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

FORM 8-K

CURRENT REPORT

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

Date of Report (Date of earliest event reported): **May 12, 2022**

Better Choice Company Inc.

(Exact name of Registrant as Specified in its Charter)

Delaware
(State or other Jurisdiction of Incorporation)

001-40477
(Commission File Number)

83-4284557
(IRS Employer Identification No.)

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

(Registrant's Telephone Number, Including Area Code): **(212) 896-1254**

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

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. ☐

Item 2.02 Results of Operations and Financial Condition

On May 12, 2022, Better Choice Company Inc., a Delaware corporation (the "Company"), announced its financial results for the quarter ended March 31, 2022. A copy of the press release is attached hereto as Exhibit 99.1.

Item 7.01 Regulation FD Disclosure

Better Choice First Quarter 2022 Financial Results Conference Call

On May 12, 2022, at 8:30 am EDT, the Company will host a conference call to discuss results for the first quarter ended March 31, 2022. Interested parties, including analysts, investors and the media, may listen live via the details below.

Event: Better Choice First Quarter 2022 Earnings Call
Date: Thursday, May 12, 2022
Time: 8:30 a.m. Eastern Time
Live Call: +1-877-300-8521 (U.S. Toll-Free) or +1-412-317-6026 (International)
Webcast: https://viaid.webcasts.com/starthere.jsp?ei=1542683&tp_key=165b3ab3ad

Updated Investor Presentation

On May 12, 2022, 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>. 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 May 12, 2022, 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 continued effects of the COVID-19 pandemic and geopolitical actions and the threat of cyber attacks, 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.

Exhibits	Description
	Press Release dated May 12, 2022
	Better Choice Company Inc.'s Investor Presentation

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

May 12, 2022



Better Choice Company Reports Record First Quarter 2022 Gross Sales of \$19.7 Million and Net Sales of \$17.0 million, an Increase of 57% Year-Over-Year

NEW YORK, NY, May 12, 2022 -- Better Choice Company Inc. (NYSE: BTTR) (the "Company" or "Better Choice"), a pet health and wellness company, today reported its financial results for the first quarter ended March 31, 2022.

"We are excited to share our record Q1 2022 financial results. In spite of unprecedented supply chain disruptions felt across the consumer-packaged goods industry, we were able to deliver 57% growth in net sales relative to Q1 2021, driven by 178% growth in International sales and 129% growth in Brick & Mortar sales. The \$19.7m of gross sales generated in this quarter represents an all-time high for Better Choice, surpassing the \$15.9m generated in Q3 2021 by \$3.8m and representing sequential quarterly growth of \$6.1m, or 45% relative to Q4 2021," said Scott Lerner, CEO of Better Choice.

"We have created a strong foundation for continued growth through our diverse sales platforms including Pet Specialty, E-commerce, Direct-to-Consumer and International. Our goal is to reach millennial pet parents enabling the purchase of Halo products, wherever, whenever and however they choose. Our International business is growing rapidly, and we have already launched in over 1,500 pet specialty stores including Petco, Pet Supplies Plus and key independent retailers, and remain on track to achieve our target of 2,000 pet specialty stores by the end of 2022," continued Mr. Lerner.

"In addition to delivering record sales growth, we also realized meaningful sequential gross margin improvement, achieving a gross margin of 28% in Q1 2022 vs. 25% in Q4 2021. This improvement in Q1 2022 was driven by several key factors, including the shift of domestic kibble production to a new co-manufacturer, the consolidation of production runs across our portfolio and the optimization of our product mix. In the second half of 2022 we have a lot of exciting new developments planned, including the continued distribution of Halo Elevate® nationwide and the rebrand of Halo Holistic™ and Trudog. Our cash position remains strong, and we are very excited for the continued growth we expect in the remainder of 2022 and beyond," finished Mr. Lerner.

First Quarter 2022 Operational Updates

- Launched Halo Elevate®, a new super premium natural pet food with expected distribution of 2,000 pet specialty stores
- Realized \$6.9m International sales in Q1, representing 178% quarter-over-quarter growth.
- Realized \$4.3m Brick & Mortar sales in Q1, representing 129% quarter-over-quarter growth.

Financial Results for the First Quarter 2022

- First Quarter 2022 Gross sales of \$19.7m
- First Quarter 2022 Net sales of \$17.0m
- First Quarter 2022 Loss from operations of \$4.0m
- First Quarter 2022 Net Loss available to common stockholders of \$4.0m
- First Quarter 2022 Adjusted EBITDA loss of \$2.0m

Conference Call and Webcast Information

The Company will host a conference call and audio webcast on Thursday, May 12, 2022 at 8:30 am (Eastern Time) to answer questions about the Company's operational and financial highlights for the first quarter of 2022.

Event: Better Choice First Quarter 2022 Earnings Call
Date: Thursday, May 12, 2022
Time: 8:30 a.m. Eastern Time
Live Call: +1-877-300-8521 (U.S. Toll-Free) or +1-412-317-6026 (International)
Webcast: https://viaid.webcasts.com/starthere.jsp?ei=1542683&tp_key=165b3ab3ad

For interested individuals unable to join the conference call, a dial-in replay of the call will be available until May 26, 2022 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: 10166367.

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

	Three Months Ended March 31,	
	2022	2021
Net sales	\$ 17,014	\$ 10,830
Cost of goods sold	12,307	6,554
Gross profit	4,707	4,276
Operating expenses:		
Selling, general and administrative	7,577	6,889
Share-based compensation	1,091	2,525
Total operating expenses	8,668	9,414
Loss from operations	(3,961)	(5,138)
Other expense:		
Interest expense, net	(76)	(835)
Loss on extinguishment of debt	—	(394)
Change in fair value of warrant liabilities	—	(6,483)
Total other expense, net	(76)	(7,712)
Net loss before income taxes	(4,037)	(12,850)
Income tax expense	3	—
Net loss available to common stockholders	\$ (4,040)	\$ (12,850)
Weighted average number of shares outstanding, basic	29,289,504	9,587,509
Weighted average number of shares outstanding, diluted	29,289,504	9,587,509
Net loss per share available to common stockholders, basic	\$ (0.14)	\$ (1.38)
Net loss per share available to common stockholders, diluted	\$ (0.14)	\$ (1.38)

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

	March 31, 2022	December 31, 2021
Assets		
Cash and cash equivalents	\$ 16,455	\$ 21,729
Restricted cash	6,963	7,213
Accounts receivable, net	9,716	6,792
Inventories, net	8,284	5,245
Prepaid expenses and other current assets	2,874	2,940
Total Current Assets	44,292	43,919
Fixed assets, net	490	369
Right-of-use assets, operating lease	44	56
Intangible assets, net	11,205	11,586
Goodwill	18,614	18,614
Other assets	101	116
Total Assets	\$ 74,746	\$ 74,660
Liabilities & Stockholders' Equity (Deficit)		
Current Liabilities		
Accounts payable	\$ 5,726	\$ 4,553
Accrued and other liabilities	1,448	1,879
Term loan, net	979	855
Operating lease liability	46	54
Total Current Liabilities	8,199	7,341
Non-current Liabilities		
Term loan, net	4,237	4,559
Line of credit, net	7,360	4,856
Deferred tax liability	24	24
Operating lease liability	—	5
Total Non-current Liabilities	11,621	9,444
Total Liabilities	19,820	16,785
Stockholders' Equity (Deficit)		
Common Stock, \$0.001 par value, 200,000,000 shares authorized, 29,364,712 and 29,146,367 shares issued and outstanding as of March 31, 2022 and December 31, 2021, respectively	29	29
Series F Preferred Stock, \$0.001 par value, 30,000 shares authorized, 0 shares issued and outstanding as of March 31, 2022 and December 31, 2021, respectively	—	—
Additional paid-in capital	318,193	317,102
Accumulated deficit	(263,296)	(259,256)
Total Stockholders' Equity (Deficit)	54,926	57,875
Total Liabilities and Stockholders' Equity (Deficit)	\$ 74,746	\$ 74,660

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 loss: interest expense, tax expense, depreciation and amortization, share-based compensation, warrant expense, loss on disposal of assets, change in fair value of warrant liabilities, gain or loss on extinguishment of debt, 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.

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

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

	Three Months Ended March 31,	
	2022	2021
Net loss available to common stockholders	\$ (4,040)	\$ (12,850)
Interest expense, net	76	835
Tax expense	3	—
Depreciation and amortization	409	411
EBITDA	(3,552)	(11,604)
Non-cash share-based compensation and warrant expense (a)	1,091	2,590
Loss on disposal of assets	2	56
Non-cash change in fair value of warrant liability and warrant derivative liability	—	6,483
Loss on extinguishment of debt	—	394
Offering relating expenses (b)	—	196
Non-recurring strategic branding initiatives (c)	306	—
Non-recurring and other expenses (d)	135	856
Adjusted EBITDA	\$ (2,018)	\$ (1,029)

(a) Reflects non-cash expenses related to equity compensation awards. 2021 additionally includes non-cash expenses related to stock purchase warrants issued for third-party services provided. 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 administrative costs associated with the registration of common shares and other debt and equity financing transactions.

(c) Includes one-time marketing agency and design fees for our strategic re-branding initiatives.

(d) For the three months ended March 31, 2022, includes non-recurring severance costs and non-recurring professional fees. For the three months ended March 31, 2021, 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 fees of \$0.1 million, partially offset by a \$0.5 million reduction to sales tax liability.

About Better Choice Company Inc.

Better Choice Company Inc. is a rapidly growing pet 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 pet 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 pet 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



Better Choice Company

Q1 2022 Earnings Presentation

May 12, 2022

**BETTER
CHOICE**
COMPANY

Safe Harbor

This presentation regarding Better Choice Company, Inc. ("the Company", "Better Choice", "BTTR", "we", "us" or "our") 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.

Better Choice Company Overview



The Most Innovative Premium Pet Food
Company in the World



Portfolio of Established Premium and Super-Premium Pet Products



Executive Team Purpose Built for Success in the Pet Industry



2,000 Brick & Mortar Locations Targeted in 2022 (Petco, PSP, Indy)



Rapidly Growing International Sales (\$100m+ contracted in '21-'25)



Significant Online Recurring Revenue Base (Chewy, Amazon and DTC)



Exciting Three-Year Innovation Pipeline Key to Future Growth



Asset Light Model with Established Co-Manufacturing Partners

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

Omni-Channel Execution = Rapid Growth



- Our goal is to reach millennial pet parents enabling purchase of Halo products wherever, whenever, and however they choose.
- Differentiating through thoughtful merchandising of the Halo portfolio that maximizes conversion and margin in store, DTC, and eCommerce channels.
- Turning every consumer touchpoint into a dynamic opportunity to connect and convert customers with a consistent and immersive brand experience, end to end.

Halo is the
brand for a new
generation of
pet parents

Halo



Halo Elevate Has Launched in 1,500+ Stores¹

Represents ~\$2.5M of Gross Sales in Q1 '22

petco



Petco: Seasonal Wall

- Launch Date: May '22
- ~900 Petco Stores
- 4' - 8' Shelf Space
- "Best Choice Brand"



Petco: Dog Aisle

- 1,000+ Stores by July '22
- 167 Stores in Q1 '22
- 4' - 8' Shelf Space
- "Best Choice Brand"

PET SUPPLIES PLUS



Pet Supplies Plus: Dog Aisle

- Launch Date: April '22
- 600+ Stores
- 5' Shelf Space
- "Preferred Brand"

Key Independent Retailers (Distributor + Direct Sales)



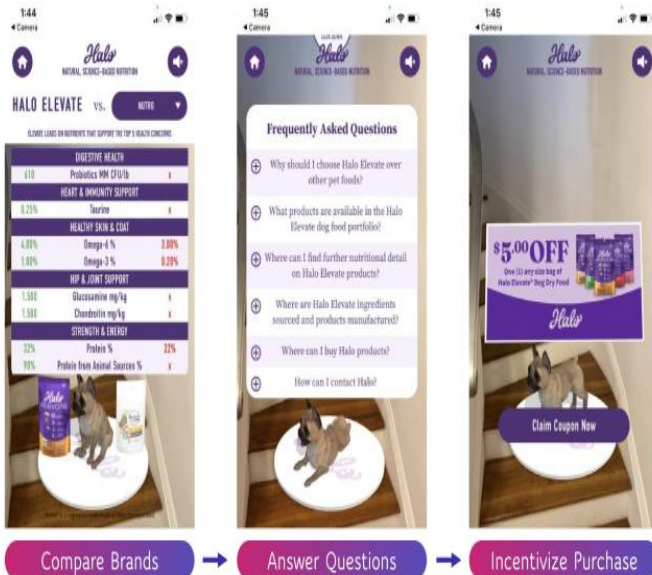
Independent Pet (Distribution + Direct Sales)

- Smaller independent accounts managed by Phillips
- Larger independent accounts managed directly by Halo
- 4'+ Shelf Space (Opportunity to grow key local accounts)
- Focus on partner quality in launch year one

1. Estimated Store Count as of May 31, 2022 and may vary based on individual store reset timelines.

The Halo Elevate Launch Has Significant In Store Support

Augmented Reality Engages Store Associates and Consumers



Added 5 New Sales Team Members in 2022 To Support Launch

SCAN HERE FOR AR EXPERIENCE



NEW TO petco **Halo elevate**

SCAN NOW. SAVE TODAY.

View our Augmented Reality experience to get a \$5 off coupon and learn more about Halo Elevate.

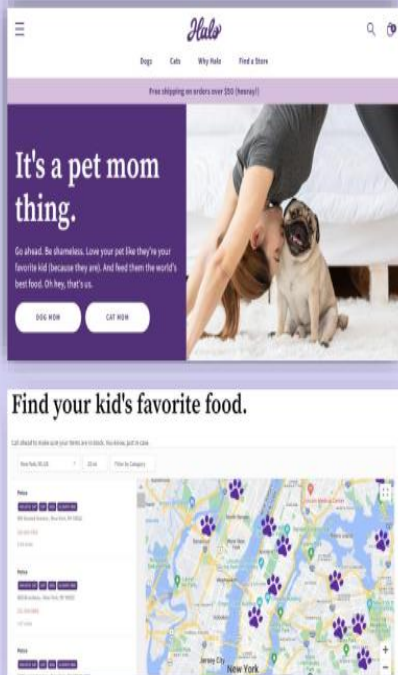
petco

**BETTER
CHOICE**
COMPANY

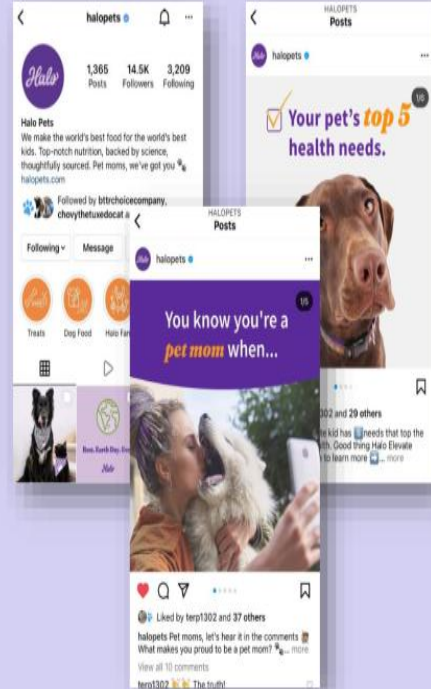
7

We Made Dramatic Improvements to our Online Presence

Halopets.com is Officially Live



New Look and Feel on Instagram



Post-Elevate Launch, The Holistic & Trudog Rebrand is On-Track for 2H '22

Halo Holistic



- Estimated Q3 '22 Production & Q4 '22 Launch on Domestic E-Commerce Platforms & DTC Site
- Minimal Disruption to Existing Subscriber Base Anticipated

Freeze-Dried Raw & Treats



- Estimated Q2 '22 Production & Gradual Phase in During 2H '22
- Minimal Disruption to Existing Subscriber Base Anticipated

International Growth Continues to Exceed Expectations

- On pace to exceed contracted volumes in 2022
- International growth driven by Asian demand for dry cat food (99% Dry Kibble / 88% Cat Food)
- Additional drivers of growth include:



**Holistic
Renovation**

+



**High Protein
Cat Innovation**

+



**New Market
Opportunities**

\$7M Q1 '22 Sales
~3x Q1 '21 & +77% Q4 '21

\$100M '21-'25 Sales
Aggregate Contracted Minimums



In Q1 '22 We Delivered Record Sales Growth While Simultaneously Improving Gross Margin

\$ in millions	Q4 2021		Q1 2022		Delta	
	\$	%	\$	%	\$	%
Gross Sales:						
Domestic	\$9.7	71%	\$12.7	65%	\$3.1	32%
International	\$3.9	29%	\$7.0	35%	\$3.0	77%
Total	\$13.6	100%	\$19.7	100%	\$6.1	45%
Net Sales:						
Domestic	\$7.1	64%	\$10.1	59%	\$3.0	43%
International	\$3.9	36%	\$6.9	41%	\$3.0	76%
Total	\$11.0	100%	\$17.0	100%	\$6.0	55%
Gross Margin:						
Domestic	\$2.0	28%	\$3.3	33%	\$1.3	4%
International	\$0.8	20%	\$1.4	20%	\$0.6	0%
Total	\$2.8	25%	\$4.7	28%	\$1.9	2%

- Sequential domestic growth driven primarily by Halo Elevate launch (~\$2.5M incremental sales) and E-Commerce growth (+\$500k vs Q4 '21)
- Sequential international growth driven by significant incremental demand in China. March '22 was a record month, with \$4.6M of international sales

- Although commodity costs rose across all categories in Q1 '22 vs. Q4 '21, we were able to improve gross margin without increasing price by taking key actions:
 - Shifted production of Halo Holistic domestic kibble to new co-manufacturer in Q4 '21
 - Optimized mix to focus on higher GM products
 - Consolidated production runs and in some cases prepaid to secure lowest possible price
 - Launched Halo Elevate, which was formulated post higher-cost, inflationary macro environment

We Continue to Take Significant Steps to Increase Long-Term Gross Margin in 2022 and Beyond

Domestic gross margin expansion in 1H '22; Significant International gross margin upside potential in 2H '22

Q1 '22 Actions Taken

Actions Taken in Q1:

- Communicated 8-10% price increase in January '22 across majority of SKUs, effective April '22
- Shifted production of Halo Holistic domestic dry kibble to new manufacturer in Q4 '21, estimated 10%+ margin improvement on majority of domestic kibble SKUs⁽¹⁾
- Optimized mix, consolidated production runs and selectively prepaid production to secure ingredients & priority run-times
- Purchased significant Halo Elevate® inventory to ensure sufficient supply during launch and to lock in direct COGS

International Margin Upside in 2H '22

International Upside

- 10% Price Increase Effective April '22
- Transition of international kibble production to new co-manufacturer estimated 6/30/22 (regulatory driven timeline)
- Beginning in Q3 2022, estimated 10%+ margin improvement on majority of international kibble SKUs⁽²⁾
- Illustrative Range of Potential Impact to PF BTTR Gross Margin:

\$ in millions	Q1 '22		Q1 '22 - PF		Q1 '22 - PF		Q1 '22 - PF	
	Actual		Scenario 1		Scenario 2		Scenario 3	
Gross Margin	\$	%	\$	%	\$	%	\$	%
Domestic	\$3.3	33%	\$3.3	33%	\$3.3	33%	\$3.3	33%
International	\$1.4	20%	\$1.7	25%	\$2.1	30%	\$2.4	35%
Total	\$4.7	28%	\$5.1	30%	\$5.4	32%	\$5.7	34%

1. Estimated margin improvement for domestic dry kibble based on estimated Q1 '22 product costs by SKU.

2. Estimated 10%+ margin improvement for international dry kibble SKUs is consistent with estimated margin improvement realized in Q1 '22 for similar domestic dry kibble SKUs (post-transition to new co-manufacturer). This estimate does not account for any increases in input costs from Q1 '22 to Q3 '22 or any variation in diets.

Our Balance Sheet is a Significant Competitive Advantage

We Believe Better Choice Has Ample Liquidity to Support Growth

\$ in millions	31-Mar-22	31-Dec-21
Current Assets:		
Cash and cash equivalents	\$16.5	\$21.7
Restricted cash	\$7.0	\$7.2
Accounts receivable, net	\$9.7	\$6.8
Inventories, net	\$8.3	\$5.2
Prepaid expenses and other current asset	\$2.9	\$2.9
Total Current Assets	\$44.3	\$43.9
Current Liabilities:		
Accounts payable	\$5.7	\$4.6
Accrued and other liabilities	\$1.4	\$1.9
Term loan, net	\$1.0	\$0.9
Operating lease liability	\$0.0	\$0.1
Total Current Liabilities	\$8.2	\$7.3
Long-Term Debt:		
Term loan, net	\$4.2	\$4.6
Line of credit, net	\$7.4	\$4.9
Total Long-Term Debt	\$11.6	\$9.4

- Cash Balances of \$23.4M in Q1 '22 vs. \$28.9M in Q4 '21
- Adjusted EBITDA loss of \$2.0M consistent with management's estimates for quarterly cash burn from operations
- Strategically utilized our strong cash cushion to secure production capacity and launch Halo Elevate, which increased gross margin

- Accounts Receivable: We generated \$8.7M of gross sales in March 2022, an all-time record month for Better Choice, which drove a \$2.9M increase in AR relative to December 2021
- Inventory: We strategically purchased inventory in Q1 to ensure a 100% fill rate of Halo Elevate, a key driver in the \$3.1M increase in inventory relative to December 2021

Better Choice Company Inc.

Unaudited Consolidated Statements of Operations

	Three Months Ended	
	March 31,	
	2022	2021
Net sales	\$ 17,014	\$ 10,830
Cost of goods sold	12,307	6,554
Gross profit	4,707	4,276
Operating expenses:		
Selling, general and administrative	7,577	6,889
Share-based compensation	1,091	2,525
Total operating expenses	8,668	9,414
Loss from operations	(3,961)	(5,138)
Other expense:		
Interest expense, net	(76)	(835)
Loss on extinguishment of debt	—	(394)
Change in fair value of warrant liabilities	—	(6,483)
Total other expense, net	(76)	(7,712)
Net loss before income taxes	(4,037)	(12,850)
Income tax expense	3	—
Net loss available to common stockholders	\$ (4,040)	\$ (12,850)
Weighted average number of shares outstanding, basic	29,289,504	9,587,509
Weighted average number of shares outstanding, diluted	29,289,504	9,587,509
Net loss per share available to common stockholders, basic	\$ (0.14)	\$ (1.38)
Net loss per share available to common stockholders, diluted	\$ (0.14)	\$ (1.38)

Better Choice Company Inc.

Reconciliation of Net Income (Loss) to EBITDA and Adjusted EBITDA

	Three Months Ended	
	March 31,	
	2022	2021
Net loss available to common stockholders	\$ (4,040)	\$ (12,850)
Interest expense, net	76	835
Tax expense	3	—
Depreciation and amortization	409	411
EBITDA	(3,552)	(11,604)
Non-cash share-based compensation and warrant expense (a)	1,091	2,590
Loss on disposal of assets	2	56
Non-cash change in fair value of warrant liability and warrant derivative liability	—	6,483
Loss on extinguishment of debt	—	394
Offering relating expenses (b)	—	196
Non-recurring strategic branding initiatives (c)	306	—
Non-recurring and other expenses (d)	135	856
Adjusted EBITDA	\$ (2,018)	\$ (1,029)

(a) Reflects non-cash expenses related to equity compensation awards. 2021 additionally includes non-cash expenses related to stock purchase warrants issued for third-party services provided. 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 administrative costs associated with the registration of common shares and other debt and equity financing transactions.

(c) Includes one-time marketing agency and design fees for our strategic re-branding initiatives.

(d) For the three months ended March 31, 2022, includes non-recurring severance costs and non-recurring professional fees. For the three months ended March 31, 2021, 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 fees of \$0.1 million, partially offset by a \$0.5 million reduction to sales tax liability.

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