and non-CBD infused food, treats and supplements in addition to dental care products and accessories for pets and their human parents.

Based upon the guidance described in ASC 805-10-25-4 and 5, TruPet LLC has been determined to be the accounting acquirer. As such, the historical financial statements are those of TruPet, and TruPet's equity has been re-cast to reflect shares of Common Stock received in the acquisitions.

At the closing of the TruPet transaction, the Company issued 15,027,533 shares of Common Stock in exchange for the remaining 93% of the outstanding interests in TruPet. BCC had acquired the initial 7% of TruPet in December 2018. Immediately after the consummation of the acquisitions, the TruPet members, in the aggregate, owned 38% of the combined company. The Company retired 914,919 TruPet Member Units (equivalent to 1,011,748 Common Shares) owned by Better Choice Company as part of the acquisition.

Bona Vida did not meet the definition of a business and therefore asset acquisition accounting was applied. At the closing of the Bona Vida transaction, the Company issued 18,003,274 shares of Common Stock in exchange for 100% of the outstanding shares of Bona Vida. Immediately after the consummation of the acquisitions, the Bona Vida stockholders, in the aggregate, owned 46% of the combined company.

Better Choice Company did not meet the definition of a business and therefore asset acquisition accounting was applied. The fair value of Better Choice Company's net liabilities and redeemable preferred stock acquired by TruPet is estimated to be $19.5 million. The estimated purchase price has been allocated based on a preliminary estimate of the fair value of Better Choice Company assets acquired and liabilities assumed and redeemable preferred stock assumed with the remainder recorded as an expense. The loss on acquisition of Better Choice Company assets was $38.2 million.

The fair value of Bona Vida's net assets acquired is estimated to be $1.0 million. The estimated purchase price has been allocated based on a preliminary estimate of the fair value of assets acquired and liabilities. The excess of the consideration paid over the net assets acquired has been recorded as an expense. The loss on acquisition of Bona Vida's assets was $107.0 million.

On May 6, 2019, the fair value of the following assets and liabilities were acquired:

Dollars in thousands	**Better Choice Company**	**Bona Vida**	**Total**
Assets			
Current Assets			
Cash and cash equivalents	$ 1,546	$ 384	$ 1,930
Restricted cash		25	25
Accounts receivable		30	30
Intercompany receivables	6,161	38	6,199
Inventories		193	193
Prepaid expenses and other current assets	52	347	399
Total Current Assets	7,759	1,017	8,776
Intangible assets, net of amortization	986		986
Other assets		74	74
Total Assets	$ 8,745	$ 1,091	$ 9,836
Liabilities and Redeemable Preferred Stock			
Current Liabilities			
Warrant derivative liability	$ 2,111	$ -	$ 2,111
Accounts payable & accrued liabilities	2,071	69	2,140
Long term debt, current portion	6,200		6,200
Total Current Liabilities	$ 10,382	$ 69	$ 10,451
Total Liabilities	$ 10,382	$ 69	$ 10,451
Redeemable Series E Preferred Stock	$ 20,059	$ -	$ 20,059

Note 3 - Inventories

Inventories reflected on the accompanying balance sheets are summarized as follows:

Dollars in thousands	June 30, 2019	December 31, 2018
Food, treats and supplements	$ 1,682	$ 1,301
Other products and accessories	87	191
Inventory packaging and supplies	168	133
	1,937	1,625
Inventory reserve	(230)	(68)
	$ 1,707	$ 1,557

Note 4 - Property and Equipment

Property and equipment consist of the following:

Dollars in thousands	June 30, 2019	December 31, 2018
Warehouse equipment	$ 49	$ 49
Computer equipment	14	14
Furniture and fixtures	76	46
Total property and equipment	139	109
Accumulated depreciation	(80)	(38)
	$ 59	$ 71

Depreciation expense was immaterial for the three and six-month periods ended June 30, 2019 and 2018, respectively. Depreciation expense is included as a component of general and administrative expenses.

Note 5 – Operating Leases

The Company adopted Topic 842 “Leases” effective January 1, 2019. A modified retrospective transition approach was followed by applying the new standard to all leases existing at the date of initial application. We chose to use January 1, 2019 as our date of initial application of the standard. Since we adopted the new standard on January 1, 2019 and use the effective date as our date of initial application, financial information will not be updated, and the disclosures required under the new standard will not be provided for dates and periods before January 1, 2019.

The new standard provides a number of optional practical expedients in transition. We elected the ‘package of practical expedients’, which permits us not to reassess under the new standard our prior conclusions about lease identification, lease classification and initial direct costs. We did not elect the use-of-hindsight or the practical expedient pertaining to land easements; the latter not being applicable to us. We elected all of the new standard’s available transition practical expedients.

The new standard establishes a right-of-use model (“ROU”) that requires a lessee to recognize a ROU asset and lease liability on the balance sheet for all leases with a term longer than 12 months. Operating lease right-of-use assets and liabilities were recognized at the commencement date based on the present value of lease payments over the lease term. As the Company’s leases do not provide an implicit rate, an incremental borrowing rate based on the information available at the commencement date was used in determining the present value. The Company will use the implicit rate when readily determinable.

This standard did not have a material effect on our financial statements. The adoption of Topic 842 resulted in an immaterial cumulative effect adjustment to accumulated deficit and the Company recognized operating lease right-of-use assets of $0.5 million and operating lease liabilities of $0.5 million on January 1, 2019. The most significant future effects relate to (1) the recognition of new ROU assets and lease liabilities on our balance sheet for our real estate operating leases and (2) providing significant new disclosures about our leasing activities.

The Company leases its office and warehouse facilities under operating leases which originally expired in November 2018. These agreements were modified in October 2017 for additional space leased. With this modification, the rent term was also revised and extended until October 2022, at a base prices of $13.02 per square foot for the existing lease and $15.50 per square foot for the additional space leased, with a 3.5% annual escalation clause and a one-time option to renew the leases for an additional 5-year term. In addition to base monthly rent, the agreement requires the Company to pay its proportionate share of real estate taxes, insurance, and common area maintenance expenses.

In February and May 2019, the Company entered into two additional operating leases for office and warehouse facilities under three- year lease agreements at base monthly rental rates of $8,856 and $4,492, respectively. The monthly rent shall increase each year which will be based on the Consumer Price Index promulgated by the United States Bureau of Labor Statistics. The rent adjustment will not be less than two percent or exceed five percent per year.

The Company determines if an arrangement contains a lease at inception based on the ability to control a physically distinct asset. Operating and finance lease right-of-use assets are recorded in the consolidated balance sheets based on the initial measurement of the lease liability as adjusted to include prepaid rent and initial direct costs less any lease incentives received. Lease liabilities are measured at the commencement date based on the present value of the lease payments over the lease term. Lease payments are generally fixed but may include provisions for future rent increases. The Company separately accounts for variable components within lease agreements including common area maintenance, insurance and real estate taxes. The Company uses its incremental borrowing rate to present value the lease liability as key inputs to determine the interest rate implicit in the lease are not shared by lessors.

Operating lease expense is recorded on a straight-line basis over the lease term. Right-of-use assets and lease liabilities for short-term leases are not recognized in the consolidated balance sheets. Payments for leases with a term of one month or less are recognized in the consolidated statements of operations as incurred. We have no leases that are considered short term (one year or less).

Rent expenses related to our real estate leases for which a right of use asset has been recognized totaled $0.1 million and $0.1 million for the three and six months ended June 30, 2019, respectively. Estimated expenses for variable lease costs are immaterial for the three and six months period ended June 30, 2019.

Rent expense for operating leases in effect and recorded prior to the adoption of ASC 842. Leases amount to an immaterial amount and $0.1 million for the three and six-month periods ended June 30, 2018, respectively.

The table below presents the operating lease-related assets and liabilities recorded on the consolidated balance sheets:

Dollars in thousands

Leases	**Balance Sheet Classification**	**June 30, 2019**
Assets		
Non-current assets	Operating lease right-of-use assets, net of accumulated amortization	$ 840
Total operating lease assets		$ 840
Liabilities		
Current		
Operating	Operating lease liabilities	(262)
Non-current		
Operating	Operating lease liabilities	(590)
Total operating lease liabilities		$ (852)

The table below presents the maturity of lease liabilities as of June 30, 2019:

Dollars in thousands

Lease payments	Operating Leases
Remainder of 2019	$ 147
2020	299
2021	303
2022	169
Total undiscounted minimum future lease payments	918
Less: imputed interest	66
Present value of lease liabilities	$ 852

Note 6 – License Intangibles and Royalties

On May 6, 2019, the Company entered into a licensing agreement with Elvis Presley Enterprises, LLC which is fairly valued at $1 million and related toan April 2019 agreement between Better Choice Company, Authentic Brands and Elvis Presley Enterprises focused on the development of hemp-derived CBD products under the Elvis Presley Hound Dog name. Product development is expected to be complete in late 2019.

The initial term of the licensing agreement ends on December 31, 2025. The license agreement is amortized on a straight-line basis over the life of the agreement. During the period from May 6, 2019 through June 30, 2019, an immaterial amount in amortization was expensed related to the Hound Dog license.

Royalties are required to be paid quarterly at a rate of 5% of net retail sales and 10% of net wholesale sales. The contract includes Guaranteed Minimum Royalty Payments for each of the contract years as per the table below:

Dollars in thousands

Contract Year	Guaranteed Minimum Royalty
2019-2020	$ 1,500
2021	$ 1,000
2022	$ 1,125
2023	$ 1,250
2024	$ 1,500
2025	$ 1,750

As of June 30, 2019, the Company had paid $0.6 million of the 2019-2020 Guaranteed Minimum Royalty Payments which were recorded as prepaid expenses. There were no sales related to Hound Dog products during the three and six-month periods ended June 30, 2019.

The Company entered into an agreement for the payment of royalties related to sales of the Orapup brand dental system in November 2015. The agreement called for a 10% royalty to be paid on the first $2.5 million of related sales for a term of three years. Thereafter, commencing on the earlier of the end of the three-year term or having reached $2.5 million in sales, a 2% royalty was to be paid thereafter. Royalty expense was minimal during 2017 and 2018. In November 2018, the parties reached a settlement whereby the Company paid $0.1 million to fulfill all of its present and future obligations related to this agreement. Due to the settlement by the parties, the Company no longer has any royalty obligation related to the Orapup brand dental system.

Note 7 - Line of Credit and Debt

In May 2017, the Company along with the majority owners serving as co-borrowers entered into a credit facility providing for up to $2 million of borrowings. Through various amendments, the maximum borrowings under the line increased to $4.6 million with a maturity of May 2019. Borrowings bear interest at LIBOR plus 3%. At June 30, 2019 and December 31, 2018, outstanding borrowings amounted to $0 and $4.6 million, respectively.

The line of credit was secured by personal assets of the co-borrowers. Covenants under the line of credit required the Company to be within a certain quarterly and annual loss limitation threshold, and certain other restrictions. As of December 31, 2018, the Company was in compliance with its covenants and/or obtained waivers from the lien holders. At June 30, 2019 and December 31, 2018, outstanding borrowings amounted to $0 and $1.6 million, respectively.

At December 31, 2018, our long-term debt consisted of an unsecured note payable to a director of the Company bearing 26.6% interest with principal and interest due within 30 days after change of control. No interest was paid during 2019.

On May 6, 2019, Better Choice Company refinanced the $4.6 million line of credit and the $1.6 million note payable to the director with a $6.2 million revolving credit agreement with Franklin Synergy Bank. All advances relating to this revolving credit agreement bear a fixed rate of interest equal to 3.7% per annum, which may be adjusted from time to time subject to certain conditions. In addition, the Company paid a fee of $10,000 upon closing. The Company is also required to pay a late charge equal to 5% of the aggregate amount of any payments of principal and/or interest that are paid more than 10 days after the due date. This note matures on May 6, 2020. The Franklin Synergy Bank note requires that the Company maintain deposits on account at the bank in the total amount of $6.2 million. If withdrawals are made from the account, the amount available under the revolving credit agreement decreases by the amount of the withdrawal.

TruPet and Bona Vida became guarantors of the Company's obligations under the Loan Agreement after the closing of the acquisitions. In addition, pursuant to a Security Agreement by and between the Company and Lender dated the date of the Loan Agreement (the "Security Agreement"), the Company has granted the Lender a security interest in all assets of the Company owned or later acquired. The Loan Agreement also contains certain events of default, representations, warranties and covenants of the Company and its subsidiaries. For example, the Loan Agreement contains representations and covenants that, subject to exceptions, restrict the Company's ability to do the following, among things: incur additional indebtedness, engage in certain asset sales, or undergo a change in ownership.

Interest expense of approximately $0.1 million and $0.1 million was recorded in the statements of operations related to the lines of credit and director note for the three and six months ended June 30, 2019, respectively.

Interest expense of approximately an immaterial amount and approximately $0.1 million was recorded in the statements of operations related to the line of credit and the director note for the three and six months ended June 30, 2018, respectively.

Note 8 – Warrant Derivative Liability

On December 12, 2018, the Company closed a private placement offering (the "December Offering") of 1,425,641 units (the "Units"), each unit consisting of (i) one share of the Company's Common Stock and (ii) a warrant to purchase one half of a share of Common Stock. The Units were offered at a fixed price of $1.95 per Unit for gross proceeds of $2.8 million. Costs associated with the December Offering were $0.1 million, and net proceeds were $2.7 million. $2.6 million of the net proceeds were received by the Company during the period ended December 31, 2018 for the sale of 1,400,000 common shares, and $0.1 million of the net proceeds were received on January 8, 2019 for the sale of 25,641 common shares. The warrants are exercisable over a two-year period at the initial exercise price of $3.90 per share. The warrant holders have an option to settle in cash in the event of a change of control of the Company. The Company considers these warrants a derivative liability and calculated the fair value of this liability utilizing a Lattice Model that values the warrant based upon a probability weighted discounted cash flow model.

At May 6, 2019, the derivative liability was recorded at fair value as part of the purchase price of Better Choice Company by TruPet.

The following schedule shows the change in fair value of the derivative liabilities for the period from May 6, 2019 through June 30, 2019.

Dollars in thousands	**Warrant Liability**
Assumption of warrants pursuant to May 6, 2019 acquisition of Better Choice Company	$ 2,110
Change in fair value of derivative liability	193
Balance as of June 30, 2019	$ 2,304

	May 6, 2019	June 30, 2019
Warrant Liability		
Stock Price	$ 6.00	$ 6.35
Exercise Price	$ 3.90	$ 3.90
Remaining term (in years)	1.60 – 1.68	1.45 – 1.53
Volatility	64%	65%
Risk-free interest rate	2.39%	1.98%

The warrants feature provisions to reset the exercise price in the event of certain fundamental transactions. Such a transaction is considered a likelihood of 50% for December 31, 2019.

Additionally, the warrants feature provisions to force an early exercise in the event of the Company's stock trading above a certain threshold for a specified period. The Company considers the likelihood of meeting these conditions to be zero.

If all shares were redeemed at June 30, 2019, the Company would be required to pay $2.3 million if all warrants were settled in cash as a result of a fundamental transaction or issue 712,823 shares if all warrants were settled in shares.

Note 9 - Loyalty Program Provision

The Company offers a loyalty program to all of its direct-to-consumer customers. The loyalty program is designed to increase customer visits and spending. There are two tiers to the program as outlined below:

Tier 1: the customer earns six points for every $1 spent

Tier 2: the customer earns points at a much faster rate and will also have opportunities to earn bonus points for different events, such as a birthday. This tier is known as the TruDog Love Club (TLC), and the customer accumulates twelve points for every $1 spent.

The redemption requirements are the same under both levels, for every five hundred points earned, customers receive a $5 gift code which can be redeemed for goods purchased in the future. The Company records a liability provision of 45% of all accrued and unredeemed points based on historical redemption rates. The redemption rate is consistent with the redemption rate used for the period ending December 31, 2018. We have included the redemption amounts as deferred revenue on the Condensed Consolidated Balance Sheets. As of June 30, 2019 and December 31, 2018, earned, but not redeemed, loyalty program awards are estimated to be $0.2 million and $0.1 million, respectively, and are recorded as a deferred revenues.

Note 10 – Other Liabilities

Other liabilities include outstanding amounts on bank issued revolving credit cards. Interest rates on the issued credit cards was 22% for purchases and 24.24% for cash advances for the three and six months ended June 30, 2019 and 2018.

Under the terms of a Business Cash Advance Agreement, during 2018, the Company sold $2.0 million of future receivables for proceeds of $1.9 million. Future receivables are defined as all future payments made by cash, check, ACH, direct or pre-authorized debit, wire transfer, credit card, debit card, charge card or other form of payment related to the business of the Company. The creditor had the right to decline to purchase any future receivables and/or adjust the amount of the advance. In the event of a sale, disposition, assignment, transfer or otherwise of all or substantially all of the business assets, the creditor's consent was required or repayment in full of the amount of future receivables remaining. The future receivables were remitted to the creditor based on a percentage of daily cash receipts. All remaining advances were repaid as of June 30, 2019.

Dollars in thousands	Advance #1	Advance #2	Advance #3	Total
Opening balance – January 1, 2018	$ -	$ -	$ -	$ -
Advance of outstanding amounts	399	965	1,050	2,414
2018 Payments	(429)	(256)	(102)	(787)
Rollover to Advance #3		(824)	824	
Advance fixed fee	30	115	126	271
Closing Balance – December 31, 2018	-	-	1,899	1,899
Payments			(1,899)	(1,899)
Balance June 30, 2019	$ -	$ -	$ -	$ -

Note 11 – Redeemable Preferred Stock

On October 22, 2018, the Board of Directors of Better Choice Company approved a resolution to designate a series of 2,900,000 shares of its Series E Convertible Preferred Stock pursuant to its articles of incorporation. The Series E Convertible Preferred Stock has a stated value of $0.99 per share; is convertible to Common Stock at a price of $0.78 per share and accrues dividends at the rate of 10% per annum on the stated value. The Series E Convertible Preferred Stock has voting rights equal to those of the underlying Common Stock. Under certain default conditions, the Series E Convertible Preferred Stock is subject to mandatory redemption in cash equal to 125% of the greater of $0.99 per share ($1.23 per share) or 75% of the market price of the Common Stock. As the redemption is outside the control of the Company, the Series E Convertible Preferred Stock has been recorded as mezzanine equity between liabilities and equity in the balance sheet.

On May 6, 2019, the Series E Convertible Preferred Stock was recorded at its fair value based on the $6.00 per share closing price of Better Choice Company's common shares as they remained outstanding after the reverse acquisitions discussed in Note 2 above.

On May 10, 2019 and May 13, 2019, holders of the Company's Series E Convertible Preferred Stock converted 689,394 and 236,364 preferred shares into 875,000 and 300,000 shares of the Company's Common Stock, respectively.

Pursuant to waiver letters executed by each investor, the holders of the Company's Series E Convertible Preferred Stock agreed to waive their right to the distribution of dividends until October 22, 2019.

The below table summarizes changes in the balance of Series E Convertible Preferred Stock for the periods ended June 30, 2019 and December 31, 2018 including its value prior to acquisition by the Company.

	Number	Amount
Dollars in thousands		
Issued on October 18, 2018	2,846,356	$ 2,023
Converted to Common Stock	(212,678)	(152)
Balance on May 6, 2019	2,633,678	1,871
Purchase price adjustment		18,188
Outstanding at May 6, 2019	2,633,678	20,059
Converted to Common Stock	(925,758)	(7,052)
Balance at June 30, 2019	1,707,920	$ 13,007

Note 12 - Stockholders' Deficit

On May 6, 2019, Better Choice Company completed the acquisition of TruPet pursuant to a Stock Exchange Agreement dated February 2, 2019 and amended May 6, 2019. At the closing of the transaction, Better Choice Company issued 15,027,533 shares of its Common Stock in exchange for 93% of the outstanding ownership units of TruPet. Additionally, on May 6, 2019, Better Choice Company also completed the acquisition of Bona Vida pursuant to an Agreement and Plan of Merger dated February 28, 2019 and amended May 3, 2019. At the closing of the transaction, Better Choice Company issued 18,003,273 shares of its Common Stock in exchange for all outstanding shares of Bona Vida. The operations of Better Choice Company subsequent to the acquisitions are those of TruPet and Bona Vida. For accounting purposes, the transaction is considered a reverse merger whereby TruPet is considered the accounting acquirer of Better Choice Company.

As a result of the transaction the historical TruPet members' equity (units and incentive units) has been recast to reflect the equivalent Better Choice Common Stock for all periods presented after the transaction. Prior to the transaction, TruPet was a Limited Liability Company and as such, the concept of authorized shares was not relevant.

Series A Preferred Units

In December 2018, the Company completed a private placement and issued 2,162,536 Series A Preferred Units (no par value) to unrelated parties for $2.40 per unit. The proceeds were approximately $4.7 million, net of $0.5 million of share issuance costs. Additionally, on February 12, 2019, an additional private placement of 62,500 Series A Preferred Units at $2.40 per unit was completed. The proceeds were approximately $0.2 million, net of share issuance costs.

On May 6, 2019, all Series A Preferred Units were converted to 2,460,517 shares of Common Stock.

Series E Preferred Stock

On May 6, 2019, the Company acquired 2,633,678 shares of Series E Preferred Stock issued by Better Choice Company in the transaction. Series E Preferred Stock is treated as mezzanine equity as it has redemption features that can be exercised by the holder under certain instances outside the control of the Company. 925,758 shares of Series E Preferred Stock were converted to Common Stock in the three- and six-month period ended June 30, 2019. As of June 30, 2019, 1,707,920 shares of Series E Preferred Stock remain outstanding. Full conversion of the remaining Series E Preferred Stock would result in the issuance of 2,167,745 shares of Common Stock.

Common Stock

The Company was authorized to issue 580,000,000 shares of Common Stock as of December 31, 2018. On April 22, 2019, the Company filed a certificate of amendment of certificate of incorporation with the State of Delaware which reduced the number of authorized shares of Common Stock to 88,000,000. The Company has 43,168,161 and 11,661,485 shares of Common Stock issued and outstanding as of June 30, 2019 and December 31, 2018, respectively.

On March 14, 2019, the Company filed a certificate of amendment of Certificate of Incorporation with the Delaware Secretary of State to effect a one-for-26 reverse split of Common Stock effective March 15, 2019. All of the Common Stock amounts and per share amounts in these financial statements and footnotes have been retroactively adjusted to reflect the effect of this reverse split.

On December 12, 2018, Better Choice Company closed a private placement offering (the "December Offering") of 1,425,641 units (the "Units"), each unit consisting of (i) one share of the Company's Common Stock and (ii) a warrant to purchase one half of a share of Common Stock. The Units were offered at a fixed price of $1.95 per Unit for gross proceeds of $2.8 million. Costs associated with the December Offering were $0.1 million, and net proceeds were $2.7 million. Net proceeds of $2.6 million were received by the Company during the period ended December 31, 2018 for the sale of 1,400,000 common shares, and $0.1 million of the net proceeds were received on January 8, 2019 for the sale of 25,641 common shares. The Warrants are exercisable over a two-year period at the initial exercise price of $3.90 per share. (See Note 8 – Warrant Derivative Liability). A portion of the proceeds from this private placement was used to acquire the initial 7% of TruPet.

In connection with the December Offering, Better Choice Company also entered into a registration rights agreement (the "Registration Rights Agreement") with each investor in the Offering. Pursuant to the Registration Rights Agreement, the Company agreed to use commercially reasonable efforts to file with the Securities and Exchange Commission a registration statement on Form S-1 (or other applicable form) within 60 days following the closing date to register the resale of the shares of Common Stock sold in the Offering and shares of Common Stock issuable upon exercise of the Warrants.

On November 18, 2018 the Company entered into a consulting agreement for management services. The consultant was awarded the equivalent of 303,427 shares of Common Stock, half which vested on November 18, 2018 and the remainder on a monthly schedule over 2 years.

During the period from January 1, 2019 through May 5, 2019, equity awards for the equivalent of 979,716 shares were issued to employees and consultants and were valued at a weighted average value per share of $2.26, the fair value at the date of award. The awards vested over three years.

However, on May 6, 2019, all equity incentive awards issued prior to May 6, 2019 immediately vested. As a result of the immediate vesting of these awards, share-based compensation expense equal to $2.2 million and $2.4 million has been recorded during the three and six-months ended June 30, 2019. There were no equity awards issued or outstanding during the three and six months ended June 30, 2018.

The Company retired 914,919 member units (equivalent to 1,011,748 Common Shares) in TruPet representing the 7% Better Choice Company ownership of TruPet valued at $2.2 million which was recorded as part of loss on acquisition.

The Company also issued 5,744,991 million units for gross proceeds of $3.00 per unit, also closing on May 6, 2019 (the "PIPE Transaction"). Each unit included one common share of Better Choice Company stock, and a warrant to purchase an additional share. The funds raised from the PIPE Transaction will be used to fund the operations of the combined company. Net proceeds of $15.7 million were received in the private placement, allocable between shares of Common Stock and warrants.

Pursuant to Damian Dalla-Longa's ("Mr. Dalla-Longa") employment agreement with Bona Vida dated October 29, 2018, he was entitled to a $500,000 Change of Control payment. It was later agreed to and included in Mr. Dalla-Longa's Better Choice Company employment agreement dated May 6, 2019, that he would receive 100,000 common shares in the Company in consideration for the $500,000 Change of Control payment. The 100,000 common shares were valued at $6.00 per share, which was the market value as of the date of Mr. Dalla-Longa's employment agreement.

Stock Options

On May 6, 2019, the Company acquired the Better Choice Company, Inc. 2019 Incentive Award Plan ("2019 Incentive Award Plan") which became effective as of April 29, 2019. The 2019 Plan provides for the grant of stock options, stock appreciation rights, restricted stock, restricted stock units, other stock or cash-based awards or a dividend equivalent award (each an "Award"). Non-employee directors of the Company and employees and consultants of the Company or any of its subsidiaries are eligible to receive awards under the 2019 Plan. The 2019 Plan authorizes the issuance of (i) 6,000,000 shares of common stock plus (ii) an annual increase on the first day of each calendar year beginning on January 1, 2020 and ending on and including January 1, 2029, equal to the lesser of (A) 10% of the shares of common stock outstanding (on an as-converted basis) on the last day of the immediately preceding fiscal year and (B) such smaller number of shares of common stock as determined by the Board. At the time of acquisition, the following grants had been issued under the 2019 Incentive Award Plan:

On May 6, 2019, as part of the merger, the Company acquired options to purchase an aggregate of 3,750,000 shares of the Company's Common Stock at an exercise price of $5.00 per share. These options had been granted to management of Better Choice Company on May 2, 2019. Subject to the holder's continued service to the Company, each such option vests with respect to 1/24th of the underlying shares on each monthly anniversary of the grant date such that the option is fully vested on the second anniversary of the grant date.

On May 6, 2019, as part of the merger, the Company acquired options to purchase an aggregate of 1,500,000 shares of the Company's Common Stock at an exercise price of $5.00 per share. These options had been granted to non-employee directors of Better Choice Company on May 2, 2019. Subject to the holder's continued service to the Company, each such option vests with respect to 1/24th of the underlying shares on each monthly anniversary of the grant date such that the option is fully vested on the second anniversary of the grant date.

After the acquisition, the following stock option awards were granted under the 2019 Incentive Award Plan, subject to stockholder approval of the 2019 Incentive Award Plan:

On May 21, 2019, the Company granted to third-party consultants options to purchase an aggregate of 60,000 shares of the Company's Common Stock at an exercise price of $7.50 per share. Subject to the holder's continued service to the Company, each such option vests with respect to 1/36th of the underlying shares on each monthly anniversary of the grant date, such that the option is fully vested on the third anniversary of the grant date.

On May 21, 2019, the Company granted to employees options to purchase an aggregate of 30,000 shares of the Company's Common Stock at an exercise price of $7.50 per share. Subject to the holder's continued service to the Company, each such option vests with respect to 25% of the underlying shares on the first anniversary of the grant date and the remainder vests in 24 equal installments on each monthly anniversary of the grant date following the first anniversary of the grant date, such that the option is fully vested on the third anniversary of the grant date.

On June 29, 2019, the Company granted to employees options to purchase an aggregate of 3,000 shares of the Company's Common Stock options at an exercise price of $7.50 per share. Subject to the holder's continued service to the Company, each such option vests with respect to 25% of the underlying shares on the first anniversary of the grant date and the remainder vests in 24 equal installments on each monthly anniversary of the grant date following the first anniversary of the grant date, such that the option is fully vested on the third anniversary of the grant date.

Following the stockholder approval of the 2019 Incentive Award Plan, all vested options described herein will become exercisable and may be exercised through the ten-year anniversary of the grant date (or such earlier date described in the applicable award agreement following a holder's termination of service).

Dollars in thousands except per share amounts	Date of grant(s)	Vesting period (years)	Number	Exercise price ($)	Share-based payment expense ($)	Risk-free rate	Volatility	Dividend yield	Expiry (yrs)	Remaining Life (yrs)
Option grant	5/21/2019	2	60,000	$ 7.50	9	2.28%	55.00%	Nil	10	9.9
Option grant	5/21/2019	3	30,000	$ 7.50	5	2.28%	55.00%	Nil	10	9.9
Option grant	6/29/2019	3	3,000	$ 7.50	0	1.84%	56.00%	Nil	10	10.0
			93,000		$ 14					

Pursuant to ASC 718-10-35-8, the Company recognizes compensation cost for stock and option awards with only service conditions that have a graded vesting schedule on a straight-line basis over the service period for each separately vesting portion of the award as if the award was, in-substance, multiple awards.

The following table summarizes the significant terms of options outstanding at June 30, 2019:

Range of exercise prices	Number of options outstanding	Weighted average remaining contractual life (years)	Weighted average exercise price of outstanding options	number of options exercisable	Weighted average exercise price of exercisable options
$ 5.00 – 7.50	5,381,462	9.8	$ 5.06	260,545	5.04

Transactions involving options are summarized below:

	Number of Options	Weighted Average Exercise Price
Acquired on May 6, 2019	5,288,462	$ 5.00
Granted	93,000	$ 7.50
Options outstanding at June 30, 2019	5,381,462	$ 5.04

The intrinsic value of outstanding options is $34.2 million as of June 30, 2019.

Warrants

On May 6, 2019, the Company acquired 913,310 warrants with a weighted average exercise price of $3.70 with the acquisition of Better Choice Company. The Company also issued 5,744,991 warrants with an exercise price of $4.50 on May 6, 2019 as part of the PIPE. No warrants were exercised in the six months ending June 30, 2019.

	Number of Warrants	Weighted Average Exercise Price
Warrants Acquired on May 6, 2019	913,310	$ 3.70
Issued	5,744,991	$ 4.50
Exercised	-	-
Canceled / expired	-	-
Warrants outstanding at June 30, 2019	6,658,301	$ 4.39

The intrinsic value of outstanding warrants is $13.0 million as of June 30, 2019.

Note 13 - Related Party Transactions and Material Service Agreements

Related Party Transactions

Management Services

A related party provided management services during 2018. Payments related to this arrangement were immaterial for the three and six-month period ended June 30, 2018. No payments were made to the related party during 2019. Outstanding balances were immaterial amounts for the periods ending June 30, 2019 and December 31, 2018, respectively.

Marketing Services

A related party provides online traffic acquisition marketing services for the Company. The Company paid immaterial amounts for their services during the three and six months ended June 30, 2019, respectively. The Company did not use this related party's services in 2018. The service contract has a 30-day termination clause. Outstanding balances were $0.1 million and an immaterial amount for the periods ending June 30, 2019 and December 31, 2018, respectively.

Financial and Accounting Personnel

The Company entered into an agreement in December 2018 for assistance and support regarding its financial operation and capital raise efforts and can be terminated at any time by either party with a 60-day notice with an affiliate of the managing member. The agreement requires payments amounting to $21,160 every four weeks through December 2020. Payments related to this agreement amounted to $0.1 million and $0.2 million for the three and six-month period ended June 30, 2019, respectively.

The Company entered into an employment agreement in February 2019 with a previous executive for a term of six months. Payments related to this agreement amounted to $0.1 million and $0.2 million for the three and six-month period ended June 30, 2019.

Finder's Fee and Other Services

The Company paid a finders' fee of $0.3 million during the year ended December 31, 2018 to an entity owned by one of its members. Additionally, the Company paid approximately $0.4 million to this entity for other professional services rendered. No amounts have been paid in 2019.

Material Service Agreements Consummated with Third Parties:

Financial and Accounting Personnel

The Company entered into a new agreement in December 2018 for accounting management services for a fee of $8,370 to be paid every two weeks. Prior to this entering into this agreement, the same company was performing similar services in 2018 for $2,600 every two weeks.

Payments related to this agreement amounted to $0.1 million and an immaterial amount for the three-month period ended June 30, 2019 and 2018, respectively.

Payments related to this agreement amounted to $0.2 million and an immaterial amount for the six-month period ended June 30, 2019 and 2018, respectively.

Marketing Services

The Company entered into multiple agreements with marketing services with independent contractors during 2018 and 2019. Payments related to the marketing agreements amounted to $0.2 million and an immaterial amount for the three-month period ended June 30, 2019 and 2018, respectively.

Payments related to the marketing agreements amounted to $0.4 million and $0.2 million for the six-month period ended June 30, 2019 and 2018, respectively.

Placement and Selling Agent

In December 2018, the Company executed an agreement with a third party to assist the Company in identifying and negotiating with potential investors, assisting in due diligence, and other capital market functions for a term of six months. The agreement calls for a $0 base fee and a 5% commission on cash proceeds obtained in exchange for shares or equity interest in the Company. The commissions can be paid in cash or equity in the Company. This agreement has an initial six-month term and, thereafter, the Company at its option may elect to extend this agreement for one successive twelve-month term upon a sixty-day notice prior to the end of the initial term.

Payments related to this agreement amounted to $0.1 million for the year ended December 31, 2018 and was capitalized to related private placement as costs of issuance. On May 6, 2019, the Company expensed the issuance costs of $0.1 million. No other amounts were paid under this agreement in 2019.

On May 6, 2019, the Company issued the equivalent of 798,492 shares of its Common Stock to the Placement and Selling Agent. As a cost associated with the merger, this amount is presented as a loss on acquisition of $4.8 million.

Note 14 - Major Suppliers

The Company purchased approximately 83% and 72% of its inventories from one vendor for the six months ended June 30, 2019 and 2018, respectively. Additionally, the Company primarily utilized one vendor for outsourced manufacturing of meals for the six-month periods ended June 30, 2019 and the year ended June 30, 2018.

Note 15 - Concentration of Credit Risk

The Company's financial instruments that are exposed to concentrations of credit risk consist primarily of cash and cash equivalents and accounts receivables. The Company places its cash and cash equivalents with primarily one financial institution. At times, such amounts may be in excess of the FDIC insured limit. The Company has never experienced any losses related to these balances. As of June 30, 2019 and December 31, 2018 the Company had deposits in excess of the FDIC insured limits of $10.3 million and $3.4 million, respectively.

The Company routinely assesses the financial strength of its customers and, consequently, believes that its accounts receivable credit risk exposure is limited.

Note 16 - Net Loss per Share

Basic and diluted net loss per share attributable to Common Stockholders is presented using the treasury stock method. Under the treasury stock method, the amount the employee must pay for exercising stock options and the amount of compensation cost for future service that has not yet recognized are collectively assumed to be used to repurchase shares.

Basic and diluted net loss per share is calculated by dividing net loss attributable to Common Stockholders by the weighted-average shares outstanding during the period. For the six months ended June 30, 2019 and 2018, the Company's basic and diluted net loss per share attributable to Common Stockholders are the same, because the Company has generated a net loss to Common Stockholders and Common Stock equivalents are excluded from diluted net loss per share as they have an antidilutive impact.

The following table sets forth basic and diluted net loss per share attributable to Common Stockholders for the three and six months ended June 30, 2019 and 2018:

Dollars in thousands except per share amounts	Six Months Ended June 30		Three Months Ended June 30	
	2019	**2018**	**2019**	**2018**
Common Stockholders				
Numerator:				
Net loss	$ (164,286)	$ (2,400)	$ (161,506)	$ (745)
Less: Preferred Stock Dividends	(27)	-	(27)	-
Net loss attributable to Common Stockholders	$ (164,313)	$ (2,400)	$ (161,533)	$ (745)
Denominator:				
Weighted average shares used in computing net loss per share attributable to Common Stockholders, basic and diluted	21,202,188	11,497,128	30,638,048	11,497,128
Net loss per share attributable to Common Stockholders, basic and diluted	$ (7.75)	$ (0.21)	$ (5.27)	$ (0.06)

Note 17 - Going Concern

The Company has incurred significant losses over the last three years and has a significant accumulated deficit. These operating losses create an uncertainty about the Company's ability to continue as a going concern for a period of twelve months from the date these unaudited condensed consolidated financial statements are issued. Management has evaluated whether the unaudited condensed consolidated financial statements should be presented as a going concern which contemplates the realization of assets and the satisfaction of liabilities in the normal course of business.

The unaudited condensed consolidated financial statements have been prepared on a going concern basis. In making this assessment, management conducted a comprehensive review of the Company's affairs including, but not limited to:

- The Company's financial position at June 30, 2019 which includes $0.6 million of working capital;
- Significant events and transactions the Company has entered into, including and through the date the unaudited condensed consolidated financial statements were available to be issued;
- The loss from operations includes $4.2 million related to non-cash stock compensation;
- Sales and profitability forecasts for the Company for the next financial year;
- The continued support of the Company's members and lenders.
- The repayment of the line of credit with proceeds from a new $6.2 million loan. To address the future additional funding requirements members have undertaken the following initiatives:
    - To continue to monitor the Company's ongoing working capital requirements and minimum expenditure commitments;
    - Continue their focus on maintaining an appropriate level of corporate overhead in line with the Company's available cash resources.

Management is confident that it will be able to meet its minimum expenditure commitments and support its planned level of overhead expenditures. There can be no assurance however that the Company will be able to raise additional capital when needed, or at terms deemed acceptable, if at all. The accompanying unaudited condensed consolidated financial statements do not include any adjustments related to the recoverability and classification of asset amounts or the classification of liabilities that might be necessary should the Company be unable to continue as a going concern.

Note 18 - Subsequent Events

Management has evaluated subsequent events through the date on which the unaudited condensed consolidated financial statements were issued.

On June 28, 2019, the Company granted 500,000 options to Andreas Schulmeyer, the Company's Chief Financial Officer, subject to commencement of employment on July 29, 2019. The options have an exercise price of $6.35 and vest over a two-year period beginning with commencement of employment.

On July 23, 2019, the Audit Committee of the Board of Directors of the Company appointed Ernst & Young LLP as the Company's independent registered public accounting firm for fiscal periods on or after January 1, 2019.

On July 29, 2019, Mr. Schulmeyer received a grant of 6,042 common shares as a consulting fee pursuant to his employment agreement dated June 28, 2019.

On August 14, 2019, the Company granted 30,000 options to an employee of the Company. The options have an exercise price of $4.00 and vest over a three-year period.

On August 28, 2019, the Company entered into a radio advertising agreement with iHeartMedia + Entertainment, Inc. The Company issued 1,000,000 common shares which shall be entirely paid for by iHeartMedia in the form of a commitment from iHeartMedia to provide to Company advertising media inventory having an aggregate value of $5,000,000. Company has committed to using $2,500,000 of the media inventory by August 28, 2020 with the remainder of the inventory available through August 28, 2021

On August 30, 2019, the Company granted 100,000 stock options to Mr. Schulmeyer. These options have an exercise price of $3.90 and vest over a two-year period.

On September 6, 2019, the Audit Committee notified RBSM LLP of the Audit Committee's approval to dismiss RBSM as the Company's independent registered public accounting firm upon filing of this Quarterly Report.

On September 9, 2019, the Company granted 30,000 options to an employee of the Company. The options have an exercise price of $3.70 and vest over a three-year period.

On September 13, 2019, Lori R. Taylor notified the Company of her decision to resign as Co-Chief Executive Officer of the Company effective as of September 13, 2019. The Company also entered into a separation agreement with Ms. Taylor, in connection with her resignation as an officer of the Company, effective as of the date thereof. Pursuant to the separation agreement all outstanding stock option awards will become fully vested on November 12, 2019, subject to Ms. Taylor's continued cooperation with the Company through such date and subject to the effectiveness and irrevocability of the release of claims. Ms. Taylor will continue to serve as a member of the board of directors of the Company.

On September 17, 2019, the Company entered into a 5-year consulting agreement with Bruce Linton. As compensation for the services rendered, the Company has issued 2,500,000 share purchase warrants to acquire one share each of Company Common Stock with an exercise price of $0.10. An additional 1,500,000 share purchase warrants to acquire one share each of Company Common Stock with an exercise price of $10.00.

The Warrants will vest as follows: (i) 50% (or 1,250,000) of the Warrants (the "Tranche 1 Warrants"), will vest and be exercisable upon the earlier of (Y) September 17, 2020 or (Z) immediately prior to a Change in Control (as such term is defined under the Company's 2019 Incentive Award Plan) (a "Change in Control") and (ii) the remaining 50% (or 1,250,000) of the Warrants (the "Tranche 2 Warrants") will vest and be exercisable upon the earlier of (Y) March 17, 2021 or (Z) immediately prior to a Change in Control, in each case, subject to Mr. Linton's continued service to the Company through the applicable vesting date or Change in Control. The Warrants have a term expiring on September 17, 2029 (the "Expiry Date") and will be subject to such other terms and conditions as may be determined by the Board.

The Additional Warrants will be exercisable on the earlier of (Y) March 17, 2021 or (Z) immediately prior to a Change in Control, in each case, subject to Mr. Linton's continued service to the Company through the applicable date. The Additional Warrants have a term expiring on the Expiry Date and will be subject to such other terms and conditions as may be determined by the Board.

If Mr. Linton should cease to be engaged by the Company for any reason, other than as a result of a termination by reason of Just Cause (as such term is defined in the Independent Contractor Agreement) or as a result of Mr. Linton's resignation as an independent contractor of the Company, the Incentive Warrants which have not then vested will immediately prior to the date Mr. Linton ceases to be engaged with the Company be deemed to become vested and such Incentive Warrants will remain exercisable until the Expiry Date.

During the month of September 2019 several warrant holders converted 1,144,999 warrants to 1,259,498 Common Stock shares. The Company received $4.0 million in return for the common shares issued.

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

Overview and Outlook

Better Choice Company is a holistic pet wellness company providing high quality raw Cannabidiol ("CBD") infused and non-CBD infused food, treats, and supplements in addition to dental care products and accessories for pets and their human parents. Our products are formulated and manufactured using only high-quality ingredients manufactured, tested and packaged to our specifications.

On February 2, 2019 and February 29, 2019, respectively, Better Choice Company entered into definitive agreements to acquire through stock exchange agreements, approximately 93% of the outstanding limited liability company interest of TruPet LLC and all of the outstanding shares of Bona Vida, Inc., an emerging hemp-based CBD platform focused on developing a portfolio of brand and product verticals within the animal health and wellness space. On May 6, 2019, Better Choice Company consummated the stock exchange transactions whereby TruPet LLC and Bona Vida, Inc. became wholly owned subsidiaries of Better Choice Company. For accounting and financial reporting purposes, the transaction has been treated as a reverse acquisition whereby TruPet is considered the acquiror of Better Choice Company. Thus, the historical financial information of the registrant is that of TruPet even though the legal registrant remains Better Choice Company.

TruPet was founded in 2013 and has a track record of increasing its sales and customer base since that time. TruPet has contributed to and has benefited from the positive trend toward feeding pets a healthy, natural diet. We pride ourselves on our customer service and ability to communicate and educate our customers. During 2017 and 2018, we increased marketing investments to acquire new customers while also maintaining our relationship with our current customers. During 2017, we launched the TruDog Love Club ("TLC"), a loyalty program that provides our customers with unique benefits including discounted prices, subscription shipments of replenishable products, free or reduced shipping, and other benefits not available to non-TLC members. The program has expanded and now has two tiers of loyalty club members. Tier 1 awards customers with six points per dollar spent and tier 2, TLC, awards customers with twelve points per dollar spent and provides opportunities to earn points at a higher rate. The number of loyalty members has grown to approximately 28,000 club members since its inception. Approximately 81% of DTC sales during the six-month period ending June 30, 2019 were from returning customers including TLC club members.

In order to obtain customers, we invest in advertising on social media sites and offer products to first time buyers at significant discounts. Our goal is to blend different acquisition channels as efficiently as possible in our advertising so that we obtain the most customers for the least amount of spend while maintaining our target growth rates. We are currently evaluating various long-term metrics for customer acquisition to determine the optimum mix of customer acquisition spend.

During 2018, we experienced two separate recalls of our products as a result of the detection of salmonella. Since that time, we and our third-party manufacturing partners have increased testing of each product batch to avoid any additional recalls. While we do not believe we lost customers because of the recalls, we did incur additional shipping and customer service expenses to alleviate and avoid additional backlogs in product shipments caused by the recalls. We allowed products to be shipped from the manufacturing plants to the warehouse using truckloads not at full capacity, or LTL, which is more expensive than limiting our shipments to full-capacity truckloads. We also shipped customer orders in several shipments, rather than waiting to fulfill entire orders as certain products were backlogged due to the recall. To address the additional strain on our customer service function, we also expanded the number and hours of our customer service representatives to help guide our customers through the recall process, resulting in an increase to our customer service costs.

Fiscal Year End

On May 21, 2019, the Board of Directors of the Company approved a change fiscal year from August 31 to December 31 to align with TruPet's fiscal year end. The fiscal year change for the Company is effective with our 2019 fiscal year, which begins January 1, 2019 and ends December 31, 2019.

Management's Discussion and Analysis

Components of Our Results of Operations

Net Sales

We sell non-CBD and CBD infused product for pets, including private branded freeze dried and dehydrated raw foods, supplements, dental care products for dogs, and treats and accessories for dogs, cats, and pet parents. We sell our products through our online portal directly to our consumers and through online retailers and pet specialty retail stores. Our products are sold under the TruDog, RawGo, TruCat, OraPup and Bona Vida brands.

Net sales include revenue derived from the sale of our products and related shipping fees offset by promotional discounts, refunds and loyalty points earned. We offer a variety of promotions and incentives to our customers including daily discounts, multi-bag purchase discounts and coupon codes for initial purchases. Historically, our net sales have been driven by our distribution of our products through our direct to consumer channel. However, sales through the retail channel have become a more important component of our growth in net sales and gross profit.

Key factors that affect our future sales growth include: our new product introduction in both the non-CBD and CBD markets, our expansion into retail and other specialty channels, entry into the market of competitors in the CBD industry and international expansion. We recognize revenue to depict the transfer of promised goods to the customer in an amount that reflects the consideration to which the Company expects to be entitled in exchange for those goods. Revenue is recognized upon receipt of product by our DTC customers and at the time of shipment for our retail and consignment customers. We record a revenue reserve based on past return rates to account for customer returns.

Cost of Goods Sold and Gross Profit

Our products are manufactured to our specifications by contracted manufacturing plants. We design our packaging in-house for manufacture by third parties. Packaging is shipped directly to contracted manufacturing plants. We directly source the hemp derived CBD oils used in our products from select suppliers to ensure product quality and traceability of the ingredient. CBD oils are shipped to our warehouse and forwarded to our contracted manufacturing partners as needed for production. Our contract manufacturers procure the raw food ingredients, manufacture, test and package our products. Cost of goods sold consists primarily of the cost of product obtained from the contract manufacturing plants, packaging materials and CBD oils directly sourced by the Company, and freight for shipping product from our contract manufacturing plants to our warehouse. We review inventory on hand periodically to identify damages, slow moving inventory, and/or aged inventory. Based on the analysis, we record inventories on the lower of cost and net realizable value, with any reduction in value expensed as cost of goods sold.

We calculate gross profit as net sales, including any shipping revenue collected from our customers, less cost of goods sold. Our gross profit has been and, we expect, will continue to be affected by a variety of factors, primarily product sales mix, volumes sold, discounts offered to our club members, discounts offered to newly acquired and recurring customers, the cost of our manufactured products, and the cost of freight from the manufacturer to our warehouse. Changes in cost of goods sold and gross profit may be driven by the volume and price of our sales, including the extent of discounts offered, variations in the cost of CBD and the price we pay for our manufactured products and variations in our freight costs.

Operating Expenses

Sales and marketing expenses include costs related to customer service and warehousing, merchant credit card fees, compensation for sales personnel, shipping costs, other costs related to the selling platform, as well as marketing, including paid media and content creation expenses. Customer service and warehousing costs include the cost of our customer service department, including our in-house call center, and costs associated with warehouse operations, including but not limited to payroll, rent, and warehouse management systems. Marketing expenses consist primarily of Facebook and other media ads, other advertising and marketing costs, all geared towards acquiring new customers and building brand awareness. We expect selling expenses to continue to grow as we actively acquire new online customers and begin to build our wholesales channel.

General and administrative expenses include management and office personnel compensation and bonuses, stock compensation, corporate level information technology related costs, rent, travel, professional service fees, insurance, product development costs and general corporate expenses. We expect general and administrative expenses to continue to increase in absolute dollars as we expand our commercial infrastructure to both drive and support our planned growth in revenue and support the additional costs associated with being a public company.

Research and Development

We do not invest in non-CBD pet food research, but we do continually review sales of our existing products as well as those of non-CBD competitors to identify possible product extensions. We acquired two CBD related research agreements as part of the acquisition of Bona Vida Inc. We will invest resources into the effectiveness of CBD infused canine pet food to determine if specific strains of CBD are more effective than others in addressing canine health issues. We are also conducting trials with existing products to determine optimal product formulations. During the periods ended June 30, 2019 and June 30, 2018, we did not record research and development expenses. We expect to incur research and development expenses during the remainder of 2019 and in future periods.

Interest Expense

Interest expense originates from debt incurred under a under a revolving credit agreement entered into in May 2019, and under our note payable to a prior TruPet LLC member, corporate credit cards, and our line of credit agreement and other debt in place prior to the acquisitions.

Income Taxes

Our income tax provision consists of an estimate of federal and state income taxes based on enacted federal and state tax rates, as adjusted for allowable credits, deductions and uncertain tax positions. During the periods ended June 30, 2019 and June 30, 2018, we did not record income tax expense because TruPet was a limited liability company. Subsequent to the consummation of the acquisitions, the Company, as a corporation, is required to provide for income taxes.

Results of Operations

Three and Six Months Ended June 30, 2019 Compared to Three and Six Months Ended June 30, 2018

	Six Months Ended			Three Months Ended		
Dollars in thousands	**2019**	**2018**	**% Change**	**2019**	**2018**	**% Change**
Net Sales	$ 7,635	$ 7,064	8%	$ 4,084	$ 3,818	7%
Cost of Goods Sold	4,082	3,329	23%	2,420	1,384	75%
Gross Profit	3,553	3,735	-5%	1,663	2,433	-32%
General & Administrative	6,004	1,351	344%	4,571	665	587%
Share-Based Compensation	4,212	0	-	4,006	0	-
Sales & Marketing	5,597	2,819	99%	3,412	1,512	126%
Other Operating	1,721	1,899	-9%	936	958	-2%
Loss from operations	$ (13,981)	$ (2,334)	499%	$ (11,263)	$ (702)	1,505%

Net Sales

Net sales increased $0.6 million, or 8%, to $7.6 million for the six months ended June 30, 2019 compared to $7.1 million for the six months ended June 30, 2018.

Net sales increased $0.3 million, or 7%, to $4.1 million for the three months ended June 30, 2019 compared to $3.8 million for the three months ended June 30, 2018.

Net sales increased in the six months ended June 30, 2019 as compared to the six months ended June 30, 2018 as a result of increased media and acquisition spend and a shift to higher unit priced products. Our TruDog brand shifted away from dental products during the first half of 2019 towards consumable food and topper sales. Dental products were effective for initial customer acquisition but return and retention rates were relatively low. Although food and topper products are not as effective in initial customer conversion as the dental products, topper products yield a better lifetime value as retention and repeat rates are higher. In the three months ended June 30, 2019, we saw a further increase in our acquisition and conversion rates as a result of increased media spend on Facebook and Google. A decline in sales through our online retailers Amazon and Chewy.com was the result of lower Amazon promotion spends and Chewy.com's customers buying directly from us. We expect to see sales to these online retailers to grow in the second half of 2019 as we rebalance our sales efforts between DTC and online retail partners.

The increase in net sales in the three months ended June 30, 2019 as compared to the three months ended June 30, 2018 as a result of higher media spend on acquiring new customers as well as a higher retention rates of customers we previously acquired. We continue to see high retention rates of returning customers either through our subscription offers or from repeat purchases. We expect the share of returning sales to continue to grow as we focus our acquisition spend on high value, repeat buyers. Online retail partners sales dropped slightly as we continued to focus on driving traffic to our own sites.

Cost of Goods Sold and Gross Profit

Cost of goods sold increased $0.8 million, or 23%, to $4.1 million for the six months ended June 30, 2019 compared to $3.3 million for the six months ended June 30, 2018. As a percentage of revenue, cost of goods sold increased to 53% during the six months ended June 30, 2019 compared to 47% during the six months ended June 30, 2018. The increase in cost of goods sold was primarily due to a mix shift to food and topper products, which have higher costs and lower gross margin than dental products. We continue to negotiate for improved conversion costs from our manufacturing partners and expect to see further cost reductions as we rationalize the product offering and gain scale in the remaining products. The cost of hemp derived CBD oils has declined in the market, thus, reducing our ingredient costs. In the six-month period ended on June 30, 2018, the inventory reserve taken was $0.2 million for slow moving and discontinued items.

Cost of goods sold increased $1.0 million, or 75%, to $2.4 million for the three months ended June 30, 2019 compared to $1.4 million for the three months ended June 30, 2018. As a percentage of revenue, cost of goods sold increased to 59% during the three months ended June 30, 2019 compared to 36% during the three months ended June 30, 2018. During the three-months ended on June 30, 2019, we continued to discount discontinued items to clear out the inventory to focus on our top selling products. The inventory review at the end of the three-month period ended on June 30, 2019 led to an inventory reserve charge of $0.2 million for the three months ended June 30, 2019 as compared to a reserve of $0.1 million for the three months ended June 30, 2018.

During the six months ended June 30, 2019, gross profit decreased $0.2 million, or 5%, to $3.6 million compared to $3.7 million during the six months ended June 30, 2018. Gross profit margin decreased to 47% from 53% for the six months ended June 30, 2019 compared to the six months ended June 30, 2018. The ongoing shift into food and topper products from the dental products sold in 2018 and discounting of discontinued products also reduced the gross margin for the six month period ended June 30, 2019.

During the three months ended June 30, 2019, gross profit decreased $0.8 million, or 32%, to $1.7 million compared to $2.4 million for the three months ended June 30, 2018. Gross profit margin decreased to 41% from 64% for the three months ended June 30, 2019 compared to the three months ended June 30, 2018. The decrease was primarily due to the inventory reserve taken during the reporting period. The ongoing shift into food and topper products from the dental products and discounting of discontinued products also reduced the gross margin for the three months ended June 30, 2019.

Operating Expenses

During the six months ended June 30, 2019, general and administrative expenses increased approximately $4.7 million, or 345% to $6.0 million compared to $1.4 million in the six months ended June 30, 2018.

During the three months ended June 30, 2019, general and administrative expenses increased approximately $3.9 million, or 587%, to $4.6 million compared to $0.7 million in the three months ended June 30, 2018. The increase resulted from the expansion of our corporate staff and the incurrence of professional fees post-acquisitions as we began building the infrastructure to support our status as a public company. The increase resulted from the expansion of our corporate staff and the incurrence of professional fees post-acquisition as we began building the infrastructure to support our status as a public company.

During the six months ended June 30, 2019, we incurred share-based compensation of $4.2 million, as compared to share based compensation of an immaterial amount during the six months ended in June 30, 2018.

During the three months ended June 30, 2019, we incurred share-based compensation of $4.0 million, as compared to share based compensation of an immaterial amount during the three months ended in June 30, 2018. The increase in equity-based compensation was driven by awards issued related to the acquisitions on May 6, 2019. The increase in equity-based compensation was driven by awards issued related to the acquisitions on May 6, 2019.

During the six months ended June 30, 2019, sales and marketing expenses, including paid media, increased approximately $2.8 million, or 99%, to $5.6 million from $2.8 million during the six months ended in June 30, 2018 as a result of increased new customer acquisition efforts. TruPet traditionally invested in Facebook advertisement to drive traffic to the site. We increased spending on Facebook and Google, and began to invest additional spend in other media outlets to build brand awareness.

During the three months ended June 30, 2019, sales and marketing expenses, including paid media, increased approximately $1.9 million, or 126%, to $3.4 million from $1.5 million during the three months ended in June 30, 2018 primarily due to a shift in media spending towards Facebook and Google advertisements as well as retargeting lapsed customers.

During the six months ended June 30, 2019, other operating costs including customer service and warehousing costs decreased $0.2 million, or 9%, to $1.7 million compared to $1.9 million for the six months ended June 30, 2018. We rationalized the operations in our warehouse at the end of 2018, reducing the staff and operating costs. We saw higher than normal shipping costs during the six months ended June 30, 2018 due to the product recall. During this period, we shipped partial orders and replacement product, increasing our shipping expenses. During the six months ended June 30, 2019, we began renovating a new facility in Tampa, Florida to house our warehouse, fulfillment and administrative departments. Rent and associated utilities for this period are reflecting both the rent for the new facility as well as the existing facility that houses these departments.

During the three months ended June 30, 2019, other operating costs including customer service and warehousing costs decreased by an immaterial amount, or 2%, to $0.1 million compared to $0.1 million for the three months ended June 30, 2018. We rationalized the operations in our warehouse at the end of 2018, reducing staff and operating costs. In addition, we continue to reduce our unit shipping costs as we gain scale and shipping efficiency. During the three months ended June 30, 2019, we began renovating a new facility in Tampa, Florida to house our warehouse, fulfillment and administrative departments. Rent and associated utilities for this period are reflecting both the rent for the new facility as well as the existing facility.

Research and Development

During the six months ended June 30, 2019 and 2018, there were no research and development expenses incurred. We acquired two CBD related research contracts from Bona Vida on May 6, 2019. We expect to incur expenses in the third and fourth quarters of 2019 for these contracts as our research efforts continue.

Interest Expense, Net

During the six months ended June 30, 2019, interest expense remained fairly constant at approximately $0.1 million compared to the six months ended June 30, 2018. Interest expense increased primarily due to increased debt incurred under a note payable to a director, offset by the refinancing of the Company's line of credit agreement of $4.6 million and the note payable to the director of $1.6 million into a $6.2 million line of credit on May 6, 2019 at a lower interest rate. The increased debt was necessary to finance working capital for the business.

During the three months ended June 30, 2019, interest expense changed immaterially compared to the six months ended June 30, 2018.

Income Taxes

No provision has been made for federal and state income taxes prior to the date of the acquisitions since the proportionate share of TruPet's income or loss was included in the personal tax returns of its members because TruPet was a limited liability company. Subsequent to the acquisitions, the Company, as a corporation is required to provide for income taxes.

The effective tax rate subsequent to the acquisitions 0%. The effective tax rate differs from the U.S. Federal statutory rate of 21% primarily because our previously reported losses have been offset by a valuation allowance due to uncertainty as to the realization of those losses.

Loss from Acquisition

Note 2 in Notes to the Unaudited Condensed Consolidated Financial Statements details the impact of the transaction on May 6, 2019.

Liquidity and Capital Resources

Since our founding, we have financed our operations primarily through sales of member units as a limited liability company, sales of shares of Common Stock and warrants, as a corporation, preferred stock and cash flows generated by operations. At June 30, 2019, we had cash and cash equivalents of $11.2 million(including restricted cash of $6.2 million) which represented an increase of $7.3 million from December 31, 2018.

The Company has incurred significant losses over the last three years and has a significant accumulated deficit. These operating losses create an uncertainty about the Company's ability to continue as a going concern for a period of twelve months from the date of our unaudited condensed consolidated financial statements.

Management conducted a comprehensive review of the Company's affairs including, but not limited to:

- The Company's financial position at June 30, 2019 which includes $0.6 million of working capital;
- Significant events and transactions the Company has entered into, including and through the date the financial statements were available to be issued;
- The loss from operations which includes $4.2 million related to non-cash stock compensation;
- Sales and profitability forecasts for the Company for the next fiscal year;
- The continued support of the Company's major stockholders and lenders; and
- The repayment of the line of credit with proceeds from a new $6.2 million loan.

To address the future additional funding requirements management has undertaken the following initiatives:

- To continue to monitor the Company's ongoing working capital requirements and minimum expenditure commitments;
- Continue their focus on maintaining an appropriate level of corporate overhead in line with the Company's available cash resources.

Management is confident that it will be able to meet its minimum expenditure commitments and support its planned level of overhead expenditures. There can be no assurance however that the Company will be able to raise additional capital when needed, or at terms deemed acceptable, if at all. The accompanying unaudited condensed consolidated financial statements do not include any adjustments related to the recoverability and classification of asset amounts or the classification of liabilities that might be necessary should the Company be unable to continue as a going concern.

The following table presents a summary of our cash flow for the six-month periods ended:

Dollars in thousands	**June 30, 2019**	**June 30, 2018**
Cash flows provided by (used in):		
Operating activities	$ (8,481)	$ (2,026)
Investing activities	1,870	(31)
Financing activities	13,927	(2,031)
Net increase (decrease) in cash, cash equivalents and restricted cash	$ 7,316	$ (44)

Cash flows from Operating Activities

Cash provided by (used in) operating activities consisted of net loss adjusted for non-cash items, including the loss on acquisition, stock-based compensation expense, change fair value of in derivative liability, depreciation and amortization, changes in working capital and other activities

Cash used in operating activities increased $6.5 million, or 319%, during the six months ended June 30, 2019 compared to the six months ended June 30, 2018. Cash used in operating activities was $8.5 million for the six months ended June 30, 2019, which consisted of the net loss of $164.3 million, offset by $150.0 million from the loss from the acquisitions, $4.2 million in stock-based compensation expense and a combined $1.4 million of net cash generated via changes in operating assets and current liabilities. Cash used in operating activities was $2.0 million for the six months ended June 30, 2018, which consisted of net loss of $2.4 million, offset by a combined $0.4 million net cash generated via changes in operating assets and current liabilities.

The decrease in working capital (deficit) during the six months ended June 30, 2019 was primarily due to an increase of accrued liabilities of $1.6 million offset by an increase in prepaid expenses of $0.5 million.

The decrease in working capital (deficit) during the six months ended June 30, 2018 was primarily due to an increase in accounts payable of $0.5 million offset by an increase in inventories of $0.3 million

Cash flows from Investing Activities

Cash from investing activities increased by $1.9 million during the six months ended June 30, 2019 by an immaterial amount during the six months ended June 30, 2018. The change in cash from investing activities is the result of $2.0 million cash acquired in the acquisitions offset by an increase in security deposits paid.

Cash flows from Financing Activities

Cash from financing activities increased by $11.9 million, to $13.9 million, during the six months ended June 30, 2019 from $2.0 million during the six months ended June 30, 2018. The primary drivers of the overall cash from financing activities were proceeds from a private placement of $15.7 million offset by payments to eliminate the balance due under the Business Cash Advance Agreement of $1.9 million. The Company refinanced debt acquired in the merger of $6.2 million with the proceeds from the issuance of new debt of $6.2 million.

Off-Balance Sheet Arrangements

We do not have any off-balance sheet arrangements, as defined by applicable regulations of the SEC, that are reasonably likely to have a current or future material effect on our financial condition, results of operations, liquidity, capital expenditures or capital resources.

Critical Accounting Policies

Our financial statements and accompanying notes have been prepared in accordance with United States generally accepted accounting principles applied on a consistent basis. The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting periods. We regularly evaluate the accounting policies and estimates that we use to prepare our financial statements. A complete summary of these policies is included in the notes to our financial statements. In general, management's estimates are based on historical experience, on information from third party professionals, and on various other assumptions that are believed to be reasonable under the facts and circumstances. Actual results could differ from those estimates made by management.

Significant Accounting Policies

Our discussion and analysis of our results of operations and liquidity and capital resources are based on our financial statements, which have been prepared in accordance with accounting principles generally accepted in the United States. The preparation of these financial statements requires us to make estimates and judgments that affect the reported amounts of assets, liabilities, revenues and expenses, and disclosure of contingent assets and liabilities. On an ongoing basis, we evaluate our estimates and judgments, including those related to basis of presentation, use of estimates, cash and cash equivalents, inventory, revenue recognition, income taxes, fair value of financial instruments, fair value measurements, derivative financial instruments, basic and diluted loss per share, related parties, discontinued operations, and investments (see Note 1 to the Company's unaudited condensed consolidated financial statements). We base our estimates on historical and anticipated results and trends and on various other assumptions that we believe are reasonable under the circumstances, including assumptions as to future events. These estimates form the basis for making judgments about the carrying values of assets and liabilities that are not readily apparent from other sources. By their nature, estimates are subject to an inherent degree of uncertainty. Actual results that differ from our estimates could have a significant adverse effect on our operating results and financial position. We believe that the significant accounting policies and assumptions as detailed in Note 1 to the financial statements contained herein may involve a higher degree of judgment and complexity than others.

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

The Company is a smaller reporting company as defined by Rule 12b-2 of the Exchange Act and is not required to provide the information under this Item.

ITEM 4. CONTROLS AND PROCEDURES

Management previously disclosed material weaknesses in its internal control over financial reporting in its This Transition Report on Form 10-KT for the transition period from September 1, 2018 to December 31, 2018. These material weaknesses related to (1) our development and effective communicated to our employees and consultants our accounting policies and procedures that resulted in inconsistent practices and (2) the small size of the Company's accounting staff, which resulted in a lack of segregation of duties and insufficient review procedures. We have begun to build our in-house finance team by hiring a Chief Financial Officer. Under the new leadership, we will review, revise and amend the internal processes to develop effective controls.

Evaluation of Disclosure Controls and Procedures

Disclosure controls and procedures as defined in Rules 13a-15(e) and 15d-15(e) under the Exchange Act are controls and other procedures that are designed to ensure that information required to be disclosed in our reports filed or submitted under the Exchange Act is recorded, processed, summarized and reported, within the time periods specified in the Securities and Exchange Commission's rules and forms. Disclosure controls and procedures include, without limitation, controls and procedures designed to ensure that information required to be disclosed in our reports filed or submitted under the Exchange Act is accumulated and communicated to management, including our principal executive and principal financial officers, or persons performing similar functions, as appropriate to allow timely decisions regarding required disclosure. Any controls and procedures, no matter how well designed and operated, can provide only reasonable assurance of achieving the desired control objectives.

Our management, with the participation of our chief executive officer (our principal executive officer) and our chief financial officer (our principal financial officer) evaluated the effectiveness of our disclosure controls and procedures as of the end of the period covered by this Quarterly Report on Form 10-Q. Based upon that evaluation, our principal executive officer and principal financial officer concluded that, as of June 30, 2019, our disclosure controls and procedures were not effective. The conclusion that our disclosure controls and procedures were not effective was due to the presence of material weaknesses in internal control over financial reporting described above. Management anticipates that such disclosure controls and procedures will not be effective until the material weaknesses are remediated.

Changes in Internal Control Over Financial Reporting

Except as described above, there were no changes in our internal control over financial reporting during the period covered by this report that has materially affected, or is reasonably likely to materially affect our internal control over financial reporting.

PART II. OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS

From time to time, we may become involved in various lawsuits and legal proceedings, which arise in the ordinary course of business. However, litigation is subject to inherent uncertainties, and an adverse result in these or other matters may arise from time to time that may harm our business. We are currently not aware of any such legal proceedings or claims that we believe will have a material adverse effect on our business, financial condition or operating results.

ITEM 1A. RISK FACTORS

The Company qualifies as a "smaller reporting company" as defined by Rule 12b-2 of the Exchange Act and is not required to provide information under this Item.

ITEM 2. UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS

We have previously disclosed all sales of securities without registration under the Securities Act of 1933, as amended.

ITEM 3. DEFAULTS UPON SENIOR SECURITIES

None.

ITEM 4. MINE SAFETY DISCLOSURES

Not applicable.

ITEM 5. OTHER INFORMATION

None.

ITEM 6. EXHIBITS

Listed and indexed below are all Exhibits filed as part of this Quarterly Report.

Exhibit Number	Description	Form	File No.	Exhibit	Filing Date	Filed/Furnished Herewith
2.1	Agreement and Plan of Merger, dated February 28, 2019, by and among the Better Choice Company Inc., BBC Merger Sub, Inc. and Bona Vida, Inc.	8-K	333-161943	2.1	5/10/2019	
2.2	First Amendment to Agreement and Plan of Merger, dated February 28, 2019, by and among the Better Choice Company Inc., BBC Merger Sub, Inc., and Bona Vida, Inc., dated May 3, 2019.	8-K	333-161943	2.1	5/10/2019	
2.3	Securities Exchange Agreement, dated February 2, 2019, by and among Better Choice Company Inc., TruPet LLC and the members of TruPet LLC.	8-K	333-161943	2.3	5/10/2019	
2.4	First Amendment to Securities Exchange Agreement, dated February 2, 2019, by and among Better Choice Company Inc., TruPet LLC and the members of TruPet LLC, dated May 6, 2019.	8-K	333-161943	2.4	5/10/2019	

Exhibit Number	Description	Form	File No.	Exhibit	Filing Date	Filed/Furnished Herewith
3.1	Certificate of Incorporation.	10-Q	333-161943	3.1	4/15/2019	
3.2	Bylaws.	10-Q	333-161943	3.5	4/15/2019	
3.3	Certificate of Amendment to Certificate of Incorporation.	10-Q	333-161943	3.2	7/14/2017	
3.4	Certificate of Amendment to Certificate of Incorporation.	8-K	333-161943	3.2	3/22/2018	
3.5	Certificate of Amendment to Certificate of Incorporation.	10-KT	333-161943	3.5	7/24/2019	
4.1	Form of Registration Rights Agreement dated May 6, 2019, by and among Better Choice Company Inc. and the former stockholders of Bona Vida listed on the signature pages thereto.	8-K	333-161943	4.1	5/10/2019	
4.2	Form of Registration Rights Agreement dated May 6, 2019, by and among Better Choice Company Inc. and the former member of TruPet listed on the signature pages thereto.	8-K	333-161943	4.2	5/10/2019	
4.3	Form of First Amendment to Registration Rights Agreement, dated June 10, 2019, by and among the Company and the stockholders party thereto	8-K	333-161943	10.1	6/13/2019	
4.4	Tranche 1 Warrant, dated September 17, 2019, by and between Better Choice Company Inc. and Bruce Linton	8-K	333-161943	4.1	9/23/2019	
4.5	Tranche 2 Warrant, dated September 17, 2019, by and between Better Choice Company Inc. and Bruce Linton	8-K	333-161943	4.2	9/23/2019	
4.6	Additional Warrant, dated September 17, 2019, by and between Better Choice Company Inc. and Bruce Linton	8-K	333-161943	4.3	9/23/2019	
10.1	Form of Subscription Agreements dated April 25, 2019, between Better Choice Company Inc. and the purchaser named in the signature pages thereto.	8-K	333-161943	10.1	4/30/2019	
10.2	Loan Agreement dated May 6, 2019, between Better Choice Company Inc. and Franklin Synergy Bank.	8-K	333-161943	10.1	5/10/2019	
10.3	Security Agreement dated May 6, 2019, between Better Choice Company Inc. and Franklin Synergy Bank.	8-K	333-161943	10.2	5/10/2019	
10.4	Form of Revolving Line of Credit Promissory Note.	8-K	333-161943	10.3	5/10/2019	
10.5	Independent Contractor Agreement, dated September 17, 2019, by and between Better Choice Company Inc. and Bruce Linton	8-K	333-161943	10.1	9/23/2019	

Exhibit Number	Description	Form	File No.	Exhibit	Filing Date	Filed/Furnished Herewith
10.6	Employment Agreement, dated as of May 6, 2019, by and between Better Choice Company Inc. and Damian Dalla-Longa.					*
10.7	Employment Agreement, dated as of May 6, 2019, by and between Better Choice Company Inc. and Lori Taylor.					*
31.1	Certification of Principal Executive Officer Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.					*
31.2	Certification of Principal Financial Officer Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.					*
32.1	Certification of Principal Executive Officer Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.					*
32.2	Certification of Principal Financial Officer Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.					*
101.INS	XBRL Instance Document					*
101.SCH	XBRL Taxonomy Extension Schema Document					*
101.CAL	XBRL Taxonomy Extension Calculation Linkbase Document					*
101.DEF	XBRL Taxonomy Extension Definition Linkbase Document					*
101.LAB	XBRL Taxonomy Extension Label Linkbase Document					*
101.PRE	XBRL Taxonomy Extension Presentation Linkbase Document					*

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

BETTER CHOICE COMPANY INC.

Date: October 9, 2019

By: /s/ Damian Dalla-Longa
Damian Dalla-Longa
Chief Executive Officer

Date: October 9, 2019

By: /s/ Andreas Schulmeyer
Andreas Schulmeyer
Chief Financial Officer

Exhibit 10.6

EMPLOYMENT AGREEMENT

THIS EMPLOYMENT AGREEMENT (this "Agreement") is entered into as of May 6, 2019 (the "Effective Date") by and between Damian Dalla-Longa (the "Executive") and Better Choice Company, Inc. (together with any of its subsidiaries and affiliates as may employ the Executive from time to time, the "Company").

WHEREAS, the Company desires to employ the Executive upon the terms and conditions set forth herein;

WHEREAS, the Executive desires to be employed by the Company upon the terms and conditions set forth herein.

NOW, THEREFORE, in consideration of the foregoing premises and certain other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties agree as follows:

1. Representations and Warranties. The Executive hereby represents and warrants to the Company that the Executive (i) is not subject to any non-solicitation or non-competition agreement affecting the Executive's employment with the Company, (ii) is not subject to any confidentiality or nonuse/nondisclosure agreement affecting the Executive's employment with the Company, and (iii) will bring to the Company no trade secrets, confidential business information, documents, or other personal property of a prior employer.

2. Term of Employment.

(a) Term. The Company hereby employs the Executive, and the Executive hereby accepts employment with the Company, for a period of 2 years commencing as of the Effective Date (such period, as it may be extended or renewed, the "Term"), unless sooner terminated in accordance with the provisions of Section 6. The Term shall be automatically renewed for successive 2 year terms unless notice of non-renewal is given by either party at least 30 days before the end of the Term.

(b) Continuing Effect. Notwithstanding any termination of this Agreement, at the end of the Term or otherwise, the provisions of Sections 6(e), 7, 8, 9, 10, 12 15, 16, 18, and 21 shall remain in full force and effect and the provisions of Section 9 shall be binding upon the legal representatives, successors and assigns of the Executive.

3. Duties.

(a) General Duties. The Executive shall serve as the Co-Chief Executive Officer and Board Director of the Company, with customary responsibilities, duties and authority as may from time to time be assigned to the Executive by the Company's Board of Directors (the "Board"), which responsibilities and duties may include services for subsidiaries and affiliates of the Company (the "Duties"). The Executive shall report to the Board or such person so delegated by the Board. The Executive shall, if requested by the Board, also serve as an officer or director of any affiliate or subsidiary of the Company for no additional compensation. The Executive agrees to observe and comply with the Company's rules and policies as adopted by the Company from time to time.

(b) Devotion of Time. Subject to the last sentence of this Section 3(b), the Executive shall devote the Executive's full business time, skill, energy and attention to the business and affairs of the Company and its subsidiaries and affiliates as are necessary to perform the Executive's duties and responsibilities pursuant to this Agreement. The Executive shall not enter the employ of or serve as a consultant to, or in any way perform any professional services with or without compensation to, any other persons, business, or organization, without the prior consent of the Board. Notwithstanding the above, the Executive shall be permitted to devote a limited amount of the Executive's time to any not-for-profit charity or civic group, provided that such activities do not interfere with, or otherwise create a conflict with, the Executive's performance of the Executive's duties and responsibilities as provided hereunder.

(c) Location of Office. The Executive's principal business office shall be in New York City, NY (the "Principal Office"). However, the Executive's Duties shall include all business travel necessary for the performance of the Executive's Duties.

(d) Adherence to Inside Information Policies. The Executive acknowledges that the Company is publicly-held and, as a result, has implemented inside information policies designed to preclude its executives and those of its subsidiaries from violating the federal securities laws by trading on material, non-public information or passing such information on to others in breach of any duty owed to the Company and its subsidiaries or any third party. The Executive shall promptly execute any agreements generally distributed by the Company to its employees requiring such employees to abide by its inside information policies.

4. Compensation and Expenses.

(a) Base Salary. For the services of the Executive to be rendered under this Agreement, the Company shall pay the Executive an annual salary of USD $300,000 (the "Base Salary"), less such deductions as shall be required to be withheld by applicable law and regulations payable in accordance with the Company's customary payroll practices. The Executive's Base Salary shall be reviewed at least annually by the Board and the Board may, but shall not be required to, increase the Base Salary during the Term.

(b) Signing Bonus. The Executive shall be entitled to a gross lump-sum payment in the amount of USD $100,000 which shall be payable to the Executive as soon as reasonably possible following the execution of this Agreement.

(c) Target Bonus. For each fiscal year of the Company that commences during the Term, the Executive shall have the opportunity to earn a bonus in accordance with the terms and conditions set forth on Exhibit A hereto (an "Annual Bonus"). Any such Annual Bonus shall be payable on, or at such date as is determined by the Board within 60 days following, the last day of the fiscal year with respect to which it relates. Except as provided in Section 6, notwithstanding any other provision of this Section 4(b) or Exhibit A hereto, no Annual Bonus shall be payable with respect to any fiscal year unless the Executive remains continuously employed with the Company during the period beginning on the Effective Date and ending on the applicable bonus payment date. For the avoidance of doubt, during calendar year 2019 (ending December 31, 2019), the Executive shall be entitled to a pro-rated bonus for services rendered during 2019.

(d) Equity Compensation. In consideration of the Executive entering into this Agreement and as an inducement to join the Company, on, or as soon as reasonably practicable following, the Effective Date, the Company shall grant to the Executive certain equity compensation rights and awards set forth on Exhibit B hereto ("Equity Awards") pursuant to the Better Choice Company, Inc. 2019 Equity Incentive Plan (the "Plan"). The Equity Awards shall be subject to the terms and conditions of the Plan, or any successor plan thereto, which may be modified or revoked at any time in the sole discretion of the Company, and applicable award agreements thereunder.

(e) Expenses. In addition to any compensation received pursuant to this Section 4, the Company will reimburse or advance funds to the Executive for all reasonable documented travel (including travel expenses incurred by the Executive related to the Executive's travel to the Company's other offices), entertainment and other business expenses incurred in connection with the performance of the Executive's Duties under this Agreement, provided that the Executive properly provides a written accounting of such expenses to the Company in accordance with the Company's practices. Such reimbursement or advances will be made in accordance with policies and procedures of the Company in effect from time to time relating to reimbursement of, or advances to, its executive officers.

5. Benefits.

(a) Paid Time Off. For each twelve-month period during the Term, the Executive shall be entitled to 5 weeks of paid time off without loss of compensation or other benefits to which he is entitled under this Agreement, to be taken at such times as the Executive may select and the affairs of the Company may permit. Any unused days will be carried over to the next year of the Term and upon the termination of this Agreement, any accrued and unused paid time-off shall be paid to Executive.

(b) Paternity Leave. The Executive will be entitled to 2 weeks of paid paternity leave, in accordance with the Company's policies.

(c) Fringe Benefit and Perquisites. During the Term, the Executive shall be entitled to fringe benefits and perquisites consistent with the practices of the Company, and to the extent the Company provides similar benefits or perquisites (or both) to similarly situated executives of the Company.

(d) Employee Benefits. During the Term, the Executive shall be entitled to participate in all employee benefit plans, practices and programs maintained by the Company, as in effect from time to time (collectively, "Employee Benefit Plans"), on a basis which is no less favorable than is provided to other similarly situated executives of the Company, to the extent consistent with applicable law and the terms of the applicable Employee Benefit Plans. The Company reserves the right to amend or cancel any Employee Benefit Plans at any time in its sole discretion, subject to the terms of such Employee Benefit Plan and applicable law. Notwithstanding the foregoing sentence, during the Term, the Company shall provide the Executive with health insurance covering the Executive and family dependents.

6. Termination.

(a) Death or Disability. Except as otherwise provided in this Agreement, this Agreement shall automatically terminate upon the death or disability of the Executive. For purposes of this Section 6(a), "disability" shall mean (i) the Executive is unable to substantially engage in the Executive's Duties by reason of any medically determinable physical or mental impairment that can be expected to result in death, or last for a continuous period of not less than 12 months; (ii) the Executive is, by reason of any medically determinable physical or mental impairment that can be expected to result in death, or last for continuous period of not less than 12 months, receiving income replacement benefits for a period of not less than three months under an accident and health plan covering employees of the Company; or (iii) the Executive is determined to be totally disabled by the Social Security Administration. Any question as to the existence of a disability shall be determined by the written opinion of the Executive's regularly attending physician (or the Executive's guardian) (or the Social Security Administration, where applicable). In the event that the Executive's employment is terminated by reason of the Executive's death or disability, the Company shall pay the following to the Executive or the Executive's personal representative: (i) any accrued but unpaid Base Salary for services rendered to the date of termination and any accrued but unpaid expenses required to be reimbursed under this Agreement and any accrued paid time off (the "Accrued Payments"), and (ii) any earned but unpaid Annual Bonus for any prior period and the Annual Bonus for the year of such termination, prorated to the date of termination (determined based on actual performance for such year and payable when bonuses are paid to all Company executives for such year). The Executive or the Executive's legally appointed guardian, as the case may be, shall have up to 12 months from the date of termination to exercise all vested stock options held by the Executive as of the date of termination, provided that in no event shall any option be exercisable beyond its term. The Executive (or the Executive's estate) shall receive the payments provided herein at such times as the Executive would have received them if there was no death or disability.

(b) Termination by the Company for Cause or by the Executive Without Good Reason. The Company may, upon a unanimous vote by the Board (excluding the Executive), terminate the Executive's employment pursuant to the terms of this Agreement at any time for Cause (as defined below) by giving the Executive written notice of termination. Such termination shall become effective upon the giving of such notice. Upon any such termination for Cause, or in the event the Executive terminates the Executive's employment with the Company without Good Reason (as defined in Section 6(c)), the Executive shall receive the Accrued Payments and shall have no right to any other compensation or reimbursement under Section 4 (except for common equity and options that have already vested), or to participate in any Executive benefit programs under Section 5, except as may otherwise be provided for by law, for any period subsequent to the effective date of termination. For purposes of this Agreement, "Cause" shall mean: (i) the Executive is convicted of, or pleads guilty or nolo contendere to, a felony related to the business of the Company; (ii) the Executive, in carrying out the Executive's duties hereunder, has acted with gross negligence or intentional misconduct which results in material harm to the Company; (iii) the Executive misappropriates Company funds or otherwise defrauds the Company involving a material amount of money or property; (iv) the Executive breaches the Executive's fiduciary duty to the Company, resulting in material profit to the Executive personally, directly or indirectly; (v) the Executive materially breaches any agreement with the Company and fails to cure such breach within 30 days of receipt of notice; (vi) the Executive breaches any provision of Section 8 or Section 9 of this Agreement; (vii) the Executive becomes subject to a preliminary or permanent injunction issued by a United States District Court enjoining the Executive from violating any securities law administered or regulated by the Securities and Exchange Commission; (viii) the Executive becomes subject to a cease and desist order or other order issued by the Securities and Exchange Commission after an opportunity for a hearing; (ix) the Executive refuses to carry out a resolution adopted by the Company's Board at a meeting in which the Executive was offered a reasonable opportunity to argue that the resolution should not be adopted; or (x) the Executive abuses alcohol or drugs in a manner that interferes with the successful performance of the Executive's Duties.

(c) Termination by the Company Without Cause, Termination by the Executive for Good Reason or at the end of a Term after the Company provides notice of Non-Renewal.

(1) This Agreement may be terminated: (i) by the Executive for Good Reason (as defined below), (ii) by the Company without Cause, or (iii) at the end of a Term after the Company provides the Executive with notice of non-renewal.

(2) In the event this Agreement is terminated by the Executive for Good Reason or by the Company without Cause, subject to Section (6)(c)(4) and Section 21, the Executive shall be entitled to the following:

(A) The Accrued Amounts;

(B) any earned but unpaid Annual Bonus for any prior period and the Annual Bonus for the year of such termination, prorated to the date of termination (determined based on actual performance for such year and payable when bonuses are paid to all Company executives for such year);

(C) continued payment of the then Base Salary during the 12.0 month period following the date of termination (the "Severance Period"), payable in accordance with the Company's regular payroll practices as of the date of such termination;

(D) the Executive or the Executive's legally appointed guardian, as the case may be, shall have up to three (3) months from the date of termination to exercise all vested stock options held by the Executive as of the date of termination, provided that in no event shall any option be exercisable beyond its term;

(E) the Equity Awards, to the extent not already vested, shall become fully vested on the date of termination; and

(F) any benefits (except perquisites) to which the Executive was entitled pursuant to Section 5(b) hereof shall continue to be paid or provided by the Company, as the case may be, during the Severance Period, subject to the terms of any applicable plan or insurance contract and applicable law.

(3) In the event this Agreement is terminated at the end of a Term after the Company provides the Executive with notice of non-renewal and the Executive remains employed until the end of the Term, subject to Section 6(c)(4) and Section 21, the Executive shall be entitled to the following:

(A) The Accrued Amounts;

(B) the Equity Awards, to the extent not already vested, shall become fully vested on the date of termination;

(C) the Executive or the Executive's legally appointed guardian, as the case may be, shall have up to three (3) months from the date of termination to exercise all vested stock options held by the Executive as of the date of termination, provided that in no event shall any option be exercisable beyond its term; and

(D) any benefits (except perquisites) to which the Executive was entitled pursuant to Section 5(b) hereof shall continue to be paid or provided by the Company, as the case may be, for 12.0 months, subject to the terms of any applicable plan or insurance contract and applicable law;

provided, however, that the Executive shall only be entitled to receive the payments or benefits set forth in Section 6(c)(3)(B) and (D) if the Executive is willing and able (i) to execute a new agreement providing terms and conditions substantially similar to those in this Agreement and (ii) to continue providing such services, and therefore, the Company's non-renewal of the Term will be considered an "involuntary separation from service" within the meaning of Treasury Regulation Section 1.409A-1(n).

(4) The payments and benefits provided in Sections 6(c)(2)(B), (C), (E) and (F) and Section 6(c)(3)(B) and (D) shall be conditioned on (i) the Executive's execution and nonrevocation of a waiver and release of claims in the Company's customary form (a "Release") as of the Release Expiration Date, in accordance with Section 21(d), and (ii) the Executive's continued compliance with the restrictive covenants set forth in Sections 8 and 9 of this Agreement (the "Restrictive Covenants"). Notwithstanding any other provision of this Agreement, no payments will be made or benefits provided pursuant to such sections prior to the date the Release becomes irrevocable in accordance with its terms or following the date the Executive first breaches any of the Restrictive Covenants.

(5) The term "Good Reason" shall mean: (i) a material diminution in the Executive's authority, title, duties or responsibilities due to no fault of the Executive other than temporarily while the Executive is physically or mentally incapacitated or as required by applicable law; (ii) the Company requires the Executive to permanently change the Executive's principal business office as defined in Section 3(c) to a location that is greater than 20.0 miles from the Principal Office, (iii) a change in the Executive's overall compensation or bonus structure such that the Executive's overall compensation is materially diminished; or (v) any other action or inaction that constitutes a material breach by the Company under this Agreement. Prior to the Executive terminating the Executive's employment with the Company for Good Reason, the Executive must provide written notice to the Company, within 30 days following the Executive's initial awareness of the existence of such condition, that such Good Reason exists and setting forth in detail the grounds the Executive believes constitutes Good Reason. If the Company does not cure the condition(s) constituting Good Reason within 30 days following receipt of such notice, then the Executive's employment shall be deemed terminated for Good Reason.

(d) Any termination made by the Company under this Agreement shall be approved by the Board.

(e) Upon (1) termination of the Executive's employment with the Company for any reason or (2) the Company's request at any time during the Executive's employment (provided it does not interfere with the Executive's ability to perform the Executive's duties and responsibilities hereunder), the Executive shall (i) provide or return to the Company any and all Company property, including keys, key cards, access cards, security devices, employer credit cards, network access devices, computers, cell phones, smartphones, manuals, work product, thumb drives or other removable information storage devices, and hard drives, and all Company documents and materials belonging to the Company and stored in any fashion, including but not limited to those that constitute or contain any Confidential Information or work product, that are in the possession or control of the Executive, whether they were provided to the Executive by the Company or any of its business associates or created by the Executive in connection with the Executive's employment by the Company; and (ii) delete or destroy all copies of any such documents and materials not returned to the Company that remain in the Executive's possession or control, including those stored on any non- Company devices, networks, storage locations and media in the Executive's possession or control. The Executive shall confirm the Executive's compliance with this Section 6(e), in writing, at any time within five days of the Executive's receipt of a request for same from the Company.

(f) The provisions of this Section 6 shall supersede in their entirety any severance payment or benefit obligations to the Executive pursuant to the provisions in any severance plan, policy, program or other arrangement maintained by the Company.

7. Indemnification. As provided in an Indemnification Agreement to be entered into between the Company and the Executive, a copy of which is annexed as Exhibit C, the Company shall indemnify the Executive, to the maximum extent permitted by applicable law, against all costs, charges and expenses incurred or sustained by him in connection with any action, suit or proceeding to which the Executive may be made a party by reason of the Executive being an officer, director or employee of the Company or of any subsidiary or affiliate of the Company. The Company shall provide, at its expense, directors and officers insurance for the Executive in amounts and for a term consistent with industry standards.

8. Non-Competition Agreement.

(a) Definitions. For the purpose of this Agreement:

(1) "Restricted Area" means the United States of America;

(2) "Restricted Period" means the period during such time as Executive is an employee of the Company and the one (1) year period immediately following the last day of the Executive's employment with the Company.

(3) "Prohibited Activity" means any activity in which the Executive contributes the Executive's knowledge, directly or indirectly, in whole or in part, as an employee, employer, owner, operator, manager, member, advisor, consultant, agent, partner, director, stockholder, officer, volunteer, intern, or any other similar capacity to an entity engaged in the same or similar businesses as the Company or any of its affiliates or subsidiaries, including but not limited to those engaged in the Business. For the avoidance of doubt, "Prohibited Activity" includes any activity requiring the disclosure of any Confidential Information.

(4) "Trade Secret" means Confidential Information which meets the additional requirements of the federal Defend Trade Secrets Act, the Uniform Trade Secrets Act, similar state law or applicable common law.

(5) "Trade Secret Prohibited Activity" means any Prohibited Activity that may require or inevitably requires disclosure of any Trade Secret of the Company Group.

(6) "Business" means the sale of pet foods, flea and tick products, pet nutritional products and related pet supplies, and also includes any other product or services which the Company has taken concrete steps to offer for sale, but has not yet commenced selling or marketing, during or prior to the Term, and any products or services disclosed on the Company's website.

(b) Non-Competition. Because of the Company's legitimate business interest as described herein and the good and valuable consideration offered to the Executive, during the Term of this Agreement and during the Restricted Period the Executive agrees and covenants not to engage in any Prohibited Activity within the Restricted Area.

(c) Trade Secrets. Notwithstanding the foregoing or anything contained herein to the contrary, and subject only to Section 9(a)(1)(B) hereof, the Executive acknowledges and agrees that during the Executive's employment with the Company and indefinitely following the cessation of that employment for any reason, the Executive shall not directly or indirectly disclose or divulge any Trade Secret or engage in any Trade Secret Prohibited Activity (so long as the information remains a Trade Secret under applicable law) without the prior written consent of the Company, which may be granted or withheld in the sole discretion of the Company.

(d) Non-Solicitation, Non-Disparagement. During the Restricted Period, the Executive shall not, directly or indirectly, whether for the Executive's own account or for the account of any person or entity, solicit, attempt to solicit, endeavor to entice away from the Company, attempt to hire, hire, deal with, attempt to attract business from, accept business from, or otherwise interfere with (whether by reason of cancellation, withdrawal, modification of relationship or otherwise) any actual or prospective relationship of the Company with any person or entity: (i) who is, or was within one (1) year of the date upon which this Agreement is terminated, employed by or otherwise engaged to perform services for the Company, including, but not limited to, any independent contractor or representative, or (ii) who is, or was within one year of the date upon which this Agreement is terminated, an actual or bona fide prospective licensee, landlord, customer, client, vendor, supplier or manufacturer of the Company (or other person or entity with which the Company had an actual or prospective bona fide relationship). The Executive agrees that the Executive will never, directly or indirectly, make or publish any statement or communication which is false or disparaging with respect to the Company and/or its direct or indirect shareholders, officers, directors, members, managers, employees, contractors, consultants, or agents.

(e) Equitable Consideration. The Executive agrees that the Executive's services hereunder are of a special, unique, extraordinary and intellectual character and the Executive's position with the Company places the Executive in a position of confidence and trust with the customers, suppliers and employees of the Company. The Executive and the Company agree that in the course of employment hereunder, the Executive has and will continue to develop a personal relationship with the Company's customers, and a knowledge of these customers' affairs and requirements as well as confidential and proprietary information developed by the Company after the date of this Agreement. The Executive acknowledges that the Company's relationships with its established clientele may therefore be placed in the Executive's hands in confidence and trust. The Executive consequently agrees that it is reasonable and necessary for the protection of the goodwill, confidential and proprietary information, and legitimate business interests of the Company that the Executive make the covenants contained herein, that the covenants are a material inducement for the Company to employ or continue to employ the Executive and to enter into this Agreement, that the covenants are given as an integral part of and incident to this Agreement, and that the covenants will not prevent the Executive from earning a livelihood in the Executive's chosen business, do not impose an undue hardship on the Executive, and will not injure the public.

(f) References. References to the Company in this Section 8 shall include the Company and any parent, affiliated, related and/or direct or indirect subsidiary entity thereof.

9. Non-Disclosure of Confidential Information.

(a) Confidentiality.

(1) For the purpose of this Agreement, "Confidential Information" includes, but is not limited to, all information not generally known to the public, in spoken, printed, electronic or any other form or medium, relating directly or indirectly to: business processes, products, patents, sources of supply, customer dealings, data, source code, business plans, practices, methods, policies, publications, research, operations, strategies, techniques, agreements, transactions, potential transactions, negotiations, know-how, Trade Secrets, computer programs, computer software, applications, operating systems, software design, work-in-process, databases, records, systems, Personally Identifiable Information, supplier information, vendor information, financial information, results, legal information, marketing and advertising information, pricing information, design information, personnel information, developments, reports, internal controls, graphics, drawings, market studies, sales information, revenue, costs, notes, communications, algorithms, product plans, designs, models, ideas, inventions, unpublished patent applications, original works of authorship, discoveries, experimental processes, experimental results, specifications, customer information, customer lists, distributor lists, and buyer lists of the Company, its businesses, and any existing or prospective customer, vendor, supplier, investor or other associated third party, or of any other person or entity that has entrusted information to the Company in confidence. The Executive understands that the above list is not exhaustive, and that Confidential Information also includes other information that is marked or otherwise identified as confidential or proprietary, or that would otherwise appear to a reasonable person to be confidential or proprietary in the context and circumstances in which the information is known or used. Notwithstanding the foregoing, "Confidential Information" shall not include information that: (A) becomes publicly known without breach of the Executive's obligations under this Section 9(a), or (B) is required to be disclosed by law or by court order or government order; provided, however, that if the Executive is required to disclose any Confidential Information pursuant to any law, court order or government order, (x) the Executive shall promptly notify the Company of any such requirement so that the Company may seek an appropriate protective order or waive compliance with the provisions of this Agreement, (y) the Executive shall reasonably cooperate with the Company to obtain such a protective order at the Company's cost and expense, and (z) if such order is not obtained, or the Company waives compliance with the provisions of this Section 9(a), the Executive shall disclose only that portion of the Confidential Information which the Executive is advised by counsel that the Executive is legally required to so disclose and will exercise commercially reasonable efforts to obtain assurance that confidential treatment will be accorded the information so disclosed.

(2) For the purpose of this Agreement, "Personally Identifiable Information" means information that, whether maintained or transmitted individually or in the aggregate with other information, allows a natural person to be identified, including, but not limited to, the name, birthday, address, telephone number, social security number, driver's license number, passport number, credit card number, credit score information, bank information, or other unique identifiers of any natural person that allows for the identification of or contact with such person. The Executive agrees that the Executive will not download, upload, or otherwise transfer copies of Confidential Information to any external storage media or cloud storage (except as authorized by the Company when necessary in the performance of the Executive's Duties for the Company and for the Company's sole benefit).

(3) The Executive acknowledges and agrees that: (A) the Executive has had and will continue to have access to Confidential Information regarding the Company, (B) the Confidential Information is being acquired by the Executive in confidence, (C) the Confidential Information is a valuable, special, sensitive and unique asset of the business of the Company, (D) the Confidential Information is and shall at all times remain the sole property of the Company, (E) the continued confidentiality of the Confidential Information is essential to the continuation of the Company's business; and (F), the improper disclosure of the Confidential Information could severely and irreparably damage the Company and its businesses. In consideration of the obligations undertaken by the Company herein, the Executive will not, at any time, during or after the Executive's employment hereunder, reveal, divulge or make known to any person, any Confidential Information acquired by the Executive during the course of the Executive's employment with the Company and for a period of one (1) year thereafter except with the prior written approval of the Company. Notwithstanding the foregoing, subject only to Section 9(a)(1)(B) hereof, the Executive may not disclose, divulge or otherwise make use of any Trade Secret so long as such information remains a Trade Secret under applicable law. The Executive agrees to use the Executive's best efforts to maintain the confidentiality of the Confidential Information during the course of the Executive's employment with the Company and thereafter, including adopting and implementing all reasonable procedures prescribed by the Company to prevent unauthorized use of Confidential Information or disclosure of Confidential Information to any unauthorized person. The Executive shall take all necessary and reasonable administrative, technical, and physical safeguards to secure and protect the confidentiality, integrity, and security of the Confidential Information.

(b) References. References to the Company in this Section 9 shall include the Company and any parent, affiliated, related and/or direct or indirect subsidiary entity thereof.

(c) Whistleblowing. Nothing contained in this Agreement shall be construed to prevent the Executive from reporting any act or failure to act to the SEC or other governmental body or prevent the Executive from obtaining a fee as a "whistleblower" under Rule 21F-17(a) under the Securities Exchange Act of 1934 or other rules or regulations implemented under the Dodd-Frank Wall Street Reform Act and Consumer Protection Act.

(d) Notice of Immunity Under the Economic Espionage Act of 1996, as amended by the Defend Trade Secrets Act of 2016. Notwithstanding any other provision of this Agreement, the Executive will not be held criminally or civilly liable under any federal or state Trade Secret law for any disclosure of a Trade Secret that is made: (i) in confidence to a federal, state, or local government official, either directly or indirectly, or to an attorney; and (ii) solely for the purpose of reporting or investigating a suspected violation of law; or is made in a complaint or other document filed under seal in a lawsuit or other proceeding. If the Executive files a lawsuit for retaliation by the Company for reporting a suspected violation of law, the Executive may disclose the Company's Trade Secrets to the Executive's attorney and use the Trade Secret information in the court proceeding if the Executive files any document containing Trade Secrets under seal; and does not disclose Trade Secrets, except pursuant to court order.

10. Equitable Relief. The Company and the Executive recognize that the services to be rendered under this Agreement by the Executive are special, unique and of extraordinary character, and that in the event of the breach by the Executive of the terms and conditions of this Agreement or if the Executive, without the prior express consent of the Board, shall leave the Executive's employment for any reason and/or take any action in violation of this Agreement, the Company shall be entitled to institute and prosecute proceedings in any court of competent jurisdiction referred to in Section 10(b) below, to enjoin the Executive from breaching the provisions of this Agreement. Any action arising from or under this Agreement must be commenced only in the appropriate

11. Conflicts of Interest. While employed by the Company, the Executive shall not, unless approved by the Board of Directors or its Compensation Committee, directly or indirectly:

(a) participate as an individual in any way in the benefits of transactions with any of the Company's vendors, clients, customers, suppliers or manufacturers, without limitation, having a financial interest in the Company's vendors, clients, customers, suppliers or manufacturers or making loans to, or receiving loans, from, the Company's vendors, clients, customers, suppliers or manufacturers;

(b) realize a personal gain or advantage from a transaction in which the Company has an interest or use information obtained in connection with the Executive's employment with the Company for the Executive's personal advantage or gain; or

(c) accept any offer to serve as an officer, director, partner, consultant, manager with, or to be employed in a professional, technical, or managerial capacity by, a person or entity which does business with the Company.

12. Inventions, Ideas, Processes, and Designs. All inventions, ideas, processes, programs, software, and designs (including all improvements) (i) conceived or made by the Executive during the course of the Executive's employment with the Company (whether or not actually conceived during regular business hours) and for a period of six months subsequent to the termination (whether by expiration of the Term or otherwise) of such employment with the Company, and (ii) related to the business of the Company, shall be disclosed in writing promptly to the Company and shall be the sole and exclusive property of the Company, and the Executive hereby irrevocably assigns any such inventions to the Company. An invention, idea, process, program, software, or design (including an improvement) shall be deemed related to the business of the Company if (a) it was made with the Company's funds, personnel, equipment, supplies, facilities, or Confidential Information, (b) results from work performed by the Executive for the Company, or (c) pertains to the current business or demonstrably anticipated business(es), research or development work of the Company. The Executive shall cooperate with the Company and its attorneys in the preparation of patent and copyright applications for such developments and, upon request and at the sole cost and expense of the Company, shall promptly assign all such inventions, ideas, processes, and designs to the Company. The decision to file for patent or copyright protection or to maintain such development as a Trade Secret, or otherwise, shall be in the sole discretion of the Company, and the Executive shall be bound by such decision. The Executive hereby irrevocably assigns to the Company, for no additional consideration, the Executive's entire right, title and interest in and to all work product and intellectual property rights, including the right to sue, counterclaim and recover for all past, present and future infringement, misappropriation or dilution thereof, and all rights corresponding thereto throughout the world. Nothing contained in this Agreement shall be construed to reduce or limit the Company's rights, title or interest in any work product or intellectual property rights so as to be less in any respect than the Company would have had in the absence of this Agreement. If applicable, the Executive shall provide as a schedule to this Agreement, a complete list of all inventions, ideas, processes, and designs, if any, patented or unpatented, copyrighted or otherwise, or non-copyrighted, including a brief description, which he made or conceived prior to the Executive's employment with the Company and which therefore are excluded from the scope of this Agreement. References to the Company in this Section 12 shall include the Company, its subsidiaries and affiliates.

13. Indebtedness. If, during the course of the Executive's employment under this Agreement, the Executive becomes indebted to the Company for any reason, the Company may, if it so elects, and if permitted by applicable law, set off any sum due to the Company from the Executive and collect any remaining balance from the Executive unless the Executive has entered into a written agreement with the Company.

14. Assignability. The rights and obligations of the Company under this Agreement shall inure to the benefit of and be binding upon the successors and assigns of the Company, provided that such successor or assign shall acquire all or substantially all of the securities or assets and business of the Company. The Executive's obligations hereunder may not be assigned or alienated and any attempt to do so by the Executive will be void.

15. Severability.

(a) The Executive expressly agrees that the character, duration and geographical scope of the covenants set forth in Section 8 of this Agreement are reasonable in light of the circumstances as they exist on the date hereof. Should a decision, however, be made at a later date by a court of competent jurisdiction that the character, duration or geographical scope of such provisions is unreasonable, then it is the intention and the agreement of the Executive and the Company that this Agreement shall be construed by the court in such a manner as to impose only those restrictions on the Executive's conduct that are reasonable in the light of the circumstances and as are necessary to assure to the Company the benefits of this Agreement. If, in any judicial proceeding, a court shall refuse to enforce all of the separate covenants deemed included herein because taken together they are more extensive than necessary to assure to the Company the intended benefits of this Agreement, it is expressly understood and agreed by the parties hereto that the provisions of this Agreement that, if eliminated, would permit the remaining separate provisions to be enforced in such proceeding shall be deemed eliminated, for the purposes of such proceeding, from this Agreement.

(b) If any provision of this Agreement otherwise is deemed to be invalid or unenforceable or is prohibited by the laws of the state or jurisdiction where it is to be performed, this Agreement shall be considered divisible as to such provision and such provision shall be inoperative in such state or jurisdiction and shall not be part of the consideration moving from either of the parties to the other. The remaining provisions of this Agreement shall be valid and binding and of like effect as though such provisions were not included.

16. Notices and Addresses. All notices, offers, acceptance and any other acts under this Agreement (except payment) shall be in writing, and shall be sufficiently given if delivered to the addressees in person, by FedEx or similar receipted delivery, or next business day delivery to the addresses detailed below (or to such other address, as either of them, by notice to the other may designate from time to time), or by e-mail delivery (in which event a copy shall immediately be sent by FedEx or similar receipted delivery), as follows:

To the Company: Better Choice Company Inc.
100 Techne Center Drive, #210
Milford, Ohio 45150
Attention: Lori Taylor

With a copy to: Latham & Watkins LLP
885 Third Avenue
New York, New York 10028

To the Executive: Damian Dalla-Longa
100 Techne Center Drive, #210
Milford, Ohio 45150

17. Counterparts. This Agreement may be executed in one or more counterparts, each of which shall be deemed an original but all of which together shall constitute one and the same instrument. The execution of this Agreement may be by actual or facsimile signature.

18. Governing Law. This Agreement shall be governed or interpreted according to the internal laws of the State of Delaware without regard to choice of law considerations and all claims relating to or arising out of this Agreement, or the breach thereof, whether sounding in contract, tort, or otherwise, shall also be governed by the laws of the State of Delaware without regard to choice of law considerations.

19. Entire Agreement. This Agreement constitutes the entire Agreement between the parties and supersedes all prior oral and written agreements between the parties hereto with respect to the subject matter hereof. Neither this Agreement nor any provision hereof may be changed, waived, discharged or terminated orally, except by a statement in writing signed by the party or parties against which enforcement or the change, waiver discharge or termination is sought.

20. Section and Paragraph Headings. The section and paragraph headings in this Agreement are for reference purposes only and shall not affect the meaning or interpretation of this Agreement.

21. Section 409A Compliance.

(a) The parties hereto acknowledge and agree that, to the extent applicable, this Agreement shall be interpreted, construed and administered in accordance with Section 409A of the Internal Revenue Code of 1986, as amended, and the Department of Treasury regulations and other interpretive guidance issued thereunder (collectively, "Section 409A"). For purposes of Section 409A, each installment payment provided under this Agreement shall be treated as a separate payment. Any payments to be made under this Agreement upon a termination of employment shall only be made if such termination of employment constitutes a "separation from service" under Section 409A. Notwithstanding any provision of this Agreement to the contrary, in the event that the Company determines that any amounts payable hereunder will be immediately taxable to the Executive under Section 409A, the Company reserves the right (without any obligation to do so or to indemnify the Executive for failure to do so) to (i) adopt such amendments to this Agreement and appropriate policies and procedures, including amendments and policies with retroactive effect, that the Company determines to be necessary or appropriate to preserve the intended tax treatment of the benefits provided by this Agreement, to preserve the economic benefits of this Agreement and to avoid less favorable accounting or tax consequences for the Company and/or (ii) take such other actions as the Company determines to be necessary or appropriate to exempt the amounts payable hereunder from Section 409A or to comply with the requirements of Section 409A and thereby avoid the application of penalty taxes thereunder. In no event shall any liability for failure to comply with the requirements of Section 409A be transferred from Executive or any other individual to the Company or any of its affiliates, employees or agents.

(b) To the extent required by Section 409A, each reimbursement or in-kind benefit provided under this Agreement shall be provided in accordance with the following:

(1) the amount of expenses eligible for reimbursement, or in-kind benefits provided, during each calendar year cannot affect the expenses eligible for reimbursement, or in-kind benefits to be provided, in any other calendar year;

(2) any reimbursement of an eligible expense shall be paid to the Executive on or before the last day of the calendar year following the calendar year in which the expense was incurred; and

(3) any right to reimbursements or in-kind benefits under this Agreement shall not be subject to liquidation or exchange for another benefit.

(c) In the event the Company determines that the Executive is a "specified employee" within the meaning of Section 409A(a)(2)(B)(i) of the Code at the time of the Executive's separation from service, then to the extent any payment or benefit that the Executive becomes entitled to under this Agreement on account of the Executive's separation from service would be considered deferred compensation subject to Section 409A as a result of the application of Section 409A(a)(2)(B)(i) of the Code, such payment shall not be payable and such benefit shall not be provided until the date that is the earlier of (i) six months and one day after the Executive's separation from service, or (ii) the Executive's death (the "Six Month Delay Rule").

(1) For purposes of this subparagraph, amounts payable under the Agreement should not provide for a deferral of compensation subject to Section 409A to the extent provided in Treasury Regulation Section 1.409A-1(b)(4) (e.g., short-term deferrals), Treasury Regulation Section 1.409A-1(b)(9) (e.g., separation pay plans, including the exception under subparagraph (iii)), and other applicable provisions of the Treasury Regulations.

(2) To the extent that the Six Month Delay Rule applies to payments otherwise payable on an installment basis, the first payment shall include a catch-up payment covering amounts that would otherwise have been paid during the six-month period but for the application of the Six Month Delay Rule, and the balance of the installments shall be payable in accordance with their original schedule.

(d) Notwithstanding anything to the contrary in this Agreement, to the extent that any payments of "nonqualified deferred compensation" (within the meaning of Section 409A) due under this Agreement as a result of the Executive's termination of employment are subject to the Executive's execution, delivery and non-revocation of a Release, (i) the Company shall deliver the Release to the Executive within seven (7) days following the date of termination, and (ii) if the Executive fails to execute the Release on or prior to the Release Expiration Date (as defined below) or timely revokes acceptance of the Release thereafter, the Executive shall not be entitled to any payments or benefits otherwise conditioned on the Release. For purposes of this Section 21(d), "Release Expiration Date" shall mean the date that is twenty-one (21) days following the date upon which the Company timely delivers the Release to the Executive, or, in the event that the Executive's termination of employment is "in connection with an exit incentive or other employment termination program" (as such phrase is defined in the Age Discrimination in Employment Act of 1967), the date that is fortyfive (45) days following such delivery date. To the extent that any payments of nonqualified deferred compensation (within the meaning of Section 409A) due under this Agreement as a result of the Executive's termination of employment are delayed pursuant to Section 6(c) and this Section 21(d), such amounts shall be paid in a lump sum on the first payroll date to occur on or after the 60th day following the date of termination, provided that, as of such 60th day, the Executive has executed and has not revoked the Release (and any applicable revocation period has expired).

22. Compensation Recovery Policy. The Executive acknowledges and agrees that, to the extent the Company adopts any clawback or similar policy pursuant to the Dodd-Frank Wall Street Reform and Consumer Protection Act or otherwise, and any rules and regulations promulgated thereunder, the Executive shall take all action necessary or appropriate to comply with such policy (including, without limitation, entering into any further agreements, amendments or policies necessary or appropriate to implement and/or enforce such policy).

[Signature Page To Follow]

IN WITNESS WHEREOF, the Company and the Executive have executed this Agreement as of the date and year first above written.

COMPANY:

Better Choice Company Inc.

By: /s/ Lori R. Taylor
Name: Lori R. Taylor
Title: Co-CEO

EXECUTIVE:

/s/ Damian Dalla-Longa
Name: Damian Dalla-Longa

Exhibit A
Target Bonus

- A bonus at the discretion of the Board of Directors, but not less than 25% of Executive's Base Salary. The bonus shall be prorated for any period of employment which is less than a full year.

Exhibit B
Equity Awards

- On the Effective Date, the Executive will receive an initial grant of 1,200,000 Better Choice Company options at an exercise price of $5.00/sh. These options will vest monthly over 2 years in equal installments of 1/24 each month. The options will be accelerated upon a Change of Control, as defined in the Plan. Any exercise of options may, at the election of Executive, be exercised with a "cashless exercise" by using shares from any such exercise to pay the exercise price, which shares, for such purpose, being valued at the fair market value, as determined under the Plan, on the date of exercise.

- Pursuant to the Executive's Employment Agreement with Bona Vida, Inc. dated October 29, 2018, the Executive will also receive 100,000 BTTR common equity shares at $5.00/sh in lieu of the earned USD $500,000 Change of Control cash payment. For the avoidance of doubt, these common equity shares will be fully vested immediately. A copy of the relevant section from Executive's Bona Vida Inc. Employment Agreement is included below for reference

- For the avoidance of doubt, the above 1,200,000 options and 100,000 common equity shares are in addition to the Executive's 1,667,156 existing common equity shares owned in Better Choice Company as a result of the Merger Agreement with Bona Vida Inc. dated February 28, 2019.

3.5 **Change of Control.**

a. In the event of a Change of Control, as defined herein, the Executive shall be entitled to a gross lump sum payment equal to $500,000.00 USD to be paid to Executive upon completion of the Change of Control transaction. For the purposes of this Agreement, a "**Change of Control**" means, directly or indirectly: (i) the sale of, transfer of or other change in, in one or more transactions, the ultimate beneficial ownership of fifty percent (50%) or more, directly or indirectly, of the Company; (ii) the sale, lease, transfer, or other disposition, in one or more transactions, directly or indirectly, of fifty (50%) or more of the gross book value of the assets of the Company considered on a consolidated basis; (iii) the amalgamation, merger, reorganization, arrangement or consolidation of the Company with or into another entity with the effect that immediately after such transaction any of the beneficial shareholders of the Company immediately prior to such transaction cease to hold fifty percent (50%) or more of the total voting power of all securities generally entitled to vote in the election of directors, managers or trustees of the person surviving such amalgamation, merger or consolidation; or (iv) any other situation that the Board of Directors deems, in its sole discretion, to be a Change of Control.

Exhibit C
Indemnification Agreement

INDEMNIFICATION AND ADVANCEMENT AGREEMENT

This Indemnification and Advancement Agreement ("Agreement") is made as of April 2, 2019, by and between Better Choice Company Inc., a Delaware corporation (the "Company"), and Damian Dalla-Longa, a member of the Board of Directors and an officer of the Company ("Indemnitee"). This Agreement supersedes and replaces any and all previous agreements between the Company and Indemnitee covering indemnification and advancement.

RECITALS

WHEREAS, the Board of Directors of the Company (the "Board") believes that highly competent persons have become more reluctant to serve as directors, officers, or in other capacities unless they are provided with adequate protection through insurance or adequate indemnification and advancement of expenses against inordinate risks of claims and actions against them arising out of their service to and activities on behalf of the corporation;

WHEREAS, the Board has determined that, in order to attract and retain qualified individuals, the Company will attempt to maintain on an ongoing basis, at its sole expense, liability insurance to protect persons serving the Company and its subsidiaries from certain liabilities. Although the furnishing of such insurance has been a customary and widespread practice among United States-based corporations and other business enterprises, the Company believes that, given current market conditions and trends, such insurance may be available to it in the future only at higher premiums and with more exclusions. At the same time, directors, officers, and other persons in service to corporations or business enterprises are being increasingly subjected to expensive and time-consuming litigation relating to, among other things, matters that traditionally would have been brought only against the Company or business enterprise itself. The Company's bylaws (as currently in effect and as may be amended from time to time, the "Bylaws") require indemnification of the officers and directors of the Company. Indemnitee may also be entitled to indemnification pursuant to the General Corporation Law of the State of Delaware (the "DGCL"). The Bylaws and the DGCL expressly provide that the indemnification provisions set forth therein are not exclusive, and thereby contemplate that contracts may be entered into between the Company and members of the board of directors, officers and other persons with respect to indemnification and advancement of expenses;

WHEREAS, the uncertainties relating to such insurance, to indemnification, and to advancement of expenses may increase the difficulty of attracting and retaining such persons;

WHEREAS, the Board has determined that the increased difficulty in attracting and retaining such persons is detrimental to the best interests of the Company and its stockholders and that the Company should act to assure such persons that there will be increased certainty of such protection in the future;

WHEREAS, it is reasonable, prudent and necessary for the Company contractually to obligate itself to indemnify, and to advance expenses on behalf of, such persons to the fullest extent permitted by applicable law so that they will serve or continue to serve the Company free from undue concern that they will not be so indemnified;

WHEREAS, this Agreement is a supplement to and in furtherance of the Bylaws and any resolutions adopted pursuant thereto, and is not a substitute therefor, nor diminishes or abrogates any rights of Indemnitee thereunder; and

WHEREAS, Indemnitee does not regard the protection available under the Bylaws, DGCL and insurance as adequate in the present circumstances, and may not be willing to serve or continue to serve as an officer or director without adequate additional protection, and the Company desires Indemnitee to serve or continue to serve in such capacity. Indemnitee is willing to serve, continue to serve and to take on additional service for or on behalf of the Company on the condition that Indemnitee be so indemnified and be advanced expenses.

NOW, THEREFORE, in consideration of the premises and the covenants contained herein, the Company and Indemnitee do hereby covenant and agree as follows:

Section 1. Services to the Company. Indemnitee agrees to serve as a director and officer of the Company. Indemnitee may at any time and for any reason resign from such position (subject to any other contractual obligation or any obligation imposed by operation of law). This Agreement does not create any obligation on the Company to continue Indemnitee in such position and is not an employment contract between the Company (or any of its subsidiaries or any Enterprise) and Indemnitee.

Section 2. Definitions. As used in this Agreement:

(a) "Agent" means any person who is authorized by the Company or an Enterprise to act for or represent the interests of the Company or an Enterprise, respectively.

(b) A "Change in Control" occurs upon the earliest to occur after the date of this Agreement of any of the following events:

i. *Acquisition of Stock by Third Party*. Any Person (as defined below) is or becomes the Beneficial Owner (as defined below), directly or indirectly, of securities of the Company representing thirty-five percent (35%) or more of the combined voting power of the Company's then outstanding securities unless the change in relative beneficial ownership of the Company's securities by any Person results solely from a reduction in the aggregate number of outstanding shares of securities entitled to vote generally in the election of directors;

ii. *Change in Board of Directors*. During any period of two (2) consecutive years (not including any period prior to the execution of this Agreement), individuals who at the beginning of such period constitute the Board, and any new director (other than a director designated by a person who has entered into an agreement with the Company to effect a transaction described in Sections 2(b)(i), 2(b)(iii) or 2(b)(iv)) whose election by the Board or nomination for election by the Company's stockholders was approved by a vote of at least twothirds of the directors then still in office who either were directors at the beginning of the period or whose election or nomination for election was previously so approved, cease for any reason to constitute at least a majority of the members of the Board;

iii. *Corporate Transactions*. The effective date of a merger or consolidation of the Company with any other entity, other than a merger or consolidation which would result in the voting securities of the Company outstanding immediately prior to such merger or consolidation continuing to represent (either by remaining outstanding or by being converted into voting securities of the surviving entity) more than 51% of the combined voting power of the voting securities of the surviving entity outstanding immediately after such merger or consolidation and with the power to elect at least a majority of the board of directors or other governing body of such surviving entity;

iv. *Liquidation*. The approval by the stockholders of the Company of a complete liquidation of the Company or an agreement for the sale or disposition by the Company of all or substantially all of the Company's assets; and

v. *Other Events*. There occurs any other event of a nature that would be required to be reported in response to Item 6(e) of Schedule 14A of Regulation 14A (or a response to any similar item on any similar schedule or form) promulgated under the Exchange Act (as defined below), whether or not the Company is then subject to such reporting requirement.

vi. For purposes of this Section 2(b), the following terms have the following meanings:

1 "Exchange Act" means the Securities Exchange Act of 1934, as amended from time to time.

2 "Person" has the meaning as set forth in Sections 13(d) and 14(d) of the Exchange Act; provided, however, that Person excludes (i) the Company, (ii) any trustee or other fiduciary holding securities under an employee benefit plan of the Company, and (iii) any corporation owned, directly or indirectly, by the stockholders of the Company in substantially the same proportions as their ownership of stock of the Company.

3 "Beneficial Owner" has the meaning given to such term in Rule 13d-3 under the Exchange Act; provided, however, that Beneficial Owner excludes any Person otherwise becoming a Beneficial Owner by reason of the stockholders of the Company approving a merger of the Company with another entity.

(c) "Corporate Status" describes the status of a person who is or was acting as a director, officer, employee, fiduciary, or Agent of the Company or an Enterprise.

(d) "Disinterested Director" means a director of the Company who is not and was not a party to the Proceeding in respect of which indemnification is sought by Indemnitee.

(e) "Enterprise" means any other corporation, limited liability company, partnership, joint venture, trust, employee benefit plan or other entity for which Indemnitee is or was serving at the request of the Company as a director, officer, employee, or Agent.

(f) "Expenses" includes all reasonable attorneys' fees, retainers, court costs, transcript costs, fees of experts and other professionals, witness fees, travel expenses, duplicating costs, printing and binding costs, telephone charges, postage, delivery service fees, any federal, state, local or foreign taxes imposed on Indemnitee as a result of the actual or deemed receipt of any payments under this Agreement, ERISA excise taxes and penalties, and all other disbursements or expenses of the types customarily incurred in connection with prosecuting, defending, preparing to prosecute or defend, investigating, being or preparing to be a witness in, or otherwise participating in, a Proceeding. Expenses also include (i) Expenses incurred in connection with any appeal resulting from any Proceeding, including without limitation the premium, security for, and other costs relating to any cost bond, supersedeas bond or other appeal bond or its equivalent and, (ii) for purposes of Section 14(d) only, Expenses incurred by Indemnitee in connection with the interpretation, enforcement or defense of Indemnitee's rights under this Agreement, by litigation or otherwise. The parties hereto agree that, for the purposes of any advancement of Expenses for which Indemnitee has made written demand to the Company in accordance with this Agreement, all Expenses included in such demand that are certified by affidavit of Indemnitee's counsel as being reasonable in the good faith judgment of such counsel will be presumed conclusively to be reasonable. Expenses, however, do not include amounts paid in settlement by Indemnitee or the amount of judgments or fines against Indemnitee.

(g) "Independent Counsel" means a law firm, or a member of a law firm, that is experienced in matters of corporation law and neither presently is, nor in the past five (5) years has been, retained to represent: (i) the Company or Indemnitee in any matter material to either such party (other than with respect to matters concerning the Indemnitee under this Agreement, or of other indemnitees under similar indemnification agreements), or (ii) any other party to the Proceeding giving rise to a claim for indemnification hereunder. Notwithstanding the foregoing, the term "Independent Counsel" does not include any person who, under the applicable standards of professional conduct then prevailing, would have a conflict of interest in representing either the Company or Indemnitee in an action to determine Indemnitee's rights under this Agreement.

(h) "Potential Change in Control" means the occurrence of any of the following events: (i) the Company enters into any written or oral agreement, undertaking or arrangement, the consummation of which would result in the occurrence of a Change in Control; (ii) any Person or the Company publicly announces an intention to take or consider taking actions which if consummated would constitute a Change in Control; (iii) any Person who becomes the Beneficial Owner, directly or indirectly, of securities of the Company representing 5% or more of the combined voting power of the Company's then outstanding securities entitled to vote generally in the election of directors increases his beneficial ownership of such securities by 5% or more over the percentage so owned by such Person on the date hereof; or (iv) the Board adopts a resolution to the effect that, for purposes of this Agreement, a Potential Change in Control has occurred

(i) The term "Proceeding" includes any threatened, pending or completed action, suit, claim, counterclaim, cross claim, arbitration, mediation, alternate dispute resolution mechanism, investigation, inquiry, administrative hearing or any other actual, threatened or completed proceeding, whether brought in the right of the Company or otherwise and whether of a civil, criminal, administrative, legislative, or investigative (formal or informal) nature, including any appeal therefrom, in which Indemnitee was, is or will be involved as a party, potential party, non-party witness or otherwise by reason of Indemnitee's Corporate Status or by reason of any action taken by Indemnitee (or a failure to take action by Indemnitee) or of any action (or failure to act) on Indemnitee's part while acting pursuant to Indemnitee's Corporate Status, in each case whether or not serving in such capacity at the time any liability or Expense is incurred for which indemnification, reimbursement, or advancement of Expenses can be provided under this Agreement. A Proceeding also includes a situation the Indemnitee believes in good faith may lead to or culminate in the institution of a Proceeding.

Section 3. Indemnity in Third-Party Proceedings. The Company will indemnify Indemnitee in accordance with the provisions of this Section 3 if Indemnitee is, or is threatened to be made, a party to or a participant in any Proceeding, other than a Proceeding by or in the right of the Company to procure a judgment in its favor. Pursuant to this Section 3, the Company will indemnify Indemnitee to the fullest extent permitted by applicable law against all Expenses, judgments, fines and amounts paid in settlement (including all interest, assessments and other charges paid or payable in connection with or in respect of such Expenses, judgments, fines and amounts paid in settlement) actually and reasonably incurred by Indemnitee or on Indemnitee's behalf in connection with such Proceeding or any claim, issue or matter therein, if Indemnitee acted in good faith and in a manner Indemnitee reasonably believed to be in or not opposed to the best interests of the Company and, in the case of a criminal Proceeding had no reasonable cause to believe that Indemnitee's conduct was unlawful.

Section 4. Indemnity in Proceedings by or in the Right of the Company. The Company will indemnify Indemnitee in accordance with the provisions of this Section 4 if Indemnitee is, or is threatened to be made, a party to or a participant in any Proceeding by or in the right of the Company to procure a judgment in its favor. Pursuant to this Section 4, the Company will indemnify Indemnitee to the fullest extent permitted by applicable law against all Expenses actually and reasonably incurred by Indemnitee or on Indemnitee's behalf in connection with such Proceeding or any claim, issue or matter therein, if Indemnitee acted in good faith and in a manner Indemnitee reasonably believed to be in or not opposed to the best interests of the Company. The Company will not indemnify Indemnitee for Expenses under this Section 4 related to any claim, issue or matter in a Proceeding for which Indemnitee has been finally adjudged by a court to be liable to the Company, unless, and only to the extent that, the Delaware Court of Chancery or any court in which the Proceeding was brought determines upon application by Indemnitee that, despite the adjudication of liability but in view of all the circumstances of the case, Indemnitee is fairly and reasonably entitled to indemnification.

Section 5. Indemnification for Expenses of a Party Who is Wholly or Partly Successful. Notwithstanding any other provisions of this Agreement, to the fullest extent permitted by applicable law, the Company will indemnify Indemnitee against all Expenses actually and reasonably incurred by Indemnitee in connection with any Proceeding the extent that Indemnitee is successful, on the merits or otherwise. If Indemnitee is not wholly successful in such Proceeding but is successful, on the merits or otherwise, as to one or more but less than all claims, issues or matters in such Proceeding, the Company will indemnify Indemnitee against all Expenses actually and reasonably incurred by Indemnitee or on Indemnitee's behalf in connection with or related to each successfully resolved claim, issue or matter to the fullest extent permitted by law. For purposes of this Section 5 and without limitation, the termination of any claim, issue or matter in such a Proceeding by dismissal, with or without prejudice, will be deemed to be a successful result as to such claim, issue or matter.

Section 6. Indemnification For Expenses of a Witness. Notwithstanding any other provision of this Agreement, and to the fullest extent permitted by applicable law, the Company will indemnify Indemnitee against all Expenses actually and reasonably incurred by Indemnitee or on Indemnitee's behalf in connection with any Proceeding to which Indemnitee is not a party but to which Indemnitee is a witness, deponent, interviewee, or otherwise asked to participate.

Section 7. Partial Indemnification. If Indemnitee is entitled under any provision of this Agreement to indemnification by the Company for some or a portion of Expenses but not, however, for the total amount thereof, the Company will indemnify Indemnitee for the portion thereof to which Indemnitee is entitled.

Section 8. Additional Indemnification. Notwithstanding any limitation in Sections 3, 4, or 5, the Company will indemnify Indemnitee to the fullest extent permitted by applicable law (including but not limited to, the DGCL and any amendments to or replacements of the DGCL adopted after the date of this Agreement that expand the Company's ability to indemnify its officers and directors) if Indemnitee is a party to or threatened to be made a party to any Proceeding (including a Proceeding by or in the right of the Company to procure a judgment in its favor).

Section 9. Exclusions. Notwithstanding any provision in this Agreement, the Company is not obligated under this Agreement to make any indemnification payment to Indemnitee in connection with any Proceeding:

(a) for which payment has actually been made to or on behalf of Indemnitee under any insurance policy or other indemnity provision, except to the extent provided in Section 16(b) and except with respect to any excess beyond the amount paid under any insurance policy or other indemnity provision; or

(b) for (i) an accounting of profits made from the purchase and sale (or sale and purchase) by Indemnitee of securities of the Company within the meaning of Section 16(b) of the Exchange Act (as defined in Section 2(b) hereof) or similar provisions of state statutory law or common law, (ii) any reimbursement of the Company by the Indemnitee of any bonus or other incentive-based or equity-based compensation or of any profits realized by the Indemnitee from the sale of securities of the Company, as required in each case under the Exchange Act (including any such reimbursements that arise from an accounting restatement of the Company pursuant to Section 304 of the Sarbanes-Oxley Act of 2002 (the "Sarbanes-Oxley Act"), or the payment to the Company of profits arising from the purchase and sale by Indemnitee of securities in violation of Section 306 of the Sarbanes-Oxley Act) or (iii) any reimbursement of the Company by Indemnitee of any compensation pursuant to any compensation recoupment or clawback policy adopted by the Board or a committee thereof, including but not limited to any such policy adopted to comply with stock exchange listing requirements implementing Section 10D of the Exchange Act; or

(c) initiated by Indemnitee, including any Proceeding (or any part of any Proceeding) initiated by Indemnitee against the Company or its directors, officers, employees or other indemnitees, unless (i) the Proceeding or part of any Proceeding is to enforce Indemnitee's rights to indemnification or advancement, of Expenses, including a Proceeding (or any part of any Proceeding) initiated pursuant to Section 14 of this Agreement, (ii) the Board authorized the Proceeding (or any part of any Proceeding) prior to its initiation or (iii) the Company provides the indemnification, in its sole discretion, pursuant to the powers vested in the Company under applicable law.

Section 10. Advances of Expenses.

(a) The Company will advance, to the extent not prohibited by law, the Expenses incurred by Indemnitee in connection with any Proceeding (or any part of any Proceeding) not initiated by Indemnitee or any Proceeding (or any part of any Proceeding) initiated by Indemnitee if (i) the Proceeding or part of any Proceeding is to enforce Indemnitee's rights to obtain indemnification or advancement of Expenses from the Company or Enterprise, including a proceeding initiated pursuant to Section 14 or (ii) the Board authorized the Proceeding (or any part of any Proceeding) prior to its initiation. The Company will advance the Expenses within thirty (30) calendar days after the receipt by the Company of a statement or statements requesting such advances from time to time, whether prior to or after final disposition of any Proceeding.

(b) Advances will be unsecured and interest free. Indemnitee undertakes to repay the amounts advanced (without interest) to the extent that it is ultimately determined that Indemnitee is not entitled to be indemnified by the Company, thus Indemnitee qualifies for advances upon the execution of this Agreement and delivery to the Company. No other form of undertaking is required other than the execution of this Agreement. The Company will make advances without regard to Indemnitee's ability to repay the Expenses and without regard to Indemnitee's ultimate entitlement to indemnification under the other provisions of this Agreement.

Section 11. Procedure for Notification of Claim for Indemnification or Advancement.

(a) Indemnitee will notify the Company in writing of any Proceeding with respect to which Indemnitee intends to seek indemnification or advancement of Expenses hereunder as soon as reasonably practicable following the receipt by Indemnitee of written notice thereof. Indemnitee will include in the written notification to the Company a description of the nature of the Proceeding and the facts underlying the Proceeding and provide such documentation and information as is reasonably available to Indemnitee and is reasonably necessary to determine whether and to what extent Indemnitee is entitled to indemnification following the final disposition of such Proceeding. Indemnitee's failure to notify the Company will not relieve the Company from any obligation it may have to Indemnitee under this Agreement, and any delay in so notifying the Company will not constitute a waiver by Indemnitee of any rights under this Agreement. The secretary of the Company will, promptly upon receipt of such a request for indemnification, advise the Board in writing that Indemnitee has requested indemnification or advancement.

(b) The Company will be entitled to participate in the Proceeding at its own expense.

Section 12. Procedure Upon Application for Indemnification.

(a) Unless a Change of Control has occurred, the determination of Indemnitee's entitlement to indemnification will be made:

i. by a majority vote of the Disinterested Directors, even though less than a quorum of the Board;

ii. by a committee of Disinterested Directors designated by a majority vote of the Disinterested Directors, even though less than a quorum of the Board;

iii. if there are no such Disinterested Directors or, if such Disinterested Directors so direct, by written opinion provided by Independent Counsel selected by the Board; or

iv. if so directed by the Board, by the stockholders of the Company.

(b) If a Change in Control has occurred, the determination of Indemnitee's entitlement to indemnification will be made by written opinion provided by Independent Counsel selected by Indemnitee (unless Indemnitee requests such selection be made by the Board)

(c) The party selecting Independent Counsel pursuant to subsection (a)(iii) or (b) of this Section 12 will provide written notice of the selection to the other party. The notified party may, within ten (10) calendar days after receiving written notice of the selection of Independent Counsel, deliver to the selecting party a written objection to such selection; provided, however, that such objection may be asserted only on the ground that the Independent Counsel so selected does not meet the requirements of "Independent Counsel" as defined in Section 2 of this Agreement, and the objection will set forth with particularity the factual basis of such assertion. Absent a proper and timely objection, the person so selected will act as Independent Counsel. If such written objection is so made and substantiated, the Independent Counsel so selected may not serve as Independent Counsel unless and until such objection is withdrawn or the Delaware Court has determined that such objection is without merit. If, within thirty (30) calendar days after the later of submission by Indemnitee of a written request for indemnification pursuant to Section 11(a) hereof and the final disposition of the Proceeding, Independent Counsel has not been selected or, if selected, any objection to has not been resolved, either the Company or Indemnitee may petition the Delaware Court for the appointment as Independent Counsel of a person selected by such court or by such other person as such court designates. Upon the due commencement of any judicial proceeding or arbitration pursuant to Section 14(a) of this Agreement, Independent Counsel will be discharged and relieved of any further responsibility in such capacity (subject to the applicable standards of professional conduct then prevailing).

(d) Indemnitee will cooperate with the person, persons or entity making the determination with respect to Indemnitee's entitlement to indemnification, including providing to such person, persons or entity upon reasonable advance request any documentation or information which is not privileged or otherwise protected from disclosure and which is reasonably available to Indemnitee and reasonably necessary to such determination. The Company will advance and pay any Expenses incurred by Indemnitee in so cooperating with the person, persons or entity making the indemnification determination irrespective of the determination as to Indemnitee's entitlement to indemnification and the Company hereby indemnifies and agrees to hold Indemnitee harmless therefrom. The Company promptly will advise Indemnitee in writing of the determination that Indemnitee is or is not entitled to indemnification, including a description of any reason or basis for which indemnification has been denied and providing a copy of any written opinion provided to the Board by Independent Counsel.

(e) If it is determined that Indemnitee is entitled to indemnification, the Company will make payment to Indemnitee within ten (10) calendar days after such determination.

Section 13. Presumptions and Effect of Certain Proceedings.

(a) In making a determination with respect to entitlement to indemnification hereunder, the person or persons or entity making such determination will, to the fullest extent not prohibited by law, presume Indemnitee is entitled to indemnification under this Agreement if Indemnitee has submitted a request for indemnification in accordance with Section 11(a) of this Agreement, and the Company will, to the fullest extent not prohibited by law, have the burden of proof to overcome that presumption. Neither the failure of the Company (including by its directors or Independent Counsel) to have made a determination prior to the commencement of any action pursuant to this Agreement that indemnification is proper in the circumstances because Indemnitee has met the applicable standard of conduct, nor an actual determination by the Company (including by its directors or Independent Counsel) that Indemnitee has not met such applicable standard of conduct, will be a defense to the action or create a presumption that Indemnitee has not met the applicable standard of conduct.

(b) If the determination of the Indemnitee's entitlement to indemnification has not made pursuant to Section 12 within sixty (60) calendar days after the latter of (i) receipt by the Company of Indemnitee's request for indemnification pursuant to Section 11(a) and (ii) the final disposition of the Proceeding for which Indemnitee requested Indemnification (the "Determination Period"), the requisite determination of entitlement to indemnification will, to the fullest extent not prohibited by law, be deemed to have been made and Indemnitee will be entitled to such indemnification, absent (i) a misstatement by Indemnitee of a material fact, or an omission of a material fact necessary to make Indemnitee's statement not materially misleading, in connection with the request for indemnification, or (ii) a prohibition of such indemnification under applicable law. The Determination Period may be extended for a reasonable time, not to exceed an additional thirty (30) calendar days, if the person, persons or entity making the determination with respect to entitlement to indemnification in good faith requires such additional time for the obtaining or evaluating of documentation and/or information relating thereto; and provided, further, the Determination Period may be extended an additional fifteen (15) calendar days if the determination of entitlement to indemnification is to be made by the stockholders pursuant to Section 12(a)(iv) of this Agreement.

(c) The termination of any Proceeding or of any claim, issue or matter therein, by judgment, order, settlement or conviction, or upon a plea of nolo contendere or its equivalent, will not (except as otherwise expressly provided in this Agreement) of itself adversely affect the right of Indemnitee to indemnification or create a presumption that Indemnitee did not act in good faith and in a manner which Indemnitee reasonably believed to be in or not opposed to the best interests of the Company or, with respect to any criminal Proceeding, that Indemnitee had reasonable cause to believe that Indemnitee's conduct was unlawful.

(d) For purposes of any determination of good faith, Indemnitee will be deemed to have acted in good faith if Indemnitee acted based on the records or books of account of the Company, its subsidiaries, or an Enterprise, including financial statements, or on information supplied to Indemnitee by the directors or officers of the Company, its subsidiaries, or an Enterprise in the course of their duties, or on the advice of legal counsel for the Company, its subsidiaries, or an Enterprise or on information or records given or reports made to the Company or an Enterprise by an independent certified public accountant or by an appraiser, financial advisor or other expert selected with reasonable care by or on behalf of the Company, its subsidiaries, or an Enterprise. Further, Indemnitee will be deemed to have acted in a manner "not opposed to the best interests of the Company," as referred to in this Agreement if Indemnitee acted in good faith and in a manner Indemnitee reasonably believed to be in the best interests of the participants and beneficiaries of an employee benefit plan. The provisions of this Section 13(d) is not exclusive and does not limit in any way the other circumstances in which the Indemnitee may be deemed to have met the applicable standard of conduct set forth in this Agreement.

(e) The knowledge and/or actions, or failure to act, of any director, officer, trustee, partner, managing member, fiduciary, agent or employee of the Enterprise may not be imputed to Indemnitee for purposes of determining Indemnitee's right to indemnification under this Agreement.

Section 14. Remedies of Indemnitee.

(a) Indemnitee may commence litigation against the Company in the Delaware Court of Chancery to obtain indemnification or advancement of Expenses provided by this Agreement in the event that (i) a determination is made pursuant to Section 12 of this Agreement that Indemnitee is not entitled to indemnification under this Agreement, (ii) the Company does not advance Expenses pursuant to Section 10 of this Agreement, (iii) the determination of entitlement to indemnification is not made pursuant to Section 12 of this Agreement within the Determination Period, (iv) the Company does not indemnify Indemnitee pursuant to Section 5 or 6 or the second to last sentence of Section 12(d) of this Agreement within ten (10) calendar days after receipt by the Company of a written request therefor, (v) the Company does not indemnify Indemnitee pursuant to Section 3, 4, 7, or 8 of this Agreement within ten (10) calendar days after a determination has been made that Indemnitee is entitled to indemnification, or (vi) in the event that the Company or any other person takes or threatens to take any action to declare this Agreement void or unenforceable, or institutes any litigation or other action or Proceeding designed to deny, or to recover from, the Indemnitee the benefits provided or intended to be provided to the Indemnitee hereunder. Alternatively, Indemnitee, at Indemnitee's option, may seek an award in arbitration to be conducted by a single arbitrator pursuant to the Commercial Arbitration Rules of the American Arbitration Association. Indemnitee must commence such Proceeding seeking an adjudication or an award in arbitration within 180 calendar days following the date on which Indemnitee first has the right to commence such Proceeding pursuant to this Section 14(a); provided, however, that the foregoing clause does not apply in respect of a Proceeding brought by Indemnitee to enforce Indemnitee's rights under Section 5 of this Agreement. The Company will not oppose Indemnitee's right to seek any such adjudication or award in arbitration.

(b) If a determination is made pursuant to Section 12 of this Agreement that Indemnitee is not entitled to indemnification, any judicial proceeding or arbitration commenced pursuant to this Section 14 will be conducted in all respects as a *de novo* trial, or arbitration, on the merits and Indemnitee may not be prejudiced by reason of that adverse determination. In any judicial proceeding or arbitration commenced pursuant to this Section 14 the Company will have the burden of proving Indemnitee is not entitled to indemnification or advancement of Expenses, as the case may be and will not introduce evidence of the determination made pursuant to Section 12 of this Agreement.

(c) If a determination is made pursuant to Section 12 of this Agreement that Indemnitee is entitled to indemnification, the Company will be bound by such determination in any judicial proceeding or arbitration commenced pursuant to this Section 14, absent (i) a misstatement by Indemnitee of a material fact, or an omission of a material fact necessary to make Indemnitee's statement not materially misleading, in connection with the request for indemnification, or (ii) a prohibition of such indemnification under applicable law.

(d) The Company is, to the fullest extent not prohibited by law, precluded from asserting in any judicial proceeding or arbitration commenced pursuant to this Section 14 that the procedures and presumptions of this Agreement are not valid, binding and enforceable and will stipulate in any such court or before any such arbitrator that the Company is bound by all the provisions of this Agreement.

(e) It is the intent of the Company that, to the fullest extent permitted by law, the Indemnitee not be required to incur legal fees or other Expenses associated with the interpretation, enforcement or defense of Indemnitee's rights under this Agreement by litigation or otherwise because the cost and expense thereof would substantially detract from the benefits intended to be extended to the Indemnitee hereunder. The Company, to the fullest extent permitted by law, will (within ten (10) calendar days after receipt by the Company of a written request therefor) advance to Indemnitee such Expenses which are incurred by Indemnitee in connection with any action concerning this Agreement, Indemnitee's right to indemnification or advancement of Expenses from the Company, or concerning any directors' and officers' liability insurance policies maintained by the Company. and will indemnify Indemnitee against any and all such Expenses unless the court determines that each of the Indemnitee's claims in such Proceeding were made in bad faith or were frivolous or are prohibited by law.

Section 15. Establishment of Trust.

(a) In the event of a Potential Change in Control or a Change in Control, the Company will, upon written request by Indemnitee, create a trust for the benefit of Indemnitee (the "Trust") and from time to time upon written request of Indemnitee will fund such Trust in an amount sufficient to satisfy the reasonably anticipated indemnification and advancement obligations of the Company to the Indemnitee in connection with any Proceeding for which Indemnitee has demanded indemnification and/or advancement prior to the Potential Change in Control or Change in Control (the "Funding Obligation"). The trustee of the Trust (the "Trustee") will be a bank or trust company or other individual or entity chosen by the Indemnitee and reasonably acceptable to the Company. Nothing in this Section 15 relieves the Company of any of its obligations under this Agreement.

(b) The amount or amounts to be deposited in the Trust pursuant to the Funding Obligation will be determined by mutual agreement of the Indemnitee and the Company or, if the Company and the Indemnitee are unable to reach such an agreement, by Independent Counsel selected in accordance with Section 12(b) of this Agreement. The terms of the Trust will provide that, except upon the consent of both the Indemnitee and the Company, upon a Change in Control: (i) the Trust may not be revoked, or the principal thereof invaded, without the written consent of the Indemnitee; (ii) the Trustee will advance, to the fullest extent permitted by applicable law, within two (2) business days of a request by the Indemnitee; (iii) the Company will continue to fund the Trust in accordance with the Funding Obligation; (iv) the Trustee will promptly pay to the Indemnitee all amounts for which the Indemnitee is entitled to indemnification pursuant to this Agreement or otherwise; and (v) all unexpended funds in such Trust revert to the Company upon mutual agreement by the Indemnitee and the Company or, if the Indemnitee and the Company are unable to reach such an agreement, by Independent Counsel selected in accordance with Section 12(b) of this Agreement, that the Indemnitee has been fully indemnified under the terms of this Agreement. New York law (without regard to its conflicts of laws rules) governs the Trust and the Trustee will consent to the exclusive jurisdiction of Delaware Court of Chancery, in accordance with Section 25 of this Agreement.

Section 16. Non-exclusivity; Survival of Rights; Insurance; Subrogation.

(a) The indemnification and advancement of Expenses provided by this Agreement are not exclusive of any other rights to which Indemnitee may at any time be entitled under applicable law, the Certificate of Incorporation, the Bylaws, any agreement, a vote of stockholders or a resolution of directors, or otherwise. The indemnification and advancement of Expenses provided by this Agreement may not be limited or restricted by any amendment, alteration or repeal of this Agreement in any way with respect to any action taken or omitted by Indemnitee in Indemnitee's Corporate Status occurring prior to any amendment, alteration or repeal of this Agreement. To the extent that a change in Delaware law, whether by statute or judicial decision, permits greater indemnification or advancement of Expenses than would be afforded currently under the Bylaws or this Agreement, it is the intent of the parties hereto that Indemnitee enjoy by this Agreement the greater benefits so afforded by such change. No right or remedy herein conferred is intended to be exclusive of any other right or remedy, and every other right and remedy is cumulative and in addition to every other right and remedy given hereunder or now or hereafter existing at law or in equity or otherwise. The assertion or employment of any right or remedy hereunder, or otherwise, will not prevent the concurrent assertion or employment of any other right or remedy.

(b) The Company hereby acknowledges that Indemnitee may have certain rights to indemnification, advancement of Expenses and/or insurance provided by one or more Persons with whom or which Indemnitee may be associated.

i. The Company hereby acknowledges and agrees:

1) the Company is the indemnitor of first resort with respect to any request for indemnification or advancement of Expenses made pursuant to this Agreement concerning any Proceeding arising from or related to Indemnitee's Corporate Status with the Company;

2) the Company is primarily liable for all indemnification and indemnification or advancement of Expenses obligations for any Proceeding arising from or related to Indemnitee's Corporate Status, whether created by law, organizational or constituent documents, contract (including this Agreement) or otherwise;

3) any obligation of any other Persons with whom or which Indemnitee may be associated to indemnify Indemnitee and/or advance Expenses to Indemnitee in respect of any proceeding are secondary to the obligations of the Company's obligations;

4) the Company will indemnify Indemnitee and advance Expenses to Indemnitee hereunder to the fullest extent provided herein without regard to any rights Indemnitee may have against any other Person with whom or which Indemnitee may be associated or insurer of any such Person; and

ii. the Company irrevocably waives, relinquishes and releases any other Person with whom or which Indemnitee may be associated from any claim of contribution, subrogation, reimbursement, exoneration or indemnification, or any other recovery of any kind in respect of amounts paid by the Company to Indemnitee pursuant to this Agreement.

iii. In the event any other Person with whom or which Indemnitee may be associated or their insurers advances or extinguishes any liability or loss for Indemnitee, the payor has a right of subrogation against the Company or its insurers for all amounts so paid which would otherwise be payable by the Company or its insurers under this Agreement. In no event will payment by any other Person with whom or which Indemnitee may be associated (or their insurers affect the obligations of the Company hereunder or shift primary liability for the Company's obligation to indemnify or advance of Expenses to any other Person with whom or which Indemnitee may be associated.

iv. Any indemnification or advancement of Expenses provided by any other Person with whom or which Indemnitee may be associated is specifically in excess over the Company's obligation to indemnify and advance Expenses or any valid and collectible insurance (including but not limited to any malpractice insurance or professional errors and omissions insurance) provided by the Company.

(c) To the extent that the Company maintains an insurance policy or policies providing liability insurance for directors, officers, employees, or agents of the Enterprise, the Company will obtain a policy or policies covering Indemnitee to the maximum extent of the coverage available for any such director, officer, employee or agent under such policy or policies, including coverage in the event the Company does not or cannot, for any reason, indemnify or advance Expenses to Indemnitee as required by this Agreement. If, at the time of the receipt of a notice of a claim pursuant to this Agreement, the Company has director and officer liability insurance in effect, the Company will give prompt notice of such claim or of the commencement of a Proceeding, as the case may be, to the insurers in accordance with the procedures set forth in the respective policies. The Company will thereafter take all necessary or desirable action to cause such insurers to pay, on behalf of the Indemnitee, all amounts payable as a result of such Proceeding in accordance with the terms of such policies. Indemnitee agrees to assist the Company efforts to cause the insurers to pay such amounts and will comply with the terms of such policies, including selection of approved panel counsel, if required.

(d) The Company's obligation to indemnify or advance Expenses hereunder to Indemnitee for any Proceeding concerning Indemnitee's Corporate Status with an Enterprise will be reduced by any amount Indemnitee has actually received as indemnification or advancement of Expenses from such Enterprise. The Company and Indemnitee intend that any such Enterprise (and its insurers) be the indemnitor of first resort with respect to indemnification and advancement of Expenses for any Proceeding related to or arising from Indemnitee's Corporate Status with such Enterprise. The Company's obligation to indemnify and advance Expenses to Indemnitee is secondary to the obligations the Enterprise or its insurers owe to Indemnitee. Indemnitee agrees to take all reasonably necessary and desirable action to obtain from an Enterprise indemnification and advancement of Expenses for any Proceeding related to or arising from Indemnitee's Corporate Status with such Enterprise.

(e) In the event of any payment made by the Company under this Agreement, the Company will be subrogated to the extent of such payment to all of the rights of recovery of Indemnitee from any Enterprise or insurance carrier. Indemnitee will execute all papers required and take all action necessary to secure such rights, including execution of such documents as are necessary to enable the Company to bring suit to enforce such rights.

Section 17. Duration of Agreement. This Agreement continues until and terminates upon the later of: (a) ten (10) years after the date that Indemnitee ceases to serve as a director and officer of the Company or (b) one (1) year after the final termination of any Proceeding then pending in respect of which Indemnitee is granted rights of indemnification or advancement of Expenses hereunder and of any Proceeding commenced by Indemnitee pursuant to Section 14 of this Agreement relating thereto. The indemnification and advancement of Expenses rights provided by or granted pursuant to this Agreement are binding upon and be enforceable by the parties hereto and their respective successors and assigns (including any direct or indirect successor by purchase, merger, consolidation or otherwise to all or substantially all of the business or assets of the Company), continue as to an Indemnitee who has ceased to be a director, officer, employee or agent of the Company or of any other Enterprise, and inure to the benefit of Indemnitee and Indemnitee's spouse, assigns, heirs, devisees, executors and administrators and other legal representatives.

Section 18. Severability. If any provision or provisions of this Agreement is held to be invalid, illegal or unenforceable for any reason whatsoever: (a) the validity, legality and enforceability of the remaining provisions of this Agreement (including without limitation, each portion of any Section of this Agreement containing any such provision held to be invalid, illegal or unenforceable, that is not itself invalid, illegal or unenforceable) will not in any way be affected or impaired thereby and remain enforceable to the fullest extent permitted by law; (b) such provision or provisions will be deemed reformed to the extent necessary to conform to applicable law and to give the maximum effect to the intent of the parties hereto; and (c) to the fullest extent possible, the provisions of this Agreement (including, without limitation, each portion of any Section of this Agreement containing any such provision held to be invalid, illegal or unenforceable, that is not itself invalid, illegal or unenforceable) will be construed so as to give effect to the intent manifested thereby.

Section 19. Interpretation. Any ambiguity in the terms of this Agreement will be resolved in favor of Indemnitee and in a manner to provide the maximum indemnification and advancement of Expenses permitted by law. The Company and Indemnitee intend that this Agreement provide to the fullest extent permitted by law for indemnification in excess of that expressly provided, without limitation, by the Certificate of Incorporation, the Bylaws, vote of the Company stockholders or disinterested directors, or applicable law.

Section 20. Enforcement.

(a) The Company expressly confirms and agrees that it has entered into this Agreement and assumed the obligations imposed on it hereby in order to induce Indemnitee to serve as a director or officer of the Company, and the Company acknowledges that Indemnitee is relying upon this Agreement in serving or continuing to serve as a director or officer of the Company.

(b) This Agreement constitutes the entire agreement between the parties hereto with respect to the subject matter hereof and supersedes all prior agreements and understandings, oral, written and implied, between the parties hereto with respect to the subject matter hereof; provided, however, that this Agreement is a supplement to and in furtherance of the Certificate of Incorporation, the Bylaws and applicable law, and is not a substitute therefor, nor to diminish or abrogate any rights of Indemnitee thereunder.

Section 21. Modification and Waiver. No supplement, modification or amendment of this Agreement is binding unless executed in writing by the parties hereto. No waiver of any of the provisions of this Agreement will be deemed or constitutes a waiver of any other provisions of this Agreement nor will any waiver constitute a continuing waiver.

Section 22. Notice by Indemnitee. Indemnitee agrees promptly to notify the Company in writing upon being served with any summons, citation, subpoena, complaint, indictment, information or other document relating to any Proceeding or matter which may be subject to indemnification or advancement of Expenses covered hereunder. The failure of Indemnitee to so notify the Company does not relieve the Company of any obligation which it may have to the Indemnitee under this Agreement or otherwise.

Section 23. Notices. All notices, requests, demands and other communications under this Agreement will be in writing and will be deemed to have been duly given if (a) delivered by hand to the other party, (b) sent by reputable overnight courier to the other party or (c) sent by facsimile transmission or electronic mail, with receipt of oral confirmation that such communication has been received:

(a) If to Indemnitee, at the address indicated on the signature page of this Agreement, or such other address as Indemnitee provides to the Company.

(b) If to the Company to:

Better Choice Company, Inc.
100 Techne Center Drive, Ste 210
Milford, OH 45150

or to any other address as may have been furnished to Indemnitee by the Company.

Section 24. Contribution. To the fullest extent permissible under applicable law, if the indemnification provided for in this Agreement is unavailable to Indemnitee for any reason whatsoever, the Company, in lieu of indemnifying Indemnitee, will contribute to the amount incurred by Indemnitee, whether for judgments, fines, penalties, excise taxes, amounts paid or to be paid in settlement and/or for Expenses, in connection with any claim relating to an indemnifiable event under this Agreement, in such proportion as is deemed fair and reasonable in light of all of the circumstances of such Proceeding in order to reflect (i) the relative benefits received by the Company and Indemnitee as a result of the event(s) and/or transaction(s) giving cause to such Proceeding; and/or (ii) the relative fault of the Company (and its directors, officers, employees and agents) and Indemnitee in connection with such event(s) and/or transaction(s).

Section 25. Applicable Law and Consent to Jurisdiction. This Agreement and the legal relations among the parties are governed by, and construed and enforced in accordance with, the laws of the State of Delaware, without regard to its conflict of laws rules. Except with respect to any arbitration commenced by Indemnitee pursuant to Section 14(a) of this Agreement, the Company and Indemnitee hereby irrevocably and unconditionally (i) agree that any action or Proceeding arising out of or in connection with this Agreement may be brought only in the Delaware Court of Chancery and not in any other state or federal court in the United States of America or any court in any other country, (ii) consent to submit to the exclusive jurisdiction of the Delaware Court for purposes of any action or Proceeding arising out of or in connection with this Agreement, (iii) waive any objection to the laying of venue of any such action or Proceeding in the Delaware Court, and (iv) waive, and agree not to plead or to make, any claim that any such action or Proceeding brought in the Delaware Court has been brought in an improper or inconvenient forum.

Section 26. Identical Counterparts. This Agreement may be executed in one or more counterparts, each of which will for all purposes be deemed to be an original but all of which together constitutes one and the same Agreement. Only one such counterpart signed by the party against whom enforceability is sought needs to be produced to evidence the existence of this Agreement.

Section 27. Headings. The headings of this Agreement are inserted for convenience only and do not constitute part of this Agreement or affect the construction thereof.

[*Signature Page to Follow*]

IN WITNESS WHEREOF, the parties have caused this Agreement to be signed as of the day and year first above written.

BETTER CHOICE COMPANY INC.	INDEMNITEE
By:	
Name:	Name: Damian Dalla-Longa
Title:	Address:[***]

EMPLOYMENT AGREEMENT

THIS EMPLOYMENT AGREEMENT (this "Agreement") is entered into as of May 6, 2019 (the "Effective Date") by and between Lori Taylor (the "Executive") and Better Choice Company, Inc. (together with any of its Affiliates (as defined in Section 3(a) below) as may employ the Executive from time to time, the "Company").

WHEREAS, the Company desires to employ the Executive upon the terms and conditions set forth herein;

WHEREAS, the Executive desires to be employed by the Company upon the terms and conditions set forth herein.

NOW, THEREFORE, in consideration of the foregoing premises and certain other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties agree as follows:

1. Representations and Warranties. The Executive hereby represents and warrants to the Company that the Executive (i) is not subject to any non-solicitation or non-competition agreement affecting the Executive's employment with the Company, (ii) is not subject to any confidentiality or nonuse/nondisclosure agreement affecting the Executive's employment with the Company, and (iii) will bring to the Company no trade secrets, confidential business information, documents, or other personal property of a prior employer.

2. Term of Employment.

(a) Term. The Company hereby employs the Executive, and the Executive hereby accepts employment with the Company, for a period of two years commencing as of the Effective Date (such period, as it may be extended or renewed, the "Term"), unless sooner terminated in accordance with the provisions of Section 6. The Term shall be automatically renewed for successive two year terms unless notice of non-renewal is given by either party at least 30 days before the end of the Term.

(b) Continuing Effect. Notwithstanding any termination of this Agreement, at the end of the Term or otherwise, the provisions of Sections 6(e), 7, 8, 9, 10, 12 15, 16, 18, and 21 shall remain in full force and effect and the provisions of Section 9 shall be binding upon the legal representatives, successors and assigns of the Executive.

3. Duties.

(a) General Duties. The Executive shall serve as the Co-Chief Executive Officer of the Company, with customary responsibilities, duties (the "Duties") and authority as may from time to time be assigned to the Executive by the Company's Board of Directors (the "Board") and consistent with those duties normally performed by a Chief Executive Officer, which duties may include services for majority owned subsidiaries and affiliates of the Company (the "Affiliates"). The Executive shall report to the Board. The Executive shall, if requested by the Board, also serve as an officer or director of any Affiliate for no additional compensation. The Executive agrees to observe and comply with the Company's written rules and policies as adopted by the Company from time to time.

(b) Devotion of Time. Subject to the last sentence of this Section 3(b), the Executive shall devote the Executive's full business time, skill, energy and attention to the business and affairs of the Company and its Affiliates as are necessary to perform the Executive's Duties pursuant to this Agreement. The Executive shall not enter the employ of or serve as a consultant to, or in any way perform any professional services with or without compensation to, any other persons, business, or organization, without the prior consent of the Board. Notwithstanding the above, the Executive shall be permitted to devote a limited amount of the Executive's time to any not-for-profit charity or civic group, provided that such activities do not interfere with, or otherwise create a conflict with, the Executive's performance of the Executive's Duties as provided hereunder.

(c) Location of Office. The Executive's principal business office shall be in Milford, Ohio (the "Principal Office"). However, the Executive's Duties shall include all business travel necessary for the performance of the Executive's Duties.

(d) Adherence to Inside Information Policies. The Executive acknowledges that the Company is publicly-held and, as a result, has implemented inside information policies designed to preclude its executives and those of its subsidiaries from violating the federal securities laws by trading on material, non-public information or passing such information on to others in breach of any duty owed to the Company or any third party. The Executive shall promptly execute any agreements generally distributed by the Company to its employees requiring such employees to abide by its inside information policies.

4. Compensation and Expenses.

(a) Base Salary. For the services of the Executive to be rendered under this Agreement, the Company shall pay the Executive an annual salary of $300,000 (the "Base Salary"), less such deductions as shall be required to be withheld by applicable law and regulations payable in accordance with the Company's customary payroll practices. The Executive's Base Salary shall be reviewed at least annually by the Board and the Board may, but shall not be required to, increase the Base Salary during the Term.

(b) Signing Bonus. The Executive shall be paid a "signing bonus" of USD $155,000 on May 6, 2019, less such deductions as shall be required to be withheld by applicable law and regulations.

(c) Target Bonus. For each fiscal year of the Company during the Term, the Executive shall have the opportunity to earn a bonus in accordance with the terms and conditions set forth on Exhibit A hereto (an "Annual Bonus"). Any such Annual Bonus shall be payable on, or at such date as is determined by the Board within 120 days following, the last day of the fiscal year with respect to which it relates. Except as provided in Section 6, notwithstanding any other provision of this Section 4(c) or Exhibit A hereto, no Annual Bonus shall be payable with respect to any fiscal year unless the Executive remains continuously employed with the Company during the period beginning on the Effective Date and ending on the last day of the fiscal year to which the Annual Bonus relates.

(d) Equity Compensation. In consideration of the Executive entering into this Agreement and as an inducement to join the Company, on, or as soon as reasonably practicable following, the Effective Date, the Company shall grant to the Executive certain equity compensation rights and awards set forth on Exhibit B hereto (which, together with any other awards granted under this Plan hereafter, the "Equity Awards") pursuant to the Better Choice Company, Inc. 2019 Incentive Award Plan (the "Plan"). The Equity Awards shall be subject to the terms and conditions of the Plan, or any successor plan thereto, which may be modified or revoked at any time in the sole discretion of the Company subject to then outstanding rights thereunder, and applicable award agreements thereunder.

(e) Expenses. In addition to any compensation received pursuant to this Section 4, the Company will reimburse or advance funds to the Executive for all reasonable documented travel (including travel expenses incurred by the Executive related to the Executive's travel to the Company's other offices), entertainment and other business expenses incurred in connection with the performance of the Executive's Duties under this Agreement, provided that the Executive properly provides a written accounting of such expenses to the Company in accordance with the Company's practices. Such reimbursement or advances will be made in accordance with policies and procedures of the Company in effect from time to time relating to reimbursement of, or advances to, its executive officers.

5. Benefits.

(a) Paid Time Off. For each twelve-month period during the Term, the Executive shall be entitled to five weeks of paid time off without loss of compensation or other benefits to which Executive is entitled under this Agreement, to be taken at such times as the Executive may select and the affairs of the Company may permit. The five weeks shall accrue daily and any unused days will be carried over to the next year of the Term and, upon the termination of this Agreement, any accrued and unused paid time-off shall be paid to Executive.

(b) Fringe Benefit and Perquisites. During the Term, the Executive shall be entitled to (i) fringe benefits and perquisites consistent with the practices of the Company, (ii) benefits or perquisites (or both) provided to similarly situated executives of the Company, and (iii) the perquisites set forth on Exhibit D.

(c) Employee Benefits. During the Term, the Executive shall be entitled to participate in all employee benefit plans, practices and programs maintained by the Company, as in effect from time to time (collectively, "Employee Benefit Plans"), on a basis which is no less favorable than is provided to other similarly situated executives of the Company, to the extent consistent with applicable law and the terms of the applicable Employee Benefit Plans. The Company reserves the right to amend or cancel any Employee Benefit Plans at any time in its sole discretion, subject to the terms of such Employee Benefit Plan and applicable law. Notwithstanding the foregoing sentence, during the Term, the Company shall provide the Executive with health insurance covering the Executive and family dependents.

6. Termination.

(a) Death or Disability. Except as otherwise provided in this Agreement, this Agreement shall automatically terminate upon the death or disability of the Executive. For purposes of this Section 6(a), "disability" shall mean (i) the Executive is unable to substantially engage in the Executive's Duties by reason of any medically determinable physical or mental impairment that can be expected to result in death, or last for a continuous period of not less than 12 months; (ii) the Executive is, by reason of any medically determinable physical or mental impairment that can be expected to result in death, or last for continuous period of not less than 12 months, receiving income replacement benefits for a period of not less than three months under an accident and health plan covering employees of the Company; or (iii) the Executive is determined to be totally disabled by the Social Security Administration. Any question as to the existence of a disability shall be determined by the written opinion of the Executive's regularly attending physician (or the Executive's guardian) (or the Social Security Administration, where applicable). In the event that the Executive's employment is terminated by reason of the Executive's death or disability, the Company shall pay the following to the Executive or the Executive's personal representative: (i) any accrued but unpaid Base Salary for services rendered to the date of termination, any accrued but unpaid expenses required to be reimbursed under this Agreement and any accrued paid time off (the "Accrued Payments"), and (ii) any earned but unpaid Annual Bonus for any prior period and the Annual Bonus for the year of such termination, prorated to the date of termination (determined based on actual performance for such year and payable when bonuses are paid to all Company executives for such year). The Executive or the Executive's legally appointed guardian, as the case may be, shall have up to 12 months from the date of termination to exercise all vested stock options held by the Executive as of the date of termination, provided that in no event shall any option be exercisable beyond its term. The Executive (or the Executive's estate) shall receive the payments provided herein at such times as the Executive would have received them if there was no death or disability.

(b) Termination by the Company for Cause or by the Executive Without Good Reason. The Company may, upon a unanimous vote by the Board (excluding the Executive), terminate the Executive's employment pursuant to the terms of this Agreement at any time for Cause (as defined below) by giving the Executive written notice of termination. Such termination shall become effective upon the giving of such notice. Upon any such termination for Cause, or in the event the Executive terminates the Executive's employment with the Company without Good Reason (as defined in Section 6(c)), the Executive shall receive the Accrued Payments and shall have no right to any other compensation or reimbursement under Section 4, or to participate in any Executive benefit programs under Section 5, except as may otherwise be provided for by law, for any period subsequent to the effective date of termination. For purposes of this Agreement, "Cause" shall mean: (i) the Executive is convicted of, or pleads guilty or nolo contendere to, a felony related to the business of the Company; (ii) the Executive, in carrying out the Executive's Duties hereunder, has acted with gross negligence or intentional misconduct which results in material harm to the Company; (iii) the Executive misappropriates Company funds or otherwise defrauds the Company involving a material amount of money or property; (iv) the Executive breaches the Executive's fiduciary duty to the Company, resulting in material profit to the Executive personally, directly or indirectly; (v) the Executive materially breaches any term of this Agreement with the Company and fails to cure such breach within 30 days of receipt of notice; (vi) the Executive breaches any provision of Section 8 or Section 9 of this Agreement; (vii) the Executive becomes subject to a preliminary or permanent injunction issued by a United States District Court enjoining the Executive from violating any securities law administered or regulated by the Securities and Exchange Commission; (viii) the Executive becomes subject to a cease and desist order or other order issued by the Securities and Exchange Commission after an opportunity for a hearing; (ix) the Executive refuses to carry out a resolution adopted by the Company's Board at a meeting in which the Executive was offered a reasonable opportunity to argue that the resolution should not be adopted; or (x) the Executive abuses alcohol or drugs in a manner that interferes with the successful performance of the Executive's Duties.

(c) Termination by the Company Without Cause; Termination by the Executive for Good Reason; Termination at the end of a Term after the Company provides notice of Non-Renewal.

(1) This Agreement may be terminated: (i) by the Executive for Good Reason (as defined below), (ii) by the Company without Cause, or (iii) at the end of a Term after the Company provides the Executive with notice of non-renewal.

(2) In the event this Agreement is terminated by the Executive for Good Reason or by the Company without Cause, subject to Section (6)(c)(4) and Section 21, the Executive shall be entitled to the following:

(A) The Accrued Amounts;

(B) any earned but unpaid Annual Bonus for any prior period and the Annual Bonus for the year of such termination, prorated to the date of termination (determined based on actual performance for such year and payable when bonuses are paid to all Company executives for such year);

(C) continued payment of the then Base Salary during the 12 month period following the date of termination (the "Severance Period"), payable in accordance with the Company's regular payroll practices as of the date of such termination;

(D) the Executive or the Executive's legally appointed guardian, as the case may be, shall have up to three (3) months from the date of termination to exercise all vested stock options held by the Executive as of the date of termination, provided that in no event shall any option be exercisable beyond its term;

(E) all Equity Awards, to the extent not already vested, shall become fully vested on the date of termination; and

(F) any benefits (except perquisites) to which the Executive was entitled pursuant to Section 5(b) hereof shall continue to be paid or provided by the Company, as the case may be, during the Severance Period, subject to the terms of any applicable plan or insurance contract and applicable law.

(3) In the event this Agreement is terminated at the end of a Term after the Company provides the Executive with notice of non-renewal and the Executive remains employed until the end of the Term, subject to Section 6(c)(4) and Section 21, the Executive shall be entitled to the following:

(A) The Accrued Amounts;

(B) all Equity Awards, to the extent not already vested, shall become fully vested on the date of termination;

(C) the Executive or the Executive's legally appointed guardian, as the case may be, shall have up to three (3) months from the date of termination to exercise all vested stock options held by the Executive as of the date of termination, provided that in no event shall any option be exercisable beyond its term; and

(D) any benefits (except perquisites) to which the Executive was entitled pursuant to Section 5(b) hereof shall continue to be paid or provided by the Company, as the case may be, for 12 months, subject to the terms of any applicable plan or insurance contract and applicable law;

provided, however, that the Executive shall only be entitled to receive the payments or benefits set forth in Section 6(c)(3)(B) and (D) if the Executive is willing and able (i) to execute a new agreement providing terms and conditions substantially similar to those in this Agreement and (ii) to continue providing such services, and therefore, the Company's non-renewal of the Term will be considered an "involuntary separation from service" within the meaning of Treasury Regulation Section 1.409A-1(n).

(4) The payments and benefits provided in Sections 6(c)(2)(B), (C), (E) and (F) and Section 6(c)(3)(B) and (D) shall be conditioned on (i) the Executive's execution and non-revocation of a waiver and release of claims in the Company's customary form (a "Release") as of the Release Expiration Date, in accordance with Section 21(d), and (ii) the Executive's continued compliance with the restrictive covenants set forth in Sections 8 and 9 of this Agreement (the "Restrictive Covenants"). Notwithstanding any other provision of this Agreement, no payments will be made or benefits provided pursuant to such sections prior to the date the Release becomes irrevocable in accordance with its terms or following the date the Executive first breaches any of the Restrictive Covenants.

(5) The term "Good Reason" shall mean: (i) a material diminution in the Executive's authority, duties or responsibilities due to no fault of the Executive other than temporarily while the Executive is physically or mentally incapacitated or as required by applicable law; (ii) the Company requires the Executive to permanently change the Executive's principal business office as defined in Section 3(c) to a location that is greater than 30 miles from the Principal Office, (iii) a change in the Executive's overall compensation or bonus structure such that the Executive's overall compensation is materially diminished; or (v) any other action or inaction that constitutes a material breach by the Company under this Agreement. Prior to the Executive terminating the Executive's employment with the Company for Good Reason, the Executive must provide written notice to the Company, within 30 days following the Executive's initial awareness of the existence of such condition, that such Good Reason exists and setting forth in detail the grounds the Executive believes constitutes Good Reason. If the Company does not cure the condition(s) constituting Good Reason within 30 days following receipt of such notice, then the Executive's employment shall be deemed terminated for Good Reason.

(d) Any termination made by the Company under this Agreement shall be approved by the Board as provided herein.

(e) Upon (1) termination of the Executive's employment with the Company for any reason or (2) the Company's request at any time during the Executive's employment (provided it does not interfere with the Executive's ability to perform the Executive's duties and responsibilities hereunder), the Executive shall (i) provide or return to the Company any and all Company property, including keys, key cards, access cards, security devices, employer credit cards, network access devices, computers, cell phones, smartphones, manuals, work product, thumb drives or other removable information storage devices, and hard drives, and all Company documents and materials belonging to the Company and stored in any fashion, including but not limited to those that constitute or contain any Confidential Information or work product, that are in the possession or control of the Executive, whether they were provided to the Executive by the Company or any of its business associates or created by the Executive in connection with the Executive's employment by the Company; and (ii) delete or destroy all copies of any such documents and materials not returned to the Company that remain in the Executive's possession or control, including those stored on any non-Company devices, networks, storage locations and media in the Executive's possession or control. The Executive shall confirm the Executive's compliance with this Section 6(e), in writing, at any time within five days of the Executive's receipt of a request for same from the Company.

(f) The provisions of this Section 6 shall supersede in their entirety any severance payment or benefit obligations to the Executive pursuant to the provisions in any severance plan, policy, program or other arrangement maintained by the Company.

7. Indemnification. As provided in an Indemnification Agreement to be entered into between the Company and the Executive, a copy of which is annexed as Exhibit C, the Company shall indemnify the Executive, to the maximum extent permitted by applicable law, against all costs, charges and expenses incurred or sustained by her in connection with any action, suit or proceeding to which the Executive may be made a party by reason of the Executive being an officer, director or employee of the Company or of any subsidiary or affiliate of the Company. The Company shall provide, at its expense, directors and officers insurance for the Executive in amounts and for a term consistent with industry standards.

8. Non-Competition Agreement.

(a) Definitions. For the purpose of this Agreement:

(1) "Restricted Area" means the United States of America;

(2) "Restricted Period" means the period during such time as Executive is an employee of the Company and the one year period immediately following the last day of the Executive's employment with the Company.

(3) "Prohibited Activity" means any activity in which the Executive contributes the Executive's knowledge, directly or indirectly, in whole or in part, as an employee, employer, owner, operator, manager, member, advisor, consultant, agent, partner, director, stockholder, officer, volunteer, intern, or any other similar capacity to an entity engaged in the same or similar businesses as the Company or any of its affiliates or subsidiaries, including but not limited to those engaged in the Business. For the avoidance of doubt, "Prohibited Activity" includes any activity requiring the disclosure of any Confidential Information.

(4) "Trade Secret" means Confidential Information which meets the additional requirements of the federal Defend Trade Secrets Act, the Uniform Trade Secrets Act, similar state law or applicable common law.

(5) "Trade Secret Prohibited Activity" means any Prohibited Activity that may require or inevitably requires disclosure of any Trade Secret of the Company Group.

(6) "Business" means the sale of pet foods, flea and tick products, pet nutritional products and related pet supplies, and also includes any other product or services which the Company has taken concrete steps to offer for sale, but has not yet commenced selling or marketing, during or prior to the Term, and any products or services disclosed on the Company's website.

(b) Non-Competition. Because of the Company's legitimate business interest as described herein and the good and valuable consideration offered to the Executive, during the Term of this Agreement and during the Restricted Period the Executive agrees and covenants not to engage in any Prohibited Activity within the Restricted Area.

(c) Trade Secrets. Notwithstanding the foregoing or anything contained herein to the contrary, and subject only to Section 9(a)(1)(B) hereof, the Executive acknowledges and agrees that during the Executive's employment with the Company and indefinitely following the cessation of that employment for any reason, the Executive shall not directly or indirectly disclose or divulge any Trade Secret or engage in any Trade Secret Prohibited Activity (so long as the information remains a Trade Secret under applicable law) without the prior written consent of the Company, which may be granted or withheld in the sole discretion of the Company.

(d) Non-Solicitation, Non-Disparagement. During the Restricted Period, the Executive shall not, directly or indirectly, whether for the Executive's own account or for the account of any person or entity, solicit, attempt to solicit, endeavor to entice away from the Company, attempt to hire, hire, deal with, attempt to attract business from, accept business from, or otherwise interfere with (whether by reason of cancellation, withdrawal, modification of relationship or otherwise) any actual or prospective relationship of the Company with any person or entity: (i) who is, or was within one (1) year of the date upon which this Agreement is terminated, employed by or otherwise engaged to perform services for the Company, including, but not limited to, any independent contractor or representative, or (ii) who is, or was within one year of the date upon which this Agreement is terminated, an actual or bona fide prospective licensee, landlord, customer, client, vendor, supplier or manufacturer of the Company (or other person or entity with which the Company had an actual or prospective bona fide relationship). The Executive agrees that the Executive will never, directly or indirectly, make or publish any statement or communication which is false or disparaging with respect to the Company and/or its direct or indirect shareholders, officers, directors, members, managers, employees, contractors, consultants, or agents.

(e) Equitable Consideration. The Executive agrees that the Executive's services hereunder are of a special, unique, extraordinary and intellectual character and the Executive's position with the Company places the Executive in a position of confidence and trust with the customers, suppliers and employees of the Company. The Executive and the Company agree that in the course of employment hereunder, the Executive has and will continue to develop a personal relationship with the Company's customers, and a knowledge of these customers' affairs and requirements as well as confidential and proprietary information developed by the Company after the date of this Agreement. The Executive acknowledges that the Company's relationships with its established clientele may therefore be placed in the Executive's hands in confidence and trust. The Executive consequently agrees that it is reasonable and necessary for the protection of the goodwill, confidential and proprietary information, and legitimate business interests of the Company that the Executive make the covenants contained herein, that the covenants are a material inducement for the Company to employ or continue to employ the Executive and to enter into this Agreement, that the covenants are given as an integral part of and incident to this Agreement, and that the covenants will not prevent the Executive from earning a livelihood in the Executive's chosen business, do not impose an undue hardship on the Executive, and will not injure the public.

(f) References. References to the Company in this Section 8 shall include the Company and any Affiliate.

9. Non-Disclosure of Confidential Information.

(a) Confidentiality.

(1) For the purpose of this Agreement, "Confidential Information" includes, but is not limited to, all information not generally known to the public, in spoken, printed, electronic or any other form or medium, relating directly or indirectly to: business processes, products, patents, sources of supply, customer dealings, data, source code, business plans, practices, methods, policies, publications, research, operations, strategies, techniques, agreements, transactions, potential transactions, negotiations, know-how, Trade Secrets, computer programs, computer software, applications, operating systems, software design, work-in-process, databases, records, systems, Personally Identifiable Information, supplier information, vendor information, financial information, results, legal information, marketing and advertising information, pricing information, design information, personnel information, developments, reports, internal controls, graphics, drawings, market studies, sales information, revenue, costs, notes, communications, algorithms, product plans, designs, models, ideas, inventions, unpublished patent applications, original works of authorship, discoveries, experimental processes, experimental results, specifications, customer information, customer lists, distributor lists, and buyer lists of the Company, its businesses, and any existing or prospective customer, vendor, supplier, investor or other associated third party, or of any other person or entity that has entrusted information to the Company in confidence. The Executive understands that the above list is not exhaustive, and that Confidential Information also includes other information that is marked or otherwise identified as confidential or proprietary, or that would otherwise appear to a reasonable person to be confidential or proprietary in the context and circumstances in which the information is known or used. Notwithstanding the foregoing, "Confidential Information" shall not include information that: (A) becomes publicly known without breach of the Executive's obligations under this Section 9(a), or (B) is required to be disclosed by law or by court order or government order; provided, however, that if the Executive is required to disclose any Confidential Information pursuant to any law, court order or government order, (x) the Executive shall promptly notify the Company of any such requirement so that the Company may seek an appropriate protective order or waive compliance with the provisions of this Agreement, (y) the Executive shall reasonably cooperate with the Company to obtain such a protective order at the Company's cost and expense, and (z) if such order is not obtained, or the Company waives compliance with the provisions of this Section 9(a), the Executive shall disclose only that portion of the Confidential Information which the Executive is advised by counsel that the Executive is legally required to so disclose and will exercise commercially reasonable efforts to obtain assurance that confidential treatment will be accorded the information so disclosed.

(2) For the purpose of this Agreement, "Personally Identifiable Information" means information that, whether maintained or transmitted individually or in the aggregate with other information, allows a natural person to be identified, including, but not limited to, the name, birthday, address, telephone number, social security number, driver's license number, passport number, credit card number, credit score information, bank information, or other unique identifiers of any natural person that allows for the identification of or contact with such person. The Executive agrees that the Executive will not download, upload, or otherwise transfer copies of Confidential Information to any external storage media or cloud storage (except as authorized by the Company when necessary in the performance of the Executive's Duties for the Company and for the Company's sole benefit).

(3) The Executive acknowledges and agrees that: (A) the Executive has had and will continue to have access to Confidential Information regarding the Company, (B) the Confidential Information is being acquired by the Executive in confidence, (C) the Confidential Information is a valuable, special, sensitive and unique asset of the business of the Company, (D) the Confidential Information is and shall at all times remain the sole property of the Company, (E) the continued confidentiality of the Confidential Information is essential to the continuation of the Company's business; and (F), the improper disclosure of the Confidential Information could severely and irreparably damage the Company and its businesses. In consideration of the obligations undertaken by the Company herein, the Executive will not, at any time, during or after the Executive's employment hereunder, reveal, divulge or make known to any person, any Confidential Information acquired by the Executive during the course of the Executive's employment with the Company and for a period of two (2) years thereafter except with the prior written approval of the Company. Notwithstanding the foregoing, subject only to Section 9(a)(1)(B) hereof, the Executive may not disclose, divulge or otherwise make use of any Trade Secret so long as such information remains a Trade Secret under applicable law. The Executive agrees to use the Executive's best efforts to maintain the confidentiality of the Confidential Information during the course of the Executive's employment with the Company and thereafter, including adopting and implementing all reasonable procedures prescribed by the Company to prevent unauthorized use of Confidential Information or disclosure of Confidential Information to any unauthorized person. The Executive shall take all necessary and reasonable administrative, technical, and physical safeguards to secure and protect the confidentiality, integrity, and security of the Confidential Information.

(b) References. References to the Company in this Section 9 shall include the Company and any Affiliate.

(c) Whistleblowing. Nothing contained in this Agreement shall be construed to prevent the Executive from reporting any act or failure to act to the SEC or other governmental body or prevent the Executive from obtaining a fee as a "whistleblower" under Rule 21F-17(a) under the Securities Exchange Act of 1934 or other rules or regulations implemented under the Dodd-Frank Wall Street Reform Act and Consumer Protection Act.

(d) Notice of Immunity Under the Economic Espionage Act of 1996, as amended by the Defend Trade Secrets Act of 2016 Notwithstanding any other provision of this Agreement, the Executive will not be held criminally or civilly liable under any federal or state Trade Secret law for any disclosure of a Trade Secret that is made: (i) in confidence to a federal, state, or local government official, either directly or indirectly, or to an attorney; and (ii) solely for the purpose of reporting or investigating a suspected violation of law; or is made in a complaint or other document filed under seal in a lawsuit or other proceeding. If the Executive files a lawsuit for retaliation by the Company for reporting a suspected violation of law, the Executive may disclose the Company's Trade Secrets to the Executive's attorney and use the Trade Secret information in the court proceeding if the Executive files any document containing Trade Secrets under seal; and does not disclose Trade Secrets, except pursuant to court order.

10. Equitable Relief. The Company and the Executive recognize that the services to be rendered under this Agreement by the Executive are special, unique and of extraordinary character, and that in the event of the breach by the Executive of the terms and conditions of this Agreement or if the Executive, without the prior express consent of the Board, shall leave the Executive's employment for any reason and/or take any action in violation of this Agreement, the Company shall be entitled to institute and prosecute proceedings in any court of competent jurisdiction referred to in Section 10(b) below, to enjoin the Executive from breaching the provisions of this Agreement. Any action arising from or under this Agreement must be commenced only in the appropriate

11. Conflicts of Interest. While employed by the Company, the Executive shall not, unless approved by the Board of Directors or its Compensation Committee, directly or indirectly:

(a) participate as an individual in any way in the benefits of transactions with any of the Company's vendors, clients, customers, suppliers or manufacturers, without limitation, having a financial interest in the Company's vendors, clients, customers, suppliers or manufacturers or making loans to, or receiving loans, from, the Company's vendors, clients, customers, suppliers or manufacturers;

(b) realize a personal gain or advantage from a transaction in which the Company has an interest or use information obtained in connection with the Executive's employment with the Company for the Executive's personal advantage or gain; or

(c) accept any offer to serve as an officer, director, partner, consultant, manager with, or to be employed in a professional, technical, or managerial capacity by, a person or entity which does business with the Company.

12. Inventions, Ideas, Processes, and Designs. All inventions, ideas, processes, programs, software, and designs (including all improvements) (i) conceived or made by the Executive during the course of the Executive's employment with the Company (whether or not actually conceived during regular business hours) and for a period of six months subsequent to the termination (whether by expiration of the Term or otherwise) of such employment with the Company, and (ii) related to the business of the Company, shall be disclosed in writing promptly to the Company and shall be the sole and exclusive property of the Company, and the Executive hereby irrevocably assigns any such inventions to the Company. An invention, idea, process, program, software, or design (including an improvement) shall be deemed related to the business of the Company if (a) it was made with the Company's funds, personnel, equipment, supplies, facilities, or Confidential Information, (b) results from work performed by the Executive for the Company, or (c) pertains to the current business or demonstrably anticipated business(es), research or development work of the Company. The Executive shall cooperate with the Company and its attorneys in the preparation of patent and copyright applications for such developments and, upon request and at the sole cost and expense of the Company, shall promptly assign all such inventions, ideas, processes, and designs to the Company. The decision to file for patent or copyright protection or to maintain such development as a Trade Secret, or otherwise, shall be in the sole discretion of the Company, and the Executive shall be bound by such decision. The Executive hereby irrevocably assigns to the Company, for no additional consideration, the Executive's entire right, title and interest in and to all work product and intellectual property rights, including the right to sue, counterclaim and recover for all past, present and future infringement, misappropriation or dilution thereof, and all rights corresponding thereto throughout the world. Nothing contained in this Agreement shall be construed to reduce or limit the Company's rights, title or interest in any work product or intellectual property rights so as to be less in any respect than the Company would have had in the absence of this Agreement. If applicable, the Executive shall provide as a schedule to this Agreement, a complete list of all inventions, ideas, processes, and designs, if any, patented or unpatented, copyrighted or otherwise, or non-copyrighted, including a brief description, which she made or conceived prior to the Executive's employment with the Company and which therefore are excluded from the scope of this Agreement. References to the Company in this Section 12 shall include the Company, its subsidiaries and affiliates.

13. Indebtedness. If, during the course of the Executive's employment under this Agreement, the Executive becomes indebted to the Company for any reason, the Company may, if it so elects, and if permitted by applicable law, set off any sum due to the Company from the Executive and collect any remaining balance from the Executive unless the Executive has entered into a written agreement with the Company.

14. Assignability. The rights and obligations of the Company under this Agreement shall inure to the benefit of and be binding upon the successors and assigns of the Company, provided that such successor or assign shall acquire all or substantially all of the securities or assets and business of the Company. The Executive's obligations hereunder may not be assigned or alienated and any attempt to do so by the Executive will be void.

15. Severability.

(a) The Executive expressly agrees that the character, duration and geographical scope of the covenants set forth in Section 8 of this Agreement are reasonable in light of the circumstances as they exist on the date hereof. Should a decision, however, be made at a later date by a court of competent jurisdiction that the character, duration or geographical scope of such provisions is unreasonable, then it is the intention and the agreement of the Executive and the Company that this Agreement shall be construed by the court in such a manner as to impose only those restrictions on the Executive's conduct that are reasonable in the light of the circumstances and as are necessary to assure to the Company the benefits of this Agreement. If, in any judicial proceeding, a court shall refuse to enforce all of the separate covenants deemed included herein because taken together they are more extensive than necessary to assure to the Company the intended benefits of this Agreement, it is expressly understood and agreed by the parties hereto that the provisions of this Agreement that, if eliminated, would permit the remaining separate provisions to be enforced in such proceeding shall be deemed eliminated, for the purposes of such proceeding, from this Agreement.

(b) If any provision of this Agreement otherwise is deemed to be invalid or unenforceable or is prohibited by the laws of the state or jurisdiction where it is to be performed, this Agreement shall be considered divisible as to such provision and such provision shall be inoperative in such state or jurisdiction and shall not be part of the consideration moving from either of the parties to the other. The remaining provisions of this Agreement shall be valid and binding and of like effect as though such provisions were not included.

16. Notices and Addresses. All notices, offers, acceptance and any other acts under this Agreement (except payment) shall be in writing, and shall be sufficiently given if delivered to the addressees in person, by FedEx or similar receipted delivery, or next business day delivery to the addresses detailed below (or to such other address, as either of them, by notice to the other may designate from time to time), or by e-mail delivery (in which event a copy shall immediately be sent by FedEx or similar receipted delivery), as follows:

To the Company:	Better Choice Company Inc. 100 Techne Center Drive, #210 Milford, Ohio 45150 Attention: Damian Dalla-Longa
With a copy to:	Latham & Watkins LLP 885 Third Avenue New York, New York 10028
To the Executive:	Lori Taylor 100 Techne Center Drive, #210 Milford, Ohio 45150

17. Counterparts. This Agreement may be executed in one or more counterparts, each of which shall be deemed an original but all of which together shall constitute one and the same instrument. The execution of this Agreement may be by actual or facsimile signature.

18. Governing Law. This Agreement shall be governed or interpreted according to the internal laws of the State of Delaware without regard to choice of law considerations and all claims relating to or arising out of this Agreement, or the breach thereof, whether sounding in contract, tort, or otherwise, shall also be governed by the laws of the State of Delaware without regard to choice of law considerations.

19. Entire Agreement. This Agreement constitutes the entire Agreement between the parties and supersedes all prior oral and written agreements between the parties hereto with respect to the subject matter hereof. Neither this Agreement nor any provision hereof may be changed, waived, discharged or terminated orally, except by a statement in writing signed by the party or parties against which enforcement or the change, waiver discharge or termination is sought.

20. Section and Paragraph Headings. The section and paragraph headings in this Agreement are for reference purposes only and shall not affect the meaning or interpretation of this Agreement.

21. Section 409A Compliance.

(a) The parties hereto acknowledge and agree that, to the extent applicable, this Agreement shall be interpreted, construed and administered in accordance with Section 409A of the Internal Revenue Code of 1986, as amended, and the Department of Treasury regulations and other interpretive guidance issued thereunder (collectively, "Section 409A"). For purposes of Section 409A, each installment payment provided under this Agreement shall be treated as a separate payment. Any payments to be made under this Agreement upon a termination of employment shall only be made if such termination of employment constitutes a "separation from service" under Section 409A. Notwithstanding any provision of this Agreement to the contrary, in the event that the Company determines that any amounts payable hereunder will be immediately taxable to the Executive under Section 409A, the Company reserves the right (without any obligation to do so or to indemnify the Executive for failure to do so) to (i) adopt such amendments to this Agreement and appropriate policies and procedures, including amendments and policies with retroactive effect, that the Company determines to be necessary or appropriate to preserve the intended tax treatment of the benefits provided by this Agreement, to preserve the economic benefits of this Agreement and to avoid less favorable accounting or tax consequences for the Company and/or (ii) take such other actions as the Company determines to be necessary or appropriate to exempt the amounts payable hereunder from Section 409A or to comply with the requirements of Section 409A and thereby avoid the application of penalty taxes thereunder. In no event shall any liability for failure to comply with the requirements of Section 409A be transferred from Executive or any other individual to the Company or any of its affiliates, employees or agents.

(b) To the extent required by Section 409A, each reimbursement or in-kind benefit provided under this Agreement shall be provided in accordance with the following:

(1) the amount of expenses eligible for reimbursement, or in-kind benefits provided, during each calendar year cannot affect the expenses eligible for reimbursement, or in-kind benefits to be provided, in any other calendar year;

(2) any reimbursement of an eligible expense shall be paid to the Executive on or before the last day of the calendar year following the calendar year in which the expense was incurred; and

(3) any right to reimbursements or in-kind benefits under this Agreement shall not be subject to liquidation or exchange for another benefit.

(c) In the event the Company determines that the Executive is a "specified employee" within the meaning of Section 409A(a)(2)(B)(i) of the Code at the time of the Executive's separation from service, then to the extent any payment or benefit that the Executive becomes entitled to under this Agreement on account of the Executive's separation from service would be considered deferred compensation subject to Section 409A as a result of the application of Section 409A(a)(2)(B)(i) of the Code, such payment shall not be payable and such benefit shall not be provided until the date that is the earlier of (i) six months and one day after the Executive's separation from service, or (ii) the Executive's death (the "Six Month Delay Rule").

(1) For purposes of this subparagraph, amounts payable under the Agreement should not provide for a deferral of compensation subject to Section 409A to the extent provided in Treasury Regulation Section 1.409A-1(b)(4) (e.g., short-term deferrals), Treasury Regulation Section 1.409A-1(b)(9) (e.g., separation pay plans, including the exception under subparagraph (iii)), and other applicable provisions of the Treasury Regulations.

(2) To the extent that the Six Month Delay Rule applies to payments otherwise payable on an installment basis, the first payment shall include a catch-up payment covering amounts that would otherwise have been paid during the six-month period but for the application of the Six Month Delay Rule, and the balance of the installments shall be payable in accordance with their original schedule.

(d) Notwithstanding anything to the contrary in this Agreement, to the extent that any payments of "nonqualified deferred compensation" (within the meaning of Section 409A) due under this Agreement as a result of the Executive's termination of employment are subject to the Executive's execution, delivery and non-revocation of a Release, (i) the Company shall deliver the Release to the Executive within seven (7) days following the date of termination, and (ii) if the Executive fails to execute the Release on or prior to the Release Expiration Date (as defined below) or timely revokes acceptance of the Release thereafter, the Executive shall not be entitled to any payments or benefits otherwise conditioned on the Release. For purposes of this Section 21(d), "Release Expiration Date" shall mean the date that is twenty-one (21) days following the date upon which the Company timely delivers the Release to the Executive, or, in the event that the Executive's termination of employment is "in connection with an exit incentive or other employment termination program" (as such phrase is defined in the Age Discrimination in Employment Act of 1967), the date that is forty-five (45) days following such delivery date. To the extent that any payments of nonqualified deferred compensation (within the meaning of Section 409A) due under this Agreement as a result of the Executive's termination of employment are delayed pursuant to Section 6(c) and this Section 21(d), such amounts shall be paid in a lump sum on the first payroll date to occur on or after the 60th day following the date of termination, provided that, as of such 60th day, the Executive has executed and has not revoked the Release (and any applicable revocation period has expired).

22. Compensation Recovery Policy. The Executive acknowledges and agrees that, to the extent the Company adopts any clawback or similar policy pursuant to the Dodd-Frank Wall Street Reform and Consumer Protection Act or otherwise, and any rules and regulations promulgated thereunder, the Executive shall take all action necessary or appropriate to comply with such policy (including, without limitation, entering into any further agreements, amendments or policies necessary or appropriate to implement and/or enforce such policy).

[Signature Page To Follow]

IN WITNESS WHEREOF, the Company and the Executive have executed this Agreement as of the date and year first above written.

COMPANY:

Better Choice Company Inc.

By: /s/ Damian Dalla-Longa
Name: Damian Dalla-Longa
Title: Co-Chief Executive Officer

EXECUTIVE:

By: /s/ Lori R. Taylor
Lori R. Taylor

Exhibit A

Target Bonus

A bonus at the discretion of the Board of Directors, but not less than 25% of Executive's Base Salary. The bonus shall be prorated for any period of employment which is less than a full year.

Exhibit B

Equity Awards

On the Effective Date the Executive shall receive an award under the Plan of options for 1,150,000 shares with an exercise price of $5.00 per share. The award shall (i) vest in equal installments monthly over two years, with the first monthly vesting on May 31, 2019, (ii) accelerate as to all unvested options upon a Change in Control, as defined in the Plan and (iii) accelerate as provided in this Agreement. Any exercise may, at the election of Executive, be exercised with a "cashless exercise" by using shares from any such exercise to pay the exercise price, which shares, for such purpose, being valued at the fair market value, as determined under the Plan, on the date of exercise.

Exhibit C

Indemnification Agreement

INDEMNIFICATION AND ADVANCEMENT AGREEMENT

This Indemnification and Advancement Agreement ("Agreement") is made as of April 2, 2019, by and between Better Choice Company Inc., a Delaware corporation (the "Company"), and Lori R. Taylor, a member of the Board of Directors and an officer of the Company ("Indemnitee"). This Agreement supersedes and replaces any and all previous agreements between the Company and Indemnitee covering indemnification and advancement.

RECITALS

WHEREAS, the Board of Directors of the Company (the "Board") believes that highly competent persons have become more reluctant to serve as directors, officers, or in other capacities unless they are provided with adequate protection through insurance or adequate indemnification and advancement of expenses against inordinate risks of claims and actions against them arising out of their service to and activities on behalf of the corporation;

WHEREAS, the Board has determined that, in order to attract and retain qualified individuals, the Company will attempt to maintain on an ongoing basis, at its sole expense, liability insurance to protect persons serving the Company and its subsidiaries from certain liabilities. Although the furnishing of such insurance has been a customary and widespread practice among United States-based corporations and other business enterprises, the Company believes that, given current market conditions and trends, such insurance may be available to it in the future only at higher premiums and with more exclusions. At the same time, directors, officers, and other persons in service to corporations or business enterprises are being increasingly subjected to expensive and time-consuming litigation relating to, among other things, matters that traditionally would have been brought only against the Company or business enterprise itself. The Company's bylaws (as currently in effect and as may be amended from time to time, the "Bylaws") require indemnification of the officers and directors of the Company. Indemnitee may also be entitled to indemnification pursuant to the General Corporation Law of the State of Delaware (the "DGCL"). The Bylaws and the DGCL expressly provide that the indemnification provisions set forth therein are not exclusive, and thereby contemplate that contracts may be entered into between the Company and members of the board of directors, officers and other persons with respect to indemnification and advancement of expenses;

WHEREAS, the uncertainties relating to such insurance, to indemnification, and to advancement of expenses may increase the difficulty of attracting and retaining such persons;

WHEREAS, the Board has determined that the increased difficulty in attracting and retaining such persons is detrimental to the best interests of the Company and its stockholders and that the Company should act to assure such persons that there will be increased certainty of such protection in the future;

WHEREAS, it is reasonable, prudent and necessary for the Company contractually to obligate itself to indemnify, and to advance expenses on behalf of, such persons to the fullest extent permitted by applicable law so that they will serve or continue to serve the Company free from undue concern that they will not be so indemnified;

WHEREAS, this Agreement is a supplement to and in furtherance of the Bylaws and any resolutions adopted pursuant thereto, and is not a substitute therefor, nor diminishes or abrogates any rights of Indemnitee thereunder; and

WHEREAS, Indemnitee does not regard the protection available under the Bylaws, DGCL and insurance as adequate in the present circumstances, and may not be willing to serve or continue to serve as an officer or director without adequate additional protection, and the Company desires Indemnitee to serve or continue to serve in such capacity. Indemnitee is willing to serve, continue to serve and to take on additional service for or on behalf of the Company on the condition that Indemnitee be so indemnified and be advanced expenses.

NOW, THEREFORE, in consideration of the premises and the covenants contained herein, the Company and Indemnitee do hereby covenant and agree as follows:

Section 1. Services to the Company. Indemnitee agrees to serve as a director and officer of the Company. Indemnitee may at any time and for any reason resign from such position (subject to any other contractual obligation or any obligation imposed by operation of law). This Agreement does not create any obligation on the Company to continue Indemnitee in such position and is not an employment contract between the Company (or any of its subsidiaries or any Enterprise) and Indemnitee.

Section 2. Definitions. As used in this Agreement:

(a) "Agent" means any person who is authorized by the Company or an Enterprise to act for or represent the interests of the Company or an Enterprise, respectively.

(b) A "Change in Control" occurs upon the earliest to occur after the date of this Agreement of any of the following events:

i . *Acquisition of Stock by Third Party*. Any Person (as defined below) is or becomes the Beneficial Owner (as defined below), directly or indirectly, of securities of the Company representing thirty-five percent (35%) or more of the combined voting power of the Company's then outstanding securities unless the change in relative beneficial ownership of the Company's securities by any Person results solely from a reduction in the aggregate number of outstanding shares of securities entitled to vote generally in the election of directors;

ii. *Change in Board of Directors*. During any period of two (2) consecutive years (not including any period prior to the execution of this Agreement), individuals who at the beginning of such period constitute the Board, and any new director (other than a director designated by a person who has entered into an agreement with the Company to effect a transaction described in Sections 2(b)(i), 2(b)(iii) or 2(b)(iv)) whose election by the Board or nomination for election by the Company's stockholders was approved by a vote of at least two- thirds of the directors then still in office who either were directors at the beginning of the period or whose election or nomination for election was previously so approved, cease for any reason to constitute at least a majority of the members of the Board;

iii. *Corporate Transactions*. The effective date of a merger or consolidation of the Company with any other entity, other than a merger or consolidation which would result in the voting securities of the Company outstanding immediately prior to such merger or consolidation continuing to represent (either by remaining outstanding or by being converted into voting securities of the surviving entity) more than 51% of the combined voting power of the voting securities of the surviving entity outstanding immediately after such merger or consolidation and with the power to elect at least a majority of the board of directors or other governing body of such surviving entity;

iv. *Liquidation*. The approval by the stockholders of the Company of a complete liquidation of the Company or an agreement for the sale or disposition by the Company of all or substantially all of the Company's assets; and

v. *Other Events*. There occurs any other event of a nature that would be required to be reported in response to Item 6(e) of Schedule 14A of Regulation 14A (or a response to any similar item on any similar schedule or form) promulgated under the Exchange Act (as defined below), whether or not the Company is then subject to such reporting requirement.

vi. For purposes of this Section 2(b), the following terms have the following meanings:

1 "Exchange Act" means the Securities Exchange Act of 1934, as amended from time to time.

2 "Person" has the meaning as set forth in Sections 13(d) and 14(d) of the Exchange Act; provided, however, that Person excludes (i) the Company, (ii) any trustee or other fiduciary holding securities under an employee benefit plan of the Company, and (iii) any corporation owned, directly or indirectly, by the stockholders of the Company in substantially the same proportions as their ownership of stock of the Company.

3 "Beneficial Owner" has the meaning given to such term in Rule 13d-3 under the Exchange Act; provided, however, that Beneficial Owner excludes any Person otherwise becoming a Beneficial Owner by reason of the stockholders of the Company approving a merger of the Company with another entity.

(c) "Corporate Status" describes the status of a person who is or was acting as a director, officer, employee, fiduciary, or Agent of the Company or an Enterprise.

(d) "Disinterested Director" means a director of the Company who is not and was not a party to the Proceeding in respect of which indemnification is sought by Indemnitee.

(e) "Enterprise" means any other corporation, limited liability company, partnership, joint venture, trust, employee benefit plan or other entity for which Indemnitee is or was serving at the request of the Company as a director, officer, employee, or Agent.

(f) "Expenses" includes all reasonable attorneys' fees, retainers, court costs, transcript costs, fees of experts and other professionals, witness fees, travel expenses, duplicating costs, printing and binding costs, telephone charges, postage, delivery service fees, any federal, state, local or foreign taxes imposed on Indemnitee as a result of the actual or deemed receipt of any payments under this Agreement, ERISA excise taxes and penalties, and all other disbursements or expenses of the types customarily incurred in connection with prosecuting, defending, preparing to prosecute or defend, investigating, being or preparing to be a witness in, or otherwise participating in, a Proceeding. Expenses also include (i) Expenses incurred in connection with any appeal resulting from any Proceeding, including without limitation the premium, security for, and other costs relating to any cost bond, supersedeas bond or other appeal bond or its equivalent and, (ii) for purposes of Section 14(d) only, Expenses incurred by Indemnitee in connection with the interpretation, enforcement or defense of Indemnitee's rights under this Agreement, by litigation or otherwise. The parties hereto agree that, for the purposes of any advancement of Expenses for which Indemnitee has made written demand to the Company in accordance with this Agreement, all Expenses included in such demand that are certified by affidavit of Indemnitee's counsel as being reasonable in the good faith judgment of such counsel will be presumed conclusively to be reasonable. Expenses, however, do not include amounts paid in settlement by Indemnitee or the amount of judgments or fines against Indemnitee.

(g) "Independent Counsel" means a law firm, or a member of a law firm, that is experienced in matters of corporation law and neither presently is, nor in the past five (5) years has been, retained to represent: (i) the Company or Indemnitee in any matter material to either such party (other than with respect to matters concerning the Indemnitee under this Agreement, or of other indemnitees under similar indemnification agreements), or (ii) any other party to the Proceeding giving rise to a claim for indemnification hereunder. Notwithstanding the foregoing, the term "Independent Counsel" does not include any person who, under the applicable standards of professional conduct then prevailing, would have a conflict of interest in representing either the Company or Indemnitee in an action to determine Indemnitee's rights under this Agreement.

(h) "Potential Change in Control" means the occurrence of any of the following events: (i) the Company enters into any written or oral agreement, undertaking or arrangement, the consummation of which would result in the occurrence of a Change in Control; (ii) any Person or the Company publicly announces an intention to take or consider taking actions which if consummated would constitute a Change in Control; (iii) any Person who becomes the Beneficial Owner, directly or indirectly, of securities of the Company representing 5% or more of the combined voting power of the Company's then outstanding securities entitled to vote generally in the election of directors increases his beneficial ownership of such securities by 5% or more over the percentage so owned by such Person on the date hereof; or (iv) the Board adopts a resolution to the effect that, for purposes of this Agreement, a Potential Change in Control has occurred.

(i) The term "Proceeding" includes any threatened, pending or completed action, suit, claim, counterclaim, cross claim, arbitration, mediation, alternate dispute resolution mechanism, investigation, inquiry, administrative hearing or any other actual, threatened or completed proceeding, whether brought in the right of the Company or otherwise and whether of a civil, criminal, administrative, legislative, or investigative (formal or informal) nature, including any appeal therefrom, in which Indemnitee was, is or will be involved as a party, potential party, non-party witness or otherwise by reason of Indemnitee's Corporate Status or by reason of any action taken by Indemnitee (or a failure to take action by Indemnitee) or of any action (or failure to act) on Indemnitee's part while acting pursuant to Indemnitee's Corporate Status, in each case whether or not serving in such capacity at the time any liability or Expense is incurred for which indemnification, reimbursement, or advancement of Expenses can be provided under this Agreement. A Proceeding also includes a situation the Indemnitee believes in good faith may lead to or culminate in the institution of a Proceeding.

Section 3. Indemnity in Third-Party Proceedings. The Company will indemnify Indemnitee in accordance with the provisions of this Section 3 if Indemnitee is, or is threatened to be made, a party to or a participant in any Proceeding, other than a Proceeding by or in the right of the Company to procure a judgment in its favor. Pursuant to this Section 3, the Company will indemnify Indemnitee to the fullest extent permitted by applicable law against all Expenses, judgments, fines and amounts paid in settlement (including all interest, assessments and other charges paid or payable in connection with or in respect of such Expenses, judgments, fines and amounts paid in settlement) actually and reasonably incurred by Indemnitee or on Indemnitee's behalf in connection with such Proceeding or any claim, issue or matter therein, if Indemnitee acted in good faith and in a manner Indemnitee reasonably believed to be in or not opposed to the best interests of the Company and, in the case of a criminal Proceeding had no reasonable cause to believe that Indemnitee's conduct was unlawful.

Section 4. Indemnity in Proceedings by or in the Right of the Company. The Company will indemnify Indemnitee in accordance with the provisions of this Section 4 if Indemnitee is, or is threatened to be made, a party to or a participant in any Proceeding by or in the right of the Company to procure a judgment in its favor. Pursuant to this Section 4, the Company will indemnify Indemnitee to the fullest extent permitted by applicable law against all Expenses actually and reasonably incurred by Indemnitee or on Indemnitee's behalf in connection with such Proceeding or any claim, issue or matter therein, if Indemnitee acted in good faith and in a manner Indemnitee reasonably believed to be in or not opposed to the best interests of the Company. The Company will not indemnify Indemnitee for Expenses under this Section 4 related to any claim, issue or matter in a Proceeding for which Indemnitee has been finally adjudged by a court to be liable to the Company, unless, and only to the extent that, the Delaware Court of Chancery or any court in which the Proceeding was brought determines upon application by Indemnitee that, despite the adjudication of liability but in view of all the circumstances of the case, Indemnitee is fairly and reasonably entitled to indemnification.

Section 5. Indemnification for Expenses of a Party Who is Wholly or Partly Successful. Notwithstanding any other provisions of this Agreement, to the fullest extent permitted by applicable law, the Company will indemnify Indemnitee against all Expenses actually and reasonably incurred by Indemnitee in connection with any Proceeding the extent that Indemnitee is successful, on the merits or otherwise. If Indemnitee is not wholly successful in such Proceeding but is successful, on the merits or otherwise, as to one or more but less than all claims, issues or matters in such Proceeding, the Company will indemnify Indemnitee against all Expenses actually and reasonably incurred by Indemnitee or on Indemnitee's behalf in connection with or related to each successfully resolved claim, issue or matter to the fullest extent permitted by law. For purposes of this Section 5 and without limitation, the termination of any claim, issue or matter in such a Proceeding by dismissal, with or without prejudice, will be deemed to be a successful result as to such claim, issue or matter.

Section 6. Indemnification For Expenses of a Witness. Notwithstanding any other provision of this Agreement, and to the fullest extent permitted by applicable law, the Company will indemnify Indemnitee against all Expenses actually and reasonably incurred by Indemnitee or on Indemnitee's behalf in connection with any Proceeding to which Indemnitee is not a party but to which Indemnitee is a witness, deponent, interviewee, or otherwise asked to participate.

Section 7. Partial Indemnification. If Indemnitee is entitled under any provision of this Agreement to indemnification by the Company for some or a portion of Expenses but not, however, for the total amount thereof, the Company will indemnify Indemnitee for the portion thereof to which Indemnitee is entitled.

Section 8. Additional Indemnification. Notwithstanding any limitation in Sections 3, 4, or 5, the Company will indemnify Indemnitee to the fullest extent permitted by applicable law (including but not limited to, the DGCL and any amendments to or replacements of the DGCL adopted after the date of this Agreement that expand the Company's ability to indemnify its officers and directors) if Indemnitee is a party to or threatened to be made a party to any Proceeding (including a Proceeding by or in the right of the Company to procure a judgment in its favor).

Section 9. Exclusions. Notwithstanding any provision in this Agreement, the Company is not obligated under this Agreement to make any indemnification payment to Indemnitee in connection with any Proceeding:

(a) for which payment has actually been made to or on behalf of Indemnitee under any insurance policy or other indemnity provision, except to the extent provided in Section 16(b) and except with respect to any excess beyond the amount paid under any insurance policy or other indemnity provision; or

(b) for (i) an accounting of profits made from the purchase and sale (or sale and purchase) by Indemnitee of securities of the Company within the meaning of Section 16(b) of the Exchange Act (as defined in Section 2(b) hereof) or similar provisions of state statutory law or common law, (ii) any reimbursement of the Company by the Indemnitee of any bonus or other incentive-based or equity-based compensation or of any profits realized by the Indemnitee from the sale of securities of the Company, as required in each case under the Exchange Act (including any such reimbursements that arise from an accounting restatement of the Company pursuant to Section 304 of the Sarbanes-Oxley Act of 2002 (the "Sarbanes-Oxley Act"), or the payment to the Company of profits arising from the purchase and sale by Indemnitee of securities in violation of Section 306 of the Sarbanes-Oxley Act) or (iii) any reimbursement of the Company by Indemnitee of any compensation pursuant to any compensation recoupment or clawback policy adopted by the Board or a committee thereof, including but not limited to any such policy adopted to comply with stock exchange listing requirements implementing Section 10D of the Exchange Act; or

(c) initiated by Indemnitee, including any Proceeding (or any part of any Proceeding) initiated by Indemnitee against the Company or its directors, officers, employees or other indemnitees, unless (i) the Proceeding or part of any Proceeding is to enforce Indemnitee's rights to indemnification or advancement, of Expenses, including a Proceeding (or any part of any Proceeding) initiated pursuant to Section 14 of this Agreement, (ii) the Board authorized the Proceeding (or any part of any Proceeding) prior to its initiation or (iii) the Company provides the indemnification, in its sole discretion, pursuant to the powers vested in the Company under applicable law.

Section 10. Advances of Expenses.

(a) The Company will advance, to the extent not prohibited by law, the Expenses incurred by Indemnitee in connection with any Proceeding (or any part of any Proceeding) not initiated by Indemnitee or any Proceeding (or any part of any Proceeding) initiated by Indemnitee if (i) the Proceeding or part of any Proceeding is to enforce Indemnitee's rights to obtain indemnification or advancement of Expenses from the Company or Enterprise, including a proceeding initiated pursuant to Section 14 or (ii) the Board authorized the Proceeding (or any part of any Proceeding) prior to its initiation. The Company will advance the Expenses within thirty (30) calendar days after the receipt by the Company of a statement or statements requesting such advances from time to time, whether prior to or after final disposition of any Proceeding.

(b) Advances will be unsecured and interest free. Indemnitee undertakes to repay the amounts advanced (without interest) to the extent that it is ultimately determined that Indemnitee is not entitled to be indemnified by the Company, thus Indemnitee qualifies for advances upon the execution of this Agreement and delivery to the Company. No other form of undertaking is required other than the execution of this Agreement. The Company will make advances without regard to Indemnitee's ability to repay the Expenses and without regard to Indemnitee's ultimate entitlement to indemnification under the other provisions of this Agreement.

Section 11. Procedure for Notification of Claim for Indemnification or Advancement.

(a) Indemnitee will notify the Company in writing of any Proceeding with respect to which Indemnitee intends to seek indemnification or advancement of Expenses hereunder as soon as reasonably practicable following the receipt by Indemnitee of written notice thereof. Indemnitee will include in the written notification to the Company a description of the nature of the Proceeding and the facts underlying the Proceeding and provide such documentation and information as is reasonably available to Indemnitee and is reasonably necessary to determine whether and to what extent Indemnitee is entitled to indemnification following the final disposition of such Proceeding. Indemnitee's failure to notify the Company will not relieve the Company from any obligation it may have to Indemnitee under this Agreement, and any delay in so notifying the Company will not constitute a waiver by Indemnitee of any rights under this Agreement. The secretary of the Company will, promptly upon receipt of such a request for indemnification, advise the Board in writing that Indemnitee has requested indemnification or advancement.

(b) The Company will be entitled to participate in the Proceeding at its own expense.

Section 12. Procedure Upon Application for Indemnification.

(a) Unless a Change of Control has occurred, the determination of Indemnitee's entitlement to indemnification will be made:

i. by a majority vote of the Disinterested Directors, even though less than a quorum of the Board;

ii. by a committee of Disinterested Directors designated by a majority vote of the Disinterested Directors, even though less than a quorum of the Board;

iii. if there are no such Disinterested Directors or, if such Disinterested Directors so direct, by written opinion provided by Independent Counsel selected by the Board; or

iv. if so directed by the Board, by the stockholders of the Company.

(b) If a Change in Control has occurred, the determination of Indemnitee's entitlement to indemnification will be made by written opinion provided by Independent Counsel selected by Indemnitee (unless Indemnitee requests such selection be made by the Board)

(c) The party selecting Independent Counsel pursuant to subsection (a)(iii) or (b) of this Section 12 will provide written notice of the selection to the other party. The notified party may, within ten (10) calendar days after receiving written notice of the selection of Independent Counsel, deliver to the selecting party a written objection to such selection; provided, however, that such objection may be asserted only on the ground that the Independent Counsel so selected does not meet the requirements of "Independent Counsel" as defined in Section 2 of this Agreement, and the objection will set forth with particularity the factual basis of such assertion. Absent a proper and timely objection, the person so selected will act as Independent Counsel. If such written objection is so made and substantiated, the Independent Counsel so selected may not serve as Independent Counsel unless and until such objection is withdrawn or the Delaware Court has determined that such objection is without merit. If, within thirty (30) calendar days after the later of submission by Indemnitee of a written request for indemnification pursuant to Section 11(a) hereof and the final disposition of the Proceeding, Independent Counsel has not been selected or, if selected, any objection to has not been resolved, either the Company or Indemnitee may petition the Delaware Court for the appointment as Independent Counsel of a person selected by such court or by such other person as such court designates. Upon the due commencement of any judicial proceeding or arbitration pursuant to Section 14(a) of this Agreement, Independent Counsel will be discharged and relieved of any further responsibility in such capacity (subject to the applicable standards of professional conduct then prevailing).

(d) Indemnitee will cooperate with the person, persons or entity making the determination with respect to Indemnitee's entitlement to indemnification, including providing to such person, persons or entity upon reasonable advance request any documentation or information which is not privileged or otherwise protected from disclosure and which is reasonably available to Indemnitee and reasonably necessary to such determination. The Company will advance and pay any Expenses incurred by Indemnitee in so cooperating with the person, persons or entity making the indemnification determination irrespective of the determination as to Indemnitee's entitlement to indemnification and the Company hereby indemnifies and agrees to hold Indemnitee harmless therefrom. The Company promptly will advise Indemnitee in writing of the determination that Indemnitee is or is not entitled to indemnification, including a description of any reason or basis for which indemnification has been denied and providing a copy of any written opinion provided to the Board by Independent Counsel.

(e) If it is determined that Indemnitee is entitled to indemnification, the Company will make payment to Indemnitee within ten (10) calendar days after such determination.

Section 13. Presumptions and Effect of Certain Proceedings.

(a) In making a determination with respect to entitlement to indemnification hereunder, the person or persons or entity making such determination will, to the fullest extent not prohibited by law, presume Indemnitee is entitled to indemnification under this Agreement if Indemnitee has submitted a request for indemnification in accordance with Section 11(a) of this Agreement, and the Company will, to the fullest extent not prohibited by law, have the burden of proof to overcome that presumption. Neither the failure of the Company (including by its directors or Independent Counsel) to have made a determination prior to the commencement of any action pursuant to this Agreement that indemnification is proper in the circumstances because Indemnitee has met the applicable standard of conduct, nor an actual determination by the Company (including by its directors or Independent Counsel) that Indemnitee has not met such applicable standard of conduct, will be a defense to the action or create a presumption that Indemnitee has not met the applicable standard of conduct.

(b) If the determination of the Indemnitee's entitlement to indemnification has not made pursuant to Section 12 within sixty (60) calendar days after the latter of (i) receipt by the Company of Indemnitee's request for indemnification pursuant to Section 11(a) and (ii) the final disposition of the Proceeding for which Indemnitee requested Indemnification (the "Determination Period"), the requisite determination of entitlement to indemnification will, to the fullest extent not prohibited by law, be deemed to have been made and Indemnitee will be entitled to such indemnification, absent (i) a misstatement by Indemnitee of a material fact, or an omission of a material fact necessary to make Indemnitee's statement not materially misleading, in connection with the request for indemnification, or (ii) a prohibition of such indemnification under applicable law. The Determination Period may be extended for a reasonable time, not to exceed an additional thirty (30) calendar days, if the person, persons or entity making the determination with respect to entitlement to indemnification in good faith requires such additional time for the obtaining or evaluating of documentation and/or information relating thereto; and provided, further, the Determination Period may be extended an additional fifteen (15) calendar days if the determination of entitlement to indemnification is to be made by the stockholders pursuant to Section 12(a)(iv) of this Agreement.

(c) The termination of any Proceeding or of any claim, issue or matter therein, by judgment, order, settlement or conviction, or upon a plea of nolo contendere or its equivalent, will not (except as otherwise expressly provided in this Agreement) of itself adversely affect the right of Indemnitee to indemnification or create a presumption that Indemnitee did not act in good faith and in a manner which Indemnitee reasonably believed to be in or not opposed to the best interests of the Company or, with respect to any criminal Proceeding, that Indemnitee had reasonable cause to believe that Indemnitee's conduct was unlawful.

(d) For purposes of any determination of good faith, Indemnitee will be deemed to have acted in good faith if Indemnitee acted based on the records or books of account of the Company, its subsidiaries, or an Enterprise, including financial statements, or on information supplied to Indemnitee by the directors or officers of the Company, its subsidiaries, or an Enterprise in the course of their duties, or on the advice of legal counsel for the Company, its subsidiaries, or an Enterprise or on information or records given or reports made to the Company or an Enterprise by an independent certified public accountant or by an appraiser, financial advisor or other expert selected with reasonable care by or on behalf of the Company, its subsidiaries, or an Enterprise. Further, Indemnitee will be deemed to have acted in a manner "not opposed to the best interests of the Company," as referred to in this Agreement if Indemnitee acted in good faith and in a manner Indemnitee reasonably believed to be in the best interests of the participants and beneficiaries of an employee benefit plan. The provisions of this Section 13(d) is not exclusive and does not limit in any way the other circumstances in which the Indemnitee may be deemed to have met the applicable standard of conduct set forth in this Agreement.

(e) The knowledge and/or actions, or failure to act, of any director, officer, trustee, partner, managing member, fiduciary, agent or employee of the Enterprise may not be imputed to Indemnitee for purposes of determining Indemnitee's right to indemnification under this Agreement.

Section 14. Remedies of Indemnitee.

(a) Indemnitee may commence litigation against the Company in the Delaware Court of Chancery to obtain indemnification or advancement of Expenses provided by this Agreement in the event that (i) a determination is made pursuant to Section 12 of this Agreement that Indemnitee is not entitled to indemnification under this Agreement, (ii) the Company does not advance Expenses pursuant to Section 10 of this Agreement, (iii) the determination of entitlement to indemnification is not made pursuant to Section 12 of this Agreement within the Determination Period, (iv) the Company does not indemnify Indemnitee pursuant to Section 5 or 6 or the second to last sentence of Section 12(d) of this Agreement within ten (10) calendar days after receipt by the Company of a written request therefor, (v) the Company does not indemnify Indemnitee pursuant to Section 3, 4, 7, or 8 of this Agreement within ten (10) calendar days after a determination has been made that Indemnitee is entitled to indemnification, or (vi) in the event that the Company or any other person takes or threatens to take any action to declare this Agreement void or unenforceable, or institutes any litigation or other action or Proceeding designed to deny, or to recover from, the Indemnitee the benefits provided or intended to be provided to the Indemnitee hereunder. Alternatively, Indemnitee, at Indemnitee's option, may seek an award in arbitration to be conducted by a single arbitrator pursuant to the Commercial Arbitration Rules of the American Arbitration Association. Indemnitee must commence such Proceeding seeking an adjudication or an award in arbitration within 180 calendar days following the date on which Indemnitee first has the right to commence such Proceeding pursuant to this Section 14(a); provided, however, that the foregoing clause does not apply in respect of a Proceeding brought by Indemnitee to enforce Indemnitee's rights under Section 5 of this Agreement. The Company will not oppose Indemnitee's right to seek any such adjudication or award in arbitration.

(b) If a determination is made pursuant to Section 12 of this Agreement that Indemnitee is not entitled to indemnification, any judicial proceeding or arbitration commenced pursuant to this Section 14 will be conducted in all respects as a *de novo* trial, or arbitration, on the merits and Indemnitee may not be prejudiced by reason of that adverse determination. In any judicial proceeding or arbitration commenced pursuant to this Section 14 the Company will have the burden of proving Indemnitee is not entitled to indemnification or advancement of Expenses, as the case may be and will not introduce evidence of the determination made pursuant to Section 12 of this Agreement.

(c) If a determination is made pursuant to Section 12 of this Agreement that Indemnitee is entitled to indemnification, the Company will be bound by such determination in any judicial proceeding or arbitration commenced pursuant to this Section 14, absent (i) a misstatement by Indemnitee of a material fact, or an omission of a material fact necessary to make Indemnitee's statement not materially misleading, in connection with the request for indemnification, or (ii) a prohibition of such indemnification under applicable law.

(d) The Company is, to the fullest extent not prohibited by law, precluded from asserting in any judicial proceeding or arbitration commenced pursuant to this Section 14 that the procedures and presumptions of this Agreement are not valid, binding and enforceable and will stipulate in any such court or before any such arbitrator that the Company is bound by all the provisions of this Agreement.

(e) It is the intent of the Company that, to the fullest extent permitted by law, the Indemnitee not be required to incur legal fees or other Expenses associated with the interpretation, enforcement or defense of Indemnitee's rights under this Agreement by litigation or otherwise because the cost and expense thereof would substantially detract from the benefits intended to be extended to the Indemnitee hereunder. The Company, to the fullest extent permitted by law, will (within ten (10) calendar days after receipt by the Company of a written request therefor) advance to Indemnitee such Expenses which are incurred by Indemnitee in connection with any action concerning this Agreement, Indemnitee's right to indemnification or advancement of Expenses from the Company, or concerning any directors' and officers' liability insurance policies maintained by the Company. and will indemnify Indemnitee against any and all such Expenses unless the court determines that each of the Indemnitee's claims in such Proceeding were made in bad faith or were frivolous or are prohibited by law.

Section 15. Establishment of Trust.

(a) In the event of a Potential Change in Control or a Change in Control, the Company will, upon written request by Indemnitee, create a trust for the benefit of Indemnitee (the "Trust") and from time to time upon written request of Indemnitee will fund such Trust in an amount sufficient to satisfy the reasonably anticipated indemnification and advancement obligations of the Company to the Indemnitee in connection with any Proceeding for which Indemnitee has demanded indemnification and/or advancement prior to the Potential Change in Control or Change in Control (the "Funding Obligation"). The trustee of the Trust (the "Trustee") will be a bank or trust company or other individual or entity chosen by the Indemnitee and reasonably acceptable to the Company. Nothing in this Section 15 relieves the Company of any of its obligations under this Agreement.

(b) The amount or amounts to be deposited in the Trust pursuant to the Funding Obligation will be determined by mutual agreement of the Indemnitee and the Company or, if the Company and the Indemnitee are unable to reach such an agreement, by Independent Counsel selected in accordance with Section 12(b) of this Agreement. The terms of the Trust will provide that, except upon the consent of both the Indemnitee and the Company, upon a Change in Control: (i) the Trust may not be revoked, or the principal thereof invaded, without the written consent of the Indemnitee; (ii) the Trustee will advance, to the fullest extent permitted by applicable law, within two (2) business days of a request by the Indemnitee; (iii) the Company will continue to fund the Trust in accordance with the Funding Obligation; (iv) the Trustee will promptly pay to the Indemnitee all amounts for which the Indemnitee is entitled to indemnification pursuant to this Agreement or otherwise; and (v) all unexpended funds in such Trust revert to the Company upon mutual agreement by the Indemnitee and the Company or, if the Indemnitee and the Company are unable to reach such an agreement, by Independent Counsel selected in accordance with Section 12(b) of this Agreement, that the Indemnitee has been fully indemnified under the terms of this Agreement. New York law (without regard to its conflicts of laws rules) governs the Trust and the Trustee will consent to the exclusive jurisdiction of Delaware Court of Chancery, in accordance with Section 25 of this Agreement.

Section 16. Non-exclusivity; Survival of Rights; Insurance; Subrogation.

(a) The indemnification and advancement of Expenses provided by this Agreement are not exclusive of any other rights to which Indemnitee may at any time be entitled under applicable law, the Certificate of Incorporation, the Bylaws, any agreement, a vote of stockholders or a resolution of directors, or otherwise. The indemnification and advancement of Expenses provided by this Agreement may not be limited or restricted by any amendment, alteration or repeal of this Agreement in any way with respect to any action taken or omitted by Indemnitee in Indemnitee's Corporate Status occurring prior to any amendment, alteration or repeal of this Agreement. To the extent that a change in Delaware law, whether by statute or judicial decision, permits greater indemnification or advancement of Expenses than would be afforded currently under the Bylaws or this Agreement, it is the intent of the parties hereto that Indemnitee enjoy by this Agreement the greater benefits so afforded by such change. No right or remedy herein conferred is intended to be exclusive of any other right or remedy, and every other right and remedy is cumulative and in addition to every other right and remedy given hereunder or now or hereafter existing at law or in equity or otherwise. The assertion or employment of any right or remedy hereunder, or otherwise, will not prevent the concurrent assertion or employment of any other right or remedy.

(b) The Company hereby acknowledges that Indemnitee may have certain rights to indemnification, advancement of Expenses and/or insurance provided by one or more Persons with whom or which Indemnitee may be associated.

i. The Company hereby acknowledges and agrees:

1) the Company is the indemnitor of first resort with respect to any request for indemnification or advancement of Expenses made pursuant to this Agreement concerning any Proceeding arising from or related to Indemnitee's Corporate Status with the Company;

2) the Company is primarily liable for all indemnification and indemnification or advancement of Expenses obligations for any Proceeding arising from or related to Indemnitee's Corporate Status, whether created by law, organizational or constituent documents, contract (including this Agreement) or otherwise;

3) any obligation of any other Persons with whom or which Indemnitee may be associated to indemnify Indemnitee and/or advance Expenses to Indemnitee in respect of any proceeding are secondary to the obligations of the Company's obligations;

4) the Company will indemnify Indemnitee and advance Expenses to Indemnitee hereunder to the fullest extent provided herein without regard to any rights Indemnitee may have against any other Person with whom or which Indemnitee may be associated or insurer of any such Person; and

ii. the Company irrevocably waives, relinquishes and releases any other Person with whom or which Indemnitee may be associated from any claim of contribution, subrogation, reimbursement, exoneration or indemnification, or any other recovery of any kind in respect of amounts paid by the Company to Indemnitee pursuant to this Agreement.

iii. In the event any other Person with whom or which Indemnitee may be associated or their insurers advances or extinguishes any liability or loss for Indemnitee, the payor has a right of subrogation against the Company or its insurers for all amounts so paid which would otherwise be payable by the Company or its insurers under this Agreement. In no event will payment by any other Person with whom or which Indemnitee may be associated (or their insurers affect the obligations of the Company hereunder or shift primary liability for the Company's obligation to indemnify or advance of Expenses to any other Person with whom or which Indemnitee may be associated.

iv. Any indemnification or advancement of Expenses provided by any other Person with whom or which Indemnitee may be associated is specifically in excess over the Company's obligation to indemnify and advance Expenses or any valid and collectible insurance (including but not limited to any malpractice insurance or professional errors and omissions insurance) provided by the Company.

(c) To the extent that the Company maintains an insurance policy or policies providing liability insurance for directors, officers, employees, or agents of the Enterprise, the Company will obtain a policy or policies covering Indemnitee to the maximum extent of the coverage available for any such director, officer, employee or agent under such policy or policies, including coverage in the event the Company does not or cannot, for any reason, indemnify or advance Expenses to Indemnitee as required by this Agreement. If, at the time of the receipt of a notice of a claim pursuant to this Agreement, the Company has director and officer liability insurance in effect, the Company will give prompt notice of such claim or of the commencement of a Proceeding, as the case may be, to the insurers in accordance with the procedures set forth in the respective policies. The Company will thereafter take all necessary or desirable action to cause such insurers to pay, on behalf of the Indemnitee, all amounts payable as a result of such Proceeding in accordance with the terms of such policies. Indemnitee agrees to assist the Company efforts to cause the insurers to pay such amounts and will comply with the terms of such policies, including selection of approved panel counsel, if required.

(d) The Company's obligation to indemnify or advance Expenses hereunder to Indemnitee for any Proceeding concerning Indemnitee's Corporate Status with an Enterprise will be reduced by any amount Indemnitee has actually received as indemnification or advancement of Expenses from such Enterprise. The Company and Indemnitee intend that any such Enterprise (and its insurers) be the indemnitor of first resort with respect to indemnification and advancement of Expenses for any Proceeding related to or arising from Indemnitee's Corporate Status with such Enterprise. The Company's obligation to indemnify and advance Expenses to Indemnitee is secondary to the obligations the Enterprise or its insurers owe to Indemnitee. Indemnitee agrees to take all reasonably necessary and desirable action to obtain from an Enterprise indemnification and advancement of Expenses for any Proceeding related to or arising from Indemnitee's Corporate Status with such Enterprise.

(e) In the event of any payment made by the Company under this Agreement, the Company will be subrogated to the extent of such payment to all of the rights of recovery of Indemnitee from any Enterprise or insurance carrier. Indemnitee will execute all papers required and take all action necessary to secure such rights, including execution of such documents as are necessary to enable the Company to bring suit to enforce such rights.

Section 17. Duration of Agreement. This Agreement continues until and terminates upon the later of: (a) ten (10) years after the date that Indemnitee ceases to serve as a director and officer of the Company or (b) one (1) year after the final termination of any Proceeding then pending in respect of which Indemnitee is granted rights of indemnification or advancement of Expenses hereunder and of any Proceeding commenced by Indemnitee pursuant to Section 14 of this Agreement relating thereto. The indemnification and advancement of Expenses rights provided by or granted pursuant to this Agreement are binding upon and be enforceable by the parties hereto and their respective successors and assigns (including any direct or indirect successor by purchase, merger, consolidation or otherwise to all or substantially all of the business or assets of the Company), continue as to an Indemnitee who has ceased to be a director, officer, employee or agent of the Company or of any other Enterprise, and inure to the benefit of Indemnitee and Indemnitee's spouse, assigns, heirs, devisees, executors and administrators and other legal representatives.

Section 18. Severability. If any provision or provisions of this Agreement is held to be invalid, illegal or unenforceable for any reason whatsoever: (a) the validity, legality and enforceability of the remaining provisions of this Agreement (including without limitation, each portion of any Section of this Agreement containing any such provision held to be invalid, illegal or unenforceable, that is not itself invalid, illegal or unenforceable) will not in any way be affected or impaired thereby and remain enforceable to the fullest extent permitted by law; (b) such provision or provisions will be deemed reformed to the extent necessary to conform to applicable law and to give the maximum effect to the intent of the parties hereto; and (c) to the fullest extent possible, the provisions of this Agreement (including, without limitation, each portion of any Section of this Agreement containing any such provision held to be invalid, illegal or unenforceable, that is not itself invalid, illegal or unenforceable) will be construed so as to give effect to the intent manifested thereby.

Section 19. Interpretation. Any ambiguity in the terms of this Agreement will be resolved in favor of Indemnitee and in a manner to provide the maximum indemnification and advancement of Expenses permitted by law. The Company and Indemnitee intend that this Agreement provide to the fullest extent permitted by law for indemnification in excess of that expressly provided, without limitation, by the Certificate of Incorporation, the Bylaws, vote of the Company stockholders or disinterested directors, or applicable law.

Section 20. Enforcement.

(a) The Company expressly confirms and agrees that it has entered into this Agreement and assumed the obligations imposed on it hereby in order to induce Indemnitee to serve as a director or officer of the Company, and the Company acknowledges that Indemnitee is relying upon this Agreement in serving or continuing to serve as a director or officer of the Company.

(b) This Agreement constitutes the entire agreement between the parties hereto with respect to the subject matter hereof and supersedes all prior agreements and understandings, oral, written and implied, between the parties hereto with respect to the subject matter hereof; provided, however, that this Agreement is a supplement to and in furtherance of the Certificate of Incorporation, the Bylaws and applicable law, and is not a substitute therefor, nor to diminish or abrogate any rights of Indemnitee thereunder.

Section 21. Modification and Waiver. No supplement, modification or amendment of this Agreement is binding unless executed in writing by the parties hereto. No waiver of any of the provisions of this Agreement will be deemed or constitutes a waiver of any other provisions of this Agreement nor will any waiver constitute a continuing waiver.

Section 22. Notice by Indemnitee. Indemnitee agrees promptly to notify the Company in writing upon being served with any summons, citation, subpoena, complaint, indictment, information or other document relating to any Proceeding or matter which may be subject to indemnification or advancement of Expenses covered hereunder. The failure of Indemnitee to so notify the Company does not relieve the Company of any obligation which it may have to the Indemnitee under this Agreement or otherwise.

Section 23. Notices. All notices, requests, demands and other communications under this Agreement will be in writing and will be deemed to have been duly given if (a) delivered by hand to the other party, (b) sent by reputable overnight courier to the other party or (c) sent by facsimile transmission or electronic mail, with receipt of oral confirmation that such communication has been received:

(a) If to Indemnitee, at the address indicated on the signature page of this Agreement, or such other address as Indemnitee provides to the Company.

(b) If to the Company to:

Better Choice Company Inc.
100 Techne Center Drive, #210
Milford, Ohio 45150

or to any other address as may have been furnished to Indemnitee by the Company.

Section 24. Contribution. To the fullest extent permissible under applicable law, if the indemnification provided for in this Agreement is unavailable to Indemnitee for any reason whatsoever, the Company, in lieu of indemnifying Indemnitee, will contribute to the amount incurred by Indemnitee, whether for judgments, fines, penalties, excise taxes, amounts paid or to be paid in settlement and/or for Expenses, in connection with any claim relating to an indemnifiable event under this Agreement, in such proportion as is deemed fair and reasonable in light of all of the circumstances of such Proceeding in order to reflect (i) the relative benefits received by the Company and Indemnitee as a result of the event(s) and/or transaction(s) giving cause to such Proceeding; and/or (ii) the relative fault of the Company (and its directors, officers, employees and agents) and Indemnitee in connection with such event(s) and/or transaction(s).

Section 25. Applicable Law and Consent to Jurisdiction. This Agreement and the legal relations among the parties are governed by, and construed and enforced in accordance with, the laws of the State of Delaware, without regard to its conflict of laws rules. Except with respect to any arbitration commenced by Indemnitee pursuant to Section 14(a) of this Agreement, the Company and Indemnitee hereby irrevocably and unconditionally (i) agree that any action or Proceeding arising out of or in connection with this Agreement may be brought only in the Delaware Court of Chancery and not in any other state or federal court in the United States of America or any court in any other country, (ii) consent to submit to the exclusive jurisdiction of the Delaware Court for purposes of any action or Proceeding arising out of or in connection with this Agreement, (iii) waive any objection to the laying of venue of any such action or Proceeding in the Delaware Court, and (iv) waive, and agree not to plead or to make, any claim that any such action or Proceeding brought in the Delaware Court has been brought in an improper or inconvenient forum.

Section 26. Identical Counterparts. This Agreement may be executed in one or more counterparts, each of which will for all purposes be deemed to be an original but all of which together constitutes one and the same Agreement. Only one such counterpart signed by the party against whom enforceability is sought needs to be produced to evidence the existence of this Agreement.

Section 27. Headings. The headings of this Agreement are inserted for convenience only and do not constitute part of this Agreement or affect the construction thereof.

[Signature Page to Follow]

IN WITNESS WHEREOF, the parties have caused this Agreement to be signed as of the day and year first above written.

BETTER CHOICE COMPANY INC.	INDEMNITEE
By: _____	_____
Name: _____	Name: Lori R. Taylor
Title: _____	Address:[***]

Exhibit D

Perquisites

1. All air travel commercial first or business class.

2. A monthly car allowance of $2,000.

EXHIBIT 31.1

Certification of Principal Executive Officer
Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
and Securities and Exchange Commission Release 34-46427

I, Damian Dalla-Longa, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Better Choice Company Inc.;

2. Based on my knowledge, this quarterly report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this quarterly report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

c. Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

d. Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officers and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of registrant's board of directors (or persons performing the equivalent functions):

a. all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

b. any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: October 9, 2019

/s/ Damian Dalla-Longa
Damian Dalla-Longa
Chief Executive Officer

EXHIBIT 31.2

Certification of Principal Financial Officer
Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
and Securities and Exchange Commission Release 34-46427

I, Andreas Schulmeyer , certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Better Choice Company Inc.;

2. Based on my knowledge, this quarterly report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this quarterly report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

c. Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

d. Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officers and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of registrant's board of directors (or persons performing the equivalent functions):

a. all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

b. any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: October 9, 2019

/s/ Andreas Schulmeyer
Andreas Schulmeyer
Chief Financial Officer

EXHIBIT 32.1

CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Quarterly Report of Better Choice Company Inc. (the "Company") on Form 10-Q for the period ended June 30, 2019 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), the undersigned officers hereby certify, pursuant to 18 U.S.C. § 1350, as adopted pursuant to § 906 of the Sarbanes-Oxley Act of 2002, that to my knowledge:

(1) The Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: October 9, 2019

/s/ Damian Dalla-Longa
Damian Dalla-Longa
Chief Executive Officer

EXHIBIT 32.2

CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Quarterly Report of Better Choice Company Inc. (the "Company") on Form 10-Q for the period ended June 30, 2019 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), the undersigned officers hereby certify, pursuant to 18 U.S.C. § 1350, as adopted pursuant to § 906 of the Sarbanes-Oxley Act of 2002, that to my knowledge:

(1) The Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: October 9, 2019

/s/ Andreas Schulmeyer
Andreas Schulmeyer
Chief Financial Officer