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 September 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.)
164 DOUGLAS RD EAST, OLDSMAR, FL 34677 **Oldsmar, Florida** (Address of principal executive offices)	**34677** (Zip Code)

(813) 659-5921

(Registrant's telephone number, including area code)

N/A

(Former name, former address and former fiscal year, if changed since last report)

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 January 31, 2020 was 47,977,390.

BETTER CHOICE COMPANY INC.
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EXPLANATORY NOTE

This Quarterly Report on Form 10-Q ("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 prior to the Acquisitions 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.

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.
Unaudited Consolidated Balance Sheets
As of September 30, 2019 and December 31, 2018
(Dollars in thousands)

	9/30/2019 (Unaudited)	12/31/2018 (Audited)
Assets		
Current Assets		
Cash and cash equivalents	$ 2,776	$ 3,946
Restricted cash	6,225	-
Accounts receivable, net	269	276
Inventories, net	2,358	1,557
Prepaid expenses and other current assets	1,931	269
Total Current Assets	13,559	6,048
Noncurrent Assets		
Property and equipment, net	115	71
Right-of-use asset, operating lease	879	-
Intangible assets, net	926	-
Other assets	1,716	28
Total Assets	$ 17,195	$ 6,147
Liabilities & Stockholders' Deficit		
Current Liabilities		
Line of credit	$ 6,191	$ 4,600
Other liabilities	-	1,914
Accounts payable	1,972	765
Due to related parties	34	1,600
Accrued liabilities	3,874	244
Deferred revenue	238	66
Operating lease liability, current portion	293	-
Warrant derivative liability	1,244	-
Total Current Liabilities	13,846	9,189
Noncurrent Liabilities		
Operating lease liability	619	-
Total Liabilities	14,465	9,189
Redeemable Series E Convertible Preferred Stock		
Redeemable Series E Convertible Preferred Stock, $0.001 par value, 2,900,000 and 0 shares authorized, 1,707,920 and 0 shares issued and outstanding at September 30, 2019 and December 31, 2018, respectively.	13,007	-
Stockholders' Deficit		
Common Stock, $0.001 par value, 88,000,000 shares and 580,000,000 shares authorized as of September 30, 2019 and December 31, 2018, respectively, 45,427,659 and 11,661,485 shares issued and outstanding at September 30, 2019 and December 31, 2018, respectively.	45	12
Convertible Series A Preferred Units, no par value, units equivalent to 0 and 2,391,403 Common Stock issued and outstanding at September 30, 2019 and December 31, 2018, respectively	-	2
Additional paid-in capital	176,757	13,642
Accumulated deficit	(187,079)	(16,698)
Total Stockholders' Deficit	(10,277)	(3,042)
Total Liabilities, Redeemable Convertible Preferred Stock and Stockholders' Deficit	$ 17,195	$ 6,147

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

Better Choice Company Inc.
Unaudited Consolidated Statements of Operations and Comprehensive Loss
For the Three and Nine Months Ended September 30, 2019 and 2018
(Dollars in thousands, except per share amounts)

	For the Nine Months ended September 30,		For the Three Months ended September 30,	
	2019	2018	2019	2018
Net sales	$ 11,567	$ 11,045	$ 3,932	$ 3,981
Cost of goods sold	7,178	5,786	3,096	2,457
Gross profit	4,389	5,259	836	1,524
Operating expenses:				
General and administrative	12,031	4,013	4,856	1,341
Share-based compensation	6,708	-	2,496	-
Sales and marketing	8,452	4,061	2,856	1,242
Customer service and warehousing	854	927	303	350
Total operating expenses	28,045	9,001	10,511	2,933
Loss from operations	(23,656)	(3,742)	(9,675)	(1,409)
Other (expense) income:				
Interest expense	(165)	(94)	(41)	(28)
Loss on acquisitions	(147,376)	-	2,612	-
Change in fair value of warrant derivative liability	886	-	1,079	-
Total other (expense) income	(146,655)	(94)	3,650	(28)
Net and comprehensive loss	(170,311)	(3,836)	(6,025)	(1,437)
Preferred dividends	70	-	43	-
Net and comprehensive loss available to common stockholders	$ (170,381)	$ (3,836)	$ (6,068)	$ (1,437)
Weighted average number of shares outstanding	28,624,230	11,497,128	43,575,010	11,497,128
Loss per share, basic and diluted	$ (5.95)	$ (0.33)	$ (0.14)	$ (0.12)

The accompanying notes are an integral part of these unaudited consolidated financial statements. Net loss and comprehensive loss are the same for all periods presented.

Better Choice Company, Inc.
Unaudited Consolidated Statements of St ockholders' Deficit
For the three months ended September 30, 2019 and September 30, 2018
(dollars and share amounts in thousands)

	Common Stock		Additional paid-in capital	Accumulated deficit	Total Stockholders' Deficit	Redeemable Series E Convertible Preferred Stock	
	Number	Amount				Number	Amount
Balance at June 30, 2019	**43,168**	**$ 43**	**$ 170,017**	**$ (181,023)**	**$ (10,963)**	**1,708**	**$ 13,007**
Impact of adoption of ASC 842 - See Note 8	-	-	-	12	12		
Share-based compensation			2,496	-	2,496		
Stock issued to third parties for services	1,000	1	3,439	-	3,440		
Acquisition of treasury shares	-		(3,870)	-	(3,870)		
Acquisition of Better Choice			69	-	69		
Acquisition of Bona Vida			600	-	600		
Private issuance of public equity ("PIPE") warrant exercise	1,260	1	4,006	-	4,007		
Net and comprehensive loss available to common stockholders	-		-	(6,068)	(6,068)		
Balance at September 30, 2019	**45,428**	**$ 45**	**$ 176,757**	**$ (187,079)**	**$ (10,277)**	**1,708**	**$ 13,007**
Balance at June 30, 2018	**11,497**	**$ 11**	**$ 8,545**	**$ (13,072)**	**$ (4,516)**		
Net and comprehensive loss available to common stockholders	-	-	-	(1,437)	(1,437)		
Balance at September 30, 2018	**11,497**	**$ 11**	**$ 8,545**	**$ (14,509)**	**$ (5,953)**		

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

Better Choice Company, Inc.
Unaudited Consolidated Statements of Stockholders' Deficit
For the nine months ended September 30, 2019 and September 30, 2018
(dollars and share amounts in thousands)

	Common Stock		Convertible Series A Preferred Units					Redeemable Series E Convertible Preferred Stock	
	Number	Amount	Number	Amount	Additional paid-in capital	Accumulated deficit	Total Stockholders' Deficit	Number	Amount
Balance at January 1, 2019	**11,662**	**$ 12**	**2,391**	**$ 2**	**$ 13,642**	**$ (16,698)**	**$ (3,042)**		
Initial impact of adoption of ASC 842	**-**	**-**	**-**	**-**	**-**	**(12)**	**(12)**		
Impact of adoption of ASC 842 - See Note 8	-	-	-	-	-	12	12		
Shares issued pursuant to private issuance of public equity- net proceeds	5,745	6	70	-	15,820	-	15,826		
Share-based compensation	1,119	1	-	-	6,708	-	6,709		
Stock issued to third parties for services	1,000	1	-	-	3,439	-	3,440		
Conversion of Series A shares to common stock	2,461	2	(2,461)	(2)	-	-	-		
Acquisition of treasury shares	(1,012)	(1)	-	-	(6,070)	-	(6,071)		
Acquisition of Better Choice	3,915	4	-	-	23,560	-	23,564	2,634	$ 20,059
Acquisition of Bona Vida	18,103	18	-	-	108,602	-	108,620		
Conversion of Series E Preferred Stock	1,175	1	-	-	7,050	-	7,051	(926)	(7,052)
PIPE warrant exercise	1,260	1	-	-	4,006	-	4,007	-	-
Net and comprehensive loss available to common stockholders	-	-	-	-		(170,381)	(170,381)	-	-
Balance at September 30, 2019	**45,428**	**$ 45**	**-**	**$ -**	**$ 176,757**	**$ (187,079)**	**$ (10,277)**	**1,708**	**$ 13,007**

Better Choice Company, Inc.
Unaudited Consolidated Statements of Stockholders' Deficit
For the nine months ended September 30, 2018
(dollars and share amounts in thousands)

	Common Stock					
	Units	Number	Amount	Additional paid-in capital	Accumulated deficit	Total Stockholders' Deficit
Reported balance at January 1, 2018	**10,397**	**-**	**$ -**	**$ 8,545**	**$ (10,673)**	**$ (2,128)**
Recapitalization adjustment (1)	(10,397)	11,497	**11**	-	-	11
Recast balance at January 1, 2018	**-**	**11,497**	**11**	**8,545**	**(10,673)**	**(2,117)**
Net and comprehensive loss available to common stockholders	-	-	-	-	(3,836)	(3,836)
Balance at September 30, 2018	**-**	**11,497**	**$ 11**	**$ 8,545**	**$ (14,509)**	**$ (5,953)**

(1) Certain prior year amounts were adjusted to retroactively reflect the legal capital of the Company from LLC units to common stock due to the reverse acquisition described in Note 2.

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

Better Choice Company Inc.
Unaudited Consolidated Statements of Cash Flows
For the Nine Months Ended September 30, 2019 and 2018
(Dollars in thousands)

Cash Flow from Operating Activities	**September 30, 2019**	**September 30, 2018**
Net and comprehensive loss	$ (170,311)	$ (3,836)
Adjustments to reconcile net loss to net cash used in operating activities:		
Non-cash expenses	572	-
Depreciation and amortization	76	11
Share-based compensation expenses	6,708	-
Non-cash lease expenses	39	-
Change in fair value of warrant derivative liability	(886)	-
Non-cash loss on acquisitions	146,980	-
(Increase) decrease in operating assets		
Accounts receivable, net	76	(161)
Inventories, net	(705)	(476)
Prepaid expenses and other current assets	(135)	58
Other assets	31	-
(Decrease) increase in current liabilities		
Accounts payable	889	1,220
Accrued liabilities	3,287	18
Deferred revenue	172	119
Deferred rent	-	(9)
Other	(17)	(1)
Cash Used in Operating Activities	$ (13,224)	$ (3,057)
Cash Flow from Investing Activities		
Acquisition of property and equipment, net	$ (52)	$ (31)
Cash acquired in merger	416	-
Cash Provided by (Used in) Investing Activities	$ 364	$ (31)
Cash Flow from Financing Activities		
Repayment of cash advance	$ (1,898)	$ -
Proceeds from private issuance of public equity, net	15,826	-
Payments on line of credit	(4,600)	-
Payment of related party note payable	(1,600)	(53)
Proceeds from related party note payable	-	1,248
Capital contributions by owners	-	356
Distribution to the owners	-	(356)
Proceeds from the issuance of debt	6,200	1,970
PIPE warrant exercise	4,007	-
Debt issuance costs	(20)	-
Cash Provided by Financing Activities	$ 17,915	$ 3,165
Net Increase in Cash, Cash Equivalents and Restricted Cash	$ 5,055	$ 77
Total Cash and Cash Equivalents, Beginning of Period	3,946	157
Total Cash, Cash Equivalents and Restricted Cash, End of Period	$ 9,001	$ 234

Supplemental Cash Flow Information

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

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

Right-of-use asset and operating lease liability acquired under operating leases		
Right-of-use asset recorded upon adoption of ASC 842	$	421
Operating lease liability recorded upon adoption of ASC 842		(429)
Noncash acquisition of right-of-use asset for leases entered into during period	$	607
Noncash acquisition of operating lease liability for leases entered into during the period	$	(594)

On May 6, 2019 we acquired two businesses using stock for a purchase price of $146.6 million, including non-cash transaction costs of $4.8 million. See Note 2.

On August 28, 2019, the Company issued 1,000,000 shares of Common Stock valued at $3.4 million to iHeartMedia for future advertising to be incurred from August, 2019 to August, 2021. During the nine month period ended September 30, 2019, $0.6 million of the $3.4 million of the prepaid advertising was incurred. Refer to “Note 5 – Prepaid Expenses and Other Current Assets” for more information.

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

Cash interest paid was $0.2 million and $0.1 million during the nine months ended September 30, 2019 and the nine months ended September 30, 2018, respectively.

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

Notes to the Unaudited 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. The Company operations include those of its two wholly-owned subsidiaries, 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 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 and Consolidation

On May 6, 2019, Better Choice Company, Inc. completed the acquisition, for TruPet LLC ("TruPet") and Bona Vida Inc. ("Bona Vida") in a pair of all stock transactions (the "Acquisitions") through the issuance of 32,332,314 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.

The Company is the legal acquirer of TruPet and Bona Vida. However, the Acquisitions were treated as a reverse acquisition whereby TruPet acquired the Company and Bona Vida for accounting and financial reporting purposes. As a result, the financial statements for the nine months ending September 30, 2019 are comprised of 1) the results of TruPet for the period between January 1, 2019 and September 30, 2019 and 2) the results of the Company and Bona Vida, after giving effect to the Acquisitions on May 6, 2019 through September 30, 2019. All periods presented prior to the effective date of the Acquisitions are comprised solely of the operations and financial position of TruPet, and therefore, are not directly comparable. TruPet's equity has been re-cast to reflect the equity structure of Better Choice Company and the shares of Common Stock received in the Acquisitions.

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.

The Company's consolidated financial statements are prepared in accordance with the rules and regulations of the U.S. Securities and Exchange Commission for quarterly reports and accounting principles generally accepted in the United States (GAAP). The financial statements are presented on a consolidated basis subsequent to the Acquisitions and include the accounts of the Company and its wholly-owned subsidiaries. All intercompany transactions and balances have been eliminated in consolidation. 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 nine months ended September 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 in U.S. dollars (thousands), numbers in the text in dollars (millions), shares in thousands, and % as rounded up or down.

Going Concern Considerations

The Company is subject to risks common in the pet wellness consumer market including, but not limited to, dependence on key personnel, competitive forces, successful marketing and sale of its products, the successful protection of its proprietary technologies, ability to grow into new markets, compliance with government regulations, and the ability to obtain additional financing when needed. The accompanying consolidated financial statements have been prepared assuming the Company will continue as a going concern, which contemplates the realization of assets and payments of liabilities in the ordinary course of business. Accordingly, the consolidated financial statements do not include any adjustments relating to the recoverability and classification of asset carrying amounts or the amount of and classification of liabilities that may result should the Company be unable to continue as a going concern. See "Note 22- Going Concern" for more information.

Cash and Cash Equivalents

Cash and cash equivalents include demand deposits held with banks and highly liquid investments with original 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 line of credit agreement secured with a financial institution, the Company is required to maintain a restricted cash balance of $6.2 million in its account. Any withdrawals from the account require an equal reduction to the funds available under the line of credit agreement. See "Note 10 – Line of Credit and Due to Related Parties" for more details on the revolving credit agreement.

The Company is also required to maintain a restricted cash balance of less than $0.1 million associated with a business credit card.

Accounts receivable and allowance for doubtful accounts

Accounts receivable primarily consist of credit card payments receivable from third-party credit card processing companies and unpaid buyer invoices from the Company's wholesale customers. Accounts receivable is stated at the amount billed to customers, net of point of sale discounts. The Company assesses the collectability of all receivables on an ongoing basis by considering its historical credit loss experience, current economic conditions, and other relevant factors. Based on this analysis, an allowance for doubtful accounts is recorded. The provision for doubtful accounts is included in general and administrative expense in the consolidated statements of operations. As of September 30, 2019 and December 31, 2018, the Company considers accounts receivable to be fully collectible and, accordingly, no allowance for doubtful accounts was recorded.

Inventories

Inventories, primarily consisting of products available for sale and supplies, are valued using the first-in first-out ("FIFO") method and are recorded at the lower of cost or net realizable value. Cost is determined on a standard cost basis and includes the purchase price, as well as inbound freight costs and packaging costs.

The Company regularly reviews inventory quantities on hand. Excess or obsolete reserves are established when inventory is estimated to not be sellable before expiration dates based on forecasted usage, product demand and product life cycle. Additionally, inventory valuation reflects adjustments for anticipated physical inventory losses, such as shrink, that have occurred since the last physical inventory.

Property and Equipment

Property and equipment are recorded at cost and depreciated using the straight-line method over the estimated useful lives of the assets. Depreciable lives are 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 property and equipment accounts in the year of disposal with the resulting gain or loss reflected in general and administrative expenses.

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. No impairment charges have been incurred for property and equipment for any period presented.

License Intangibles

Intangible assets acquired are carried at cost, less accumulated amortization. The Company reviews finite-lived intangible assets for impairment whenever events or changes in circumstances indicate the carrying amount of an asset may not be recoverable and any not expected to be recovered through undiscounted future net cash flows and assets are written down to current fair value.

The Company acquired a licensing agreement for Houndog brand. The estimated life was six years and was amortized on a straight line basis. On January 16, 2020, the Company terminated the licensing agreement with Associated Brands Group and Elvis Presley Enterprises, refer to Note 23 - Subsequent Events. The Company agreed to (i) pay a termination fee of $0.1 million in cash on the date of termination, (ii) pay $0.1 million in cash in four equal installment payments between July 31, 2020 and October 31, 2020, (iii) issued 72,720 shares of common stock, and (iv) issued a promissory note of $0.6 million.

Redeemable Convertible Preferred Stock

In accordance with Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 480, Distinguishing Liabilities from Equity (ASC 480), preferred stock issued with redemption provisions that are outside of the control of the Company or that contain certain redemption rights in a deemed liquidation event is required to be presented outside of stockholders' deficit on the face of the consolidated balance sheet. The Company's Redeemable Series E Convertible Preferred Stock contain redemption provisions that require it to be presented outside of stockholders' deficit. Changes in the redemption value of the redeemable convertible preferred stock, if any, are recorded immediately in the period occurred as an adjustment to additional paid-in capital in the consolidated balance sheet.

Income Taxes

Income taxes are recorded in accordance with FASB ASC Topic 740, Income Taxes (ASC 740), which provides for deferred taxes using an asset and liability approach. The Company recognizes deferred tax assets and liabilities for the expected future tax consequences of events that have been included in the consolidated financial statements or tax returns. Deferred tax assets and liabilities are determined based on the difference between the consolidated financial statement and tax bases of assets and liabilities and for loss and credit carryforwards using enacted tax rates anticipated to be in effect for the year in which the differences are expected to reverse. Valuation allowances are provided, if, based upon the weight of available evidence, it is more likely than not that some or all the deferred tax assets will not be realized.

The Company accounts for uncertain tax positions in accordance with the provisions of ASC 740. When uncertain tax positions exist, the Company recognizes the tax benefit of tax positions to the extent that some or all the benefit will more likely than not be realized. The determination as to whether the tax benefit will more likely than not be realized is based upon the technical merits of the tax position, as well as consideration of the available facts and circumstances. As of September 30, 2019, and 2018, the Company does not have any significant uncertain tax positions. If incurred, the Company would classify interest and penalties on uncertain tax positions as 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).

TruPet adopted ASC 606, *Revenue from Contracts with Customers*, on January 1, 2017. Accordingly all periods presented reflect the recognition of revenue and related disclosures required by ASC 606.

Cost of Goods Sold

Cost of goods sold consists primarily of the cost of product obtained from third-party contract manufacturing plants, packaging materials, CBD oils directly sourced by the Company, and inventory freight for shipping product from third-party contract manufacturing plants to the Company's warehouse.

General and Administrative Expenses

General and administrative expenses include management and office personnel compensation and bonuses, corporate level information technology related costs, rent, travel, professional service fees, insurance, product development costs, general corporate expenses and outbound shipping. Shipping costs primarily consist of costs associated with moving finished products to customers through third-party carriers. Shipping costs were $0.6 million and $1.8 million for the three and nine month periods ended September 30, 2019 and $0.6 million and $1.9 million during the three and nine month periods ended September 30, 2018, respectively.

For direct to consumer customers, the Company may recover shipping costs by charging the customer a shipping fee. In these instances, the Company includes the shipping charges billed to customers in net sales. The amount included in net sales related to such recoveries was $0.2 million and $0.5 million for the three and nine month periods ended September 30, 2019 and $0.2 million and $0.7 million for the three and nine month periods ended September 30, 2018, respectively.

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 online advertising, search costs, email advertising, and radio advertising were $1.8 million and $0.8 million for the three months ended September 30, 2019 and 2018, respectively and $5.8 million and $3.0 million for the nine-month periods ended September 30, 2019 and 2018, 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. Research and development costs incurred during both the three and nine month periods months ended September 30, 2019 were less than $0.1 million. No research and development costs were incurred during the three or nine month periods ended September 30, 2018.

Customer Service and Warehousing

Customer Service and Warehousing include costs associated with storing inventory, customer service and fulfilling customer orders.

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 on the balance sheets consist of cash and cash equivalents, restricted cash, accounts receivable, deposits, accounts payable, line of credit, due to related party, accrued and other liabilities, and warrant derivative liability. The warrant derivative liability is measured, due to their short term nature, 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.

The Company uses applicable guidance for defining fair value, the initial recording and periodic remeasurement of certain assets and liabilities measured at fair value, and related disclosures for instruments measured at fair value. Fair value accounting guidance establishes a fair value hierarchy, which prioritizes the inputs to valuation techniques used to measure fair value into three broad levels. An instrument's classification within the fair value hierarchy is based upon the lowest level of input that is significant to the instrument's fair value measurement. The Company measures assets and liabilities using inputs from the following three levels of fair value hierarchy:

Level 1 - Observable inputs such as unadjusted quoted prices in active markets for identical assets or liabilities.

Level 2 - Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly. These include quoted prices for similar assets or liabilities in active markets and quoted prices for identical or similar assets or liabilities in markets that are not active.

Level 3 - Unobservable inputs for the asset or liability for which there is little, if any, market activity at the measurement date. Unobservable inputs reflect the Company's own assumptions about what market participants would use to price the asset or liability. The inputs are developed based on the best information available in the circumstances, which may include the Company's own financial data, such as internally developed pricing models, DCF methodologies, as well as instruments for which the fair value determination requires significant management judgment.

The following table sets forth the Company's financial liabilities that were accounted for at fair value on a recurring basis by level within the fair value hierarchy as of September 30, 2019 and December 31, 2018:

	September 30, 2019			
Dollars in thousands	**Level 1**	**Level 2**	**Level 3**	**Total**
Liabilities				
Warrant derivative liability	$ -	$ -	$ 1,244	$ 1,244

Basic and Diluted Loss Per Share

Basic and diluted loss per share has been determined by dividing the net loss available to common 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.

Share-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 follows the fair value method of accounting for stock awards granted to employees, directors, officers and consultants. Share-based awards to employees are measured at the fair value of the related share-based awards on grant date. The Company recognizes share-based payment expenses over the vesting period based on the number of awards expected to vest over that period on a straight-line basis. The Company's share-based compensation awards are subject only to service based vesting conditions. 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 and the dividend yield on the underlying stock. Expected volatility is calculated based on the analysis of other public companies within the pet wellness, Internet commerce, and hemp derived CBD sectors. Risk–free interest rates are calculated based on continuously compounded risk–free rates for the appropriate term. The expected life is calculated as the mid-point between the vested date and the contractual expiration of the option as it factors in early exercise typically seen with employee options. The graded vesting period was incorporated into the calculation of the adjusted 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.

Use of Estimates

The preparation of the consolidated 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.

The Company's results can also be affected by economic, political, legislative, regulatory and legal actions. Economic conditions, such as recessionary trends, inflation, interest and monetary exchange rates, and government fiscal policies, can have a significant effect on operations. While the Company maintains reserves for anticipated liabilities and carries various levels of insurance, the Company could be affected by civil, criminal, regulatory or administrative actions, claims or proceedings.

Significant changes to the key assumptions used in the valuations could result in different fair values of equity instruments at each valuation date.

Segment Information

Operating segments are defined 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 reviews operating results on an aggregated basis. All the assets and operations of the Company are in the United States.

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. Legal costs such as outside counsel fees and expenses are charged to expense in the period incurred and are recorded in general and administrative expenses in the Consolidated Statements of Operations and Comprehensive Loss.

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 lease, royalty and line of credit agreements for which we are committed to pay certain amounts over a period of time. See Notes 8, 9, and 10.

In connection with the preparation of the Company's consolidated financial statements for the three and nine month periods ended September 30, 2019, the Company identified an error as of December 31, 2018 and June 30, 2019, related to an understatement of sales taxes due and payable of $0.7 million and $0.8 million, respectively. The error was corrected during the three and nine month periods ended September 30, 2019. The Company believes that the correction of this error is not material to the consolidated financial statements as of and for the three and nine month periods ended September 30, 2019.

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.

Recently adopted:

Adoption of FASB ASC Topic 842 "Leases"

In February 2016, the Financial Accounting Standard Board (' FASB') issued Accounting Standards Update ("ASU") 2016-02,*"Leases (Topic 842) "* ("ASU 2016-02"), which amends leasing guidance by requiring companies to recognize a right-of-use asset and a lease liability for all operating and financing leases with lease terms greater than twelve months. The lease liability is equal to the present value of lease payments. The right-of-use lease asset is based on the lease liability, subject to adjustment for prepaid and deferred rent and tenant incentives. For income statement purposes, leases will continue to be classified as operating or financing with lease expense in both cases calculated substantially the same as under the prior leasing guidance.

The adoption of ASC 842 resulted in recognition of right-of-use assets of $0.4 million and operating lease liabilities of $0.4 million as of January 1, 2019. The Company adopted the optional transition method that gives companies the option to use the adoption date as the initial application on transition. Accordingly, results for reporting periods beginning prior to January 1, 2019 continue to be reported in accordance with our historical treatment. The adoption of ASC 842 did not have a material impact on the Company's results of operations or cash flows (See "Note 8 – Operating Leases").

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 January 1, 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 of January 1, 2019 as permitted under the ASU. As this standard only requires additional disclosures, there is no financial statement impact of its adoption.

Issued but not Yet Adopted:

ASU 2016-13 "Financial Instruments – Credit Losses (Topic 326)"

In June 2016, the FASB issued ASU 2016-13 "Financial Instruments - Credit Losses (Topic 326)," a new standard to replace the incurred loss impairment methodology under current GAAP with a methodology that reflects expected credit losses and requires consideration of a broader range of reasonable and supportable information to inform credit loss estimates. The standard is effective for the Company on January 1, 2021, and early adoption is permitted. The Company is currently evaluating the impact the new standard will have on its consolidated financial statements.

ASU 2018-15 "Intangibles – Goodwill and Other – Internal-Use Software (Subtopic 350-40)"

In August 2018, the FASB issued ASU 2018-15 "Intangibles - Goodwill and Other - Internal-Use Software (Subtopic 350-40)" to amend ASU 2015-05 in an effort to provide additional guidance on the accounting for costs implementation activities performed in a cloud computing arrangement that is a service contract. The amendments in this update align the requirements for capitalizing implementation costs incurred in a hosting arrangement that is a service contract with the requirements for capitalizing implementation costs incurred to develop or obtain internal-use software (and hosting arrangements that include an internal use software license). The accounting for the service element of a hosting arrangement that is a service contract is not affected by the amendments in this update. The amendments in this update also require the entity to present the expense related to the capitalized implementation costs in the same line item in the statement of income as the fees associated with the hosting element (service) of the arrangement and classify payments for capitalizing implementation costs in the statement of cash flows in the same manner as payments made for fees associated with the hosting element. The entity is also required to present the capitalized implementation costs in the statement of financial position in the same line item that a prepayment for the fees of the associated hosting arrangement would be presented. The new standard is effective for the Company on January 1, 2021, and early adoption is permitted. The Company believes that current practices of capitalization vs expensing IT costs are in line with this guidance, however, the amendment will require the Company to change presentation within the statement of cash flows. The Company currently has no internal use software and expects this accounting standard will have no impact on its consolidated financial statements.

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 - Acquisitions

On May 6, 2019, the Company completed the Acquisitions through the issuance of 32,332,314 shares of Common Stock, par value $0.001 of the Company (the "Common Stock"). Following the completion of the Acquisitions, the operations of the Company are primarily comprised of the operations of TruPet and Bona Vida. The strategic objective for combining the two complementary businesses was to create a leading innovative holistic pet wellness company operating in a rapidly evolving and growing industry.

The Company's board of directors ("The Board") consists of five directors: the current chairman of the Company who was the prior chairman of Bona Vida, two prior directors from TruPet, one prior director from Bona Vida, and one director who was a TruPet managing member as well as the prior chairman of the Company.

TruPet was determined to be the accounting acquirer of the Company and Bona Vida. As such, the historical financial statements are those of TruPet, and TruPet's equity has been re-cast to reflect the equity structure of the Company and the shares of Common Stock received. Better Choice exchanged 14,229,041 shares for the outstanding membership interest in TruPet.

The Acquisitions were accounted for as asset acquisitions. The purchase price for Better Choice Company was $37.9 million which includes stock, minority interest, fully vested stock-based compensation and transaction expenses. The transaction price of Better Choice Company includes 100% of all outstanding stock valued at net $32.7 million, non-cash transaction costs of $4.8 million, cash transaction costs of $0.4 million and fully vested stock-based compensation with an estimated fair value of $0.1 million. The stock exchanged in the Acquisition of Better Choice Company is equal to the 3,915,856 shares of Better Choice Company outstanding prior to the issuance of additional shares in the Acquisitions, at the market price of $6.00 per share. The total purchase price has been allocated based on an estimate of the fair value of Better Choice Company's assets acquired and liabilities assumed with the remainder recorded as an expense. The loss on acquisition of Better Choice Company's net liabilities is $39.6 million.

The purchase price for Bona Vida was $108.6 million for100% of all outstanding stock. At the closing of the Bona Vida transaction, the Company issued 18,103,273 shares of Common Stock in exchange for 100% of the outstanding shares of Bona Vida. The fair value of Bona Vida's net assets acquired is estimated to be $0.8 million. The estimated purchase price has been allocated based on an estimate of the fair value of assets acquired and liabilities assumed. The excess of the purchase price over the net assets acquired has been recorded as an expense. The loss on acquisition of Bona Vida's net assets is $107.8 million.

On May 6, 2019, the fair value of the following assets and liabilities were acquired resulting in the total loss of approximately $147.4 million:

	Better Choice Company	Bona Vida	Total
Total Purchase Price	**$ 37,949**	**$ 108,620**	**$ 146,569**
Net Assets (Liabilities) Acquired:			
Assets			
Cash and cash equivalents	7	384	391
Restricted cash	-	25	25
Accounts receivable	-	69	69
Inventories	-	95	95
Prepaid expenses and other current assets	32	348	380
Intangible assets	986	-	986
Other assets	-	74	74
Total Assets	1,025	995	2,020
Liabilities			
Warrant derivative liability	(2,130)	-	(2,130)
Accounts payable & accrued liabilities	(544)	(153)	(697)
Debt	-	-	-
Total Liabilities	(2,674)	(153)	(2,827)
Net Assets (Liabilities) Acquired	(1,649)	842	(807)
Loss on Acquisitions	$ (39,598)	$ (107,778)	$ (147,376)

The results of operations of the acquired entities are included in the accompanying consolidated financial statements subsequent to the date of Acquisitions.

In connection with the preparation of the Company's consolidated financial statements for the three and nine month periods ended September 30, 2019, the Company identified an error in the consolidated financial statements for the six month period ended June 30, 2019 related to the overstatement of Loss on Acquisitions of $2.6 million in the consolidated statement of operations and comprehensive loss. This was primarily due to a change in the estimated purchase price, which also resulted in errors in the statement of stockholders' deficit. The errors were all corrected during the three month period ended September 30, 2019. The Company believes the correction of these errors is not material to the consolidated financial statements as of and for the three month period ended September 30, 2019.

Note 3 – 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 the goods. The Company has two revenue channels, direct to consumer ("DTC") and wholesale. Nearly all of the Company's revenue is derived from the DTC channel which represents 95% of consolidated revenue; the wholesale channel represents 5% of consolidated revenue. The majority of these sales transactions are single performance obligations that are recorded when control is transferred to the customer. The Company offers a loyalty program to its DTC customers which creates a separate performance obligation.

The following is a description of principal activities from which the Company generates its revenue, by revenue channel.

The Company's DTC products are offered through the online stores where customers place orders directly for delivery across the United States. Revenue is recorded, net of discounts, at the time the order is shipped to the customer as this is when it has been determined that control has been transferred, and includes shipping paid by customers. Revenue is measured as the amount of consideration, net of discounts, the Company expects to receive in exchange for transferring the merchandise. The Company has elected to exclude from revenue all collected sales taxes paid by its customers.

Revenue is deferred for orders that have been placed, and paid for, but have not yet been shipped. Customers have a 60-day guarantee on the product purchased. Based on the historical experience, the Company records an estimated liability for returns. Product returns have historically not been significant to the financial statements taken as a whole.

For the Company's DTC loyalty program, a portion of revenue is deferred at the time of the sale as points are earned based on the relative stand-alone selling price, and not recognized, until the redemption of the loyalty points. The Company has applied a redemption rate based on the historical age of the points.

The customer has a material right in the form of future discounts with their accumulated points. For these transactions, the transaction price is allocated to the separate performance obligations based on the relative standalone selling price of loyalty points. The standalone selling price for the points earned for the Company's loyalty program is estimated using the net retail value of the merchandise purchased, adjusted for the redemption percentage based on historical redemption patterns. The revenue associated with the initial merchandise purchased is recognized immediately and the value assigned to the points is deferred until the points are redeemed. Customer points do not expire.

The Company's wholesale channel includes the sale of goods to wholesale customers for resale. The wholesale sale of goods is considered a single performance obligation. The Company records revenue net of discounts. There is no shipping revenue on wholesale transactions and wholesale customers are not subject to sales tax.

Revenue for wholesale sales are recognized when the product is shipped to the wholesale customer as this is when it has been determined that control has been transferred, with the exception of the Company's largest customer due to specific FOB destination shipping terms as this is when it has been determined that control has transferred.

The Company's net revenue in the Consolidated Statements of Operations and Comprehensive Loss are net of sales taxes.

Note 4 - Inventories

Inventories are summarized as follows:

Dollars in thousands	**September 30, 2019**	**December 31, 2018**
Food, treats and supplements	$ 2,544	$ 1,301
Other products and accessories	110	191
Inventory packaging and supplies	142	133
	2,796	1,625
Inventory reserve	(438)	(68)
	$ 2,358	$ 1,557

Note 5 – Prepaid Expenses and Other Current Assets

Prepaid expenses and other current assets consist of the following:

Dollars in thousands	**September 30, 2019**	**December 31, 2018**
Prepaid insurance	$ 50	$ 15
Prepaid advertising	1,291	-
Other	590	254
Total prepaid expenses and other current assets	$ 1,931	$ 269

On August 28, 2019, the Company entered into a radio advertising agreement with iHeartMedia + Entertainment, Inc. On August 28, 2019, the Company issued to iHeart Media 1,000,000 shares of common stock valued at $3.4 million for future advertising to be provided to the Company from August, 2019 to August, 2021. During each of the three and nine month periods ended September 30, 2019, $0.6 million of the $3.4 million of the prepaid advertising was incurred. In addition, the agreement requires the Company to spend a minimum amount for talent fees or other direct iHeart costs. As of September 30, 2019, the additional commitment is for less than $0.1 million. The company has committed to using $1.7 million of the media inventory by August 28, 2020, with the remainder of the inventory available through August 28, 2021. The Company expensed $0.6 million of the media inventory in the period ended September 30, 2019, reducing the Prepaid Advertising balance to $2.8 million, of which $1.3 million is recorded in Prepaid Expenses and Other Current Assets and $1.5 million in Other Noncurrent Assets.

Note 6 - Property and Equipment

Property and equipment consist of the following:

Dollars in thousands	September 30, 2019	December 31, 2018
Warehouse equipment	$ 49	$ 49
Computer equipment	14	14
Furniture and fixtures	99	46
Total property and equipment	162	109
Accumulated depreciation	(47)	(38)
Net property and equipment	$ 115	$ 71

Depreciation expense was less than $0.1 million for the three months ended September 30, 2019 and 2018, respectively and less than $0.1 million for the nine months ended September 30, 2019 and 2018 respectively. Depreciation expense is included as a component of general and administrative expenses.

Note 7 – Accrued Liabilities

Accrued expenses consist of the following:

Dollars in thousands	September 30, 2019	December 31, 2018
Accrued payroll and benefits	$ 528	$ 85
Accrued professional fees	1,788	-
Accrued sales tax	1,275	-
Other	283	159
Total accrued liabilities	$ 3,874	$ 244

Note 8 – Operating Leases

Effective January 1, 2019, the Company adopted the FASB guidance on leases ("Topic 842"), which requires leases with durations greater than twelve months to be recognized on the balance sheet. The Company adopted Topic 842 using the modified retrospective transition approach. Prior year financial statements were not recast under Topic 842, and therefore those amounts are not disclosed. The Company has elected certain practical expedients, including the package of practical expedients to not reassess prior conclusions related to contracts containing leases, lease classification and initial direct costs as well as an accounting policy to account for lease and non-lease components as a single component. The Company also elected the optional transition method that gives companies the option to use the effective date as the date of initial application on transition, and as a result, the Company will not adjust its comparative period financial information or make the new required lease disclosures for periods before the effective date. The Company has elected to make the accounting policy election for short-term leases. Consequently, short-term leases will be recorded as an expense on a straight-line basis over the lease term. The Company did not elect the hindsight practical expedient.

The Company's leases relate to our corporate offices and warehouse. For leases with terms greater than 12 months, the Company records the related asset and obligation at the present value of lease payments over the term. Lease renewal options are not included in the measurement of the right-of-use assets and right-of-use liabilities unless the Company is reasonably certain to exercise the optional renewal periods. The Company's lease agreements do not contain any material residual value guarantees or material restrictive covenants. Additionally, our leases contain rent escalations over the lease term and the Company recognizes expense for these leases on a straight-line basis over the lease term. Some of the Company's leases include rent escalations based on inflation indexes, tenant allowances and fair market value adjustments.

In connection with the preparation of the Company's consolidated financial statements for the three and nine month periods ended September 30, 2019, the Company identified an error as of January 1, 2019 related to the adoption of ASC 842, *Leases*, which resulted in an overstatement of less than $0.1 million for right-of-use assets and operating lease liabilities, respectively. The Company also identified an overstatement of Accumulated Deficit of less than $0.1 million as of January 1, 2019. The errors related to impact upon adoption of ASC 842 were corrected during the three-and-nine-month periods ended September 30, 2019. The Company believes the correction of these errors is not material to the consolidated financial statements as of and for the three-and-nine-month periods ended September 30, 2019.

For leases entered into or reassessed after the adoption of the new standard, the Company has elected the practical expedient allowed by the standard to account for all fixed consideration in a lease as a single lease component. Therefore, the lease payments used to measure the operating lease liability for these leases include fixed minimum rentals along with fixed operating costs such as common area maintenance and utilities.

The Company's leases do not provide a readily available implicit rate. Therefore, the Company estimates the incremental borrowing discount rate based on information available at lease commencement. The discount rates used are indicative of a synthetic credit rating based on quantitative and qualitative analysis.

Lease position as of January 1, 2019

The table below presents the lease-related assets and liabilities recorded on the balance sheet.

Dollars in thousands	**Classification on the Balance Sheet 2019**	**January 1, 2019**
Assets		
Operating lease right-of-use assets	Operating lease right-of-use assets	421
Liabilities		
Current - Operating	Operating lease liability short term	87
Noncurrent - Operating	Operating lease liability long term	342
Total operating lease liabilities		$ 429

The table below presents certain information related to the lease costs for operating leases for the three and nine months ended September 30, 2019.

Dollars in thousands	**Three months ended September 30, 2019**	**Nine months ended September 30, 2019**
Operating lease costs	95	219
Variable lease costs	8	24
Total Operating Lease costs	$ 103	243

As of September 30, 2019, the weighted-average remaining operating lease term was 2.75 years and the weighted average discount rate was 12.5% for operating leases recognized on our Consolidated Balance Sheet.

Undiscounted cash flows

The table below reconciles the undiscounted cash flows for each of the first four years and total of the remaining years to the operating lease liabilities recorded on the balance sheet.

Dollars in thousands	**Operating Leases**
Remainder of 2019	$ 95
2020	381
2021	381
2022	182
Total Minimum Lease Payments	1,039
Less: amount of lease payments representing interest	127
Present value of future minimum lease payments	$ 912
Less: current obligations under leases	293
Long-term lease obligations	$ 619

Note 9 – Intangible Assets and Royalties

In April 2019, Better Choice Company entered into a licensing agreement with Authentic Brands and Elvis Presley Enterprises whereby Better Choice will be able to sell newly developed hemp-derived CBD products that will be marketed under the Elvis Presley Houndog name. The license agreement required an upfront equity payment of $1 million worth of Common Stock.

Upon the Acquisitions on May 6, 2019, the Company acquired the license agreement and recorded it at itsamortized cost which approximated fair value.

Dollars in thousands	September 30, 2019	December 31, 2018
License intangibles	$ 986	$ -
Less accumulated amortization	60	-
Total Intangible Assets, net	$ 926	$ -

As of September 30, 2019, the Company paid $0.6 million of the 2019-2020 Guaranteed Minimum Royalty Payment. As there were no sales related to Houndog products during the three and nine month periods ended September 30, 2019, the Company determined that the minimum royalties paid through September 30, 2019 should be expensed. The Houndog license agreement was terminated in January 2020, refer to Note 23 - Subsequent Events.

Note 10 - Line of Credit and Due to Related Parties

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 secured by the personal assets of the two majority owners. Through various amendments, the maximum borrowings under the credit facility increased to $4.6 million with a maturity of May 2019. Borrowings bear interest at LIBOR plus 3% and were repaid on May 6, 2019. At December 31, 2018, outstanding borrowings were $4.6 million. Accrued interest recorded at December 31, 2018 was less than $0.1 million.

The credit facility was secured by personal assets of the co-borrowers, as noted above. Covenants under the credit facility required the Company to be within certain restrictions. As of December 31, 2018, the Company was in compliance with its covenants.

At December 31, 2018, due to related parties consisted of a $1.6 million unsecured note payable to the director of the Company bearing 26.6% interest with principal and interest due within 30 days after change of control, as described below. On May 6, 2019, this loan was repaid. There was no accrued interest recorded at December 31, 2018. The unsecured note totaled $1.2 million during nine months ended September 30, 2018.

On May 6, 2019, the Better Choice Company refinanced the $4.6 million credit facility and the $1.6 million note payable to the director with a $6.2 million revolving line of credit agreement with a financial institution (the “revolving line of credit”). The $6.2 million revolving line of credit agreement (“revolving credit agreement”) is secured by $6.2 million in restricted cash held in a Money Market Account. 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 in the event that the interest payable on the Money Market Account increases where the interest rate on the revolving line of credit is 185 basis points higher than the rate payable on the Money Market Account. The Company paid an issuance fee of $8,856 upon closing, which was recorded as a contra liability and will be amortized over the life of the debt. . 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 revolving credit agreement matures on May 6, 2020 and requires that the Company maintain the $6.2 million restricted deposits on account at the bank. If withdrawals are made from the account, the amount available under the revolving credit agreement decreases by the amount of the withdrawal.

Management has determined that the fair value of debt approximates the carrying value of the revolving line of credit given its short-term nature.

The Company has granted the Lender a security interest in all assets of the Company owned or later acquired. The revolving credit agreement also contains certain events of default, representations, warranties and covenants of the Company and its subsidiaries. For example, the revolving credit 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. As of September 30, 2019, the Company was in compliance with its covenants.

Interest expense of approximately $0.2 million was recorded in the consolidated statements of operations and comprehensive loss related to the lines of credit and the director note for the nine months ended September 30, 2019, and $0.1 million and less than $0.1 million for three and nine months ended September 30, 2018, respectively. Interest expense of approximately $0.1 million was recorded in the consolidated statements of operations and comprehensive loss related to the lines of credit for the three months ended September 30, 2019.

Note 11 – 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. The December Offering generated $2.6 million of net proceeds that were received by the Company during the period ended December 31, 2018 for the sale of 1,400,000 Units, and $0.1 million of the net proceeds were received on January 8, 2019 for the sale of 25,641 Units. The warrants are exercisable over a two-year period at the initial exercise price of $3.90 per share.

The warrants include an option to settle in cash in the event of a change of control of the Company and a reset feature if the Company issues shares of common stock with a strike price below $3.90 per share, which requires the Company to record the warrants as a derivative liability. The Company calculates the fair value of the derivative liability through a Monte Carlo Model that values the warrants 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 September 30, 2019.

Dollars in thousands	**Warrant Liability**
Assumption of warrants pursuant to May 6, 2019 acquisition of Better Choice Company	$ 2,130
Change in fair value of derivative liability	(886)
Balance as of September 30, 2019	$ 1,244

	May 6, 2019	**September 30, 2019**
Warrant Liability		
Stock Price	$ 6.00	$ 4.36
Exercise Price	$ 3.90	$ 3.90
Expected remaining term (in years)	1.60 – 1.68	1.20 – 1.28
Volatility	64%	64% – 69 %
Risk-free interest rate	2.39%	1.72 %

The valuation of the warrants is subject to uncertainty as a result of the unobservable inputs. If the volatility rate or risk-free interest rate were to change, the value of the warrants would be impacted.

At September 30, 2019, the Company would be required to pay $0.3 million if all warrants were settled in cash or issue 712,823 shares if all warrants were settled in shares.

Note 12 – Other Liabilities

Other liabilities consist of the following:

Dollars in thousands	September 30, 2019	December 31, 2018
Cash Advance	$ -	$ 1,898
Deferred Rent	-	16
Total Other Liabilities	$ -	$ 1,914

During the fourth quarter of 2018, the Company received cash advances totaling $2.4 million from a third party lender, plus fees of $0.3 million, that were secured by customer payments on future sales and receivables. $0.8 million of the cash advance was paid back to the lender in the fourth quarter of 2018 and the remaining $1.9 million was paid during the nine month period ended September 30, 2019.

Note 13 – Commitments and Contingencies

We have entered into lease, royalty and line of credit agreements for which we are committed to pay certain amounts over a period of time. See Notes 8, 9, and 10.

In the normal course of business, the Company is subject to certain claims or lawsuits. Management is not aware of any claims or lawsuits that may have a material adverse effect on the consolidated financial position or results of operations of the Company.

The Company has historically collected and remitted sales tax based on the locations of its significant physical operations. On June 21, 2018, the U.S. Supreme Court rendered a 5-4 majority decision in South Dakota v. Wayfair Inc., 17-494. Among other things, the Court held that a state may require an out-of-state seller with no physical presence in the state to collect and remit sales taxes on goods the seller ships to consumers in the state, overturning existing court precedent. Additionally, the Company discovered that TruPet had not collected and paid sales tax related to all sales in some states where it had a physical presence. The Company has estimated and recorded $1.2 million of sales tax liability as of September 30, 2019. While additional assessments are not anticipated, additional states may assert that the Company has nexus and must pay sales tax for prior sales. We do not believe that additional assessments, if any, will have a material impact on our financial position or results of operations.

Note 14 – Redeemable Series E Convertible Preferred Stock

On October 22, 2018, the Board approved a resolution to designate a series of 2,900,000 shares of its Redeemable Series E Convertible Preferred Stock pursuant to its articles of incorporation of which 2,846,356 were issued. The Redeemable 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.

On May 6, 2019, 2,633,678 outstanding shares of Redeemable Series E Convertible Preferred Stock, represented an element of the purchase price were acquired and recorded at fair value (on an as converted into common stock basis) based on the $6.00 per share closing price of Better Choice Company's shares of Common Stock 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 Redeemable 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.

The below table summarizes changes in the balance of Redeemable Series E Convertible Preferred Stock since inception through September 30, 2019 including its value prior to acquisition by the Company.

Dollars in thousands	Number	Amount
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 September 30, 2019	1,707,920	$ 13,007

The rights preferences and privileges of Redeemable Series E Convertible Preferred stock are as follows:

Voting

The Redeemable Series E Convertible Preferred Stock has voting rights equal to those of the underlying Common Stock and ranks senior in respect to the preferences as to dividends, distributions and payments upon the liquidation, dissolution and winding up of the Company.

Dividends

The holders of the Redeemable Series E Convertible Preferred stock are entitled to receive cumulative dividends at a rate of 10% per annum on the stated value. Each Holder of Redeemable Series E Convertible Preferred stock will be entitled to receive dividends or distributions on each share of Redeemable Series E Convertible Preferred stock on an as converted into common stock basis. Pursuant to waiver letters executed by each investor, the holders of the Company's Redeemable Series E Convertible Preferred Stock agreed to waive their right to the distribution of dividends until October 22, 2019. Dividends accrued are $0.2 million as of September 30, 2019.

Liquidation

In the event of a Liquidation Event, the holders of Redeemable Series E Convertible Preferred stock will be entitled to receive in cash out of the assets of the Company, whether from capital or from earnings available for distribution to its stockholders, before any amount shall be paid to the holders of any of shares of Common Stock, an amount per share of Series E Preferred equal to the greater of (A) the sum of (1) the Stated Value thereof plus (2) the Additional Amount thereon and any accrued and unpaid Late Charges with respect to such Stated Value and Additional Amount as of such date of determination (the "Conversion Amount") and (B) the amount per share such holder of Redeemable Series E Convertible Preferred would receive if such holder converted such Series E into Common Stock immediately prior to the date of such payment. Liquidation Event means, whether in a single transaction or series of transactions, the voluntary or involuntary liquidation, dissolution or winding up of the Corporation or such Subsidiaries the assets of which constitute all or substantially all of the assets of the business of the Corporation and its Subsidiaries, taken as a whole.

Conversion

Each holder of Redeemable Series E Convertible Preferred stock will be entitled to convert any portion of the outstanding Redeemable Series E Convertible Preferred held by such holder into validly issued, fully paid and non-assessable shares of common stock at the Conversion Rate. The number of shares of common stock issuable upon conversion of any share of Redeemable Series E Convertible Preferred would be determined by dividing (x) the Conversion Amount of such share of Series E Preferred by (y) the Conversion Price. The Redeemable 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.

Redemption

Under certain default conditions, the Redeemable 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. The Redeemable 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.Redemption of the Redeemable Series E Convertible Preferred stock also occurs upon Triggering Events, which are not all entirely within the control of the Company. Due to this redemption option, the Redeemable Series E Convertible Preferred stock is recorded in the mezzanine equity and subject to subsequent measurement under the guidance provided under FASB ASC 480-10-S99-3A, Accounting for Redeemable Equity Investments.

Note 15 - Stockholders' Deficit

As noted above, 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 14,229,041 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 18,103,273 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 re-cast 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.

Capital Contributions and Distributions of Capital

During the nine months ended September 30, 2018, a Company Director contributed $0.4 million and received $0.4 million as distributions. There was no equity issued for the contribution.

Series A Preferred Units

In December 2018, the Company completed a private placement and issued 2,162,536 Series A Preferred Units to unrelated parties for $2.40 per unit. The proceeds were approximately $4.7 million, net of $0.5 million of 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.

Common Stock

The Company was authorized to issue 580,000,000 shares of Common Stock as of December 31, 2018. 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 and Preferred 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 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 45,427,659 and 11,661,485 shares of Common Stock issued and outstanding as of September 30, 2019 and December 31, 2018, respectively.

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. The December Offering generated $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 Units, and $0.1 million of the net proceeds were received on January 8, 2019 for the sale of 25,641 Units. The Warrants are exercisable over a two-year period at the initial exercise price of $3.90 per share. (See Note 11 – 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 May 6, 2019, the Company acquired 1,011,748 shares of Common Stock (equivalent to 914,919 member units) valued at $6.1 million representing its initial 7% investment in TruPet. These shares are recorded as an acquisition of treasury shares.

The Company issued 5,744,991 million units for gross proceeds of $3.00 per unit, also closing on May 6, 2019 with the PIPE transaction. Each unit included one share of Common Stock of Better Choice Company stock and a warrant to purchase an additional share. The shares issued in the PIPE are subject to the Securities and Exchange Commission's Rule 144 restrictions which require the purchasers of the PIPE units to hold the shares for at least 6 months from the date of issuance. The funds raised from the PIPE 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 the employment agreement of an officer with Bona Vida dated October 29, 2018, the officer was entitled to a $500,000 Change of Control payment. The officer later agreed to receive 100,000 shares of Better Choice Company Common Stock. The 100,000 shares of Common Stock were valued at $6.00 per share, which was the market value as of the date of Acquisition.

As of September 30, 2019, the Company has reserved approximately 18 million shares of Common Stock for future issuance as follows:

	September 30, 2019
Conversion of Redeemable Series E Convertible Preferred Stock	2,167,744
Exercise of options to purchase Common Stock	6,031,462
Warrants to purchase Common Stock	9,533,354
Total shares of Common Stock reserved for future issuance	17,732,560

The Company did not reserve any units for future issuances during the period ended September 30, 2018.

Stock Awards

During the period from November 1, 2018 through May 5, 2019, incentive equity awards for the equivalent of 1.1 million shares were awarded to employees and consultants. The incentive equity awards were valued at the date of award with a weighted average value per share of $2.26. The awards were to vest over a period of three or four years.

On May 6, 2019, all outstanding 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 was recorded in the Consolidated Statements of Operations and Comprehensive Loss on May 6, 2019. There were no other incentive equity awards issued or outstanding during the nine months ended September 30, 2018. As of December 31, 2018, incentive equity awards for the equivalent of 164,356 shares were awarded to a consultant.

Stock Options

Options which had been granted in December 2018 to purchase an aggregate of 38,462 shares of Common Stock at an exercise price of $6.76 per share were outstanding prior to the merger. As a result of the merger, those options immediately vested. The estimated fair value associated with the vesting options with a value of $0.1 million is part of the purchase price of Better Choice Company. The options have not been exercised, remain outstanding at September 30, 2019, have a remaining life of 4.2 years and no intrinsic value.

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.

Options to purchase an aggregate of 5,250,000 shares of the Company's Common Stock at an exercise price of $5.00 per share were granted to management and non-employee directors of Better Choice Company on May 2, 2019. Subject to the holder's continued service to the Company, 1/24 th of the options vest on each monthly anniversary of the grant date such that the options are fully vested on the second anniversary of the grant date.

After the Acquisitions, an additional 743,000 stock option awards were granted under the 2019 Incentive Award Plan. During the three and nine months ended September 30, 2019, 912,917 stock option awards vested due to severance agreements.

All vested options are 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).

The following table provides detail of the options granted and outstanding under the 2019 Incentive Award Plan. The table excludes any options awarded before the Plan was implemented.

			Vested Options	Non-vested options	
	Total Number of Options	Weighted Average Exercise Price	Number	Number	Weighted average grant date fair value
Acquired on May 6, 2019	5,250,000	$ 5.00	-	5,250,000	$ 2.75
Granted	743,000	5.95	-	743,000	2.56
Vested during period		5.05	2,080,829	(2,080,829)	2.75
Options outstanding at September 30, 2019	5, 993,000	$ 5.12	2,080,829	3,912,171	$ 2.73
Options expected to vest				3,907,571	
Weighted average exercise price			5.05	$ 5.15	
Weighted average remaining contractual term (years)			9.6	9.6	
Aggregate intrinsic value at September 30, 2019 (in thousands)			$ 2	$ 74	

Pursuant to ASC 718-10-35-8, the Company recognizes compensation cost for stock 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. During the three and nine months ended September 30, 2019, $2.5 million and $6.7 million, respectively, of share-based compensation expense was recognized related to stock options issued. The options were valued using the Black-Scholes method assuming the following:

- Term: Equal to the mid-point between the fully vested date and the contractual expiration of the option.
- Dividend yield: 0%
- Exercise Price: $3.70 to $7.50
- Risk-free rate: 1.41% to 2.39%
- Volatility: 55-60%

The number of options expected to vest are estimated based on expected attrition rates for non-executives.

Aggregate intrinsic value represents the fair value of the Company's Common Stock at the end of the period in excess of the exercise price multiplied by the number of options.

Warrants

On May 6, 2019, the Company acquired 712,823 warrants to purchase Common Stock with a weighted average exercise price of $3.90 with the Acquisition of Better Choice Company. The Company also issued 5,744,991 warrants with an exercise price of $4.25 on May 6, 2019 as part of the PIPE. Additionally, in connection with the PIPE transaction, the Company issued 220,539 warrants to brokers with an exercise price of $3.00. During the three months ended September 30, 2019, a company advisor was issued 2,500,000 warrants with a strike price of $0.10 and 1,500,000 warrants with a strike price of $10.00.

	Warrants	Exercise Price
Warrants Acquired on May 6, 2019	712,823	$ 3.90
Issued	9,965,530	4.05
Exercised	(1,144,999)	3.50
Warrants outstanding at September 30, 2019	9,533,354	$ 4.01

The intrinsic value of outstanding warrants is $11.8 million as of September 30, 2019. No warrants were issued or outstanding at September 30, 2018.

Note 16 - Employee Benefit Plans

The Company maintains a qualified defined contribution 401(k) plan, which covers substantially all of our employees. Under the plan, participants are entitled to make pre-tax and/or Roth post-tax contributions up to the annual maximums established by the Internal Revenue Service. The Company matches 4% of participant contributions pursuant to the terms of the plan, which contributions are limited to a percentage of the participant's eligible compensation. The Company made contributions related to the plan of less than $0.1 million during both the three and nine months ended September 30, 2019, respectively and zero during the three and nine months ended September 30, 2018.

Note 17 - Related Party Transactions

Management Services

A related party provided management services during 2018. Payments related to this arrangement were less than $0.1 million for the three and nine months ended September 30, 2018. No payments were made to the related party during 2019. There were no outstanding balances at September 30, 2019 or December 31, 2018.

Marketing Services

A related party provides online traffic acquisition marketing services for the Company. The Company paid a total of $0.1 million for their services during the three and nine months ended September 30, 2019 and September 30, 2018. The service contract has a 30-day termination clause. Outstanding balances were less than $0.1 million at September 30, 2019 and December 31, 2018.

Financial and Accounting Personnel

The Company entered into an agreement with a related party 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. Payments related to this agreement were less than $0.1 million and $0.2 million for the three and nine-month periods ended September 30, 2019, respectively. As of September 30, 2019, the agreement was terminated and there is no outstanding balance due.

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 officers. Additionally, the Company paid approximately $0.4 million to this entity for other professional services rendered. No amounts have been paid in 2019.

Note 18 - Income Taxes

For the three and nine months ended September 30, 2019 we recorded income tax expense of zero.

Our effective tax rate differs from the United States federal statutory rate of 21% primarily because our losses have been offset by a valuation allowance due to uncertainty as to the realization of the tax benefit of net operating losses ("NOLs").

The following is a reconciliation of the total amounts of unrecognized tax benefits (in thousands):

	Nine months ended September 30, 2019
Unrecognized tax benefit beginning of year	$ --
Decreases-tax positions in prior year	--
Increases-tax positions in current year	--
Unrecognized tax benefit end of year	$ --

As of September 30, 2019, we had no accrued interest and penalties related to uncertain income tax positions. We do not anticipate that the amount of unrecognized tax benefits will significantly increase or decrease within the next twelve months.

As of September 30, 2019, and 2018, the Company does not have any significant uncertain tax positions. If incurred, the Company would classify interest and penalties on uncertain tax positions as income tax expense.

On December 22, 2017, the United States government enacted comprehensive tax legislation commonly referred to as the Tax Cuts and Jobs Act (the "Tax Act"). The Tax Act significantly revises the existing tax law by, among other things, lowering the United States corporate income tax rate from 35% to 21% beginning in 2018.

Although the accounting related to the income tax effects of the TCJA is complete pursuant to available guidance, certain technical aspects of the TCJA remain subject to varying degrees of uncertainty as additional technical guidance and clarification from the U.S. government continues to be issued. Receipt of additional guidance and clarification from the U.S. government, as well as changes to the Company's operations, may result in material changes to the provision for income taxes. To the extent applicable, the Company would recognize such adjustments in the provision for income taxes in the period that additional guidance and clarification is received.

Note 19 - Major Suppliers

The Company purchased approximately 85% and 60% of its inventories from one vendor for the nine months ended September 30, 2019 and 2018, respectively and approximately 90% and 51% for the three months ended September 30, 2019 and 2018, respectively.

Note 20 - Concentration of Credit Risk and Off-Balance Sheet Risk

Cash and cash equivalents and accounts receivable potentially subject the Company to concentrations of credit risk. At September 30, 2019 and December 31, 2018, all the Company's cash and cash equivalents were deposited in accounts at several financial institutions. The Company maintains its cash and cash equivalents with high-quality, accredited financial institutions and, accordingly, such funds are subject to minimal credit risk. The Company may maintain balances with financial institutions in excess of federally insured limits. The Company has not experienced any losses historically in these accounts and believes it is not exposed to significant credit risk in its cash and cash equivalents. The Company has no significant off-balance sheet concentrations of credit risk, such as foreign currency exchange contracts, option contracts, or other hedging arrangements.

The largest customer of the Company had purchases that represented approximately 4% and 6% of total gross sales for the nine months ended September 30, 2019 and 2018, respectively and approximately 4% and 6% for the three months ending September 30, 2019 and 2018. Accounts receivable from the largest customer represented 38% and 54% of accounts receivable at September 30, 2019 and December 31, 2018, respectively.

Note 21 - 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 three and nine month periods ended September 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 nine months ended September 30, 2019 and 2018:

Dollars in thousands except per share amounts	Nine Months Ended September 30,		Three Months Ended September 30,	
	2019	**2018**	**2019**	**2018**
Common Stockholders				
Numerator:				
Net loss	$ (170,311)	$ (3,836)	$ (6,025)	$ (1,437)
Less: Preferred Stock Dividends	70	-	43	-
Net loss attributable to Common Stockholders	$ (170,381)	$ (3,836)	$ (6,068)	$ (1,437)
Denominator:				
Weighted average shares used in computing net loss per share attributable to Common Stockholders, basic and diluted	28,624,230	11,497,128	43,575,010	11,497,128
Net loss per share attributable to Common Stockholders, basic and diluted	$ (5.95)	$ (0.33)	$ (0.14)	$ (0.12)

Note 22 - Going Concern

The Company has incurred losses over the last three years and has an accumulated deficit. These operating losses create substantial doubt about the Company's ability to continue as a going concern for a period of twelve months from the date these consolidated financial statements are issued.

The 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. We reviewed sales and profitability forecasts for the Company for the next fiscal year including the impact of the acquisition of Halo, Purely for Pets, Inc. ("Halo") on December 20, 2019.

The Company believes its available cash together with future capital raises and available borrowings, are sufficient to fund planned operations and operate its business for the next 12 months. The Company continues to have access to the public markets for additional funds for operations as well as refinancing of existing loans.

If the Company is unable to raise the necessary funds when needed or achieve planned cost savings, or other strategic objectives are not achieved, the Company may not be able to continue its operations or the Company could be required to modify its operations that could slow future growth. The consolidated financial statements do not include any adjustments that might result from the outcome of this uncertainty.

Note 23 - Subsequent Events

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

Lease Operations

In October 2019, the Company moved its distribution center to its new facility. The lease on its new distribution facility was signed in May 2019.

In November 2019, the Company terminated its month-to-month office lease at its Milford, Ohio location and started a new month-to-month lease in Blue Ash, Ohio.

Subordinated Convertible Notes

On November 6, 2019, the Company issued 2,750 subordinated convertible notes (each, a "Convertible Note" and collectively, the "Convertible Notes") for total proceeds of $2.75 million to existing shareholders. In connection with the Convertible Notes, the purchasers will be issued warrants (each, a "Warrant" and collectively, the "Warrants") to purchase shares of common stock par value $0.001 of the Company (the "Common Stock") equal to 62.5 Warrants for each Note. Each Warrant will entitle the holder thereof to purchase one share of Common Stock of the Company for a period of 24 months from the date of the consummation of a future initial public offering ("IPO") at an exercise price equal to the greater of (i) $5.00 per share or (ii) the price at which the Common Stock of the Company was sold in the IPO. The issue price per Convertible Note is $1,000 and the maturity date is two years from the issue date. The Convertible Notes include interest at a rate of 10.0% per annum from the date of issue, payable quarterly. Fifty percent of the interest shall be payable in kind and the remainder shall be payable in cash. The Company intends to use the net proceeds from the offering for general working capital needs.

Halo Acquisition

On October 15, 2019, the Company entered into a Stock Purchase Agreement ("the Agreement") with Halo, a Delaware corporation, Thriving Paws, LLC, a Delaware limited liability company ("Thriving Paws"), HH-Halo LP, a Delaware limited partnership ("HH-Halo" and, together with Thriving Paws, the "Sellers") with HH-Halo, in the capacity of the representative of the Sellers. Pursuant to the terms and subject to the conditions of the Agreement, the Company agreed to purchase one hundred percent (100%) of the issued and outstanding capital stock of Halo. Halo is an ultra-premium, natural pet food brand.

On December 18, 2019, Better Choice Company Inc. entered into an Amended and Restated Stock Purchase Agreement by and among the Company, Halo and the Sellers to acquire one hundred percent (100%) of the issued and outstanding capital stock of Halo, Purely For Pets, Inc (the "Acquisition"). Pursuant to the Amended Agreement, a portion of the consideration for the Acquisition as described below was paid to Werner von Pein, the chief executive officer of Halo.

Under the terms of the Amended Agreement, the Company completed the Acquisition on December 19, 2019, for approximately $45 million pending final valuation of non-cash components issued to the sellers in the acquisition. The consideration was subject to customary adjustments for Halo's net working capital, cash, and indebtedness, and consisted of a combination of (i) cash consideration, (ii) a total of 2,134,390 shares of the Company's common stock, par value $0.001 per share, and (iii) transaction costs. The Company also (i) entered into a Subscription Agreement with the Sellers relating to the issuance of the Common Stock Consideration, (ii) issued convertible subordinated seller notes ("Seller Notes"), and (iii) issued Seller Warrants on December 19, 2019.

Seller Notes

The Seller Notes are scheduled to mature on June 30, 2023 and accrue interest at 10.00% per annum from December 19, 2019 until the Maturity Date, payable quarterly in arrears on March 31, June 30, September 30 and December 31 of each year. The interest shall be payable by increasing the aggregate principal amount of the Seller Notes. The Seller Notes may be converted into shares of Common Stock at any time prior to the last Business Day immediately preceding the Maturity Date and shall be automatically converted into Common Stock upon an IPO. The conversion price shall be equal to the lower of $4.00 per share or the price at which the Common Stock was sold in an IPO. In the event of a change of control, each holder of the Seller Notes shall have the option to (i) convert all of the Seller Notes held by such holder into a replacement note issued by the new issuer in an aggregate principal amount equal to 104% of the outstanding principal amount of, and all accrued interest on, the Seller Notes held by such holder or (ii) require the Company to repay all of the outstanding principal amount of the Seller Notes held by such holder at a redemption price of 4% of the sum of all outstanding principal amount of the Seller Notes held by such holder plus all accrued interest thereon. If any such holder of Seller Notes fails to make an election above within thirty days of receipt of written notice of the change of control, all principal and accrued interest under the Seller Notes held by such holder shall automatically convert into Common Stock at the conversion price.

Loan Agreement

On December 19, 2019, the Company entered into a Loan Facilities Agreement (the "Facilities Agreement") by and among the Company, as the borrower, the several lenders from time to time parties thereto (collectively, the "Lenders") and a private debt lender, as agent (the "Agent") that provides for a term loan facility not to exceed $20.5 million (the "Term Facility") and a revolving demand loan facility not to exceed $7.5 million (the "Revolving Facility" and, together with the Term Facility, the "Facilities"). The Facilities are scheduled to mature on December 19, 2020 or such earlier date on which a demand is made by the Agent or any Lender. The obligations of the Company under the Facilities Agreement are guaranteed by each of the Company's domestic subsidiaries and secured by a first-priority security interest in substantially all of the assets of the Company and the assets of its domestic subsidiaries. Borrowings under the Facilities bear interest at a rate per annum equal to the floating annual rate of interest established from time to time by the Bank of Montreal plus 8.05% calculated on the daily outstanding balance of the Facilities and compounded monthly. The revolving line of credit was satisfied in full on the same date. Three directors of the Company entered into a Continuing Personal Guaranty agreement as a condition to the Facilities Agreement.

Amended Subordinated Convertible Notes

The Subordinated Convertible Notes were amended on January 6th, 2020. Pursuant to Section 7(c) of the Subordinated Convertible Promissory Note (the "Notes") issued on November 11, 2019, the Purchasers have the right to amend and restate the Note and related documents to incorporate the preferable terms of any convertible promissory notes issued after November 11, 2019, so long as the Note is outstanding. As disclosed in the Company's 8-K issued on December 26, 2019, the Company issued convertible subordinated notes to the Sellers and Werner von Pein. The Amended Agreement was entered into in order to incorporate only the preferable terms of the convertible subordinated notes issued to the Sellers and all other terms and provisions of the Note shall remain in full force and effect. Pursuant to the Amended Notes, the interest shall be payable by increasing the aggregate principal amount of the Notes (such increase being referred to therein as "PIK Interest"). As amended, for so long as any Event of Default (as defined in the Note) exists, interest shall accrue on the Note principal at the default interest rate of 12.0% per annum, and such accrued interest shall be immediately due and payable. As amended, the provisions of the Note that provided for an additional number of shares of Common Stock to the Investor if the IPO (as defined in the Note) had not been completed by June 30, 2020, have been removed.

2019 Incentive Award Plan

On November 11, 2019, the Company received shareholder approval for the Amended and Restated 2019 Incentive Award Plan. Under the Amended and Restated 2019 Incentive Award Plan, the number of awards available for issuance increased from 6,000,000 to 9,000,000 with the closing of the Halo Acquisition on December 20, 2019

Effective as of December 19, 2019, the Board repriced all outstanding options to purchase Common Stock issued pursuant to the 2019 Better Choice Amended and Restated Incentive Award Plan, including options held by executive officers. As a result, the exercise price of all Options was lowered to $1.82 per share, the closing price of the Company's Common Stock on December 19, 2019. No other terms of the Options were changed. Damian Dalla-Longa, Chief Executive Officer of the Company, Andreas Schulmeyer, Chief Financial Officer of the Company, and Anthony Santarsiero, President of the Company, are the executive officers who hold Options subject to the repricing.

The Board effectuated the repricing to realign the value of the Options with their intended purpose, which is to retain and motivate the holders of the Options to continue to work in the best interests of the Company. Prior to the repricing, many of the Options had exercise prices well above the recent market prices of the Common Stock. The Options were repriced unilaterally, and the consent of holders was neither necessary nor obtained.

Stock and Warrant Issuance

On December 31, 2019, the Company issued 20,371 stock options at a strike price of $2.70 to Mr. Schulmeyer as a sign on bonus as per the employment agreement

On January 3, 2020, the Company issued 308,642 shares of Common Stock to an investor for net proceeds of $0.5 million, net of issuance costs of less than $0.1 million.

During January 2020, the Company issued shares below the exercise price of warrants acquired on May 6, 2019. Pursuant to the warrant agreement, the Company is required to issue an additional 1,003,232 warrants to its warrant holders at a $1.62 exercise price and revise the existing warrants to an exercise price of $1.62.

The stock issued in conjunction with the Halo acquisition triggered an anti-dilution clause as part of an agreement with a third party. The Company will settle the required issuance of an additional 250,000 shares in the first quarter of 2020.

ABG Termination

On January 16, 2020, the Company terminated the Houndog licensing agreement ("Agreement") with Associated Brands Group and Elvis Pressley Enterprises due to business judgment. As part of the termination, the Company agreed to the following: (1) to pay ABG One Hundred Thousand Dollars ($0.1 million) in cash upon the signing of this Agreement, (2) to issue to ABG Seventy Two Thousand Seven Hundred Twenty (72,720) shares of BTTR's common stock, (3) to pay to ABG One Hundred Thousand Dollars ($0.1 million) in cash in four equal installments, (4) to issue to ABG Six Hundred Thousand Dollars ($0.6 million) in Subordinated Promissory Notes (the "Notes"), with the condition being that if the Company sells existing inventory in excess of One Hundred Thousand Dollars ($0.1 million), the Six Hundred Thousand Dollar ($0.6 million) Subordinated Promissory Note will be reduced on a dollar for dollar basis and (5) to issue to ABG a common stock purchase warrant (the "Warrants") equating to a value of $150,000.

The Notes are scheduled to mature on June 30, 2023 (the "Maturity Date") and accrue interest at 10.00% per annum from January 13, 2020, until the Maturity Date, payable quarterly in arrears on March 31, June 30, September 30 and December 31 of each year. The interest shall be payable by increasing the aggregate principal amount of the Notes (such increase being referred to herein as "PIK Interest"). The Notes may be converted into shares of Common Stock at any time prior to the last Business Day immediately preceding the Maturity Date and shall be automatically converted into Common Stock upon an IPO (as defined in the Notes). The conversion price shall be equal to the lower of $4.00 per share or the price at which the Common Stock was sold in an IPO. In the event of a change of control, each holder of the Notes shall have the option to (i) convert all of the Notes held by such holder into a replacement note issued by the new issuer in an aggregate principal amount equal to 104% of the outstanding principal amount of, and all accrued interest on, of the Notes, held by such holder or (ii) require the Company to repay all of the outstanding principal amount of the Notes held by such holder at a redemption price of 4% of the sum of all outstanding principal amount of the Notes held by such holder plus all accrued interest thereon. If any such holder of Notes fails to make an election above within thirty days of receipt of written notice of the change of control, all principal and accrued interest under the Notes held by such holder shall automatically convert into Common Stock at the conversion price.

The Warrants are exercisable for 24 months from the date of the consummation of an IPO (as defined in the Warrants) at an exercise price equal to the greater of (i) $5.00 per share or (ii) the price at which the Common Stock was sold in the IPO.

No other recognized or non-recognized subsequent events were identified for recognition or disclosure in the financial statements.

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 28, 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 and Bona Vida, Inc. 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 76% of DTC sales during the nine-month period ended September 30, 2019 and approximately 81% of DTC sales during the three-month period ended September 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 approved a change fiscal year from August 31 to December 31 to align with TruPet 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.

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 wholesale 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 wholesale 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 at the time the order is shipped to the DTC customers and the majority of wholesale customers, as this is when control transfers, with the exception of the Company's largest customer due to specific FOB designation shipping terms 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

General and administrative expenses include management and office personnel compensation and bonuses, share-based compensation, corporate level information technology related costs, rent, travel, professional service fees, costs related to merchant credit card fees, shipping costs, 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.

Sales and marketing expenses include costs related to compensation for sales personnel, other costs related to the selling platform, as well as marketing, including paid media and content creation expenses. 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 expense to continue to grow as we actively acquire new online customers and begin to build our wholesales channel.

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.

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, 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 three and nine-month periods ended September 30, 2019 and September 30, 2018, we did not record income tax expense. TruPet was a limited liability company until the May 6, 2019 acquisitions. Subsequent to the consummation of the Acquisitions, the Company, as a corporation, is required to provide for income taxes.

Results of Operations

Three and Nine Months Ended September 30, 2019 Compared to Three and Nine Months Ended September 30, 2018

	Nine Months Ended			Three Months Ended		
$ in 000's	**2019**	**2018**	**% Change**	**2019**	**2018**	**% Change**
Net Sales	$ 11,567	$ 11,045	5%	$ 3,932	$ 3,981	(1)%
Cost of Goods Sold	7,178	5,786	24%	3,096	2,457	26%
Gross Profit	4,389	5,259	(17)%	836	1,524	(45)%
General & Administrative	12,031	4,013	200%	4,856	1,341	262%
Share-Based Compensation	6,708	-	-	2,496	-	-
Sales & Marketing	8,452	4,061	108%	2,856	1,242	130%
Customer Service and Warehousing	854	927	(8)%	303	350	(13)%
Loss from Operations	$ (23,656)	$ (3,742)	532%	$ (9,675)	$ (1,409)	587%

Net Sales

Net sales increased $0.5 million, or 5%, to $11.6 million for the nine months ended September 30, 2019 compared to $11.0 million for the nine months ended September 30, 2018.

Net sales decreased less than $0.1 million, or 1%, to $3.9 million for the three months ended September 30, 2019 compared to $4.0 million for the three months ended September 30, 2018.

Net sales increased in the nine months ended September 30, 2019 as compared to the nine months ended September 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, food and topper products yield a better lifetime value as retention and repeat rates are higher. Over the nine-month period ended on September 30, 2019, 76% of our products sold were to repeat customers.

The decrease in net sales in the three months ended September 30, 2019 as compared to the three months ended September 30, 2018 were the result of a more competitive customer acquisition environment where we had to spend more on acquisition costs to achieve the same level of sales. We continue to see high retention rates of returning customers either through our subscription offers or from repeat purchases. During the three-month period ended September 2019, 81% of sales were to repeat customers. Repeat customers earned and redeemed TLC loyalty points at a higher rate in the period ended September 30, 2019 than in any prior period. By focusing on repeat customers, we can reduce the initial discounting we offer first time customers, effectively raising our average unit revenue. 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 $1.4 million, or 24%, to $7.2 million for the nine months ended September 30, 2019 compared to $5.8 million for the nine months ended September 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 than dental products offset by improved conversion costs from our manufacturing partners as we continue to negotiate and expect to see further cost reductions as we rationalize the product offering and gain scale in the remaining products. We also expensed $0.6 million in royalty expenses in the nine-month period ended in September 30, 2019 related to our licensing contract for the Houndog brand from Elvis Presley Enterprises. The cost of hemp derived CBD oils has declined in the market, thus, reducing our ingredient costs. In the nine-month periods ended on September 30, 2019 and 2018, the inventory reserve taken was $0.4 million and $0.1 million, respectively, for slow moving and discontinued items. As a percentage of revenue, cost of goods sold increased to 62% during the nine months ended September 30, 2019 compared to 52% during the nine months ended September 30, 2018.

Cost of goods sold increased $0.6 million, or 26%, to $3.1 million for the three months ended September 30, 2019 compared to $2.5 million for the three months ended September 30, 2018. During the three-months ended on September 30, 2019, we continued to negotiate for improved conversion costs from our manufacturing partners and saw the initial benefits of our reduction efforts. We also expensed $0.6 million in royalty expenses in the nine-month period ended in September 30, 2019 related to our licensing contract for the Houndog brand from Elvis Presley Enterprises. The inventory review at the end of the three-month period ended on September 30, 2019 led to an inventory reserve charge of $0.2 million for the quarter as compared to a reserve of less than $0.1 million for the three months ended September 30, 2018. As a percentage of revenue, cost of goods sold increased to 79% during the three months ended September 30, 2019 compared to 62% during the three months ended September 30, 2018.

During the nine months ended September 30, 2019, gross profit decreased $0.9 million, or 17%, to $4.4 million compared to $5.3 million during the nine months ended September 30, 2018. Gross profit margin decreased to 38% from 48% for the nine months ended September 30, 2019 compared to the nine months ended September 30, 2018. The ongoing shift into food and topper products from the dental products sold in 2018 and through the first half of 2019, the discounting of discontinued products and the Houndog royalty expense reduced the gross profit margin for the nine-month period ended September 30, 2019.

During the three months ended September 30, 2019, gross profit decreased $0.7 million, or 45%, to $0.8 million compared to $1.5 million for the three months ended September 30, 2018. Gross profit margin also decreased to 21% from 38% for the three months ended September 30, 2019 compared to the three months ended September 30, 2018. During the three-months ended on September 30, 2019, we incurred the Houndog royalty expense of $0.6 million.

Operating Expenses

During the nine months ended September 30, 2019, general and administrative expenses increased approximately $8.0 million, or 200% to $12.0 million compared to $4.0 million in the nine months ended September 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. We saw higher than normal shipping costs during the nine months ended September 30, 2018 due to a product recall. During this period, we shipped partial orders and replacement product, increasing our shipping expenses.

During the three months ended September 30, 2019, general and administrative expenses increased approximately $3.5 million, or 262%, to $4.9 million compared to $1.3 million in the three months ended September 30, 2018. 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. In the three months ended September 30, 2019, we achieved lower unit shipping costs as we gain scale and shipping efficiency.

During the nine months ended September 30, 2019, we incurred share-based compensation of $6.7 million, as compared to share based compensation of $0 during the nine months ended in September 30, 2018. The increase in equity-based compensation was driven by awards issued as part of the Incentive Plan.

During the three months ended September 30, 2019, we incurred share-based compensation of $2.5 million, as compared to share based compensation of $0 during the three months ended in September 30, 2018. The increase in equity-based compensation was driven by awards issued as part of the 2019 Incentive Plan.

During the nine months ended September 30, 2019, sales and marketing expenses, including paid media, increased approximately $4.4 million, or 108%, to $8.5 million from $4.1 million during the nine months ended in September 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 in other media outlets to build brand awareness. In August 2019, we tested radio advertisement for our CBD infused pet treats to drive incremental demand for the products. We paused the radio advertising at the end of September 2019, as we did not see the expected pickup in CBD sales.

During the three months ended September 30, 2019, sales and marketing expenses, including paid media, increased approximately $1.6 million, or 130%, to $2.9 million from $1.2 million during the three months ended in September 30, 2018 primarily due to a shift in media spending towards Facebook and Google advertisements as well as retargeting lapsed customers. In August 2019, we tested radio advertisement for our CBD infused pet treats to drive incremental demand for the products. We paused the advertising at the end of September 2019, as we did not see the expected pickup in CBD sales.

During the nine months ended September 30, 2019, other customer service and warehousing costs decreased $0.1 million, or 8%, to $0.8 million compared to $0.9 million for the nine months ended September 30, 2018. We rationalized the operations in our warehouse at the end of 2018, reducing the staff and operating costs. The reductions in customer service and warehousing costs during the nine months ended September 30, 2019 were offset by increased costs when we began renovating a new facility near 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.

During the three months ended September 30, 2019, customer service and warehousing costs decreased $0.1 million, or 13%, to $0.3 million compared to $0.4 million for the three months ended September 30, 2018. We rationalized the operations in our warehouse at the end of 2018, reducing staff and operating costs. The reductions in customer service and warehousing costs during the three months ended September 30, 2019 were offset by increased costs when 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

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., We incurred less than $0.1 million of research and development expenses during the three and nine-month periods ended September 30, 2019 and $0 during the three-month and nine month periods ended September 30, 2018. We expect to continue incur research and development expenses during the remainder of 2019 and in future periods. Research and development costs are included in general and administrative costs.

Interest Expense, Net

During the nine months ended September 30, 2019, interest expense increased $0.1 million, or 76% to $0.2 million compared to $0.1 million for the nine months ended September 30, 2018. Interest expense increased primarily due to the refinancing of the Company’s line of credit agreement of $6.2 million on May 6, 2019 versus an interest free shareholder loan for the nine month period ended September 30, 2018.

During the three months ended September 30, 2019 and 2018, interest expense was less than $0.1 million.

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 the Notes to the Unaudited 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, loans and cash flows generated by operations. At September 30, 2019, we had cash and cash equivalents of $9.0 million (including restricted cash of $6.2 million) which represented an increase of $5.1 million from December 31, 2018.

The Company has incurred losses over the last three years and has an accumulated deficit. These operating losses create substantial doubt about the Company's ability to continue as a going concern for a period of twelve months from the date these consolidated financial statements are issued.

The 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. We reviewed sales and profitability forecasts for the Company for the next fiscal year including the impact of the acquisition of Halo, Purely for Pets, Inc. on December 20, 2019.

The Company believes its available cash together with future capital raises and available borrowings, are sufficient to fund planned operations and operate its business for the next 12 months. The Company continues to have access to the public markets for additional funds for operations as well as refinancing of existing loans.

If the Company is unable to raise the necessary funds when needed or achieve planned cost savings, or other strategic objectives are not achieved, the Company may not be able to continue its operations or the Company could be required to modify its operations that could slow future growth. The consolidated financial statements do not include any adjustments that might result from the outcome of this uncertainty.

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

$ in thousands	**September 30, 2019**	**September 30, 2018**
Cash flows from (used in):		
Operating activities	$ (13,224)	$ (3,057)
Investing activities	364	(31)
Financing activities	17,915	3,165
Net increase (decrease) in cash and cash equivalents	$ 5,055	$ 77

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 acquisitions, 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 $10.2 million, or over 100%, during the nine months ended September 30, 2019 compared to the nine months ended September 30, 2018. Cash used in operating activities was $13.2 million for the nine months ended September 30, 2019, which consisted of the net loss from operations of $170.3 million, offset by $147.0 million from the loss on acquisitions, $6.7 million in share-based compensation expense and a combined $3.6 million of net cash generated via changes in operating assets and current liabilities. Cash used in operating activities was $3.1 million for the nine months ended September 30, 2018, which consisted of net loss of $3.8 million, offset by a combined $0.8 million net cash generated via changes in operating assets and current liabilities.

The decrease in working capital (deficit) during the nine months ended September 30, 2019 was primarily due to an increase of accrued liabilities of $3.3 million offset by an increase in inventories of $0.7 million.

The decrease in working capital (deficit) during the nine months ended September 30, 2018 was primarily due to an increase in accounts payable of $1.2 million offset by an increase in inventories of $0.5 million

Cash flows from Investing Activities

Cash from investing activities decreased by $0.4 million, during the nine months ended September 30, 2019 from less than $0.1 million during the nine months ended September 30, 2018. The change in cash from investing activities is the result of $0.4 million cash acquired in the acquisitions offset by acquisition costs and a small increase in cash spent for the acquisition of fixed assets.

Cash flows from Financing Activities

Cash from financing activities increased by $14.8 million, to $17.9 million, during the nine months ended September 30, 2019 from $3.2 million during the nine months ended September 30, 2018. The primary drivers of the overall cash from financing activities were net proceeds from a private placement of $15.8 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 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

Evaluation of disclosure controls and procedures

Our management is responsible for establishing and maintaining a system of disclosure controls and procedures (as defined in Rule 13a-15(e)) under the Exchange Act) that is designed to ensure that information required to be disclosed by the Company in the reports that we file or submit under the Exchange Act is recorded, processed, summarized and reported, within the time specified in the Commission's rules and forms. Disclosure controls and procedures include, without limitation, controls and procedures designed to ensure that information required to be disclosed by an issuer in the reports that it files or submits under the Exchange Act is accumulated and communicated to the issuer's management, including its principal executive officer and principal financial officers, or persons performing similar functions, as appropriate to allow timely decisions regarding required disclosure.

Pursuant to Rule 13a-15(b) under the Exchange Act, the Company carried out an evaluation of the effectiveness of the Company's disclosure controls and procedures (as defined under Rule 13a-15(e) under the Exchange Act) as of the quarter ended September 30, 2019. Based upon that evaluation, the Company's Chief Executive and Chief Financial Officer concluded that the Company's disclosure controls and procedures were not effective as of September 30, 2019 due to the material weakness described below.

A material weakness in internal control over financial reporting is a control deficiency (within the meaning of the Public Company Accounting Oversight Board (United States) Auditing Standard No. 2), or a combination of control deficiencies, that result in there being more than a remote likelihood of material misstatement in the annual or interim financial statements would not be prevented or detected.

The matters involving internal controls and procedures that our management considered to be material weaknesses were: (1) The Company has not designed or implemented a system of internal controls. As a result, the Company does not have (i) segregation of duties and evidence of fiduciary oversight related to the financial statement close process, cash disbursements process, contract approval process and time and expense reimbursement process; (ii) formally documented accounting policies and procedures that are effective and consistently applied in accordance with GAAP; and (iii) effective controls and resources to address the accounting requirements for new accounting pronouncements. (2) The Company's financial statement close process and disclosure controls and procedures, including the secondary review and approval of financial information generated to prepare the consolidated financial statements, and the functionality of underlying IT systems used to consolidate the Company's subsidiaries, are ineffective. As a result, the Company has been unable to close its books or fulfill its SEC reporting requirements in a timely manner. (3) The Company has ineffective controls for assessing its sales tax obligations, including timely payment and accrual recognition. The aforementioned material weaknesses were identified by our Chief Executive Officer and Chief Financial Officer in connection with the review of our consolidated financial statements as of September 30, 2019.

Management believes that the material weaknesses set forth above did impact our ability to report our financial results in a timely manner.

Management is in the process of determining how best to change our current system and implement a more effective system to ensure that information required to be disclosed in reports that must be filed with the Securities and Exchange Commission has been recorded, processed, summarized and reported accurately. Our management acknowledges the existence of this problem and intends to develop procedures to address this problem to the extent possible given limitations in financial and manpower resources. While management is working on a plan, no assurance can be made at this point that the implementation of such controls and procedures will be completed in a timely manner or that they will be adequate once implemented.

Changes in Internal Control over Financial Reporting

In September 2019, the Company hired a Controller as part of its efforts to address internal accounting personnel deficiencies. In November 2019, the Company integrated a sales tax solution into the direct to consumer platform to ensure accurate sales tax accruals. In December 2019, the Company acquired Halo, Purely for Pets, Inc. The existing Halo finance team will support the process of bringing current outsourced processes in house. There were no other significant changes in internal control over financial reporting during the three month period ended September 30, 2019.

P ART 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*	Stock Purchase Agreement, dated October 15, 2019, by and among Better Choice Company Inc., Halo, Purely For Pets, Inc., Thriving Paws, LLC and HH-Halo LP.	8-K	333-161943	2.1	10/18/19	
2.2*	Amendment No. 1 to Stock Purchase Agreement, dated November 22, 2019, by and among Better Choice Company Inc., Halo, Purely For Pets, Inc., Thriving Paws, LLC and HH-Halo LP.	8-K	333-161943	2.2	11/27/19	
2.3*	Amended and Restated Stock Purchase Agreement, dated December 18, 2019, by and among Better Choice Company Inc., Halo, Purely For Pets, Inc., Thriving Paws, LLC and HH-Halo LP.	8-K	333-161943	2.1	12/26/19	

Exhibit Number	Description	Form	File No.	Exhibit	Filing Date	Filed/Furnished Herewith
3.1	Certificate of Incorporation.	10-Q	333-161943	3.1	4/14/2019	
3.2	Certificate of amendment to Certificate of Incorporation.	10-Q	333-161943	3.2	7/14/17	
3.3	Certificate of amendment to Certificate of Incorporation.	8-K	333-161943	3.1	3/22/18	
3.4	Certificate of amendment to Certificate of Incorporation.	10-KT	333-161943	3.5	7/24/19	
3.5	Bylaws.	10-Q	333-161943	3.5	4/15/19	
4.1	Tranche 1 Warrant, dated September 17, 2019, by and between Better Choice Company Inc. and Bruce Linton.	8-K	333-161943	4.1	9/23/19	
4.2	Tranche 2 Warrant, dated September 17, 2019, by and between Better Choice Company Inc. and Bruce Linton.	8-K	333-161943	4.2	9/23/19	
4.3	Additional Warrant, dated September 17, 2019, by and between Better Choice Company Inc. and Bruce Linton.	8-K	333-161943	4.3	9/23/19	
4.4	Form of Subordinated Convertible Promissory Note, dated November 11, 2019, by and among Better Choice Company Inc. and John M. Word and Edward Brown.	8-K	333-161943	4.1	11/15/2019	
4.5	Form of Common Stock Purchase Warrant, dated November 11, 2019, by and among Better Choice Company Inc. and John M. Word and Edward Brown.	8-K	333-161943	4.2	11/15/2019	
4.6	Form of Registration Rights Agreement, dated November 11, 2019, by and among Better Choice Company Inc. and John M. Word and Edward Brown.	8-K	333-161943	4.3	11/15/2019	
4.7	Form of Subordinated Convertible Promissory Note, dated December 19, 2019, by and among Better Choice Company Inc. and the Halo Sellers listed on the signature pages thereto.					*
4.8	Form of Common Stock Purchase Warrant, dated December 19, 2019, by and among Better Choice Company Inc. and the Halo Sellers.					*
4.9	Form of Registration Rights Agreement, dated December 19, 2019, by and among Better Choice Company Inc. and the Halo Sellers.					*
4.10	Form of Common Stock Purchase Warrant, dated December 19, 2019, by and among Better Choice Company Inc. and the Shareholder Personal Guarantors.					*
10.1***	Loan Facilities Credit Letter Agreement, dated December 19, 2019, by and among the Better Choice Company Inc., Halo, Purely for Pets, Inc., Bona Vida Inc., TruPet LLC and Bridging Finance Inc., as agent.					*
10.2*	Pledge and Security Agreement, dated December 19, 2019, by and among Better Choice Company, Inc., Halo, Purely or Pets, Inc., Bona Vida, Inc., TruPet LLC and Bridging Finance Inc., as Administrative Agent.					*
10.3	Continuing Guaranty of Halo, Purely for Pets, Inc., Bona Vida Inc., TruPet LLC, dated December 19, 2019,					*
10.4	Continuing Personal Guaranty of John Word, Lori Taylor and Michael Young, dated December 19, 2019.					*
10.5	Form of Subscription Agreement, dated November 11, 2019, by and among Better Choice Company Inc. and the John M. Word and Edward Brown.	8-K	333-161943	10.1	11/15/2019	

Exhibit Number	Description	Form	File No.	Exhibit	Filing Date	Filed/Furnished Herewith
10.6	Form of Subscription Agreement, dated December 19, 2019, by and among Better Choice Company Inc. and the Halo Sellers.					*
10.7	Independent Contractor Agreement, dated September 17, 2019, by and between Better Choice Company Inc. and Bruce Linton.	8-K	333-161943	10.1	9/23/19	
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					*

* Certain schedules and similar attachments to this agreement have been omitted in accordance with item 601(a)(5) of Regulation S-K. The company will furnish copies of any schedules or similar attachments to the SEC upon request.

*** Certain information in this document has been excluded pursuant to Regulation S-K, Item 601(b)(10). Such excluded information is not material and would likely cause competitive harm to the registrant if publicly disclosed.

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: January 31, 2020

By: /s/ Damian Dalla-Longa

Damian Dalla-Longa Chief Executive Officer

Date: January 31, 2020

By: /s/ Andreas Schulmeyer

Andreas Schulmeyer Chief Financial Officer

Exhibit 4.7

EXECUTION VERSION

THIS NOTE AND THE SECURITIES ISSUABLE UPON CONVERSION HEREOF ARE SUBORDINATED TO ANY PRESENT OR FUTURE INDEBTEDNESS OWING FROM THE COMPANY UNDER THAT LOAN FACILITIES LETTER AGREEMENT DATED DECEMBER 19, 2019 AMONG THE COMPANY, BRIDGING FINANCE INC. (THE "SENIOR AGENT") AND THE LENDERS PARTY THERETO, AND MAY BE ENFORCED ONLY IN ACCORDANCE WITH THAT CERTAIN SUBORDINATION AGREEMENT DATED DECEMBER 19, 2019 AMONG THE COMPANY, INVESTOR AND THE SENIOR AGENT.

THIS NOTE AND THE SECURITIES ISSUABLE UPON THE CONVERSION HEREOF HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE "ACT"), OR UNDER THE SECURITIES LAWS OF CERTAIN STATES. THESE SECURITIES MAY NOT BE OFFERED, SOLD OR OTHERWISE TRANSFERRED, PLEDGED OR HYPOTHECATED EXCEPT AS PERMITTED UNDER THE ACT AND APPLICABLE STATE SECURITIES LAWS PURSUANT TO AN EFFECTIVE REGISTRATION STATEMENT OR AN EXEMPTION THEREFROM. THE ISSUER OF THESE SECURITIES MAY REQUIRE AN OPINION OF COUNSEL REASONABLY SATISFACTORY TO THE ISSUER THAT SUCH OFFER, SALE OR TRANSFER, PLEDGE OR HYPOTHECATION OTHERWISE COMPLIES WITH THE ACT AND ANY APPLICABLE STATE SECURITIES LAWS.

BETTER CHOICE COMPANY INC.

SUBORDINATED CONVERTIBLE PROMISSORY NOTE

$ _____

December 19, 2019

FOR VALUE RECEIVED, **BETTER CHOICE COMPANY INC.**, a Delaware corporation (the "**Company**") promises to pay to , a Delaware limited partnership, or its registered assigns ("**Investor**"), in lawful money of the United States of America the principal sum of $, or such greater or lesser amount as shall equal the then outstanding principal amount hereof. The Company promises to pay interest on this note at 10.00% per annum (the "**Note Rate**") from December 19, 2019 until the Maturity Date. The Company will pay interest quarterly in arrears on March 31, June 30, September 30 and December 31 of each year, or if any such day is not a Business Day, on the next succeeding Business Day. Interest shall be payable by increasing the aggregate principal amount of the Notes (such increase being referred to herein as "**PIK Interest**").

Interest on the Notes will accrue from the most recent date to which interest has been paid or, if no interest has been paid, from December 19, 2019 until the principal hereof is due. The first Interest Payment Date shall be March 31, 2020. Interest will be computed on the basis of a 360−day year of twelve 30−day months. All then outstanding principal, together with any then unpaid and accrued interest and other amounts payable hereunder, shall be due and payable on June 30, 2023 (the "**Maturity Date**").

This Note is one of the Subordinated Convertible Promissory Notes designated as a Subordinated Convertible Promissory Note issued on the date hereof (collectively with such other Subordinated Convertible Promissory Notes issued by the Company at any time, the "**Notes**").

1. ***Definitions.*** As used in this Note, the following capitalized terms have the following meanings:

"**Business Day**" means a day, other than a Saturday or Sunday, on which commercial banks in New York, New York are open for the general transaction of business.

"**Change of Control**" means the occurrence of any of the following:

(a) the direct or indirect sale, lease, exchange or other transfer (in one transaction or a series of related transactions) of all or substantially all of the assets of the Company and its subsidiaries, taken as a whole, to any Person or group (within the meaning of Section 13(d)(3) or Section 14(d)(2) of the Exchange Act, or any successor provision) (a "**Group**") (other than to the Company or one or more Subsidiaries); or

(b) any Person or Group shall become the beneficial owner, directly or indirectly, of more than 50% of the voting capital stock of the Company (measured by voting power rather than number of shares).

"**Conversion Price**" is equal to the lower of (a) $4.00 per share or (b) the IPO Price.

"**Customary Documents**" shall mean all or any of: a purchase agreement, an investor rights agreement, a voting agreement, a right of first refusal and co-sale agreement and/or other ancillary agreements, with customary representations and warranties and transfer restrictions (including, without limitation, a customary lock-up agreement in connection with an initial public offering) or other similar documents.

"**Default Interest Rate**" means 12.00% per annum.

"**First Priority Notes**" mean (a) all Notes held by HH-Halo and its permitted transferees and (b) that certain Note, $77,336.99 initial principal amount, issued by the Company to Werner von Pein on December 19, 2019.

"**Halo Acquisition**" shall mean the acquisition by the Company of Halo, Purely For Pets, Inc., Thriving Paws, LLC, HH-Halo LP (the "**Sellers**"), pursuant to a Stock Purchase Agreement dated October 15, 2019, as amended.

"**HH-Halo**" means HH-Halo LP, a Delaware limited partnership.

"**Indebtedness**" means, without duplication, all obligations of the Company or any of its subsidiaries for (a) indebtedness for borrowed money or indebtedness issued in substitution for or exchange of indebtedness for borrowed money, (b) other indebtedness evidenced by notes, bonds, debentures, mortgages or other debt instruments or debt securities, (c) the deferred purchase price of property or other assets (including "earn-outs"), excluding ordinary course trade payables and accrued expenses, (d) obligations as arising under capital leases, (e) payment obligations under any interest rate swap agreements, interest rate hedge agreements or other derivative agreements to which the Company is a party to the extent such obligation is required to be paid in full at the Closing upon termination of any such agreement, (f) interest owed with respect to the indebtedness referred to above and prepayment penalties, premiums, breakage or fees related thereto, (g) all interest expense accrued but unpaid, and any penalties, costs (breakage or otherwise), premiums, overage charges, make-whole payments, indemnities and fees on or related to Indebtedness, (h) obligations under any performance bond or letter of credit and (i) indebtedness of another person or entity of the types described in clauses (a) and (h) guaranteed, directly or indirectly, in any manner by the Company or any of its subsidiaries; provided that, Indebtedness shall not include any intercompany accounts, payables or loans of any kind or nature.

"**Investors**" shall mean the investors that are the registered holders of the Notes.

"**IPO**" means the listing of the Company's common stock, par value $0.001 (the "**Common Stock**") on the NASDAQ, NYSE or other national securities exchange in the United States or Canada whether through a firm commitment underwritten public offering by the Company of shares of common stock pursuant to an effective registration statement under the Securities Act of 1933 or other uplist transaction permitted by the applicable exchange.

"**IPO Price**" means the price at which the Company's Common Stock was sold in an IPO.

"**Lien**" means any lien, encumbrance, pledge, mortgage, deed of trust, restriction on transfer or use, hypothecation, easement, right-of-way, defect in title, security interest, charge, option, right of first refusal or first offer, preemptive right, other transfer restriction or any similar claim.

"**Obligations**" shall mean and include all loans, advances, debts, liabilities and obligations, howsoever arising, owed by the Company to Investor of every kind and description, now existing or hereafter arising under or pursuant to the terms of this Note, including all interest, fees, charges, expenses, attorneys' fees and costs and accountants' fees and costs chargeable to and payable by the Company hereunder and thereunder, in each case, whether direct or indirect, absolute or contingent, due or to become due, and whether or not arising after the commencement of a proceeding under Title 11 of the United States Code (11 U. S. C. Section 101 et seq.), as amended from time to time (including post-petition interest) and whether or not allowed or allowable as a claim in any such proceeding. Notwithstanding the foregoing, the term "Obligations" shall not include any obligations of Company under or with respect to any warrants to purchase Company's capital stock.

"**Permitted Indebtedness**" means Indebtedness incurred by the Company or its subsidiaries that is made expressly subordinate in right of payment to the Indebtedness evidenced by this Note, as reflected in a written agreement acceptable to the Required Investors and approved by the Required Investors in writing, and which Indebtedness does not provide at any time for the payment, prepayment, repayment, repurchase or defeasance, directly or indirectly, of any principal or premium, if any, thereon, until 91 days after the Maturity Date or later.

"**Permitted Liens**" means (a) mechanic's, materialmen's, carriers', repairers' and similar Liens arising in the ordinary course of business for amounts that are not yet due and payable or are being contested in good faith, (b) Liens for taxes, assessments or other governmental charges not yet due and payable as of the date of determination or which are being contested in good faith and for which adequate reserves have been established and maintained in accordance with GAAP, (c) encumbrances and restrictions on real property (including, but not limited to, easements, covenants, conditions, rights of way and similar restrictions) that do not, individually or in the aggregate, materially interfere with the Company's or its subsidiaries' present uses or occupancy of such property or the current operation of the business of the Company and its subsidiaries, (d) zoning, building codes and other land use laws imposed by a governmental entity affecting the use or occupancy of real property or the activities conducted thereon, (e) any right, interest, Lien or title of a licensor, sublicensor, licensee, sublicensee, lessor or sublessor under any license, sublicense, lease, sublease or other similar agreement or in the property being leased or licensed, in each case, in the ordinary course of business, (f) purchase money Liens and Liens securing rental payments under lease arrangements and (g) other Liens which do not materially impair the use or value of the underlying asset.

"**Person**" shall mean and include an individual, a partnership, a corporation (including a business trust), a joint stock company, a limited liability company, an unincorporated association, a joint venture or other entity or a governmental authority.

"**Required Investors**" shall mean (a) HH-Halo, (b) Investors holding more than 50% of the aggregate then outstanding principal amount of the Notes if no First Priority Notes remain outstanding or (c) Investors holding more than 60% of the aggregate then outstanding principal amount of the Notes in connection with any amendment, waiver or modification pursuant to Section 8(b) that would have a material and adverse effect on Investors (other than HH-Halo) that is disproportionate to its effect on HH-Halo.

"**Second Priority Notes**" means Notes that are not First Priority Notes.

"**Senior Credit Agreement**" has the meaning set forth in the Subordination Agreement.

"**Senior Debt**" means (a) Senior Debt (as defined in the Subordination Agreement) and (b) any other Indebtedness to the extent the proceeds of which are used to repay all or a portion of the Indebtedness under the Senior Credit Agreement.

"**Subordination Agreement**" means that certain Subordination Agreement dated December 19, 2019 among Bridging Finance Inc., Investor, the Company and the other parties thereto.

"**Trading Day**" shall mean any day on which the Common Stock is traded on the Trading Market.

"**Trading Market**" shall mean the principal securities exchange or securities market, including an over-the-counter market, on which the Common Stock is then traded in the United States.

"**Transaction Documents**" means this Note, any other Notes and the Subscription Agreement, Registration Rights Agreement and Common Stock Purchase Warrant entered into and delivered in connection herewith.

2. ***Payments.*** Subject to the terms of the Subordination Agreement:

(a) *Interest.* Accrued interest on this Note shall be payable as set forth in the first paragraph of this Note. In the event of a conversion hereunder, the accrued interest shall convert along with the outstanding principal amount.

(b) *Prepayment.* The Company may prepay the Notes without penalty at any time prior to the Maturity Date; provided that the Company shall not prepay the Notes at any time within 90 days prior to a Change of Control; provided further that the Company shall prepay the Notes held by HH-Halo or its permitted transferees, if any, and any Notes pari passu in right of payment with HH-Halo pursuant to Section 7(a) prior to any prepayment of Notes held by any other Investor.

(c) *Change of Control.* Subject to Section 5(c), in the event of a Change of Control, each Investor shall have the option to elect either (i) to convert all of the outstanding principal amount of, and all accrued interest on, the Notes held by such Investor into a replacement note issued by the new issuer resulting from the Change of Control in an aggregate principal amount equal to (A) 104% of the outstanding principal amount of Notes held by such Investor plus (B) accrued interest or (ii) to require the Company to repay all of the outstanding principal amount of the Notes held by such Investor plus all accrued interest thereon and pay a repayment premium equal to 4% of the sum of all outstanding principal amount of the Notes held by such Investor plus all accrued interest thereon.

(d) *Payments Generally.* The Company will make all cash payments due under this Note in immediately available funds by 1:00 p.m. ET on the date such payment is due at the address for such purpose specified below Investor's signature hereto, or at such other address, or in such other manner, as an Investor or other registered holder of a Note may from time to time direct in writing.

(e) *Treatment of Notes.* Subject to Section 7(a), (i) all or any portion of the then outstanding principal amount of any First Priority Note and all interest thereon shall be (A) senior in right of payment and in all other respects to any Second Priority Notes and (B) pari passu in right of payment and in all other respects to any other First Priority Note; and (ii) all or any portion of the then outstanding principal amount of any Second Priority Note and all interest thereon shall be (A) junior in right of payment and in all other respects to all First Priority Notes and (B) pari passu in right of payment and in all other respects to any other Second Priority Note. If Investor receives payments in excess of its appropriate share of the Company's payments to the holders of the Notes, then Investor shall hold in trust all such excess payments for the benefit of the holders of other Notes and shall pay such amounts held in trust to such other holders upon demand by such holders. Except in connection with incurrence of Senior Debt but subject to Section 7(b), no Notes issued after the date of this Note or any agreements or other instruments and documents entered into or delivered in connection therewith shall provide any Investor with rights and privileges that are more favorable in the aggregate to such Investor than the rights and privileges of Investor hereunder.

3. ***Events of Default.*** The occurrence of any of the following shall constitute an "**Event of Default**" under this Note:

(a) *Failure to Pay.* The Company shall fail to pay (i) when due any principal payment on the due date hereunder or (ii) any interest payment or other payment required under the terms of this Note on the due date hereunder and such payment shall not have been made within five (5) business days of the Company's receipt of written notice to the Company of such failure to pay;

(b) *Other Breach*. The Company shall breach, in any material manner, any representation, warranty or covenant or other term or condition of any Transaction Document (other than the Registration Rights Agreement), except, in the case of a breach of a covenant that is curable, only if such breach continues for a period of at least fifteen (15) consecutive days after written notice thereof is delivered to the Company.

(c) *Senior Debt Default.* The occurrence of an Event of Default (as defined in the Senior Credit Agreement) or any Event of Default (or its equivalent) under any other Senior Debt.

(d) *Suspension from Trading.* The suspension from trading or failure of the Common Stock to be listed on the OTC markets, the pink sheets, NASDAQ, NYSE or other national securities exchange in the United States or Canada for a period of five (5) consecutive days or for more than ten (10) days in any 365-day period.

(e) *Voluntary Bankruptcy or Insolvency Proceedings.* The Company shall (i) apply for or consent to the appointment of a receiver, trustee, liquidator or custodian of itself or of all or a substantial part of its property, (ii) make a general assignment for the benefit of its or any of its creditors, (iii) be dissolved or liquidated, (iv) commence a voluntary case or other proceeding seeking liquidation, reorganization or other relief with respect to itself or its debts under any bankruptcy, insolvency or other similar law now or hereafter in effect or consent to any such relief or to the appointment of or taking possession of its property by any official in an involuntary case or other proceeding commenced against it, or (v) take any action for the purpose of effecting any of the foregoing.

(f) *Involuntary Bankruptcy or Insolvency Proceedings.* Proceedings for the appointment of a receiver, trustee, liquidator or custodian of the Company, or of all or a substantial part of the property thereof, or an involuntary case or other proceedings seeking liquidation, reorganization or other relief with respect to the Company or any of its subsidiaries, if any, or the debts thereof under any bankruptcy, insolvency or other similar law now or hereafter in effect shall be commenced and an order for relief entered or such proceeding shall not be dismissed or discharged within 60 days of commencement.

4. ***Rights of Investor upon Default.*** Subject to the terms of the Subordination Agreement:

(a) Upon the occurrence of any Event of Default (other than an Event of Default described in Sections 3(e) or 3(f)) and at any time thereafter during the continuance of such Event of Default, Investor may, with the written consent of the Required Investors, by written notice to the Company, declare all outstanding Obligations payable by the Company hereunder to be immediately due and payable without presentment, demand, protest or any other notice of any kind, all of which are hereby expressly waived, anything contained herein to the contrary notwithstanding. Upon the occurrence of any Event of Default described in Sections 3(e) and 3(f), immediately and without notice, all outstanding Obligations payable by the Company hereunder shall automatically become immediately due and payable, without presentment, demand, protest or any other notice of any kind, all of which are hereby expressly waived, anything contained herein to the contrary notwithstanding. In addition to the foregoing remedies, upon the occurrence and during the continuance of any Event of Default, Investor may, with the written consent of the Required Investors, exercise any other right, power or remedy granted to it by this Note or otherwise permitted to it by law, either by suit in equity or by action at law, or both.

(b) For so long as any Event of Default exists under this Note, regardless of whether or not there has been an acceleration of the Indebtedness evidenced by this Note, and in addition to all other rights and remedies of Investor hereunder, interest shall accrue on the Note principal at the Default Interest Rate, and such accrued interest shall be immediately due and payable. The Company acknowledges that it would be extremely difficult or impracticable to determine Investor's actual damages resulting from any late payment or Event of Default, and such late charges and accrued interest are reasonable estimates of those damages and do not constitute a penalty.

5. Conversion.

(a) *Automatic Conversion on IPO.* If, on or prior to the Maturity Date, the Company consummates an IPO, then the then outstanding principal amount of this Note together with all accrued and unpaid interest under this Note shall automatically convert into Common Stock at the Conversion Price.

(b) *Elective Conversion*. At any time prior to 5:00 p.m. on the last Business Day immediately preceding the Maturity Date, each Investor shall have the option to convert all or part of the principal and accrued interest under the Notes into that number of shares of Common Stock equal to the quotient of (1) all principal and accrued interest under the Notes being so converted, divided by (2) the Conversion Price.

(c) *Automatic Conversion Upon Change of Control.* If any Investor fails to make an election in accordance with Section 2(c) within 30 days of receipt of written notice of the applicable Change of Control from the Company, all principal and accrued interest under the Notes held by such Investor shall automatically convert into that number of shares of Common Stock equal to the quotient of (1) all principal and accrued interest under the Notes being so converted, divided by (2) the Conversion Price.

(d) *Additional Shares of Common Stock Issuable In Certain Circumstances.* If the Company has not completed an IPO by December 31, 2020, then upon any conversion of Notes by an Investor thereafter, such Investor shall be entitled to an additional number of shares of Common Stock at a conversion price of $4.00 per share upon conversion equal to 10% of the number of shares of Common Stock originally issuable upon conversion.

(e) *Conversion Procedures.*

(i) Conversion Pursuant to Section 5(a). If this Note is to be automatically converted pursuant to Section 5(a), written notice shall be delivered to Investor at the address last shown on the records of the Company for Investor or given by Investor to the Company for the purpose of notice, notifying Investor of the general terms of the conversion to be effected, specifying the Conversion Price, the principal amount of the Note to be converted, together with all accrued and unpaid interest and the date on which such conversion is expected to occur and calling upon Investor to surrender to the Company, in the manner and at the place designated, this Note. Upon such conversion of this Note, Investor hereby agrees to execute and deliver to the Company all transaction documents entered into by other purchasers participating in the IPO, including but not limited to any Customary Documents. Investor also agrees to deliver the original of this Note (or a notice to the effect that the original Note has been lost, stolen or destroyed and an agreement acceptable to the Company whereby the holder agrees to indemnify the Company from any loss incurred by it in connection with this Note) at the closing of the IPO for cancellation; provided, however, that upon the closing of the IPO, this Note shall be deemed converted and of no further force and effect, whether or not it is delivered for cancellation as set forth in this sentence. Any conversion of this Note pursuant to Section 5(a) shall be deemed to have been made immediately prior to the closing of the IPO and on and after such date the Persons entitled to receive the units issuable upon such conversion shall be treated for all purposes as the record holder of such units.

(ii) Elective Conversion.

(1) Prior to conversion of this Note pursuant to any elective conversion under this Section 5, Investor shall surrender this Note to the Company (or a notice to the effect that the original Note has been lost, stolen or destroyed and an agreement acceptable to the Company whereby the holder agrees to indemnify the Company from any loss incurred by it in connection with this Note). If the Required Investors elect to convert the Notes pursuant to this Section 5 (other than an automatic conversion under Section 5(a)), the Required Investors shall give written notice to the Company at least thirty (30) days prior to the event triggering the elective conversion at the Company's principal corporate office of the election to convert the same pursuant to the applicable paragraph of this Section 5, and shall state therein the amount of the then outstanding principal amount of the Notes, together with all accrued and unpaid interest, to be converted.

(2) Investor hereby agrees to execute and deliver to the Company upon such elective conversion of this Note all transaction documents entered into by other recipients of capital stock and, if applicable, any Customary Documents.

(3) The Company shall, as soon as practicable thereafter, issue and deliver to such Investor a certificate or certificates (or a notice of issuance of uncertificated units, if applicable) for the number of units to which Investor shall be entitled upon such conversion, including a check payable to Investor for any cash amounts payable as described in Section 5(e)(iii). Any elective conversion of this Note shall be deemed to have been made upon the satisfaction of all of the conditions set forth in this Section 5(e)(ii) and on and after such date the Persons entitled to receive the units issuable upon such conversion shall be treated for all purposes as the record holder of such units.

(iii) Fractional Units; Interest; Effect of Conversion. No fractional units shall be issued upon conversion of this Note. In lieu of the Company issuing any fractional units to Investor upon the conversion of this Note, the Company shall pay to Investor an amount equal to the product obtained by multiplying the applicable conversion price by the fraction of a unit not issued pursuant to the previous sentence. In addition, to the extent not converted into units of capital stock, the Company shall pay to Investor any interest accrued on the amount converted and on the amount to be paid by the Company pursuant to the previous sentence. Upon conversion of this Note in full and the payment of the amounts specified in this paragraph, the Company shall be forever released from all its Obligations and liabilities under this Note and this Note shall be deemed of no further force or effect, whether or not the original of this Note has been delivered to the Company for cancellation. Notwithstanding anything herein to the contrary, Investor hereby waives the right to payment for fractional units pursuant to this Section 5(e)(iii) if the aggregate amount owed to Investor upon conversion of this Note is less than $5.00.

(f) *Notices of Record Date.* In the event of any Change of Control, the Company will mail written notice of such event to Investor at least ten (10) days prior to the closing of a Change of Control, which notice period may be waived with the written consent of the Required Investors.

6. Certain Adjustments

(a) *Stock Dividends and Splits*. If the Company, at any time while this Note is outstanding: (i) pays a stock dividend or otherwise makes a distribution or distributions on shares of its Common Stock or any other equity or equity equivalent securities payable in shares of Common Stock (which, for avoidance of doubt, shall not include any shares of Common Stock issued by the Company upon exercise of this Note), (ii) subdivides outstanding shares of Common Stock into a larger number of shares, (iii) combines (including by way of reverse stock split) outstanding shares of Common Stock into a smaller number of shares, or (iv) issues by reclassification of shares of the Common Stock any shares of capital stock of the Company (collectively with the actions described in (i), (ii), (iii) and (iv), a "**Share Reorganization**"), then in each case the Conversion Price shall be multiplied by a fraction of which the numerator shall be the number of shares of Common Stock (excluding treasury shares, if any) outstanding immediately before such event and of which the denominator shall be the number of shares of Common Stock outstanding immediately after such event, and the number of shares issuable upon exercise of this Note shall be proportionately adjusted such that the aggregate Conversion Price of this Note shall remain unchanged. Any adjustment made pursuant to this Section 6(a) shall become effective immediately after the record date for the determination of stockholders entitled to receive such dividend or distribution and shall become effective immediately after the effective date in the case of a subdivision, combination or re-classification, but if the Company shall legally abandon any such dividend, distribution, subdivision, combination or reclassification prior to effecting such action, no adjustment shall be made pursuant to this Section 6(a) in respect of such action.

(b) *Pro Rata Distributions*. If the Company, at any time while this Note is outstanding, shall distribute to all or substantially all holders of Common Stock (and not to the Investors) evidences of its Indebtedness or assets (including cash and cash dividends) or rights or warrants to subscribe for or purchase any security other than a Share Reorganization, then, in each such case, the Conversion Price shall be adjusted by multiplying the Conversion Price in effect immediately prior to the record date fixed for determination of stockholders entitled to receive such distribution by a fraction of which the denominator shall be the VWAP (as defined below) determined as of the record date, and of which the numerator shall be such VWAP on such record date less the then per share fair market value at such record date of the portion of such assets or evidence of Indebtedness so distributed applicable to one outstanding share of the Common Stock as determined by the Board of Directors in good faith; provided that in no event shall the Conversion Price be increased as a result of the application of this Section 6(b). Simultaneously with any adjustment to the Conversion Price pursuant to this Section 6(b), the number of shares of Common Stock that may be issuable upon conversion of this Note shall be increased proportionately, so that after such adjustment the aggregate Conversion Price payable hereunder for the adjusted number of shares of Common Stock shall be the same as the aggregate Conversion Price in effect immediately prior to such adjustment (without regard to any limitations on exercise contained herein). In either case the adjustments shall be described in a statement provided to the Investor that holds the portion of assets or evidences of Indebtedness so distributed or such subscription rights applicable to one share of Common Stock. Such adjustments shall be made whenever any such distribution is made and shall become effective immediately after the record date mentioned above, but if the Company shall legally abandon any such distribution prior to effecting such distribution, no adjustments shall be made pursuant to this Section 6(b) in respect of such action. For purposes of this Section 6(b), "VWAP" means, for any date, the price determined by the first of the following clauses that applies: (a) if the Common Stock is then listed or quoted on a Trading Market, the daily volume weighted average price of the Common Stock for such date (or the nearest preceding date) on the Trading Market on which the Common Stock is then listed or quoted as reported by Bloomberg L.P. (based on a Trading Day from 9:30 a.m. (New York City time) to 4:00 p.m. (New York City time)), (b) if the OTC Bulletin Board is not a Trading Market, the volume weighted average price of the Common Stock for such date (or the nearest preceding date) on the OTC Bulletin Board, (c) if the Common Stock is not then listed or quoted for trading on the OTC Bulletin Board and if prices for the Common Stock are then reported in the "Pink Sheets" published by OTC Markets Group, Inc. (or a similar organization or agency succeeding to its functions of reporting prices), the most recent bid price per share of the Common Stock so reported, or (d) in all other cases, the fair market value of a share of Common Stock as determined by an independent appraiser selected in good faith by the Required Investors and reasonably acceptable to the Company, the fees and expenses of which shall be paid by the Company.

(c) *Calculations*. All calculations under this Section 6 shall be made to the nearest cent or rounded down to the nearest whole share, as the case may be. For purposes of this Section 6, any calculation of the number of shares of Common Stock deemed to be issued and outstanding as of a given date shall not include treasury shares, if any. Notwithstanding anything to the contrary in this Section 6, no adjustment in the Conversion Price shall be required unless such adjustment would require an increase or decrease of at least $0.01 per share in such price; provided, however, that any adjustments which by reason of the immediately preceding sentence are not required to be made shall be carried forward and taken into account in any subsequent adjustment. In any case in which this Section 6 shall require that an adjustment in the Conversion Price be made effective as of a record date for a specified event, if an Investor converts this Note after such record date, the Company may elect to defer, until the occurrence of such event, the issuance of the shares of Common Stock and other capital stock of the Company in excess of the shares of Common Stock and other capital stock of the Company, if any, issuable upon such exercise on the basis of the Conversion Price in effect prior to such adjustment; provided, however, that in such case the Company shall deliver to the Investor a due bill or other appropriate instrument evidencing the Investor's right to receive such additional shares and/or other capital securities upon the occurrence of the event requiring such adjustment.

(d) *Par Value.* Notwithstanding anything to the contrary in this Note, in no event shall the Conversion Price be reduced below the par value of the Company's Common Stock.

7. Covenants.

(a) *November 2019 Notes.* By January 6, 2020, the Company shall cause all Notes issued by the Company on or about November 11, 2019 to be amended and restated, or cancelled and exchanged, so that they are in form and substance identical in all respects to the Notes issued by the Company to Thriving Paws, LLC on the date hereof, except (i) with respect to their dates of issuance, the names of each Investor and their respective principal amounts and (ii), subject to Section 7(b)(i) such replacement Notes may be pari passu in right of payment with the First Priority Notes.

(b) *Incurrence of Debt.* So long as this Note is outstanding, the Company shall not, and shall not permit any of its subsidiaries to, directly or indirectly, incur or guarantee, assume or suffer to exist any Indebtedness, other than (i) the Senior Debt not to exceed $30,000,000 in the aggregate together with all Notes that are First Priority Notes pursuant to Section 7(a)(ii), (ii) Indebtedness under this Note and all other Notes in the aggregate not to exceed $19,900,000 in initial principal amount and (iii) Permitted Indebtedness.

(c) *Existence of Liens.* So long as this Note is outstanding, the Company shall not, and shall not permit any of its subsidiaries to, directly or indirectly, allow or suffer to exist Liens other than (i) pursuant to the Senior Debt and (ii) Permitted Liens.

(d) *Restricted Payments*. The Company shall not, nor shall it permit any of its subsidiaries to, directly or indirectly, redeem, defease, repurchase, repay or make any payments in respect of, by the payment of cash or cash equivalents (in whole or in part, whether by way of open market purchases, tender offers, private transactions or otherwise), all or any portion of any Permitted Indebtedness (other than the Senior Debt), whether by way of payment in respect of principal of (or premium, if any) or interest on, such Indebtedness if at the time such payment is due or is otherwise made or, after giving effect to such payment, an event constituting, or that with the passage of time and without being cured would constitute, an Event of Default has occurred and is continuing.

(e) *Participation.* Investor, as the holder of this Note, shall be entitled to receive such dividends paid and distributions made to the holders of Common Stock to the same extent as if Investor had converted this Note into Common Stock (without regard to any limitations on conversion herein or elsewhere) and had held such shares of Common Stock on the record date for such dividends and distributions. Payments under the preceding sentence shall be made concurrently with the dividend or distribution to the holders of Common Stock.

(f) *Noncircumvention*. The Company shall not, by amendment of its Certificate of Incorporation, Bylaws or through any reorganization, transfer of assets, consolidation, merger, scheme of arrangement, dissolution, issue or sale of securities or any other voluntary action, avoid or seek to avoid the observance or performance of any of the terms of this Note, and will at all times in good faith carry out all of the provisions of this Note and take all action as may be required to protect the rights of Investor.

8. Miscellaneous.

(a) *Subordination.* This Note is subordinated to all Senior Debt but is and shall remain at all times senior in right of payment and in all other respects to any other Indebtedness.

(b) *Waivers and Amendments.* Subject to the terms of the Subordination Agreement, any provision of this Note may be amended, waived or modified only with the written consent of the Company and of the Required Investors; provided, however, that no such amendment, waiver or consent shall: (i) reduce the principal amount of any Note without the affected Investor's written consent, or (ii) reduce the rate of interest of any Note without the affected Investor's written consent. Any amendment or waiver effected in accordance with this paragraph shall be binding upon all of the parties hereto.

(c) *Governing Law.* This Note and all actions arising out of or in connection herewith or therewith shall be governed by and construed in accordance with the laws of the State of New York, without regard to the conflicts of law provisions of the State of New York or of any other state.

(d) *Survival.* The representations, warranties, covenants and agreements made herein shall survive the execution and delivery of this Note.

(e) *Jurisdiction and Venue.* Investor and the Company irrevocably consent to the exclusive jurisdiction of, and venue in, the state courts in New York County in the State of New York or the United Stated District Court for the State of New York, in connection with any matter based upon or arising out of this Note or the matters contemplated herein or therein, and agree that process may be served upon them in any manner authorized by the laws of the State of New York for such Persons.

(f) *Waiver of Jury Trial; Judicial Reference.* Investor hereby agrees and the Company hereby agrees to waive their respective rights to a jury trial of any claim or cause of action based upon or arising out of this Note.

(g) *Successors and Assigns.* Subject to the restrictions on transfer set forth herein, the rights and obligations of the Company and Investor under this Note shall be binding upon and benefit the successors, assigns, heirs, administrators and transferees of the parties.

(h) *Transfer and Replacement of this Note.* The Company will keep, at its principal executive office, books for the recordation of the Investors and recordation of transfer of this Note. Prior to presentation of this Note for transfer, the Company shall treat the Person in whose name this Note is recorded as the owner and holder of this Note for all purposes whatsoever, whether or not this Note shall be overdue, and the Company shall not be affected by notice to the contrary. Subject to any restrictions on or conditions to transfer set forth in this Note, the holder of this Note, at its option, may in person or by duly authorized attorney surrender the same for exchange at the Company's chief executive office, and promptly thereafter and at the Company's expense, except as provided below, receive in exchange therefor this Note in the principal requested by such holder, dated the date to which interest shall have been paid on this Note or, if no interest shall have yet been so paid, dated the date of this Note and recorded in the name of such Person or Persons as shall have been designated in writing by such holder or its attorney for the same principal amount as the then unpaid principal amount of this Note. Upon receipt by the Company of evidence reasonably satisfactory to it of the ownership of and the loss, theft, destruction or mutilation of this Note and (a) in the case of loss, theft or destruction, of indemnity reasonably satisfactory to it; or (b) in the case of mutilation, upon surrender thereof, the Company, at its expense, will execute and deliver in lieu thereof a new Note executed in the same manner as this Note, in the same principal amount as the unpaid principal amount of this Note and dated the date to which interest shall have been paid on this Note or, if no interest shall have yet been so paid, dated the date of this Note.

(i) *Transfer of this Note or Securities Issuable on Conversion Thereof.* This Note may not be transferred by Investor without the prior written consent of the Company; provided that all or any portion of Investor's rights in and to this Note may be sold, transferred or assigned by Investor at any time or from time to time to any person or entity who or which is an affiliate, partner, member, stockholder or other holder of equity securities of Investor or any of its controlling affiliates. Any shares of Common Stock of the Company into which this Note may be converted shall be subject to any transfer restrictions set forth in any Customary Documents.

(j) *Assignment by the Company.* The rights, interests or obligations of the Company hereunder may not be assigned, by operation of law or otherwise, in whole or in part, by the Company without the prior written consent of the Required Investors.

(k) *Entire Agreement.* This Note and the Transaction Documents to which Investor is a party constitute and contain the entire agreement among the Company and Investor and supersedes any and all prior agreements, negotiations, correspondence, understandings and communications among the parties, whether written or oral, respecting the subject matter hereof.

(l) *Notices.* All notices, requests, demands, consents, instructions or other communications required or permitted hereunder shall be in writing and faxed, mailed, emailed or delivered to each party as follows: (i) if to Investor, at Investor's address, facsimile number or electronic mail address set forth beneath Investor's name on the signature page hereto, or at such other address, facsimile number or electronic mail address as Investor shall have furnished the Company in writing, or (ii) if to the Company, at the Company's address, facsimile number or electronic mail address set forth beneath the Company's name on the signature page hereto, or at such other address, facsimile number or electronic mail address as the Company shall have furnished to Investor in writing. All such notices and communications will be deemed effectively given the earlier of (i) when received, (ii) when delivered personally, (iii) one business day after being deposited with an overnight courier service of recognized standing, (iv) four days after being deposited in the U.S. mail, first class with postage prepaid, (v) if sent via facsimile, upon confirmation of facsimile transfer or (vi) if sent via electronic mail, when directed to the relevant electronic mail address, if sent during normal business hours of the recipient, or if not sent during normal business hours of the recipient, then on the recipient's next business day.

(m) *Expenses.* The Company and Investor shall be responsible for their own legal fees and other expenses incurred in connection with the negotiation, drafting and execution of this Note. If (a) this Note is placed in the hands of an attorney for collection or enforcement or is collected or enforced through any legal proceeding or Investor otherwise takes action to collect amounts due under this Note or to enforce the provisions of this Note or (b) there occurs any bankruptcy, reorganization, receivership of the Company or other proceedings affecting Company creditors' rights and involving a claim under this Note, then the Company shall pay the reasonable costs incurred by Investor for such collection, enforcement or action or in connection with such bankruptcy, reorganization, receivership or other proceeding, including, but not limited to, reasonable attorneys' fees and disbursements.

(n) *Severability of this Note.* If any provision of this Note shall be judicially determined to be invalid, illegal or unenforceable, the validity, legality and enforceability of the remaining provisions shall not in any way be affected or impaired thereby.

(o) *Payment.* Unless converted into the Company's equity securities pursuant to the terms hereof, payment shall be made in lawful tender of the United States.

(p) *Usury.* If any interest is paid on this Note that is deemed to be in excess of the then legal maximum rate, then that portion of the interest payment representing an amount in excess of the then legal maximum rate shall be deemed a payment of principal and applied against the principal of this Note.

(q) *Waivers.* The Company hereby waives notice of default, presentment or demand for payment, protest or notice of nonpayment or dishonor and all other notices or demands relative to this instrument.

(r) *Counterparts.* This Note may be executed in one or more counterparts, each of which will be deemed an original, but all of which together will constitute one and the same agreement. Facsimile or similar electronic copies (including .PDF format) of signed signature pages will be deemed binding originals.

(Signature Page Follows)

The parties have caused this Note to be duly executed and delivered as of the date first written above.

COMPANY:

BETTER CHOICE COMPANY INC.
a Delaware corporation

By: _____
Name:
Title:
Address: 164 Douglas Rd E
Oldsmar, Florida 34677

INVESTOR:

By:
By:

By: _____
(Signature)

Name: _____
(Print name of Investor)

Title: _____
(If signing on behalf of an entity)

Address:

Attention:
Phone:
E-mail:

with a copy (which shall not constitute notice) to:

Attention:
Phone:
Facsimile:
E-mail:

Exhibit 4.8

NEITHER THIS WARRANT, NOR THE SECURITIES ISSUABLE UPON EXERCISE OF THIS WARRANT (COLLECTIVELY, THE "SECURITIES"), HAVE BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT"), OR UNDER ANY STATE SECURITIES OR BLUE SKY LAWS. THE SECURITIES ARE SUBJECT TO RESTRICTIONS ON TRANSFERABILITY AND RESALE AND MAY NOT BE OFFERED, SOLD, PLEDGED, HYPOTHECATED OR OTHERWISE TRANSFERRED EXCEPT AS PERMITTED UNDER THE SECURITIES ACT AND APPLICABLE STATE SECURITIES OR BLUE SKY LAWS, PURSUANT TO REGISTRATION OR QUALIFICATION OR EXEMPTION THEREFROM. INVESTORS SHOULD BE AWARE THAT THEY MAY BE REQUIRED TO BEAR THE FINANCIAL RISKS OF THIS INVESTMENT FOR AN INDEFINITE PERIOD OF TIME. THE COMPANY MAY REQUIRE AN OPINION OF COUNSEL IN FORM AND SUBSTANCE REASONABLY SATISFACTORY TO THE COMPANY TO THE EFFECT THAT ANY PROPOSED TRANSFER IS IN COMPLIANCE WITH THE SECURITIES ACT AND ANY APPLICABLE STATE SECURITIES OR BLUE SKY LAWS. THIS SECURITY MAY BE PLEDGED IN CONNECTION WITH A BONA FIDE MARGIN ACCOUNT WITH A REGISTERED BROKER-DEALER OR OTHER LOAN WITH A FINANCIAL INSTITUTION THAT IS AN "ACCREDITED INVESTOR" AS DEFINED IN RULE 501(a) UNDER THE SECURITIES ACT OR OTHER LOAN SECURED BY SUCH SECURITIES.

COMMON STOCK PURCHASE WARRANT

BETTER CHOICE COMPANY INC.

Warrant Shares: Issue Date: December 19, 2019

THIS COMMON STOCK PURCHASE WARRANT (the "Warrant") certifies that, for value received, _____ (the "Holder") is entitled, upon the terms and subject to the limitations on exercise and the conditions set forth herein, at any time for a period of 24 months from the date of the consummation of an underwritten public offering or other uplist transaction through which the Company lists its Common Stock on the New York Stock Exchange, The Nasdaq Global Select Market, The Nasdaq Global Market or another national securities exchange in the United States or Canada ("IPO") (the "Expiration Date"), but not thereafter, to subscribe for and purchase from Better Choice Company Inc., a Delaware corporation (the "Company"), up to shares (the "Warrant Shares") of the Company's common stock, par value $0.001 per share ("Common Stock"). The purchase price of one share of Common Stock under this Warrant shall be equal to the Exercise Price, as defined in Section 2(f).

Section 1. Definitions. Capitalized terms used and not otherwise defined herein shall have the meanings set forth in that certain Subscription Agreement between the Company and the Holder (the "Subscription Agreement"), dated as of December 19, 2019. The following additional terms shall have the following meanings:

a) "Trading Day" shall mean any day on which the Common Stock is traded on the Trading Market.

b) "Trading Market" shall mean the principal securities exchange or securities market, including an over-the-counter market, on which the Common Stock is then traded in the United States.

Section 2. Exercise.

a) Exercise of Warrant. The purchase rights represented by this Warrant may be exercised, in whole or in part, at any time or times on or before the Expiration Date by delivery (whether via facsimile, PDF copy, electronic mail or otherwise) to the Company (or such other office or agency of the Company as it may designate by notice in writing to the registered Holder at the address of the Holder appearing on the books of the Company) of a duly executed copy of the Notice of Exercise form annexed hereto and by payment to the Company of an amount equal to the aggregate Exercise Price of the Warrant Shares thereby purchased by wire transfer. No ink-original Notice of Exercise shall be required, nor shall any medallion guarantee (or other type of guarantee or notarization) of any Notice of Exercise form be required.

b) Cashless Exercise. If at the time of exercise hereof there is no effective registration statement registering, or the prospectus contained therein is not available for the issuance of the Warrant Shares to the Holder, then this Warrant may also be exercised, in lieu of payment of the aggregate Warrant Price in the manner as specified in Section 2(a), but otherwise in accordance with the requirements of Section 2(a), by the Holder electing to receive Warrant Shares equal to the value of this Warrant, or portion hereof as to which this Warrant is being exercised. Thereupon, the Company shall issue to the Holder such number of fully paid and non-assessable Warrant Shares as are computed using the following formula :

$$X = Y(A-B)/A$$

where:

X = the number of Warrant Shares to be issued to the Holder;

Y = the number of Warrant Shares with respect to which this Warrant is being exercised (inclusive of the Warrant Shares surrendered to the Company in payment of the aggregate Exercise Price);

A = the Fair Market Value (as determined pursuant to Section 2(c) below) of one Warrant Share; and

B = the Exercise Price.

c) Fair Market Value. If shares of the Common Stock are then traded or quoted on a Trading Market, the fair market value of a Warrant Share shall be the closing price or last sale price of a share of the Common Stock reported for the Trading Day immediately before the date on which Holder delivers this Warrant together with its Notice of Exercise to the Company . If shares of Common Stock are not then traded in a Trading Market , the Board of Directors of the Company shall determine the fair market value of a Warrant Share in its reasonable good faith judgment.

d) Automatic Cashless Exercise upon Expiration. In the event that, upon the Expiration Date, the fair market value of one Warrant Share as determined in accordance with Section 2(c) above is greater than the Exercise Price in effect on such date, then this Warrant shall automatically be deemed on and as of such date to be exercised pursuant to Section 2(b) above as to all Warrant Shares for which it shall not previously have been exercised, and the Company shall, within a reasonable time, deliver a certificate representing the Warrant Shares issued upon such exercise to Holder in accordance with Section 2(g)(i) herein.

e) The Holder shall not be required to physically surrender this Warrant to the Company until the Holder has purchased all of the Warrant Shares available hereunder and the Warrant has been exercised in full, in which case the Holder shall surrender this Warrant to the Company for cancellation within three (3) Trading Days after the date the final Notice of Exercise is delivered to the Company. Partial exercises of this Warrant resulting in purchases of a portion of the total number of Warrant Shares available hereunder shall have the effect of lowering the outstanding number of Warrant Shares purchasable hereunder in an amount equal to the applicable number of Warrant Shares purchased. The Holder and the Company shall maintain records showing the number of Warrant Shares purchased and the date of such purchases. **The Holder and any assignee, by acceptance of this Warrant, acknowledge and agree that, by reason of the provisions of this paragraph, following the purchase of a portion of the Warrant Shares hereunder, the number of Warrant Shares available for purchase hereunder at any given time may be less than the amount stated on the face hereof.**

f) Exercise Price. The exercise price per share of Common Stock under this Warrant shall be equal to the greater of (i) $5.00 per share or (ii) the price at which the Common Stock of the Company was sold in the IPO, subject to adjustment as provided herein (the "Exercise Price").

g) Mechanics of Exercise.

i. Delivery of Certificates Upon Exercise. Certificates for shares purchased hereunder shall be transmitted by the Company's transfer agent to the Holder by crediting the account of the Holder's prime broker with The Depository Trust Company ("DTC") through its Fast Automated Securities Transfer Program and otherwise by physical delivery to the address specified by the Holder in the Notice of Exercise by the date that is three (3) Trading Days after the receipt by the Company of the Notice of Exercise (provided that payment of the Exercise Price has then been received by the Company) (such date, the "Warrant Share Delivery Date"). This Warrant shall be deemed to have been exercised upon proper delivery of the Notice of Exercise and payment of the Exercise Price or notice of cashless exercise in accordance with Section 2(b). The Warrant Shares shall be deemed to have been issued, and the Holder or any other person so designated to be named therein shall be deemed to have become a holder of record of such shares for all purposes, as of the date the Warrant has been exercised.

ii. Delivery of New Warrant Upon Exercise. If this Warrant shall have been exercised in part, the Company shall, at the request of a Holder and upon surrender of this Warrant certificate, at the time of delivery of the certificate or certificates representing Warrant Shares, deliver to the Holder a new Warrant evidencing the rights of the Holder to purchase the unpurchased Warrant Shares called for by this Warrant, which new Warrant shall in all other respects be identical with this Warrant.

iii. Rescission Rights. If the Company fails to transmit to the Holder a certificate or the certificates representing the Warrant Shares pursuant to Section 2(g)(i) by the Warrant Share Delivery Date, then, the Holder will have the right to rescind such exercise.

iv. No Fractional Shares or Scrip. No fractional shares or scrip representing fractional shares shall be issued upon the exercise of this Warrant. As to any fraction of a share which the Holder would otherwise be entitled to purchase upon such exercise, the Company shall, at its election, either pay a cash adjustment in respect of such final fraction in an amount equal to such fraction multiplied by the Exercise Price or round (up or down) to the nearest whole share.

v. Charges, Taxes and Expenses. Issuance of certificates for Warrant Shares shall be made without charge to the Holder for any issue or transfer tax or other incidental expense in respect of the issuance of such certificate, all of which taxes and expenses shall be paid by the Company, and such certificates shall be issued in the name of the Holder or in such name or names as may be directed by the Holder; provided, however, that in the event certificates for Warrant Shares are to be issued in a name other than the name of the Holder, this Warrant when surrendered for exercise shall be accompanied by the Assignment Form attached hereto duly executed by the Holder and the Company may require, as a condition thereto, the payment of a sum sufficient to reimburse it for any transfer tax incidental thereto.

vi. Closing of Books. The Company will not close its stockholder books or records in any manner which prevents the timely exercise of this Warrant pursuant to the terms hereof.

h) Holder's Exercise Limitations. Notwithstanding anything to the contrary contained in this Warrant, this Warrant shall not be exercisable by the Holder hereof to the extent (but only to the extent) that the Holder or any of its Affiliates would beneficially own in excess of 4.99% of the number of shares of the Common Stock outstanding immediately after giving effect to the issuance of shares of Common Stock issuable upon exercise of this Warrant (the "Maximum Percentage"). Notwithstanding the forgoing, the Holder shall have the right to decrease or increase the Maximum Percentage to any other number (in no event to exceed 9.99%), with any increase to be effective only upon the Holder providing the Company with prior written notice of such increase, which shall be effective 61 days after delivery of such notice to the Company. For purposes of this Section 2(h), the number of shares of Common Stock beneficially owned by the Holder and its Affiliates shall include the number of Warrant Shares which are subject to the Notice of Exercise with respect to which such determination is being made, but shall exclude the number of shares of Common Stock which are issuable upon (i) exercise of the remaining, unexercised portion of this Warrant and beneficially owned by the Holder or any of its Affiliates, and (ii) exercise or conversion of the unexercised or unconverted portion of any other securities of the Company beneficially owned by the Holder or any of its Affiliates that are subject to a limitation on conversion or exercise similar to the limitation contained herein. To the extent the above limitation applies, the determination of whether this Warrant shall be exercisable (vis-à-vis other convertible, exercisable or exchangeable securities owned by the Holder or any of its Affiliates) and of which such securities shall be exercisable (as among all such securities owned by the Holder) shall, subject to such Maximum Percentage limitation, be determined by the Holder, and the Company shall have no responsibility for determining the accuracy of the Holder's determination. No prior inability to exercise this Warrant pursuant to this paragraph shall have any effect on the applicability of the provisions of this paragraph with respect to any subsequent determination of exercisability. For the purposes of this paragraph, beneficial ownership and all determinations and calculations (including, without limitation, with respect to calculations of percentage ownership) shall be determined in accordance with Section 13(d) of the Exchange Act and the rules and regulations promulgated thereunder. The provisions of this paragraph shall be implemented in a manner otherwise than in strict conformity with the terms of this paragraph to correct this paragraph (or any portion hereof) which may be defective or inconsistent with the intended Maximum Percentage beneficial ownership limitation herein contained or to make changes or supplements necessary or desirable to properly give effect to such Maximum Percentage limitation. The limitations contained in this paragraph shall apply to a successor Holder of this Warrant. The holders of Common Stock shall be third party beneficiaries of this paragraph and the Company may not waive this paragraph without the consent of holders of a majority of its outstanding Common Stock. For any reason at any time, upon the written or oral request of the Holder, the Company shall within one (1) Business Day confirm orally and in writing to the Holder the number of shares of Common Stock then outstanding, including by virtue of any prior conversion or exercise of convertible or exercisable securities into Common Stock, including, without limitation, pursuant to this Warrant.

Section 3. Certain Adjustments.

a) Stock Dividends and Splits. If the Company, at any time while this Warrant is outstanding: (i) pays a stock dividend or otherwise makes a distribution or distributions on shares of its Common Stock or any other equity or equity equivalent securities payable in shares of Common Stock (which, for avoidance of doubt, shall not include any shares of Common Stock issued by the Company upon exercise of this Warrant), (ii) subdivides outstanding shares of Common Stock into a larger number of shares, (iii) combines (including by way of reverse stock split) outstanding shares of Common Stock into a smaller number of shares, or (iv) issues by reclassification of shares of the Common Stock any shares of capital stock of the Company (collectively with the actions described in (i), (ii), (iii) and (iv), a "Share Reorganization"), then in each case the Exercise Price shall be multiplied by a fraction of which the numerator shall be the number of shares of Common Stock (excluding treasury shares, if any) outstanding immediately before such event and of which the denominator shall be the number of shares of Common Stock outstanding immediately after such event, and the number of shares issuable upon exercise of this Warrant shall be proportionately adjusted such that the aggregate Exercise Price of this Warrant shall remain unchanged. Any adjustment made pursuant to this Section 3(a) shall become effective immediately after the record date for the determination of stockholders entitled to receive such dividend or distribution and shall become effective immediately after the effective date in the case of a subdivision, combination or re-classification, but if the Company shall legally abandon any such dividend, distribution, subdivision, combination or reclassification prior to effecting such action, no adjustment shall be made pursuant to this Section 3(a) in respect of such action.

b) Pro Rata Distributions. If the Company, at any time while this Warrant is outstanding, shall distribute to all or substantially all holders of Common Stock (and not to the Holders) evidences of its indebtedness or assets (including cash and cash dividends) or rights or warrants to subscribe for or purchase any security other than a Share Reorganization, then, in each such case, the Exercise Price shall be adjusted by multiplying the Exercise Price in effect immediately prior to the record date fixed for determination of stockholders entitled to receive such distribution by a fraction of which the denominator shall be the VWAP (as defined below) determined as of the record date, and of which the numerator shall be such VWAP on such record date less the then per share fair market value at such record date of the portion of such assets or evidence of indebtedness so distributed applicable to one outstanding share of the Common Stock as determined by the Board of Directors in good faith; provided that in no event shall the Exercise Price be increased as a result of the application of this Section 3(b). Simultaneously with any adjustment to the Exercise Price pursuant to this Section 3(b), the number of Warrant Shares that may be purchased upon exercise of this Warrant shall be increased proportionately, so that after such adjustment the aggregate Exercise Price payable hereunder for the adjusted number of Warrant Shares shall be the same as the aggregate Exercise Price in effect immediately prior to such adjustment (without regard to any limitations on exercise contained herein). In either case the adjustments shall be described in a statement provided to the Holder of the portion of assets or evidences of indebtedness so distributed or such subscription rights applicable to one share of Common Stock. Such adjustments shall be made whenever any such distribution is made and shall become effective immediately after the record date mentioned above, but if the Company shall legally abandon any such distribution prior to effecting such distribution, no adjustments shall be made pursuant to this Section 3(b) in respect of such action.

For purposes of this Section 3(b), "VWAP" means, for any date, the price determined by the first of the following clauses that applies: (a) if the Common Stock is then listed or quoted on a Trading Market, the daily volume weighted average price of the Common Stock for such date (or the nearest preceding date) on the Trading Market on which the Common Stock is then listed or quoted as reported by Bloomberg L.P. (based on a Trading Day from 9:30 a.m. (New York City time) to 4:00 p.m. (New York City time)), (b) if the OTC Bulletin Board is not a Trading Market, the volume weighted average price of the Common Stock for such date (or the nearest preceding date) on the OTC Bulletin Board, (c) if the Common Stock is not then listed or quoted for trading on the OTC Bulletin Board and if prices for the Common Stock are then reported in the "Pink Sheets" published by OTC Markets Group, Inc. (or a similar organization or agency succeeding to its functions of reporting prices), the most recent bid price per share of the Common Stock so reported, or (d) in all other cases, the fair market value of a share of Common Stock as determined by an independent appraiser selected in good faith by the Holders of a majority in interest of the Warrants then outstanding and reasonably acceptable to the Company, the fees and expenses of which shall be paid by the Company.

c) Fundamental Transaction. If, at any time while this Warrant is outstanding, (i) the Company, directly or indirectly, in one or more related transactions effects any merger or consolidation with or into another Person, (ii) the Company, directly or indirectly, effects any sale, lease, license, assignment, transfer, conveyance or other disposition of all or substantially all of its assets in one or a series of related transactions, (iii) any, direct or indirect, purchase offer, tender offer or exchange offer (whether by the Company or another Person) is completed pursuant to which holders of Common Stock are permitted to sell, tender or exchange their shares for other securities, cash or property and has been accepted by the holders of 50% or more of the outstanding Common Stock, (iv) the Company, directly or indirectly, in one or more related transactions effects any reclassification, reorganization or recapitalization of the Common Stock or any compulsory share exchange pursuant to which the Common Stock is effectively converted into or exchanged for other securities, cash or property, or (v) the Company, directly or indirectly, in one or more related transactions consummates a stock or share purchase agreement or other business combination (including, without limitation, a reorganization, recapitalization, spin-off or scheme of arrangement) with another Person whereby such other Person acquires more than 50% of the outstanding shares of Common Stock (not including any shares of Common Stock held by the other Person or other Persons making or party to, or associated or affiliated with the other Persons making or party to, such stock or share purchase agreement or other business combination) (a "Change of Control") (each a "Fundamental Transaction"), then, upon any subsequent exercise of this Warrant, the Holder shall have the right to receive, for each Warrant Share that would have been issuable upon such exercise immediately prior to the occurrence of such Fundamental Transaction (without regard to any limitation in Section 2(g) on the exercise of this Warrant), the number of shares of Common Stock of the successor or acquiring corporation or of the Company, if it is the surviving corporation, and any additional consideration (together, the "Alternate Consideration"), if any, receivable as a result of such Fundamental Transaction by a holder of the number of shares of Common Stock for which this Warrant is exercisable immediately prior to such Fundamental Transaction (without regard to any limitation in Section 2(g) on the exercise of this Warrant). For purposes of any such exercise, the determination of the Exercise Price shall be appropriately adjusted to apply to such Alternate Consideration based on the amount of Alternate Consideration issuable in respect of one share of Common Stock in such Fundamental Transaction, and the Company shall apportion the Exercise Price among the Alternate Consideration in a reasonable manner reflecting the relative value of any different components of the Alternate Consideration. If holders of Common Stock are given any choice as to the securities, cash or property to be received in a Fundamental Transaction, then the Holder shall be given the same choice as to the Alternate Consideration it receives upon any exercise of this Warrant following such Fundamental Transaction. Any such payment of such amount of such Alternative Consideration shall be made in the same form of consideration (whether securities, cash or property) as is given to the holders of Common Stock in such Fundamental Transaction, and if multiple forms of consideration are given, the consideration shall be paid to the Holder in the same proportion as such consideration is paid to the holders of Common Stock. The terms of any agreement pursuant to which a Fundamental Transaction is effected shall include terms requiring any such successor or surviving entity to comply with the provisions of this Section 3(c) and insuring that this Warrant (or any such replacement security) will be similarly adjusted upon any subsequent Fundamental Transaction.

d) Calculations. All calculations under this Section 3 shall be made to the nearest cent or rounded down to the nearest whole share, as the case may be. For purposes of this Section 3, any calculation of the number of shares of Common Stock deemed to be issued and outstanding as of a given date shall not include treasury shares, if any. Notwithstanding anything to the contrary in this Section 3, no adjustment in the Exercise Price shall be required unless such adjustment would require an increase or decrease of at least $0.01 per share in such price; provided, however, that any adjustments which by reason of the immediately preceding sentence are not required to be made shall be carried forward and taken into account in any subsequent adjustment. In any case in which this Section 3 shall require that an adjustment in the Exercise Price be made effective as of a record date for a specified event, if Holder exercises this Warrant after such record date, the Company may elect to defer, until the occurrence of such event, the issuance of the shares of Common Stock and other capital stock of the Company in excess of the shares of Common Stock and other capital stock of the Company, if any, issuable upon such exercise on the basis of the Exercise Price in effect prior to such adjustment; provided, however, that in such case the Company shall deliver to the Holder a due bill or other appropriate instrument evidencing the Holder's right to receive such additional shares and/or other capital securities upon the occurrence of the event requiring such adjustment.

e) Par Value. Notwithstanding anything to the contrary in this Warrant, in no event shall the Exercise Price be reduced below the par value of the Company's Common Stock.

Section 4. Transfer of Warrant.

a) Transferability. Subject to compliance with any applicable securities laws and Section 4(d), this Warrant and all rights hereunder (including, without limitation, any registration rights) are transferable, in whole or in part, upon surrender of this Warrant at the principal office of the Company (or other designated agent), together with a written assignment of this Warrant substantially in the form attached hereto duly executed by the Holder or its agent or attorney and funds sufficient to pay any transfer taxes payable upon the making of such transfer. Upon such surrender and, if required, such payment, the Company shall execute and deliver a new Warrant or Warrants in the name of the assignee or assignees, as applicable, and in the denomination or denominations specified in such instrument of assignment, and shall issue to the assignor a new Warrant evidencing the portion of this Warrant not so assigned, and this Warrant shall promptly be cancelled. The Warrant, if properly assigned in accordance herewith, may be exercised by a new holder for the purchase of Warrant Shares without having a new Warrant issued.

b) New Warrants. This Warrant may be divided or combined with other Warrants upon presentation hereof at the aforesaid office of the Company (or other designated agent), together with a written notice specifying the names and denominations in which new Warrants are to be issued, signed by the Holder or its agent or attorney. Subject to compliance with Section 5(b), as to any transfer which may be involved in such division or combination, the Company shall execute and deliver a new Warrant or Warrants in exchange for the Warrant or Warrants to be divided or combined in accordance with such notice. All Warrants issued on transfers or exchanges shall be dated the initial issuance date set forth on the first page of this Warrant and shall be identical with this Warrant except as to the number of Warrant Shares issuable pursuant thereto.

c) Warrant Register. The Warrants will initially be held by the Holders through a physical copy of this Warrant (the "Warrant Certificate"). The Company shall deliver to the Holder a physical certificate in the form of this Warrant and the Company shall, thereafter, register this Warrant, upon records to be maintained by the Company for that purpose, in the name of the record Holder hereof from time to time. The Company may deem and treat the registered Holder of this Warrant as the absolute owner hereof for the purpose of any exercise hereof or any distribution to the Holder, and for all other purposes, absent actual notice to the contrary.

d) Transfer Restrictions. If, at the time of the surrender of this Warrant in connection with any transfer of this Warrant, the transfer of this Warrant shall not be either (i) registered pursuant to an effective registration statement under the Securities Act of 1933, as amended, (the "Securities Act") and under applicable state securities or blue sky laws or (ii) eligible for resale without volume or manner-of-sale restrictions or current public information requirements pursuant to Rule 144, the Company may require, as a condition of allowing such transfer, that the transferee agrees in writing to be bound, with respect to the transferred Warrants, by the provisions of the Transaction Documents (as defined in the Subscription Agreement).

e) Representation by the Holder. The Holder, by the acceptance hereof, represents and warrants that it is acquiring this Warrant and, upon any exercise hereof, will acquire the Warrant Shares issuable upon such exercise, for its own account and not with a view to or for distributing or reselling such Warrant Shares or any part thereof in violation of the Securities Act or any applicable state securities law, except pursuant to sales registered or exempted under the Securities Act.

Section 5. Miscellaneous.

a) No Rights as Stockholder Until Exercise. This Warrant does not entitle the Holder to any voting rights, dividends or other rights as a stockholder of the Company prior to the exercise hereof as set forth in Section 2.

b) Loss, Theft, Destruction or Mutilation of Warrant. The Company covenants that upon receipt by the Company of evidence reasonably satisfactory to it of the loss, theft, destruction or mutilation of this Warrant or any stock certificate relating to the Warrant Shares, and in case of loss, theft or destruction, of indemnity or security reasonably satisfactory to it, and upon surrender and cancellation of such Warrant or stock certificate, if mutilated, the Company will make and deliver a new Warrant or stock certificate of like tenor and dated as of such cancellation, in lieu of such Warrant or stock certificate.

c) Saturdays, Sundays, Holidays, etc. If the last or appointed day for the taking of any action or the expiration of any right required or granted herein shall not be a Business Day, then, such action may be taken or such right may be exercised on the next succeeding Business Day.

d) Authorized Shares. The Company covenants that, during the period the Warrant is outstanding, it will reserve from its authorized and unissued Common Stock a sufficient number of shares to provide for the issuance of the Warrant Shares upon the exercise of any purchase rights under this Warrant (without regard to any limitations on exercise contained herein). The Company further covenants that its issuance of this Warrant shall constitute full authority to its officers who are charged with the duty of executing stock certificates to execute and issue the necessary certificates for the Warrant Shares upon the exercise of the purchase rights under this Warrant. The Company will take all such reasonable action as may be necessary to assure that such Warrant Shares may be issued as provided herein without violation of any applicable law or regulation, or of any requirements of the Trading Market upon which the Common Stock may be listed. The Company covenants that all Warrant Shares which may be issued upon the exercise of the purchase rights represented by this Warrant will, upon exercise of the purchase rights represented by this Warrant and payment for such Warrant Shares in accordance herewith, be duly authorized, validly issued, fully paid and nonassessable and free from all taxes, liens and charges created by the Company in respect of the issue thereof (other than taxes in respect of any transfer occurring contemporaneously with such issue).

e) No Impairment. Except and to the extent as waived or consented to by the Holder, the Company shall not by any action, including, without limitation, amending its certificate of incorporation or through any reorganization, transfer of assets, consolidation, merger, dissolution, issue or sale of securities or any other voluntary action, avoid or seek to avoid the observance or performance of any of the terms of this Warrant, but will at all times in good faith assist in the carrying out of all such terms and in the taking of all such actions as may be necessary or appropriate to protect the rights of the Holder as set forth in this Warrant against impairment. Without limiting the generality of the foregoing, the Company will (i) not increase the par value of any Warrant Shares above the amount payable therefor upon such exercise immediately prior to such increase in par value, (ii) take all such action as may be necessary or appropriate in order that the Company may validly and legally issue fully paid and nonassessable Warrant Shares upon the exercise of this Warrant and (iii) use best efforts to obtain all such authorizations, exemptions or consents from any public regulatory body having jurisdiction thereof, as may be, necessary to enable the Company to perform its obligations under this Warrant.

f) Governing Law. This Warrant shall be governed by, and construed in accordance with, the laws of the State of New York without giving effect to the conflicts of law principles thereof.

g) Nonwaiver and Expenses. No course of dealing or any delay or failure to exercise any right hereunder on the part of the Holder shall operate as a waiver of such right or otherwise prejudice the Holder's rights, powers or remedies. Without limiting any other provision of this Warrant, if the Company willfully and knowingly fails to comply with any provision of this Warrant, which results in any material damages to the Holder, the Company shall pay to the Holder such amounts as shall be sufficient to cover any costs and expenses including, but not limited to, reasonable attorneys' fees, including those of appellate proceedings, incurred by the Holder in collecting any amounts due pursuant hereto or in otherwise enforcing any of its rights, powers or remedies hereunder.

h) Notices.

i. Notice Procedures. Any notice, request or other document required or permitted to be given or delivered to the Holder by the Company shall be delivered in accordance with the notice provisions of the Subscription Agreement.

ii. Adjustment to Exercise Price. Whenever the Exercise Price or number of Warrant Shares is adjusted pursuant to any provision of Section 3, the Company shall promptly provide the Holder a notice setting forth the Exercise Price and number of Warrant Shares after such adjustment and setting forth a brief statement of the facts requiring such adjustment.

iii. Notice to Allow Exercise by the Holder. On or prior to the Expiration Date, if (A) the Company shall declare a dividend (or any other distribution in whatever form) on the Common Stock, (B) the Company shall declare a special nonrecurring cash dividend on or a redemption of the Common Stock, (C) the Company shall authorize the granting to all holders of the Common Stock rights or warrants to subscribe for or purchase any shares of capital stock of any class or of any rights, (D) the approval of any stockholders of the Company shall be required in connection with any reclassification of the Common Stock, any consolidation or merger to which the Company is a party, any sale or transfer of all or substantially all of the assets of the Company, or any compulsory share exchange whereby the Common Stock is converted into other securities, cash or property, or (E) the Company shall authorize the voluntary or involuntary dissolution, liquidation or winding up of the affairs of the Company, then, in each case, the Company shall cause to be mailed to the Holder at its last address as it shall appear upon the Warrant Register, at least ten (10) calendar days prior to the applicable record or effective date hereinafter specified, a notice stating (x) the date on which a record is to be taken for the purpose of such dividend, distribution, redemption, rights or warrants, or if a record is not to be taken, the date as of which the holders of the Common Stock of record to be entitled to such dividend, distributions, redemption, rights or warrants are to be determined or (y) the date on which such reclassification, consolidation, merger, sale, transfer or share exchange is expected to become effective or close, and the date as of which it is expected that holders of the Common Stock of record shall be entitled to exchange their shares of the Common Stock for securities, cash or other property deliverable upon such reclassification, consolidation, merger, sale, transfer or share exchange; provided that the failure to mail such notice or any defect therein or in the mailing thereof shall not affect the validity of the corporate action required to be specified in such notice. The Holder shall remain entitled to exercise this Warrant during the period commencing on the date of such notice to the effective date of the event triggering such notice except as may otherwise be expressly set forth herein.

i) Limitation of Liability. No provision hereof, in the absence of any affirmative action by the Holder to exercise this Warrant to purchase Warrant Shares, and no enumeration herein of the rights or privileges of the Holder, shall give rise to any liability of the Holder for the purchase price of any Common Stock or as a stockholder of the Company, whether such liability is asserted by the Company or by creditors of the Company.

j) Remedies. The Holder, in addition to being entitled to exercise all rights granted by law, including recovery of damages, will be entitled to specific performance of its rights under this Warrant. The Company agrees that monetary damages would not be adequate compensation for any loss incurred by reason of a breach by it of the provisions of this Warrant and hereby agrees to waive and not to assert the defense in any action for specific performance that a remedy at law would be adequate.

k) Successors and Assigns. Subject to applicable securities laws, this Warrant and the rights and obligations evidenced hereby shall inure to the benefit of and be binding upon the successors and permitted assigns of the Company and the successors and permitted assigns of the Holder. The provisions of this Warrant are intended to be for the benefit of any Holder from time to time of this Warrant and shall be enforceable by the Holder or holder of Warrant Shares.

l) Amendment. This Warrant may be modified or amended or the provisions hereof waived with the written consent of the Company and the Holder.

m) Severability. Wherever possible, each provision of this Warrant shall be interpreted in such manner as to be effective and valid under applicable law, but if any provision of this Warrant shall be prohibited by or invalid under applicable law, such provision shall be ineffective to the extent of such prohibition or invalidity, without invalidating the remainder of such provisions or the remaining provisions of this Warrant.

n) Confidentiality. The Holder agrees to keep confidential any proprietary information relating to the Company delivered by the Company pursuant to the terms of this Warrant; provided that nothing herein shall prevent the Holder from disclosing such information: (i) to any holder of Warrants or Warrant Shares, (ii) to any Affiliate of any holder of Warrants or Warrant Shares or any actual or potential transferee of the rights or obligations hereunder that agrees to be bound by this Section 5(n), (iii) upon order, subpoena, or other process of any court or administrative agency or otherwise required by law, (iv) upon the request or demand of any regulatory agency or authority having jurisdiction over such party, (v) which has been publicly disclosed without breach of any obligation to the Company, (vi) which has been obtained from any Person that is not a party hereto or an Affiliate of any such party without any breach of any obligation to the Company, (vii) in connection with the exercise of any remedy, or the resolution of any dispute hereunder, (viii) to the legal counsel or certified public accountants for any holder of Warrants or Warrant Shares, or (ix) as otherwise expressly contemplated by this Warrant. Notwithstanding the foregoing, the Company shall not provide material, non-public information or confidential or proprietary information to the Holder without such Holder's written consent.

o) Dispute Resolution. In the case of a dispute as to the determination of the Exercise Price or the arithmetic calculation of the Warrant Shares, the Company shall submit the disputed determinations or arithmetic calculations via facsimile within two (2) Business Days of receipt of the Exercise Notice giving rise to such dispute, as the case may be, to the Holder. If the Holder and the Company are unable to agree upon such determination or calculation of the Exercise Price or the Warrant Shares within three Business Days of such disputed determination or arithmetic calculation being submitted to the Holder, then the Company shall, within two (2) Business Days submit via facsimile (i) the disputed determination of the Exercise Price to an independent, reputable investment bank selected by the Company and approved by the Holder or (ii) the disputed arithmetic calculation of the Warrant Shares to the Company's independent, outside accountant. The Company shall cause at its expense the investment bank or the accountant, as the case may be, to perform the determinations or calculations and notify the Company and the Holder of the results no later than ten Business Days from the time it receives the disputed determinations or calculations. Such investment bank's or accountant's determination or calculation, as the case may be, shall be binding upon all parties absent demonstrable error. The expenses of the investment bank and accountant will be borne by the Company unless the investment bank or accountant determines that the determination of the Exercise Price or the arithmetic calculation of the Warrant Shares by the Holder was incorrect, in which case the expenses of the investment bank and accountant will be borne by the Holder.

p) Headings. The headings used in this Warrant are for the convenience of reference only and shall not, for any purpose, be deemed a part of this Warrant.

****

(Signature Pages Follow)

IN WITNESS WHEREOF, the Company has caused this Warrant to be executed by its officer thereunto duly authorized as of the date first above indicated.

BETTER CHOICE COMPANY INC.

By: _____
Name:
Title:

NOTICE OF EXERCISE

TO: BETTER CHOICE COMPANY INC.

(1) The undersigned hereby elects to purchase, pursuant to the provisions of the Warrant, as follows:

☐ _____ Warrant Shares of the Company pursuant to the terms of the attached Warrant (only if exercised in full), and tenders herewith payment of the exercise price in full, together with all applicable transfer taxes, if any.

☐_____Warrant Shares pursuant to the terms of the net exercise provisions set forth inSection 2(b) of the attached Warrant (only if exercised in full), and tenders herewith payment of all applicable transfer taxes, if any.

(2) Payment shall take the form of lawful money of the United States

(3) The Warrant Shares shall be delivered to the following DTC Account Number:

[SIGNATURE OF HOLDER]

Name of Investing Entity: _____

Signature of Authorized Signatory of Investing Entity: _____

Name of Authorized Signatory: _____

Title of Authorized Signatory: _____

Date: _____

ASSIGNMENT FORM

(To assign the foregoing warrant, execute
this form and supply required information.
Do not use this form to exercise the warrant.)

FOR VALUE RECEIVED, all of or shares of the foregoing Warrant and all rights evidenced thereby are hereby assigned to

_____ whose address is

_____

_____

Dated: _____, _____

Holder's Signature: _____
Holder's Address: _____

_____

NOTE: The signature to this Assignment Form must correspond with the name as it appears on the face of the Warrant, without alteration or enlargement or any change whatsoever.

Exhibit 4.9

EXECUTION VERSION

REGISTRATION RIGHTS AGREEMENT

This REGISTRATION RIGHTS AGREEMENT (this "Agreement") is made and entered into as of December 19, 2019 by and among Better Choice Company Inc., a Delaware corporation (the "Company"), and the "Investors" named in the Subscription Agreement, dated December 19, 2019, by and among the Company and the Investors identified on the signature pages thereto (the "Subscription Agreement"). Capitalized terms used herein have the respective meanings ascribed thereto in the Subscription Agreement unless otherwise defined herein.

The parties hereby agree as follows:

1. Certain Definitions.

As used in this Agreement, the following terms shall have the following meanings:

"1933 Act" means the Securities Act of 1933, as amended, and all of the rules and regulations promulgated thereunder.

"1934 Act" means the Securities Exchange Act of 1934, as amended, and all of the rules and regulations promulgated thereunder.

"Affiliate" of any Person means any other Person controlled by, controlling or under common control with such Person;provided that the Company and its Subsidiaries shall not be deemed to be Affiliates of any holder of Registrable Securities. As used in this definition, "control" (including, with its correlative meanings, "controlling," "controlled by" and "under common control with") shall mean possession, directly or indirectly, of power to direct or cause the direction of management or policies (whether through ownership of securities, by contract or otherwise). With respect to any Person who is an individual, "Affiliates" shall also include, without limitation, any member of such individual's Family Group.

"Board" means the Board of Directors of the Company.

"Business Day" means any day that is not a Saturday or Sunday or a legal holiday in the state in which the Company's chief executive office is located or in New York, NY.

"Capital Stock" means (i) with respect to any Person that is a corporation, any and all shares, interests or equivalents in capital stock of such corporation (whether voting or nonvoting and whether common or preferred) and (ii) with respect to any Person that is not a corporation, individual or governmental entity, any and all partnership, membership, limited liability company or other equity interests of such Person that confer on the holder thereof the right to receive a share of the profits and losses of, or the distribution of assets of, the issuing Person, including in each case any and all warrants, rights (including conversion and exchange rights) and options to purchase any of the foregoing.

"Common Stock" means the common stock, par value $0.001 per share, of the Company.

"Conversion Price" means the lower of (i) $4.00 per share or (ii) the IPO Price.

"Convertible Note Shares" means shares of Common Stock issuable upon conversion of the Convertible Notes at the Conversion Price.

"Convertible Notes" means, collectively, the subordinated convertible notes delivered to the Investors on the date hereof, which Convertible Notes shall bear interest at a rate of 10.0% per annum from the date of issue, payable quarterly in kind.

"Family Group" means, with respect to a Person who is an individual, (i) such individual's spouse and descendants (whether natural or adopted) (collectively, for purposes of this definition, "relatives"), (ii) such individual's executor or personal representative, (iii) any trust, the trustee of which is such individual or such individual's executor or personal representative and which at all times is and remains solely for the benefit of such individual and/or such individual's relatives, (iv) any corporation, limited partnership, limited liability company or other tax flow-through entity the governing instruments of which provide that such individual or such individual's executor or personal representative shall have the exclusive, nontransferable power to direct the management and policies of such entity and of which the sole record and beneficial owners of stock, partnership interests, membership interests or any other equity interests are limited to such individual, such individual's relatives and/or the trusts described in clause (iii) above, and (v) any retirement plan for such individual.

"FINRA" means the Financial Industry Regulatory Authority.

"HH-Halo" means HH-Halo LP, a Delaware limited partnership and where relevant, its affiliates and its and its affiliates' respective members, partners, stockholders and other equityholders.

"Investors" means the Investors identified in the Subscription Agreement and any Affiliate or permitted transferee of any such Investor who is a subsequent holder of Registrable Securities.

"IPO Price" means the price at which the Common Stock was sold in the IPO.

"JOBS Act" means The Jumpstart Our Business Startups Act of 2012, as amended, and the rules and regulations promulgated by the SEC thereunder.

"Person" means an individual, a partnership, a corporation, a limited liability company, an association, a joint stock company, a trust, a joint venture, an unincorporated organization and a governmental entity or any department, agency or political subdivision thereof.

"Prospectus" means (i) the prospectus included in any Registration Statement, as amended or supplemented by any prospectus supplement, with respect to the terms of the offering of any portion of the Registrable Securities covered by such Registration Statement and by all other amendments and supplements to the prospectus, including post-effective amendments and all material incorporated by reference in such prospectus, and (ii) any "free writing prospectus" as defined in Rule 405 under the 1933 Act.

"Register," "registered" and "registration" refer to a registration made by preparing and filing a Registration Statement or similar document in compliance with the 1933 Act, and the declaration or ordering of effectiveness of such Registration Statement or document.

"Registrable Securities" means (i) the Shares, (ii) the Common Stock issuable upon the conversion of the Convertible Notes, (iii) the Common Stock issuable upon the exercise of the Warrants and (iv) any other shares of Common Stock issued pursuant to a stock split, as a dividend or other distribution with respect to, in exchange for or in replacement of the Shares, Convertible Note Shares or the Warrant Shares; provided, however, that any such Registrable Securities shall cease to be Registrable Securities (and the Company shall not be required to maintain the effectiveness of any, or file another, Registration Statement hereunder with respect thereto) upon the first to occur of (A) a Registration Statement with respect to the sale all of such Registrable Securities being declared effective by the SEC under the 1933 Act and such Registrable Securities having been disposed of or transferred by the holder thereof in accordance with such effective Registration Statement, (B) such Registrable Securities having been previously sold or transferred in accordance with Rule 144 (or another exemption from the registration requirements of the 1933 Act), (C) such securities becoming eligible for resale without volume or manner-of-sale restrictions and without current public information requirements pursuant to Rule 144 and (D) the third anniversary of this Agreement.

"Registration Statement" means any registration statement of the Company under the 1933 Act that covers the resale of any of the Registrable Securities pursuant to the provisions of this Agreement, amendments and supplements to such Registration Statement, including post-effective amendments, all exhibits and all material incorporated by reference in such Registration Statement.

"Required Investors" means the Investors holding a majority of the Registrable Securities outstanding from time to time.

"Rule 144" means Rule 144 promulgated by the SEC pursuant to the 1933 Act, as such Rule may be amended from time to time, or any similar rule or regulation hereafter adopted by the SEC having substantially the same effect as such Rule.

"Rule 158" means Rule 158 promulgated by the SEC pursuant to the 1933 Act, as such Rule may be amended from time to time, or any similar rule or regulation hereafter adopted by the SEC having substantially the same effect as such Rule.

"Rule 172" means Rule 172 promulgated by the SEC pursuant to the 1933 Act, as such Rule may be amended from time to time, or any similar rule or regulation hereafter adopted by the SEC having substantially the same effect as such Rule.

"Rule 405" means Rule 405 promulgated by the SEC pursuant to the 1933 Act, as such Rule may be amended from time to time, or any similar rule or regulation hereafter adopted by the SEC having substantially the same effect as such Rule.

"Rule 415" means Rule 415 promulgated by the SEC pursuant to the 1933 Act, as such Rule may be amended from time to time, or any similar rule or regulation hereafter adopted by the SEC having substantially the same effect as such Rule.

"Rule 416" means Rule 416 promulgated by the SEC pursuant to the 1933 Act, as such Rule may be amended from time to time, or any similar rule or regulation hereafter adopted by the SEC having substantially the same effect as such Rule.

"Rule 424" means Rule 424 promulgated by the SEC pursuant to the 1933 Act, as such Rule may be amended from time to time, or any similar rule or regulation hereafter adopted by the SEC having substantially the same effect as such Rule.

"Rule 430B" means Rule 430B promulgated by the SEC pursuant to the 1933 Act, as such Rule may be amended from time to time, or any similar rule or regulation hereafter adopted by the SEC having substantially the same effect as such Rule.

"SEC" means the U.S. Securities and Exchange Commission.

"SEC Guidance" means (i) any publicly-available written or oral guidance of the SEC staff, or any comments, requirements or requests of the SEC staff and (ii) the 1933 Act.

"Shares" means the shares of Common Stock issued pursuant to the Subscription Agreement.

"Subsidiary" means, with respect to the Company, any corporation, limited liability company, partnership, association or other business entity of which (i) if a corporation, a majority of the total voting power of shares of stock entitled (without regard to the occurrence of any contingency) to vote in the election of directors, managers or trustees thereof is at the time owned or controlled, directly or indirectly, by the Company or one or more of the other Subsidiaries of the Company or a combination thereof, or (ii) if a limited liability company, partnership, association or other business entity, a majority of the limited liability company, partnership or other similar ownership interest thereof is at the time owned or controlled, directly or indirectly, by the Company or one or more Subsidiaries of the Company or a combination thereof. For purposes hereof, a Person or Persons shall be deemed to have a majority ownership interest in a limited liability company, partnership, association or other business entity if such Person or Persons shall be allocated a majority of limited liability company, partnership, association or other business entity gains or losses or shall be or control the managing director or general partner of such limited liability company, partnership, association or other business entity.

"Thriving Paws" means Thriving Paws, LLC, a Delaware limited liability company and where relevant, its affiliates and its and its affiliates' respective members, partners, stockholders and other equityholders.

"Warrant Exercise Price" means the greater of (i) $5.00 per share or (ii) the IPO Price.

"Warrant Shares" means the shares of Common Stock issuable upon exercise of the Warrants at the Warrant Exercise Price.

"Warrants" means (i) the warrants to purchase Common Stock acquired by the Investors pursuant to the Subscription Agreement.

"WKSI" means a "well-known seasoned issuer" as defined under Rule 405.

2. Registration.

(a) Registration Statement.

(i) The Company shall take commercially reasonable efforts to prepare and file with the SEC one Registration Statement covering the resale of all of the Registrable Securities (a "Shelf Registration") by March 31, 2020 (the "Filing Deadline") which, for the avoidance of doubt, may also register the sale of primary securities. Such Registration Statement also shall cover, to the extent allowable under the 1933 Act and the rules promulgated thereunder (including Rule 416), such indeterminate number of additional shares of Common Stock resulting from stock splits, stock dividends or similar transactions with respect to the Registrable Securities. Upon request, such Registration Statement (and each amendment or supplement thereto, and each request for acceleration of effectiveness thereof) shall be provided to the Investors prior to its filing or other submission.

(ii) The Company shall take commercially reasonable efforts to register the Registrable Securities on Form S-3 following the date such form is available for use by the Company, provided that if at such time the Registration Statement is on Form S-1, the Company shall maintain the effectiveness of the Registration Statement then in effect until such time as a Registration Statement on Form S-3 covering the Registrable Securities has been declared effective by the SEC.

(b) Effectiveness.

(i) The Company shall use best efforts to have the Registration Statements declared effective as soon as practicable. The Company shall notify the Investors by facsimile or e-mail as promptly as practicable, and in any event, within forty-eight (48) hours, after (x) the SEC notified the Company that it has no further comments to the Registration Statement and (y) any Registration Statement is declared effective, and shall simultaneously provide the Investors with access to a copy of any related Prospectus to be used in connection with the sale or other disposition of the securities covered thereby.

(ii) Notwithstanding anything to the contrary contained herein, the Company may, upon written notice to any holder of Registrable Securities included in a Registration Statement, suspend the use of any Registration Statement, including any Prospectus that forms a part of a Registration Statement, if the Company (X) determines that it would be required to make disclosure of material information in the Registration Statement that the Company has a bona fide business purpose for preserving as confidential, (Y) the Company determines it must amend or supplement the Registration Statement or the related Prospectus so that such Registration Statement or Prospectus shall not include an untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements therein, in the case of the Prospectus in light of the circumstances under which they were made, not misleading or (Z) the Company has experienced or is experiencing some other material non-public event, including a pending transaction involving the Company, the disclosure of which at such time, in the good faith judgment of the Company, would adversely affect the Company; provided, however, in no event shall holders of Registrable Securities be suspended from selling Registrable Securities pursuant to the Registration Statement for a period that exceeds 120 calendar days (which need not be consecutive) in any 360-day period (any such suspension contemplated by this Section 2(b)(ii), an "Allowed Delay"). Upon disclosure of such information or the termination of the condition described above, the Company shall provide prompt notice to holders whose Registrable Securities are included in the Registration Statement, and shall promptly terminate any suspension of sales it has put into effect and shall take such other reasonable actions to permit registered sales of Registrable Securities as contemplated hereby.

(c) Rule 415; Cutback. If at any time the SEC takes the position that the offering of some or all of the Registrable Securities in a Registration Statement is not eligible to be made on a delayed or continuous basis under the provisions of Rule 415 under the 1933 Act (provided, however, the Company shall be obligated to use commercially reasonable efforts to advocate with the SEC for the registration of all of the Registrable Securities in accordance with the SEC Guidance, including without limitation, Compliance and Disclosure Interpretation 612.09) or requires any Investor to be named as an "underwriter," the Company shall (i) promptly notify each holder of Registrable Securities thereof and (ii) make commercially reasonable efforts to persuade the SEC that the offering contemplated by such Registration Statement is a valid secondary offering and not an offering "by or on behalf of the issuer" as defined in Rule 415 and that none of the Investors is an "underwriter." The Investors shall have the right to select one legal counsel, at the Company's expense, designated by the holders of a majority of the Registrable Securities to review and oversee any registration or matters pursuant to this Section 2(c), including participation in any meetings or discussions with the SEC regarding the SEC's position and to comment on any written submission made to the SEC with respect thereto. No such written submission with respect to this matter shall be made to the SEC to which the Investors' counsel reasonably objects. In the event that, despite the Company's commercially reasonable efforts and compliance with the terms of this Section 2(c), the SEC refuses to alter its position, the Company shall (i) remove from such Registration Statement such portion of the Registrable Securities (the "Cut Back Shares") and/or (ii) agree to such restrictions and limitations on the registration and resale of the Registrable Securities as the SEC may require to assure the Company's compliance with the requirements of Rule 415 (collectively, the "SEC Restrictions"); provided, however, that the Company shall not agree to name any Investor as an "underwriter" in such Registration Statement without the prior written consent of such Investor. In the event of a cutback hereunder, the Company shall give the Investor prompt written notice along with the calculations as to such Investor's allotment. Any cut-back imposed on the Investors pursuant to this Section 2(c) shall be allocated among the Investors on a pro rata basis and shall be applied first to any of the Registrable Securities of such Investor as such Investor shall designate, unless the SEC Restrictions otherwise require or provide or the Investors otherwise agree. In furtherance of the foregoing, each Investor shall provide the Company with prompt written notice of its sale of substantially all of the Registrable Securities under such Registration Statement such that the Company will be able to file one or more additional Registration Statements covering the Cut Back Shares.

(d) Other Limitations. Notwithstanding any other provision herein or in the Subscription Agreement, (i) the Filing Deadline and each Effectiveness Deadline for a Registration Statement shall be extended and any Maintenance Failure shall be automatically waived by no action of the Investors, in each case, without default by the Company hereunder in the event that the Company's failure to make such filing or obtain such effectiveness or a Maintenance Failure results from the failure of an Investor to timely provide the Company with information requested by the Company and necessary to complete a Registration Statement in accordance with the requirements of the 1933 Act (in which case any such deadline would be extended, and a Maintenance Failure waived, with respect to all Registrable Securities until such time as the Investor provides such requested information).

(e) JOBS ACT Submissions. For purposes of this Agreement, if the Company elects to confidentially submit a draft of the Registration Statement with the SEC pursuant to the JOBS Act, the date on which the Company makes such confidential submission will be deemed the initial filing date of such Registration Statement.

3. Demand Registrations.

(a) Request for Registration. Subject to the terms and conditions of this Agreement, in the event that the Company does not file with the SEC one Registration Statement covering the resale of all of the Registrable Securities by December 31, 2020, (i) Thriving Paws or (ii) HH-Halo may request on a single occasion registration under the 1933 Act of all of their Registrable Securities on Form S-1 or any similar long-form registration ("Long-Form Registrations"), and may request registration under the 1933 Act of all of their Registrable Securities on Form S-3 (including pursuant to Rule 415) or any similar short-form Registration Statement including an automatic shelf registration statement (as defined in Rule 405) (an "Automatic Shelf Registration Statement"), if available to the Company ("Short-Form Registrations"). All registrations requested pursuant to this Section 3(a) are referred to herein as "Demand Registrations". Each request for a Demand Registration shall specify the approximate number of Registrable Securities requested to be registered and the intended method of distribution. Within five (5) days after receipt of any such request, the Company shall give written notice of the Demand Registration to all other holders of Registrable Securities and, subject to the terms of Section 3(b), shall include in such Demand Registration (and in all related registrations and qualifications under state blue sky laws and in any related underwriting) all Registrable Securities with respect to which the Company has received written requests for inclusion therein within five (5) days after the receipt of the Company's notice; provided that, with the prior written consent of the holder of Registrable Securities initially requesting such registration (in each case, such consent not to be unreasonably withheld, conditioned or delayed), the Company may provide notice of the Demand Registration to all other holders of Registrable Securities within three (3) Business Days following the non-confidential filing of the Registration Statement with respect to the Demand Registration so long as such Registration Statement is not an Automatic Shelf Registration Statement. Each holder of Registrable Securities agrees that such holder shall treat as confidential the receipt of the notice of Demand Registration and shall not disclose or use the information contained in such notice of Demand Registration without the prior written consent of the Company until such time as the information contained therein is or becomes available to the public generally, other than as a result of disclosure by the holder in breach of the terms of this Agreement.

(b) Priority on Demand Registrations. The Company shall not include in any Demand Registration any securities which are not Registrable Securities. If a Demand Registration is an underwritten offering and the managing underwriters advise the Company in writing that in their opinion the number of Registrable Securities and, if permitted hereunder, other securities requested to be included in such offering exceeds the number of Registrable Securities and other securities, if any, which can be sold therein without adversely affecting the marketability, proposed offering price, timing or method of distribution of the offering, the Company shall include in such offering prior to the inclusion of any securities which are not Registrable Securities, the number of Thriving Paws' Registrable Securities and/or HH-Halo's Registrable Securities requested to be included which, in the opinion of such underwriters, can be sold, without any such adverse effect, *pro rata* among the respective holders thereof on the basis of the amount of Registrable Securities owned by each such holder relative to the total number of Registrable Securities held by Thriving Paws and/or HH-Halo that is requesting to include Registrable Securities in such Demand Registration as of the date the Company provided written notice of the Demand Registration to the holders of Registrable Securities, without distinguishing between holders based on who initially requested such Demand Registration or otherwise.

(c) Restrictions on Demand Registrations. Any demand for the filing of a Registration Statement or for a registered offering hereunder will be subject to the constraints of any applicable lock-up arrangements, and any such demand must be deferred until such lock-up arrangements no longer apply.

(i) The Company shall not be obligated to effect any Demand Registration within 120 days after the effective date of a previous registration in which Registrable Securities were included pursuant to Sections 2 or 4. The Company may postpone, for up to 90 days from the date of the request (the "Suspension Period"), the filing or the effectiveness of a Registration Statement for a Demand Registration or suspend the use of a Prospectus that is part of any Shelf Registration (and therefore suspend sales of the Registrable Securities included therein) by providing written notice to the holders of Registrable Securities if the Company agrees that the offer or sale of Registrable Securities would reasonably be expected to have a material adverse effect on any proposal or plan by the Company to engage in any material acquisition or disposition of assets or stock (other than in the ordinary course of business) or any material merger, consolidation, tender offer, recapitalization, reorganization or similar transaction or would require the Company to disclose any material nonpublic information which would reasonably be likely to be detrimental to the Company and its Subsidiaries; provided that in such event, the holders of Registrable Securities initially requesting such Demand Registration shall be entitled to withdraw such request, and if such request is withdrawn, the Company shall pay all Registration Expenses in connection with such registration. The Company may, based on a good faith determination, delay or suspend the effectiveness of a Demand Registration pursuant to this Section 3(c)(i) only once in any twelve-month period; provided that, for the avoidance of doubt, the Company may in any event delay or suspend the effectiveness of Demand Registration in the case of an event described under Section 5(a)(ix) to enable it, based on a good faith determination, that such delay is necessary to comply with its obligations set forth in Section 5(a)(ix).

(ii) In the case of an event that causes the Company to suspend the use of any Shelf Registration as set forth in Section 3(c)(i) or pursuant to Section 5(a)(ix) (a "Suspension Event"), the Company shall give a notice to the holders of Registrable Securities registered pursuant to such Shelf Registration (a "Suspension Notice") to suspend sales of the Registrable Securities and such notice shall state generally the basis for the notice and that such suspension shall continue only for so long as the Suspension Event or its effect is continuing. A holder of Registrable Securities shall not effect any sales of the Registrable Securities pursuant to such Shelf Registration (or such filings) at any time after it has received a Suspension Notice from the Company and prior to receipt of an End of Suspension Notice (as defined below). Each holder of Registrable Securities agrees that such holder shall treat as confidential the receipt of the Suspension Notice and shall not disclose or use the information contained in such Suspension Notice without the prior written consent of the Company until such time as the information contained therein is or becomes available to the public generally, other than as a result of disclosure by such holder in breach of the terms of this Agreement. The holders of Registrable Securities may recommence effecting sales of the Registrable Securities pursuant to the Shelf Registration (or such filings) following further written notice to such effect (an "End of Suspension Notice") from the Company, which End of Suspension Notice shall be given by the Company to the holders of Registrable Securities and to such holders' counsel, if any, promptly following the conclusion of any Suspension Event.

(iii) Notwithstanding any provision herein to the contrary, if the Company shall give a Suspension Notice with respect to any Shelf Registration pursuant to this Section 3(c), the Company agrees that it shall extend the period of time during which such Shelf Registration shall be maintained effective pursuant to this Agreement by the number of days during the period from the date of receipt by the holders of the Suspension Notice to and including the date of receipt by the holders of the End of Suspension Notice and provide copies of the supplemented or amended Prospectus necessary to resume sales, with respect to each Suspension Event; provided that such period of time shall not be extended beyond the date that Common Stock covered by such Shelf Registration are no longer Registrable Securities.

(d) Selection of Underwriters. In connection with any Demand Registration, the holders of Registrable Securities initially requesting such registration shall have the right to select the investment banker(s) and manager(s) to administer the offering; provided that, in each case, the investment banker(s) and manager(s) selected must be reasonably satisfactory to the Board. In each case, the holders of Registrable Securities initially requesting such registration shall have the right to approve the underwriting arrangements with such investment banker(s) and manager(s) on behalf of all holders of Registrable Securities participating in such offering; provided that, in each case, the underwriting arrangements must be reasonably satisfactory to the Board. The holders of Registrable Securities requesting such registration shall have the right to negotiate the agreements relating to the underwritten offering; provided that, in each case, the agreements must be reasonably satisfactory to the Board; provided, further, that if Thriving Paws initiates the offering and HH-Halo participates in such offering, then HH-Halo shall have the right to review and comment on the agreements relating to the underwritten offering.

(e) Revocation of Demand Notice. At any time prior to the effective date of the Registration Statement relating to a Demand Registration, the holders of Registrable Securities that requested such Demand Registration may revoke such request for a Demand Registration on behalf of all holders of Registrable Securities participating in such Demand Registration without liability to such holders of Registrable Securities, in each case by providing written notice to the Company.

4. Piggyback Registrations.

(a) Right to Piggyback. Whenever the Company proposes to register any of its securities under the 1933 Act (other than (i) a registration pursuant to Section 2(a), (ii) pursuant to a Demand Registration, in which case the ability of a holder of Registrable Securities to participate in such Demand Registration is addressed by Section 3(a), (iii) in connection with a registration the primary purpose of which is to register debt securities, or (iv) a registration on any form that does not include substantially the same information as would be required to be included in a Registration Statement covering the sale of Registrable Securities) and the registration form to be used may be used for the registration of Registrable Securities (a "Piggyback Registration"), the Company shall give prompt written notice (in any event within three (3) Business Days after its receipt of notice of any exercise of demand registration rights other than under this Agreement or, at any time after the Company becomes subject to the reporting requirements of the 1934 Act, within three (3) Business Days after the filing of the Registration Statement relating to the Piggyback Registration) to all holders of Registrable Securities of its intention to effect such Piggyback Registration and, subject to the terms of Section 4(c) and Section 4(d), shall include in such Piggyback Registration (and in all related registrations or qualifications under blue sky laws and in any related underwriting) all Registrable Securities with respect to which the Company has received written requests for inclusion therein within 20 days after delivery of the Company's notice; provided that any such other holder may withdraw its request for inclusion at any time prior to executing the underwriting agreement or, if none, prior to the applicable Registration Statement becoming effective.

(b) Piggyback Expenses. The Registration Expenses of the holders of Registrable Securities shall be paid by the Company in all Piggyback Registrations, whether or not any such registration became effective.

(c) Priority on Primary Registrations. If a Piggyback Registration is an underwritten primary registration on behalf of the Company, and the managing underwriters advise the Company in writing that in their opinion the number of securities requested to be included in such registration exceeds the number which can be sold in such offering without adversely affecting the marketability, proposed offering price, timing or method of distribution of the offering, the Company shall include in such registration (i) first, the securities the Company proposes to sell, (ii) second, the number of Thriving Paws' Registrable Securities and/or HH-Halo's Registrable Securities requested to be included which, in the opinion of such underwriters, can be sold, without any such adverse effect, pro rata among the respective holders thereof on the basis of the amount of Registrable Securities owned by each such holder relative to the total number of Registrable Securities held by all such holders of Registrable Securities requesting to include Registrable Securities in such registration as of the date the Company provided written notice of the Piggyback Registration to the holders of Registrable Securities, and (iii) third, other securities requested to be included in such registration which, in the opinion of the underwriters, can be sold without any such adverse effect.

(d) Priority on Secondary Registrations. If a Piggyback Registration is an underwritten secondary registration on behalf of holders of the Company's securities (it being understood that Demand Registrations and Shelf Registrations by or on behalf of holders of Registrable Securities are addressed in Section 3 rather than in this Section 4(d)), and the managing underwriters advise the Company in writing that in their opinion the number of securities requested to be included in such registration exceeds the number which can be sold in such offering without adversely affecting the marketability, proposed offering price, timing or method of distribution of the offering, the Company shall include in such registration (i) first, the securities requested to be included therein by the holders initially requesting such registration and the number of Thriving Paws' Registrable Securities and/or HH-Halo's Registrable Securities requested to be included which, in the opinion of such underwriters, can be sold, without any such adverse effect, pro rata among the respective holders thereof on the basis of the amount of securities owned by each such holder relative to the total number of securities held by all such holders initially requesting such registration and holders of Thriving Paws Registrable Securities and HH-Halo Registrable Securities requesting to include Registrable Securities in such registration as of the date the Company provided written notice of the Piggyback Registration to the holders of Registrable Securities, and (ii) second, other securities requested to be included in such registration which, in the opinion of the underwriters, can be sold without any such adverse effect.

5. Company Obligations.

(a) The Company shall use commercially reasonable efforts to effect the registration of the Registrable Securities in accordance with Sections 2, 3 and 4, as applicable and pursuant thereto the Company shall, as expeditiously as possible:

(i) use commercially reasonable efforts to cause such Registration Statement to become effective and to remain continuously effective until such time as there are no longer Registrable Securities held by the Investors (the "Effectiveness Period") and advise the Investors promptly in writing when the Effectiveness Period has expired;

(ii) prepare and file with the SEC such amendments and post-effective amendments to such Registration Statement and the related Prospectus as may be necessary to keep such Registration Statement effective for the Effectiveness Period and to comply with the provisions of the 1933 Act and the 1934 Act with respect to the distribution of all of the Registrable Securities covered thereby;

(iii) permit, upon request, any counsel designated by the Investors to review each Registration Statement and all amendments and supplements thereto prior to their filing with the SEC and shall use commercially reasonable efforts to reflect in such documents any comments as such counsel may reasonably propose;

(iv) furnish to each Investor whose Registrable Securities are included in any Registration Statement (i) promptly after the same is prepared and filed with the SEC, if requested by the Investor, one (1) copy of any Registration Statement and any amendment thereto, each preliminary prospectus and Prospectus and each amendment or supplement thereto, and each letter written by or on behalf of the Company to the SEC or the staff of the SEC, and each item of correspondence from the SEC or the staff of the SEC, in each case relating to such Registration Statement (other than any portion thereof which contains information for which the Company has sought confidential treatment), and (ii) such number of copies of a Prospectus, including a preliminary prospectus, and all amendments and supplements thereto and such other documents as each Investor may reasonably request in order to facilitate the disposition of the Registrable Securities owned by such Investor (it being understood and agreed that such documents, or access thereto, may be provided electronically);

(v) use commercially reasonable efforts to (i) prevent the issuance of any stop order or other suspension of effectiveness and, (ii) if such order is issued, obtain the withdrawal of any such order at the earliest possible moment;

(vi) prior to any public offering of Registrable Securities, use commercially reasonable efforts to assist or cooperate with the Investors and their counsel in connection with their registration or qualification of such Registrable Securities for the offer and sale under the securities or blue sky laws of such jurisdictions reasonably requested by the Investors; provided, however, that the Company shall not be required in connection therewith or as a condition thereto to (i) qualify to do business in any jurisdiction where it would not otherwise be required to qualify but for this Section 5(a)(vi), (ii) subject itself to general taxation in any jurisdiction where it would not otherwise be so subject but for this Section 5(a)(vi), or (iii) file a general consent to service of process in any such jurisdiction;

(vii) use commercially reasonable efforts to cause all Registrable Securities covered by a Registration Statement to be listed on the primary securities exchange, interdealer quotation system or other market on which the Common Stock is then listed;

(viii) use commercially reasonable efforts to provide a transfer agent and registrar for all such Registrable Securities not later than the effective date of such Registration Statement;

(ix) notify each seller of such Registrable Securities (A) promptly after it receives notice thereof, of the date and time when such Registration Statement and each post-effective amendment thereto has become effective or a Prospectus or supplement to any Prospectus relating to a Registration Statement has been filed and when any registration or qualification has become effective under a state securities or blue sky law or any exemption thereunder has been obtained, (B) promptly after receipt thereof, of any request by the SEC for the amendment or supplementing of such Registration Statement or Prospectus or for additional information, and (C) at any time when a Prospectus relating thereto is required to be delivered under the 1933 Act, of the happening of any event as a result of which the Prospectus included in such Registration Statement contains an untrue statement of a material fact or omits to state any material fact required to be stated therein or necessary to make the statements therein not misleading in light of the circumstances then existing, and, subject to Section 3(c), at the request of any such seller, the Company shall use commercially reasonable efforts to prepare a supplement or amendment to such Prospectus so that, as thereafter delivered to the purchasers of such Registrable Securities, such Prospectus shall not contain an untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements therein not misleading in light of the circumstances then existing;

(x) otherwise use commercially reasonable efforts to comply with all applicable rules and regulations of the SEC under the 1933 Act and the 1934 Act, including, without limitation, Rule 172 under the 1933 Act, file any final Prospectus, including any supplement or amendment thereof, with the SEC pursuant to Rule 424 under the 1933 Act, promptly inform the Investors in writing if, at any time during the Effectiveness Period, the Company does not satisfy the conditions specified in Rule 172 and, as a result thereof, the Investors are required to deliver a Prospectus in connection with any disposition of Registrable Securities and take such other actions as may be reasonably necessary to facilitate the registration of the Registrable Securities hereunder;

(xi) take all reasonable actions to ensure that any "free-writing prospectus", as defined in Rule 405, utilized in connection with any Demand Registration (including any Shelf Registration) or Piggyback Registration hereunder complies in all material respects with the 1933 Act, is filed in accordance with the 1933 Act to the extent required thereby, is retained in accordance with the 1933 Act to the extent required thereby and, when taken together with the related Prospectus, shall not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements therein, in light of the circumstances under which they were made, not misleading;

(xii) with a view to making available to the Investors the benefits of Rule 144 (or its successor rule) and any other rule or regulation of the SEC that may at any time permit the Investors to sell shares of Common Stock to the public without registration, the Company covenants and agrees to: (i) make and keep public information available, as those terms are understood and defined in Rule 144, until the earlier of (A) six months after such date as all of the Registrable Securities may be sold without restriction by the holders thereof pursuant to Rule 144 or any other rule of similar effect or (B) such date as there are no longer Registrable Securities; (ii) file with the SEC in a timely manner all reports and other documents required of the Company under the 1934 Act; and (iii) furnish electronically to each Investor upon request, as long as such Investor owns any Registrable Securities, (A) a written statement by the Company that it has complied with the reporting requirements of the 1934 Act, (B) a copy of or electronic access to the Company's most recent Annual Report on Form 10-K or Quarterly Report on Form 10-Q in which the Company has furnished its annual or quarterly financial statements, and (C) such other information as may be reasonably requested in order to avail such Investor of any rule or regulation of the SEC that permits the selling of any such Registrable Securities without registration;

(xiii) if requested by an Investor, cooperate with such Investor to facilitate the timely preparation and delivery of certificates representing Registrable Securities to be delivered to a transferee pursuant to an effective Registration Statement, which certificates shall be free, to the extent permitted by applicable law, of all restrictive legends, and to enable such certificates to be in such denominations and registered in such names as any such Investor may request.

(xiv) cooperate with the holders of Registrable Securities covered by the Registration Statement and the managing underwriter or agent, if any, to facilitate the timely preparation and delivery of certificates (not bearing any restrictive legends) representing securities to be sold under the Registration Statement and enable such securities to be in such denominations and registered in such names as the managing underwriter, or agent, if any, or such holders may request;

(xv) cooperate with each holder of Registrable Securities covered by the Registration Statement and each underwriter or agent participating in the disposition of such Registrable Securities and their respective counsel in connection with any filings required to be made with FINRA;

(xvi) use commercially reasonable efforts to make available the executive officers of the Company to participate with the holders of Registrable Securities and any underwriters in any "road shows" or other selling efforts that may be reasonably requested by the holders in connection with the methods of distribution for the Registrable Securities;

(xvii) use commercially reasonable efforts to obtain one or more comfort letters from the Company's independent public accountants in customary form and covering such matters of the type customarily covered by comfort letters (including "negative assurance" comfort) as an Investor reasonably request;

(xviii) in the case of any underwritten offering, use commercially reasonable efforts to provide a legal opinion of the Company's outside counsel, dated the effective date of such Registration Statement, with respect to the Registration Statement, each amendment and supplement thereto, the Prospectus included therein (including the preliminary prospectus) and such other documents relating thereto in customary form and covering such matters of the type customarily covered by legal opinions of such nature, which opinion shall be addressed to the underwriters and the holders of such Registrable Securities;

(xix) if the Company files an Automatic Shelf Registration Statement covering any Registrable Securities, use commercially reasonable efforts to remain a WKSI (and not become an ineligible issuer (as defined in Rule 405)) during the period during which such Automatic Shelf Registration Statement is required to remain effective; and

(xx) if the Company does not pay the filing fee covering the Registrable Securities at the time an Automatic Shelf Registration Statement is filed, pay such fee at such time or times as the Registrable Securities are to be sold.

(b) The Company shall not undertake any voluntary act that could be reasonably expected to cause a violation or result in delay or suspension under Section (a)(ix). During any Suspension Period, and as may be extended hereunder, the Company shall use commercially reasonable efforts to correct or update any disclosure causing the Company to provide notice of the Suspension Period and to file and cause to become effective or terminate the suspension of use or effectiveness, as the case may be, of the subject Registration Statement.

(c) If Thriving Paws and/or Halo seeks to effectuate an in-kind distribution of all or part of their respective Registrable Securities to their respective direct or indirect equityholders, the Company shall, subject to any applicable lock-ups, work with the foregoing persons to facilitate such in-kind distribution in the manner reasonably requested.

6 . Due Diligence Review; Information. If any Investor is required under applicable securities laws to be described in a Registration Statement as an "underwriter," the Company shall, upon reasonable prior notice, make available, during normal business hours, for inspection and review by the Investors, advisors to and representatives of the Investors (who may or may not be affiliated with the Investors and who are reasonably acceptable to the Company) (collectively, the "Inspectors"), all pertinent financial and other records, and all other corporate documents and properties of the Company (collectively, the "Records") as may be reasonably necessary for the purpose of such review, and cause the Company's officers, directors and employees, within a reasonable time period, to supply all such information reasonably requested by the Inspectors (including, without limitation, in response to all questions and other inquiries reasonably made or submitted by any of them), prior to and from time to time after the filing and effectiveness of such Registration Statement for the sole purpose of enabling such Investor and its accountants and attorneys to conduct such due diligence solely for the purpose of establishing a due diligence defense to underwriter liability under the 1933 Act; provided, however, that each Inspector shall agree to hold in strict confidence and shall not make any disclosure (except to such Investor) or use of any Record or other information which the Company determines in good faith to be confidential, and of which determination the Inspectors are so notified, unless (a) the disclosure of such Records is necessary to avoid or correct a misstatement or omission in any Registration Statement or is otherwise required under the 1933 Act, (b) the release of such Records is ordered pursuant to a final, non-appealable subpoena or order from a court or government body of competent jurisdiction, or (c) the information in such Records has been made generally available to the public other than by disclosure in violation of this Section 6, the Subscription Agreement or any confidentiality agreement between the Company and each Investor. Each Investor agrees that it shall, upon learning that disclosure of such Records is sought in or by a court or governmental body of competent jurisdiction or through other means, give prompt notice to the Company and allow the Company, at its expense, to undertake appropriate action to prevent disclosure of, or to obtain a protective order for, the Records deemed confidential. Nothing herein (or in any other confidentiality agreement between the Company and any Investor) shall be deemed to limit the Investors' ability to sell Registrable Securities in a manner which is otherwise consistent with applicable laws and regulations.

Notwithstanding the foregoing, the Company shall not disclose material nonpublic information to the Investors, or to advisors to or representatives of the Investors, unless prior to disclosure of such information the Company identifies such information as being material nonpublic information and provides the Investors, such advisors and representatives with the opportunity to accept or refuse to accept such material nonpublic information for review and any Investor wishing to obtain such information enters into an appropriate confidentiality agreement with the Company with respect thereto.

7. Obligations of the Investors.

(a) Each Investor shall execute and deliver a Selling Shareholder Questionnaire substantially in the form attached hereto as Exhibit A prior to the date hereof. Each Investor shall additionally furnish in writing to the Company such other information regarding itself, the Registrable Securities held by it and the intended method of disposition of the Registrable Securities held by it, as shall be reasonably required to effect the registration of such Registrable Securities and shall execute such documents in connection with such registration as the Company may reasonably request. At least three (3) Business Days prior to the first anticipated filing date of any Registration Statement, the Company shall notify each Investor of the additional information the Company requires from such Investor if such Investor elects to have any of the Registrable Securities included in such Registration Statement (the "Registration Information Notice"). An Investor shall provide such information to the Company no later than two (2) Business Days following receipt of a Registration Information Notice if such Investor elects to have any of the Registrable Securities included in such Registration Statement. It is agreed and understood that it shall be a condition precedent to the obligations of the Company to complete the registration pursuant to this Agreement with respect to the Registrable Securities of a particular Investor that (i) such Investor furnish to the Company such information regarding itself, the Registrable Securities held by it and the intended method of disposition of the Registrable Securities held by it as shall be reasonably required to effect the effectiveness of the registration of such Registrable Securities, and (ii) the Investor execute such documents in connection with such registration as the Company may reasonably request, including, without limitation, a waiver of its registration rights hereunder to the extent an Investor elects not to have any of its Registrable Securities included in a Registration Statement.

(b) Each Investor, by its acceptance of the Registrable Securities, agrees to cooperate with the Company as reasonably requested by the Company in connection with the preparation and filing of a Registration Statement hereunder, unless such Investor has notified the Company in writing of its election to exclude all of its Registrable Securities from such Registration Statement.

(c) Each Investor agrees that, upon receipt of any notice from the Company of either (i) the commencement of an Allowed Delay pursuant toSection 22(b)2(b)(ii) or (ii) the happening of an event pursuant to Section 5(a)(ix) hereof, such Investor will immediately discontinue disposition of Registrable Securities pursuant to any Registration Statement covering such Registrable Securities, until the Investor is advised by the Company that such dispositions may again be made.

(d) Each Investor covenants and agrees that it will comply with the Prospectus delivery requirements of the 1933 Act as applicable to it or an exemption therefrom in connection with sales of Registrable Securities pursuant to any Registration Statement.

8. Registration Expenses.

(a) The Company's Obligation. All expenses incident to the Company's performance of or compliance with this Agreement (including, without limitation, all registration, qualification and filing fees, fees and expenses of compliance with securities or blue sky laws, printing expenses, messenger and delivery expenses, fees and disbursements of custodians, and fees and disbursements of counsel for the Company and all independent certified public accountants, underwriters (excluding underwriting discounts and commissions) and other Persons retained by the Company) (all such expenses being herein called "Registration Expenses"), shall be borne by the Company, and, for the avoidance of doubt, the Company shall pay its internal expenses (including, without limitation, all salaries and expenses of its officers and employees performing legal or accounting duties), the expense of any annual audit or quarterly review, the expense of any liability insurance and the expenses and fees for listing the securities to be registered on each securities exchange on which similar securities issued by the Company are then listed. Each Person that sells securities pursuant to a Demand Registration or Piggyback Registration hereunder shall bear and pay all underwriting discounts and commissions and transfer taxes applicable to the securities sold for such Person's account.

(b) Counsel Fees and Disbursements. Subject to a cap of $50,000 in the aggregate (the "Expense Cap"), in connection with each Demand Registration, each Piggyback Registration that is an underwritten offering in which Thriving Paws and/or HH-Halo participate, the Company shall reimburse each of Thriving Paws and/or HH-Halo (as applicable) participating in such registration for the reasonable fees and disbursements of one separate counsel and one separate local counsel (if necessary) chosen by Thriving Paws and HH-Halo (as applicable). In connection with each registration in which neither Thriving Paws nor HH-Halo participates, the Company shall reimburse the holders of Registrable Securities included in such registration for the reasonable fees and disbursements of one counsel and one local counsel (if necessary) chosen by the holders of a majority of the Registrable Securities included in such registration for the purpose of rendering a legal opinion on behalf of such holders in connection with any underwritten Demand Registration or Piggyback Registration.

(c) Security Holders. To the extent Registration Expenses are not required to be paid by the Company, each holder of securities included in any registration hereunder shall pay those Registration Expenses allocable to the registration of such holder's securities so included, and any Registration Expenses not so allocable shall be borne by all sellers of securities included in such registration in proportion to the aggregate selling price of the securities to be so registered.

9. Indemnification.

(a) Indemnification by the Company. The Company will indemnify and hold harmless each Investor and its officers, directors, members, employees and agents, successors and assigns, and each other person, if any, who controls such Investor within the meaning of the 1933 Act, against any losses, claims, damages or liabilities, joint or several, to which they may become subject under the 1933 Act or otherwise, insofar as such losses, claims, damages or liabilities (or actions in respect thereof) arise out of or are based upon any untrue statement or alleged untrue statement or omission or alleged omission of any material fact contained in any Registration Statement, any preliminary Prospectus or final Prospectus, or any amendment or supplement thereof; provided, however, that the Company will not be liable in any such case if and to the extent that any such loss, claim, damage or liability arises out of or is based upon (i) an untrue statement or alleged untrue statement or omission or alleged omission so made in conformity with information furnished by such Investor or any such controlling person in writing specifically for use in such Registration Statement or Prospectus, (ii) the use by an Investor of an outdated or defective Prospectus after the Company has notified such Investor in writing that such Prospectus is outdated or defective or (iii) an Investor's failure to send or give a copy of the Prospectus or supplement (as then amended or supplemented), if required (and not exempted) to the Persons asserting an untrue statement or omission or alleged untrue statement or omission at or prior to the written confirmation of the sale of Registrable Securities.

(b) Indemnification by the Investors. Each Investor agrees, severally but not jointly, to indemnify and hold harmless, to the fullest extent permitted by law, the Company, its directors, officers, employees, stockholders and each person who controls the Company (within the meaning of the 1933 Act) against any losses, claims, damages, liabilities and expense (including reasonable attorney fees) resulting from any untrue statement of a material fact or any omission of a material fact required to be stated in any Registration Statement or Prospectus or preliminary Prospectus or amendment or supplement thereto or necessary to make the statements therein not misleading, to the extent, but only to the extent, that such untrue statement or omission is contained in any information regarding such Investor and furnished in writing by such Investor to the Company specifically for inclusion in such Registration Statement or Prospectus or amendment or supplement thereto. In no event shall the liability of an Investor be greater than the dollar amount of the proceeds received by such Investor upon the sale of the Registrable Securities included in such Registration Statement giving rise to such indemnification obligation.

(c) Conduct of Indemnification Proceedings. Any person entitled to indemnification hereunder shall (i) give prompt notice to the indemnifying party of any claim with respect to which it seeks indemnification and (ii) permit such indemnifying party to assume the defense of such claim with counsel reasonably satisfactory to the indemnified party; provided, that any person entitled to indemnification hereunder shall have the right to employ separate counsel and to participate in the defense of such claim, but the fees and expenses of such counsel shall be at the expense of such person unless (A) the indemnifying party has agreed to pay such fees or expenses, (B) the indemnifying party shall have failed to assume the defense of such claim and employ counsel reasonably satisfactory to such person or (C) in the reasonable judgment of any such person, based upon written advice of its counsel, a conflict of interest exists between such person and the indemnifying party with respect to such claims (in which case, if the person notifies the indemnifying party in writing that such person elects to employ separate counsel at the expense of the indemnifying party, the indemnifying party shall not have the right to assume the defense of such claim on behalf of such person); and provided, further that the failure of any indemnified party to give notice as provided herein shall not relieve the indemnifying party of its obligations hereunder, except to the extent that such failure to give notice shall materially adversely affect the indemnifying party in the defense of any such claim or litigation. It is understood that the indemnifying party shall not, in connection with any proceeding in the same jurisdiction, be liable for fees or expenses of more than one separate firm of attorneys at any time for all such indemnified parties. No indemnifying party will, except with the consent of the indemnified party, which shall not be unreasonably withheld or conditioned, consent to entry of any judgment or enter into any settlement that does not include as an unconditional term thereof the giving by the claimant or plaintiff to such indemnified party of a release from all liability in respect of such claim or litigation.

(d) Contribution. If for any reason the indemnification provided for in the preceding paragraphs (a) and (b) is unavailable to an indemnified party or insufficient to hold it harmless, other than as expressly specified therein, then the indemnifying party shall contribute to the amount paid or payable by the indemnified party as a result of such loss, claim, damage or liability in such proportion as is appropriate to reflect the relative fault of the indemnified party and the indemnifying party, as well as any other relevant equitable considerations. No person guilty of fraudulent misrepresentation within the meaning of Section 11(f) of the 1933 Act shall be entitled to contribution from any person not guilty of such fraudulent misrepresentation. In no event shall the contribution obligation of a holder of Registrable Securities be greater in amount than the dollar amount of the proceeds received by it upon the sale of the Registrable Securities giving rise to such contribution obligation.

(e) Release. No indemnifying party shall, except with the consent of the indemnified party, consent to the entry of any judgment or enter into any settlement that does not include as an unconditional term thereof a release of such indemnified party by the claimant or plaintiff from all liability in respect to such claim or litigation.

(f) Non-exclusive Remedy; Survival. The indemnification and contribution provided for under this Agreement shall be in addition to any other rights to indemnification or contribution that any indemnified party may have pursuant to law or contract and shall remain in full force and effect regardless of any investigation made by or on behalf of the indemnified party or any officer, director or controlling Person of such indemnified party and shall survive the transfer of Registrable Securities and the termination or expiration of this Agreement.

10. Miscellaneous.

(a) Amendments and Waivers. This Agreement may be amended only by a writing signed by the Company and the Required Investors. The Company may take any action herein prohibited, or omit to perform any act herein required to be performed by it, only if the Company shall have obtained the written consent to such amendment, action or omission to act, of the Required Investors. Notwithstanding the foregoing, this Agreement may not be amended and the observance of any term hereof may not be waived with respect to any Investor without the written consent of such Investor, unless such amendment or waiver applies to all Investors in the same fashion.

(b) Notices. All notices and other communications provided for or permitted hereunder shall be made as set forth in Section 8(c) of the Subscription Agreement.

(c) Assignments and Transfers by Investors. The provisions of this Agreement shall be binding upon and inure to the benefit of the Investors and their respective successors and assigns. An Investor may transfer or assign, in whole or from time to time in part, to one or more persons its rights hereunder in connection with the transfer of Registrable Securities by such Investor to such person, provided that (i) the Investor agrees in writing with the transferee or assignee to assign such rights and a copy of such agreement is furnished to the Company within a reasonable time after such assignment; (ii) the Company is, within a reasonable time after such transfer or assignment, furnished with written notice of (A) the name and address of such transferee or assignee and (B) the securities with respect to which such registration rights are being transferred or assigned; (iii) immediately following such transfer or assignment the further disposition of such securities by the transferee or assignee is restricted under the 1933 Act or applicable state securities laws; (iv) at or before the time the Company receives the written notice contemplated by clause (ii) of this sentence the transferee or assignee agrees in writing with the Company to be bound by all of the provisions contained herein and (v) such transfer shall have been made in accordance with the applicable requirements of the Subscription Agreement.

(d) Assignments and Transfers by the Company. This Agreement may not be assigned by the Company (whether by operation of law or otherwise) without the prior written consent of the Required Investors, provided, however, that in the event that the Company is a party to a merger, consolidation, share exchange or similar business combination transaction in which the shares of Common Stock are converted into the equity securities of another Person, from and after the effective time of such transaction, such Person shall, by virtue of such transaction, be deemed to have assumed the obligations of the Company hereunder, the term “Company” shall be deemed to refer to such Person and the term “Registrable Securities” shall be deemed to include the securities received by the Investors in connection with such transaction unless such securities are otherwise freely tradable by the Investors after giving effect to such transaction.

(e) Benefits of the Agreement. The terms and conditions of this Agreement shall inure to the benefit of and be binding upon the respective permitted successors and assigns of the parties. Nothing in this Agreement, express or implied, is intended to confer upon any party other than the parties hereto or their respective successors and assigns any rights, remedies, obligations, or liabilities under or by reason of this Agreement, except as expressly provided in this Agreement.

(f) Counterparts; Faxes. This Agreement may be executed in two or more counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument. This Agreement may also be executed via facsimile or e-mail, which shall be deemed an original.

(g) Titles and Subtitles. The titles and subtitles used in this Agreement are used for convenience only and are not to be considered in construing or interpreting this Agreement.

(h) Severability. Any provision of this Agreement that is prohibited or unenforceable in any jurisdiction shall, as to such jurisdiction, be ineffective to the extent of such prohibition or unenforceability without invalidating the remaining provisions hereof but shall be interpreted as if it were written so as to be enforceable to the maximum extent permitted by applicable law, and any such prohibition or unenforceability in any jurisdiction shall not invalidate or render unenforceable such provision in any other jurisdiction. To the extent permitted by applicable law, the parties hereby waive any provision of law which renders any provisions hereof prohibited or unenforceable in any respect.

(i) Further Assurances. The parties shall execute and deliver all such further instruments and documents and take all such other actions as may reasonably be required to carry out the transactions contemplated hereby and to evidence the fulfillment of the agreements herein contained.

(j) Entire Agreement. This Agreement is intended by the parties as a final expression of their agreement and intended to be a complete and exclusive statement of the agreement and understanding of the parties hereto in respect of the subject matter contained herein. This Agreement supersedes all prior agreements and understandings between the parties with respect to such subject matter.

(k) Governing Law; Consent to Jurisdiction; Waiver of Jury Trial. This Agreement shall be governed by, and construed in accordance with, the internal laws of the State of New York without regard to the choice of law principles thereof (whether of the State of New York or any other jurisdiction) that would cause the application of the laws of any jurisdiction other than the State of New York. In furtherance of the foregoing, the internal law of the State of New York shall control the interpretation and construction of this Agreement (and all schedules and exhibits hereto), even though under that jurisdiction's choice of law or conflict of law analysis, the substantive law of some other jurisdiction would ordinarily apply. Each of the parties hereto irrevocably submits to the exclusive jurisdiction of the courts of the State of New York located in New York County and the United States District Court for the Southern District of New York for the purpose of any suit, action, proceeding or judgment relating to or arising out of this Agreement and the transactions contemplated hereby. Service of process in connection with any such suit, action or proceeding may be served on each party hereto anywhere in the world by the same methods as are specified for the giving of notices under this Agreement. Each of the parties hereto irrevocably consents to the jurisdiction of any such court in any such suit, action or proceeding and to the laying of venue in such court. Each party hereto irrevocably waives any objection to the laying of venue of any such suit, action or proceeding brought in such courts and irrevocably waives any claim that any such suit, action or proceeding brought in any such court has been brought in an inconvenient forum. EACH OF THE PARTIES HERETO WAIVES ANY RIGHT TO REQUEST A TRIAL BY JURY IN ANY LITIGATION WITH RESPECT TO THIS AGREEMENT AND REPRESENTS THAT COUNSEL HAS BEEN CONSULTED SPECIFICALLY AS TO THIS WAIVER.

(l) Filing Restrictions. The Company will register the resale of Registrable Securities representing Cut Back Shares on an effective Registration Statement prior to or concurrent with registering the resale of its securities by a selling security holder not holding Registrable Securities; provided, however, that this Section 10(l) shall not apply to Registrable Securities representing Cut Back Shares that were excluded from any such Registration Statement on account of the failure of a holder of such Registrable Securities to comply with the provisions hereof, including, but not limited to, the requirement of a holder to provide information required to be included in a Registration Statement.

(m) No Strict Construction. The language used in this Agreement shall be deemed to be the language chosen by the parties hereto to express their mutual intent, and no rule of strict construction shall be applied against any party.

[*remainder of page intentionally left blank*]

IN WITNESS WHEREOF, the parties have executed this Agreement or caused their duly authorized officers to execute this Agreement as of the date first above written.

COMPANY: BETTER CHOICE COMPANY INC.

By: _____
Name:
Title:

[Signature Page to Registration Rights Agreement]

IN WITNESS WHEREOF, the parties have executed this Agreement or caused their duly authorized officers to execute this Agreement as of the date first above written.

HH-HALO LP

By: HH-Halo GP LP, its general partner
By: HH-Halo GP LLC, its general partner

By: _____
Name:
Title:

THRIVING PAWS, LLC

By: _____
Name:
Title:

WERNER VON PEIN

By: _____
Name:
Title:

[Signature Page to Registration Rights Agreement]

EXHIBIT A

Selling Shareholder Questionnaire

1. **Name:**

(a) Full legal name of the Shareholder:

(b) Address for Notices to the Shareholder:

Email:

Telephone, including area code:

Fax, including area code:

Contact Person:

(b) Full legal name of the registered holder (if not the same as Item 1(a) above) through which the Shares listed in Item 2 below are held:

(c) Full legal name of any natural control person (which means a natural person who directly or indirectly alone or with others has power to vote or dispose of the Shares listed in Item 2 below):

2. **Beneficial Ownership of Shares:**

(a) Type and number of Shares beneficially owned:

(b) Number of Shares to be registered for resale pursuant to this Questionnaire:

3. **Broker-Dealer Status:**

(a) Are you a broker-dealer?
Yes ☐ No ☐

(b) If you answered "yes" to Item 3(a) above, did you receive your Shares as compensation for investment banking services provided to the Company?
Yes ☐ No ☐
Note: If you answered "no," the SEC's staff has indicated that you should be identified as an underwriter in the Resale Registration Statement.

(c) Are you an affiliate of a broker-dealer?
Yes ☐ No ☐

If you answered "yes," provide a narrative explanation below:

(d) If you are an affiliate of a broker-dealer, do you certify that you bought the Shares in the ordinary course of business, and at the time of the purchase of the Shares to be resold, you had no agreements or understandings, directly or indirectly, with any person to distribute the Shares?
Yes ☐ No ☐
Note: If you answered "no," the SEC's staff has indicated that you should be identified as an underwriter in the Resale Registration Statement.

4. **Beneficial Ownership of Other Securities of the Company Owned by the Shareholder:**

Except as set forth below in this Item 4, the undersigned is not the beneficial or registered owner of any securities of the Company, other than the Shares listed above in Item 2.

Type and amount of other securities beneficially owned:

5. **Relationships with the Company:**

(a) Have you or any of your affiliates, officers, directors or principal equity holders (owners of 5% or more of the equity securities of the undersigned) held any position or office or have you had any other material relationship with the Company (or its predecessors or affiliates) within the past three years?

Yes ☐ No ☐

(b) If your response to Item 5(a) above is "yes," please state the nature and duration of your relationship with the Company:

The undersigned agrees to promptly notify the Company of any inaccuracies or changes in the information provided herein that may occur subsequent to the date hereof and prior to the effective date of any applicable Resale Registration Statement. All notices hereunder shall be delivered as set forth in the applicable Registration Rights Agreement to which the undersigned is a party. In the absence of any such notification, the Company shall be entitled to continue to rely on the accuracy of the information in this Questionnaire.

By signing below, the undersigned consents to the disclosure of the information contained herein in its answers to Items 1 through 5 above and the inclusion of such information in the Resale Registration Statement and the Prospectus. The undersigned understands that such information will be relied upon by the Company in connection with the preparation or amendment of any such Resale Registration Statement and Prospectus.

By signing below, the undersigned acknowledges that it understands its obligation to comply, and agrees that it will comply, with the provisions of the Exchange Act of 1934, as amended, and the rules and regulations thereunder, particularly Regulation M in connection with any offering of Shares pursuant to the Resale Registration Statement. The undersigned also acknowledges that it understands that the answers to this Questionnaire are furnished for use in connection with registration statements filed pursuant to the applicable Registration Rights Agreement and any amendments or supplements thereto filed with the SEC pursuant to the Securities Act.

The undersigned confirms that, to the best of his/her knowledge and belief, the foregoing answers to this Questionnaire are correct.

IN WITNESS WHEREOF, the undersigned, by authority duly given, has caused this Questionnaire to be executed and delivered either in person or by its duly authorized agent.

Dated: _____

Beneficial Owner:

_____
Name of Entity

By: _____
Name: _____
Title: _____

PLEASE RETURN THE COMPLETED AND EXECUTED QUESTIONNAIRE:

(1) by fax or email to:

Latham & Watkins LLP
885 Third Avenue
New York, NY 10022
Attention: Jessi Lim
Fax: (212) 751-4864
Telephone: (212) 906-2955
Email: Jessi.Lim@lw.com

and (2) return the original, executed notice and questionnaire to the same at the address above

EXHIBIT 4.10

EXECUTION VERSION

NEITHER THIS WARRANT, NOR THE SECURITIES ISSUABLE UPON EXERCISE OF THIS WARRANT (COLLECTIVELY, THE "SECURITIES"), HAVE BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT"), OR UNDER ANY STATE SECURITIES OR BLUE SKY LAWS. THE SECURITIES ARE SUBJECT TO RESTRICTIONS ON TRANSFERABILITY AND RESALE AND MAY NOT BE OFFERED, SOLD, PLEDGED, HYPOTHECATED OR OTHERWISE TRANSFERRED EXCEPT AS PERMITTED UNDER THE SECURITIES ACT AND APPLICABLE STATE SECURITIES OR BLUE SKY LAWS, PURSUANT TO REGISTRATION OR QUALIFICATION OR EXEMPTION THEREFROM. INVESTORS SHOULD BE AWARE THAT THEY MAY BE REQUIRED TO BEAR THE FINANCIAL RISKS OF THIS INVESTMENT FOR AN INDEFINITE PERIOD OF TIME. THE COMPANY MAY REQUIRE AN OPINION OF COUNSEL IN FORM AND SUBSTANCE REASONABLY SATISFACTORY TO THE COMPANY TO THE EFFECT THAT ANY PROPOSED TRANSFER IS IN COMPLIANCE WITH THE SECURITIES ACT AND ANY APPLICABLE STATE SECURITIES OR BLUE SKY LAWS. THIS SECURITY MAY BE PLEDGED IN CONNECTION WITH A BONA FIDE MARGIN ACCOUNT WITH A REGISTERED BROKER-DEALER OR OTHER LOAN WITH A FINANCIAL INSTITUTION THAT IS AN "ACCREDITED INVESTOR" AS DEFINED IN RULE 501(a) UNDER THE SECURITIES ACT OR OTHER LOAN SECURED BY SUCH SECURITIES.

COMMON STOCK PURCHASE WARRANT

BETTER CHOICE COMPANY INC.

Warrant Shares: Issue Date: December 19, 2019

THIS COMMON STOCK PURCHASE WARRANT (the "Warrant") certifies that, for value received, (the "Holder") is entitled, upon the terms and subject to the limitations on exercise and the conditions set forth herein, at any time for a period of 24 months from the date of the consummation of an underwritten public offering or other uplist transaction through which the Company lists its Common Stock on the New York Stock Exchange, The Nasdaq Global Select Market, The Nasdaq Global Market or another national securities exchange in the United States or Canada ("IPO") (the "Expiration Date"), but not thereafter, to subscribe for and purchase from Better Choice Company Inc., a Delaware corporation (the "Company"), up to shares (the "Warrant Shares") of the Company's common stock, par value $0.001 per share ("Common Stock"). The purchase price of one share of Common Stock under this Warrant shall be equal to the Exercise Price, as defined in Section 2(f).

Section 1. Definitions. Capitalized terms used and not otherwise defined herein shall have the meanings set forth in that certain Guaranty Agreement between the Company and the Holder (the "Guaranty"), dated as of December 19, 2019. The following additional terms shall have the following meanings:

a) "Trading Day" shall mean any day on which the Common Stock is traded on the Trading Market.

b) "Trading Market" shall mean the principal securities exchange or securities market, including an over-the-counter market, on which the Common Stock is then traded in the United States.

Section 2. Exercise.

a) Exercise of Warrant. The purchase rights represented by this Warrant may be exercised, in whole or in part, at any time or times on or before the Expiration Date by delivery (whether via facsimile, PDF copy, electronic mail or otherwise) to the Company (or such other office or agency of the Company as it may designate by notice in writing to the registered Holder at the address of the Holder appearing on the books of the Company) of a duly executed copy of the Notice of Exercise form annexed hereto and by payment to the Company of an amount equal to the aggregate Exercise Price of the Warrant Shares thereby purchased by wire transfer. No ink-original Notice of Exercise shall be required, nor shall any medallion guarantee (or other type of guarantee or notarization) of any Notice of Exercise form be required.

b) Cashless Exercise. If at the time of exercise hereof there is no effective registration statement registering, or the prospectus contained therein is not available for the issuance of the Warrant Shares to the Holder, then this Warrant may also be exercised, in lieu of payment of the aggregate Warrant Price in the manner as specified in Section 2(a), but otherwise in accordance with the requirements of Section 2(a), by the Holder electing to receive Warrant Shares equal to the value of this Warrant, or portion hereof as to which this Warrant is being exercised. Thereupon, the Company shall issue to the Holder such number of fully paid and non-assessable Warrant Shares as are computed using the following formula:

$$X = Y(A-B)/A$$

where:

X = the number of Warrant Shares to be issued to the Holder;

Y = the number of Warrant Shares with respect to which this Warrant is being exercised (inclusive of the Warrant Shares surrendered to the Company in payment of the aggregate Exercise Price);

A = the Fair Market Value (as determined pursuant to Section 2(c) below) of one Warrant Share; and

B = the Exercise Price.

c) Fair Market Value. If shares of the Common Stock are then traded or quoted on a Trading Market, the fair market value of a Warrant Share shall be the closing price or last sale price of a share of the Common Stock reported for the Trading Day immediately before the date on which Holder delivers this Warrant together with its Notice of Exercise to the Company. If shares of Common Stock are not then traded in a Trading Market, the Board of Directors of the Company shall determine the fair market value of a Warrant Share in its reasonable good faith judgment.

d) Automatic Cashless Exercise upon Expiration. In the event that, upon the Expiration Date, the fair market value of one Warrant Share as determined in accordance with Section 2(c) above is greater than the Exercise Price in effect on such date, then this Warrant shall automatically be deemed on and as of such date to be exercised pursuant to Section 2(b) above as to all Warrant Shares for which it shall not previously have been exercised, and the Company shall, within a reasonable time, deliver a certificate representing the Warrant Shares issued upon such exercise to Holder in accordance with Section 2(g)(i) herein.

e) The Holder shall not be required to physically surrender this Warrant to the Company until the Holder has purchased all of the Warrant Shares available hereunder and the Warrant has been exercised in full, in which case the Holder shall surrender this Warrant to the Company for cancellation within three (3) Trading Days after the date the final Notice of Exercise is delivered to the Company. Partial exercises of this Warrant resulting in purchases of a portion of the total number of Warrant Shares available hereunder shall have the effect of lowering the outstanding number of Warrant Shares purchasable hereunder in an amount equal to the applicable number of Warrant Shares purchased. The Holder and the Company shall maintain records showing the number of Warrant Shares purchased and the date of such purchases. **The Holder and any assignee, by acceptance of this Warrant, acknowledge and agree that, by reason of the provisions of this paragraph, following the purchase of a portion of the Warrant Shares hereunder, the number of Warrant Shares available for purchase hereunder at any given time may be less than the amount stated on the face hereof.**

f) Exercise Price. The exercise price per share of Common Stock under this Warrant shall be equal to $1.82 per share (the "Exercise Price").

g) Mechanics of Exercise.

i. Delivery of Certificates Upon Exercise. Certificates for shares purchased hereunder shall be transmitted by the Company's transfer agent to the Holder by crediting the account of the Holder's prime broker with The Depository Trust Company ("DTC") through its Fast Automated Securities Transfer Program and otherwise by physical delivery to the address specified by the Holder in the Notice of Exercise by the date that is five (5) Trading Days after the receipt by the Company of the Notice of Exercise (provided that payment of the Exercise Price has then been received by the Company) (such date, the "Warrant Share Delivery Date"). This Warrant shall be deemed to have been exercised upon proper delivery of the Notice of Exercise and payment of the Exercise Price or notice of cashless exercise in accordance with Section 2(b). The Warrant Shares shall be deemed to have been issued, and the Holder or any other person so designated to be named therein shall be deemed to have become a holder of record of such shares for all purposes, as of the date the Warrant has been exercised.

ii. Delivery of New Warrant Upon Exercise. If this Warrant shall have been exercised in part, the Company shall, at the request of a Holder and upon surrender of this Warrant certificate, at the time of delivery of the certificate or certificates representing Warrant Shares, deliver to the Holder a new Warrant evidencing the rights of the Holder to purchase the unpurchased Warrant Shares called for by this Warrant, which new Warrant shall in all other respects be identical with this Warrant.

iii. Rescission Rights. If the Company fails to transmit to the Holder a certificate or the certificates representing the Warrant Shares pursuant to Section 2(g)(i) by the Warrant Share Delivery Date, then, the Holder will have the right to rescind such exercise.

iv. No Fractional Shares or Scrip. No fractional shares or scrip representing fractional shares shall be issued upon the exercise of this Warrant. As to any fraction of a share which the Holder would otherwise be entitled to purchase upon such exercise, the Company shall, at its election, either pay a cash adjustment in respect of such final fraction in an amount equal to such fraction multiplied by the Exercise Price or round (up or down) to the nearest whole share.

v. Charges, Taxes and Expenses. Issuance of certificates for Warrant Shares shall be made without charge to the Holder for any issue or transfer tax or other incidental expense in respect of the issuance of such certificate, all of which taxes and expenses shall be paid by the Company, and such certificates shall be issued in the name of the Holder or in such name or names as may be directed by the Holder; provided, however, that in the event certificates for Warrant Shares are to be issued in a name other than the name of the Holder, this Warrant when surrendered for exercise shall be accompanied by the assignment form, in the form attached as Schedule 2 hereto, duly executed by the Holder and the Company may require, as a condition thereto, the payment of a sum sufficient to reimburse it for any transfer tax incidental thereto.

vi. Closing of Books. The Company will not close its stockholder books or records in any manner which prevents the timely exercise of this Warrant pursuant to the terms hereof.

h) Holder's Exercise Limitations. Notwithstanding anything to the contrary contained in this Warrant, this Warrant shall not be exercisable by the Holder hereof to the extent (but only to the extent) that the Holder or any of its Affiliates would beneficially own in excess of 4.99% of the number of shares of the Common Stock outstanding immediately after giving effect to the issuance of shares of Common Stock issuable upon exercise of this Warrant (the "Maximum Percentage"). Notwithstanding the forgoing, the Holder shall have the right to decrease or increase the Maximum Percentage to any other number (in no event to exceed 9.99%), with any increase to be effective only upon the Holder providing the Company with prior written notice of such increase, which shall be effective 61 days after delivery of such notice to the Company. For purposes of this Section 2(h), the number of shares of Common Stock beneficially owned by the Holder and its Affiliates shall include the number of Warrant Shares which are subject to the Notice of Exercise with respect to which such determination is being made, but shall exclude the number of shares of Common Stock which are issuable upon (i) exercise of the remaining, unexercised portion of this Warrant and beneficially owned by the Holder or any of its Affiliates, and (ii) exercise or conversion of the unexercised or unconverted portion of any other securities of the Company beneficially owned by the Holder or any of its Affiliates that are subject to a limitation on conversion or exercise similar to the limitation contained herein. To the extent the above limitation applies, the determination of whether this Warrant shall be exercisable (vis-à-vis other convertible, exercisable or exchangeable securities owned by the Holder or any of its Affiliates) and of which such securities shall be exercisable (as among all such securities owned by the Holder) shall, subject to such Maximum Percentage limitation, be determined by the Holder, and the Company shall have no responsibility for determining the accuracy of the Holder's determination. No prior inability to exercise this Warrant pursuant to this paragraph shall have any effect on the applicability of the provisions of this paragraph with respect to any subsequent determination of exercisability. For the purposes of this paragraph, beneficial ownership and all determinations and calculations (including, without limitation, with respect to calculations of percentage ownership) shall be determined in accordance with Section 13(d) of the Exchange Act and the rules and regulations promulgated thereunder. The provisions of this paragraph shall be implemented in a manner otherwise than in strict conformity with the terms of this paragraph to correct this paragraph (or any portion hereof) which may be defective or inconsistent with the intended Maximum Percentage beneficial ownership limitation herein contained or to make changes or supplements necessary or desirable to properly give effect to such Maximum Percentage limitation. The limitations contained in this paragraph shall apply to a successor Holder of this Warrant. The holders of Common Stock shall be third party beneficiaries of this paragraph and the Company may not waive this paragraph without the consent of holders of a majority of its outstanding Common Stock. For any reason at any time, upon the written or oral request of the Holder, the Company shall within one (1) Business Day confirm orally and in writing to the Holder the number of shares of Common Stock then outstanding, including by virtue of any prior conversion or exercise of convertible or exercisable securities into Common Stock, including, without limitation, pursuant to this Warrant.

Section 3. Certain Adjustments.

a) Stock Dividends and Splits. If the Company, at any time while this Warrant is outstanding: (i) pays a stock dividend or otherwise makes a distribution or distributions on shares of its Common Stock or any other equity or equity equivalent securities payable in shares of Common Stock (which, for avoidance of doubt, shall not include any shares of Common Stock issued by the Company upon exercise of this Warrant), (ii) subdivides outstanding shares of Common Stock into a larger number of shares, (iii) combines (including by way of reverse stock split) outstanding shares of Common Stock into a smaller number of shares, or (iv) issues by reclassification of shares of the Common Stock any shares of capital stock of the Company (collectively with the actions described in (i), (ii), (iii) and (iv), a "Share Reorganization"), then in each case the Exercise Price shall be multiplied by a fraction of which the numerator shall be the number of shares of Common Stock (excluding treasury shares, if any) outstanding immediately before such event and of which the denominator shall be the number of shares of Common Stock outstanding immediately after such event, and the number of shares issuable upon exercise of this Warrant shall be proportionately adjusted such that the aggregate Exercise Price of this Warrant shall remain unchanged. Any adjustment made pursuant to this Section 3(a) shall become effective immediately after the record date for the determination of stockholders entitled to receive such dividend or distribution and shall become effective immediately after the effective date in the case of a subdivision, combination or re-classification, but if the Company shall legally abandon any such dividend, distribution, subdivision, combination or reclassification prior to effecting such action, no adjustment shall be made pursuant to this Section 3(a) in respect of such action.

b) Pro Rata Distributions. If the Company, at any time while this Warrant is outstanding, shall distribute to all holders of Common Stock (and not to the Holders) evidences of its indebtedness or assets (including cash and cash dividends) or rights or warrants to subscribe for or purchase any security other than a Share Reorganization, then, in each such case, the Exercise Price shall be adjusted by multiplying the Exercise Price in effect immediately prior to the record date fixed for determination of stockholders entitled to receive such distribution by a fraction of which the denominator shall be the VWAP (as defined below) determined as of the record date, and of which the numerator shall be such VWAP on such record date less the then per share fair market value at such record date of the portion of such assets or evidence of indebtedness so distributed applicable to one outstanding share of the Common Stock as determined by the Board of Directors in good faith; provided that in no event shall the Exercise Price be: (i) increased as a result of the application of this Section 3(b); or (ii) decreased below $1.82. Simultaneously with any adjustment to the Exercise Price pursuant to this Section 3(b), the number of Warrant Shares that may be purchased upon exercise of this Warrant shall be increased proportionately, so that after such adjustment the aggregate Exercise Price payable hereunder for the adjusted number of Warrant Shares shall be the same as the aggregate Exercise Price in effect immediately prior to such adjustment (without regard to any limitations on exercise contained herein). In either case the adjustments shall be described in a statement provided to the Holder of the portion of assets or evidences of indebtedness so distributed or such subscription rights applicable to one share of Common Stock. Such adjustments shall be made whenever any such distribution is made and shall become effective immediately after the record date mentioned above, but if the Company shall legally abandon any such distribution prior to effecting such distribution, no adjustments shall be made pursuant to this Section 3(b) in respect of such action.

For purposes of this Section 3(b), "VWAP" means, for any date, the price determined by the first of the following clauses that applies: (a) if the Common Stock is then listed or quoted on a Trading Market, the daily volume weighted average price of the Common Stock for such date (or the nearest preceding date) on the Trading Market on which the Common Stock is then listed or quoted as reported by Bloomberg L.P. (based on a Trading Day from 9:30 a.m. (New York City time) to 4:00 p.m. (New York City time)), (b) if the OTC Bulletin Board is not a Trading Market, the volume weighted average price of the Common Stock for such date (or the nearest preceding date) on the OTC Bulletin Board, (c) if the Common Stock is not then listed or quoted for trading on the OTC Bulletin Board and if prices for the Common Stock are then reported in the "Pink Sheets" published by OTC Markets Group, Inc. (or a similar organization or agency succeeding to its functions of reporting prices), the most recent bid price per share of the Common Stock so reported, or (d) in all other cases, the fair market value of a share of Common Stock as determined by an independent appraiser selected in good faith by the Holders of a majority in interest of the Warrants then outstanding and reasonably acceptable to the Company, the fees and expenses of which shall be paid by the Company.

c) Fundamental Transaction. If, at any time while this Warrant is outstanding, (i) the Company, directly or indirectly, in one or more related transactions effects any merger or consolidation with or into another Person, (ii) the Company, directly or indirectly, effects any sale, lease, license, assignment, transfer, conveyance or other disposition of all or substantially all of its assets in one or a series of related transactions, (iii) any, direct or indirect, purchase offer, tender offer or exchange offer (whether by the Company or another Person) is completed pursuant to which holders of Common Stock are permitted to sell, tender or exchange their shares for other securities, cash or property and has been accepted by the holders of 50% or more of the outstanding Common Stock, (iv) the Company, directly or indirectly, in one or more related transactions effects any reclassification, reorganization or recapitalization of the Common Stock or any compulsory share exchange pursuant to which the Common Stock is effectively converted into or exchanged for other securities, cash or property, or (v) the Company, directly or indirectly, in one or more related transactions consummates a stock or share purchase agreement or other business combination (including, without limitation, a reorganization, recapitalization, spin-off or scheme of arrangement) with another Person whereby such other Person acquires more than 50% of the outstanding shares of Common Stock (not including any shares of Common Stock held by the other Person or other Persons making or party to, or associated or affiliated with the other Persons making or party to, such stock or share purchase agreement or other business combination) (a "Change of Control") (each a "Fundamental Transaction"), then, upon any subsequent exercise of this Warrant, the Holder shall have the right to receive, for each Warrant Share that would have been issuable upon such exercise immediately prior to the occurrence of such Fundamental Transaction (without regard to any limitation in Section 2(g) on the exercise of this Warrant), the number of shares of Common Stock of the successor or acquiring corporation or of the Company, if it is the surviving corporation, and any additional consideration (together, the "Alternate Consideration"), if any, receivable as a result of such Fundamental Transaction by a holder of the number of shares of Common Stock for which this Warrant is exercisable immediately prior to such Fundamental Transaction (without regard to any limitation in Section 2(g) on the exercise of this Warrant). For purposes of any such exercise, the determination of the Exercise Price shall be appropriately adjusted to apply to such Alternate Consideration based on the amount of Alternate Consideration issuable in respect of one share of Common Stock in such Fundamental Transaction, and the Company shall apportion the Exercise Price among the Alternate Consideration in a reasonable manner reflecting the relative value of any different components of the Alternate Consideration. If holders of Common Stock are given any choice as to the securities, cash or property to be received in a Fundamental Transaction, then the Holder shall be given the same choice as to the Alternate Consideration it receives upon any exercise of this Warrant following such Fundamental Transaction. Any such payment of such amount of such Alternative Consideration shall be made in the same form of consideration (whether securities, cash or property) as is given to the holders of Common Stock in such Fundamental Transaction, and if multiple forms of consideration are given, the consideration shall be paid to the Holder in the same proportion as such consideration is paid to the holders of Common Stock. The terms of any agreement pursuant to which a Fundamental Transaction is effected shall include terms requiring any such successor or surviving entity to comply with the provisions of this Section 3(c) and insuring that this Warrant (or any such replacement security) will be similarly adjusted upon any subsequent Fundamental Transaction.

d) Calculations. All calculations under this Section 3 shall be made to the nearest cent or rounded down to the nearest whole share, as the case may be. For purposes of this Section 3, any calculation of the number of shares of Common Stock deemed to be issued and outstanding as of a given date shall not include treasury shares, if any. Notwithstanding anything to the contrary in this Section 3, no adjustment in the Exercise Price shall be required unless such adjustment would require an increase or decrease of at least $0.01 per share in such price; provided, however, that any adjustments which by reason of the immediately preceding sentence are not required to be made shall be carried forward and taken into account in any subsequent adjustment. In any case in which this Section 3 shall require that an adjustment in the Exercise Price be made effective as of a record date for a specified event, if Holder exercises this Warrant after such record date, the Company may elect to defer, until the occurrence of such event, the issuance of the shares of Common Stock and other capital stock of the Company in excess of the shares of Common Stock and other capital stock of the Company, if any, issuable upon such exercise on the basis of the Exercise Price in effect prior to such adjustment; provided, however, that in such case the Company shall deliver to the Holder a due bill or other appropriate instrument evidencing the Holder's right to receive such additional shares and/or other capital securities upon the occurrence of the event requiring such adjustment.

e) Par Value. Notwithstanding anything to the contrary in this Warrant, in no event shall the Exercise Price be reduced below the par value of the Company's Common Stock.

Section 4. Transfer of Warrant.

a) Transferability. Subject to compliance with any applicable securities laws, this Warrant and all rights hereunder (including, without limitation, any registration rights) are transferable, in whole or in part, upon surrender of this Warrant at the principal office of the Company (or other designated agent), together with a written assignment of this Warrant substantially in the form attached hereto duly executed by the Holder or its agent or attorney and funds sufficient to pay any transfer taxes payable upon the making of such transfer. Upon such surrender and, if required, such payment, the Company shall execute and deliver a new Warrant or Warrants in the name of the assignee or assignees, as applicable, and in the denomination or denominations specified in such instrument of assignment, and shall issue to the assignor a new Warrant evidencing the portion of this Warrant not so assigned, and this Warrant shall promptly be cancelled. The Warrant, if properly assigned in accordance herewith, may be exercised by a new holder for the purchase of Warrant Shares without having a new Warrant issued.

b) New Warrants. This Warrant may be divided or combined with other Warrants upon presentation hereof at the aforesaid office of the Company (or other designated agent), together with a written notice specifying the names and denominations in which new Warrants are to be issued, signed by the Holder or its agent or attorney. Subject to compliance with Section 5(b), as to any transfer which may be involved in such division or combination, the Company shall execute and deliver a new Warrant or Warrants in exchange for the Warrant or Warrants to be divided or combined in accordance with such notice. All Warrants issued on transfers or exchanges shall be dated the initial issuance date set forth on the first page of this Warrant and shall be identical with this Warrant except as to the number of Warrant Shares issuable pursuant thereto.

c) Warrant Register. The Warrants will initially be held by the Holders through a physical copy of this Warrant (the "Warrant Certificate"). The Company shall deliver to the Holder a physical certificate in the form of this Warrant and the Company shall, thereafter, register this Warrant, upon records to be maintained by the Company for that purpose, in the name of the record Holder hereof from time to time. The Company may deem and treat the registered Holder of this Warrant as the absolute owner hereof for the purpose of any exercise hereof or any distribution to the Holder, and for all other purposes, absent actual notice to the contrary.

d) Representation by the Holder. The Holder, by the acceptance hereof, represents and warrants that it is acquiring this Warrant and, upon any exercise hereof, will acquire the Warrant Shares issuable upon such exercise, for its own account and not with a view to or for distributing or reselling such Warrant Shares or any part thereof in violation of the Securities Act or any applicable state securities law, except pursuant to sales registered or exempted under the Securities Act.

Section 5. Miscellaneous.

a) No Rights as Stockholder Until Exercise. This Warrant does not entitle the Holder to any voting rights, dividends or other rights as a stockholder of the Company prior to the exercise hereof as set forth in Section 2.

b) Loss, Theft, Destruction or Mutilation of Warrant. The Company covenants that upon receipt by the Company of evidence reasonably satisfactory to it of the loss, theft, destruction or mutilation of this Warrant or any stock certificate relating to the Warrant Shares, and in case of loss, theft or destruction, of indemnity or security reasonably satisfactory to it, and upon surrender and cancellation of such Warrant or stock certificate, if mutilated, the Company will make and deliver a new Warrant or stock certificate of like tenor and dated as of such cancellation, in lieu of such Warrant or stock certificate.

c) Saturdays, Sundays, Holidays, etc. If the last or appointed day for the taking of any action or the expiration of any right required or granted herein shall not be a Business Day, then, such action may be taken or such right may be exercised on the next succeeding Business Day.

d) Authorized Shares. The Company covenants that, during the period the Warrant is outstanding, it will reserve from its authorized and unissued Common Stock a sufficient number of shares to provide for the issuance of the Warrant Shares upon the exercise of any purchase rights under this Warrant (without regard to any limitations on exercise contained herein). The Company further covenants that its issuance of this Warrant shall constitute full authority to its officers who are charged with the duty of executing stock certificates to execute and issue the necessary certificates for the Warrant Shares upon the exercise of the purchase rights under this Warrant. The Company will take all such reasonable action as may be necessary to assure that such Warrant Shares may be issued as provided herein without violation of any applicable law or regulation, or of any requirements of the Trading Market upon which the Common Stock may be listed. The Company covenants that all Warrant Shares which may be issued upon the exercise of the purchase rights represented by this Warrant will, upon exercise of the purchase rights represented by this Warrant and payment for such Warrant Shares in accordance herewith, be duly authorized, validly issued, fully paid and nonassessable and free from all taxes, liens and charges created by the Company in respect of the issue thereof (other than taxes in respect of any transfer occurring contemporaneously with such issue).

e) No Impairment. Except and to the extent as waived or consented to by the Holder, the Company shall not by any action, including, without limitation, amending its certificate of incorporation or through any reorganization, transfer of assets, consolidation, merger, dissolution, issue or sale of securities or any other voluntary action, avoid or seek to avoid the observance or performance of any of the terms of this Warrant, but will at all times in good faith assist in the carrying out of all such terms and in the taking of all such actions as may be necessary or appropriate to protect the rights of the Holder as set forth in this Warrant against impairment. Without limiting the generality of the foregoing, the Company will (i) not increase the par value of any Warrant Shares above the amount payable therefor upon such exercise immediately prior to such increase in par value, (ii) take all such action as may be necessary or appropriate in order that the Company may validly and legally issue fully paid and nonassessable Warrant Shares upon the exercise of this Warrant and (iii) use best efforts to obtain all such authorizations, exemptions or consents from any public regulatory body having jurisdiction thereof, as may be, necessary to enable the Company to perform its obligations under this Warrant.

f) Governing Law. This Warrant shall be governed by, and construed in accordance with, the laws of the State of New York without giving effect to the conflicts of law principles thereof.

g) Nonwaiver and Expenses. No course of dealing or any delay or failure to exercise any right hereunder on the part of the Holder shall operate as a waiver of such right or otherwise prejudice the Holder's rights, powers or remedies. Without limiting any other provision of this Warrant, if the Company willfully and knowingly fails to comply with any provision of this Warrant, which results in any material damages to the Holder, the Company shall pay to the Holder such amounts as shall be sufficient to cover any costs and expenses including, but not limited to, reasonable attorneys' fees, including those of appellate proceedings, incurred by the Holder in collecting any amounts due pursuant hereto or in otherwise enforcing any of its rights, powers or remedies hereunder.

h) Notices. Any and all notices or other communications or deliveries hereunder (including, without limitation any exercise notice, in the form attached as Schedule 1 hereto (the "Exercise Notice")) shall be in writing and shall be deemed given and effective on the earliest of (i) the time of transmission, if such notice or communication is delivered via facsimile or e-mail at the facsimile number or e-mail address specified in the books and records of the Company's transfer agent prior to 5:30 P.M., New York City time, on a Trading Day so long as the sender of an e-mail has not received an automated notice of delivery failure from the proposed recipient's computer server, (ii) the next Trading Day after the date of transmission, if such notice or communication is delivered via facsimile or e-mail at the facsimile number or e-mail address specified in the books and records of the Company's transfer agent on a day that is not a Trading Day or later than 5:30 P.M., New York City time, on any Trading Day so long as the sender of an e-mail has not received an automated notice of delivery failure from the proposed recipient's computer server, (iii) the Trading Day following the date of mailing, if sent by nationally recognized overnight courier service specifying next business day delivery, or (iv) upon actual receipt by the Person to whom such notice is required to be given, if by hand delivery.

i) Limitation of Liability. No provision hereof, in the absence of any affirmative action by the Holder to exercise this Warrant to purchase Warrant Shares, and no enumeration herein of the rights or privileges of the Holder, shall give rise to any liability of the Holder for the purchase price of any Common Stock or as a stockholder of the Company, whether such liability is asserted by the Company or by creditors of the Company.

j) Remedies. The Holder, in addition to being entitled to exercise all rights granted by law, including recovery of damages, will be entitled to specific performance of its rights under this Warrant. The Company agrees that monetary damages would not be adequate compensation for any loss incurred by reason of a breach by it of the provisions of this Warrant and hereby agrees to waive and not to assert the defense in any action for specific performance that a remedy at law would be adequate.

k) Successors and Assigns. Subject to applicable securities laws, this Warrant and the rights and obligations evidenced hereby shall inure to the benefit of and be binding upon the successors and permitted assigns of the Company and the successors and permitted assigns of the Holder. The provisions of this Warrant are intended to be for the benefit of any Holder from time to time of this Warrant and shall be enforceable by the Holder or holder of Warrant Shares.

l) Amendment. This Warrant may be modified or amended or the provisions hereof waived with the written consent of the Company and the Holder.

m) Severability. Wherever possible, each provision of this Warrant shall be interpreted in such manner as to be effective and valid under applicable law, but if any provision of this Warrant shall be prohibited by or invalid under applicable law, such provision shall be ineffective to the extent of such prohibition or invalidity, without invalidating the remainder of such provisions or the remaining provisions of this Warrant.

n) Confidentiality. The Holder agrees to keep confidential any proprietary information relating to the Company delivered by the Company pursuant to the terms of this Warrant; provided that nothing herein shall prevent the Holder from disclosing such information: (i) to any holder of Warrants or Warrant Shares, (ii) to any Affiliate of any holder of Warrants or Warrant Shares or any actual or potential transferee of the rights or obligations hereunder that agrees to be bound by this Section 5(n), (iii) upon order, subpoena, or other process of any court or administrative agency or otherwise required by law, (iv) upon the request or demand of any regulatory agency or authority having jurisdiction over such party, (v) which has been publicly disclosed without breach of any obligation to the Company, (vi) which has been obtained from any Person that is not a party hereto or an Affiliate of any such party without any breach of any obligation to the Company, (vii) in connection with the exercise of any remedy, or the resolution of any dispute hereunder, (viii) to the legal counsel or certified public accountants for any holder of Warrants or Warrant Shares, or (ix) as otherwise expressly contemplated by this Warrant. Notwithstanding the foregoing, the Company shall not provide material, non-public information or confidential or proprietary information to the Holder without such Holder's written consent.

o) Dispute Resolution. In the case of a dispute as to the determination of the Exercise Price or the arithmetic calculation of the Warrant Shares, the Company shall submit the disputed determinations or arithmetic calculations via facsimile within two (2) Business Days of receipt of the Exercise Notice giving rise to such dispute, as the case may be, to the Holder. If the Holder and the Company are unable to agree upon such determination or calculation of the Exercise Price or the Warrant Shares within three Business Days of such disputed determination or arithmetic calculation being submitted to the Holder, then the Company shall, within two (2) Business Days submit via facsimile (i) the disputed determination of the Exercise Price to an independent, reputable investment bank selected by the Company and approved by the Holder or (ii) the disputed arithmetic calculation of the Warrant Shares to the Company's independent, outside accountant. The Company shall cause at its expense the investment bank or the accountant, as the case may be, to perform the determinations or calculations and notify the Company and the Holder of the results no later than ten Business Days from the time it receives the disputed determinations or calculations. Such investment bank's or accountant's determination or calculation, as the case may be, shall be binding upon all parties absent demonstrable error. The expenses of the investment bank and accountant will be borne by the Company unless the investment bank or accountant determines that the determination of the Exercise Price or the arithmetic calculation of the Warrant Shares by the Holder was incorrect, in which case the expenses of the investment bank and accountant will be borne by the Holder.

p) Headings. The headings used in this Warrant are for the convenience of reference only and shall not, for any purpose, be deemed a part of this Warrant.

****

(Signature Pages Follow)

IN WITNESS WHEREOF, the Company has caused this Warrant to be executed by its officer thereunto duly authorized as of the date first above indicated.

BETTER CHOICE COMPANY INC.

By: _____
Name:
Title:

SCHEDULE 1

NOTICE OF EXERCISE

TO: BETTER CHOICE COMPANY INC.

(1) The undersigned hereby elects to purchase, pursuant to the provisions of the Warrant, as follows:

☐ _____ Warrant Shares of the Company pursuant to the terms of the attached Warrant (only if exercised in full), and tenders herewith payment of the exercise price in full, together with all applicable transfer taxes, if any.

☐_____Warrant Shares pursuant to the terms of the net exercise provisions set forth inSection 2(b) of the attached Warrant (only if exercised in full), and tenders herewith payment of all applicable transfer taxes, if any.

(2) Payment shall take the form of lawful money of the United States

(3) The Warrant Shares shall be delivered to the following DTC Account Number:

_____

_____

_____

[SIGNATURE OF HOLDER]

Name of Investing Entity: _____

Signature of Authorized Signatory of Investing Entity: _____

Name of Authorized Signatory: _____

Title of Authorized Signatory: _____

Date: _____

SCHEDULE 2

ASSIGNMENT FORM

(To assign the foregoing warrant, execute
this form and supply required information.
Do not use this form to exercise the warrant.)

FOR VALUE RECEIVED, all of or shares of the foregoing Warrant and all rights evidenced thereby are hereby assigned to

_____ whose address is

_____

_____

Dated: _____, _____

Holder's Signature: _____
Holder's Address: _____
_____
_____

NOTE: The signature to this Assignment Form must correspond with the name as it appears on the face of the Warrant, without alteration or enlargement or any change whatsoever.

EXHIBIT 10.1

Certain information marked as [***] has been excluded from this exhibit because it is both (i) not material and (ii) would be competitively harmful if publicly disclosed.

Loan Facilities Letter Agreement
December 19, 2019

Better Choice Company, Inc.
4025 Tampa Road, Suite 1117
Oldsmar, FL 34677

Attention: Damian Dalla-Longa, CEO

Re: Bridging Finance Inc. in its capacity as agent for and on behalf of any of the funds managed or co-managed by Bridging Finance Inc. as Lenders hereunder, credit facilities in favor of the Borrower (as defined below)

The Agent, for and on behalf of the Lenders, is pleased to offer the credit facilities described in this Loan Facilities Letter Agreement (the "**Agreement**") subject to the terms and conditions set forth herein. Unless otherwise indicated, all amounts are expressed in U.S. Dollars. All capitalized terms not otherwise defined in the body of this Agreement shall have the meanings ascribed thereto in Schedule A attached hereto.

1. Borrower:	Better Choice Company Inc., a Delaware corporation (the "**Borrower**").
2. Guarantors:	**(a)** Each of John M. Word III, Lori Taylor and Mike Young (collectively, the "**Personal Guarantors**"); and **(b)** each of Halo, Purely for Pets Inc., a Delaware corporation ("**Halo**"), Trupet LLC, a Delaware limited liability company ("**Trupet**"), and Bona Vida, Inc., a Delaware corporation ("**Bona Vida**" and together with Halo, Trupet, and the Borrower, each an "**Obligor**" and collectively, the "**Obligors**").
3. Lenders:	The entities listed on Schedule B attached hereto, which are funds managed or co-managed by the Agent (each a "**Lender**" and collectively, the "**Lenders**").
4. Agent:	Bridging Finance Inc. (the "**Agent**").
5. Facilities:	**(a)** Term demand loan in an amount of up to $20,500,000 (the "**Term Facility**"); and **(b)** a revolving demand loan facility up to a maximum amount of $7,500,000 (the "**Revolving Facility**" and together with the Term Facility, the "**Facilities**").

6. Use of Proceeds:	The proceeds of the Term Facility are to be used to provide funds to the Borrower for the acquisition of Halo and to refinance existing Indebtedness. The proceeds of the Revolving Facility are to be used for working capital and general corporate purposes.
7. Term:	The earlier of (i) demand by the Agent or any Lender, and (ii) December 19, 2020 (the "**Term**").
8. Facility Availability:	**(a)** Subject to the terms and conditions of this Agreement, the amount available under the Term Facility may be drawn only in a single advance on the Closing Date. Amounts borrowed under the Term Facility may not be reborrowed. **(b)** Subject to the terms and conditions of this Agreement, each Lender severally agrees to make Revolving Loans to the Borrower from time to time on any Business Day during the Term in an aggregate principal amount that will not result in (a) such Lender's Revolving Credit Exposure exceeding such Lender's Revolving Facility Commitment, or (b) the total Revolving Credit Exposure exceeding either (i) the total Revolving Facility Commitments or (ii) the Borrowing Base then in effect. Amounts borrowed under the Revolving Facility may be prepaid and reborrowed.
9. Revolving Loans:	Each Revolving Loan shall be made upon the Borrower's irrevocable notice to the Agent. Each such notice shall be in the form of a written Borrowing Request, appropriately completed and signed by an officer of the Borrower, and must be received by the Agent on or before Thursday of any week for a Revolving Loan to be made the following day.
10. Interest Rate and Fees:	**(a) Interest:** Interest on the outstanding principal balance of the Facilities shall accrue at an annual rate equal to the Bank of Montreal Prime plus 8.05% calculated on the daily outstanding balance of the Facilities and compounded monthly, not in advance and with no deemed reinvestment of monthly payments (collectively, the "**Applicable Rate**"). On the occurrence of an Event of Default, interest shall be calculated at an annual rate of the lesser of (i) twenty-one percent (21%), or (ii) the highest lawful rate per annum calculated and compounded as aforesaid. Bank of Montreal Prime shall mean the floating annual rate of interest established from time to time by the Bank of Montreal as the base rate it will use to determine rates of interest on Canadian Dollar loans to customers in Canada and designated as its Prime Rate.
	(b) Work Fee: A work fee equal to $[***] (representing [***]% of the aggregate Facilities amounts made available to the Borrower), plus any applicable taxes due thereon, shall be due and payable by the Borrower to the Agent on the Closing Date and shall be deducted from the advance of the Term Facility.

	(c) Administration Fee: If the Borrower fails to pay any amounts on the day such amounts are due or if the Borrower fails to deliver the required reports set out herein, the Borrower shall pay to the Agent a late administration fee of $100.00 per day, plus any applicable taxes due thereon, until such date that such payment has been made or the Borrower has delivered such report, as the case may be.
	(d) Expenses: The Borrower shall pay all fees and expenses (including, but not limited to, all due diligence, consultant, field examination and appraisal costs, all reasonable and documented fees and expenses for outside legal counsel and other outside professional advisors and the time spent by the Agent and its representatives in retaking, holding, repairing, processing and preparing for disposition and disposing of the Security calculated at the Agent's standard per diem rate in effect at such applicable time and established by the Agent in its sole discretion for internal personnel of the Agent) reasonably incurred by the Agent or the Lenders in connection with the preparation, registration and ongoing administration of this Agreement and the Security and with the enforcement of the Agent's or the Lenders' rights and remedies under this Agreement or the Security, whether or not any amounts are advanced under this Agreement. If the Agent or any Lender has paid any expense for which the Agent or such Lender is entitled to reimbursement from the Borrower and such expense has not been deducted from the advance of the Term Facility, such expense shall be payable by the Borrower upon demand therefor from the Agent or such Lender and such expense shall bear interest at the same rate as the Term Facility as stipulated herein. All such fees and expenses and interest thereon shall be secured by the Security regardless of if any amounts are currently outstanding under the Facilities.
11. Payments:	**Interest-Only Payments:** Without limiting the right of the Agent or the Lenders to at any time demand repayment and subject to and in addition to the requirement for repayment in full of the Term Facility and the Revolving Facility pursuant to this Agreement at the end of the Term, interest only at the Applicable Rate, calculated daily and compounded and payable monthly, not in advance on the outstanding amount of the Term Facility and the Revolving Facility, shall be due and payable on the last Business Day of each and every month during the Term.
12. Mandatory Prepayments:	**(a)** In the event and within 10 Business Days of each occasion that the Borrower receives proceeds (minus the sum of all reasonable fees and out-of-pocket expenses paid to third parties (other than Affiliates) in connection with such event) from any issuance of any Equity Interests or Indebtedness (other than the Facilities), the Borrower shall apply such proceeds to prepay the amounts outstanding under the Facilities; *provided*, that (i) the proceeds from Permitted Unsecured Debt shall not be subject to this sentence, and (ii) the Agent, in its sole discretion, may choose to (x) allow the Borrower to keep such proceeds, taking into consideration the contemplated use of such proceeds by the Borrower, or (y) apply the proceeds to the amounts outstanding under either the Term Facility, the Revolving Facility, or both.

	(b) In the event and within 5 Business Days of each occasion that the Revolving Credit Exposure exceeds the Borrowing Base, the Borrower shall prepay the outstanding Revolving Loans in an amount equal to such excess.
13. Principal:	Subject to demand by the Agent or any Lender or the occurrence and continuance of a Default or an Event of Default, the Borrower acknowledges that all principal and interest outstanding under the Facilities is payable in full at the end of the Term.
14. Prepayment:	The Term Facility may be prepaid in full or partially at any time or from time to time without any fee or penalty provided that the Borrower shall deliver an irrevocable prepayment notice to the Agent (the "**Prepayment Notice**") thirty (30) days prior to the proposed prepayment date (the "**Prepayment Date**") setting forth the amount being prepaid (the "**Prepayment Amount**") and provided that the Borrower pays the full Prepayment Amount on the Prepayment Date. Should the Borrower wish to prepay the Term Facility in full or partially without having to provide the Agent with the required thirty (30) days prior notice, the Borrower shall pay to the Agent an amount calculated in accordance with the formula set out below and which shall be due and payable as of the date the prepayment is made: I/365 x (30 – N) x M Where: I = the annual interest rate on the Term Facility on the date the Prepayment Notice was given or, if no Prepayment Notice was given, on the date the prepayment is made; N = where a Prepayment Notice was given, the number of days between the date the Prepayment Notice is given and the date of prepayment, provided that if no Prepayment Notice was given, N shall equal 0; and M = the Prepayment Amount, including any proportionate interest and other fees owing, on the date the Prepayment Notice was given or, if no Prepayment Notice was given, on the date the prepayment is made. The Borrower may, upon notice to the Agent, at any time and from time to time prepay any Revolving Loan in whole or in part without premium or penalty.
	In the event that the Prepayment Amount is not paid in full on the Prepayment Date, then the Agent shall have the option, in its discretion, to declare and consider the Prepayment Notice to be null and void such that any prepayment shall thereafter only be permitted by the delivery of a new Prepayment Notice in compliance with this section.

15. Deposit:	The Agent acknowledges that it has been paid a deposit of C$50,000 by the Borrower which will be credited against the Borrower's obligation to pay the reasonable and documented legal fees and expenses incurred by the Agent.
16. Application of Payments:	Notwithstanding anything else contained herein, all payments received by the Agent or the Lenders shall be credited (i) first, as payment of interest and fees in respect of the Revolving Facility, (ii) second, as payment of interest and fees in respect of the Term Facility, (iii) as repayment of the principal amount outstanding under the Revolving Facility and the Term Facility, as determined by the Agent.
17. Conditions Precedent:	The availability of the Facilities on the Closing Date are subject to and conditional upon the following conditions:
	(a) approval of the transaction by the Agent's credit committee;
	(b) satisfactory completion of the Agent's due diligence, including the Agent's review of the corporate structure of the Borrower and the Obligors and operations of the Borrower and the Obligors, and their business and financial plans;
	(c) receipt by the Agent of a duly executed copy of this Agreement, the Security and other Credit Documents, in form and substance satisfactory to the Agent and its legal counsel, registered as required to perfect and maintain the security created thereby and such certificates, authorizations, resolutions of the board of directors of the Borrower and legal opinions as the Agent may reasonably require including an opinion from counsel to the Obligors with respect to status and the due authorization, execution, delivery, validity and enforceability against the Obligors of this Agreement, the Security and other Credit Documents;
	(d) receipt by the Agent of a duly executed copy of an agreement or agreements providing for a guarantee of the Obligations by each Obligor (other than the Borrower) and each Personal Guarantor (the "**Guarantees**");
	(e) receipt by the Agent of a certificate in form and substance reasonably acceptable to the Agent and properly executed by an officer of Borrower and dated as of the Closing Date certifying, among other things, (i) as to a true, accurate and complete copy of the Halo Acquisition Agreement, (ii) that concurrently with the Term Facility borrowing hereunder, the Borrower is consummating the Halo Acquisition, substantially in accordance with the terms and conditions of the Halo Acquisition Agreement (without waiver or amendment of any material term or condition thereof not otherwise acceptable to the Agent) and that the Borrower is, concurrently with the Term Facility borrowing hereunder, acquiring all of the Equity Interests in Halo as contemplated by the Halo Acquisition Agreement, (iii) as to the purchase price determined by the Estimated Closing Statement (as defined in the Halo Acquisition Agreement) for the Equity Interests in Halo after giving effect to all adjustments as of the closing date contemplated by the Halo Acquisition Agreement;

	(f) on or immediately following the Closing Date, the discharge or subordination of any and all existing security against the Collateral, other than the Statutory Encumbrances and Permitted Encumbrances, as may be required by the Agent;
	(g) concurrent with the Closing Date advance, payment of all fees owing to the Agent or the Lenders hereunder, including reasonable and documented fees, charges, and disbursements of counsel to Agent;
	(h) delivery to the Agent by the Borrower of such financial and other information, certificates or documents relating to the Borrower and other Obligors as the Agent may reasonably require;
	(i) receipt by the Agent of a Borrowing Base Certificate, dated as of the Closing Date.
	(j) the Agent being satisfied that there has been no material deterioration in the financial condition of any Obligor;
	(k) no event shall have occurred and be continuing and no circumstance shall exist which has not been waived, which constitutes a default in respect of any material commitment, agreement or any other instrument to which the Borrower is a party or is otherwise bound, entitling any other party thereto to accelerate the maturity of amounts of principal owing thereunder or terminate any such material commitment, agreement or instrument which would have a Material Adverse Effect upon the financial condition, property, assets, operation or business of the Borrower and its subsidiaries, taken as a whole;
	(l) no event that constitutes, or with notice or loss of time or both, would constitute an Event of Default shall have occurred;
	(m) satisfactory completion of a site visit of the main office location of Halo by Agent or an agent of Agent; and
	(n) delivery of an audit completed by a third party reasonably satisfactory to the Agent of the Borrower's Accounts and Inventory.
18. Post-Closing Covenants:	The Borrower hereby covenants and agrees with the Agent as follows:
	(a) Within 60 days of the Closing Date, the Borrower will provide to the Agent executed copies of landlord lien waivers or collateral access agreements for all locations leased by any Obligor at which Collateral is located.

	(b) By January 6, 2020, the Borrower shall have caused each holder of Permitted Unsecured Debt to have subordinated such Permitted Unsecured Debt to the Agent, on terms and conditions reasonably acceptable to the Agent.
19. Covenants:	The Borrower hereby covenants and agrees with the Agent and the Lenders, while this Agreement is in effect, to:
	(a) pay all sums of money when due hereunder or arising therefrom;
	(b) provide the Agent with prompt written notice of any event which constitutes, or which, with notice, lapse of time, or both, would constitute an Event of Default, a breach of any covenant or other term or condition of this Agreement or of any other Credit Document;
	(c) use the proceeds of the Facilities solely for the purposes provided for herein;
	(d) continue to carry on business in the nature of or ancillary to or reasonably related to the business transacted by the Borrower prior to the date hereof in the name and for the account of the Borrower;
	(e) keep and maintain books of account and other accounting records in accordance with generally accepted accounting principles;
	(f) fully and effectually maintain and keep maintained all security interests granted to the Agent under the Security as a valid and effective first priority Lien at all times, free of all Encumbrances other than Statutory Encumbrances and Permitted Encumbrances;
	(g) cause all material properties used or useful in the conduct of the business of the Borrower to be maintained and kept in good condition, repair and working order (ordinary wear and tear excepted) and supplied with all necessary equipment and cause to be made all necessary repairs, renewals, replacements, betterments and improvements thereof, all as in its reasonable judgment may be necessary so that the business carried on in connection therewith may be properly and advantageously conducted at all times;
	(h) permit the Agent or its representatives, at any time and from time to time, with such frequency as the Agent, in its reasonable sole discretion, may require, to visit and inspect the Borrower's premises, properties and assets and to examine and obtain copies of the Borrower's records or other information and discuss the Borrower's affairs with the auditors, counsel and other professional advisors of the Borrower all at the reasonable expense of the Borrower;

	(i)	keep the Agent informed on any changes to the strategy of the Borrower;
	(j)	forthwith notify the Agent of the particulars of any action, suit or proceeding, pending, arbitration or mediation requests which, if determined adversely, would result in a judgement or award against an Obligor that could reasonably be expected to have a Material Adverse Effect;
	(k)	in a form and manner prescribed by the Agent (which may include by fax and/or e-mail), deliver to the Agent any financial information, certified by a senior officer of the Borrower, with respect to the Borrower as and when reasonably requested by the Agent;
	(l)	file all tax returns which the Borrower must file from time to time, to pay or make provision for payment of all taxes (including interest and penalties) and other potential preferred claims which are or will become due and payable and to provide adequate reserves for the payment of any tax, the payment of which is being contested;
	(m)	maintain its corporate existence in good standing;
	(n)	provide 15 days prior written notice to the Agent of any change in the Borrower's places of business or name;
	(o)	keep its assets fully insured against such perils and in such manner as would be customarily insured by companies carrying on a similar business or owning similar assets;
	(p)	comply in all material respects at all times with all Applicable Laws (including Applicable Securities Laws) and to advise the Agent promptly of any action, requests or violation notices received from any government or regulatory authority concerning the Borrower's operations which could have a Material Adverse Effect; and to indemnify and hold the Agent and the Lenders harmless from all liability of loss as a result of any non-compliance by the Borrower with any such Applicable Laws;
	(q)	promptly provide the Agent with notice if any license of the Borrower required by the Borrower to conduct its business, as then conducted, is terminated, materially restricted or is threatened to be terminated or materially restricted;
	(r)	not sell, transfer, convey, lease or otherwise dispose of any of its properties or assets, other than in the ordinary course of its business;
	(s)	to provide to the Agent the following regular reports:

	(i) as soon as available, and in any event within 120 days after the end of each fiscal year of the Borrower (or, if earlier, five (5) days after the date actually filed with the SEC), a consolidated balance sheet of the Borrower and its Subsidiaries as at the end of such fiscal year and the related consolidated statements of income or operations, shareholders' equity and cash flows for such fiscal year, setting forth in each case in comparative form the figures for the previous fiscal year, audited and accompanied by a report and opinion of independent public accountants of nationally recognized standing, which report and opinion shall be prepared in accordance with generally accepted auditing standards to the effect that such consolidated financial statements present fairly in all material respects the financial condition, results of operations, shareholders' equity and cash flows of the Borrower and its Subsidiaries on a consolidated basis in accordance with GAAP consistently applied; **(ii)** as soon as available, but in any event within 45 days after the end of each of the first three fiscal quarters of each fiscal year (beginning with the fiscal quarter ended March 31, 2020) of the Borrower (or, if earlier, five (5) days after the date actually filed with the SEC), a consolidated balance sheet of the Borrower and its Subsidiaries as at the end of such fiscal quarter, the related consolidated statements of income or operations, shareholders' equity and cash flows for such fiscal quarter and for the portion of the Borrower's fiscal year then ended, in each case setting forth in comparative form, as applicable, the figures for the corresponding fiscal quarter of the previous fiscal year and the corresponding portion of the previous fiscal year, certified by a Financial Officer of the Borrower as fairly presenting in all material respects the financial condition, results of operations, shareholders' equity and cash flows of the Borrower and its Subsidiaries on a consolidated basis in accordance with GAAP consistently applied, subject only to normal year-end audit adjustments and the absence of notes; and **(iii)** at least every Thursday, and at such other times as may be necessary to re-determine the Borrowing Base or as requested by the Agent or the Lenders, as of the period then ended, a Borrowing Base Certificate and supporting information in connection therewith, together with any additional reports with respect to the Borrowing Base as the Agent or any Lender may reasonably request.
	Nothing contained in the above provisions shall limit, restrict or prevent the Agent or Lenders from requesting such other information from the Borrower from time to time, at its discretion, as set out in other provisions of this Agreement.

	(t) not move any of the Collateral outside of the locations set forth on Schedule C attached hereto;
	(u) not permit any reorganization or change of control of the Borrower;
	(v) not purchase or redeem its shares or units or otherwise reduce the capital of the Borrower without the Agent's consent;
	(w) not sell, transfer, convey, encumber or otherwise dispose of any of its capital stock (other than sales of capital stock that are used to repay the Facilities or sales or issuances of capital stock permitted by the Borrower's current 2019 Incentive Plan) or permit any reorganization or change of control of the Borrower;
	(x) not declare or pay any dividends, or distributions to shareholders, or repay any shareholders' loans, interest thereon or share capital of the Borrower without the Agent's consent;
	(y) not make loans or advances (excluding for greater certainty, salaries and bonuses (which shall not be funded from the sale of assets) payable in the ordinary course of business and in accordance with past practice) to shareholders, directors, officers or any other affiliate;
	(z) not grant, create, assume or suffer to exist any mortgage, charge, Lien, pledge, security interest, including a purchase money security interest, or other encumbrance affecting the Collateral except for Statutory Encumbrances and Permitted Encumbrances;
	(aa) not cancel any Indebtedness for borrowed money owing to it;
	(bb) not create, incur, assume or permit to exist any Indebtedness, except Permitted Unsecured Debt and other Indebtedness consented to in writing by the Agent.
	(cc) not grant a loan or make an investment in or provide financial assistance to a third party by way of a suretyship, guarantee or otherwise except for (i) financial assistance existing as of the date of this Agreement, and (ii) financial assistance delivered in connection with Indebtedness secured by Permitted Encumbrances;
	(dd) not change its name, merge, amalgamate, amend its organizational documents or amend or enact new by-laws or otherwise enter into any other form of business combination with any other entity without the prior written consent of the Agent; and
	(ee) not change the Core Business of the Borrower.

20. Security and other Requirements:	As general and continuing security for the performance by the Borrower of all of its Obligations, present and future, to the Agent for and on behalf of the Lenders, including, without limitation, the repayment of advances granted hereunder and the payment of interest, fees and any other amounts provided for hereunder and under the security documents, each Obligor undertakes to grant, as applicable, or cause to be granted, to the Agent for and on behalf of the Lenders and to maintain at all times the following security in form satisfactory to the Agent (the "**Security**"), in accordance with the forms in use by the Agent or as prepared by its counsel:
	(a) a first priority security agreement over all assets, on the Agent's form with such changes to be agreed, signed by the Obligors constituting a first priority security interest in all of each Obligor's interest in the Collateral subject to Statutory Encumbrances and Permitted Encumbrances; and
	(b) use commercially reasonable efforts to cause the Agent to be loss payee of all risk, business interruption, commercial general liability and property insurance (including the equipment of the Borrower and the Obligors in an amount not less than its Appraised Value) within 30 days of the Closing Date.
	The Borrower undertakes and agrees to grant, or cause to be granted, to the Agent for and on behalf of the Lenders, such other security and supporting documents, certificates, insurance deliveries or instruments in respect of the Obligors (including such other third party postponement and subordinations, waivers and estoppels) as may be reasonably requested by the Agent from time to time.
21. Further Assurances:	**(a)** Subject to Applicable Law, each Obligor will cause each Subsidiary formed or acquired after the date of this Agreement to become an Obligor by executing a joinder agreement in form and substance satisfactory to the Agent. In connection therewith, the Agent shall have received all documentation and other information regarding such newly formed or acquired Subsidiaries as may be required to comply with any applicable "know your customer" rules and regulations, including the USA Patriot Act. Upon execution and delivery thereof, each such Person (i) shall automatically become an Obligor hereunder and thereupon shall have all of the rights, benefits, duties, and obligations in such capacity under the Credit Documents and (ii) will grant Liens to the Agent, for the benefit of the Lenders, in any property of such Obligor which constitutes Collateral. **(b)** Without limiting the foregoing, each Obligor will, and will cause each Subsidiary to, execute and deliver, or cause to be executed and delivered, to the Agent such documents, agreements and instruments, and will take or cause to be taken such further actions (including the filing and recording of financing statements and other documents and such other actions or deliveries of the type required by Section 20, as applicable), which may be required by any Applicable Law or which the Agent may, from time to time, reasonably request to carry out the terms and conditions of this Agreement and the other Credit Documents and to ensure perfection and priority of the Liens (subject to Statutory Encumbrances and Permitted Encumbrances) created or intended to be created by the security documents, all in form and substance reasonably satisfactory to the Agent and all at the expense of the Borrower.

22. Events of Default:	Without limiting any other rights of the Agent or any Lender under this Agreement, including the right of the Agent or any Lender to demand repayment at any time irrespective of the occurrence or continuance of an Event of Default, if any one or more of the following events (an "**Event of Default**") has occurred and is continuing:
	(a) the Borrower fails to pay within three (3) days of when due any principal, interest, fees or other amounts due under this Agreement or under any of the Security;
	(b) the Borrower fails to pay the Prepayment Amount in full within five (5) days of the Prepayment Date set forth in the Prepayment Notice issued by the Borrower;
	(c) the Borrower breaches any provision of this Agreement (other than those contained in Section 18 of this Agreement) or any of the Security or other agreement with the Agent and such breach is not cured within five (5) days;
	(d) the Borrower breaches any provision of Section 18 of this Agreement;
	(e) any Obligor is in default under the terms of any other contracts, instruments or agreements with any other creditor;
	(f) any representation or warranty made or deemed to have been made in this Agreement or any other Credit Document, or in any written statement pursuant hereto or thereto, including any information certificate delivered in association with the entering into this Agreement, or in any report, financial statement or certificate made or delivered to the Agent by the Borrower, shall be untrue or incorrect as of the date when made or deemed made;
	(g) any Obligor ceases or threatens to cease to carry on business in the ordinary course;
	(h) any default or failure by the Borrower to keep current all amounts owing to parties other than the Agent or the Lenders who, in the Agent's sole opinion, have or could have a security interest, trust or deemed trust in the property, assets or undertaking of the Borrower which, in the Agent's sole opinion could rank *pari passu* or in priority to the security held by the Agent upon the Collateral;
	(i) if, in the reasonable opinion of the Agent, there is a Material Adverse Change in the financial condition, ownership or operation of an Obligor;

	(j) an Obligor is unable to pay its debts as such debts become due, or is adjudged or declared to be or admit to being bankrupt or insolvent;
	(k) any judgment or award is made against an Obligor, in respect of which (i) in the opinion of the Agent, acting reasonably, is likely to cause a Material Adverse Effect with respect to the Obligor, (ii) there is not an appeal or proceeding for review being diligently pursued in good faith or (iii) adequate provision has not been made on the books of the Obligor, as applicable; or
	(l) any notice of intention is filed or any voluntary or involuntary case or proceeding filed or commenced for:
	(i) the bankruptcy, liquidation, winding-up, dissolution or suspension of general operations of an Obligor, or the approval of a plan or a proposal for liquidation by any of the shareholders of an Obligor;
	(ii) the composition, rescheduling, reorganization, arrangement or readjustment of, or other relief from, or stay of proceedings to enforce, some or all of the debts of an Obligor;
	(iii) the appointment of a trustee, receiver, receiver and manager, liquidator, administrator, custodian or other official for, all or any significant part of the assets of an Obligor;
	(iv) the possession, foreclosure, retention, sale or other disposition of, or other proceedings to enforce security over, all or any significant part of the assets of an Obligor; or
	(v) any secured creditor, encumbrancer or lienor, or any trustee, receiver, receiver and manager, agent, bailiff or other similar official appointed by or acting for any secured creditor, encumbrancer or lienor, takes possession of or forecloses or retains, or sells or otherwise disposes of, or otherwise proceeds to enforce security over all or any significant part of the assets of an Obligor or gives notice of its intention to do any of the foregoing,
	then, in such event, the Agent may, by written notice to the Borrower declare all monies outstanding under the Facilities to be immediately due and payable. Upon receipt of such written notice, the Obligors shall immediately pay to the Agent all monies outstanding under the Facilities and all other obligations of the Borrower to the Agent in connection with the Facilities under this Agreement. The Agent may enforce its rights to realize upon its Security and retain an amount sufficient to secure the Agent for the Obligations to the Agent and the Lenders.

	Nothing contained in this section shall limit any right of the Agent or the Lenders under this Agreement to demand payment of the Facilities at any time.
23. Evidence of Indebtedness:	The Agent shall maintain records evidencing the Facilities. The Agent shall record the principal amount of the Facilities, the payment of principal and interest on account of the Facilities, and all other amounts becoming due to the Agent or the Lenders under this Agreement.
	The Agent's accounts and records constitute, in the absence of manifest error, conclusive evidence of the Indebtedness of the Borrower to the Agent and the Lenders pursuant to this Agreement.
24. Representations and Warranties:	The Borrower represents and warrants to the Agent and the Lenders that:
	(a) each Obligor has been incorporated or formed, as applicable, under the laws of its jurisdiction of incorporation or formation, as applicable, and has not been terminated;
	(b) each Obligor is duly registered and licensed to carry on business in the jurisdictions in which it carries on business or owns property where so required by the laws of that jurisdiction and it is not otherwise precluded from carrying on business or owning property in such jurisdictions by any other commitment, agreement or document except for any such failure that would not reasonably be expected to have a Material Adverse Effect;
	(c) each Obligor has full corporate or limited liability company, as appropriate, power and authority to carry on its business as now carried on by it;
	(d) each Obligor has complied in all material respects with the requirements of all Applicable Laws;
	(e) no Obligor has received a notice of non-compliance, nor knows of, nor has reasonable grounds to know of, any facts that could give rise to a notice of non-compliance with any Applicable Laws (including Applicable Securities Laws), and is not aware of any pending change or contemplated change to any Applicable Law that would materially affect its business or the legal environment under which it operates;
	(f) each Obligor has or will have when required, all material licenses, permits, approvals, consents, certificates, registrations and other authorizations (collectively the "**Permits**") under all Applicable Laws and regulations necessary for the operation of the businesses currently carried on, or proposed to be carried on, by it and each Permit is valid, subsisting and in good standing and it is not in default or breach of any Permit, and to the best of its knowledge, no material proceeding is pending or threatened to revoke or limit any Permit except for any such failure that would not reasonably be expected to have a Material Adverse Effect;

	(g) the execution, delivery and performance by the Obligors of this Agreement and all documents delivered in connection with this Agreement have been duly authorized by all necessary corporate action and do not violate the organizational documents or any Applicable Laws or material agreements to which it is subject or by which it is bound, in each case as applicable to each Obligor;
	(h) the Borrower's financial statements most recently provided to the Agent fairly present in all material respects its financial positions as of the date thereof and its results of operations and cash flows for the fiscal period covered thereby, and since the date of such financial statements, there has occurred no Material Adverse Change in the Borrower's business or financial condition;
	(i) there is no claim, action, prosecution or other proceeding of any kind pending or threatened against any Obligor or any of its assets or properties (including any of its intellectual property) before any court or administrative agency which relates to any non-compliance with any law which, if adversely determined, would reasonably be expected to have a Material Adverse Effect upon its financial condition or operations or its ability to perform its obligations under this Agreement or any of the Security, and there are no circumstances of which it is aware which might give rise to any such proceeding which has not been fully disclosed to the Agent;
	(j) there is no litigation or governmental proceeding pending against any Obligor or, to the best of its knowledge, threatened against it which, if adversely determined, would materially adversely affect its financial condition;
	(k) no Obligor is a party to any agreement or instrument, or subject to any corporate restriction or any judgment, order, writ, injunction, decree, award, rule or regulation, which has had a Material Adverse Effect or, to the best of its knowledge, in the future is likely to have a Material Adverse Effect, its ability to enter this Agreement or any other Credit Document or to perform its obligations under this Agreement or any other Credit Document;
	(l) no Obligor has contingent liabilities which are not disclosed on or referred to in the financial statements most recently delivered to the Agent which would have a Material Adverse Effect on its business or prospects;
	(m) each Obligor has good and marketable title to the Collateral pledged by it pursuant to the Security free and clear of any Encumbrances, other than Statutory Encumbrances, Permitted Encumbrances or as may otherwise be provided for herein;

	(n) there are no outstanding and past due rent payments owing by an Obligor in respect of any leased real property;
	(o) no Default has occurred which constitutes, or which, with notice, lapse of time, or both, would constitute, an Event of Default, a breach of any covenant or other term or condition of this Agreement or any of the Security given in connection therewith;
	(p) each Obligor has filed all tax returns which were required to be filed by it, if any, paid or made provision for payment of all taxes (including interest and penalties) which are due and payable, if any and provided adequate reserves for payment of any tax, the payment of which is being contested, if any;
	(q) neither the Borrower nor any of its Subsidiaries is an "investment company" as defined in, or subject to regulation under, the Investment Company Act of 1940; and
	(r) the Borrower is not engaged and will not engage, principally or as one of its important activities, in the business of purchasing or carrying Margin Stock, or extending credit for the purpose of purchasing or carrying Margin Stock, and no part of the proceeds of any Facility hereunder will be used to buy or carry any Margin Stock.
25. Books and Records:	The Borrower agrees, upon request and 24 hours prior written notice, to promptly provide the Agent with reasonable access to the books and records of the Obligors.
26. Confidentiality:	The terms of this Agreement are confidential, and accordingly the Borrower will not disclose the contents of this Agreement to anyone except its professional advisors or as required under Applicable Laws.
27. General:	**Credit:** The Borrower authorizes the Agent, hereinafter, to obtain such factual and investigative information regarding it, from others as permitted by law, and to furnish other consumer credit grantors and credit bureaus such information. The Agent, after completing credit investigations, which it will make from time to time concerning the Borrower, must in its absolute discretion be satisfied with all information obtained prior to any advance being made under the Facilities.
	The Borrower further authorizes any financial institution, creditor, tax authority, employer or any other person, including any public entity, holding information concerning it, or its assets, including any financial information or information with respect to any undertaking or suretyship given by the Borrower, to supply such information to the Agent in order to verify the accuracy of all information furnished or to be furnished from time to time to the Agent and to ensure the solvency of the Borrower at all times.
	Non-Merger: The provisions of this Agreement shall not merge with any of the Security, but shall continue in full force and effect for the benefit of the parties hereto. In the event of an inconsistency between this Agreement and any other Credit Document, including the Security, the provisions of this Agreement shall prevail.

	Further Assurances and Documentation: The Borrower shall do all things and execute all documents deemed necessary or appropriate by the Agent for the purposes of giving full force and effect to the terms, conditions, undertakings hereof and the Security granted or to be granted hereunder.
	Severability: If any provision of this Agreement or any Credit Document is or becomes prohibited or unenforceable in any jurisdiction, such prohibition or unenforceability shall not invalidate or render unenforceable the provision concerned in any other jurisdiction nor shall it invalidate, affect or impair any of the remaining provisions of this Agreement or any other Credit Document.
	Notice: Any communication or notice to be given pursuant to this Agreement may be effectively given by delivering the same at the addresses set out below, or by sending the same by pdf or prepaid registered mail to the parties at such addresses. Any notice so mailed will be deemed to have been received on the fifth (5th) day next following the mailing thereof, provided that postal service is in normal operation during such time. Any pdf notice will be deemed to have been received on transmission if sent prior to 3:00 pm on a Business Day and, if not, on the next Business Day following transmission. Either party may from time to time notify the other party, in accordance with this section, of any change of its address which thereafter will be the address of such party for all purposes of this Agreement. It is the Borrower's obligation to notify the Agent of any change to its address. If the Agent is not advised of such change of address, the last known address that the Agent has will be deemed to be the current address for purposes of notice and service under this Agreement.
	If to the Borrower: Better Choice Company Inc. 4025 Tampa Rd, Suite 1117 Oldsmar, FL 34677 Attention: Damian Dalla-Longa, CEO Email: damian@bttrco.com
	- and -

	If to the Agent and any Lender: c/o Bridging Finance Inc. Suite 2925 77 King Street West P.O. Box 322 Toronto, Ontario M5K 1K7 Attention: Natasha Sharpe, Chief Investment Officer Email: nsharpe@bridgingfinance.ca
	Exhibit and Schedules: The Exhibit and Schedules attached to this Agreement are incorporated by reference herein and are deemed to be part hereof.
	Marketing: The Agent and the Lenders shall be permitted to use the name of the Borrower and the amounts of the Facilities for advertising purposes.
	Governing Law: This Agreement and the other Credit Documents and any claims, controversy, dispute or cause of action (whether in contract or tort or otherwise) based upon, arising out of or relating to this Agreement or any other Credit Document (except, as to any other Credit Document, as expressly set forth therein) and the transactions contemplated hereby and thereby shall be governed by, and construed in accordance with, the law of the State of New York.
	Consent to Jurisdiction: Each party hereto irrevocably and unconditionally agrees that it will not commence any action, litigation or proceeding of any kind or description, whether in law or equity, whether in contract or in tort or otherwise, in any way relating to this Agreement or any other Credit Document or the transactions relating hereto or thereto, in any forum other than the courts of the State of New York sitting in New York County, and of the United States District Court of the Southern District of New York, and any appellate court from any thereof, and each of the parties hereto irrevocably and unconditionally submits to the jurisdiction of such courts and agrees that all claims in respect of any such action, litigation or proceeding may be heard and determined in such New York State court or, to the fullest extent permitted by Applicable Law, in such federal court. Each of the parties hereto agrees that a final judgment in any such action, litigation or proceeding shall be conclusive and may be enforced in other jurisdictions by suit on the judgment or in any other manner provided by law. Nothing in this Agreement or in any other Credit Document shall affect any right that the Agent or the Lenders may otherwise have to bring any action or proceeding relating to this Agreement or any other Credit Document against any Obligor or the properties of any Obligor in the courts of any jurisdiction.

	Waiver of Venue: Each party hereto irrevocably and unconditionally waives, to the fullest extent permitted by Applicable Law, any objection that it may now or hereafter have to the laying of venue of any action or proceeding arising out of or relating to this Agreement or any other Credit Document in any court referred to in the paragraph above of this Section 27. Each of the parties hereto hereby irrevocably waives, to the fullest extent permitted by Applicable Law, the defense of an inconvenient forum to the maintenance of such action or proceeding in any such court.
	Waiver of Jury Trial: EACH PARTY HERETO HEREBY IRREVOCABLY WAIVES, TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW, ANY RIGHT IT MAY HAVE TO A TRIAL BY JURY IN ANY LEGAL PROCEEDING DIRECTLY OR INDIRECTLY ARISING OUT OF OR RELATING TO THIS AGREEMENT OR ANY OTHER CREDIT DOCUMENT OR THE TRANSACTIONS CONTEMPLATED HEREBY OR THEREBY (WHETHER BASED ON CONTRACT, TORT OR ANY OTHER THEORY). EACH PARTY HERETO (A) CERTIFIES THAT NO REPRESENTATIVE, AGENT OR ATTORNEY OF ANY OTHER PERSON HAS REPRESENTED, EXPRESSLY OR OTHERWISE, THAT SUCH OTHER PERSON WOULD NOT, IN THE EVENT OF LITIGATION, SEEK TO ENFORCE THE FOREGOING WAIVER AND (B) ACKNOWLEDGES THAT IT AND THE OTHER PARTIES HERETO HAVE BEEN INDUCED TO ENTER INTO THIS AGREEMENT AND THE OTHER CREDIT DOCUMENTS BY, AMONG OTHER THINGS, THE MUTUAL WAIVERS AND CERTIFICATIONS IN THIS SECTION.
	Counterparts: This Agreement, the Security and all agreements arising hereinafter may be executed in any number of separate counterparts by any one or more of the parties thereto, and all of said counterparts taken together shall constitute one and the same instrument. Delivery of an executed counterpart of this Agreement by telecopier, PDF or by other electronic means shall be as effective as delivery of a manually executed counterpart.
	Assignment and Syndication: This Agreement when accepted and any commitment to advance, if issued, and the Security in furtherance thereof or right may be assigned by the Agent or the Lenders (with, so long as no Default or Event of Default exists and is continuing, the consent of the Borrower, which consent shall not be unreasonably withheld or delayed), or monies required to be advanced may be syndicated by the Agent or any Lender from time to time. For greater certainty, the Agent or any Lender may assign or grant participation in all or part of this Agreement or in the Facilities made hereunder without notice to and without the consent of the Obligors. The Obligors may not assign or transfer all or any part of their rights or obligations under this Agreement, any such transfer or assignment being null and void insofar as the Agent and the Lenders are concerned and rendering any balance then outstanding under the Facilities immediately due and payable at the option of the Agent or any Lender.

	Time: Time shall be of the essence in all provisions of this Agreement.
	Entire Agreement, Amendments and Waiver: This Agreement, the Security and any other written agreement delivered pursuant to or referred to in this Agreement constitute the whole and entire agreement between the parties in respect of the Facilities. There are no verbal agreements, undertakings or representations in connection with the Facilities. No amendment or waiver of any provision of this Agreement will be effective unless it is in writing signed by the Borrower, and the Agent. No failure or delay on the part of the Agent or the Lenders in exercising any right or power hereunder or under any of the Security shall operate as a waiver thereon. No course of conduct by the Agent or the Lenders will give rise to any reasonable expectation which is in any way inconsistent with the terms and conditions of this Agreement and the Security or the Agent's or the Lenders' rights thereunder.
[*Signature pages follow*]	

IN WITNESS WHEREOF**,** the parties hereto have caused this Agreement to be duly executed and delivered by their proper and duly authorized officers as of the day and year first above written.

BRIDGING FINANCE INC., as Agent

By: /s/ Lekan Temidire
Name: Lekan Temidire
Title: Managing Director

[Signature page to Bridging Finance – Better Choice Facility Agreement]

BETTER CHOICE COMPANY INC., as Borrower

By: /s/ Damian Dalla-Longa
Name: Damian Dalla-Longa
Title: CEO

[Signature page to Bridging Finance – Better Choice Facility Agreement]

HALO, PURELY FOR PETS, INC., as Obligor

By: /s/ Werner von Pein
Name: Wener von Pein
Title: President & CEO

BONA VIDA INC., as Obligor

By: /s/ Damian Dalla-Longa
Name: Damian Dalla-Longa
Title: CEO

TRUPET LLC., as Obligor

By: /s/ Damian Dalla-Longa
Name: Damian Dalla-Longa
Title: CEO

[Signature page to Bridging Finance – Better Choice Facility Agreement]

BRIDGING INCOME FUND LP, as Lender

By: /s/ Natasha Sharpe
Name: Natasha Sharpe
Title: Chief Investment Officer

By: /s/ Lekan Temidire
Name: Lekan Temidire
Title: Managing Director

BRIDGING MID-MARKET FUND LP, as Lender

By: /s/ Natasha Sharpe
Name: Natasha Sharpe
Title: Chief Investment Officer

By: /s/ Lekan Temidire
Name: Lekan Temidire
Title: Managing Director

[Signature page to Bridging Finance – Better Choice Facility Agreement]

SCHEDULE A

DEFINITIONS

In addition to terms defined elsewhere in this Agreement, the following terms shall have the following meanings:

(a) "**Account**" has the meaning assigned to such term in the Security Agreement.

(b) "**Account Debtor**" means any person obligated on an Account.

(c) "**Affiliate**" means, with respect to a specified Person, another Person that directly or indirectly through one or more intermediaries, Controls or is Controlled by or is under common Control with the Person specified.

(d) "**Applicable Laws**" means, with respect to any person, property, transaction or event, all present or future statutes, regulations, rules, orders, codes, treaties, conventions, judgments, awards, determinations and decrees of any governmental, regulatory, fiscal or monetary body or court of competent jurisdiction, in each case, having the force of law in any applicable jurisdiction.

(e) "**Applicable Securities Laws**" means all U.S. federal and state securities laws applicable to the Borrower, together with all the regulations and rules made and promulgated thereunder and all administrative policy statements, instruments, blanket orders and rulings, notices and administrative directions issued thereunder by any Governmental Authority.

(f) "**Appraised Value**" means the value based on appraisals delivered by the Borrower on or before the Closing Date, as the value may be adjusted based upon any updated appraisals requested by the Lenders not more than once a year, provided that the Appraised Value shall be zero for any Collateral if it ceases to be owned by the applicable Obligor or ceases to be subject to a duly perfected first-priority security interest of the Agent, subject only to Statutory Encumbrances and Permitted Encumbrances.

(g) "**Borrowing Base**" means, at any time, the sum of all Eligible Accounts.

(h) "**Borrowing Base Certificate**" means a certificate, certified as accurate and complete by a Financial Officer of the Borrower, in form acceptable to the Agent in its sole discretion.

(i) "**Borrowing Request**" means a request for a Revolving Loan, which shall be in such form as the Agent may approve.

(j) "**Business Day**" means any day other than a Saturday or a Sunday or any other day on which banks are closed for business in Toronto, Ontario.

(k) "**C$**" or "**Canadian Dollars**" refers to lawful money of Canada.

(l) "**Capital Lease**" means any agreement of any Person under which such Person has obligations to pay rent or other amounts for any lease of (or other arrangement conveying the right to use) real or personal property, or a combination thereof, which obligations are required to be classified and accounted for as capital leases or financing leases on a balance sheet of such Person under GAAP.

(m) "**Closing Date**" means December 19, 2019.

(n) "**Contract**" means any agreement, contract, indenture, Lease, deed of trust, licence, option, undertaking, promise or any other commitment or obligation in writing, other than a Permit.

(o) "**Control**" means the possession, directly or indirectly, of the power to direct or cause the direction of the management or policies of a Person, whether through the ability to exercise voting power, by contract or otherwise. "**Controlling**" and "**Controlled**" have meanings analogous thereto.

(p) "**Core Business**" means providing hemp-based raw cannabinoid infused and non-cannabinoid infused food, treats, and supplements, and other pet wellness products in the United States.

(q) "**Credit Documents**" means, collectively, this Agreement, the Security Agreement, the Guarantees, and all security agreements, landlord waivers, collateral access agreements, hypothecs, notes, and all other documents, instruments, certificates, and notices at any time delivered by any person (other than Agent, the Lenders or affiliates of any of them) in connection with any of the foregoing.

(r) "**Collateral**" has the meaning set forth in the Security Agreement.

(s) "**Default**" means any of the events specified in the Section of this Agreement entitled "Events of Default" which constitutes an Event of Default or which, upon the giving of notice, the lapse of time, or both, would, unless cured or waived, become an Event of Default.

(t) "**Disqualified Equity Interest**" means any Equity Interest that, by its terms (or the terms of any security or other Equity Interests into which it is convertible or for which it is exchangeable), or upon the happening of any event or condition (a) matures or is mandatorily redeemable (other than solely for Equity Interests that are not Disqualified Equity Interests), pursuant to a sinking fund obligation or otherwise (except as a result of a change of control or asset sale so long as any rights of the holders thereof upon the occurrence of a change of control or asset sale event shall be subject to the prior repayment in full of the Facilities and all other Obligations that are accrued and payable and the end of the Term), (b) is redeemable at the option of the holder thereof, in whole or in part, (c) provides for scheduled payments of dividends in cash, or (d) is or becomes convertible into or exchangeable for Indebtedness or any other Equity Interests that would constitute Disqualified Equity Interests, in each case, prior to the date that is ninety-one days after the end of the Term; provided that if such Equity Interests are issued pursuant to a plan for the benefit of employees of the Borrower or any Subsidiary or by any such plan to such employees, such Equity Interests shall not constitute Disqualified Equity Interests solely because they may be required to be repurchased by the Borrower or its Subsidiaries in order to satisfy applicable statutory or regulatory obligations or as a result of such employee's termination, death or disability.

(u) "**Eligible Accounts**" means, at any time, the Accounts of the Borrower which are:

(i) subject to a first priority perfected security interest in favor of the Agent;

(ii) owed in U.S. Dollars;

(iii) owed by an Account Debtor which (x) maintains its chief executive office in the U.S. or (y) is organized under applicable law of any of the United States, or the District of Columbia;

(iv) not owed by an Account Debtor which has (1) applied for, suffered, or consented to the appointment of any receiver, custodian, trustee, or liquidator of its assets, (2) had possession of all or a material part of its property taken by any receiver, custodian, trustee or liquidator, (3) filed, or had filed against it, any request or petition for liquidation, reorganization, arrangement, adjustment of debts, adjudication as bankrupt, winding-up, or voluntary or involuntary case under any state or federal bankruptcy laws, (4) admitted in writing its inability, or is generally unable to, pay its debts as they become due, (5) become insolvent, or (6) ceased operation of its business;

(v) not arising out of any contract that is unenforceable or by its terms voids any assignment;

(vi) compliant in all material respects with the requirements of all applicable laws and regulations, whether U.S. Federal, state or local, including without limitation the Federal Consumer Credit Protection Act, the Federal Truth in Lending Act and Regulation Z of the Board; and

(vii) not subject to a determination by the Agent that they may not be paid by reason of the Account Debtor's inability to pay or which the Agent otherwise determines is unacceptable for any reason whatsoever.

In the event that an Account which was previously an Eligible Account ceases to be an Eligible Account hereunder, the Borrower shall notify the Lender thereof on and at the time of submission to the Lender of the next Borrowing Base Certificate. In determining the amount of an Eligible Account, the face amount of an Account may, in the Agent's sole discretion, be reduced by, without duplication, to the extent not reflected in such face amount, (i) the amount of all accrued and actual discounts, claims, credits or credits pending, promotional program allowances, price adjustments, finance charges or other allowances (including any amount that the Borrower may be obligated to rebate to an Account Debtor pursuant to the terms of any agreement or understanding (written or oral)) and (ii) the aggregate amount of all cash received in respect of such Account but not yet applied by the Borrower to reduce the amount of such Account.

(v) "**Encumbrance**" means:

(i) with respect to any Property, any mortgage, deed of trust, lien, pledge, hypothec, hypothecation, encumbrance, charge, assignment, consignment, security interest, royalty interest, adverse claim or defect of title in, on or of the Property;

(ii) the interest of a vendor or lessor under any conditional sale agreement, Capital Lease or title retention agreement relating to an asset;

(iii) any purchase option, call or similar right of a third party in respect of any Property;

(iv) any netting arrangement, set off arrangement, defeasance arrangement or other similar arrangement arising by Contract (other than customary bankers' liens); and

(v) any other agreement, trust or arrangement having the effect of security for the payment or performance of any debt, liability or obligation,

and "**Encumbrances**", "**Encumbrancer**", "**Encumber**" and "**Encumbered**" shall have corresponding meanings.

(w) "**Equity Interests**" means, as to any Person, all of the shares of capital stock of (or other ownership or profit interests in) such Person, all of the warrants, options or other rights for the purchase or acquisition from such Person of shares of capital stock of (or other ownership or profit interests in) such Person, all of the securities convertible into or exchangeable for shares of capital stock of (or other ownership or profit interests in) such Person or warrants, rights or options for the purchase or acquisition from such Person of such shares (or such other interests), and all of the other ownership or profit interests in such Person (including partnership, member or trust interests therein), whether voting or nonvoting, and whether or not such shares, warrants, options, rights or other interests are outstanding on any date of determination.

(x) "**Financial Officer**" means the chief executive officer, the chief financial officer, or controller of the Borrower.

(y) "**GAAP**" means generally accepted accounting principles which are in effect from time to time in the United States.

(z) "**Governmental Authority**" means (i) any federal, provincial, state, local, municipal, regional, territorial, aboriginal, or other government, governmental or public department, branch, ministry, or court, domestic or foreign, including any district, agency, commission, board, arbitration panel or authority and any subdivision of any of them exercising or entitled to exercise any administrative, executive, judicial, ministerial, prerogative, legislative, regulatory, or taxing authority or power of any nature; and (ii) any quasi-governmental or private body exercising any regulatory, expropriation or taxing authority under or for the account of any of them, and any subdivision of any of them.

(aa) "**Halo Acquisition**" means the acquisition of Halo by the Borrower pursuant to the Halo Acquisition Agreement.

(bb) "**Halo Acquisition Agreement**" means that certain Stock Purchase Agreement, by and between the Borrower, as purchaser, and Thriving Pays LLC and HH-Halo LP, as sellers, dated as of October 15, 2019.

(cc) "**Indebtedness**" means, as to any Person at a particular time, without duplication, all of the following, whether or not included as indebtedness or liabilities in accordance with GAAP:

(i) all obligations of such Person for borrowed money and all obligations of such Person evidenced by bonds, debentures, notes, loan agreements or other similar instruments;

(ii) all direct or contingent obligations of such Person arising under (x) letters of credit (including standby and commercial), bankers' acceptances and bank guaranties and (y) surety bonds, performance bonds and similar instruments issued or created by or for the account of such Person;

(iii) all obligations of such Person to pay the deferred purchase price of property or services (other than trade accounts payable in the ordinary course of business);

(iv) indebtedness (excluding prepaid interest thereon) secured by a lien on property owned or being purchased by such Person (including indebtedness arising under conditional sales or other title retention agreements), whether or not such indebtedness shall have been assumed by such Person or is limited in recourse;

(v) all indebtedness in respect of the capitalized amount of any Capitalized Lease that would appear on a balance sheet of such Person prepared as of such date in accordance with GAAP;

(vi) all obligations under any so-called synthetic, off-balance sheet or tax retention lease or any agreement for the use or possession of property creating obligations that do not appear on the balance sheet of such Person, but upon the insolvency or bankruptcy of such Person, would be characterized as the indebtedness of such Person (without regard to accounting treatment);

(vii) all obligations of such Person in respect of Disqualified Equity Interests; and

(viii) all guarantees of such Person in respect of any of the foregoing.

For all purposes hereof, the Indebtedness of any Person shall include the Indebtedness of any partnership or joint venture (other than a joint venture that is itself a corporation or limited liability company) in which such Person is a general partner or a joint venturer, unless such Indebtedness is expressly made non-recourse to such Person. The amount of any Indebtedness of any Person for purposes of clause (e) that is expressly made non-recourse or limited-recourse (limited solely to the assets securing such Indebtedness) to such Person shall be deemed to be equal to the lesser of (i) the aggregate principal amount of such Indebtedness and (ii) the fair market value of the property encumbered thereby as determined by such Person in good faith.

(dd) "**Inventory**" has the meaning assigned to such term in the Security Agreement.

(ee) "**Lease**" includes any lease, sublease, offer to lease or sublease or occupancy or tenancy agreement, and "**Leased**" shall have a corresponding meaning.

(ff) "**Lien**" means any mortgage, charge, pledge, hypothecation, security interest, assignment, encumbrance, lien (statutory or otherwise), charge, title retention agreement or arrangement, restrictive covenant or other encumbrance of any nature or any other arrangement or condition that in substance secures payment or performance of an obligation.

(gg) "**Margin Stock**" means margin stock within the meaning of Regulations T, U, and X of the Board of Governors of the Federal Reserve System of the United States.

(hh) "**Material Adverse Change**" means any change, condition or event which, when considered individually or together with other changes, conditions, events or occurrences could reasonably be expected to have a Material Adverse Effect.

(ii) "**Material Adverse Effect**" means any Material Adverse Change in or effect on (a) the business, assets, liabilities, financial condition, results of operations or prospects of the Obligors taken as a whole; (b) the ability of any Obligor to observe, perform or comply with its obligations under any of the Credit Documents; or (c) the rights and remedies of the Agent or any of the Lenders under any of the Credit Documents.

(jj) "**Obligations**" means the obligations and liabilities relating to the Facilities, and other Indebtedness, advances, debts, liabilities, obligations, covenants and duties owing by the Borrower to the Agent, the Lenders or any other Person required to be indemnified, that arises under any Credit Document, whether or not for the payment of money, whether arising by reason of an extension of credit, loan, guaranty, indemnification or in any other manner, whether direct or indirect (including those acquired by assignment), absolute or contingent, due or to become due, now existing or hereafter arising and however acquired.

(kk) "**Permits**" means licences, certificates, authorizations, consents, registrations, exemptions, permits, attestations, approvals, characterization or restoration plans, depollution programmes and any other approvals required by or issued pursuant to any Applicable Law, in each case, against a Person or its Property which are made, issued or approved by a Governmental Authority.

(ll) "**Permitted Encumbrances**" means any Statutory Encumbrance and any other Encumbrance approved by the Agent including, without limitation, any Encumbrance listed on Schedule D hereto.

(mm) "**Permitted Unsecured Debt**" means unsecured Indebtedness of the Borrower subordinated to the Obligations on terms and conditions acceptable to the Agent in its sole discretion not to exceed, in the aggregate, $20,000,000 in principal.

(nn) "**Person**" means any natural Person, corporation, limited liability company, trust, joint venture, association, company, partnership, Governmental Authority or other entity.

(oo) "**Revolving Credit Exposure**" means, as to any Lender at any time, the aggregate principal amount at such of its outstanding Revolving Loans.

(pp) "**Revolving Facility Commitment**" means with respect to each Lender on any date, the commitment of such Lender to make a Revolving Loan if such loan is required to be disbursed on such date, as if such participation is required to be purchased on such date, expressed as an amount representing the maximum principal of such loan.

(qq) "**Revolving Loan**" means a loan made by a Lender to the Borrower under the Revolving Facility.

(rr) "**SEC**" means the Securities and Exchange Commission, or any Governmental Authority succeeding to any of its principal functions.

(ss) "**Security Agreement**" means that certain Pledge and Security Agreement (including any and all supplements thereto), dated as of the date hereof, among the Obligors and the Agent, for the benefit of the Agent and the Lenders, and any other pledge or security agreement entered into after the date of this Agreement by the Borrower or any other Obligor (as required by this Agreement or any other Credit Document) or any other Person for the benefit of the Agent and the Lenders, as the same may be amended, restated, supplemented, or otherwise modified from time to time.

(tt) "**Security**" means all guarantees and security held from time to time by or on behalf of any of the Agent and the Lenders (including guarantees and security held by the Agent), securing or intended to secure or support repayment of any of the Secured Obligations, including, without limitation, the security and guarantees described in this Agreement from time to time.

(uu) "**Statutory Encumbrances**" means any Encumbrances arising by operation of Applicable Laws, including, without limitation, for carriers, warehousemen, repairers', taxes, assessments, statutory obligations and government charges and levies for amounts not yet due and payable or which may be past due but which are being contested in good faith by appropriate proceedings (and as to which there are no other enforcement proceedings or they shall have been effectively stayed).

(vv) "**Subsidiary**" or "**subsidiary**" of a Person means a corporation, partnership, limited liability company, association or joint venture or other business entity of which a majority of the Equity Interests having ordinary voting power for the election of directors or other governing body (other than Equity Interests having such power only by reason of the happening of a contingency) are at the time owned or the management of which is controlled, directly, or indirectly through one or more intermediaries, by such Person. Unless otherwise specified, all references herein to a "Subsidiary" or to "Subsidiaries" shall refer to a Subsidiary or Subsidiaries of the Borrower.

(ww) "**Taxes**" means all present and future taxes, levies, imposts, duties, deductions, withholdings, assessments, fees or other charges imposed by any Governmental Authority, including any interest, additions to tax or penalties applicable to them.

(xx) "**U.S. Dollars**" or "**$**" refers to lawful money of the United States of America.

Words importing the singular include the plural thereof and vice versa and words importing gender include the masculine, feminine and neuter genders.

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SCHEDULE B

LENDERS AND COMMITMENTS

Lender	Term Facility Commitment	Revolving Commitment
Bridging Income Fund LP	$ 0	$ 7,500,000
Bridging Mid-Market Fund LP	$ 20,500,000	$ 0

SCHEDULE C

LOCATIONS OF COLLATERAL

Name of Obligor	**Location**
Trupet LLC	164 Douglas Rd E, Oldsmar, FL 34677 (Office & Distribution Center)
Trupet LLC	4025 Tampa Rd #1117, Oldsmar, FL 34677 (Customer Care Center)
Bona Vida, Inc.	164 Douglas Rd E, Oldsmar, FL 34677 (Distribution Center)
Halo, Purely for Pets, Inc	Remar, 200 E Division St, Lebanon, TN 37090 (Distribution Center)
Halo, Purely for Pets, Inc	12400 Racetrack Rd, Tampa, FL 33626 (Office)
Better Choice Company, Inc.	575 Lexington Ave, New York, NY 10022 (Office)

SCHEDULE D

PERMITTED ENCUMBRANCES

(i) liens for taxes, assessments or governmental charges or levies which are not yet due, or for which instalments have been paid based on reasonable estimates pending final assessments, or the validity of which is being contested in good faith by appropriate proceedings and for which the Person has set aside adequate reserves in accordance with GAAP and which do not have, and will not reasonably be expected to have, a Material Adverse Effect;

(ii) inchoate or statutory liens of contractors, subcontractors, workers, suppliers, material men, carriers and others in respect of construction, maintenance, repair or operation of assets of the Person, in respect of which (i) adequate holdbacks are being maintained as required by applicable law, and (ii) (x) which have not at such time been filed or exercised and of which none of the Lenders have been given notice, or (y) which relate to obligations not due or payable or if due, the validity of which is being contested in good faith by appropriate proceedings and for which such Person has set aside adequate reserves in accordance with GAAP and which do not materially reduce the value of the affected asset or materially interfere with the use of such asset in the operation of the business of the Person;

(iii) the Encumbrance resulting from the deposit of cash or securities in connection with contracts, bids, trade contracts, statutory obligations, surety and appeal bonds, performance bonds, tenders or expropriation proceedings, or to secure workers' compensation, employment insurance, and other similar obligations, in each case in the ordinary course of business;

(iv) the Encumbrance created by a judgment of a court of competent jurisdiction; provided, however, that the Encumbrance is in existence for less than 30 days after its creation or the execution or other enforcement of the Encumbrance is effectively stayed and the claims so secured are being actively contested in good faith and by proper legal proceedings and do not result in the occurrence of an Event of Default;

(v) Encumbrances given to a public utility or any municipality or governmental or other public authority when required by such utility or other authority in connection with the operation of the business or the ownership of the assets of the Person which do not materially reduce the value of the affected asset or materially interfere with the use of such asset in the operation of the business of the Person;

(vi) the right reserved to or vested in any Governmental Authority by any statutory provision or by the terms of any lease, licence, franchise, grant or permit of the Person, to terminate any such lease, licence, franchise, grant or permit, or to require annual or other payments as a condition to the continuance thereof;

(vii) Encumbrances in favour of the Agent created by the Security;

(viii) Purchase Money Encumbrances and Capital Leases provided that the aggregate principal amount (or fair market value of property so Encumbered if no principal amount is designated) of all Purchase Money Encumbrances and Capital Leases for all Obligors, does not exceed $750,000 in aggregate for all Obligors at any time;

(ix) other Encumbrances not referred to in the preceding clauses which have been expressly consented to in writing by the Agent;

(x) Encumbrances on insurance policies and proceeds thereof securing the financing of the premiums with respect thereto;

(xi) Encumbrances on equipment arising from precautionary UCC financing statements regarding operating leases of equipment;

(xii) Liens of a collection bank arising under Section 4-208 or Section 4-210 of the UCC on items in the course of collection.

[*Remainder of page intentionally left blank*]

Exhibit 10.2

Execution Version

PLEDGE AND SECURITY AGREEMENT

DATED AS OF December 19, 2019

AMONG

BETTER CHOICE COMPANY INC.,
as Borrower

CERTAIN SUBSIDIARIES OF BETTER CHOICE COMPANY INC.
FROM TIME TO TIME PARTY HERETO
as Grantors

and

BRIDGING FINANCE INC.,
as Administrative Agent

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This **PLEDGE AND SECURITY AGREEMENT**, dated as of December 19, 2019 (this "**Agreement**"), among **BETTER CHOICE COMPANY INC.**, a Delaware corporation ("**Borrower**"), **CERTAIN SUBSIDIARIES OF BORROWER** from time to time party hereto as grantors (such Subsidiaries, together with Borrower, the "**Grantors**"), the Lenders from time to time a party hereto, and **BRIDGING FINANCE INC.**, as administrative agent for the Secured Parties (as herein defined) (in such capacity as administrative agent, "**Administrative Agent**").

RECITALS:

WHEREAS, reference is made to that certain Loan Facilities Letter Agreement, dated as of the date hereof (as it may be amended, restated, amended and restated, supplemented or otherwise modified from time to time, the "**Facilities Agreement**"), by and between Borrower, Holdings, certain Subsidiaries of Borrower from to time to time party thereto as Guarantors, the Lenders from time to time party thereto, and Bridging Finance Inc. in its capacity as Administrative Agent;

WHEREAS, in consideration of the extensions of credit and other accommodations of Lenders as set forth in the Facilities Agreement, each Grantor has agreed to secure such Grantor's obligations under the Credit Documents as set forth herein; and

NOW, **THEREFORE**, in consideration of the premises and the agreements, provisions and covenants herein contained, each Grantor and the Administrative Agent agree as follows:

SECTION 1 DEFINITIONS.

1.1 General Definitions. In this Agreement, the following terms have the following meanings:

"**Account Debtor**" means each Person who is obligated on an Account.

"**Accounts**" means all "accounts" as defined in Article 9 of the UCC.

"**Additional Grantors**" has the meaning assigned in Section 5.3.

"**Administrative Agent**" has the meaning set forth in the preamble.

"**Agreement**" has the meaning set forth in the preamble.

"**Borrower**" has the meaning set forth in the recitals.

"**Cash Proceeds**" has the meaning assigned in Section 7.7.

"**Chattel Paper**" means all "chattel paper" as defined in Article 9 of the UCC, including, without limitation, "electronic chattel paper" or "tangible chattel paper", as each term is defined in Article 9 of the UCC.

"**Collateral**" has the meaning assigned in Section 2.1.

"**Collateral Account**" means any account established by the Administrative Agent and designated as the Collateral Account for purposes hereof.

"**Collateral Records**" means books, records, ledger cards, files, correspondence, customer lists, blueprints, technical specifications, manuals, computer software, computer files, computer printouts, drives, disks and related data processing software and similar items that at any time evidence or contain information relating to any of the Collateral or are otherwise necessary or helpful in the collection thereof or realization thereupon.

"**Collateral Support**" means all property (real or personal) assigned, hypothecated or otherwise securing any Collateral and shall include any security agreement or other agreement granting a lien or security interest in such real or personal property.

"**Commercial Tort Claims**" means all "commercial tort claims" as defined in Article 9 of the UCC, including, without limitation, all commercial tort claims listed on Schedule 4.8 (as such schedule may be amended or supplemented concurrently with delivering quarterly financials pursuant to Section 18(s)(ii) of the Facilities Agreement).

"**Commodities Accounts**" means all "commodity accounts" as defined in Article 9 of the UCC and includes, without limitation, all of the accounts listed on Schedule 4.4 under the heading "Commodities Accounts" (as such schedule may be amended or supplemented concurrently with delivering quarterly financials pursuant to Section 18(s)(ii) of the Facilities Agreement).

"**Copyright Licenses**" means any and all agreements providing for the granting of any right in or to Copyrights (whether such Grantor is licensee or licensor thereunder) including, without limitation, each agreement referred to in Schedule 4.7(B) (as such schedule may be amended or supplemented concurrently with delivering quarterly financials pursuant to Section 18(s)(ii) of the Facilities Agreement).

"**Copyrights**" means all United States copyrights (including community designs), including but not limited to copyrights in software and databases, and all Mask Works (as defined under 17 U.S.C. 901 of the U.S. Copyright Act), whether registered or unregistered, and, with respect to any and all of the foregoing: (i) all registrations and applications therefor including, without limitation, the registrations and applications referred to in Schedule 4.7(A) (as such schedule may be amended or supplemented concurrently with delivering quarterly financials pursuant to Section 18(s)(ii) of the Facilities Agreement), (ii) all extensions and renewals thereof, (iii) all rights corresponding thereto throughout the world, (iv) all rights to sue for past, present and future infringements thereof, and (v) all Proceeds of the foregoing, including, without limitation, licenses, royalties, income, payments, claims, damages and proceeds of suit.

"**Credit Date**" means any date on which any amount is borrowed under either of the Facilities.

"**Deposit Accounts**" means all "deposit accounts" as defined in Article 9 of the UCC and includes, without limitation, all of the accounts listed on Schedule 4.4 under the heading "Deposit Accounts" (as such schedule may be amended or supplemented concurrently with delivering quarterly financials pursuant to Section 18(s)(ii) of the Facilities Agreement).

"**Documents**" means all "documents" as defined in Article 9 of the UCC.

"**Equipment**" means all "equipment" as defined in Article 9 of the UCC, including but not limited to (i) all machinery, manufacturing equipment, data processing equipment, computers, office equipment, furnishings, furniture, appliances, fixtures and tools (in each case, regardless of whether characterized as equipment under the UCC) and (ii) all accessions or additions thereto, all parts thereof, whether or not at any time of determination incorporated or installed therein or attached thereto, and all replacements therefor, wherever located, now or hereafter existing, including any fixtures.

"**Excluded Account**" means, with respect to each Credit Party each (i) payroll account of such Person so long as the funds on deposit therein at any time do not exceed the then aggregate accrued payroll obligations of such Person, (ii) Deposit Account maintained in connection with an employee benefit plan provided to such Person's employees to the extent the funds on deposit therein are held for the benefit of such Person's employees and are not the assets of such Person, (iii) tax withholding or fiduciary account not otherwise described in this definition, (iv) client custodial accounts, (v) zero balance accounts, (vi) other Deposit Accounts with balances which shall not at any time exceed $100,000 in the aggregate for all such accounts at any one time, and (vii) any other Deposit Account that the Administrative Agent, in its sole discretion, may designate.

"**Excluded Deposit Account**" means any Deposit Account that is an Excluded Account.

"**Excluded Property**" has the meaning set forth in Section 2.2 hereof.

"**Excluded Securities Account**" means any Securities Account that is an Excluded Account.

"**Facilities Agreement**" has the meaning set forth in the recitals.

"**General Intangibles**" means all "general intangibles" as defined in Article 9 of the UCC, including "payment intangibles" also as defined in Article 9 of the UCC and includes, without limitation, all interest rate or currency protection or hedging arrangements, all tax refunds, all licenses, permits, concessions and authorizations, and all Intellectual Property (in each case, regardless of whether characterized as general intangibles under the UCC).

"**Goods**" means all "goods" as defined in Article 9 of the UCC.

"**Grantors**" has the meaning set forth in the preamble.

"**Grantor Software**" means all Software that is owned by any Grantor and used in the conduct of the business of any Grantor, including without limitation, all (i) programs used in any Grantor's provision of any products, Software or service offerings to customers and/or end users, including any programs incorporated in, or integrated or bundled with, any such products, Software or service offerings, (ii) programs intended for license to customers and/or end users, and (iii) programs, libraries, modules and other materials used by any Grantor in the development, design, construction and testing of any of the programs described in (i) or (ii) above.

"**Instruments**" means all "instruments" as defined in Article 9 of the UCC.

"**Intellectual Property**" means, collectively, the Copyrights, the Copyright Licenses, the Patents, the Patent Licenses, the Trademarks, the Trademark Licenses, the Trade Secrets, and the Trade Secret Licenses.

"**Insurance**" means all insurance policies covering any or all of the Collateral (regardless of whether the Administrative Agent is the loss payee thereof) and any key man life insurance policies.

"**Inventory**" mans all "inventory" as defined in Article 9 of the UCC, including but not limited to all goods held for sale or lease or to be furnished under contracts of service or so leased or furnished, all raw materials, work in process, finished goods, and materials used or consumed in the manufacture, packing, shipping, advertising, selling, leasing, furnishing or production of such inventory or otherwise used or consumed in any Grantor's business; all goods in which any Grantor has an interest in mass or a joint or other interest or right of any kind; and all goods which are returned to or repossessed by any Grantor, all computer programs embedded in any goods and all accessions thereto and products thereof (in each case, regardless of whether characterized as inventory under the UCC).

"**Investment Accounts**" means the Collateral Account, and all Securities Accounts, Commodities Accounts, and Deposit Accounts with any bank, financial institution, securities intermediary, or any other Person.

"**Investment Related Property**" means: (i) all "investment property" (as such term is defined in Article 9 of the UCC) and (ii) all of the following (regardless of whether classified as investment property under the UCC): all Pledged Equity Interests, Pledged Debt, the Investment Accounts and certificates of deposit.

"**Lender**" has the meaning set forth in the Facilities Agreement.

"**Letter of Credit Right**" means "letter-of-credit right" as defined in Article 9 of the UCC.

"**Money**" means "money" as defined in the UCC.

"**Non-Assignable Contract**" means any agreement, contract or license to which any Grantor is a party that by its terms purports to restrict or prevent the assignment or granting of a security interest therein (either by its terms or by any federal or state statutory prohibition or otherwise irrespective of whether such prohibition or restriction is enforceable under Section 9-406 through 409 of the UCC).

"**OS License**" means a license listed or described at http://www.opensource.org (Open Source Initiative) or other similar type of license agreement, freeware agreement or distribution model agreement.

"**OS Software**" means any Software licensed under, or subject to the terms of, an OS License.

"**Patent Licenses**" means all agreements providing for the granting of any right in or to Patents (whether such Grantor is licensee or licensor thereunder) including, without limitation, each agreement referred to in Schedule 4.7(D) (as such schedule may be amended or supplemented concurrently with delivering quarterly financials pursuant to Section 18(s)(ii) of the Facilities Agreement).

"**Patents**" means all United States and certificates of invention, or similar industrial property rights, and applications for any of the foregoing, including, but not limited to: (i) each patent and patent application referred to in Schedule 4.7(C) hereto (as such schedule may be amended or supplemented concurrently with delivering quarterly financials pursuant to Section 18(s)(ii) of the Facilities Agreement), (ii) all reissues, divisions, continuations, continuations-in-part, extensions, renewals, and reexaminations thereof, (iii) all rights corresponding thereto throughout the world, (iv) all inventions and improvements described therein, (v) all rights to sue for past, present and future infringements thereof, (vi) all licenses, claims, damages, and proceeds of suit arising therefrom, and(vii) all Proceeds of the foregoing, including, without limitation, licenses, royalties, income, payments, claims, damages, and proceeds of suit.

"**Pledge Supplement**" means any supplement to this agreement in substantially the form of Exhibit A.

"**Pledged Debt**" means all Indebtedness owed to such Grantor, including, without limitation, all Indebtedness described on Schedule 4.4(A) under the heading "Pledged Debt" (as such schedule may be amended or supplemented concurrently with delivering quarterly financials pursuant to Section 18(s)(ii) of the Facilities Agreement), issued by the obligors named therein, the instruments evidencing such Indebtedness, and all interest, cash, instruments and other property or proceeds from time to time received, receivable or otherwise distributed in respect of or in exchange for any or all of such Indebtedness.

"**Pledged Equity Interests**" means all Pledged Stock, Pledged LLC Interests, Pledged Partnership Interests and Pledged Trust Interests.

"**Pledged LLC Interests**" means all interests in any limited liability company that is a Subsidiary owned by a Grantor including, without limitation, all limited liability company interests listed on Schedule 4.4(A) under the heading "Pledged LLC Interests" (as such schedule may be amended or supplemented concurrently with delivering quarterly financials pursuant to Section 18(s)(ii) of the Facilities Agreement) and the certificates, if any, representing such limited liability company interests and any interest of such Grantor on the books and records of such limited liability company or on the books and records of any securities intermediary pertaining to such interest and all dividends, distributions, cash, warrants, rights, options, instruments, securities and other property or proceeds from time to time received, receivable or otherwise distributed in respect of or in exchange for any or all of such limited liability company interests. For the avoidance of doubt, Pledged LLC Interests shall not include any Excluded Property.

"**Pledged Partnership Interests**" means all interests in any general partnership, limited partnership, limited liability partnership orother partnership that, in each case, is a Subsidiary owned by a Grantor, including, without limitation, all partnership interests listed on Schedule 4.4(A) under the heading "Pledged Partnership Interests" (as such schedule may be amended or supplemented concurrently with delivering quarterly financials pursuant to Section 18(s)(ii) of the Facilities Agreement) and the certificates, if any, representing such partnership interests and any interest of such Grantor on the books and records of such partnership or on the books and records of any securities intermediary pertaining to such interest and all dividends, distributions, cash, warrants, rights, options, instruments, securities and other property or proceeds from time to time received, receivable or otherwise distributed in respect of or in exchange for any or all of such partnership interests. For the avoidance of doubt, Pledged Partnership Interests shall not include any Excluded Property.

"**Pledged Stock**" means all shares of Capital Stock of any Subsidiary owned by a Grantor, including, without limitation, all shares of Capital Stock described on Schedule 4.4(A) under the heading "Pledged Stock" (as such schedule may be amended or supplemented concurrently with delivering quarterly financials pursuant to Section 18(s)(ii) of the Facilities Agreement), and the certificates, if any, representing such shares and any interest of such Grantor in the entries on the books of the issuer of such shares or on the books of any securities intermediary pertaining to such shares, and all dividends, distributions, cash, warrants, rights, options, instruments, securities and other property or proceeds from time to time received, receivable or otherwise distributed in respect of or in exchange for any or all of such shares. For the avoidance of doubt, Pledged Stock shall not include any Excluded Property.

"**Pledged Trust Interests**" means all interests in a Delaware business trust or other trust that is a Subsidiary owned by a Grantor including, without limitation, all trust interests listed on Schedule 4.4(A) under the heading "Pledged Trust Interests" (as such schedule may be amended or supplemented concurrently with delivering quarterly financials pursuant to Section 18(s)(ii) of the Facilities Agreement) and the certificates, if any, representing such trust interests and any interest of such Grantor on the books and records of such trust or on the books and records of any securities intermediary pertaining to such interest and all dividends, distributions, cash, warrants, rights, options, instruments, securities and other property or proceeds from time to time received, receivable or otherwise distributed in respect of or in exchange for any or all of such trust interests.

"**Proceeds**" means: (i) all "proceeds" as defined in Article 9 of the UCC, (ii) payments or distributions made with respect to any Investment Related Property and (iii) whatever is receivable or received when Collateral or proceeds are sold, exchanged, collected or otherwise disposed of, whether such disposition is voluntary or involuntary.

"**Record**" has the meaning specified in Article 9 of the UCC.

"**Secured Obligations**" has the meaning assigned in Section 3.1.

"**Secured Parties**" means the Administrative Agent and Lenders and shall include, without limitation, any former Administrative Agent and all former Lenders to the extent that any Secured Obligations outstanding and owing to such Persons were incurred while such Persons were Administrative Agent or a Lender, as applicable, and such Secured Obligations have not been paid or satisfied in full.

"**Securities**" means any stock, shares, partnership interests, voting trust certificates, certificates of interest or participation in any profit-sharing agreement or arrangement, options, warrants, bonds, debentures, notes, or other evidences of indebtedness, secured or unsecured, convertible, subordinated or otherwise, or in general any instruments commonly known as "securities" or any certificates of interest, shares or participations in temporary or interim certificates for the purchase or acquisition of, or any right to subscribe to, purchase or acquire, any of the foregoing.

"**Securities Accounts**" means all "securities accounts" as defined in Article 8 of the UCC and includes, without limitation, all of the accounts listed on Schedule 4.4(A) under the heading "Securities Accounts" (as such schedule may be amended or supplemented concurrently with delivering quarterly financials pursuant to Section 18(s)(ii) of the Facilities Agreement).

"**Software**" means any computer software program, source code, machine- readable instructions, associated data and documentation, backup tape and related technology.

"**Supporting Obligation**" means all "supporting obligations" as defined in Article 9 of the UCC.

"**Trademark Licenses**" means any and all agreements providing for the granting of any right in or to Trademarks (whether such Grantor is licensee or licensor thereunder) including, without limitation, each agreement referred to in Schedule 4.7(F) (as such schedule may be amended or supplemented concurrently with delivering quarterly financials pursuant to Section 18(s)(ii) of the Facilities Agreement).

"**Trademarks**" means all United States, state, and territorial trademarks, trade names, corporate names, company names, business names, fictitious business names, Internet domain names, service marks, certification marks, collective marks, logos, other source or business identifiers, designs and general intangibles of a like nature, all registrations and applications for any of the foregoing including, but not limited to: (i) the registrations and applications referred to in Schedule 4.7(E) (as such schedule may be amended or supplemented concurrently with delivering quarterly financials pursuant to Section 18(s)(ii) of the Facilities Agreement), (ii) all extensions or renewals of any of the foregoing, (iii) all of the goodwill of the business connected with the use of and symbolized by the foregoing,(iv) the right to sue for past, present and future infringement or dilution of any of the foregoing or for any injury to goodwill, and (v) all Proceeds of the foregoing, including, without limitation, licenses, royalties, income, payments, claims, damages, and proceeds of suit.

"**Trade Secret Licenses**" means any and all agreements providing for the granting of any right in or to Trade Secrets (whether such Grantor is licensee or licensor thereunder) including, without limitation, each agreement referred to in Schedule 4.7(G) (as such schedule may be amended or supplemented concurrently with delivering quarterly financials pursuant to Section 18(s)(ii) of the Facilities Agreement).

"**Trade Secrets**" means all trade secrets and all other confidential or proprietary information and know-how whether or not such Trade Secret has been reduced to a writing or other tangible form, including all documents and things embodying, incorporating, or referring in any way to such Trade Secret, including but not limited to: (i) the right to sue for past, present and future misappropriation or other violation of any Trade Secret, and(ii) all Proceeds of the foregoing, including, without limitation, licenses, royalties, income, payments, claims, damages, and proceeds of suit.

"**UCC**" means the Uniform Commercial Code as in effect from time to time in the State of New York or, when the context implies, the Uniform Commercial Code as in effect from time to time in any other applicable jurisdiction.

"**United States**" means the United States of America.

1.2 Definitions; Interpretation. All capitalized terms used herein (including the preamble and recitals hereto) and not otherwise defined herein shall have the meanings ascribed thereto in the Facilities Agreement or, if not defined therein, in the UCC. References to "Sections," "Exhibits" and "Schedules" shall be to Sections, Exhibits and Schedules, as the case may be, of this Agreement unless otherwise specifically provided. References to Schedules shall include any updates or supplements to such Schedules delivered to the Administrative Agent from time to time to the extent such Schedules are permitted and/or required to be updated by the terms of this Agreement. Section headings in this Agreement are included herein for convenience of reference only and shall not constitute a part of this Agreement for any other purpose or be given any substantive effect. Any of the terms defined herein may, unless the context otherwise requires, be used in the singular or the plural, depending on the reference. The use herein of the word "include" or "including", when following any general statement, term or matter, shall not be construed to limit such statement, term or matter to the specific items or matters set forth immediately following such word or to similar items or matters, whether or not nonlimiting language (such as "without limitation" or "but not limited to" or words of similar import) is used with reference thereto, but rather shall be deemed to refer to all other items or matters that fall within the broadest possible scope of such general statement, term or matter. If any conflict or inconsistency exists between this Agreement and the Facilities Agreement, the Facilities Agreement shall govern. All references herein to provisions of the UCC shall include all successor provisions under any subsequent version or amendment to any Article of the UCC.

SECTION 2 GRANT OF SECURITY.

2.1 Grant of Security. Each Grantor hereby grants to the Administrative Agent, for the benefit of the Secured Parties, a security interest in and continuing lien on all of such Grantor's right, title and interest in, to and under all personal property and other assets, whether now owned by or owing to, or hereafter acquired by or arising in favor of, such Grantor (including under any trade name or derivations thereof), and whether owned or consigned by or to, or leased from or to, such Grantor, and regardless of where located (all of which being hereinafter collectively referred to as the "**Collateral**"):

(a) all Accounts;

(b) all Chattel Paper;

(c) all Commercial Tort Claims;

(d) all Documents;

(e) all Equipment;

(f) all Fixtures;

(g) all General Intangibles;

(h) all Goods;

(i) all Instruments;

(j) all Insurance;

(k) all Intellectual Property;

(l) all Inventory;

(m) all Investment Related Property;

(n) all Letter of Credit Rights;

(o) all Money;

(p) to the extent not otherwise included above, all Collateral Records, Collateral Support and Supporting Obligations relating to any of the foregoing;

(q) to the extent not otherwise included above, all Proceeds, products, accessions, insurance proceeds and products, rents, and profits of or in respect of any of the foregoing.

2.2 Certain Limited Exclusions. Notwithstanding anything in this Agreement to the contrary, in no event shall the Collateral include nor shall the security interest granted under Section 2.1 hereof attach to (a) any lease, instrument, license, contract, property rights or agreement to which any Grantor is a party or any of its rights or interests thereunder if and for so long as the grant of such security interest shall constitute or result in (i) the abandonment, invalidation or unenforceability of any right, title or interest of any Grantor therein or (ii) a breach, violation or right of termination in favor of any other party thereto (other than another Grantor or any wholly-owned Subsidiary of a Grantor) pursuant to the terms of, or a default under, any such lease, instrument, license, contract (including any Non-Assignable Contract), property rights (or agreements governing such property rights) or agreement (other than to the extent that any such term would be rendered ineffective pursuant to Sections 9-406, 9-407, 9-408 or 9-409 of the UCC (or any successor provision or provisions) of any relevant jurisdiction or any other applicable law (including the Bankruptcy Code) or principles of equity), provided however that the Collateral shall include and such security interest shall attach immediately at such time as the condition causing such abandonment, invalidation, unenforceability, breach, termination or default shall be remedied and to the extent severable, shall attach immediately to any portion of such lease, instrument, license, contract, property rights or agreement that does not result in any of the consequences specified in clauses (i) or (ii) above; (b) any assets as to which the Administrative Agent reasonably determines that the costs (including tax costs to the Borrower and its Subsidiaries) of obtaining or perfecting a security interest in such assets (whether borne by Administrative Agent or the Credit Parties) exceed the practical benefit to the Secured Parties afforded thereby; (c) any "intent to use" trademark applications prior to the filing of a "Statement of Use" or "Amendment to Allege Use" with respect thereto, to the extent, if any, that, and solely during the period, if any, in which, the grant of a security interest therein would impair the validity or enforceability of such intent-to-use trademark application under applicable law, (d) property owned by a Grantor that is subject to a Permitted Encumbrance securing purchase money indebtedness or Capital Lease obligations permitted under the Facilities Agreement if the contractual obligation pursuant to which such Permitted Encumbrance is granted (or in the document providing for such Capital Lease obligation or purchase money indebtedness) prohibits the creation of any other Encumbrance on such item of property; (e) any Capital Stock or other assets the granting of security interests in which would breach, violate or be prohibited by any applicable law; (f) any Excluded Deposit Accounts or Excluded Securities Accounts; (g) governmental licenses and state or local franchises, charters and authorizations to the extent that the granting of security interests in such assets pursuant to the Collateral Documents would be prohibited or restricted by applicable law or by the terms of such governmental licenses and state or local franchises, charters and authorizations (other than to the extent that any such prohibition or restriction would be rendered ineffective pursuant to the UCC or any other applicable law); (h) motor vehicles or other assets the attachment or perfection of an Encumbrance thereon is subject to such Encumbrance being evidenced on a certificate of title pursuant to a certificate of title statute (other than to the extent an Encumbrance thereon can be perfected by the filing of a financing statement under the UCC); (i) any Real Estate Asset to the extent not required to be pledged to secure the Obligations pursuant to Section 5.11 of the Facilities Agreement; (j) margin stock (within the meaning of Regulation U issued by the FRB); and (k) Capital Stock or assets of a Person to the extent that, and for so long as (i) Borrower and its Subsidiaries own less than 100% of Capital Stock of such Person (excluding directors' qualifying shares), (ii) any Investment in such Person by Borrower and its Subsidiaries was permitted by Section 6.7 of the Facilities Agreement, and (iii) the granting of a security interest in such Capital Stock in favor of the Administrative Agent are not permitted by the terms of such issuing Person's Organizational Documents or otherwise require any consent not obtained of a Person or Persons who are not Borrower or Subsidiaries of Borrower (it being understood and agreed that the Grantors shall use commercially reasonable efforts to obtain any such consent), other than to the extent that any prohibition, restriction or consent requirement would be rendered ineffective pursuant to the UCC or any other applicable law (collectively, the "**Excluded Property**"); provided, however, the "Excluded Property" shall not include any Proceeds, products, substitutions or replacements of any Excluded Property (unless such Proceeds, products, substitutions or replacements would themselves otherwise constitute Excluded Property); provided, further, if any Excluded Property that would have otherwise constituted Collateral ceases to be Excluded Property, such property shall automatically be deemed Collateral at all times from and after such time.

SECTION 3 SECURITY FOR OBLIGATIONS; GRANTORS REMAIN LIABLE.

3.1 Security for Obligations. This Agreement secures, and the Collateral is collateral security for, the prompt and complete payment or performance in full when due, whether at stated maturity, by required prepayment, declaration, acceleration, demand or otherwise (including the payment of amounts that would become due but for the operation of the automatic stay under Section 362(a) of the Bankruptcy Code, 11 U.S.C. §362(a) (and any successor provision thereof)), of all Obligations with respect to every Grantor (collectively, the "**Secured Obligations**").

3.2 Continuing Liability Under Collateral. Notwithstanding anything herein to the contrary, (a) each Grantor shall remain liable for all obligations with respect to the Collateral and nothing contained herein is intended or shall be a delegation of duties to the Administrative Agent or any Secured Party, (b) each Grantor shall remain liable under each of the agreements included in the Collateral, including, without limitation, any agreements relating to Pledged Equity Interests, to perform all of the obligations undertaken by it thereunder all in accordance with and pursuant to the terms and provisions thereof and neither the Administrative Agent nor any Secured Party shall have any obligation or liability under any of such agreements by reason of or arising out of this Agreement or any other document related thereto nor shall the Administrative Agent nor any Secured Party have any obligation to make any inquiry as to the nature or sufficiency of any payment received by it or have any obligation to take any action to collect or enforce any rights under any agreement included in the Collateral, including, without limitation, any agreements relating to Pledged Equity Interests, and (c) the exercise by the Administrative Agent of any of its rights hereunder shall not release any Grantor from any of its duties or obligations under the contracts and agreements included in the Collateral.

SECTION 4 REPRESENTATIONS AND WARRANTIES AND COVENANTS.

4.1 Generally.

(a) Representations and Warranties. Each Grantor hereby represents and warrants, on the Closing Date and on each Credit Date, that:

(i) it owns the Collateral purported to be owned by it or otherwise has the rights it purports to have in each item of Collateral and, as to all Collateral whether now existing or hereafter acquired, will continue to own (except for any sales or dispositions permitted by the Facilities Agreement) or have such rights in each item of the Collateral, in each case free and clear of any and all Encumbrances, including, without limitation, Encumbrances arising as a result of such Grantor becoming bound (as a result of merger or otherwise) as debtor under a security agreement entered into by another Person, other than Permitted Encumbrances;

(ii) it has indicated on Schedule 4.1(A) (as such schedule may be amended or supplemented from time to time): (w) the type of organization of such Grantor, (x) the jurisdiction of organization of such Grantor, (y) its organizational number, and (z) the jurisdiction where the chief executive office or its sole place of business is (or the principal residence if such Grantor is a natural person), and for the one-year period preceding the date hereof has been, located.

(iii) the full legal name of such Grantor is as set forth onSchedule 4.1(A) (as such schedule may be amended or supplemented from time to time) and it has not done in the last five (5) years, and does not do, business under any other name (including any trade-name or fictitious business name) except for those names set forth on Schedule 4.1(B) (as such schedule may be amended or supplemented from time to time);

(iv) except as provided on Schedule 4.1(C) (as such schedule may be amended or supplemented from time to time), it has not changed its name, jurisdiction of organization, chief executive office or sole place of business (or principal residence if such Grantor is a natural person) or its corporate structure in any way (e.g., by merger, consolidation, change in corporate form or otherwise) within the past five (5) years;

(v) it has not within the last five (5) years become bound (whether as a result of merger or otherwise) as debtor under a security agreement entered into by another Person (other than another Grantor with respect to a security agreement which creates a Permitted Encumbrance), which has not heretofore been terminated other than the agreements identified on Schedule 4.1(D) hereof (as such schedule may be amended or supplemented from time to time);

(vi) with respect to each agreement identified on Schedule 4.1(D) it has indicated on Schedule 4.1(A) and Schedule 4.1(B) the information required pursuant to Section 4.1(a)(ii), (iii) and (iv) with respect to the debtor under each such agreement;

(vii) (u) upon the filing of all UCC financing statements naming each Grantor as "debtor" and the Administrative Agent as "secured party" and describing the Collateral in the filing offices set forth opposite such Grantor's name on Schedule 4.1(E) hereof (as such schedule may be amended or supplemented from time to time) and other filings delivered by each Grantor, (v) upon delivery of all Instruments, Chattel Paper and certificated Pledged Equity Interests and Pledged Debt, (w) upon sufficient identification of Commercial Tort Claims, (x) upon execution of a control agreement establishing the Administrative Agent's "control" (within the meaning of Section 8-106, 9-106 or 9-104 of the UCC, as applicable) with respect to any Investment Account and Deposit Accounts (other than Excluded Securities Accounts and/or Excluded Deposit Accounts), (y) upon consent of the issuer with respect to Letter of Credit Rights, and (z) to the extent not subject to Article 9 of the UCC, upon recordation of the security interests granted hereunder in Patents, Trademarks and Copyrights in the applicable intellectual property registries, including but not limited to the United States Patent and Trademark Office and the United States Copyright Office, the security interests granted to the Administrative Agent hereunder constitute valid and perfected first priority Encumbrances (subject in the case of priority only to Permitted Encumbrances) on all of the Collateral that may be perfected under Article 9 of the UCC, provided that no representation is made with respect to the laws of any foreign jurisdiction;

(viii) except as covered in clause (x) below, all actions and consents, including all filings, notices, registrations and recordings, necessary for the exercise by the Administrative Agent of the voting or other rights provided for in this Agreement have been made or obtained (other than (a) any filings or registrations necessary to perfect (or maintain the perfection of) the security interest granted hereunder (as described in Section 4.1(a)(vii)), (b) any consents, approvals, filings or registrations required to be obtained or made in connection with the exercise by the Administrative Agent of certain rights or remedies under the Credit Documents to the extent required pursuant to the terms thereof or applicable law and (c) as may be required, in connection with the disposition of any Investment Related Property, by laws generally affecting the offering and sale of Securities); provided, in each case, that no representation is made with respect to the laws of any foreign jurisdiction;

(ix) other than the financing statements filed in favor of the Administrative Agent, no effective UCC financing statement, fixture filing or other instrument similar in effect under any applicable law covering all or any part of the Collateral is on file in any filing or recording office except for (x) financing statements for which proper termination statements have been delivered to the Administrative Agent for filing or will be filed by the lender under any Indebtedness being paid off on or within one (1) Business Day of the Closing Date and (y) financing statements filed in connection with Permitted Encumbrances;

(x) no authorization, approval or other action by, and no notice to or filing with, any Governmental Authority or regulatory body is required for either (i) the pledge or grant by any Grantor of the Encumbrances purported to be created in favor of the Administrative Agent hereunder or (ii) the exercise by the Administrative Agent of any rights or remedies in respect of any Collateral (whether specifically granted or created hereunder or created or provided for by applicable law), except (A) for the filings contemplated by clause (vii) above or covered by clause (viii) above, (B) as may be required, in connection with the disposition of any Investment Related Property, by laws generally affecting the offering and sale of Securities and (C) notices or filings required under the Federal Assignment of Claims Act of 1940 or like federal, state or local statute; provided, in each case, that no representation is made with respect to the laws of any foreign jurisdiction;

(xi) all information supplied by any Grantor with respect to any of the Collateral (in each case taken as a whole with respect to any particular Collateral) is accurate and complete in all material respects;

(xii) none of the Collateral constitutes, or is the Proceeds of, "farm products" (as defined in the UCC);

(xiii) it does not own any "as extracted collateral" (as defined in the UCC) or any timber to be cut; and

(xiv) such Grantor has been duly organized as an entity of the type as set forth opposite such Grantor's name on Schedule 4.1(A) (as such schedule may be amended or supplemented from time to time) solely under the laws of the jurisdiction as set forth opposite such Grantor's name on Schedule 4.1(A) (as such schedule may be amended or supplemented from time to time) and remains duly existing as such. Such Grantor has not organized in any other jurisdiction.

(b) Covenants and Agreements. Each Grantor hereby covenants and agrees that:

(i) except for the security interest created by this Agreement, it shall not create or suffer to exist any Encumbrance upon or with respect to any of the Collateral, except Permitted Encumbrances, and such Grantor shall defend the Collateral against all Persons at any time claiming any interest therein (other than the holders of Permitted Encumbrances);

(ii) except as would not reasonably be expected to result in a Material Adverse Effect, it shall not produce, use or permit any Collateral to be used unlawfully or in violation of any provision of this Agreement or any applicable statute, regulation or ordinance or any policy of insurance covering the Collateral;

(iii) it shall not change such Grantor's name, identity, corporate structure (e g., by merger, consolidation, change in corporate form or otherwise) (except as permitted by Section 18(dd) of the Facilities Agreement), principal place of business (or principal residence if such Grantor is a natural person), chief executive office, type of organization or jurisdiction of organization or establish any trade names unless it shall (1) have notified the Administrative Agent in writing prior to such change or establishment and (2) promptly following such change or establishment, but in any event not to exceed 30 days following such change, (a) execute and deliver to the Administrative Agent a completed Pledge Supplement, substantially in the form of Exhibit A attached hereto, together with all Supplements to Schedules thereto, identifying such new name, identity, corporate structure, principal place of business (or principal residence if such Grantor is a natural person), chief executive office or jurisdiction of organization or trade name and providing such other information in connection therewith as the Administrative Agent may reasonably request and (b) take all actions necessary or reasonably requested by Administrative Agent to maintain the continuous validity, perfection and the same or better priority of the Administrative Agent's security interest in the Collateral intended to be granted and agreed to hereby;

(iv) it shall pay promptly when due all material taxes imposed upon, and all claims (including claims for labor, materials and supplies) against, the Collateral, except to the extent the validity thereof is being contested in good faith;

(v) upon such Grantor or any officer of such Grantor obtaining knowledge thereof, it shall promptly notify the Administrative Agent in writing of any event that could reasonably be expected to have a Material Adverse Effect on the value of the Collateral or the rights and remedies of the Administrative Agent in relation thereto, including, without limitation, the levy of any legal process against the Collateral or any material portion thereof that could reasonably be expected to have a Material Adverse Effect;

(vi) it shall not take or permit any action which could reasonably be expected to impair the Administrative Agent's rights in the Collateral, except for any such actions which are otherwise permitted by the Facilities Agreement;

(vii) it shall not sell, transfer or assign (by operation of law or otherwise) any Collateral except as otherwise in accordance with the Facilities Agreement; and

(viii) if during any Fiscal Year, any information contained in Schedule 4.1. 4.2, 4.4, 4.5. 4.6. 4.7 or 4.8 changes in a manner that would require an update in any material respect under this Agreement, then concurrently with the delivery of the financial statements for such Fiscal Year delivered pursuant to Section 18(s)(i) of the Facilities Agreement, or such earlier time as otherwise required herein, the Grantors shall deliver a Pledge Supplement, which provides an update of the information contained in such schedules, provided that such supplement shall in no event waive or otherwise affect the continuance of any Event of Default.

4.2 Equipment and Inventory.

(a) Representations and Warranties. Each Grantor represents and warrants, on the Closing Date and on each Credit Date, that:

(i) all of the Equipment and Inventory included in the Collateral is kept only at the locations specified inSchedule 4.2 (as such schedule may be amended or supplemented concurrently with delivering quarterly financials pursuant to Section 18(s)(ii) of the Facilities Agreement) other than Equipment and Inventory that is (A) in transit in the ordinary course of business, (B) removed from any such locations for repair or upkeep in the ordinary course of business or (C) kept at any location or locations where, combined with all other Equipment and Inventory at such location(s), the value of such Equipment and Inventory does not exceed $150,000 in value in the aggregate; and

(ii) none of the Inventory or Equipment is in the possession of an issuer of a negotiable document (as defined in Section 7-104 of the UCC) therefor or otherwise in the possession of a bailee or a warehouseman, other than (A) for repair, service or similar action, (B) Inventory or Equipment which is in transit to another location of Grantor or to a place of repair, service or similar action, (C) to the extent the aggregate value of such Inventory or Equipment does not exceed $100,000, or (D) Inventory or Equipment in which the Administrative Agent shall have received bailee or warehouseman letters or Landlord Personal Property Collateral Access Agreements reasonably requested by it or required pursuant to the terms of the Facilities Agreement or this Agreement to evidence its security interests in the Collateral.

(b) Covenants and Agreements. Each Grantor covenants and agrees that:

(i) it shall keep the Equipment, Inventory and any Documents evidencing any Equipment and Inventory in the locations specified on Schedule 4.2 (as such schedule may be amended or supplemented concurrently with delivering quarterly financials pursuant to Section 18(s)(ii) of the Facilities Agreement) other than Equipment and Inventory that is (A) in transit in the ordinary course of business, (B) removed from any such locations for repair or upkeep in the ordinary course of business or (C) kept at any location or locations where, combined with all other Equipment and Inventory at such location(s), the value of such Equipment and Inventory does not exceed $150,000 in value in the aggregate, unless it shall have (a) notified the Administrative Agent in writing, by executing and delivering to the Administrative Agent a completed Pledge Supplement, substantially in the form of Exhibit A attached hereto, together with all Supplements to Schedules thereto, at least 15 days (or such shorter period acceptable to Administrative Agent) prior to any change in locations, identifying such new locations and providing such other information in connection therewith as the Administrative Agent may reasonably request and (b) taken all actions necessary or advisable to maintain the continuous validity, perfection and the same or better priority of the Administrative Agent's security interest in the Collateral intended to be granted and agreed to hereby, or to enable the Administrative Agent to exercise and enforce its rights and remedies hereunder, with respect to such Equipment and Inventory;

(ii) it shall keep correct and accurate records of the Inventory, as is customarily maintained under similar circumstances by Persons of established reputation engaged in similar business, and in any event in conformity with GAAP;

(iii) it shall not deliver any Document evidencing any Equipment and Inventory to any Person other than the issuer of such Document to claim the Equipment or Inventory, as applicable, evidenced therefor or the Administrative Agent; and

(iv) if any Equipment or Inventory is in possession or control of any third party, other than Equipment and Inventory that is (A) in transit in the ordinary course of business, (B) removed from any such locations for repair or upkeep in the ordinary course of business or (C) kept at any location or locations where, combined with all other Equipment and Inventory at such location(s), the value of such Equipment and Inventory does not exceed $150,000 in value in the aggregate, each Grantor shall join with the Administrative Agent in notifying the third party of the Administrative Agent's security interest and use its commercially reasonable efforts in obtaining an acknowledgment from the third party that it is holding the Equipment and Inventory for the benefit of the Administrative Agent.

4.3 Accounts.

(a) Representations and Warranties. Each Grantor represents and warrants, on the Closing Date and on each Credit Date, that:

(i) to its knowledge, each Account in excess of $25,000 individually (a) is and will be the legal, valid and binding obligation of the Account Debtor in respect thereof, representing an unsatisfied obligation of such Account Debtor, (b) is and will be enforceable in accordance with its terms (except as may be limited by bankruptcy, insolvency, reorganization, moratorium or similar laws relating to or limiting creditors' rights generally or by equitable principles relating to enforceability or by principles of good faith and fair dealing (regardless of whether enforcement is sought in equity or at law)), (c) is not and will not be subject to any setoffs, defenses, counterclaims (except with respect to refunds, warranties, discounts returns and allowances and disputes in the ordinary course of business) and (d) is and will be in compliance in all material respects with all applicable laws, whether federal, state, local or foreign; and

(ii) no Account Debtor in respect of any Account included in the Collateral in excess of $25,000 individually or $100,000 in the aggregate is the government of the United States, any agency or instrumentality thereof, any state or municipality or any foreign sovereign (excluding any international non-governmental organization). No Account in excess of $25,000 individually or $100,000 in the aggregate requires the consent of the Account Debtor in respect thereof in connection with the pledge hereunder, except any consent which has been obtained.

(b) Covenants and Agreements. Each Grantor hereby covenants and agrees that

(i) it shall keep and maintain at its own cost and expense substantially complete records of any material portion of the Accounts included in the Collateral, including, but not limited to, the originals, if applicable, of all documentation with respect to all Accounts and records of all payments received and all credits granted on any material portion of the Accounts, all merchandise returned and all other dealings therewith;

(ii) it shall perform in all material respects all of its material obligations with respect to its Accounts, to the extent deemed prudent business conduct as determined by such Grantor in its reasonable business discretion;

(iii) other than in the ordinary course of business as generally conducted by it, and except as otherwise provided in subsection (v) below, following an Event of Default that has occurred and is continuing and after written notice from Administrative Agent or if Administrative Agent has otherwise exercised any rights or remedies pursuant to Section 4.3(b)(v) below or Section 7 of this Agreement, such Grantor shall not (w) grant any extension or renewal of the time of payment of any Account with a value in excess of $25,000, (x) compromise or settle any dispute, claim or legal proceeding with respect to any Account with a value in excess of $25,000 for less than the total unpaid balance thereof, (y) release, wholly or partially, any Person liable for the payment thereof, or (z) allow any credit or discount thereon (other than in the ordinary course), in each case, without the consent of the Administrative Agent;

(iv) except as otherwise provided in this subsection, each Grantor shall continue to collect all material amounts due or to become due to such Grantor under its Accounts and any Supporting Obligation in a manner consistent with the ordinary course of business as generally conducted by it, and diligently exercise, in such Grantor's reasonable business judgment, each material right it may have under any Account, any Supporting Obligation or Collateral Support, in each case, at its own expense, and in connection with such collections and exercise, such Grantor shall take such action as such Grantor or, after the occurrence and during the continuance of an Event of Default, the Administrative Agent may deem reasonably necessary or advisable. Notwithstanding the foregoing, after the occurrence and during the continuance of an Event of Default, the Administrative Agent shall have the right at any time to notify, or require any Grantor to notify, any Account Debtor of the Administrative Agent's security interest in Grantor's Accounts and, in addition, after the occurrence and during the continuation of an Event of Default, the Administrative Agent may, following written notice to Grantors,: (1) direct the Account Debtors under any Account to make payment of all amounts due or to become due to such Grantor thereunder directly to the Administrative Agent; (2) notify, or require any Grantor to notify, each Person maintaining a lockbox or similar arrangement to which Account Debtors under any Account have been directed to make payment to remit all amounts representing collections on checks and other payment items from time to time sent to or deposited in such lockbox or other arrangement directly to the Administrative Agent; and (3) enforce, at the reasonable expense of such Grantor, collection of any such Account and to adjust, settle or compromise the amount or payment thereof, in the same manner and to the same extent as such Grantor might have done. If the Administrative Agent notifies any Grantor that it has elected to collect any Account in accordance with the preceding sentence, any payments of Accounts received by such Grantor shall be forthwith (and in any event within two (2) Business Days) deposited by such Grantor in the exact form received, duly indorsed by such Grantor to the Administrative Agent if required, in the Collateral Account maintained under the sole dominion and control of the Administrative Agent, and until so turned over, all amounts and proceeds (including checks and other instruments) received by such Grantor in respect of such Accounts, any Supporting Obligation or Collateral Support shall be received in trust for the benefit of the Administrative Agent hereunder and such Grantor shall not adjust, settle or compromise the amount or payment of any Account, or release wholly or partly any Account Debtor or obligor thereof, or allow any credit or discount thereon (other than in the ordinary course); and

(v) it shall use its commercially reasonable efforts to keep in full force and effect any Supporting Obligation or Collateral Support relating to any Account, to the extent deemed prudent business conduct as determined by such Grantor in its reasonable business judgment.

4.4 Investment Related Property.

4.4.1 Investment Related Property Generally

(a) Covenants and Agreements. Each Grantor hereby covenants and agrees that:

(i) in the event it acquires rights in any Investment Related Property that is required to be Collateral with a value in excess of $100,000 individually or $300,000 in the aggregate (except with respect to any Investment Related Property issued by a Grantor or any Subsidiary of a Grantor, as to which such threshold shall not apply) after the date hereof (other than Cash Equivalents), it shall promptly deliver to the Administrative Agent a completed Pledge Supplement, substantially in the form of Exhibit A attached hereto, together with all Supplements to Schedules thereto, reflecting such new Investment Related Property and all other Investment Related Property. Notwithstanding the foregoing, it is understood and agreed that the security interest of the Administrative Agent shall attach to all Investment Related Property that is required to be Collateral immediately upon any Grantor's acquisition of rights therein and shall not be affected by the failure of any Grantor to deliver a supplement to Schedule 4.4 as required hereby;

(ii) except as provided in the next sentence, in the event such Grantor receives any non-cash dividends, interest or distributions on any Investment Related Property included in the Collateral, or any securities or other property constituting Collateral upon the merger, consolidation, liquidation or dissolution of any issuer of any Investment Related Property, then (a) such dividends, interest or distributions and securities or other property shall be included in the definition of Collateral without further action and (b) such Grantor shall promptly take all steps, if any, required hereunder to ensure the validity, perfection, priority and, if applicable, control of the Administrative Agent over such Investment Related Property (including, without limitation, delivery thereof to the Administrative Agent to the extent required by Section 4.4.1(b)) and pending any such action such Grantor shall be deemed to hold such non-cash dividends, interest, distributions, securities or other property for the benefit of the Administrative Agent and shall segregate such non-cash dividends, distributions, Securities or other property from all other property of such Grantor. Notwithstanding the foregoing, so long as no Event of Default shall have occurred and be continuing, the Administrative Agent authorizes each Grantor to retain all such dividends and distributions and all payments of interest or principal;

(iii) each Grantor consents to the grant by each other Grantor of a Security Interest in all Investment Related Property that is required to be Collateral (or which would be Collateral with the consent of such Grantor) to the Administrative Agent.

(b) Delivery and Control.

(i) Each Grantor agrees that with respect to any Investment Related Property that is included in the Collateral with a value in excess of $100,000 individually or $300,000 in the aggregate (except with respect to any Investment Related Property issued by a Grantor or any Subsidiary of a Grantor, as to which such threshold shall not apply, and excluding Cash Equivalents) in which it currently has rights it shall comply with the provisions of this Section 4.4.1(b) no later than 60 days following the Closing Date and with respect to any Investment Related Property hereafter acquired by such Grantor that is included in the Collateral it shall comply with the provisions of this Section 4.4.1(b) no later than 30 days after acquiring rights therein, in each case in form and substance satisfactory to the Administrative Agent. With respect to any Investment Related Property that is included in the Collateral and that is represented by a certificate or that is an "instrument" (other than any Investment Related Property credited to a Securities Account) it shall cause such certificate or instrument to be delivered to the Administrative Agent, indorsed in blank by an "effective indorsement" (as defined in Section 8-107 of the UCC), regardless of whether such certificate constitutes a "certificated security" for purposes of the UCC. With respect to any Investment Related Property that is an "uncertificated security" for purposes of the UCC (other than any "uncertificated securities" credited to a Securities Account), it shall use commercially reasonable efforts to cause the issuer of such uncertificated security to either (i) register the Administrative Agent as the registered owner thereof on the books and records of the issuer or (ii) execute an agreement in form and substance reasonably acceptable to the Administrative Agent, pursuant to which such issuer agrees to comply with the Administrative Agent's instructions with respect to such uncertificated security without further consent by such Grantor; provided, however, that to the extent each interest in any limited liability company or limited partnership controlled now or in the future by such Grantor and pledged hereunder is a "security" within the meaning of Article 8 of the UCC and is governed by Article 8 of the UCC, such interest shall be certificated.

(c) Voting and Distributions.

(i) So long as no Event of Default shall have occurred and be continuing:

(1) except as otherwise provided under the covenants and agreements relating to Investment Related Property in this Agreement or elsewhere herein or in the Facilities Agreement, each Grantor shall be entitled to exercise or refrain from exercising any and all voting and other consensual rights pertaining to the Investment Related Property or any part thereof for any purpose not inconsistent with the terms of this Agreement or the Facilities Agreement; provided, upon written notice by the Administrative Agent to any Grantor thereof, no Grantor shall exercise or refrain from exercising any such right if such action would reasonably be expected to have a material adverse effect on the value of the Investment Related Property; it being understood, however, that neither the voting by such Grantor of any Pledged Stock for, or such Grantor's consent to, the election of directors (or similar governing body) at a regularly scheduled annual or other meeting of stockholders or with respect to incidental matters at any such meeting, nor such Grantor's consent to or approval of any action otherwise permitted under this Agreement and the Facilities Agreement, shall be deemed inconsistent with the terms of this Agreement or the Facilities Agreement within the meaning of this Section 4.4.1(c)(i)(1) and no notice of any such voting or consent need be given to the Administrative Agent; and

(2) the Administrative Agent shall promptly execute and deliver (or cause to be executed and delivered) to each Grantor all proxies, and other instruments as such Grantor may from time to time reasonably request for the purpose of enabling such Grantor to exercise the voting and other consensual rights when and to the extent which it is entitled to exercise pursuant to clause (1) above;

(3) upon the occurrence and during the continuation of an Event of Default:

(A) all rights of each Grantor to exercise or refrain from exercising the voting and other consensual rights which it would otherwise be entitled to exercise pursuant hereto shall cease and all such rights shall thereupon become vested in the Administrative Agent who shall thereupon have the sole right to exercise such voting and other consensual rights; and

(B) in order to permit the Administrative Agent to exercise the voting and other consensual rights which it may be entitled to exercise pursuant hereto and to receive all dividends and other distributions which it may be entitled to receive hereunder: (1) each Grantor shall promptly execute and deliver (or cause to be executed and delivered) to the Administrative Agent all proxies, dividend payment orders and other instruments as the Administrative Agent may from time to time reasonably request and (2) each Grantor acknowledges that the Administrative Agent may utilize the power of attorney set forth in Section 6.1.

4.4.2 Pledged Equity Interests.

(a) Representations and Warranties. Each Grantor hereby represents and warrants, on the Closing Date and on each Credit Date, that:

(i) Schedule 4.4(A) (as such schedule may be amended or supplemented concurrently with delivering quarterly financials pursuant to Section 18(s)(ii) of the Facilities Agreement) sets forth under the headings "Pledged Stock," "Pledged LLC Interests," "Pledged Partnership Interests" and "Pledged Trust Interests," respectively, all of the Pledged Stock, Pledged LLC Interests, Pledged Partnership Interests and Pledged Trust Interests owned by any Grantor and such Pledged Equity Interests constitute the percentage of issued and outstanding shares of stock, percentage of membership interests, percentage of partnership interests or percentage of beneficial interest of the respective issuers thereof indicated on such Schedule;

(ii) except as set forth on Schedule 4.4(B), it is the record and beneficial owner of the Pledged Equity Interests free of all Encumbrances, rights or claims of other Persons other than Permitted Encumbrances and there are no outstanding warrants, options or other rights to purchase, or shareholder, voting trust or similar agreements outstanding with respect to, or property that is convertible into, or that requires the issuance or sale of, any Pledged Equity Interests;

(iii) without limiting the generality of Section 4.1(a)(v), other than consents obtained on or before the Closing Date (or, with respect to a Grantor formed after the Closing Date and before such Credit Date, on or before such Credit Date), no consent of any Person including any other general or limited partner, any other member of a limited liability company, any other shareholder or any other trust beneficiary is necessary in connection with the creation, perfection or first priority status of the security interest of the Administrative Agent in any material portion of the Pledged Equity Interests or the exercise by the Administrative Agent of the voting or other rights provided for in this Agreement or the exercise of remedies in respect thereof;

(iv) none of the Pledged LLC Interests nor Pledged Partnership Interests are or represent interests in issuers that: (a) are registered as investment companies or (b) are dealt in or traded on securities exchanges or markets; and

(v) except as otherwise set forth on Schedule 4.4(C) (as such schedule may be amended or supplemented concurrently with delivering quarterly financials pursuant to Section 18(s)(ii) of the Facilities Agreement), none of the Pledged LLC Interests and Pledged Partnership Interests are or represent interests in issuers that have opted to be treated as securities under the uniform commercial code of any jurisdiction.

(b) Covenants and Agreements. Each Grantor hereby covenants and agrees that, except as otherwise not prohibited by the Facilities Agreement:

(i) without the prior written consent of the Administrative Agent, it shall not vote to enable or take any other action to: (a) amend or terminate any partnership agreement, limited liability company agreement, certificate of incorporation, by-laws or other organizational documents in any way that materially and adversely changes the rights of such Grantor with respect to any Investment Related Property or adversely affects the validity, perfection or priority of the Administrative Agent's security interest (except for transactions permitted by the Facilities Agreement), (b) other than as permitted under the Facilities Agreement, permit any issuer, which such Grantor controls, of any Pledged Equity Interest to dispose of all or a material portion of their assets, (c) waive any default under or breach of any terms of organizational document relating to the issuer of any Pledged Equity Interest or the terms of any Pledged Debt that could reasonably be expected to materially and adversely affect the value of such Collateral or the validity, perfection or priority of the Administrative Agent's security interest, or (d) cause any issuer of any Pledged Partnership Interests or Pledged LLC Interests which are not securities (for purposes of the UCC) on the date hereof to elect or otherwise take any action to cause such Pledged Partnership Interests or Pledged LLC Interests to be treated as securities for purposes of the UCC unless such Grantor shall promptly notify the Administrative Agent in writing of any such election or action takes all steps required by Section 4.4.1(b) with respect thereto;

(ii) it shall comply in all material respects with all of its obligations under any partnership agreement or limited liability company agreement relating to Pledged Partnership Interests or Pledged LLC Interests and shall enforce all of its rights with respect to any Investment Related Property to the extent it deems it to be in such Grantor's best interest to do so;

(iii) without the prior written consent of the Administrative Agent, it shall not permit any issuer, that such Grantor controls, of any Pledged Equity Interest to merge or consolidate unless, to the extent required under Section 2.2 (i) such issuer creates a security interest that is perfected by a filed financing statement (that is not effective solely under section 9-508 of the UCC) in collateral in which such new debtor has or acquires rights, and (ii) all the outstanding Capital Stock or other equity interests of the surviving or resulting corporation, limited liability company, partnership or other entity is, upon such merger or consolidation, pledged hereunder and no cash, securities or other property is distributed in respect of the outstanding equity interests of any other constituent Grantor, in each case, except as permitted by the Facilities Agreement; and

(iv) each Grantor consents to the grant by each other Grantor of a security interest in all Pledged Equity Interests to the Administrative Agent and, without limiting the foregoing, consents to the transfer of any Pledged Partnership Interest and any Pledged LLC Interest to the Administrative Agent or its nominee following an Event of Default and to the substitution of the Administrative Agent or its nominee as a partner in any partnership or as a member in any limited liability company with all the rights and powers related thereto.

4.4.3 Pledged Debt

(a) Representations and Warranties. Each Grantor hereby represents and warrants, on the Closing Date and on each Credit Date, that:

(i) Schedule 4.4 (as such schedule may be amended or supplemented concurrently with delivering quarterly financials pursuant to Section 18(s)(ii) of the Facilities Agreement) sets forth under the heading "Pledged Debt" all of the Pledged Debt owned by any Grantor (other than with respect to any Pledged Debt issued by a Grantor or a Subsidiary with a face value in excess of $100,000) and, to Grantor's knowledge, all of such Pledged Debt has been duly authorized, authenticated or issued, and delivered and is the legal, valid and binding obligation of the issuers thereof and is not in default;

(b) Covenants and Agreements. Each Grantor hereby covenants and agrees that:

(i) it shall notify the Administrative Agent of any default under any Pledged Debt that has caused, either in any individual case or in the aggregate, a Material Adverse Effect.

4.4.4 Investment Accounts

(a) Covenant and Agreement. Each Grantor hereby covenants and agrees that:

(i) On each Credit Date, it will deliver a schedule (as such schedule may be amended or supplemented concurrently with delivering quarterly financials pursuant to Section 18(s)(ii) of the Facilities Agreement) in the form set out in Schedule 4.4 hereto, setting forth under the headings "Securities Accounts" and "Commodities Accounts," respectively, all of the Securities Accounts and Commodities Accounts in which it has an interest. It is the sole entitlement holder of each such Securities Account and Commodity Account, and it has not consented to, and is not otherwise aware of, any Person (other than the Administrative Agent pursuant hereto) having "control" (within the meanings of Sections 8-106 and 9-106 of the UCC) over, or any other interest in, any such Securities Account or Commodity Account or securities or other property credited thereto;

(ii) On each Credit Date, it will deliver a schedule (as such schedule may be amended or supplemented concurrently with delivering quarterly financials pursuant to Section 18(s)(ii) of the Facilities Agreement) in the form set out in Schedule 4.4 hereto, setting forth under the headings "Deposit Accounts" all of the Deposit Accounts (excluding any Excluded Deposit Accounts) in which it has an interest. It is the sole account holder of each such Deposit Account and it has not consented to, and is not otherwise aware of, any Person (other than the Administrative Agent pursuant hereto) having either sole dominion and control (within the meaning of common law) or "control" (within the meanings of Section-104 of the UCC) over, or any other interest in, any such Deposit Account or any money or other property deposited therein;

(iii) On each Credit Date, it shall take all actions necessary or desirable, including those specified in Section 4.4.4(a)(iv) to: (a) establish Administrative Agent's "control" (within the meanings of Sections 8-106 and 9-106 of the UCC) over any portion of the Investment Related Property included in the Collateral constituting Certificated Securities with a value in excess of $100,000 individually or $300,000 in the aggregate (except with respect to any Investment Related Property issued by it or any of its Subsidiaries, as to which such threshold shall not apply), Uncertificated Securities, Securities Accounts, Securities Entitlements or Commodities Accounts (each as defined in the UCC) (other than Excluded Securities Accounts); (b) establish the Administrative Agent's "control" (within the meaning of Section 9-104 of the UCC) over all Deposit Accounts (other than Excluded Deposit Accounts); and (c) deliver all Instruments with a value in excess of $100,000 individually or $300,000 in the aggregate (except with respect to any Investment Related Property issued by it or any of its Subsidiaries, as to which such threshold shall not apply) to the Administrative Agent; and

(iv) Is in agreement with the Administrative Agent and each other Secured Party that it shall not close or terminate any Investment Account (other than Excluded Securities Accounts and/or Excluded Deposit Accounts) holding funds in excess of $100,000 without the prior consent of the Administrative Agent and unless a successor or replacement account has been established and with respect to which successor or replacement account a control agreement has been entered into by the appropriate Grantor, Administrative Agent and securities intermediary or depository institution at which such successor or replacement account is to be maintained in accordance with the provisions of Section 4.4.4(b).

(b) Delivery and Control.

(i) With respect to any Investment Related Property included in the Collateral consisting of Securities Accounts or Securities Entitlements (other than Excluded Securities Accounts), it shall cause the securities intermediary maintaining such Securities Account or Securities Entitlement to enter into an agreement in form and substance reasonably acceptable to the Administrative Agent, pursuant to which it shall agree to comply with the Administrative Agent's "entitlement orders" without further consent by such Grantor. With respect to any Investment Related Property that is a "Deposit Account" (other than Excluded Deposit Accounts), it shall cause the depositary institution maintaining such account to enter into an agreement in form and substance reasonably acceptable to the Administrative Agent, pursuant to which the Administrative Agent shall have both sole dominion and control over such Deposit Account (within the meaning of the common law) and "control" (within the meaning of Section 9-104 of the UCC) over such Deposit Account. Each Grantor shall have entered into such control agreement or agreements with respect to any Securities Accounts, Securities Entitlements or Deposit Accounts (other than Excluded Securities Accounts and/or Excluded Deposit Accounts) that exist on the Closing Date within 60 days after the Closing Date, and

(ii) any Securities Accounts, Securities Entitlements or Deposit Accounts (other than Excluded Securities Accounts and/or Excluded Deposit Accounts) that are created or acquired after the Closing Date, within 30 days of the deposit or transfer of any such Securities Entitlements or funds, whether constituting moneys or investments, into such Securities Accounts or Deposit Accounts, or such later date as the Administrative Agent may agree in its sole discretion.

Upon the occurrence and during the continuance of an Event of Default, the Administrative Agent shall have the right, subject to Section 7 of this Agreement, to transfer all or any portion of the Investment Related Property to its name or the name of its nominee or agent and to exchange any certificates or instruments representing any Investment Related Property for certificates or instruments of smaller or larger denominations.

4.5 Material Contracts.

(a) Covenants and Agreements. Each Grantor hereby covenants and agrees that:

(i) in addition to any rights under the Section of this Agreement relating to Accounts, after the occurrence and during the continuation of an Event of Default, the Administrative Agent may at any time notify, or require any Grantor to so notify, the counterparty on any Material Contract included in the Collateral of the security interest of the Administrative Agent therein. In addition, after the occurrence and during the continuance of an Event of Default, the Administrative Agent may upon written notice to the applicable Grantor, notify, or require any Grantor to notify, the counterparty to make all payments under the Material Contracts included in the Collateral directly to the Administrative Agent;

(ii) it shall perform all of its obligations with respect to the Material Contracts except where the failure to so perform could not reasonably be expected to have a Material Adverse Effect;

(iii) it shall promptly and diligently exercise each material right (except the right of termination) it may have under any Material Contract, any Supporting Obligation or Collateral Support, in each case, at its own expense and to the extent it determines it is in such Grantor's best interest to do so, and in connection with such exercise, such Grantor shall take such action as such Grantor or, after the occurrence and during the continuance of an Event of Default, the Administrative Agent may deem necessary or advisable; and

(iv) it shall use its commercially reasonable efforts to keep in full force and effect any Supporting Obligation or Collateral Support relating to any Material Contract to the extent it determines it is in such Grantor's best interest to do so.

4.6 Letter of Credit Rights.

(a) Representations and Warranties. Each Grantor hereby represents and warrants, on the Closing Date and on each Credit Date, that:

(i) all letters of credit with a value in excess of $100,000 to which such Grantor has rights as the named beneficiary is listed on Schedule 4.6 (as such schedule may be amended or supplemented concurrently with delivering quarterly financials pursuant to Section 18(s)(ii) of the Facilities Agreement) hereto; and

(ii) it has obtained the consent of each issuer of any such letter of credit as to which such Grantor is a beneficiary to the assignment of the proceeds of the letter of credit to the Administrative Agent.

(b) Covenants and Agreements. Each Grantor hereby covenants and agrees that with respect to any letter of credit with a value in excess of $100,000 as to which such Grantor is a beneficiary hereafter arising it shall use its commercially reasonable efforts to obtain the consent of the issuer thereof to the assignment of the proceeds of the letter of credit to the Administrative Agent and shall deliver to the Administrative Agent a completed Pledge Supplement, substantially in the form of Exhibit A attached hereto, together with all Supplements to Schedules thereto.

4.7 Intellectual Property.

(a) Representations and Warranties. Except as disclosed in Schedule 4.7(H) (as such schedule may be amended or supplemented concurrently with delivering quarterly financials pursuant to Section 18(s)(ii) of the Facilities Agreement), each Grantor hereby represents and warrants, on the Closing Date and on each Credit Date, that:

(i) Schedule 4.7 (as such schedule may be amended or supplemented concurrently with delivering quarterly financials pursuant to Section 18(s)(ii) of the Facilities Agreement) sets forth a true and complete list of (A) all United States registrations of and applications for Patents, Trademarks, and Copyrights owned by each Grantor and (B) all Patent Licenses, Trademark Licenses, Trade Secret Licenses and Copyright Licenses (where such Grantor is a licensee, including Software licenses and OS Licenses) material to the business of such Grantor and as to which such Grantor is the licensee, other than such Patent Licenses, Trademark Licenses, Trade Secret Licenses and Copyright Licenses that are commercially available;

(ii) it is the sole and exclusive owner of the entire right, title, and interest in and to all Intellectual Property (excluding (A) any Grantor Software that is owned by a third party and licensed to any Grantor and (B) any OS Software) listed on Schedule 4.7 (as such schedule may be amended or supplemented concurrently with delivering quarterly financials pursuant to Section 18(s)(ii) of the Facilities Agreement), and owns or has the valid right to use all other Intellectual Property material to its business, free and clear of all Encumbrances, claims, encumbrances and licenses, except for Permitted Encumbrances and the licenses set forth on Schedule 4.7(B), (D), (F) and (G) (as each may be amended or supplemented from time to time);

(iii) all Intellectual Property material to any Grantor's business (excluding (A) any Grantor Software that is owned by a third party and licensed to any Grantor and (B) any OS Software) listed on Schedule 4.7 is subsisting and has not been adjudged invalid or unenforceable, in whole or in part, and each Grantor has performed all acts and has paid all renewal, maintenance, and other fees and taxes required to maintain each and every registration or application for Intellectual Property which is material to the business of any Grantor in full force and effect, which, in each case, could reasonably be expected to result in a Material Adverse Effect;

(iv) all Intellectual Property material to any Grantor's business (excluding (A) any Grantor Software that is owned by a third party and licensed to any Grantor and (B) any OS Software) listed on Schedule 4.7 is, to the best of each Grantor's knowledge, valid and enforceable; no holding, decision, or judgment has been rendered in any action or proceeding before any court or administrative authority challenging the validity of, such Grantor's right to register, or such Grantor's rights to own or use, any such Intellectual Property and no such action or proceeding is pending or, to the best of such Grantor's knowledge, threatened in writing, which, in each case, could reasonably be expected to result in a Material Adverse Effect;

(v) all registrations and applications for Copyrights, Patents and Trademarks owned by any Grantor and material to its business are standing in the name of the Grantor listed as the owner thereof, and none of the Trademarks, Patents, Copyrights or Trade Secrets has been licensed by any Grantor to any Affiliate or third party, except as disclosed in Schedule 4.7(B), (D), (F) or (G) (as each may be amended or supplemented from time to time);

(vi) each Grantor has been using appropriate statutory notice of registration in connection with its use of registered Trademarks, proper marking practices in connection with the use of Patents, and appropriate notice of copyright in connection with the publication of Copyrights material to the business of such Grantor, to the extent necessary to maintain such Intellectual Property;

(vii) each Grantor uses adequate standards of quality in the manufacture, distribution, and sale of all products sold and in the provision of all services rendered under or in connection with all material Trademark Collateral and has taken all action necessary to insure that all licensees of the material Trademark Collateral owned by such Grantor use such adequate standards of quality;

(viii) to the best of each Grantor's knowledge, the conduct of such Grantor's business does not infringe upon or otherwise violate any trademark, patent, copyright, trade secret or other intellectual property right owned or controlled by a third party the effect of which could reasonably be expected to have a Material Adverse Effect; no written claim has been made that the use of any Intellectual Property owned or used by Grantor (or any of its respective licensees) violates the asserted rights of any third party which could reasonably be expected to result in a Material Adverse Effect;

(ix) to the best of each Grantor's knowledge, no third party is (i) infringing in any material respect upon or otherwise violating any rights in any material Intellectual Property owned or used by such Grantor, or any of its respective licensees or (ii) breaching or violating in any material respect any contract with any Grantor relating to any material Intellectual Property owned or used by such Grantor;

(x) no settlement or consents, covenants not to sue, nonassertion assurances, or releases have been entered into by Grantor or to which Grantor is bound that adversely affect Grantor's rights to own or use any Intellectual Property material to such Grantor's business; and

(xi) there is no effective financing statement or other document or instrument now executed, or on file or recorded in any public office, granting a security interest in or otherwise encumbering any material part of the Intellectual Property, other than (i) with respect to any Permitted Encumbrances, (ii) in favor of the Administrative Agent or (iii) that has not been terminated or released or that will not be released pursuant to payoff letters or other applicable termination agreements, in each case, to be executed and delivered in connection with the closing of the credit facilities contemplated by the Facilities Agreement.

(b) Covenants and Agreements. Except to the extent not prohibited by the Facilities Agreement, each Grantor hereby covenants and agrees as follows:

(i) it shall not do any act or omit to do any act whereby any of the Intellectual Property material to the business of Grantor may lapse, or become abandoned, dedicated to the public, or unenforceable, or which would adversely affect the validity, grant, or enforceability of the Encumbrance granted therein, except as permitted under the Facilities Agreement or through the expiration of registered Intellectual Property at the end of its maximum statutory term (including renewal terms, where applicable);

(ii) except to the extent commercially reasonable to do so, it shall not, with respect to any Trademarks which are material to the business of any Grantor, cease the use of any of such Trademarks or fail to maintain the level of the quality of products sold and services rendered under any of such Trademark at a level at least substantially consistent in all material respects with the quality of such products and services as of the date hereof, and each Grantor shall take all steps necessary to insure that licensees of such Trademarks use such consistent standards of quality;

(iii) it shall promptly notify the Administrative Agent if it knows or has reason to know that any item of the Intellectual Property material to the business of any Grantor may become (a) abandoned or dedicated to the public or placed in the public domain, other than through the expiration of registered Intellectual Property at the end of its maximum statutory term having no applicable renewal periods, (b) invalid or unenforceable, or (c) subject to any adverse determination or development (including the institution of proceedings) in any action or proceeding in the United States Patent and Trademark Office, the United States Copyright Office, or any court (other than office actions issued as part of the examination process by any patent, trademark or copyright office);

(iv) it shall take all reasonable steps in the United States Patent and Trademark Office and the United States Copyright Office to pursue any filed application and maintain any registration of each Trademark, Patent, and Copyright owned by any Grantor and material to its business which is now or shall become included in the Intellectual Property including, but not limited to, those items on Schedule 4.7(A) (C) and (E) (as each may be amended or supplemented from time to time), but in each case subject to such Grantor's reasonable business judgment;

(v) in the event that any Intellectual Property (A) which is material to the business of any Grantor, and (B) owned by or exclusively licensed to any Grantor is infringed, misappropriated, or diluted by a third party, such Grantor shall promptly take all reasonable actions to stop such infringement, misappropriation, or dilution and protect its rights in such Intellectual Property including, but not limited to, the initiation of a suit for injunctive relief and to recover damages, but in each case subject to such Grantor's reasonable business judgment;

(vi) except to the extent otherwise required by clause (xii) below, concurrently with delivering quarterly financials pursuant to Section 18(s)(ii) of the Facilities Agreement, it shall report to the Administrative Agent (i) the filing of any application to register any Intellectual Property material to its business with the United States Patent and Trademark Office or the United States Copyright Office (whether such application is filed by such Grantor or through any agent, employee, licensee, or designee thereof) and (ii) the registration of any Intellectual Property material to its business by any such office, in each case by executing and delivering to the Administrative Agent a completed Pledge Supplement, together with all Supplements to Schedules thereto;

(vii) it shall, promptly upon the reasonable request of the Administrative Agent, execute and deliver to the Administrative Agent any document reasonably required to acknowledge, confirm, register, record, or perfect the Administrative Agent's interest in any part of the Intellectual Property, whether now owned or hereafter acquired;

(viii) except with the prior consent of the Administrative Agent or as permitted under the Facilities Agreement, no Grantor shall execute, and there will not be on file in any public office, any financing statement or other document or instruments with respect to the Intellectual Property of any Grantor included in the Collateral, except financing statements or other documents or instruments filed or to be filed in favor of the Administrative Agent or filed in connection with a Permitted Encumbrance or as otherwise permitted by the Facilities Agreement, and no Grantor shall sell, assign, transfer, license, grant any option, or create or suffer to exist any Encumbrance upon or with respect to the Intellectual Property included in the Collateral, except for the Encumbrance created by and under this Agreement and the other Credit Documents or Permitted Encumbrances or as otherwise permitted by the Facilities Agreement;

(ix) it shall hereafter use commercially reasonable efforts so as not to permit the inclusion in any contract to which it hereafter becomes a party of any provision that would materially impair or prevent the creation of a security interest in, or the assignment of, such Grantor's rights and interests in any property acquired under such contracts which would be included within the definitions of any Intellectual Property and the Collateral, and which would be material to such Grantor's business; provided, that it is agreed that commercially reasonable efforts shall not require such Grantor to agree to a term solely in order to comply with this provision if such term would have a financially negative impact on such Grantor;

(x) it shall take all steps reasonably necessary to protect the secrecy of all Trade Secrets, including, without limitation, entering into confidentiality agreements with employees and labeling and restricting access to secret information and documents;

(xi) it shall use proper statutory notice in connection with its use of any of the Intellectual Property material to its business to the extent necessary to maintain such Intellectual Property;

(xii) it shall continue to collect, at its own expense, all material amounts due or to become due to such Grantor in respect of the Intellectual Property or any portion thereof, consistent with past practices and to the extent deemed prudent business conduct by such Grantor in good faith. In connection with such collections, each Grantor may take (and, at the Administrative Agent's reasonable direction during the occurrence and continuance of an Event of Default, shall take) such action as such Grantor or, during the occurrence and continuance of an Event of Default, the Administrative Agent may deem reasonably necessary or advisable to enforce collection of such amounts. Notwithstanding the foregoing, the Administrative Agent shall have the right at any time during the occurrence and continuance of an Event of Default, to notify, or require any Grantor to notify, any obligors with respect to any such amounts of the existence of the Encumbrance created hereby.

4.8 Commercial Tort Claims.

(a) Representations and Warranties. Each Grantor hereby represents and warrants, on the Closing Date and on each Credit Date, that Schedule 4.8 (as such schedule may be amended or supplemented concurrently with delivering quarterly financials pursuant to Section 18(s)(ii) of the Facilities Agreement) sets forth all Commercial Tort Claims of each Grantor in excess of $100,000 individually or $200,000 in the aggregate; and

(b) Covenants and Agreements. Each Grantor hereby covenants and agrees that with respect to any Commercial Tort Claim in excess of $100,000 individually or $200,000 in the aggregate hereafter arising it shall deliver to the Administrative Agent a completed Pledge Supplement, substantially in the form of Exhibit A attached hereto, together with all Supplements to Schedules thereto, identifying such new Commercial Tort Claims.

SECTION 5 ACCESS; RIGHT OF INSPECTION AND FURTHER ASSURANCES; ADDITIONAL GRANTORS.

5.1 Access; Right of Inspection. Upon reasonable prior notice to the applicable Grantor, the Administrative Agent shall have access during normal business hours to all the books, correspondence and records of each Grantor, and the Administrative Agent and its representatives may examine the same, take extracts therefrom and make photocopies thereof, in each case in accordance with Section 24 of the Facilities Agreement. The Administrative Agent and its representatives shall also have the right, upon reasonable prior notice to the applicable Grantor, to enter any premises of each Grantor and inspect any property of each Grantor where any of the Collateral of such Grantor granted pursuant to this Agreement is located for the purpose of inspecting the same, observing its use or otherwise protecting its interests therein, in each case in accordance with Section 24 of the Facilities Agreement. Notwithstanding the foregoing, Administrative Agent shall not exercise the foregoing rights more than once per year unless an Event of Default has occurred and is continuing.

5.2 Further Assurances.

(a) Each Grantor agrees that from time to time, at the expense of such Grantor, that it shall promptly execute and deliver all further instruments and documents, and take all further action, that the Administrative Agent may reasonably request consistent with the terms of this Agreement, in order to create and/or maintain the validity, perfection or priority of and protect any security interest granted hereby or to enable the Administrative Agent to exercise and enforce its rights and remedies hereunder with respect to any Collateral. Without limiting the generality of the foregoing, each Grantor shall:

(i) file such financing or continuation statements, or amendments thereto, and execute and deliver such other agreements, instruments, endorsements, powers of attorney or notices, as the Administrative Agent may reasonably request consistent with the terms of this Agreement, in order to perfect and preserve the security interests granted or purported to be granted hereby;

(ii) take all actions necessary to ensure the recordation of appropriate evidence of the Encumbrances and security interest granted hereunder in the Intellectual Property with any intellectual property registry in which such Intellectual Property is registered or in which an application for registration is pending including, without limitation, the United States Patent and Trademark Office, and the United States Copyright Office; and

(iii) at the Administrative Agent's reasonable request, appear in and defend any action or proceeding that may affect such Grantor's title to or the Administrative Agent's security interest in all or any material part of the Collateral.

(b) Each Grantor hereby authorizes the Administrative Agent to file a Record or Records, including, without limitation, financing or continuation statements, and amendments thereto, in any jurisdictions and with any filing offices as the Administrative Agent may determine, in its reasonable discretion, are necessary or advisable to perfect the security interest granted to the Administrative Agent herein. Such financing statements may describe the Collateral in the same manner as described herein or may contain an indication or description of collateral that describes such property in any other manner as the Administrative Agent may determine, in its reasonable discretion, is necessary, advisable or prudent to ensure the perfection of the security interest in the Collateral granted to the Administrative Agent herein, including, without limitation, describing such property as "all assets" or "all personal property, whether now owned or hereafter acquired", but excluding Excluded Property; provided that upon the reasonable request of any Grantor, the Administrative Agent agrees to authorize the filing of termination statements and or partial releases with respect to any such financing statements covering any such Excluded Property. Each Grantor shall furnish to the Administrative Agent from time to time statements and schedules further identifying and describing the Collateral and such other reports in connection with the Collateral as the Administrative Agent may reasonably request, all in reasonable detail as required pursuant to terms of this Agreement.

(c) Each Grantor hereby authorizes the Administrative Agent to modify this Agreement after obtaining such Grantor's approval of and signature to such modification by amending Schedule 4.7 (as such schedule may be amended or supplemented concurrently with delivering quarterly financials pursuant to Section 18(s)(ii) of the Facilities Agreement) to include reference to any right, title or interest in any existing Intellectual Property or any Intellectual Property acquired or developed by any Grantor after the execution hereof or to delete any reference to any right, title or interest in any Intellectual Property in which any Grantor no longer has or claims any right, title or interest.

5.3 Additional Grantors. From time to time subsequent to the date hereof, additional Persons may become parties hereto as additional Grantors (each, an "**Additional Grantor**"), by executing a Counterpart Agreement. Upon delivery of any such Counterpart Agreement to the Administrative Agent, notice of which is hereby waived by Grantors, and delivery to Administrative Agent a completed Pledge Supplement, together with all Supplements to Schedules thereto, each Additional Grantor shall be a Grantor and shall be as fully a party hereto as if Additional Grantor were an original signatory hereto. Each Grantor expressly agrees that its obligations arising hereunder shall not be affected or diminished by the addition or release of any other Grantor hereunder, nor by any election of Administrative Agent not to cause any Subsidiary of Borrower to become an Additional Grantor hereunder. This Agreement shall be fully effective as to any Grantor that is or becomes a party hereto regardless of whether any other Person becomes or fails to become or ceases to be a Grantor hereunder.

SECTION 6 ADMINISTRATIVE AGENT APPOINTED ATTORNEY-IN-FACT.

6.1 Power of Attorney. Each Grantor hereby irrevocably appoints the Administrative Agent (such appointment being coupled with an interest) as such Grantor's attorney- in-fact, with full authority in the place and stead of such Grantor and in the name of such Grantor, the Administrative Agent or otherwise, from time to time in the Administrative Agent's reasonable discretion to do the following:

(a) upon the occurrence and during the continuance of any Event of Default, to obtain and adjust insurance required to be maintained by such Grantor or paid to the Administrative Agent pursuant to the Facilities Agreement;

(b) upon the occurrence and during the continuance of any Event of Default, to ask for, demand, collect, sue for, recover, compound, receive and give acquittance and receipts for moneys due and to become due under or in respect of any of the Collateral;

(c) upon the occurrence and during the continuance of any Event of Default, to receive, endorse and collect any drafts or other instruments, documents and chattel paper in connection with clause (b) above;

(d) upon the occurrence and during the continuance of any Event of Default, to file any claims or take any action or institute any proceedings that the Administrative Agent may deem necessary or desirable for the collection of any of the Collateral or otherwise to enforce the rights of the Administrative Agent with respect to any of the Collateral;

(e) to prepare and file any UCC financing statements against such Grantor as debtor to the extent not inconsistent with this Agreement;

(f) to prepare, sign, and file for recordation in any intellectual property registry, appropriate evidence of the lien and security interest granted herein in the Intellectual Property included in the Collateral in the name of such Grantor as debtor;

(g) upon the occurrence or during the continuance of an Event of Default, to take or cause to be taken all actions necessary to perform or comply or cause performance or compliance with the terms of this Agreement, including, without limitation, access to pay or discharge taxes (other than to the extent being contested in good faith) or Encumbrances (other than Permitted Encumbrances) levied or placed upon or threatened against the Collateral, the legality or validity thereof and the amounts necessary to discharge the same to be determined by the Administrative Agent in its sole discretion, any such payments made by the Administrative Agent to become obligations of such Grantor to the Administrative Agent, due and payable immediately without demand; and

(h) upon the occurrence and during the continuance of any Event of Default, generally to sell, transfer, pledge, make any agreement with respect to or otherwise deal with any of the Collateral as fully and completely as though the Administrative Agent were the absolute owner thereof for all purposes, and to do, at the Administrative Agent's option and such Grantor's expense, at any time or from time to time, all acts and things that the Administrative Agent deems reasonably necessary to protect, preserve or realize upon the Collateral and the Administrative Agent's security interest therein in order to effect the intent of this Agreement, all as fully and effectively as such Grantor might do, but in each case subject to Section 7 of this Agreement.

6.2 No Duty on the Part of Administrative Agent or Secured Parties. The powers conferred on the Administrative Agent hereunder are solely to protect the interests of the Secured Parties in the Collateral and shall not impose any duty upon the Administrative Agent or any Secured Party to exercise any such powers. The Administrative Agent and the Secured Parties shall be accountable only for amounts that they actually receive as a result of the exercise of such powers, and neither they nor any of their officers, directors, employees or agents shall be responsible to any Grantor for any act or failure to act hereunder, except for their own gross negligence or willful misconduct or a material breach of this Agreement. The foregoing powers of attorney under this Section 6, being coupled with an interest, are irrevocable until the security interest granted to the Administrative Agent hereby shall have terminated in accordance with the terms hereof.

SECTION 7 REMEDIES.

7.1 Generally.

(a) If any Event of Default shall have occurred and be continuing, the Administrative Agent may exercise in respect of the Collateral, in addition to all other rights and remedies provided for herein or otherwise available to it at law or in equity, all the rights and remedies of the Administrative Agent on default under the UCC (whether or not the UCC applies to the affected Collateral) to collect, enforce or satisfy any Secured Obligations then owing, whether by acceleration or otherwise, and also may pursue any of the following separately, successively or simultaneously:

(i) require any Grantor to, and each Grantor hereby agrees that it shall at its expense and promptly upon request of the Administrative Agent forthwith, assemble all or part of the Collateral as directed by the Administrative Agent and make it available to the Administrative Agent at a place to be designated by the Administrative Agent that is reasonably convenient to both parties;

(ii) enter onto the property where any Collateral is located and take possession thereof with or without judicial process;

(iii) prior to the disposition of the Collateral, store, process, repair or recondition the Collateral or otherwise prepare the Collateral for disposition in any manner to the extent the Administrative Agent deems appropriate; and

(iv) without notice except as specified below or under the UCC, sell, assign, lease, license (on an exclusive or nonexclusive basis) or otherwise dispose of the Collateral or any part thereof in one or more parcels at public or private sale, at any of the Administrative Agent's offices or elsewhere, for cash, on credit or for future delivery, at such time or times and at such price or prices and upon such other terms as the Administrative Agent may deem commercially reasonable.

(b) The Administrative Agent or any Secured Party may be the purchaser of any or all of the Collateral at any public or private (to the extent to the portion of the Collateral being privately sold is of a kind that is customarily sold on a recognized market or the subject of widely distributed standard price quotations) sale in accordance with the UCC and the Administrative Agent, as Administrative Agent for and representative of the Secured Parties, shall be entitled, for the purpose of bidding and making settlement or payment of the purchase price for all or any portion of the Collateral sold at any such sale made in accordance with the UCC, to use and apply any of the Secured Obligations as a credit on account of the purchase price for any Collateral payable by the Administrative Agent at such sale. Each purchaser at any such sale shall hold the property sold absolutely free from any claim or right on the part of any Grantor, and each Grantor hereby waives (to the extent permitted by applicable law) all rights of redemption, stay and/or appraisal which it now has or may at any time in the future have under any rule of law or statute now existing or hereafter enacted. Each Grantor agrees that, to the extent notice of sale shall be required by law, at least ten (10) days' notice to such Grantor of the time and place of any public sale or the time after which any private sale is to be made shall constitute reasonable notification. The Administrative Agent shall not be obligated to make any sale of Collateral regardless of notice of sale having been given. The Administrative Agent may adjourn any public or private sale from time to time by announcement at the time and place fixed therefor, and such sale may, without further notice, be made at the time and place to which it was so adjourned. Each Grantor agrees that it would not be commercially unreasonable for the Administrative Agent to dispose of the Collateral or any portion thereof by using Internet sites that provide for the auction of assets of the types included in the Collateral or that have the reasonable capability of doing so, or that match buyers and sellers of assets. To the extent permitted by law, each Grantor hereby waives any claims against the Administrative Agent arising by reason of the fact that the price at which any Collateral may have been sold at such a private sale was less than the price which might have been obtained at a public sale, even if the Administrative Agent accepts the first offer received and does not offer such Collateral to more than one offeree. If the proceeds of any sale or other disposition of the Collateral are insufficient to pay all the Secured Obligations, Grantors shall be liable for the deficiency and the fees of any attorneys employed by the Administrative Agent to collect such deficiency. Each Grantor further agrees that a breach of any of the covenants contained in this Section 7 will cause irreparable injury to the Administrative Agent, that the Administrative Agent has no adequate remedy at law in respect of such breach and, as a consequence, that each and every covenant contained in this Section shall be specifically enforceable against such Grantor, and such Grantor hereby waives and agrees not to assert any defenses against an action for specific performance of such covenants except for a defense that no default has occurred giving rise to the Secured Obligations becoming due and payable prior to their stated maturities. Nothing in this Section shall in any way alter the rights of the Administrative Agent hereunder.

(c) The Administrative Agent may sell the Collateral without giving any warranties as to the Collateral. The Administrative Agent may specifically disclaim or modify any warranties of title or the like. This procedure will not be considered to adversely affect the commercial reasonableness of any sale of the Collateral.

(d) The Administrative Agent shall have no obligation to marshal any of the Collateral.

7.2 Application of Proceeds. Except as expressly provided elsewhere in this Agreement, all proceeds received by the Administrative Agent in respect of any sale, any collection from, or other realization upon all or any part of the Collateral shall be applied in full or in part by the Administrative Agent against the Secured Obligations as set forth in Section 16 of the Facilities Agreement.

7.3 Sales on Credit. If Administrative Agent sells any of the Collateral upon credit, each applicable Grantor will be credited only with payments actually made by purchaser and received by Administrative Agent and applied to indebtedness of the purchaser. In the event the purchaser fails to pay for the Collateral, Administrative Agent may resell the Collateral and each applicable Grantor shall be credited with proceeds of the sale.

7.4 Deposit Accounts. If any Event of Default shall have occurred and be continuing, the Administrative Agent may apply the balance from any Deposit Account (other than an Excluded Deposit Account) or instruct the bank at which any Deposit Account (other than an Excluded Deposit Account) is maintained to pay the balance of any Deposit Account (other than an Excluded Deposit Account) to or for the benefit of the Administrative Agent.

7.5 Investment Related Property. Each Grantor recognizes that, by reason of certain prohibitions contained in the Securities Act and applicable state securities laws, the Administrative Agent may be compelled, with respect to any sale of all or any part of the Investment Related Property conducted without prior registration or qualification of such Investment Related Property under the Securities Act and/or such state securities laws, to limit purchasers to those who will agree, among other things, to acquire the Investment Related Property for their own account, for investment and not with a view to the distribution or resale thereof. Each Grantor acknowledges that any such private sale may be at prices and on terms less favorable than those obtainable through a public sale without such restrictions (including a public offering made pursuant to a registration statement under the Securities Act) and, notwithstanding such circumstances, each Grantor agrees that any such private sale shall be deemed to have been made in a commercially reasonable manner and that the Administrative Agent shall have no obligation to engage in public sales and no obligation to delay the sale of any Investment Related Property for the period of time necessary to permit the issuer thereof to register it for a form of public sale requiring registration under the Securities Act or under applicable state securities laws, even if such issuer would, or should, agree to so register it. If the Administrative Agent determines to exercise its right to sell any or all of the Investment Related Property, upon written request, each Grantor shall and shall cause each issuer of any Pledged Stock to be sold hereunder, each partnership and each limited liability company from time to time to furnish to the Administrative Agent all such information as the Administrative Agent may request in order to determine the number and nature of interest, shares or other instruments included in the Investment Related Property which may be sold by the Administrative Agent in exempt transactions under the Securities Act and the rules and regulations of the Securities and Exchange Commission thereunder, as the same are from time to time in effect.

7.6 Intellectual Property.

(a) Anything contained herein to the contrary notwithstanding, upon the occurrence and during the continuation of an Event of Default:

(i) the Administrative Agent shall have the right (but not the obligation) to bring suit or otherwise commence any action or proceeding in the name of any Grantor, the Administrative Agent or otherwise, in the Administrative Agent's sole discretion, to enforce any Intellectual Property, in which event such Grantor shall, at the request of the Administrative Agent, do any and all lawful acts and execute any and all documents required by the Administrative Agent in aid of such enforcement and such Grantor shall promptly, upon demand, reimburse and indemnify the Administrative Agent as provided in Section 10 hereof in connection with the exercise of its rights under this Section, and, to the extent that the Administrative Agent shall elect not to bring suit to enforce any Intellectual Property as provided in this Section, each Grantor agrees to use all reasonable measures, whether by action, suit, proceeding or otherwise, to prevent the infringement or other violation of any of such Grantor's rights in the Intellectual Property by others and for that purpose agrees to diligently maintain any action, suit or proceeding against any Person so infringing as shall be necessary to prevent such infringement or violation;

(ii) upon written demand from the Administrative Agent, each Grantor shall grant, assign, convey or otherwise transfer to the Administrative Agent or such Administrative Agent's designee all of such Grantor's right, title and interest in and to the Intellectual Property and shall execute and deliver to the Administrative Agent such documents as are necessary or appropriate to carry out the intent and purposes of this Agreement;

(iii) each Grantor agrees that such an assignment and/or recording shall be applied to reduce the Secured Obligations outstanding only to the extent that the Administrative Agent (or any Secured Party) receives cash proceeds in respect of the sale of, or other realization upon, the Intellectual Property;

(iv) within five (5) Business Days after written notice from the Administrative Agent, each Grantor shall make available to the Administrative Agent, to the extent within such Grantor's power and authority, such personnel in such Grantor's employ on the date of such Event of Default as the Administrative Agent may reasonably designate, by name, title or job responsibility, to permit such Grantor to continue, directly or indirectly, to produce, advertise and sell the products and services sold or delivered by such Grantor under or in connection with the Trademarks, Trademark Licenses, such persons to be available to perform their prior functions on the Administrative Agent's behalf and to be compensated by the Administrative Agent at such Grantor's expense on a per diem, pro rata basis consistent with the salary and benefit structure applicable to each as of the date of such Event of Default; and

(v) the Administrative Agent shall have the right to notify, or require each Grantor to notify, any obligors with respect to amounts due or to become due to such Grantor in respect of the Intellectual Property, of the existence of the security interest created herein, to direct such obligors to make payment of all such amounts directly to the Administrative Agent, and, upon such notification and at the expense of such Grantor, to enforce collection of any such amounts and to adjust, settle or compromise the amount or payment thereof, in the same manner and to the same extent as such Grantor might have done;

(1) all amounts and proceeds (including checks and other instruments) received by Grantor in respect of amounts due to such Grantor in respect of the Collateral or any portion thereof, subject to Permitted Encumbrances, shall be received in trust for the benefit of the Administrative Agent hereunder and shall be forthwith paid over or delivered to the Administrative Agent in the same form as so received (with any necessary endorsement) to be held as cash Collateral and applied as provided by Section 7.7 hereof; and

(2) Grantor shall not adjust, settle or compromise the amount or payment of any such amount or release wholly or partly any obligor with respect thereto or allow any credit or discount thereon.

(b) If (i) an Event of Default shall have occurred and, by reason of cure, waiver, modification, amendment or otherwise, no longer be continuing, (ii) no other Event of Default shall have occurred and be continuing, (iii) an assignment or other transfer to the Administrative Agent of any rights, title and interests in and to the Intellectual Property shall have been previously made and shall have become absolute and effective, and (iv) the Secured Obligations shall not have become immediately due and payable, upon the written request of any Grantor, the Administrative Agent shall promptly execute and deliver to such Grantor, at such Grantor's sole cost and expense, such assignments or other transfer as may be necessary to reassign to such Grantor any such rights, title and interests as may have been assigned to the Administrative Agent as aforesaid, subject to any disposition thereof that may have been made by the Administrative Agent; provided, after giving effect to such reassignment, the Administrative Agent's security interest granted pursuant hereto, as well as all other rights and remedies of the Administrative Agent granted hereunder, shall continue to be in full force and effect; and provided further, the rights, title and interests so reassigned shall be free and clear of any other Encumbrances (other than Permitted Encumbrances) granted by or on behalf of the Administrative Agent and the Secured Parties.

(c) Solely for the purpose of enabling the Administrative Agent to exercise rights and remedies under this Section 7 and at such time as the Administrative Agent shall be lawfully entitled to exercise such rights and remedies, each Grantor hereby grants to the Administrative Agent, to the extent it has the right to do so and effective only during the continuance of an Event of Default, an irrevocable, nonexclusive license (exercisable without payment of royalty or other compensation to such Grantor), subject, in the case of Trademarks, to sufficient rights to quality control and inspection in favor of such Grantor to avoid the risk of invalidation of said Trademarks, to use, operate under, license, or sublicense any Intellectual Property now owned or hereafter acquired by such Grantor, and wherever the same may be located.

7.7 Cash Proceeds. In addition to the rights of the Administrative Agent specified in Section 4.3 with respect to payments of Accounts, if an Event of Default shall have occurred and be continuing, all proceeds of any Collateral received by any Grantor consisting of cash, checks and other non-cash items (collectively, "**Cash Proceeds")** shall, subject to Permitted Encumbrances, be held by such Grantor in trust for the Administrative Agent, and shall, forthwith upon receipt by such Grantor, unless otherwise provided pursuant to Section 4.4.1(a)(ii) or the Facilities Agreement, be turned over to the Administrative Agent in the exact form received by such Grantor (duly indorsed by such Grantor to the Administrative Agent, if required) and held by the Administrative Agent in the Collateral Account. If an Event of Default shall have occurred and be continuing, any Cash Proceeds received by the Administrative Agent (whether from a Grantor or otherwise) may, in the sole discretion of the Administrative Agent, (A) be held by the Administrative Agent for the ratable benefit of the Secured Parties, as collateral security for the Secured Obligations (whether matured or unmatured) and/or (B) then or at any time thereafter may be applied by the Administrative Agent against the Secured Obligations then due and owing in the manner provided in the Facilities Agreement.

SECTION 8 ADMINISTRATIVE AGENT.

The Administrative Agent has been appointed to act as Administrative Agent hereunder by the Lenders and, by their acceptance of the benefits hereof, any and all other Secured Parties. The Administrative Agent shall be obligated, and shall have the right hereunder, to make demands, to give notices, to exercise or refrain from exercising any rights, and to take or refrain from taking any action (including, without limitation, the release or substitution of Collateral), solely in accordance with this Agreement and the Facilities Agreement. In furtherance of the foregoing provisions of this Section 8 each Secured Party, by its acceptance of the benefits hereof, agrees that it shall have no right individually to realize upon any of the Collateral hereunder, it being understood and agreed by such Secured Party that all rights and remedies hereunder may be exercised solely by the Administrative Agent for the benefit of Secured Parties in accordance with the terms of this Section 8. Administrative Agent may resign at any time by giving thirty (30) days' prior written notice thereof to Lenders and the Grantors, and Administrative Agent may be removed at any time with or without cause by an instrument or concurrent instruments in writing delivered to the Grantors and Administrative Agent signed by the Lenders. Upon any such notice of resignation or any such removal, Lenders shall have the right, upon five (5) Business Days' notice to the Administrative Agent and upon prior written consent of Borrower (such consent not to be (a) unreasonably withheld, conditioned or delayed or (b) required if an Event of Default has occurred and is continuing), to appoint a successor Administrative Agent. Upon the acceptance of any appointment as Administrative Agent hereunder by a successor Administrative Agent, that successor Administrative Agent shall thereupon succeed to and become vested with all the rights, powers, privileges and duties of the retiring or removed Administrative Agent under this Agreement, and the retiring or removed Administrative Agent under this Agreement shall promptly (i) transfer to such successor Administrative Agent all sums, Securities and other items of Collateral held hereunder, together with all records and other documents necessary or appropriate in connection with the performance of the duties of the successor Administrative Agent under this Agreement, and (ii) execute and deliver to such successor Administrative Agent or otherwise authorize the filing of such amendments to financing statements, and take such other actions, as may be necessary or appropriate in connection with the assignment to such successor Administrative Agent of the security interests created hereunder, whereupon such retiring or removed Administrative Agent shall be discharged from its duties and obligations under this Agreement. After any retiring or removed Administrative Agent's resignation or removal hereunder as the Administrative Agent, the provisions of this Agreement shall inure to its benefit as to any actions taken or omitted to be taken by it under this Agreement while it was the Administrative Agent hereunder.

SECTION 9 CONTINUING SECURITY INTEREST; TRANSFER OF LOANS.

This Agreement shall create a continuing security interest in the Collateral and shall remain in full force and effect until the payment in full of all Secured Obligations (other than unasserted contingent indemnity obligations) and the end of the Term, be binding upon each Grantor, its successors and permitted assigns, and inure, together with the rights and remedies of the Administrative Agent hereunder, to the benefit of the Administrative Agent and its successors, transferees and permitted assigns. Without limiting the generality of the foregoing, but subject to the terms of the Facilities Agreement, any Lender may assign or otherwise transfer any outstanding amounts under any Facility held by it to any other Person, and such other Person shall thereupon become vested with all the benefits in respect thereof granted to Lenders herein or otherwise. Upon the payment in full of all Secured Obligations (other than unasserted contingent indemnity obligations) and the end of the Term, the security interest granted hereby shall automatically terminate hereunder and of record and all rights to the Collateral shall revert to Grantors. Upon any such termination the Administrative Agent shall, at Grantors' expense, execute and deliver to Grantors or otherwise authorize the filing of such documents as Grantors shall reasonably request, including financing statement amendments to evidence such termination. Upon any disposition of property permitted by the Facilities Agreement, the Encumbrances granted herein shall be deemed to be automatically released and such property shall automatically revert to the applicable Grantor with no further action on the part of any Person. The Administrative Agent shall, at Grantor's expense, execute and deliver or otherwise authorize the filing of such documents as Grantors shall reasonably request, in form and substance reasonably satisfactory to the Administrative Agent, including financing statement amendments to evidence such release. In the event that all the Capital Stock of any Grantor that is a Subsidiary of Borrower shall be sold, transferred or otherwise disposed of in a transaction permitted by the Facilities Agreement, then, at the request of Borrower and at the expense of the Grantors, such Grantor shall be released from its obligations hereunder.

SECTION 10 STANDARD OF CARE; ADMINISTRATIVE AGENT MAY PERFORM . Except for the exercise of reasonable care in the custody of any Collateral in its possession and the accounting for moneys actually received by it hereunder, the Administrative Agent shall have no duty as to any Collateral or as to the taking of any necessary steps to preserve rights against prior parties or any other rights pertaining to any Collateral. The Administrative Agent shall be deemed to have exercised reasonable care in the custody and preservation of Collateral in its possession if such Collateral is accorded treatment substantially equal to that which the Administrative Agent accords its own property. Neither the Administrative Agent nor any of its directors, officers, employees or agents shall be liable for failure to demand, collect or realize upon all or any part of the Collateral or for any delay in doing so or shall be under any obligation to sell or otherwise dispose of any Collateral upon the request of any Grantor or otherwise. If any Grantor fails to perform any agreement contained herein (except where the same is being contested in good faith by Borrower at a time when no Event of Default has occurred and is continuing), the Administrative Agent may (but shall not be obligated to) itself perform, or cause performance of, such agreement, and the expenses of the Administrative Agent incurred in connection therewith shall be payable by each Grantor under Section 10(d) of the Facilities Agreement.

SECTION 11 MISCELLANEOUS. Any notice required or permitted to be given under this Agreement shall be given in accordance with Section 26 of the Facilities Agreement. No failure or delay on the part of the Administrative Agent in the exercise of any power, right or privilege hereunder or under any other Credit Document shall impair such power, right or privilege or be construed to be a waiver of any default or acquiescence therein, nor shall any single or partial exercise of any such power, right or privilege preclude other or further exercise thereof or of any other power, right or privilege. All rights and remedies existing under this Agreement and the other Credit Documents are cumulative to, and not exclusive of, any rights or remedies otherwise available. In case any provision in or obligation under this Agreement shall be invalid, illegal or unenforceable in any jurisdiction, the validity, legality and enforceability of the remaining provisions or obligations, or of such provision or obligation in any other jurisdiction, shall not in any way be affected or impaired thereby. All covenants hereunder shall be given independent effect so that if a particular action or condition is not permitted by any of such covenants, the fact that it would be permitted by an exception to, or would otherwise be within the limitations of, another covenant shall not avoid the occurrence of a Default or an Event of Default if such action is taken or condition exists. This Agreement shall be binding upon and inure to the benefit of the Administrative Agent and Grantors and their respective successors and permitted assigns. No Grantor shall, without the prior written consent of the Administrative Agent given in accordance with the Facilities Agreement, assign any right, duty or obligation hereunder. This Agreement and the other Credit Documents embody the entire agreement and understanding between Grantors and the Administrative Agent and supersede all prior agreements and understandings between such parties relating to the subject matter hereof and thereof. Accordingly, the Credit Documents may not be contradicted by evidence of prior, contemporaneous or subsequent oral agreements of the parties. There are no unwritten oral agreements between the parties. This Agreement may be executed in one or more counterparts and by different parties hereto in separate counterparts, each of which when so executed and delivered shall be deemed an original, but all such counterparts together shall constitute but one and the same instrument; signature pages may be detached from multiple separate counterparts and attached to a single counterpart so that all signature pages are physically attached to the same document. Delivery of an executed counterpart of a signature page of this Agreement by facsimile or other electronic transmission shall be effective as delivery of an original manually executed counterpart of this Agreement.

THIS AGREEMENT AND THE RIGHTS AND OBLIGATIONS OF THE PARTIES HEREUNDER SHALL BE GOVERNED BY, AND SHALL BE CONSTRUED AND ENFORCED IN ACCORDANCE WITH, THE LAWS OF THE STATE OF NEW YORK, WITHOUT REGARD TO ITS CONFLICTS OF LAW PROVISIONS (OTHER THAN SECTION 5-1401 AND SECTION 5-1402 OF THE NEW YORK GENERAL OBLIGATION LAWS).

[*Signature pages follow*]

IN WITNESS WHEREOF, each Grantor and the Administrative Agent have caused this Agreement to be duly executed and delivered by their respective officers thereunto duly authorized as of the date first written above.

BETTER CHOICE COMPANY INC.

By: /s/ Damian Dalla-Longa
Name: Damian Dalla-Longa
Title: CEO

TRUPET, LLC
By:

By: /s/ Damian Dalla-Longa
Name: Damian Dalla-Longa
Title: CEO

HALO, PURELY FOR PETS INC.

By: /s/ Werner von Pein
Name: Werner von Pein
Title: President & CEO

BONA VIDA, INC.
By:

By: /s/ Damian Dalla-Longa
Name: Damian Dalla-Longa
Title: CEO

BRIDGING FINANCE INC.,
as the Administrative Agent

By: /s/ Lekan Temidire
Name: Lekan Temidire
Title: Managing Director

[Signature Page to Pledge and Security Agreement]

Exhibit 10.3

EXECUTION VERSION

CONTINUING GUARANTY

December 19, 2019

FOR VALUE RECEIVED, the sufficiency of which is hereby acknowledged, and in consideration of credit and/or financial accommodations heretofore or hereafter from time to time made or granted to BETTER CHOICE COMPANY INC., a Delaware corporation ("Borrower"), by BRIDGING FINANCE INC., as Administrative Agent ("Agent"), and the Lenders under the Facilities Agreement (as defined below) and their successors and assigns (collectively the "Creditors"), the undersigned Guarantors (each, a "Guarantor" and collectively, jointly and severally, the "Guarantors") hereby furnishes its continuing guaranty (this "Guaranty") of the Guaranteed Obligations (as hereinafter defined) as follows (capitalized terms used herein shall have the meaning assigned to them herein, and if not herein defined shall have the meaning assigned to them in the Facilities Agreement (as defined below)):

1. Guaranty. Each Guarantor hereby absolutely and unconditionally guarantees, as a primary obligor and as a guaranty of payment and performance and not merely as a guaranty of collection, prompt payment when due, whether at stated maturity, by required prepayment, upon acceleration, demand or otherwise, and at all times thereafter, of any and all existing and future indebtedness and liabilities of every kind, nature and character, direct or indirect, absolute or contingent, liquidated or unliquidated, voluntary or involuntary and whether for principal, interest, premiums, fees indemnities, damages, costs, expenses or otherwise, of Borrower to the Creditors arising under that certain Loan Facilities Letter Agreement dated as of December 19, 2019 between Borrower, the Obligors party thereto, Agent, and the Lenders from time to time party thereto (the "Facilities Agreement"), the Credit Documents and any instruments, agreements or other documents of any kind or nature now or hereafter executed in connection with the Credit Documents (including all renewals, extensions, amendments, refinancings and other modifications thereof (howsoever fundamental) and all reasonable costs, attorneys' fees and expenses incurred by the Creditors in connection with the collection or enforcement thereof), and whether recovery upon such indebtedness and liabilities may be or hereafter become unenforceable or shall be an allowed or disallowed claim under any proceeding or case commenced by or against any Guarantor or Borrower under the Bankruptcy Code (Title 11, United States Code), any successor statute or any other liquidation, conservatorship, bankruptcy, assignment for the benefit of creditors, moratorium, rearrangement, receivership, insolvency, judicial management, scheme of arrangement, reorganization, or similar debtor relief laws of the United States or other applicable jurisdictions from time to time in effect and affecting the rights of creditors generally (collectively, "Debtor Relief Laws"), and including interest that accrues after the commencement by or against any Borrower of any proceeding under any Debtor Relief Laws (subject to the proviso in this sentence, collectively, the "Guaranteed Obligations"); provided that, the liability of the Guarantors hereunder shall be limited to an aggregate amount equal to the largest amount that would not render its obligations hereunder subject to avoidance under Section 548 of the Bankruptcy Code of the United States or any comparable provisions of any applicable state law or other applicable law. Agent's books and records showing the amount of the Guaranteed Obligations shall be admissible in evidence in any action or proceeding, and, absent any manifest error therein, shall be binding upon the Guarantors and conclusive for the purpose of establishing the amount of the Guaranteed Obligations. This Guaranty shall not be affected by the genuineness, validity, regularity or enforceability of the Guaranteed Obligations or any instrument or agreement evidencing any Guaranteed Obligations, or by the existence, validity, enforceability, perfection, non-perfection or extent of any collateral therefor, or by any fact or circumstance relating to the Guaranteed Obligations which might otherwise constitute a defense to the obligations of the Guarantors under this Guaranty, and each Guarantor hereby irrevocably waives any defenses it may now have or hereafter acquire in any way relating to any or all of the foregoing. Anything contained herein to the contrary notwithstanding, the obligations of each Guarantor hereunder at any time shall be limited to an aggregate amount equal to the largest amount that would not render its obligations hereunder subject to avoidance as a fraudulent transfer or conveyance under Section 548 of the Bankruptcy Code (Title 11, United States Code) or any comparable provisions of any similar federal or state law.

2. No Setoff or Deductions; Taxes; Payments. Each Guarantor shall make all payments hereunder without setoff or counterclaim and free and clear of and without deduction for any taxes, levies, imposts, duties, charges, fees, deductions, withholdings, compulsory loans, restrictions or conditions of any nature now or hereafter imposed or levied by any jurisdiction or any political subdivision thereof or taxing or other authority therein unless such Guarantor is compelled by law to make such deduction or withholding. If any such obligation (other than any such obligation arising with respect to taxes based on or measured by the income or profits of the Creditors) is imposed upon any Guarantor with respect to any amount payable by it hereunder, such Guarantor will pay to Agent, for the ratable benefit of all affected Creditors, on the date on which such amount is due and payable hereunder, such additional amount in U.S. dollars as shall be necessary to enable the Creditors to receive the same net amount which the Creditors would have received on such due date had no such obligation been imposed upon such Guarantor. Each Guarantor will deliver promptly to Agent certificates or other valid vouchers for all taxes or other charges deducted from or paid with respect to payments made by such Guarantor hereunder. The obligations of the Guarantors under this Section 2 shall survive the payment in full of the Guaranteed Obligations and termination of this Guaranty. At Agent's option, all payments under this Guaranty shall be made in the United States. The obligations hereunder shall not be affected by any acts of any legislative body or governmental authority affecting Borrower, including but not limited to, any restrictions on the conversion of currency or repatriation or control of funds or any total or partial expropriation of Borrower's property, or by economic, political, regulatory or other events in the countries where Borrower is located.

3. Tax Indemnification. Without prejudice to Section 2 (No Setoff or Deductions; Taxes; Payments) if any Creditor is required to make any payment of or on account of tax on or in relation to any sum received or receivable under this Guaranty (including any sum deemed for purposes of tax to be received or receivable by such Creditor whether or not actually received or receivable) or if any liability in respect of any such payment is asserted, imposed, levied or assessed against any Creditor, the Guarantors shall, within three Business Days of demand of Agent or such Creditor, promptly indemnify such Creditor for any loss or liability suffered as a result, together with any interest, penalties, costs and expenses payable or incurred in connection therewith, provided that this Section 3 shall not apply to:

(i) any Tax imposed on and calculated by reference to the net income actually received or receivable by the Creditors (but, for the avoidance of doubt, not including any sum deemed for purposes of Tax to be received or receivable by the Creditors but not actually receivable) by the jurisdiction in which any Creditor is incorporated; or

(ii) any Tax imposed on and calculated by reference to the net income of the facility office of any Creditor actually received or receivable by any Creditor (but, for the avoidance of doubt, not including any sum deemed for purposes of tax to be received or receivable by such Creditor but not actually receivable) by the jurisdiction in which its facility office is located.;

(iii) If any Creditor intends to make a claim under this Section 3 it shall notify Borrower of the event giving rise to the claim.

4. Rights of Creditors. Each Guarantor consents and agrees that the Creditors may, at any time and from time to time, without notice or demand to the Guarantors, and without affecting the enforceability or continuing effectiveness hereof: (a) amend, extend, renew, compromise, discharge, accelerate or otherwise change the time for payment or the terms of the Guaranteed Obligations or any part thereof in accordance with the terms of the Guaranteed Obligations; (b) take, hold, exchange, enforce, waive, release, fail to perfect, sell, or otherwise dispose of any security for the payment of this Guaranty or any Guaranteed Obligations; (c) apply such security and direct the order or manner of sale thereof as Agent in its sole discretion may determine; and (d) release or substitute one or more of any endorsers or other Guarantors of any of the Guaranteed Obligations. Without limiting the generality of the foregoing, each Guarantor consents to the taking of, or failure to take, any action which might in any manner or to any extent vary the risks of the Guarantors under this Guaranty or which, but for this provision, might operate as a discharge of any Guarantor.

5. Certain Waivers. Each Guarantor waives (a) any defense arising by reason of any disability or other defense of Borrower or any other Guarantor, or the cessation from any cause whatsoever (including any act or omission of any Creditor) of the liability of Borrower; (b) any defense based on any claim that any Guarantor's obligations exceed or are more burdensome than those of Borrower; (c) the benefit of any statute of limitations affecting any Guarantor's liability hereunder; (d) any right to require any Creditor to proceed against Borrower, proceed against or exhaust any security for the Guaranteed Obligations, or pursue any other remedy in any Creditor's power whatsoever; (e) any benefit of and any right to participate in any security now or hereafter held by Agent or any other Creditor; and (f) to the fullest extent permitted by law, any and all other defenses or benefits that may be derived from or afforded by applicable law limiting the liability of or exonerating the Guarantors or sureties. Each Guarantor expressly waives all setoffs and counterclaims and all presentments, demands for payment or performance, notices of nonpayment or nonperformance, protests, notices of protest, notices of dishonor, and all other notices or demands of any kind or nature whatsoever with respect to the Guaranteed Obligations, and all notices of acceptance of this Guaranty or of the existence, creation, or incurrence of new or additional Guaranteed Obligations.

6. Obligations Independent. The obligations of each Guarantor hereunder are those of primary obligor, and not merely as surety, and are independent of the Guaranteed Obligations and the obligations of any other Guarantor, and a separate action may be brought against any Guarantor to enforce this Guaranty whether or not Borrower or any other person or entity is joined as a party.

7. Subrogation. No Guarantor shall exercise any right of subrogation, contribution, indemnity, reimbursement or similar rights with respect to any payments it makes under this Guaranty until all of the Guaranteed Obligations and any amounts payable under this Guaranty have been paid and performed in full and any commitments of the Creditors or facilities provided by the Creditors with respect to the Guaranteed Obligations are terminated. If any amounts are paid to any Guarantor in violation of the foregoing limitation, then such amounts shall be held in trust for the benefit of the Creditors and shall forthwith be paid to Agent to reduce the amount of the Guaranteed Obligations, whether matured or unmatured.

8. Termination; Reinstatement. This Guaranty is a continuing and irrevocable guaranty of all Guaranteed Obligations now or hereafter existing and shall remain in full force and effect until all Guaranteed Obligations and any other amounts payable under this Guaranty are paid in full in cash and any commitments of the Creditors or facilities provided by the Creditors with respect to the Guaranteed Obligations are terminated. Notwithstanding the foregoing, this Guaranty shall continue in full force and effect or be revived, as the case may be, if any payment by or on behalf of Borrower or any Guarantor is made, in respect of the Guaranteed Obligations and such payment or any part thereof is subsequently invalidated, declared to be fraudulent or preferential, set aside or required (including pursuant to any settlement entered into by Agent in its discretion) to be repaid to a trustee, receiver or any other party, in connection with any proceeding under any Debtor Relief Laws, all as if such payment had not been made and whether or not Agent is in possession of or has released this Guaranty and regardless of any prior revocation, rescission, termination or reduction. The obligations of the Guarantors under this Section 8 shall survive termination of this Guaranty.

9. Subordination. Each Guarantor hereby subordinates the payment of all obligations and indebtedness of Borrower owing to the Guarantors, whether now existing or hereafter arising, including but not limited to any obligation of Borrower to any Guarantor as subrogee of Agent or resulting from any Guarantor's performance under this Guaranty, to the payment in full in cash of all Guaranteed Obligations, provided that any such payment may be made by Borrower to any Guarantor if no default then exists under the Facilities Agreement or would result from such payment. If any Creditor so requests, any such obligation or indebtedness of Borrower to any Guarantor shall be enforced and performance received by such Guarantor as trustee for Agent and the proceeds thereof shall be paid over to Agent on account of the Guaranteed Obligations, but without reducing or affecting in any manner the liability of such Guarantor under this Guaranty.

10. Stay of Acceleration. In the event that acceleration of the time for payment of any of the Guaranteed Obligations is stayed, in connection with any case commenced by or against any Guarantor or Borrower under any Debtor Relief Laws or otherwise, all such amounts shall nonetheless be payable by such Guarantor immediately upon demand by any Creditor.

11. Expenses. The Guarantors shall pay on Agent's demand all Creditors' out-of-pocket expenses (including attorneys' fees and expenses) in any way relating to the enforcement or protection of the Creditor's rights under this Guaranty or in respect of the Guaranteed Obligations, including any incurred during any "workout" or restructuring in respect of the Guaranteed Obligations and any incurred in the preservation, protection or enforcement of any rights of the Creditors in any proceeding any Debtor Relief Laws. The obligations of the Guarantors under this Section 11 shall survive the payment in full of the Guaranteed Obligations and termination of this Guaranty.

12. Miscellaneous. No provision of this Guaranty may be waived, amended, supplemented or modified, except by a written instrument executed by Agent and the Guarantors. No failure by the Creditors to exercise, and no delay in exercising, any right, remedy or power hereunder shall operate as a waiver thereof; nor shall any single or partial exercise of any right, remedy or power hereunder preclude any other or further exercise thereof or the exercise of any other right, power or remedy. The remedies herein provided are cumulative and not exclusive of any remedies provided by law or in equity. The unenforceability or invalidity of any provision of this Guaranty shall not affect the enforceability or validity of any other provision herein. Unless otherwise agreed by Agent and the Guarantors in writing, this Guaranty is not intended to supersede or otherwise affect any other guaranty now or hereafter given by the Guarantors for the benefit of the Creditors or any term or provision thereof.

13. Condition of Borrower. Each Guarantor acknowledges and agrees that it has the sole responsibility for, and has adequate means of, obtaining from Borrower and any other Guarantor such information concerning the financial condition, business and operations of Borrower and any other Guarantor as such Guarantor requires, and that no Creditor has a duty, and no Guarantor is relying on any Creditor at any time, to disclose to any Guarantor any information relating to the business, operations or financial condition of Borrower or any other Guarantor (each Guarantor waiving any duty on the part of the Creditors to disclose such information and any defense relating to the failure to provide the same).

14. Representations and Warranties. Each Guarantor represents and warrants that (a) this Guaranty (i) does not violate any agreement, instrument, law, regulation or order applicable to any Guarantor, (ii) does not require the consent or approval of any person or entity, including but not limited to any governmental authority, or any filing or registration of any kind and (iii) is the legal, valid and binding obligation of such Guarantor enforceable against such Guarantor in accordance with its terms, except to the extent that enforcement may be limited by applicable bankruptcy, insolvency and other similar laws affecting creditors' rights generally; and (b) in executing and delivering this Guaranty, each Guarantor (i) has, without reliance on the Creditors or any information received from the Creditors and based upon such documents and information it deems appropriate, made an independent investigation of the transactions contemplated hereby and Borrowers, Borrowers' business, assets, operations, prospects and condition, financial or otherwise, and any circumstances which may bear upon such transactions, Borrowers or the obligations and risks undertaken herein with respect to the Guaranteed Obligations, (ii) has adequate means to obtain from Borrowers on a continuing basis information concerning Borrowers, (iii) has full and complete access to the Credit Documents and any other documents executed in connection with the Credit Documents, and (iv) has not relied and will not rely upon any representations or warranties of the Creditors not embodied herein or any acts heretofore or hereafter taken by the Creditors (including but not limited to any review by the Creditors of the affairs of Borrowers).

15. Indemnification and Survival. Without limitation on any other obligations of the Guarantors or remedies of the Creditors under this Guaranty, each Guarantor shall, to the fullest extent permitted by law, indemnify, defend and save and hold harmless each Creditor from and against, and shall pay on demand, any and all damages, losses, liabilities, and expenses (including attorneys' fees) that may be suffered or incurred by any Creditor in connection with or as a result of any failure of any Guaranteed Obligations to be the legal, valid and binding obligations of Borrower enforceable against Borrower in accordance with their terms. The obligations of the Guarantors under this Section 15 shall survive the payment in full of the Guaranteed Obligations and termination of this Guaranty.

16. Assignment. This Guaranty shall be binding on, and shall inure to the benefit of the Guarantors, each Creditor, and their respective successors and assigns; provided that the Guarantors may not assign or transfer its rights or obligations under this Guaranty. Without limiting the generality of the foregoing, any Creditor may assign, sell participations in or otherwise transfer its rights under the Credit Documents, as applicable, to any other person or entity, and the other person or entity shall then become vested with all the rights granted to such Creditor in this Guaranty or otherwise.

17. Captions. The headings and captions in this Guaranty are for convenience only and shall not affect the interpretation or construction of this Guaranty.

18. GOVERNING LAW; Assignment; Jurisdiction; Notices. THIS GUARANTY SHALL BE GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH, THE INTERNAL LAWS OF THE STATE OF NEW YORK. This Guaranty shall (a) bind each Guarantor and its successors and assigns, provided that no Guarantor may assign its rights or obligations under this Guaranty without the prior written consent of Agent (and any attempted assignment without such consent shall be void), and (b) inure to the benefit of each Creditor and its successors and assigns and any Creditor may, without notice to any Guarantor and without affecting any Guarantor's obligations hereunder, assign, sell or grant participations in the Guaranteed Obligations and this Guaranty, in whole or in part. Each Guarantor hereby irrevocably (i) submits to the non-exclusive jurisdiction of any United States Federal or State court sitting in New York, New York in any action or proceeding arising out of or relating to this Guaranty, and (ii) waives to the fullest extent permitted by law any defense asserting an inconvenient forum in connection therewith. Service of process by any Creditor in connection with such action or proceeding shall be binding on any Guarantor if sent to such Guarantor by registered or certified mail at its address specified on Annex I attached hereto or such other address as from time to time notified by such Guarantor. Each Guarantor agrees that each Creditor may disclose to any assignee of or participant in, or any prospective assignee of or participant in, any of its rights or obligations of all or part of the Guaranteed Obligations any and all information in such Creditor's possession concerning such Guarantor, this Guaranty and any security for this Guaranty. All notices and other communications to any Guarantor under this Guaranty shall be in writing and shall be delivered by hand or overnight courier service, mailed by certified or registered mail or sent by telecopier to such Guarantor at its address set forth on Annex I attached hereto or at such other address in the United States as may be specified by such Guarantor in a written notice delivered to Agent at such office as Agent may designate for such purpose from time to time in a written notice to such Guarantor.

19. WAIVER OF JURY TRIAL; FINAL AGREEMENT. TO THE EXTENT ALLOWED BY APPLICABLE LAW, EACH GUARANTOR AND EACH CREDITOR EACH IRREVOCABLY WAIVES TRIAL BY JURY WITH RESPECT TO ANY ACTION, CLAIM, SUIT OR PROCEEDING ON, ARISING OUT OF OR RELATING TO THIS GUARANTY OR THE GUARANTEED OBLIGATIONS. THIS GUARANTY REPRESENTS THE FINAL AGREEMENT BETWEEN THE PARTIES AND MAY NOT BE CONTRADICTED BY EVIDENCE OF PRIOR, CONTEMPORANEOUS, OR SUBSEQUENT ORAL AGREEMENTS BETWEEN THE PARTIES. THERE ARE NO UNWRITTEN ORAL AGREEMENTS BETWEEN THE PARTIES.

20. Foreign Currency. If any claim arising under or related to this Guaranty is reduced to judgment denominated in a currency (the "Judgment Currency") other than U.S. Dollars (the "Obligations Currency"), the judgment shall be for the equivalent in the Judgment Currency of the amount of the claim denominated in the Obligations Currency included in the judgment, determined as of the date of judgment. The equivalent of any Obligations Currency amount in any Judgment Currency shall be calculated at the spot rate for the purchase of the Obligations Currency with the Judgment Currency quoted by Agent in the place of Agent's choice at or about 8:00 a.m. on the date for determination specified above. Guarantor shall indemnify the Creditors and hold the Creditors harmless from and against all loss or damage resulting from any change in exchange rates between the date any claim is reduced to judgment and the date of payment thereof by the Guarantors or any failure of the amount of any such judgment to be calculated as provided in this Section 20.

21. Counterparts. This Guaranty may be executed in any number of counterparts, all of which taken together shall constitute one agreement, and any of the parties hereto may execute this Guaranty by signing any such counterpart. Delivery of an executed counterpart of a signature page of this Guaranty by facsimile or other electronic transmission shall be effective as delivery of a manually executed counterpart of this Guaranty.

[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK]

IN WITNESS WHEREOF, this the undersigned has caused this Continuing Guaranty to be duly executed as of the date first above written.

HALO, PURELY FOR PETS INC.

By: /s/ Werner von Pein
Name: Werner von Pein
Title: President & CEO

BONA VIDA, INC.

By: /s/ Damian Dalla-Longa
Name: Damian Dalla-Longa
Title: CEO

TRUPET, LLC

By: /s/ Damian Dalla-Longa
Name: Damian Dalla-Longa
Title: CEO

ANNEX I

Guarantor Addresses

Halo, Purely for Pets Inc.

12400 Race Track Rd
Tampa, FL 33626

Bona Vida, Inc.

164 Douglas Rd E
Oldsmar, FL 34677

Trupet, LLC

164 Douglas Rd E
Oldsmar, FL 34677

Exhibit 10.4

EXECUTION VERSION

CONTINUING PERSONAL GUARANTY

December 19, 2019

FOR VALUE RECEIVED, the sufficiency of which is hereby acknowledged, and in consideration of credit and/or financial accommodations heretofore or hereafter from time to time made or granted to BETTER CHOICE COMPANY INC., a Delaware corporation ("Borrower"), by BRIDGING FINANCE INC., as Administrative Agent ("Agent"), and the Lenders under the Facilities Agreement (as defined below) and their successors and assigns (collectively the "Creditors"), each of the undersigned Guarantors (each, a "Guarantor" and collectively, jointly and severally, the "Guarantors") hereby furnishes its continuing guaranty (this "Guaranty") of the Guaranteed Obligations (as hereinafter defined) as follows (capitalized terms used herein shall have the meaning assigned to them herein, and if not herein defined shall have the meaning assigned to them in the Facilities Agreement (as defined below)):

1. Guaranty. Each Guarantor hereby absolutely and unconditionally guarantees, as a primary obligor and as a guaranty of payment and performance and not merely as a guaranty of collection, prompt payment when due, whether at stated maturity, by required prepayment, upon acceleration, demand or otherwise, and at all times thereafter, of any and all existing and future indebtedness and liabilities of every kind, nature and character, direct or indirect, absolute or contingent, liquidated or unliquidated, voluntary or involuntary and whether for principal, interest, premiums, fees indemnities, damages, costs, expenses or otherwise, of Borrower to the Creditors arising under that certain Loan Facilities Letter Agreement dated as of December 19, 2019 between Borrower, the Obligors party thereto, Agent, and the Lenders from time to time party thereto (the "Facilities Agreement"), the Credit Documents and any instruments, agreements or other documents of any kind or nature now or hereafter executed in connection with the Credit Documents (including all renewals, extensions, amendments, refinancings and other modifications thereof (howsoever fundamental) and all reasonable costs, attorneys' fees and expenses incurred by the Creditors in connection with the collection or enforcement thereof), and whether recovery upon such indebtedness and liabilities may be or hereafter become unenforceable or shall be an allowed or disallowed claim under any proceeding or case commenced by or against any Guarantor or Borrower under the Bankruptcy Code (Title 11, United States Code), any successor statute or any other liquidation, conservatorship, bankruptcy, assignment for the benefit of creditors, moratorium, rearrangement, receivership, insolvency, judicial management, scheme of arrangement, reorganization, or similar debtor relief laws of the United States or other applicable jurisdictions from time to time in effect and affecting the rights of creditors generally (collectively, "Debtor Relief Laws"), and including interest that accrues after the commencement by or against any Borrower of any proceeding under any Debtor Relief Laws (subject to the proviso in this sentence, collectively, the "Guaranteed Obligations"); provided that, the liability of the Guarantors hereunder shall be limited to an aggregate amount equal to the largest amount that would not render its obligations hereunder subject to avoidance under Section 548 of the Bankruptcy Code of the United States or any comparable provisions of any applicable state law or other applicable law. Agent's books and records showing the amount of the Guaranteed Obligations shall be admissible in evidence in any action or proceeding, and, absent any manifest error therein, shall be binding upon the Guarantors and conclusive for the purpose of establishing the amount of the Guaranteed Obligations. This Guaranty shall not be affected by the genuineness, validity, regularity or enforceability of the Guaranteed Obligations or any instrument or agreement evidencing any Guaranteed Obligations, or by the existence, validity, enforceability, perfection, non-perfection or extent of any collateral therefor, or by any fact or circumstance relating to the Guaranteed Obligations which might otherwise constitute a defense to the obligations of the Guarantors under this Guaranty, and each Guarantor hereby irrevocably waives any defenses it may now have or hereafter acquire in any way relating to any or all of the foregoing. The liability of John M. Word, III under this Guaranty (exclusive of liability under any other guaranties executed by the Guarantors) shall not exceed at any one time the total of ***FIFTEEN MILLION DOLLARS AND NO/100 ($15,000,000.00)*** for the amount of the Guaranteed Obligations (the "Word Maximum Amount"). The liability of Lori Taylor under this Guaranty (exclusive of liability under any other guaranties executed by the Guarantors) shall not exceed at any one time the total of ***FOUR MILLION DOLLARS AND NO/100 ($4,000,000.00)*** for the amount of the Guaranteed Obligations (the "Taylor Maximum Amount"). The liability of Michael Young under this Guaranty (exclusive of liability under any other guaranties executed by the Guarantors) shall not exceed at any one time the total of ***ONE MILLION DOLLARS AND NO/100 ($1,000,000.00)*** for the amount of the Guaranteed Obligations (the "Young Maximum Amount" and collectively, together with the Word Maximum Amount and the Taylor Maximum Amount, the " Maximum Guaranteed Amount"). Each Guarantor hereby acknowledges that the Guaranteed Obligations of Borrower may at any time and from time to time exceed the Maximum Guaranteed Amount, and any amounts received by Agent from time to time from Borrower or any other source other than the Guarantors for application to the Guaranteed Obligations shall not reduce the Guarantors' liability pursuant to this Section 1. Anything contained herein to the contrary notwithstanding, the obligations of each Guarantor hereunder at any time shall be limited to an aggregate amount equal to the largest amount that would not render its obligations hereunder subject to avoidance as a fraudulent transfer or conveyance under Section 548 of the Bankruptcy Code (Title 11, United States Code) or any comparable provisions of any similar federal or state law.

2. No Setoff or Deductions; Taxes; Payments. Each Guarantor shall make all payments hereunder without setoff or counterclaim and free and clear of and without deduction for any taxes, levies, imposts, duties, charges, fees, deductions, withholdings, compulsory loans, restrictions or conditions of any nature now or hereafter imposed or levied by any jurisdiction or any political subdivision thereof or taxing or other authority therein unless such Guarantor is compelled by law to make such deduction or withholding. If any such obligation (other than any such obligation arising with respect to taxes based on or measured by the income or profits of the Creditors) is imposed upon any Guarantor with respect to any amount payable by it hereunder, such Guarantor will pay to Agent, for the ratable benefit of all affected Creditors, on the date on which such amount is due and payable hereunder, such additional amount in U.S. dollars as shall be necessary to enable the Creditors to receive the same net amount which the Creditors would have received on such due date had no such obligation been imposed upon such Guarantor. Each Guarantor will deliver promptly to Agent certificates or other valid vouchers for all taxes or other charges deducted from or paid with respect to payments made by such Guarantor hereunder. The obligations of the Guarantors under this Section 2 shall survive the payment in full of the Guaranteed Obligations and termination of this Guaranty. At Agent's option, all payments under this Guaranty shall be made in the United States. The obligations hereunder shall not be affected by any acts of any legislative body or governmental authority affecting Borrower, including but not limited to, any restrictions on the conversion of currency or repatriation or control of funds or any total or partial expropriation of Borrower's property, or by economic, political, regulatory or other events in the countries where Borrower is located.

3. Tax Indemnification. Without prejudice to Section 2 (No Setoff or Deductions; Taxes; Payments) if any Creditor is required to make any payment of or on account of tax on or in relation to any sum received or receivable under this Guaranty (including any sum deemed for purposes of tax to be received or receivable by such Creditor whether or not actually received or receivable) or if any liability in respect of any such payment is asserted, imposed, levied or assessed against any Creditor, the Guarantors, shall, within three Business Days of demand of Agent or such Creditor, promptly indemnify such Creditor for any loss or liability suffered as a result, together with any interest, penalties, costs and expenses payable or incurred in connection therewith, provided that (a) the liability of John M. Word, III under this Section 3 is limited to a maximum of $100,000, and (b) this Section 3 shall not apply to:

(i) any Tax imposed on and calculated by reference to the net income actually received or receivable by the Creditors (but, for the avoidance of doubt, not including any sum deemed for purposes of Tax to be received or receivable by the Creditors but not actually receivable) by the jurisdiction in which any Creditor is incorporated; or

(ii) any Tax imposed on and calculated by reference to the net income of the facility office of any Creditor actually received or receivable by any Creditor (but, for the avoidance of doubt, not including any sum deemed for purposes of tax to be received or receivable by such Creditor but not actually receivable) by the jurisdiction in which its facility office is located.;

(iii) If any Creditor intends to make a claim under this Section 3 it shall notify Borrower of the event giving rise to the claim.

4. Rights of Creditors. Each Guarantor consents and agrees that the Creditors may, at any time and from time to time, without notice or demand to the Guarantors, and without affecting the enforceability or continuing effectiveness hereof: (a) amend, extend, renew, compromise, discharge, accelerate or otherwise change the time for payment or the terms of the Guaranteed Obligations or any part thereof in accordance with the terms of the Guaranteed Obligations; (b) take, hold, exchange, enforce, waive, release, fail to perfect, sell, or otherwise dispose of any security for the payment of this Guaranty or any Guaranteed Obligations; (c) apply such security and direct the order or manner of sale thereof as Agent in its sole discretion may determine; and (d) release or substitute one or more of any endorsers or other Guarantors of any of the Guaranteed Obligations. Without limiting the generality of the foregoing, each Guarantor consents to the taking of, or failure to take, any action which might in any manner or to any extent vary the risks of the Guarantors under this Guaranty or which, but for this provision, might operate as a discharge of any Guarantor.

5. Certain Waivers. Each Guarantor waives (a) any defense arising by reason of any disability or other defense of Borrower or any other Guarantor, or the cessation from any cause whatsoever (including any act or omission of any Creditor) of the liability of Borrower; (b) any defense based on any claim that any Guarantor's obligations exceed or are more burdensome than those of Borrower; (c) the benefit of any statute of limitations affecting any Guarantor's liability hereunder; (d) any right to require any Creditor to proceed against Borrower, proceed against or exhaust any security for the Guaranteed Obligations, or pursue any other remedy in any Creditor's power whatsoever; (e) any benefit of and any right to participate in any security now or hereafter held by Agent or any other Creditor; and (f) to the fullest extent permitted by law, any and all other defenses or benefits that may be derived from or afforded by applicable law limiting the liability of or exonerating the Guarantors or sureties. Each Guarantor expressly waives all setoffs and counterclaims and all presentments, demands for payment or performance, notices of nonpayment or nonperformance, protests, notices of protest, notices of dishonor, and all other notices or demands of any kind or nature whatsoever with respect to the Guaranteed Obligations, and all notices of acceptance of this Guaranty or of the existence, creation, or incurrence of new or additional Guaranteed Obligations.

6. Obligations Independent. The obligations of each Guarantor hereunder are those of primary obligor, and not merely as surety, and are independent of the Guaranteed Obligations and the obligations of any other Guarantor, and a separate action may be brought against any Guarantor to enforce this Guaranty whether or not Borrower or any other person or entity is joined as a party.

7. Subrogation. No Guarantor shall exercise any right of subrogation, contribution, indemnity, reimbursement or similar rights with respect to any payments it makes under this Guaranty until all of the Guaranteed Obligations and any amounts payable under this Guaranty have been paid and performed in full and any commitments of the Creditors or facilities provided by the Creditors with respect to the Guaranteed Obligations are terminated. If any amounts are paid to any Guarantor in violation of the foregoing limitation, then such amounts shall be held in trust for the benefit of the Creditors and shall forthwith be paid to Agent to reduce the amount of the Guaranteed Obligations, whether matured or unmatured.

8. Termination; Reinstatement. This Guaranty is a continuing and irrevocable guaranty of all Guaranteed Obligations now or hereafter existing and shall remain in full force and effect until all Guaranteed Obligations and any other amounts payable under this Guaranty are paid in full in cash and any commitments of the Creditors or facilities provided by the Creditors with respect to the Guaranteed Obligations are terminated. Notwithstanding the foregoing, this Guaranty shall continue in full force and effect or be revived, as the case may be, if any payment by or on behalf of Borrower or any Guarantor is made, in respect of the Guaranteed Obligations and such payment or any part thereof is subsequently invalidated, declared to be fraudulent or preferential, set aside or required (including pursuant to any settlement entered into by Agent in its discretion) to be repaid to a trustee, receiver or any other party, in connection with any proceeding under any Debtor Relief Laws, all as if such payment had not been made and whether or not Agent is in possession of or has released this Guaranty and regardless of any prior revocation, rescission, termination or reduction. The obligations of the Guarantors under this Section 8 shall survive termination of this Guaranty.

9. Subordination. Each Guarantor hereby subordinates the payment of all obligations and indebtedness of Borrower owing to the Guarantors, whether now existing or hereafter arising, including but not limited to any obligation of Borrower to any Guarantor as subrogee of Agent or resulting from any Guarantor's performance under this Guaranty, to the payment in full in cash of all Guaranteed Obligations, provided that any such payment may be made by Borrower to any Guarantor if no default then exists under the Facilities Agreement or would result from such payment. If any Creditor so requests, any such obligation or indebtedness of Borrower to any Guarantor shall be enforced and performance received by such Guarantor as trustee for Agent and the proceeds thereof shall be paid over to Agent on account of the Guaranteed Obligations, but without reducing or affecting in any manner the liability of such Guarantor under this Guaranty.

10. Stay of Acceleration. In the event that acceleration of the time for payment of any of the Guaranteed Obligations is stayed, in connection with any case commenced by or against any Guarantor or Borrower under any Debtor Relief Laws or otherwise, all such amounts shall nonetheless be payable by such Guarantor immediately upon demand by any Creditor.

11. Expenses. The Guarantors shall pay on Agent's demand all Creditors' out-of-pocket expenses (including attorneys' fees and expenses) in any way relating to the enforcement or protection of the Creditor's rights under this Guaranty or in respect of the Guaranteed Obligations, including any incurred during any "workout" or restructuring in respect of the Guaranteed Obligations and any incurred in the preservation, protection or enforcement of any rights of the Creditors in any proceeding any Debtor Relief Laws. The obligations of the Guarantors under this Section 11 shall survive the payment in full of the Guaranteed Obligations and termination of this Guaranty.

12. Miscellaneous. No provision of this Guaranty may be waived, amended, supplemented or modified, except by a written instrument executed by Agent and the Guarantors. No failure by the Creditors to exercise, and no delay in exercising, any right, remedy or power hereunder shall operate as a waiver thereof; nor shall any single or partial exercise of any right, remedy or power hereunder preclude any other or further exercise thereof or the exercise of any other right, power or remedy. The remedies herein provided are cumulative and not exclusive of any remedies provided by law or in equity. The unenforceability or invalidity of any provision of this Guaranty shall not affect the enforceability or validity of any other provision herein. Unless otherwise agreed by Agent and the Guarantors in writing, this Guaranty is not intended to supersede or otherwise affect any other guaranty now or hereafter given by the Guarantors for the benefit of the Creditors or any term or provision thereof.

13. Condition of Borrower. Each Guarantor acknowledges and agrees that it has the sole responsibility for, and has adequate means of, obtaining from Borrower and any other Guarantor such information concerning the financial condition, business and operations of Borrower and any other Guarantor as such Guarantor requires, and that no Creditor has a duty, and no Guarantor is relying on any Creditor at any time, to disclose to any Guarantor any information relating to the business, operations or financial condition of Borrower or any other Guarantor (each Guarantor waiving any duty on the part of the Creditors to disclose such information and any defense relating to the failure to provide the same).

14. Representations and Warranties. John M. Word III represents and warrants that he is a resident of the State of California. Lori Taylor represents and warrants that she is a resident of the State of Ohio. Michael Young represents and warrants that he is a resident of the State of Florida. Each Guarantor represents and warrants, individually, that (a) this Guaranty (i) does not violate any agreement, instrument, law, regulation or order applicable to such Guarantor, (ii) does not require the consent or approval of any person or entity, including but not limited to any governmental authority, or any filing or registration of any kind and (iii) is the legal, valid and binding obligation of such Guarantor enforceable against such Guarantor in accordance with its terms, except to the extent that enforcement may be limited by applicable bankruptcy, insolvency and other similar laws affecting creditors' rights generally; and (b) in executing and delivering this Guaranty, each Guarantor (i) has, without reliance on the Creditors or any information received from the Creditors and based upon such documents and information it deems appropriate, made an independent investigation of the transactions contemplated hereby and Borrowers, Borrowers' business, assets, operations, prospects and condition, financial or otherwise, and any circumstances which may bear upon such transactions, Borrowers or the obligations and risks undertaken herein with respect to the Guaranteed Obligations, (ii) has adequate means to obtain from Borrowers on a continuing basis information concerning Borrowers, (iii) has full and complete access to the Credit Documents and any other documents executed in connection with the Credit Documents, and (iv) has not relied and will not rely upon any representations or warranties of the Creditors not embodied herein or any acts heretofore or hereafter taken by the Creditors (including but not limited to any review by the Creditors of the affairs of Borrowers).

15. Indemnification and Survival. Without limitation on any other obligations of the Guarantors or remedies of the Creditors under this Guaranty, each Guarantor shall, to the fullest extent permitted by law, indemnify, defend and save and hold harmless each Creditor from and against, and shall pay on demand, any and all damages, losses, liabilities, and expenses (including attorneys' fees) that may be suffered or incurred by any Creditor in connection with or as a result of any failure of any Guaranteed Obligations to be the legal, valid and binding obligations of Borrower enforceable against Borrower in accordance with their terms. The obligations of the Guarantors under this Section 15 shall survive the payment in full of the Guaranteed Obligations and termination of this Guaranty.

16. Assignment. This Guaranty shall be binding on, and shall inure to the benefit of the Guarantors, each Creditor, and their respective successors and assigns; provided that the Guarantors may not assign or transfer its rights or obligations under this Guaranty. Without limiting the generality of the foregoing, any Creditor may assign, sell participations in or otherwise transfer its rights under the Credit Documents, as applicable, to any other person or entity, and the other person or entity shall then become vested with all the rights granted to such Creditor in this Guaranty or otherwise.

17. Captions. The headings and captions in this Guaranty are for convenience only and shall not affect the interpretation or construction of this Guaranty.

18. GOVERNING LAW; Assignment; Jurisdiction; Notices. THIS GUARANTY SHALL BE GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH, THE INTERNAL LAWS OF THE STATE OF NEW YORK. This Guaranty shall (a) bind each Guarantor and his or her successors and assigns, provided that no Guarantor may assign his or her rights or obligations under this Guaranty without the prior written consent of Agent (and any attempted assignment without such consent shall be void), and (b) inure to the benefit of each Creditor and its successors and assigns and any Creditor may, without notice to any Guarantor and without affecting any Guarantor's obligations hereunder, assign, sell or grant participations in the Guaranteed Obligations and this Guaranty, in whole or in part. Each Guarantor hereby irrevocably (i) submits to the non-exclusive jurisdiction of any United States Federal or State court sitting in New York, New York in any action or proceeding arising out of or relating to this Guaranty, and (ii) waives to the fullest extent permitted by law any defense asserting an inconvenient forum in connection therewith. Service of process by any Creditor in connection with such action or proceeding shall be binding on any Guarantor if sent to such Guarantor by registered or certified mail at its address specified on Annex I attached hereto or such other address as from time to time notified by such Guarantor. Each Guarantor agrees that each Creditor may disclose to any assignee of or participant in, or any prospective assignee of or participant in, any of its rights or obligations of all or part of the Guaranteed Obligations any and all information in such Creditor's possession concerning such Guarantor, this Guaranty and any security for this Guaranty. All notices and other communications to any Guarantor under this Guaranty shall be in writing and shall be delivered by hand or overnight courier service, mailed by certified or registered mail or sent by telecopier to such Guarantor at its address set forth on Annex I attached hereto or at such other address in the United States as may be specified by such Guarantor in a written notice delivered to Agent at such office as Agent may designate for such purpose from time to time in a written notice to such Guarantor.

19. WAIVER OF JURY TRIAL; FINAL AGREEMENT. TO THE EXTENT ALLOWED BY APPLICABLE LAW, EACH GUARANTOR AND EACH CREDITOR EACH IRREVOCABLY WAIVES TRIAL BY JURY WITH RESPECT TO ANY ACTION, CLAIM, SUIT OR PROCEEDING ON, ARISING OUT OF OR RELATING TO THIS GUARANTY OR THE GUARANTEED OBLIGATIONS. THIS GUARANTY REPRESENTS THE FINAL AGREEMENT BETWEEN THE PARTIES AND MAY NOT BE CONTRADICTED BY EVIDENCE OF PRIOR, CONTEMPORANEOUS, OR SUBSEQUENT ORAL AGREEMENTS BETWEEN THE PARTIES. THERE ARE NO UNWRITTEN ORAL AGREEMENTS BETWEEN THE PARTIES.

20. Foreign Currency. If any claim arising under or related to this Guaranty is reduced to judgment denominated in a currency (the "Judgment Currency") other than U.S. Dollars (the "Obligations Currency"), the judgment shall be for the equivalent in the Judgment Currency of the amount of the claim denominated in the Obligations Currency included in the judgment, determined as of the date of judgment. The equivalent of any Obligations Currency amount in any Judgment Currency shall be calculated at the spot rate for the purchase of the Obligations Currency with the Judgment Currency quoted by Agent in the place of Agent's choice at or about 8:00 a.m. on the date for determination specified above. Guarantor shall indemnify the Creditors and hold the Creditors harmless from and against all loss or damage resulting from any change in exchange rates between the date any claim is reduced to judgment and the date of payment thereof by the Guarantors or any failure of the amount of any such judgment to be calculated as provided in this Section 20.

21. Right of Contribution. Each Guarantor hereby agrees that to the extent that (a) John M. Word, III has made any payment under this Guaranty, and (b) each of Lori Taylor and Michael Young have made payments under this Guaranty totaling less than the Taylor Maximum Amount and the Young Maximum Amount, respectively, then John M. Word, III shall be entitled to seek and receive contribution from and against each other Guarantor, up to a maximum amount equal to the lesser of (i) the total amount of payments made under the Guaranty by John M. Word, III, and (ii) difference between (x) the Maximum Guaranteed Amount applicable to such other Guarantor and (y) the total payments made under this Guaranty by such other Guarantor. Such right of contribution may not be asserted until all of the Guaranteed Obligations have been indefeasibly paid in full and shall be subject to all other terms and conditions of this Guaranty. The provisions of this Section 21 shall in no respect limit the obligations and liabilities of any Guarantor to the Creditors, and each Guarantor shall remain liable to each Creditor for the full amount guaranteed by such Guarantor hereunder.

22. Severability. If any provision of this Guaranty is or becomes prohibited or unenforceable in any jurisdiction, such prohibition or unenforceability shall not invalidate or render unenforceable the provision concerned in any other jurisdiction, nor shall it invalidate, affect, or impair any of the remaining provisions of this Guaranty.

23. Counterparts. This Guaranty may be executed in any number of counterparts, all of which taken together shall constitute one agreement, and any of the parties hereto may execute this Guaranty by signing any such counterpart. Delivery of an executed counterpart of a signature page of this Guaranty by facsimile or other electronic transmission shall be effective as delivery of a manually executed counterpart of this Guaranty.

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IN WITNESS WHEREOF, this the undersigned has caused this Continuing Guaranty to be duly executed as of the date first above written.

GUARANTORS

/s/ John M. Word
JOHN M. WORD, III

/s/ Lori Taylor
LORI TAYLOR

/s/ Michael Young
MICHAEL YOUNG

ANNEX I

Guarantor Addresses

John M. Word, III

Lori Taylor

Michael Young

Exhibit 10.6

Execution Version

SUBSCRIPTION AGREEMENT

This subscription agreement (this "***Subscription Agreement***") is made as of December 19, 2019, by and among the Investors identified on the signature pages hereto (the "***Investors***"), and Better Choice Company Inc., a Delaware corporation (the "***Company***"), and the parties hereto agree as follows:

1. Definitions.

In addition to the words and terms defined elsewhere in this Subscription Agreement, for all purposes of this Subscription Agreement, the following terms have the meanings set forth in this Section 1:

"***Closing***" means the closing of the purchase and sale of the Securities pursuant to Section 3.

"***Closing Date***" means the earlier to occur of (a) December 19, 2019 and (b) the day on which all of the Transaction Documents have been executed and delivered by the applicable parties thereto, and all conditions precedent to Closing have been satisfied or waived.

"***Common Stock***" means the common stock, par value $0.001 per share, of the Company.

"***Conversion Price***" means the lower of (i) $4.00 per share or (ii) the IPO Price.

"***Conversion Privilege***" means the right, at the option of the holder of Convertible Notes, to convert the principal amount of Convertible Notes into Common Stock at any time prior to the close of business on the last business day immediately preceding the two year anniversary of the issue date.

"***Convertible Notes***" means, collectively, the subordinated convertible notes delivered to the Investors at the Closing in accordance with Section 3 hereof, which Convertible Notes shall bear interest at a rate of 10.0% per annum from the date of issue, payable quarterly in kind.

"***Convertible Note Shares***" means shares of Common Stock issuable upon conversion of the Convertible Notes at the Conversion Price.

"***Halo***" means Halo, Purely For Pets, Inc., a Delaware corporation.

"***Halo Acquisition***" means the Company's acquisition of one hundred percent (100%) of the issued and outstanding capital stock of Halo, Purely for Pets, Inc.

"***Halo Acquisition Agreement***" means that certain Stock Purchase Agreement, dated October 15, 2019, by and among the Company, Halo, Purely For Pets, Inc., Thriving Paws, LLC, and HH-Halo LP, as amended by that that certain Amendment No. 1 to Stock Purchase Agreement, dated November 22, 2019, and as further amended by that certain Amendment No. 2 to Stock Purchase Agreement, dated December 19, 2019.

"***IPO Price***" means the price at which the Common Stock was sold in the IPO.

"***Purchase Price Common Shares***" means the shares of Common Stock issued as partial compensation to the Sellers pursuant to the Stock Purchase Agreement.

"***Registration Rights Agreement***" means the Registration Rights Agreement, to be dated the Closing Date, among the Company, the Investors and any additional investors party thereto, substantially in the form attached hereto as Exhibit A.

"***Securities***" means the Shares, the Convertible Notes, the Warrants, the Convertible Note Shares and the Warrant Shares.

"***Transaction Documents***" means this Subscription Agreement, the Convertible Notes, the Warrants, the Registration Rights Agreement and any other documents or agreements executed in connection with the transactions contemplated hereunder.

"***Warrants***" means, collectively, the Common Stock purchase warrants delivered to the Investors at the Closing in accordance with Section 3 hereof, which Warrants shall be exercisable for a period of 24 months from the date of the consummation of an IPO (as defined in the Convertible Notes), substantially in the form attached hereto as Exhibit B.

"***Warrant Exercise Price***" means the greater of (i) $5.00 per share or (ii) the IPO Price.

"***Warrant Shares***" means the shares of Common Stock issuable upon exercise of the Warrants at the Warrant Exercise Price.

2. Subscription.

(a) The Company has authorized the sale and issuance to the Investors (the "***Offering***") of the number of shares of Common Stock set forth on the signature page hereto (the "***Shares***"), the number of Convertible Notes set forth on the signature page hereto and a number of Warrants equal to the number of Convertible Notes on a one-to-62.5 basis, and the Company desires to issue and sell to Investor the Shares, the Convertible Notes and the Warrants as partial consideration for the payment of the Purchase Price (as such term is defined in the Halo Acquisition Agreement) on the Closing.

(b) At the Closing, the Company and the Investors agree that the Investors will purchase from the Company and the Company will issue and sell to the Investor, upon the terms and conditions set forth herein, the number of Shares, Convertible Notes and Warrants as determined pursuant to Section 2(a). The Investor acknowledges that the Offering is not being underwritten.

3. Closing and Delivery of the Shares, Convertible Notes and Warrants. On the Closing Date, upon the terms and conditions set forth herein, the Company shall deliver to the Investors the Shares, Convertible Notes and Warrants as determined pursuant to Section 2(a) simultaneously with the consummation of the Halo Acquisition as partial consideration for the payment of the Purchase Price. Upon satisfaction of the covenants and conditions set forth herein, the Closing shall occur at the offices of Latham & Watkins LLP, 885 Third Avenue, New York, New York 10022, or such other location as the parties shall mutually agree.

4. Representations, Warranties and Covenants of the Company. The Company acknowledges, represents and warrants to, and agrees with, the Investors that:

(a) The Company is duly incorporated and validly existing under the laws of the State of Delaware, with full requisite power and authority to conduct its business as it is currently being conducted and to own its assets; and has secured any other authorizations, approvals, permits and orders required by law of any governmental or administrative body to enter into this Subscription Agreement, to carry out the provisions and conditions hereof, and for the conduct by the Company of its business as it is currently being conducted, as contemplated hereby and in the Company's by-laws.

(b) The Company has the requisite corporate power and authority and has taken all requisite corporate action necessary for, and no further action on the part of the Company, its officers, directors and shareholders is necessary for, (i) the authorization, execution and delivery of the Transaction Documents, (ii) the authorization of the performance of all obligations of the Company hereunder or thereunder, and (iii) the issuance and delivery of the Shares, Convertible Notes and Warrants.

(c) The Shares, Convertible Note Shares and Warrant Shares (when issued in accordance with the terms of the Convertible Notes and the Warrants, respectively) to be issued and sold by the Company to the Investors under this Subscription Agreement have been duly authorized and the Shares, Convertible Note Shares and Warrant Shares (when issued in accordance with the terms of the Convertible Notes and the Warrants, respectively) when issued and delivered against payment therefor as provided in this Subscription Agreement, will be validly issued, fully paid and non-assessable and free of any preemptive or similar rights.

(d) No authorization, approval, consent or license of any governmental regulatory body or authority is required for the valid authorization, issuance, sale and delivery of the Shares, Convertible Notes and Warrants subscribed for hereunder (other than as may be required under the securities or blue sky laws of the various states of the United States and jurisdictions outside the United States where the offering of such Securities is made).

(e) The execution and delivery of this Subscription Agreement and the consummation of the transactions contemplated hereby will not: (i) result in a breach or violation of any of the terms and provisions of, or constitute a default under, any law, rule or regulation to which the Company or any subsidiary is subject, or by which any property or asset of the Company or any subsidiary is bound or affected, (ii) conflict with, result in any violation or breach of, or constitute a default (or an event that with notice or lapse of time or both would become a default) under, or give to others any right of termination, amendment, acceleration or cancellation (with or without notice, lapse of time or both) of, any agreement, lease, credit facility, debt, note, bond, mortgage, indenture or other instrument or obligation or other understanding to which the Company or any subsidiary is a party or by which any property or asset of the Company or any subsidiary is bound or affected, or (iii) result in a breach or violation of any of the terms and provisions of, or constitute a default under, the Company's Certificate of Incorporation, except in the case of clauses (i) and (ii) such breaches, violations, defaults, or conflicts which are not, individually or in the aggregate, reasonably likely to result in a material adverse effect upon the business, properties, operations, condition (financial or otherwise) or results of operations of the Company and its subsidiaries, taken as a whole, or in its ability to perform its obligations under this Subscription Agreement.

(f) This Subscription Agreement, when signed by the Company on the signature page hereof as contemplated hereby, shall be validly executed and delivered and shall be valid, binding and enforceable against it in accordance with its terms, except as enforcement thereof may be limited by bankruptcy, insolvency or other similar laws affecting the enforcement of creditors' rights in general and except that the equitable remedy of specific performance and other equitable remedies are subject to the discretion of the court in which they are sought.

(g) With the exception of obligations under (i) a registration rights agreement, dated as of December 12, 2018, and (ii) a registration rights agreement, dated as of May 6, 2019 (as amended by the first amendment thereto, dated as of June 10, 2019), the Company is not in default in the performance of any obligation, agreement or condition contained in any of its governing documents, any indenture, mortgage, deed of trust, credit agreement, note or other evidence of indebtedness or any lease or other agreement or understanding, or any license, permit, franchise or certificate, to which the Company is a party or by which the Company is bound or to which the Company's properties are subject, nor is the Company in violation of any statute, regulation, law, order, writ, injunction, judgment or decree to which it is subject, which default or violation would materially adversely affect the business or financial condition of the Company, or impair the Company's ability to carry out its obligations under this Subscription Agreement or under its governing documents.

(j) There is no litigation, investigation or other proceeding pending or, to the Company's knowledge, threatened against the Company which, if adversely determined, would materially adversely affect the business, financial condition or prospects of the Company or the ability of the Company to perform its obligations under this Subscription Agreement.

(k) To the extent offer and sale of the Securities pursuant to this Subscription Agreement is intended to be exempt from registration pursuant to Regulation S promulgated under the Securities Act (as defined below) ("***Regulation S***"), the Company has not engaged, nor will engage, in any directed selling efforts (as such term is defined in Regulation S) in the United States with respect to the Securities.

(l) The authorized capital stock of the Company immediately upon the consummation of the transactions contemplated by the Subscription Agreement shall consist of:

i. 2,900,000 shares of preferred stock (the "Preferred Stock") of which:

(A) 2,900,00 shares shall have been duly designated Series E Preferred Stock, of which 1,387,378 shares are duly and validly issued and outstanding, fully paid and non-assessable, with no personal liability attaching to the ownership thereof;

ii. 88,000,000 shares shall have been duly designated as Common Stock, of which 47,480,905 shares are duly and validly issued and outstanding, fully paid and non-assessable, with no personal liability attaching to the ownership thereof;

iii. 7,733,000 shares of Common Stock shall have been duly reserved for issuance upon exercise of options issued pursuant to the 2019 Incentive Award Plan;

iv. 9,329,992 shares of Common Stock shall have been duly reserved for issuance upon exercise of the outstanding warrants;

v. 2,152,023 shares of Common Stock shall have been duly reserved for issuance upon the closing of the Offering;

vi. 4,438,000 shares of Common Stock shall have been duly reserved for issuance upon exercise of the Warrants and 4,438,000 shares of Common Stock shall have been duly reserved for issuance upon conversion of the Convertible Notes; and

5. Representations, Warranties and Covenants of each of the Investors. As subscriber to this Subscription Agreement, each Investor acknowledges, represents and warrants to, and agrees with, the Company that:

(a) Such Investor has full right, power, authority and capacity to enter into this Subscription Agreement and to consummate the transactions contemplated hereby and has taken all necessary corporate action to authorize the execution, delivery and performance of this Subscription Agreement.

(b) Such Investor acknowledges its understanding and agreement that the Shares, the Convertible Notes and Warrants are being offered in a transaction not involving any public offering within the United States in reliance on an exemption from registration within the meaning of Section 4(a)(2) of the Securities Act of 1933, as amended (the "***Securities Act***"), and such Securities have not been and will not be registered under, or registered or qualified by a prospectus under any other securities laws, and, accordingly, may not be reoffered, resold, pledged, hypothecated or otherwise transferred unless an exemption from such registration or prospectus requirement is available. Such Investor understands that the Company does not intend, and has no obligation, to register the Securities under the Securities Act or register or qualify such Securities pursuant to a prospectus under any other securities laws or otherwise to assist such Investor in complying with any exemption from the registration or prospectus requirements of federal, state or other securities laws or obtaining any such opinion.

(c) Such Investor acknowledges that the Company is relying on such Investor's representations and warranties below in connection with this Subscription Agreement. Each Investor represents and warrants to the Company as follows:

i. Such Investor has all requisite power and authority to enter into this Subscription Agreement and perform all obligations required to be performed by such Investor hereunder. The signature on this Subscription Agreement is genuine, and the signatory has been duly authorized to execute the same, and this Subscription Agreement constitutes a legal, valid and binding obligation of such Investor, enforceable in accordance with its terms.

ii. Such Investor is an "accredited investor" as that term is defined in Rule 501(a) of Regulation D promulgated under the Securities Act and has completed, executed and delivered to the Company, the Investor Questionnaire in the form attached hereto as Exhibit C.

iii. Such Investor realizes that the basis for exemption would not be available if the Offering was part of a plan or scheme to evade registration provisions of the Securities Act or any applicable state or federal securities laws.

iv. Such Investor is subscribing for, and acquiring, the Securities hereunder solely for such Investor's own beneficial account for investment and not with a view to, or for resale in connection with, any distribution or public offering within the meaning of the Securities Act.

v. Such Investor acknowledges and understands that the Securities may not be resold by such Investor unless such resale is registered under the Securities Act or such resale is effected pursuant to a valid exemption from the registration requirements of the Securities Act.

vi. Such Investor has such knowledge and experience in financial and business matters as to be capable of evaluating the merits and risks of an investment in the Company. Such Investor's financial situation is such that such Investor can afford to bear the economic risk of holding the Securities for an indefinite period of time, and can afford to suffer the complete loss of an investment in the Company. Such Investor understands that it must bear the economic risk of an investment for an indefinite period of time because, among other reasons, the offering and sale of the Securities have not been registered under the Securities Act and, therefore, the Securities cannot be sold unless it is subsequently registered under the Securities Act or an exemption from such registration is available.

vii. Such Investor has adequately analyzed the risks of an investment in the Company and the Securities and determined, based upon Such Investor's own judgment, due diligence (and has sought such accounting, legal and tax advice as such Investor has considered necessary to make an informed investment decision) and not upon any view expressed by any other person or entity, that an investment in the Company and the Securities are a suitable investment for such Investor and that such Investor has the financial ability at this time and in the foreseeable future to bear the economic risk of a total loss of such Investor's investment in the Company and the Securities, has adequate means for providing for its current needs and contingencies, and has no need for liquidity with respect to an investment in the Company.

viii. Such Investor has had a reasonable opportunity to ask questions of and receive answers from a person or persons acting on behalf of the Company concerning the Offering and the business, financial condition, results of operations and prospects of the Company. Such Investor has had access to such information concerning the Company and the Securities as it deems necessary to make an informed investment decision concerning the purchase of the Securities.

ix. Such Investor is unaware of, and is in no way relying on, any form of general solicitation or general advertising, including, without limitation, any article, notice, advertisement or other communication published in any newspaper, magazine or similar media or broadcast over television or radio, or electronic mail over the Internet, in connection with the Offering and is not subscribing for Shares, Convertible Notes and Warrants and did not become aware of the Offering through or as a result of any seminar or meeting to which such Investor was invited by, or any solicitation of a subscription by, a person not previously known to such Investor in connection with investments in securities generally.

x. To the extent the offer and sale of the Securities pursuant to this Subscription Agreement is intended to be exempt from registration pursuant to Regulation S, such Investor represents, warrants and agrees that such Investor: (i) is not a U.S. Person, as such term is defined in Regulation S; (ii) is outside the United States at the time the buy order pursuant to this Agreement is originated and this Agreement is executed and delivered; (iii) will not, during the period commencing on the date hereof and ending on the six (6) months anniversary of such date, or such shorter period as may be permitted by Regulation S or other applicable securities law ("***Compliance Period***"), offer, sell, pledge or otherwise transfer the Securities in the United States, or to a U.S. Person for the account or benefit of a U.S. Person, or otherwise in a manner that is not in compliance with Regulation S; (iv) after the expiration of the Compliance Period, will offer, sell, or otherwise transfer the Securities only pursuant to registration under the Securities Act or an available exemption therefrom and, in accordance with all applicable state and foreign securities laws; and (v) has not engaged in, and prior to the expiration of the Compliance Period will not engage in, any short selling of or any hedging transaction with respect to the Securities in the United States.

(d) Such Investor will not sell or otherwise transfer any Securities except pursuant to a registration of the Securities under the Securities Act or in a transaction exempt from, the registration requirements of the Securities Act. In particular, such Investor is aware that the Securities are "restricted securities," as such term is defined in Rule 144 promulgated under the Securities Act ("***Rule 144***"), and they may not be sold pursuant to Rule 144 unless all of the conditions of Rule 144 are met. The Company covenants that it will use its commercially reasonable efforts to timely file all reports and other documents required to be filed by it under the Securities Act and the U.S. Securities Exchange Act of 1934, as amended (the "***Exchange Act***"), and the rules and regulations promulgated by the Securities and Exchange Commission (or, if the Company is not required to file such reports, it will, upon the request of such Investor, make publicly available such information as necessary to permit sales pursuant to Rule 144 under the Securities Act), and it will use commercially reasonable efforts to take such further action as Investor may reasonably request. Such Investor understands that the Company or its transfer agent may establish procedures for approval of transfers, including transfers sought to be permitted under Rule 144, which may result in delays in desired sales or transfers by such Investor.

(e) Such Investor understands that the Securities have not been and will not be registered under the Securities Act by reason of their issuance in transactions exempt from the registration and prospectus delivery requirements of the Securities Act, the availability of which exemption or exemptions depends upon, among other things, the bona fide nature of the investment intent as expressed by such Investor herein. Such Investor acknowledges that, to the extent all or part of the Securities (or other securities issued upon any transfer of the Securities) shall be stamped or otherwise imprinted with a legend in substantially the following form (the "***Restrictive Legend***") for as long as such Securities are "restricted securities" within the meaning of Rule 144(a)(3) under the Securities Act:

THE SECURITIES REPRESENTED HEREBY HAVE NOT BEEN REGISTERED WITH THE SECURITIES AND EXCHANGE COMMISSION OR THE SECURITIES COMMISSION OF ANY STATE IN RELIANCE UPON AN EXEMPTION FROM REGISTRATION UNDER THE SECURITIES ACT OF 1933, AS AMENDED, AND, ACCORDINGLY, MAY NOT BE TRANSFERRED UNLESS (I) SUCH SECURITIES HAVE BEEN REGISTERED FOR SALE PURSUANT TO THE SECURITIES ACT OF 1933, AS AMENDED, (II) SUCH SECURITIES MAY BE SOLD PURSUANT TO RULE 144 OR OTHER AVAILABLE EXEMPTION, OR (III) THE COMPANY HAS RECEIVED AN OPINION OF COUNSEL REASONABLY SATISFACTORY TO IT THAT SUCH TRANSFER MAY LAWFULLY BE MADE WITHOUT REGISTRATION UNDER THE SECURITIES ACT OF 1933, AS AMENDED.

(h) Such Investor's signature page sets forth all securities of the Company held or beneficially owned by such Investor as of the date hereof. Such Investor does not hold or beneficially own any other securities of the Company, except as indicated on the signature page hereto.

6. Conditions to Obligations of the Company and the Investors:

(a) The obligations of the Company hereunder in connection with the Closing are subject to the following conditions being met:

i. the accuracy in all material respects on the Closing Date of the representations and warranties of each Investor contained herein;

ii. all obligations, covenants and agreements of each Investor required to be performed at or prior to the Closing Date shall have been performed; and

iii. the consummation of the Halo Acquisition.

(b) The obligations of each Investor hereunder in connection with the Closing are subject to the following conditions being met:

i. the accuracy in all material respects on the Closing Date of the representations and warranties of the Company contained herein;

ii. all obligations, covenants and agreements of the Company required to be performed at or prior to the Closing Date shall have been performed;

iii. the delivery by the Company of duly executed copies of the Transactions Documents and evidence, reasonably acceptable to each Investor, that the Shares, Convertible Notes and Warrants have been issued in book-entry or certificated form, as applicable.

7. Miscellaneous.

(a) *Entire Agreement; Modifications.* Except as otherwise provided herein, this Subscription Agreement constitutes the entire understanding and agreement between the parties with respect to its subject matter and there are no agreements or understandings with respect to the subject matter hereof which are not contained in this Subscription Agreement. This Subscription Agreement may be modified only in writing signed by the Company and each Investor.

(b) *Counterparts*. This Subscription Agreement may be executed in any number of counterparts, all of which shall be deemed an original, but all of which together shall constitute one and the same instrument and shall become effective when counterparts have been signed by each party and delivered to the other parties hereto, it being understood that all parties need not sign the same counterpart. Execution may also be made by delivery of a facsimile or e-mail, which shall be deemed an original.

(c) *Notices*. All notices or other communications required or permitted to be provided hereunder shall be in writing and shall be deemed effectively given (i) upon personal delivery to the party to be notified, (ii) when sent by confirmed e-mail or facsimile if sent during normal business hours of the recipient, if not, then on the next business day, (iii) five days after having been sent by registered or certified mail, return receipt requested, postage prepaid, or (iv) one day after deposit with a nationally recognized overnight courier, specifying next day delivery, with written verification of receipt. All communications shall be sent to the Company or the Investors, as applicable, at the address for such recipient listed on the signature pages hereto or at such other address as such recipient has designated by two days advance written notice to the other parties hereto.

(d) *Third Party Beneficiaries*. This Subscription Agreement is intended for the benefit of the parties hereto and their respective successors and permitted assigns and is not for the benefit of, nor may any provision hereof be enforced by, any other person.

(e) *Governing Law*. This Subscription Agreement shall be governed by, and construed in accordance with, the internal laws of the State of New York without regard to the choice of law principles thereof (other than sections 5-1401 and 5-1402 of the General Obligations Laws).

(f) *WAIVER OF JURY TRIAL.* IN ANY ACTION, SUIT, OR PROCEEDING IN ANY JURISDICTION BROUGHT BY ANY PARTY AGAINST ANY OTHER PARTY, THE PARTIES EACH KNOWINGLY AND INTENTIONALLY, TO THE GREATEST EXTENT PERMITTED BY APPLICABLE LAW, HEREBY ABSOLUTELY, UNCONDITIONALLY, IRREVOCABLY AND EXPRESSLY WAIVES FOREVER TRIAL BY JURY.

(g) Each party agrees to cooperate fully with the other party hereto and to execute such further instruments, documents and agreements and to give such further written assurance as may be reasonably requested by the other party to evidence and reflect the transactions described herein and contemplated hereby and to carry into effect the intents and purposes of this Subscription Agreement.

[*Signature pages follow*]

IN WITNESS WHEREOF, the parties hereto have executed this Subscription Agreement effective as of the date first written above.

BETTER CHOICE COMPANY INC.

By: _____
Name:
Title:
Address:

Email
Address:

IN WITNESS WHEREOF, the parties hereto have executed this Subscription Agreement effective as of the date first written above.

INVESTOR:
[*investor name*]

By: _____
Name:
Title:
Share Amount:
Purchase Price:
Beneficially Owned Securities of the Company:
Address:

Email Address:

Exhibit A

Form of Registration Rights Agreement

Exhibit B

Form of Warrants

Exhibit C

INVESTOR QUESTIONNAIRE

To: Better Choice Company Inc.

This Investor Questionnaire ("*Questionnaire*") must be completed by each potential investor in connection with the offer and sale of the common stock, par value $0.001 per share (the "*Securities*"), of Better Choice Company Inc., a Delaware corporation (the "*Company*"). The Securities are being offered and sold by the Company in the United States without registration under the Securities Act of 1933, as amended (the "*Securities Act*"), and the securities laws of certain states, in reliance on the exemptions contained in Section 4(a)(2) of the Securities Act and on Regulation D promulgated thereunder and in reliance on similar exemptions under applicable state laws. The Company must determine that a potential investor meets certain suitability requirements before offering or selling the Securities to such investor. The purpose of this Questionnaire is to assure the Company that each investor will meet the applicable suitability requirements. The information supplied by you will be used in determining whether you meet such criteria, and reliance upon the private offering exemptions from registration is based in part on the information herein supplied.

This Questionnaire does not constitute an offer to sell or a solicitation of an offer to buy any security. By signing this Questionnaire, you will be authorizing the Company to provide a completed copy of this Questionnaire to such parties as the Company deems appropriate in order to ensure that the offer and sale of the Securities will not result in a violation of the Securities Act or the securities laws of any state and that you otherwise satisfy the suitability standards applicable to purchasers of the Securities. All potential investors must answer all applicable questions and complete, date and sign this Questionnaire. Please print or type your responses and attach additional sheets of paper if necessary to complete your answers to any item.

PART A. BACKGROUND INFORMATION

Name of Beneficial Owner of the Securities: _____

Business Address: _____
(Number and Street)

City: _____ State: _____ Zip Code: _____

Telephone Number: _____

If a corporation, partnership, limited liability company, trust or other entity:

Type of entity: _____

Country/State of formation: _____ Approximate Date of formation: _____

Were you formed for the purpose of investing in the securities being offered? Yes ☐ No ☐

If an individual:
Residence Address: _____
(Number and Street)

City: _____ State: _____ Zip Code: _____

Telephone Number: _____

Age: _____ Citizenship: _____ Where registered to vote: _____

Set forth in the space provided below the state(s), if any, in the United States in which you maintained your residence during the past two years and the dates during which you resided in each state:

Are you a director or executive officer of the Company? Yes ☐ No ☐

Social Security or Taxpayer Identification No.: _____

PART B. ACCREDITED INVESTOR QUESTIONNAIRE

In order for the Company to offer and sell the Securities in conformance with state and federal securities laws, the following information must be obtained regarding your investor status. Please initial each category applicable to you as a purchaser of Securities of the Company.

☐ (1) A bank as defined in Section 3(a)(2) of the Securities Act, or any savings and loan association or other institution as defined in Section 3(a)(5)(A) of the Securities Act whether acting in its individual or fiduciary capacity;

☐ (2) A broker or dealer registered pursuant to Section 15 of the Securities Exchange Act of 1934, as amended (the "*Exchange Act*");

☐ (3) An insurance company as defined in Section 2(a)(13) of the Securities Act;

☐ (4) An investment company registered under the Investment Company Act of 1940 or a business development company as defined in Section 2(a)(48) of that act;

☐ (5) A Small Business Investment Company licensed by the U.S. Small Business Administration under Section 301(c) or (d) of the Small Business Investment Act of 1958;

☐ (6) A plan established and maintained by a state, its political subdivisions, or any agency or instrumentality of a state or its political subdivisions, for the benefit of its employees, if such plan has total assets in excess of $5,000,000;

☐ (7) An employee benefit plan within the meaning of the Employee Retirement Income Security Act of 1974, if the investment decision is made by a plan fiduciary, as defined in Section 3(21) of such act, which is either a bank, savings and loan association, insurance company or registered investment adviser, or if the employee benefit plan has total assets in excess of $5,000,000 or, if a self-directed plan, with investment decisions made solely by persons that are accredited investors;

☐ (8) A private business development company as defined in Section 202(a)(22) of the Investment Advisers Act of 1940;

☐ (9) An organization described in Section 501(c)(3) of the Internal Revenue Code, a corporation, Massachusetts or similar business trust, or partnership, not formed for the specific purpose of acquiring the Securities, with total assets in excess of $5,000,000;

☐ (10) A trust, with total assets in excess of $5,000,000, not formed for the specific purpose of acquiring the Securities, whose purchase is directed by a sophisticated person who has such knowledge and experience in financial and business matters that such person is capable of evaluating the merits and risks of investing in the Corporation;

☐ (11) A natural person whose individual net worth, or joint net worth with that person's spouse, at the time of his purchase exceeds $1,000,000 (exclusive of the value of that person's primary residence);

☐ (12) A natural person who had an individual income in excess of $200,000 in each of the two most recent years, or joint income with that person's spouse in excess of $300,000, in each of those years, and has a reasonable expectation of reaching the same income level in the current year;

☐ (13) An executive officer or director of the Company;

☐ (14) An entity in which all of the equity owners qualify under any of the above subparagraphs. If the undersigned belongs to this investor category only, list the equity owners of the undersigned, and the investor category which each such equity owner satisfies.

PART C. BAD ACTOR QUESTIONNAIRE

1. During the past ten years, have you been convicted of any felony or misdemeanor that is related to any securities matter?

Yes ☐ (If yes, please continue to Question 1.a)

No ☐ (If no, please continue to Question 2)

a) If your answer to Question 1 was "yes", was the conviction related to: (i) the purchase or sale of any security; (ii) the making of any false filing with the Securities and Exchange Commission (the "*SEC*"); or (iii) the conduct of an underwriter, broker, dealer, municipal securities dealer, investment adviser or paid solicitor of purchasers of securities?

Yes ☐ No ☐

2. Are you subject to any court injunction or restraining order entered during the past five years that is related to any securities matter?

Yes ☐ (If yes, please continue to Question 2.a)

No ☐ (If no, please continue to Question 3)

a) If your answer to Question 2 was "yes", does the court injunction or restraining order currently restrain or enjoin you from engaging or continuing to engage in any conduct or practice related to: (i) the purchase or sale of any security; (ii) the making of any false filing with the SEC; or (iii) the conduct of an underwriter, broker, dealer, municipal securities dealer, investment adviser or paid solicitor of purchasers of securities?

Yes ☐ No ☐

3. Are you subject to any final order[1] of any governmental commission, authority, agency or officer[2](2) related to any securities, insurance or banking matter?

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[1] A "final order" is defined under Rule 501(g) as a written directive or declaratory statement issued by a federal or state agency described in Rule 506(d)(1)(iii) under applicable statutory authority that provides for notice and an opportunity for a hearing, and that constitutes a final disposition or action by such federal or state agency.

[2] You may limit your response to final orders of: (i) state securities commissions (or state agencies/officers that perform a similar function); (ii) state authorities that supervise or examine banks, savings associations or credit unions; (iii) state insurance commissions (or state agencies/officers that perform a similar function); (iv) federal banking agencies; (v) the U.S. Commodity Futures Trading Commission; or (vi) the U.S. National Credit Union Administration.

Yes ☐ (If yes, please continue to Question 3.a)

No ☐ (If no, please continue to Question 4)

a) If your answer to Question 3 was "yes":

i) Does the order currently bar you from: (i) associating with an entity regulated by such commission, authority, agency or officer; (ii) engaging in the business of securities, insurance or banking; or (iii) engaging in savings association or credit union activities?

Yes ☐ No ☐

ii) Was the order (i) entered within the past ten years and (ii) based on a violation of any law or regulation that prohibits fraudulent, manipulative or deceptive conduct?

Yes ☐ No ☐

4. Are you subject to any SEC disciplinary order?[3] (3)

Yes ☐ (If yes, please continue to Question 4.a)

No ☐ (If no, please continue to Question 5)

a) If your answer to Question 4 was "yes", does the order currently: (i) suspend or revoke your registration as a broker, dealer, municipal securities dealer or investment adviser; (ii) place limitations on your activities, functions or operations; or (iii) bar you from being associated with any particular entity or class of entities or from participating in the offering of any penny stock?

5. Are you subject to any SEC cease and desist order entered within the past five years?

Yes ☐ (If yes, please continue to Question 5.a)

No ☐ (If no, please continue to Question 6)

a) If your answer to Question 5 was "yes", does the order currently require you to cease and desist from committing or causing a violation or future violation of (i) any knowledge-based anti-fraud provision of the U.S. federal securities laws[4] or (ii) Section 5 of the Securities Act?

Yes ☐ No ☐

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[3] You may limit your response to disciplinary orders issued pursuant to Sections 15(b) or 15B(c) of the Exchange Act or Section 203(e) or (f) of the Investment Advisers Act of 1940 (the "*Advisers Act*").

[4] Including (but not limited to) Section 17(a)(1) of the Securities Act, Section 10(b) of the Exchange Act and Rule 10b-5 thereunder, Section 15(c)(1) of the Exchange Act, and Section 206(1) of the Advisers Act or any other rule or regulation thereunder.

6. **Have you been suspended or expelled from membership in, or suspended or barred from association with a member of, a registered national securities exchange or a registered national or affiliated securities association?**

Yes ☐ (If yes, please describe the basis of any such suspension or expulsion and any related details in the space provided under Question 10 below)[5]

No ☐ (If no, please continue to Question 7)

7. **Have you registered a securities offering with the SEC, made an offering under Regulation A or been named as an underwriter in any registration statement or Regulation A offering statement filed with the SEC?**

Yes ☐ (If yes, please continue to Question 7.a)

No ☐ (If no, please continue to Question 8)

a) If your answer to Question 7 was "yes":

i) During the past five years, was any such registration statement or Regulation A offering statement the subject of a refusal order, stop order or order suspending the Regulation A exemption?

Yes ☐ No ☐

ii) Is any such registration statement or Regulation A offering statement currently the subject of an investigation or proceeding to determine whether a stop order or suspension order should be issued?

Yes ☐ No ☐

8. **Are you subject to a U.S. Postal Service false representation order entered within the past five years?**

Yes ☐ No ☐

9. **Are you currently subject to a temporary restraining order or preliminary injunction with respect to conduct alleged by the U.S. Postal Service to constitute a scheme or device for obtaining money or property through the mail by means of false representations?**

Yes ☐ No ☐

10. **In the space provided below, describe any facts or circumstances that caused you to answer "yes" to any Question (indicating the corresponding Question number). Attach additional pages if necessary.**

A. FOR EXECUTION BY AN INDIVIDUAL:

By: _____

Print Name: _____

_____
Date

[5] In providing additional information, please explain whether or not the suspension or expulsion resulted from "any act or omission to act constituting conduct inconsistent with just and equitable principles of trade."

B. FOR EXECUTION BY AN ENTITY:

Entity Name: _____

By: _____

Print Name: _____

Title: _____

_____
Date

C. ADDITIONAL SIGNATURES (if required by partnership, corporation or trust document):

Entity Name: _____

By: _____

Print Name: _____

Title: _____

_____
Date

Entity Name: _____

By: _____

Print Name: _____

Title: _____

_____
Date

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: January 31, 2020

/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: January 31, 2020

/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 September 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: January 31, 2020

/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 September 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: January 31, 2020

/s/ Andreas Schulmeyer

Andreas Schulmeyer
Chief Financial Officer