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

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**FORM 8-K**

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CURRENT REPORT

PURSUANT TO SECTION 13 OR 15(d)  
OF THE SECURITIES EXCHANGE ACT OF 1934

Date of Report (Date of earliest event reported): August 12, 2021

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**Better Choice Company Inc.**

(Exact name of Registrant as Specified in its Charter)

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**Delaware**  
(State or other Jurisdiction of Incorporation)

**333-161943**  
(Commission File Number)

**83-4284557**  
(IRS Employer Identification No.)

**12400 Race Track Road  
Tampa, Florida 33626**  
(Address of Principal Executive Offices) (Zip Code)

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(Registrant's Telephone Number, Including Area Code): **(813) 659-5921**

**N/A**  
(Former name or former address, if changed since last report.)

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Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

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

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Common Stock, \$0.001 par value share	BTTR	NYSE American

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (§230.405 of this chapter) or Rule 12b-2 of the Securities Exchange Act of 1934 (§240.12b-2 of this chapter).

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.

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## Item 2.02 Results of Operations and Financial Condition

On August 12, 2021, Better Choice Company Inc., a Delaware corporation (the "Company"), announced its financial results for the quarter ended June 30, 2021. A copy of the press release is attached hereto as Exhibit 99.1.

## Item 7.01 Regulation FD Disclosure

### Better Choice Second Quarter 2021 Financial Results Conference Call

On August 12, 2021, at 8:30 am EDT, the Company will host a conference call to discuss results for the second quarter ended June 30, 2021. Interested parties, including analysts, investors and the media, may listen live via the details below.

**Event:** Better Choice Second Quarter 2021 Earnings Call  
**Date:** Thursday, August 12, 2021  
**Time:** 8:30 a.m. Eastern Time  
**Live Call:** +1-855-327-6837 (U.S. Toll-Free) or +1-631-891-4304 (International)  
**Webcast:** <http://public.viavid.com/index.php?id=145923>

### Updated Investor Presentation

On August 12, 2021, the Company posted an updated investor presentation (the "Investor Presentation") to its website and it is available in the Company Info section of the Company's website at <https://ir.betterchoicecompany.com/company-information/presentations>. A copy of the Investor Presentation is included as Exhibit 99.2 to this Current Report.

The Company intends to use the Investor Presentation in presentations to investors and analysts from time to time in the future. The furnishing of the information in this Current Report is not intended to, and does not, constitute a determination by the Company that the information in this Current Report is material or complete, or that investors should consider this information before making an investment decision with respect to any security of the Company. The information in the materials is presented as of August 12, 2021, and the Company does not assume any obligation to update such information in the future.

*The information in Item 7.01 of this Current Report shall not be deemed to be "filed" for the purposes of Section 18 of the Securities and Exchange Act of 1934, as amended (the "Exchange Act"), or otherwise subject to the liabilities of such section, nor shall such information be deemed incorporated by reference in any filing under the Securities Act of 1933, as amended, or the Exchange Act, except as shall be expressly set forth by specific reference in such a filing.*

### **Cautionary Note Regarding Forward-Looking Statements**

*This Current Report on Form 8-K contains statements that constitute "forward-looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995. Management's projections and expectations are subject to a number of risks and uncertainties that could cause actual performance to differ materially from that predicted or implied. Forward-looking statements may be identified by the use of words such as "expect," "anticipate," "believe," "estimate," "potential," "should" or similar words intended to identify information that is not historical in nature. Forward-looking statements contained herein include, among others, statements concerning management's expectations about future events and the Company's operating plans and performance, the effects of the COVID-19 outbreak, including levels of consumer, business and economic confidence generally, the regulatory environment, litigation, sales, and the expected benefits of acquisitions, and such statements are based on the current beliefs and expectations of the Company's management, as applicable, and are subject to known and unknown risks and uncertainties. There are a number of risks and uncertainties that could cause actual results to differ materially from those contemplated by the forward-looking statements. These statements speak only as of the date they are made, and the Company does not intend to update or otherwise revise the forward-looking information to reflect actual results of operations, changes in financial condition, changes in estimates, expectations or assumptions, changes in general economic or industry conditions or other circumstances arising and/or existing since the preparation of this Current Report on Form 8-K or to reflect the occurrence of any unanticipated events. For further information regarding the risks associated with the Company's business, please refer to the Company's filings with the Securities and Exchange Commission, including our Annual Report on Form 10-K for the most recent fiscal year end, Quarterly Reports on Form 10-Q and Current Reports on Form 8-K.*

## Item 9.01 Financial Statements and Exhibits

(d) Exhibits.

Items	Description
	<a href="#">Press Release dated August 12, 2021</a>
	<a href="#">Better Choice Company Inc.'s Investor Presentation</a>

**SIGNATURE**

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 hereunto duly authorized.

**Better Choice Company Inc.**

By: /s/ Sharla A. Cook  
Name: Sharla A. Cook  
Title: Chief Financial Officer

August 12, 2021



## Better Choice Company Reports Second Quarter 2021 Financial Results

**NEW YORK, NY, August 12, 2021** -- Better Choice Company Inc. (NYSE: BTTR) (the "Company" or "Better Choice"), an animal health and wellness company, today reported its financial results for the second quarter ended June 30, 2021.

"We are pleased to share our second quarter 2021 results with the investor community. Our performance in the second quarter of 2021 continued the momentum from our strong Q1 results, as we delivered 11% quarter-over-quarter net revenue growth driven by our international channel. We continue to make meaningful progress on our medium and longer-term strategic initiatives, and remain well positioned with the anticipation of our expanded Halo brand launch in the pet specialty channel in 2022," said Scott Lerner, CEO of Better Choice.

"We believe we have created a strong foundation for growth through our diverse omni-channel approach. This strategy allows us to market products purpose-built for success in specific channels while simultaneously building our brand across all channels," continued Mr. Lerner. "Further, like many of our peers in the pet food industry, we believe we are successfully navigating the challenges of operating in an inflationary environment, and I strongly believe that our multi-channel strategy provides a competitive advantage in this regard. With a line of high-quality brands poised for growth and led by a team of industry veterans, I continue to have a high degree of confidence we'll achieve our mission to become the most innovative premium pet food company in the world."

### Second Quarter 2021 and Subsequent Operational Updates

- Successfully completed an uplist to the NYSE American Exchange, raising \$40m of gross proceeds at ~3x 2020 net sales and automatically converting \$23m of debt into common equity upon listing.
- Significant incremental investment in innovation and developing a three-year pipeline of new offerings to drive organic growth.
- Generated \$5.2m of online net sales in Q2 2021, with ~51% of online purchases made via recurring subscription.
- Realized \$4.1m International Sales in Q2, representing 72% quarter-over-quarter growth.
- Continued to navigate the COVID-19 pandemic while minimizing cash burn and establishing a strong base for growth in our core channels: E-Commerce, direct-to-consumer ("DTC"), Brick & Mortar and International.
- In July, secured an agreement with Pet Supplies Plus, the third largest pet specialty retailer in the United States, to launch Halo Elevate nationally in 2022.

### Financial Results for the Second Quarter and Year-to-Date 2021

- Second Quarter 2021 Gross Sales of \$13.1m
  - Year-to-date 2021 Gross Sales of \$26.5m
  - Second Quarter 2021 Net Sales of \$11.0m
  - Year-to-date 2021 Net Sales of \$21.8m
  - Second Quarter 2021 Loss from Operations of \$3.2m
  - Year-to-date 2021 Loss from Operations of \$8.3m
  - Second Quarter 2021 Net income available to common stockholders of \$24.8m
  - Year-to-date 2021 Net income available to common stockholders of \$11.9m
  - Second Quarter 2021 Adjusted EBITDA of \$(1.8)m
  - Year-to-date 2021 Adjusted EBITDA of \$(2.8)m
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## Conference Call and Webcast Information

The Company will host a conference call and audio webcast at 8:30 a.m. (Eastern Time) to answer questions about the Company's operational and financial highlights for the second quarter of 2021.

**Event:** Better Choice Second Quarter 2021 Earnings Call  
**Date:** Thursday, August 12, 2021  
**Time:** 8:30 a.m. Eastern Time  
**Live Call:** +1-855-327-6837 (U.S. Toll-Free) or +1-631-891-4304 (International)  
**Webcast:** <http://public.viavid.com/index.php?id=145923>

For interested individuals unable to join the conference call, a dial-in replay of the call will be available until August 26, 2021 and can be accessed by dialing +1-844-512-2921 (U.S. Toll Free) or +1-412-317-6671 (International) and entering replay pin number: 10015865.

**Better Choice Company Inc.**  
**Unaudited Consolidated Statements of Operations and Comprehensive Income (Loss)**  
*(Dollars in thousands, except share and per share amounts)*

	Six Months Ended June 30,		Three Months Ended June 30,	
	2021	2020	2021	2020
Net sales	\$ 21,819	\$ 22,167	\$ 10,989	\$ 9,941
Cost of goods sold	13,645	13,886	7,089	5,817
Gross profit	8,174	8,281	3,900	4,124
<b>Operating expenses:</b>				
General and administrative	8,081	19,551	3,530	11,551
Sales and marketing	5,571	4,258	3,235	2,053
Share-based compensation	2,857	5,504	332	3,020
Total operating expenses	16,509	29,313	7,097	16,624
Loss from operations	(8,335)	(21,032)	(3,197)	(12,500)
<b>Other expense (income):</b>				
Interest expense	3,069	4,731	2,234	2,430
Gain on extinguishment of debt, net	(457)	—	(851)	—
Change in fair value of warrant liabilities	(22,873)	2,095	(29,356)	3,474
Total other (income) expense, net	(20,261)	6,826	(27,973)	5,904
Net and comprehensive income (loss)	11,926	(27,858)	24,776	(18,404)
Preferred dividends	—	68	—	34
Net and comprehensive income (loss) available to common stockholders	\$ 11,926	\$ (27,926)	\$ 24,776	\$ (18,438)
Weighted average number of shares outstanding, basic	10,361,462	8,122,176	11,126,909	8,156,618
Weighted average number of shares outstanding, diluted	20,498,829	8,122,176	21,389,413	8,156,618
Earnings (loss) per share, basic	\$ 1.11	\$ (3.44)	\$ 2.23	\$ (2.26)
Earnings (loss) per share, diluted	\$ 0.56	\$ (3.44)	\$ 1.19	\$ (2.26)

### **Non-GAAP Measures**

Better Choice Company defines Adjusted EBITDA as EBITDA further adjusted to eliminate the impact of certain items that we do not consider indicative of our core operations. Adjusted EBITDA is determined by adding the following items to net and comprehensive income (loss): depreciation and amortization, interest expense, share-based compensation, warrant expense and dividends, loss on disposal of assets, change in fair value of warrant derivative liability, gain or loss on extinguishment of debt, acquisition related expenses, purchase accounting adjustments, equity and debt offering expenses and other non-recurring expenses.

The Company presents Adjusted EBITDA as it is a key measure used by our management and board of directors to evaluate our operating performance, generate future operating plans and make strategic decisions regarding the allocation of capital. We believe that the disclosure of Adjusted EBITDA is useful to investors as this non-GAAP measure forms the basis of how our management team reviews and considers our operating results. By disclosing this non-GAAP measure, we believe that we create for investors a greater understanding of and an enhanced level of transparency into the means by which our management team operates our company. We also believe this measure can assist investors in comparing our performance to that of other companies on a consistent basis without regard to certain items that do not directly affect our ongoing operating performance or cash flows.

Adjusted EBITDA does not represent cash flows from operations as defined by GAAP. Adjusted EBITDA has limitations as a financial measure and you should not consider it in isolation, or as a substitute for, or superior to, financial measures calculated in accordance with GAAP. Because of these limitations, you should consider Adjusted EBITDA alongside other financial performance measures, including various cash flow metrics, net loss, gross margin, and our other GAAP results.

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The following table presents a reconciliation of net and comprehensive income (loss), the closest GAAP financial measure, to EBITDA and Adjusted EBITDA for each of the periods indicated:

**Better Choice Company Inc.**  
**Reconciliation of Net and Comprehensive Income (Loss) to EBITDA and Adjusted EBITDA**  
*(Dollars in thousands)*

	Six Months Ended June 30,		Three Months Ended June 30,	
	2021	2020	2021	2020
Net and comprehensive income (loss) available to common stockholders	\$ 11,926	\$ (27,926)	\$ 24,776	\$ (18,438)
Depreciation and amortization	824	866	413	409
Interest expense	3,069	4,731	2,234	2,430
<b>EBITDA</b>	<b>15,819</b>	<b>(22,329)</b>	<b>27,423</b>	<b>(15,599)</b>
Non-cash share-based compensation, warrant expense and dividends (a)	2,903	15,557	313	10,444
Loss on disposal of assets	265	—	210	—
Non-cash change in fair value of warrant liability and warrant derivative liability	(22,873)	2,095	(29,356)	3,474
Gain on extinguishment of debt, net (b)	(457)	—	(851)	—
Acquisition related expenses/(income) (c)	—	1,293	—	616
Non-cash effect of purchase accounting and inventory write-off on cost of goods sold (d)	—	894	—	—
Offering relating expenses (e)	210	649	14	334
Non-recurring and other expenses (f)	1,305	1,312	449	215
<b>Adjusted EBITDA</b>	<b>\$ (2,828)</b>	<b>\$ (529)</b>	<b>\$ (1,798)</b>	<b>\$ (516)</b>

(a) Reflects non-cash expenses related to equity compensation awards three and six months ended June 30, 2021 and 2020. The six months ended June 30, 2021 additionally includes non-cash expenses related to stock purchase warrants issues for third-party services provided. The three and six months ended June 30, 2020 includes non-cash dividends and stock purchase warrants associated with a contract that was subsequently terminated and stock purchase warrants issued in connection with convertible notes. Share-based compensation is an important part of the Company's compensation strategy and without our equity compensation plans, it is probable that salaries and other compensation related costs would be higher.

(b) Reflects gain on extinguishment of debt resulting from the full forgiveness of \$0.9m in PPP loans for the three months ended June 30, 2021. The six months ended June 30, 2021 additionally includes a loss of \$0.4m related to the extinguishment of our former term loan and ABL facility.

(c) Reflects costs incurred related to acquisition and integration activities that will not recur and operating expenses that will not recur due to acquisition related synergies.

(d) Reflects non-cash expense recognized in cost of goods sold related to the step-up of inventory required under the accounting rules for business combinations.

(e) Reflects administrative costs associated with the registration of common shares and other debt and equity financing transactions.

(f) Reflects non-cash third party share-based compensation of \$0.3 million and non-recurring consulting costs of \$0.2 million for the three months ended June 30, 2021. The six months ended June 30, 2021 additionally includes non-recurring severance costs of \$0.7 million, non-cash third party share-based compensation of \$0.3 million, non-recurring consulting costs of \$0.2 million and director costs of \$0.1 million, partially offset by a \$0.5 million reduction to sales tax liability. Reflects \$1.0 million non-recurring contract termination costs for the three months ended June 30, 2020 and \$0.1 million and \$0.2 million of non-recurring costs for the three and six months ended June 30, 2020, respectively, related to a warehouse facility that was outsourced to a third party logistics facility in Q4 2020.

**Better Choice Company Inc.**  
**Condensed Consolidated Balance Sheets**  
*(Dollars in thousands, except share and per share amounts)*

	June 30, 2021	December 31, 2020
<b>Assets</b>		
Cash and cash equivalents	\$ 2,484	\$ 3,926
Restricted cash	63	63
Accounts receivable, net	5,189	4,631
Inventories, net	5,201	4,869
Deferred IPO costs	882	—
Prepaid expenses and other current assets	4,040	4,074
Total Current Assets	17,859	17,563
Property and equipment, net	149	252
Right-of-use assets, operating leases	94	345
Intangible assets, net	12,350	13,115
Goodwill	18,614	18,614
Other assets	114	1,364
Total Assets	\$ 49,180	\$ 51,253
<b>Liabilities &amp; Stockholders' Equity (Deficit)</b>		
<b>Current Liabilities</b>		
Term loans, net	\$ 704	\$ 7,826
Line of credit	222	—
PPP loans	—	190
Accrued and other liabilities	2,231	3,400
Accounts payable	4,758	3,137
Operating lease liability	56	173
Warrant liability	16,977	39,850
Total Current Liabilities	24,948	54,576
<b>Non-current Liabilities</b>		
Notes payable, net	—	18,910
Term loans, net	4,999	—
Lines of credit, net	4,935	5,023
PPP loans	—	662
Operating lease liability	38	184
Total Non-current Liabilities	9,972	24,779
Total Liabilities	34,920	79,355
<b>Stockholders' Equity (Deficit)</b>		
Common Stock, \$0.001 par value, 200,000,000 shares authorized, 15,821,559 and 8,651,400 shares issued and outstanding as of June 30, 2021 and December 31, 2020, respectively	16	9
Series F Preferred Stock, \$0.001 par value, 30,000 shares authorized, 17,294 shares and 21,754 shares issued and outstanding as of June 30, 2021 and December 31, 2020, respectively	—	—
Additional paid-in capital	263,361	232,530
Accumulated deficit	(249,117)	(260,641)
Total Stockholders' Equity (Deficit)	14,260	(28,102)
Total Liabilities and Stockholders' Equity (Deficit)	\$ 49,180	\$ 51,253



The following unaudited pro forma condensed consolidated balance sheet data is presented as if the IPO closed on June 30, 2021, by applying adjustments to the Company's condensed consolidated balance sheet. It reflects (1) the issuance of 8,000,000 shares of common stock for estimated net proceeds of \$36.2 million (of which \$0.9 million of offering costs were already included in the June 30, 2021 current asset balance), (2) the conversion of all Series F convertible preferred stock into an aggregate of 5,764,533 shares of common stock and (3) the reclassification of the Series F Warrant liability to equity:

	Actual June 30, 2021	Pro Forma Adjustments	Pro Forma June 30, 2021
<b>Assets</b>			
Total Current Assets	\$ 17,859	\$ 36,168	\$ 54,027
Total Non-Current assets	31,321	—	31,321
Total Assets	<u>\$ 49,180</u>	<u>\$ 36,168</u>	<u>\$ 85,348</u>
<b>Liabilities &amp; Stockholders' Equity (Deficit)</b>			
Total Liabilities	\$ 34,920	\$ (16,977)	\$ 17,943
Common Stock	16	14	30
Series F Preferred Stock	—	—	—
Additional paid-in capital	263,361	53,131	316,492
Accumulated deficit	(249,117)	—	(249,117)
Total Stockholders' Equity (Deficit)	<u>14,260</u>	<u>53,145</u>	<u>67,405</u>
Total Liabilities and Stockholders' Equity (Deficit)	<u>\$ 49,180</u>	<u>\$ 36,168</u>	<u>\$ 85,348</u>

**About Better Choice Company Inc.**

Better Choice Company Inc. is a rapidly growing animal health and wellness company committed to leading the industry shift toward pet products and services that help dogs and cats live healthier, happier and longer lives. We take an alternative, nutrition-based approach to animal health relative to conventional dog and cat food offerings and position our portfolio of brands to benefit from the mainstream trends of growing pet humanization and consumer focus on health and wellness. We have a demonstrated, multi-decade track record of success selling trusted animal health and wellness products and leverage our established digital footprint to provide pet parents with the knowledge to make informed decisions about their pet's health. We sell the majority of our dog food, cat food and treats under the Halo and TruDog brands, which are focused, respectively, on providing sustainably sourced kibble and canned food derived from real whole meat, and minimally processed raw-diet dog food and treats. For more information, please visit <https://www.betterchoicecompany.com>.

**Forward Looking Statements**

This press release contains forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. The words "believe," "may," "estimate," "continue," "anticipate," "intend," "should," "plan," "could," "target," "potential," "is likely," "will," "expect" and similar expressions, as they relate to us, are intended to identify forward-looking statements. The Company has based these forward-looking statements largely on our current expectations and projections about future events and financial trends that we believe may affect our financial condition, results of operations, business strategy and financial needs. Some or all of the results anticipated by these forward-looking statements may not be achieved. Further information on the Company's risk factors is contained in our filings with the SEC. Any forward-looking statement made by us herein speaks only as of the date on which it is made. Factors or events that could cause our actual results to differ may emerge from time to time, and it is not possible for us to predict all of them. The Company undertakes no obligation to publicly update any forward-looking statement, whether as a result of new information, future developments or otherwise, except as may be required by law.

**Company Contact:**

Better Choice Company, Inc.  
Scott Lerner, CEO

**Investor Contact:**

KCSA Strategic Communications  
Valter Pinto, Managing Director  
T: 212-896-1254  
[Valter@KCSA.com](mailto:Valter@KCSA.com)



# BETTER CHOICE

C O M P A N Y

August 12, 2021

Q2 2021 Earnings Presentation



# Safe Harbor



This presentation regarding Better Choice Company, Inc. ("the Company", "Better Choice", "BTTR", "we", "us" or "our") is strictly confidential and is for you to familiarize yourself with the Company. This presentation contains information, statements, beliefs and opinions which are forward-looking, and which reflect current estimates, expectations and projections about future events, referred to herein and which constitute "forward-looking statements" or "forward-looking information" within the meaning of the Private Securities Litigation Reform Act of 1995. All statements other than statements of historical fact included in this document, regarding our strategy, future operations, financial position, prospects, plans and objectives of management are forward-looking statements. Statements containing the words "could", "believe", "expect", "intend", "should", "seek", "anticipate", "will", "positioned", "project", "risk", "plan", "may", "estimate" or, in each case, their negative and words of similar meaning are intended to identify forward-looking statements. By their nature, forward-looking statements involve a number of known and unknown risks, uncertainties and assumptions, most of which are difficult to predict and many of which are beyond the Company's control, concerning, among other things, the Company's anticipated business strategies, anticipated trends in the Company's business and anticipated market share, that could cause actual results or events to differ materially from those expressed or implied by the forward-looking statements.

These risks, uncertainties and assumptions could adversely affect the outcome and financial effects of the plans and events described herein. In addition, even if the outcome and financial effects of the plans and events described herein are consistent with the forward-looking statements contained in this presentation, those results or developments may not be indicative of results or developments in subsequent periods. Although the Company has attempted to identify important risks and factors that could cause actual actions, events or results to differ materially from those described in forward-looking information, there may be other factors and risks that cause actions, events or results not to be as anticipated, estimated or intended. Forward-looking information contained in this presentation is based on the Company's current estimates, expectations and projections, which the Company believes are reasonable as of the current date. The Company can give no assurance that these estimates, expectations and projections will prove to have been correct. Given these uncertainties, you should not place undue reliance on these forward-looking statements. All statements contained in this presentation are made only as of the date of this presentation, and the Company undertakes no duty to update this information unless required by law. You are also reminded that during this presentation, certain non-GAAP financial measures, such as Adjusted EBITDA, may be discussed. These measure should not be considered an alternative to net income, or any other measure of financial performance or liquidity presented in accordance with generally accepted accounting principles (GAAP). These measures are not necessarily comparable to a similarly titled measure of another company. Please refer to our reconciliations of these discussed figures with the most comparable GAAP measures.

The known risks, uncertainties and factors are described in detail under the caption "Risk Factors" in documents the Company has filed with the Securities and Exchange Commission (the "SEC"), that are incorporated by reference in this presentation. Certain information contained in this presentation may be derived from information provided by industry sources. The Company believes such information is accurate and that the sources from which it has been obtained are reliable. However, the Company cannot guarantee the accuracy of, and has not independently verified, such information. All trademarks, service marks, and trade names appearing in this presentation are the property of their respective holders.



# Company Overview



- Dynamic and forward-thinking pet food company targeting the premium pet food market
- Flexible omni-channel go to market strategy with four differentiated sales channels
- Exciting three-year product pipeline with game changing innovation
- World class and diversified team with significant success in the pet food industry
- Uplisted to NYSE American on July 1, 2021 concurrent with \$40m of common equity raise to drive growth

**\$50M+**  
Gross Sales  
(2020)

## Asset Light

Model with long term  
co-manufacturing  
partners

**500k+**  
Active customer  
emails on  
DTC platform

**95%**

YoY Growth  
of Halo Brand  
in Asia

**59%**  
Of net sales  
made online  
(2020)

**51%**

Of online sales  
made via recurring  
subscriptions\*



\* Includes subscription purchases made by end customers on our partner websites.

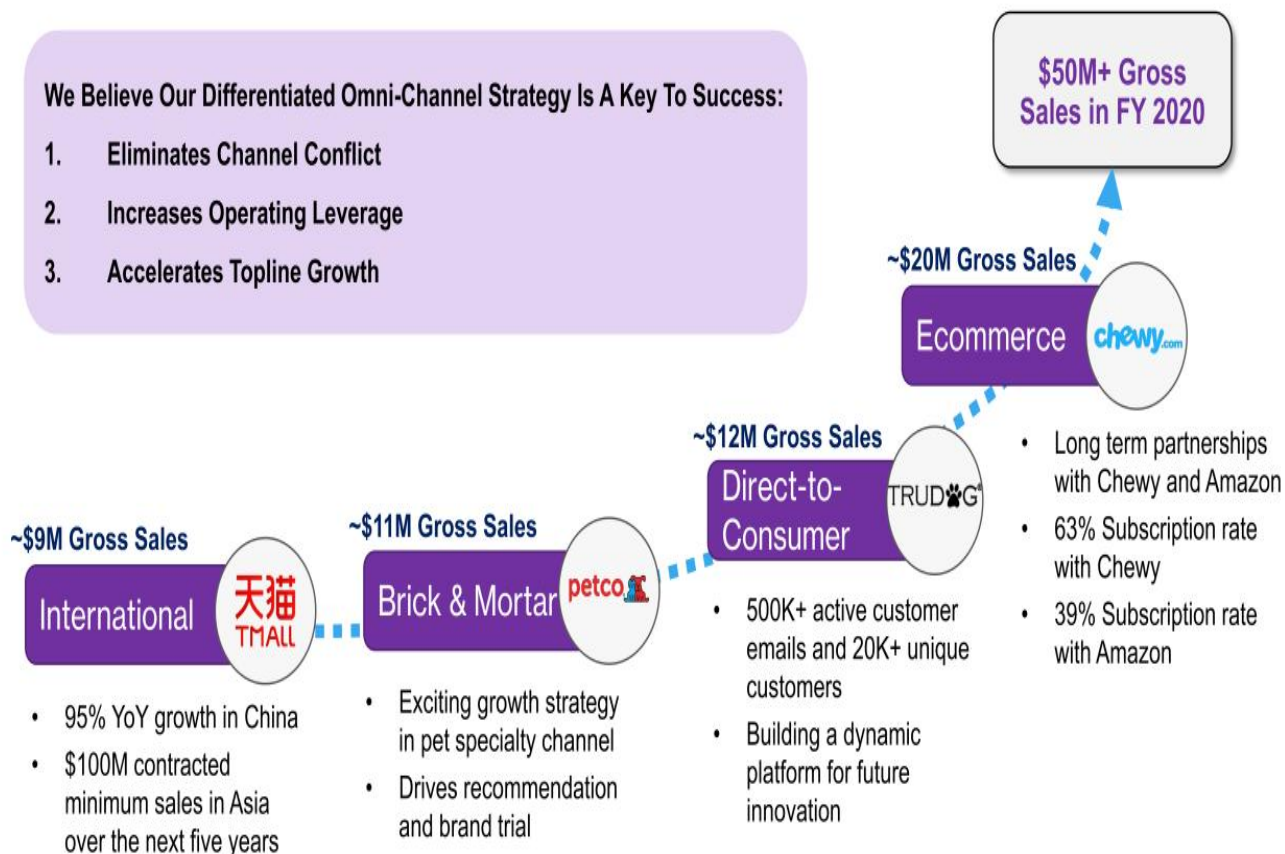
# A True Omni-Channel Approach

A laser focused, channel-specific approach to growth that is driven by new product innovation



We Believe Our Differentiated Omni-Channel Strategy Is A Key To Success:

1. Eliminates Channel Conflict
2. Increases Operating Leverage
3. Accelerates Topline Growth



# A Strong Foundation Built For Success



## Team

- 44 FTEs with hubs in Chicago, Nashville and Tampa
- Win-from-anywhere culture driving productivity
- Equity incentive plans in place to attract top tier talent



## Suppliers

- All premium food and treats are made in the USA
- Co-manufacturers include Alpha (kibble), Simmons (canned), Carnivore (freeze-dried) and BrightPet (vegan)
- Best-in-class certifications ensure product quality and drive performance



## Infrastructure

A wide scope of systems ensures scalable success

- World class ERP system
- Shopify (third party ecommerce platform)
- IT expertise and work from anywhere support
- Integrated SEC reporting

ORACLE + NETSUITE

shopify workiva

FIDELITONE

CHELSEA TECHNOLOGIES

## Partners

- We team with key customers (Chewy and Petco) and international distributors (i.e. Penefit) to drive successful new product launches
- Marketing relationships include Vayner Sports and Little Big Brands

petco LBB

penefit chewy

VAYNERSPORTS

# Seasoned Management Team & Board



## Management Team

**Scott Lerner** *CEO*

20+ YEARS CONSUMER PRODUCTS EXPERIENCE



**Sharla Cook** *CFO*

18+ YEARS FINANCE & ACCOUNTING EXPERIENCE



**Donald Young** *EVP Sales*

29 YEARS PET INDUSTRY EXPERIENCE



**Ryan Wilson** *VP Marketing*

5+ YEARS PET INDUSTRY EXPERIENCE



**Rob Sauermann** *EVP Strategy*

\$100M GROWTH CAPITAL DEPLOYED



**Alex Vourmas** *VP Supply Chain & Logistics*

5+ YEARS PET INDUSTRY EXPERIENCE



**Jenny Condon** *EVP Digital Sales*

ECOMM EXPERT WITH 15+ YEARS EXPERIENCE



## Board of Directors

**Mike Young**

YEAR JOINED BOD: 2019



**Jeff Davis**

YEAR JOINED BOD: 2019



**Gil Franzaglia**

YEAR JOINED BOD: 2021



**Lori Taylor**

YEAR JOINED BOD: 2019



**John Word III**

YEAR JOINED BOD: 2020



*Management and key insiders own approximately 25% of Better Choice following Underwritten Offering*



# Investment Highlights



Portfolio of Established Premium and Super-Premium Pet Brands With a History of Success



Executive Team Purpose Built for Success in the Pet Industry



Asset Light Model with Established Long Term High Quality Co-Manufacturing Partners



Online Recurring Revenue Represents Majority of Total Sales



Exposure to Fastest Growing Sub-Sectors of Premium Pet



Rapidly Growing International Presence

Note: Premium and super premium segments defined as being sold with a retail price greater than \$0.20 per ounce.

# Select Financial Information



## 2020 Annual Results

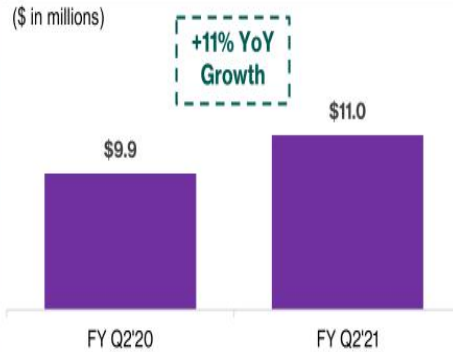
**\$42.6M**  
Net Sales

**\$16.1M**  
Gross Profit

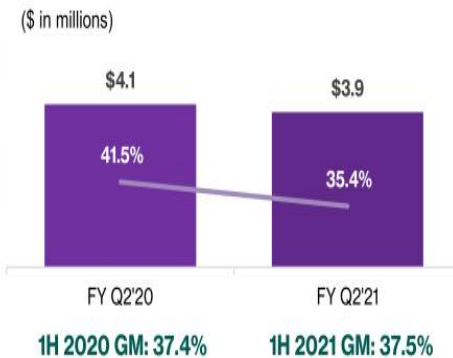
**37.8%**  
Gross Margin

**(\$1.9)M**  
Adj. EBITDA

## 2Q 2021 Net Sales<sup>1</sup>



## 2Q 2021 Gross Profit & Margin<sup>1</sup>



## 1H 2021 Commentary

### Domestic & International Sales

- International channel successfully delivering contracted volumes
  - \$6.5m of Net Sales in 1H 2021 represents 48% YoY Growth
- Executed Pet Supplies Plus Contract for National Launch of Halo Elevate in 2022
- Hired five new sales team members to execute brick and mortar launch and generate digital sales growth

### Operations and Gross Margin

- 1H 2021 gross margin of 37.5% in line with 1H 2020 gross margin
- Industry wide increases to commodity costs and freight as a result of COVID-19 have negatively impacted gross margin
- A portion of price increases have been passed though to consumer, with adoption anticipated in late Q3 / Q4

1. For three months ended June 30  
2. For fiscal year ended December 31

# COVID-19 Has Accelerated Industry Growth



*COVID-19 has had a permanent and material impact on pet ownership and household spend, and these tailwinds are expected to continue*

*The US Pet Care Market is expected to reach \$275B by 2030, more than doubling in value over the next 10 years*

**130M**

Pets in the USA  
Before COVID-19

**\$39B**

Annual Spend on Pet  
Food and Treats

**11M**

New Pets Housed  
During COVID-19

**\$3B**

Annual Increased Spend  
on Pet Food and Treats

**36%**

Percentage of Pet  
Care Spent on  
Food and Treats

**\$1,500**

Annual Household  
Spend on Pet Care



Source: American Pet Product Association's COVID-19 Pulse Studies, Packaged Facts 2020, Morgan Stanley.

Source: American Pet Product Association, Morgan Stanley.



## Millennials Embrace The Humanization of Pets And Are Looking For More

### Feedback is pervasive:

- 95% say their pet is part of the immediate family
- 77% say they feel more like pet parents rather than pet owners
- 50% are as concerned about their pets' well being as their human family members

**75% of Millennial households own a pet and housed pets at historic levels during COVID-19 pandemic**



Halo is the brand  
for a new  
generation of  
pet parents

*Halo*



# Better Choice's Brand Portfolio

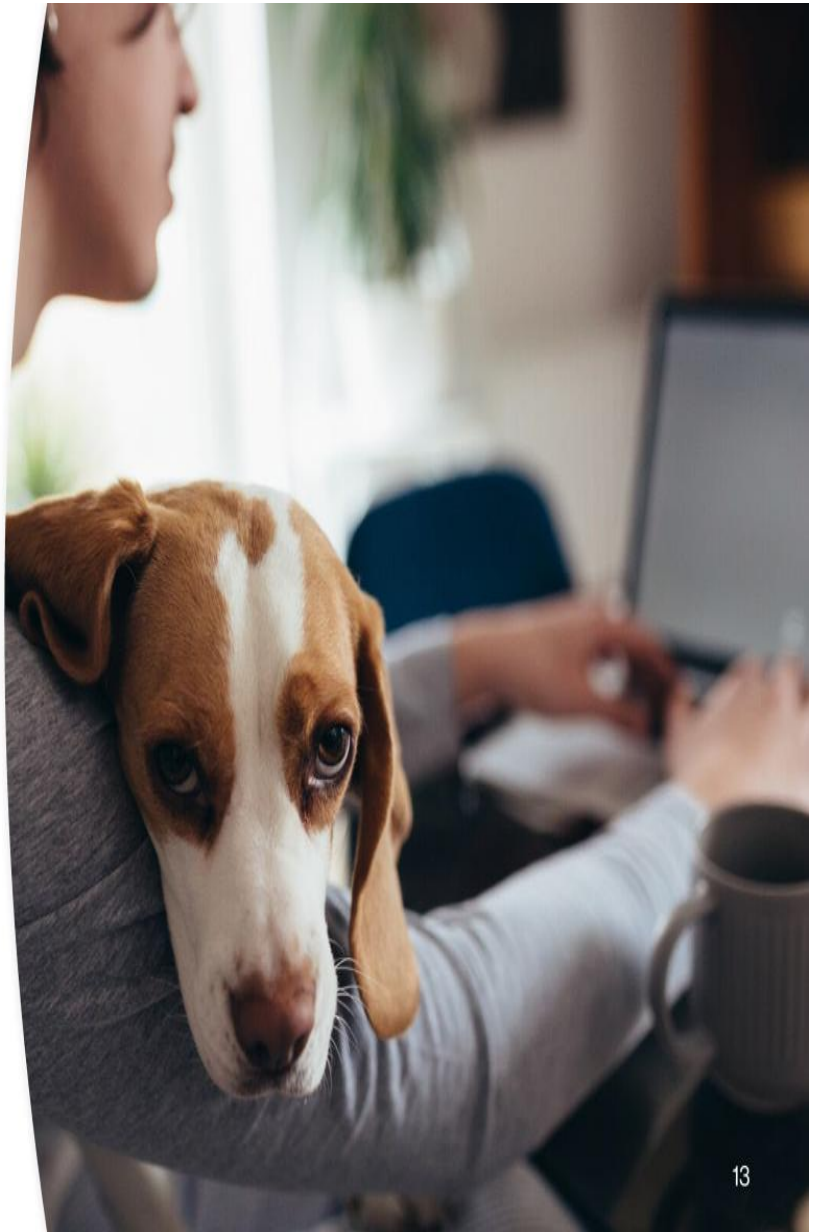
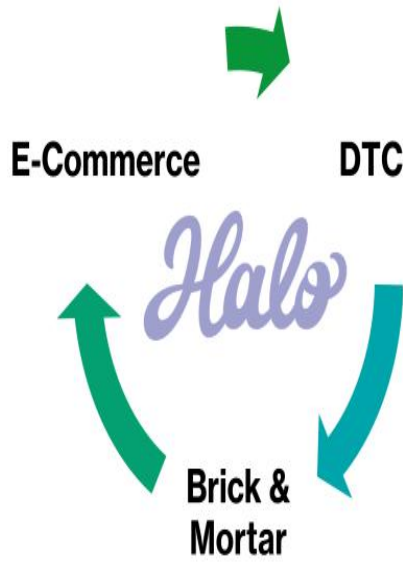


	Current Halo Brand		2022 Pet Specialty Launch	Brand Consolidation Opportunity
<b>Pet Parent Target</b>	Female Millennials With High Willingness to Pay			
<b>Core Benefit</b>	Holistic, Benefit-Based Solutions (Digestion, Vegan, etc.)		Best In-Class Nutrition with Transparent Recipes	Real Animal Protein Your Dog Needs and Craves
<b>Channels</b>	Ecommerce, International, DTC		Pet Specialty, International, DTC	Ecommerce, International, DTC
<b>Companion Animal Type</b>	Dog & Cat		Dog & Cat	Dog Only
<b>Products</b>	Dry Kibble, Canned Wet, Treats		Dry Kibble, Canned Wet, Treats	Freeze-Dried Food, Toppers & Treats; Dental Chews and Supplements
<b>SKUs</b>	Dry Dog: 12 Wet Dog: 23 Vegan Dog: 8 Treats (Dog): 6	Dry Cat: 24 Wet Cat: 25 Treats (Cat): 2	Dry Kibble (Dog & Cat): 31 Canned Wet (Dog & Cat): 10	Freeze Dried Food: 7 Freeze Dried Toppers: 7 Freeze Dried Treats & Supplements: 31

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**Maximizing 3 Sales Channels To  
Drive The Halo Brand Towards  
\$100M of Gross Sales by 2023**

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# Pet Specialty Channel Key to Customer Acquisition



- A significant number of “success stories” in branded pet have built loyalty in the neighborhood pet and pet specialty channels, including Blue Buffalo, WellPet, Nutro and Merrick, prior to significant strategic exits



**Mars Pet Care  
Acquires Nutro (2007)** 

- Donald Young (EVP of Better Choice Sales) joined Nutro in the early 1990's, becoming Senior Group Vice President in 2004
- Several Better Choice sales team members worked with Donald at Nutro and later Merrick
- Better Choice recently onboarded two brand managers from Mars Petcare



**Nestle Purina  
Acquires Merrick (2015)** 

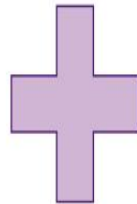
- Donald Young (EVP of Better Choice Sales) joined Merrick in 2011 to lead sales team
- Several Better Choice sales team members worked with Donald at Merrick
- Two leadership team members, Ryan Wilson and Jenny Condon, joined Better Choice from Nestle



## Halo Elevate is Launching in Brick & Mortar in 2022



**PET  
SUPPLIES  
PLUS**



*Halo*  
**eLEVATE**™

- 3<sup>rd</sup> Largest Pet Specialty Retailer
- 560+ Locations in USA
- Contracted 2022 Launch Partner

- Specifically built for millennial pet parents
- Designed by in-house formulation experts and veterinarians
- Product gross margin targets exceed current Better Choice gross margin

# Five Keys To Future Growth

HALO BRAND  
STRATEGY



MULTI CHANNEL  
SALES STRATEGY



PURSUE STRATEGIC  
ACQUISITIONS



STRONG INNOVATION  
PIPELINE



CAPITALIZE ON  
OPPORTUNITY IN  
CHINA



# Halo Brand Strategy



# Strong Innovation Pipeline

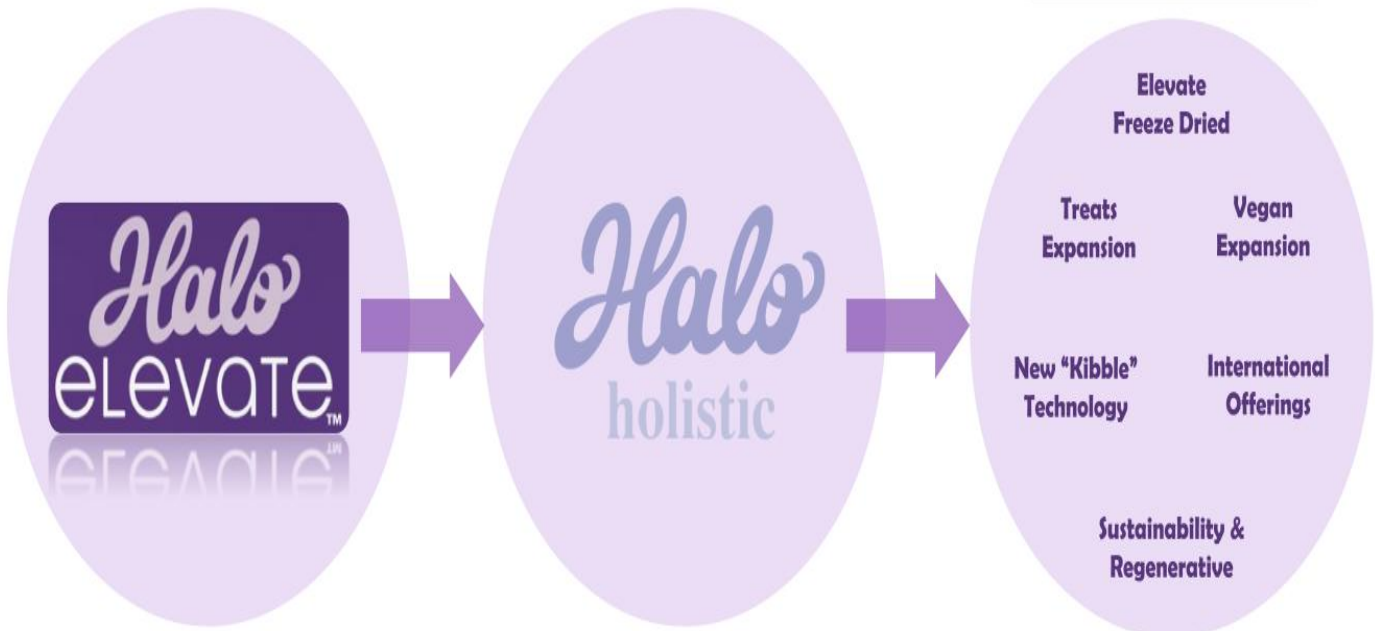


Innovation pipeline centered on **Halo Elevate**, a highly nutritious food that takes the uncertainty and complexity out of what you are feeding your dog and provides recipe transparency you can see and trust.

Halo Elevate (Dry & Wet)  
2022 Launch

Halo Holistic  
2022 Refresh

Future Innovation



Three Year Innovation Pipeline

# Multi-Channel Sales Strategy



Our multi-channel approach enables the simultaneous launch of innovative new products while reducing channel conflict – we believe this is a key competitive advantage and growth accelerant



# Capitalize on Opportunity in China



## China Represents The Largest Opportunity For International Growth

- Chinese pet market estimated to be ~\$7 billion by 2022, with premium dry dog and cat food markets growing at 20% and 28% CAGRs<sup>1</sup>
- China represented 58% of the \$6.5M of net sales in 1H 2021, with significant future growth supported by contracted minimum volumes
- Halo's target consumer in China is very similar to target consumer in US (50%+ of Halo's Chinese customers were born after 1990)
- In June 2020, approved to sell 15 dry diets by Chinese Ministry of Agriculture



Winner of the "2020 Best Selling Brand of the Year Award" (China Pet Fair)



\$100M of contracted minimum sales with Asian distribution partners in 2021-2025

1) From 2015 to 2025; Euromonitor, American Pet Products Association.



# Pursue Strategic Acquisitions...



## In-House M&A Capabilities Stand Out Relative To Other Brand Platforms

- Potential brands must meet stringent investment criteria (valuation, channel mix, supply chain, customer profile, etc.)
- Ability to source proprietary / non-auction transactions as an operating brand
- Preference for asset light models that avoid channel conflict / competition
- Better Choice can use stock, cash and debt to optimize cost of capital

	TruDog Acquisition (Closed May 2019)	Halo Acquisition (Closed December 2019)
Investment Criteria / Transaction Rationale	Direct-to-Consumer Platform in High Growth Sub-Category (Super Premium Freeze-Dried)	Complementary Pet Specialty Platform With Subscription Sales + Growing International Footprint
Sourcing Capabilities	Preempted Capital Raise / Non-Auction Consideration	Structured Transaction via Shared Banking Partner Relationship
Asset Light Structure	Outsourced Manufacturing (Carnivore, etc.)	Outsourced Manufacturing (Alpha, Simmons, Bright Pet, etc.)
Transaction Consideration	<p><b>Transaction Consideration (100% Stock)</b></p> <p>Cash Consideration: \$0 Common Shares: 15,027,533</p>	<p><b>Transaction Consideration (54% Cash, 46% Equity / Converts)</b></p> <p>Cash Consideration: \$20.5M Convertible Seller Notes: \$15.0M Common Shares: 2,134,390</p>

## ...Including A Strong Acquisition Pipeline



- Better Choice has a robust pipeline of potential acquisitions and a clearly defined profile for targets
- The Company is under NDA with multiple opportunities, primarily pre-process and direct founder dialogue discussions

	Target Profile and Attributes		
Description	Premium Kibble, Canned Food and Treats	Treats	Super Premium Kibble
Geography	North America	North America	Europe / Asia
Channel	Brick & Mortar	E-Commerce / DTC	E-Commerce / Brick & Mortar
Asset Intensity	Asset Light Model (Co-Manufacturer)		
Size (Revenue)	\$15 - \$50 Million		



## **Uplist To NYSE American Complete**

### **Closing of \$40m Underwritten Public Offering on July 1, 2021**

- Listing of BTTR on NYSE American
- \$40m Primary Proceeds raised at \$5.00 / share (~3x 2020 Net Sales)
- Automatic Conversion of ~\$23m of Convertible Debt into Common Shares
- 29.6m common shares outstanding after accounting for the following:
  - Conversion of Series F Preferred
  - Conversion of Convertible Notes
  - Reverse Share Split of 1 : 6



# Pro Forma Balance Sheet Post July 1, 2021 IPO



The following unaudited pro forma condensed consolidated balance sheet data is presented as if the IPO closed on June 30, 2021, and reflects:

1. The issuance of 8,000,000 shares of common stock for estimated net proceeds of \$36.2 million and a pro forma share count of 29.6m
2. The conversion of all Series F convertible preferred stock into an aggregate of 5,764,533 shares of common stock
3. The reclassification of the Series F Warrant liability to equity:

	Actual June 30, 2021	Pro Forma Adjustments	Pro Forma June 30, 2021
<b>Assets</b>			
Total Current Assets	\$ 17,859	\$ 36,168	\$ 54,027
Total Non-Current assets	31,321	—	31,321
Total Assets	\$ 49,180	\$ 36,168	\$ 85,348
<b>Liabilities &amp; Stockholders' Equity (Deficit)</b>			
Total Liabilities	\$ 34,920	\$ (16,977)	\$ 17,943
Common Stock	16	14	30
Series F Preferred Stock	—	—	—
Additional paid-in capital	263,361	53,131	316,492
Accumulated deficit	(249,117)	—	(249,117)
Total Stockholders' Equity (Deficit)	14,260	53,145	67,405
Total Liabilities and Stockholders' Equity (Deficit)	\$ 49,180	\$ 36,168	\$ 85,348

# Income Statement



	Six Months Ended June 30,		Three Months Ended June 30,	
	2021	2020	2021	2020
Net sales	\$ 21,819	\$ 22,167	\$ 10,989	\$ 9,941
Cost of goods sold	13,645	13,886	7,089	5,817
Gross profit	8,174	8,281	3,900	4,124
<b>Operating expenses:</b>				
General and administrative	8,081	19,551	3,530	11,551
Sales and marketing	5,571	4,258	3,235	2,053
Share-based compensation	2,857	5,504	332	3,020
Total operating expenses	16,509	29,313	7,097	16,624
Loss from operations	(8,335)	(21,032)	(3,197)	(12,500)
<b>Other expense (income):</b>				
Interest expense	3,069	4,731	2,234	2,430
Gain on extinguishment of debt, net	(457)	—	(851)	—
Change in fair value of warrant liabilities	(22,873)	2,095	(29,356)	3,474
Total other (income) expense, net	(20,261)	6,826	(27,973)	5,904
Net and comprehensive income (loss)	11,926	(27,858)	24,776	(18,404)
Preferred dividends	—	68	—	34
Net and comprehensive income (loss) available to common stockholders	\$ 11,926	\$ (27,926)	\$ 24,776	\$ (18,438)
Weighted average number of shares outstanding, basic	10,361,462	8,122,176	11,126,909	8,156,618
Weighted average number of shares outstanding, diluted	20,498,829	8,122,176	21,389,413	8,156,618
Earnings (loss) per share, basic	\$ 1.11	\$ (3.44)	\$ 2.23	\$ (2.26)
Earnings (loss) per share, diluted	\$ 0.56	\$ (3.44)	\$ 1.19	\$ (2.26)

# Adjusted EBITDA Reconciliation



	Six Months Ended June 30,		Three Months Ended June 30,	
	2021	2020	2021	2020
Net and comprehensive income (loss) available to common stockholders	\$ 11,926	\$ (27,926)	\$ 24,776	\$ (18,438)
Depreciation and amortization	824	866	413	409
Interest expense	3,069	4,731	2,234	2,430
<b>EBITDA</b>	<b>15,819</b>	<b>(22,329)</b>	<b>27,423</b>	<b>(15,599)</b>
Non-cash share-based compensation, warrant expense and dividends (a)	2,903	15,557	313	10,444
Loss on disposal of assets	265	—	210	—
Non-cash change in fair value of warrant liability and warrant	(22,873)	2,095	(29,356)	3,474
Gain on extinguishment of debt, net (b)	(457)	—	(851)	—
Acquisition related expenses/(income) (c)	—	1,293	—	616
Non-cash effect of purchase accounting and inventory write-off on cost of goods sold (d)	—	894	—	—
Offering relating expenses (e)	210	649	14	334
Non-recurring and other expenses (f)	1,305	1,312	449	215
<b>Adjusted EBITDA</b>	<b>\$ (2,828)</b>	<b>\$ (529)</b>	<b>\$ (1,798)</b>	<b>\$ (516)</b>

(a) Reflects non-cash expenses related to equity compensation awards three and six months ended June 30, 2021 and 2020. The six months ended June 30, 2021 additionally includes non-cash expenses related to stock purchase warrants issues for third-party services provided. The three and six months ended June 30, 2020 includes non-cash dividends and stock purchase warrants associated with a contract that was subsequently terminated and stock purchase warrants issued in connection with convertible notes. Share-based compensation is an important part of the Company's compensation strategy and without our equity compensation plans, it is probable that salaries and other compensation related costs would be higher.

(b) Reflects gain on extinguishment of debt resulting from the full forgiveness of \$0.9m in PPP loans for the three months ended June 30, 2021. The six months ended June 30, 2021 additionally includes a loss of \$0.4m related to the extinguishment of our former term loan and ABL facility.

(c) Reflects costs incurred related to acquisition and integration activities that will not recur and operating expenses that will not recur due to acquisition related synergies.

(d) Reflects non-cash expense recognized in cost of goods sold related to the step-up of inventory required under the accounting rules for business combinations.

(e) Reflects administrative costs associated with the registration of common shares and other debt and equity financing transactions.

(f) Reflects non-cash third party share-based compensation of \$0.3 million and non-recurring consulting costs of \$0.2 million for the three months ended June 30, 2021. The six months ended June 30, 2021 additionally includes non-recurring severance costs of \$0.7 million, non-cash third party share-based compensation of \$0.3 million, non-recurring consulting costs of \$0.2 million and director costs of \$0.1 million, partially offset by a \$0.5 million reduction to sales tax liability. Reflects \$1.0 million non-recurring contract termination costs for the three months ended June 30, 2020 and \$0.1 million and \$0.2 million of non-recurring costs for the three and six months ended June 30, 2020, respectively, related to a warehouse facility that was outsourced to a third-party logistics facility in Q4 2020.



**BETTER  
CHOICE**  
COMPANY



**Thank You!**

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