
**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): August 11, 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 August 11, 2022, Better Choice Company Inc., a Delaware corporation (the "Company"), announced its financial results for the quarter ended June 30, 2022. A copy of the press release is attached hereto as Exhibit 99.1.

Item 7.01 Regulation FD Disclosure

Better Choice Second Quarter 2022 Financial Results Conference Call

On August 11, 2022, at 8:30 am EDT, the Company will host a conference call to discuss results for the second quarter ended June 30, 2022. Interested parties, including analysts, investors and the media, may listen live via the details below.

Event: Better Choice Second Quarter 2022 Earnings Call
Date: Thursday, August 11, 2022
Time: 8:30 a.m. Eastern Time
Live Call: +1-844-825-9789 (U.S. Toll-Free) or +1-412-317-5180 (International)
Webcast: https://viaid.webcasts.com/starthere.jsp?ei=1561045&tp_key=cb321c959e

Updated Investor Presentation

On August 11, 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 August 11, 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.

Items	Description
	Press Release dated August 11, 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

August 11, 2022



Better Choice Company Reports Record Second Quarter 2022 Gross Sales and Provides Corporate Update

- *Better Choice Reports Record Second Quarter 2022 Gross Sales of \$19.8 Million and Net Sales of \$16.5 Million, Representing a Quarter-Over-Quarter Increase in Net Sales of 50%, Driven by 133% Increase in Brick & Mortar Sales and 75% Increase in International Sales.*
- *Better Choice Reports Record First Half 2022 Gross Sales of \$39.5 Million and Net Sales of \$33.5 million, representing a Year-Over-Year Increase in Net Sales of 54%.*
- *Better Choice Reports Second Quarter Gross Margin of 29% and Adjusted Gross Margin of 31%, Representing an Increase from First Quarter 2022 Gross Margin of 28%.*
- *Better Choice Believes Second Quarter 2022 Cash Balance of \$17.8 million is Sufficient to Support Plan to Achieve Profitability and Expects Positive Changes to Net Working Capital Position in 2H 2022.*

NEW YORK, NY, August 11, 2022 -- Better Choice Company Inc. (NYSE American: BTTR) (the "Company" or "Better Choice"), a pet health and wellness company, today reported its financial results for the second quarter ended June 30, 2022.

"In spite of unprecedented supply chain disruptions felt across the consumer-packaged goods industry, during the second quarter of 2022 we were able to deliver sequential adjusted gross margin improvement of approximately 300 basis points and 50% growth in net sales relative to the second quarter of 2021, driven by growth of 75% in International sales and 133% in Brick & Mortar sales. The \$19.8 million of gross sales generated in this quarter represents an all-time high for Better Choice, surpassing the \$19.7 million generated in the first quarter of 2022. While our International business continues to grow rapidly, we are making great progress in pet specialty. We have already launched Halo Elevate® in over 1,500 pet specialty stores including Petco, Pet Supplies Plus and key independent retailers, and have observed consistent week-over-week growth of POS sales, coupled with strong repeat customer purchase rates at key accounts," said Scott Lerner, CEO of Better Choice.

"In addition to delivering record gross sales, we also realized meaningful sequential gross margin improvement, achieving a gross margin of 29% in Q2 2022 vs. 28% in Q1 2022. Adjusting for one-time pet specialty launch expenses, we achieved an adjusted gross margin of 31% in Q2 2022. This improvement in Q2 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 implementation of domestic and international price increases. In the second half of 2022 we expect to realize continued gross margin improvements, driven primarily by the transition of our international dry kibble diets to a new co-manufacturer. This transition was completed in mid-June and resulted in an immediate 1,500 to 2,000 basis point improvement to gross margin. Prior to the transition, these diets represented approximately \$10 million of net sales in the first half of 2022. We also have a lot of exciting new developments planned, including the continued distribution of Halo Elevate® nationwide and the rebrand of Halo Holistic™ and TruDog. We believe our second quarter cash position is sufficient to support our plan to achieve profitability, particularly since we expect to benefit from positive changes to net working capital in the second half of 2022. While we are very excited by our sales growth in the first half of this year, we remain laser focused on driving continued margin improvements across our portfolio." concluded Mr. Lerner.

Second Quarter 2022 and Subsequent Operational Updates

- Launched Halo Elevate® in 1,000+ Petco retail locations.
- Launched Halo Elevate® in 600+ Pet Supplies Plus retail locations.
- Launched global marketing campaign to coincide with pet specialty launch, generating more than 42 million impressions and 22 million video views in the first six weeks post-launch.
- Completed co-manufacturing transition of key international diets in mid-June, resulting in an immediate 1,500 to 2,000 basis point gross margin improvement for these diets. Prior to the transition, these diets represented approximately \$10 million of net sales in the first half of 2022 (approximately 70% of total international net sales).
- Completed integration of TruDog Brand and launched Halo® branded freeze-dried raw meals, treats and toppers.
- Implemented Domestic and International price increases effective April 2022 to address inflationary pressures.

Second Quarter 2022 Corporate Updates

- Promoted Robert Sauermann to Chief Operating Officer and Donald Young to Chief Sales Officer.
 - Certain members of the Board of Directors and Management team purchased 566,269 common shares led by Donald Young, representing approximately 2% of the basic common shares outstanding.
 - Joined the Russell Microcap® Index, effective June 27, 2022.
-

Conference Call and Webcast Information

The Company will host a conference call and audio webcast on Thursday, August 11, 2022 at 8:30 am (Eastern Time) to answer questions about the Company's operational and financial highlights for the second quarter of 2022.

Event: Better Choice Second Quarter 2022 Earnings Call
Date: Thursday, August 11, 2022
Time: 8:30 a.m. Eastern Time
Live Call: +1-844-825-9789 (U.S. Toll-Free) or +1-412-317-5180 (International)
Webcast: https://viaid.webcasts.com/starthere.jsp?ei=1561045&tp_key=cb321c959e

For interested individuals unable to join the conference call, a dial-in replay of the call will be available until August 25, 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: 10169599 .

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

	Three Months Ended June 30,		Six Months Ended June 30,	
	2022	2021	2022	2021
Net sales	\$ 16,515	\$ 10,989	\$ 33,529	\$ 21,819
Cost of goods sold	11,788	7,088	24,095	13,644
Gross profit	4,727	3,901	9,434	8,175
Operating expenses:				
Selling, general and administrative	8,187	6,766	15,764	13,653
Share-based compensation	801	332	1,892	2,857
Total operating expenses	8,988	7,098	17,656	16,510
Loss from operations	(4,261)	(3,197)	(8,222)	(8,335)
Other (expense) income:				
Interest expense, net	(106)	(2,234)	(182)	(3,069)
Gain on extinguishment of debt, net	—	851	—	457
Change in fair value of warrant liabilities	—	29,356	—	22,873
Total other (expense) income, net	(106)	27,973	(182)	20,261
Net (loss) income before income taxes	(4,367)	24,776	(8,404)	11,926
Income tax expense	—	—	3	—
Net (loss) income available to common stockholders	\$ (4,367)	\$ 24,776	\$ (8,407)	\$ 11,926
Weighted average number of shares outstanding, basic	29,364,712	11,126,909	29,327,316	10,361,462
Weighted average number of shares outstanding, diluted	29,364,712	21,389,413	29,327,316	20,498,829
Net (loss) income per share available to common stockholders, basic	\$ (0.15)	\$ 2.23	\$ (0.29)	\$ 1.11
Net (loss) income per share available to common stockholders, diluted	\$ (0.15)	\$ 1.19	\$ (0.29)	\$ 0.56

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

	June 30, 2022	December 31, 2021
Assets		
Cash and cash equivalents	\$ 10,860	\$ 21,729
Restricted cash	6,963	7,213
Accounts receivable, net	8,691	6,792
Inventories, net	10,489	5,245
Prepaid expenses and other current assets	2,948	2,940
Total Current Assets	39,951	43,919
Fixed assets, net	480	369
Right-of-use assets, operating lease	31	56
Intangible assets, net	10,823	11,586
Goodwill	18,614	18,614
Other assets	101	116
Total Assets	\$ 70,000	\$ 74,660
Liabilities & Stockholders' Equity		
Current Liabilities		
Accounts payable	\$ 4,004	\$ 4,553
Accrued and other liabilities	2,215	1,879
Term loan, net	1,130	855
Operating lease liability	33	54
Total Current Liabilities	7,382	7,341
Non-current Liabilities		
Term loan, net	3,866	4,559
Line of credit, net	7,368	4,856
Deferred tax liability	24	24
Operating lease liability	—	5
Total Non-current Liabilities	11,258	9,444
Total Liabilities	18,640	16,785
Stockholders' Equity		
Common Stock, \$0.001 par value, 200,000,000 shares authorized, 29,364,712 and 29,146,367 shares issued and outstanding as of June 30, 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 June 30, 2022 and December 31, 2021, respectively	—	—
Additional paid-in capital	318,994	317,102
Accumulated deficit	(267,663)	(259,256)
Total Stockholders' Equity	51,360	57,875
Total Liabilities and Stockholders' Equity	\$ 70,000	\$ 74,660

Better Choice Company Inc.
Non-GAAP Measures
(Dollars in thousands)

Adjusted EBITDA

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) income: 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) income, the closest GAAP financial measure, to EBITDA and Adjusted EBITDA for each of the periods indicated:

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

	Three Months Ended June 30,		Six Months Ended June 30,	
	2022	2021	2022	2021
Net (loss) income available to common stockholders	\$ (4,367)	\$ 24,776	\$ (8,407)	\$ 11,926
Interest expense, net	106	2,234	182	3,069
Tax expense	—	—	3	—
Depreciation and amortization	430	413	839	824
EBITDA	(3,831)	27,423	(7,383)	15,819
Non-cash share-based compensation and warrant expense (a)	801	313	1,892	2,903
Loss on disposal of assets	1	210	3	265
Non-cash change in fair value of warrant liability and warrant derivative liability	—	(29,356)	—	(22,873)
Gain on extinguishment of debt, net	—	(851)	—	(457)
Offering relating expenses (b)	—	14	—	210
Non-recurring strategic branding initiatives (c)	365	—	671	—
Launch expenses (d)	480	—	480	—
Non-recurring and other expenses (e)	50	449	185	1,305
Adjusted EBITDA	\$ (2,134)	\$ (1,798)	\$ (4,152)	\$ (2,828)

(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) Reflects non-recurring launch expenses related to the Elevate® launch.

(e) For the three and six months ended June 30, 2022, includes non-recurring severance costs and non-recurring professional fees. For the three months ended June 30, 2021 includes non-cash third party share-based compensation of \$0.3 million and non-recurring consulting costs of \$0.2 million. The six months ended June 30, 2021 additionally includes non-recurring severance costs of \$0.7 million and director fees of \$0.1 million, partially offset by a \$0.5 million reduction to sales tax liability.

Adjusted Financial Performance Measures

The "Adjusted Financial Performance Measures" present non-GAAP financial information and should not be considered a measure of financial performance under GAAP. These measures are presented as an alternative method for assessing the Company's operating results by adjusting for the impact of certain non-recurring, infrequent or unusual items in a manner that is focused on the performance of our underlying operations. Each of these measures are intended to provide greater consistency, comparability and clarity of our results. Management uses this non-GAAP financial information to assess the Company's core operating results and consequently, management believes it is similarly useful information to investors.

Reconciliation of Net Sales and Gross Profit to Adjusted Net Sales and Gross Profit

	Three Months Ended June 30, 2022		
	As Reported (GAAP)	Adjustments	As Adjusted (Non-GAAP)
Net sales	\$ 16,515	\$ 480 (a)	\$ 16,995
Cost of goods sold	11,788	—	11,788
Gross profit	\$ 4,727	\$ 480	\$ 5,207
Gross profit %	29 %		31 %

(a) Reflects non-recurring launch expenses related to the Elevate® launch.

	Six Months Ended June 30, 2022		
	As Reported (GAAP)	Adjustments	As Adjusted (Non-GAAP)
Net sales	\$ 33,529	\$ 480 (a)	\$ 34,009
Cost of goods sold	24,095	—	24,095
Gross profit	\$ 9,434	\$ 480	\$ 9,914
Gross profit %	28 %		29 %

(a) Reflects non-recurring launch expenses related to the Elevate® launch.

About Better Choice Company Inc.

Better Choice Company Inc. is a rapidly growing pet health and wellness company focused on providing pet products and services that help dogs and cats live healthier, happier and longer lives. We offer a broad portfolio of pet health and wellness products for dogs and cats sold under our Halo brand across multiple forms, including foods, treats, toppers, dental products, chews, and supplements. We have a demonstrated, multi-decade track record of success and are well positioned to benefit from the mainstream trends of growing pet humanization and consumer focus on health and wellness. Our products consist of kibble and canned dog and cat food, freeze-dried raw dog food and treats, vegan dog food and treats, oral care products and supplements. Halo's core products are made with high-quality, thoughtfully sourced ingredients for natural, science-based nutrition. Each innovative recipe is formulated with leading veterinary and nutrition experts to deliver optimal health. 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

Q2 2022 Earnings Presentation

August 11, 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, and Adjusted Net Sales and Gross Profit may be discussed. These measures 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

Halo Portfolio of Established Premium and Super-Premium Pet Products



Executive Team Purpose Built for Success in the Pet Industry



1,500+ New Brick & Mortar Locations in 1 H 2022 (Petco, PSP, Indy)



Rapidly Growing International Sales (~\$25M Run-Rate Platform)



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.

Halo is the brand for a new generation of pet parents

~\$40M YTD Gross Sales

\$10.2M

Brick & Mortar

\$14.1M

International

+

\$15.2M

Online (E-Comm + DTC)

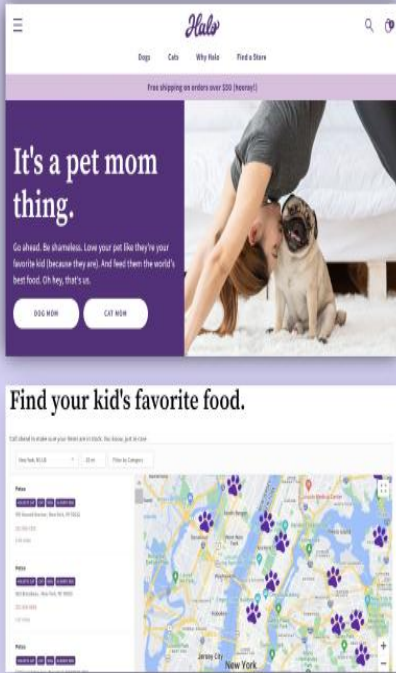


Halo Holistic™ Relaunch on Track for Q3 - Q4 '22

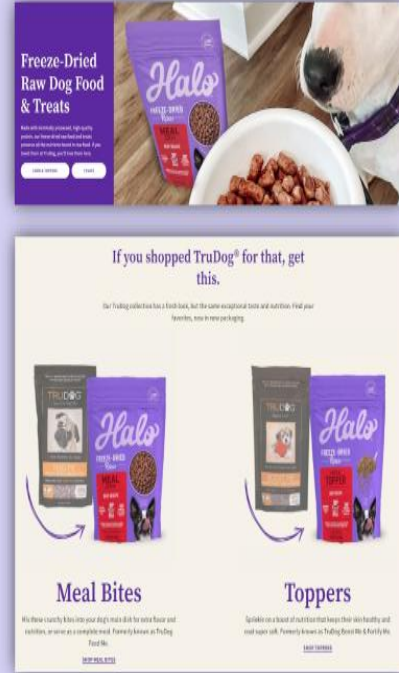


Direct-to-Consumer Platform is Fully Integrated

Halopets.com Launched



TruDog Transition Complete



In Q2 '22 We Delivered Record Gross Sales While Simultaneously Improving Gross Margin

	Q4 2021		Q1 2022		Q2 2022		Adjusted Q2 2022	
	\$	%	\$	%	\$	%	\$	%
<i>\$ in millions</i>								
Gross Sales:								
Domestic	\$9.7	71%	\$12.7	65%	\$12.7	64%	\$12.7	64%
International	\$3.9	29%	\$7.0	35%	\$7.1	36%	\$7.1	36%
Total	\$13.6	100%	\$19.7	100%	\$19.8	100%	\$19.8	100%
Net Sales:								
Domestic	\$7.1	64%	\$10.1	59%	\$9.4	57%	\$9.9	58%
International	\$3.9	36%	\$6.9	41%	\$7.1	43%	\$7.1	42%
Total	\$11.0	100%	\$17.0	100%	\$16.5	100%	\$17.0	100%
Gross Margin:								
Domestic	\$2.0	28%	\$3.3	33%	\$2.8	30%	\$3.3	33%
International	\$0.8	20%	\$1.4	20%	\$1.9	27%	\$1.9	27%
Total	\$2.8	25%	\$4.7	28%	\$4.7	29%	\$5.2	31%

- Adjusting for one-time Elevate launch costs, adjusted gross margin improved ~300 basis points relative to Q1 '22 gross margin
- Price increases for both Domestic & International effective Apr '22 (announced January '22)
- Completed transition of Halo Holistic domestic dry kibble to new co-manufacturer in Q4 '21, realizing 8% - 10% margin improvement on applicable SKUs beginning in Q1 and into Q2 '22
- Completed transition of international dry kibble production to new co-manufacturer in mid-June, resulting in ~10%+ margin improvement across entire international channel in mid-June onwards

Halo Elevate Has National Distribution in 1,500+ Stores

Represents \$3.7M of Gross Sales in Q2 '22

petco



Petco: Seasonal Wall

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

Petco: Dog Aisle

- Launch Date: July '22
- 1,000+ Petco Stores
- 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

Note: As of August 2022

BETTER
CHOICE
COMPANY

8

Pet Specialty Launch is Performing to Plan

petco
THE HEALTH + WELLNESS CO.

+43%
Repeat
Within
90 Days

14
Weeks
Consecutive
POS Growth

380 Reviews
Average Review
4.9 Stars



SCAN HERE FOR
AR EXPERIENCE



NEW TO petco  **SCAN NOW. SAVE TODAY.**  **petco**

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

Note: As of August 2022

**BETTER
CHOICE**
COMPANY

Marketing Campaign Update

Just 6 Weeks In...

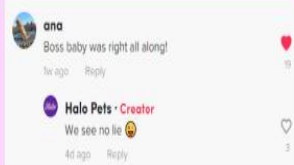
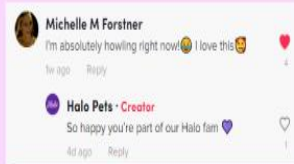
- ♥ 42MM Impressions
- 🖱️ 45k Link Clicks
- 👁️ 22MM Video Views



Making Waves On TikTok



- 👁️ 9MM Views
- ♥ 33k engagements
- 👤 Rapidly gaining new followers

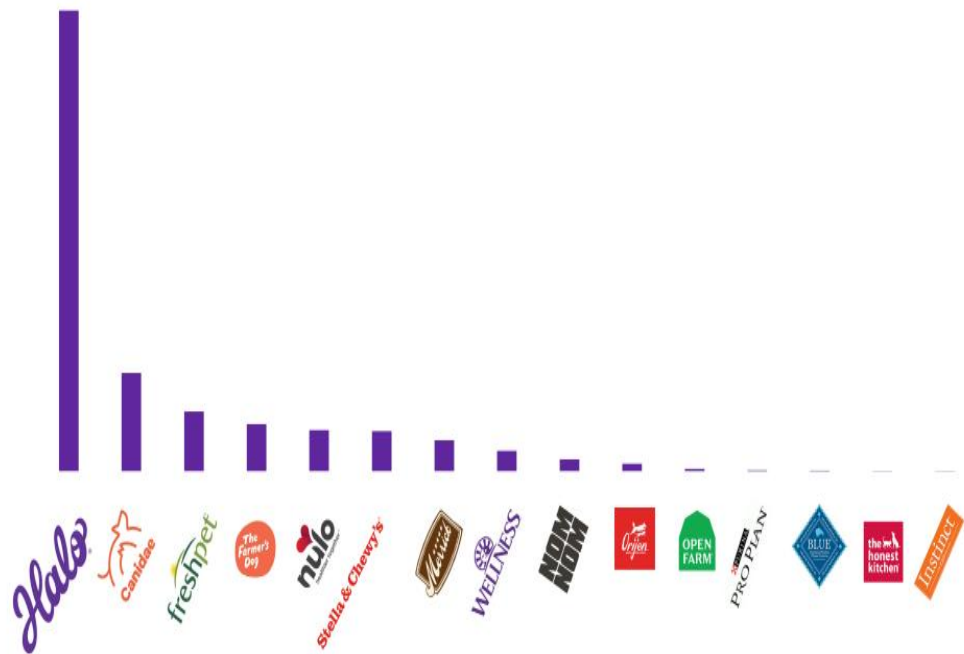


Note: As of August 2022

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Marketing Campaign Update (Cont'd)

Total Video Views
(YouTube + TikTok, Brand's Top Video, L1 2M)



Note: As of August 2022

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



\$7.1M Q2 '22 Sales
+75% vs. Q2 '21

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

Summary of Q2 '22 Operating Results

	Q4 2021		Q1 2022		Q2 2022		Adjusted Q2 2022	
	\$	%	\$	%	\$	%	\$	%
<i>\$ in millions</i>								
Gross Sales:								
Domestic	\$9.7	71%	\$12.7	65%	\$12.7	64%	\$12.7	64%
International	\$3.9	29%	\$7.0	35%	\$7.1	36%	\$7.1	36%
Total	\$13.6	100%	\$19.7	100%	\$19.8	100%	\$19.8	100%
Net Sales:								
Domestic	\$7.1	64%	\$10.1	59%	\$9.4	57%	\$9.9	58%
International	\$3.9	36%	\$6.9	41%	\$7.1	43%	\$7.1	42%
Total	\$11.0	100%	\$17.0	100%	\$16.5	100%	\$17.0	100%
Gross Margin:								
Domestic	\$2.0	28%	\$3.3	33%	\$2.8	30%	\$3.3	33%
International	\$0.8	20%	\$1.4	20%	\$1.9	27%	\$1.9	27%
Total	\$2.8	25%	\$4.7	28%	\$4.7	29%	\$5.2	31%

We Have Achieved Key Gross Margin Improvement Initiatives and Continue to Take Steps to Increase Long-Term Gross Margin

1 H '22 Actions Taken

Actions Taken in 1H:

- Communicated domestic and international price increase in January '22 across majority of SKUs, effective April '22
- Completed transition of Halo Holistic domestic dry kibble to new co-manufacturer in Q4 '21, realizing 8% - 10% margin improvement on applicable SKUs beginning in Q1 and into Q2 '22
- 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
- Communicated Domestic price increase In June '22 (focus on New Holistic SKUs), effective Sep '22

International Margin Upside in 2H '22

International Upside:

- Completed transition of international kibble production to new co-manufacturer in mid-June
- Realized ~10%+ margin improvement in international channel beginning in mid-June '22 onwards
- Illustrative pro forma impact to Q2 assuming transition completed by April 1, 2022:

	GAAP		Adjusted		Illustrative Pro Forma ¹	
	Q2 2022		Q2 2022		Q2 2021	
<i>\$ in millions</i>	\$	%	\$	%	\$	%
Gross Margin:						
Domestic	\$2.8	30%	\$3.3	33%	\$3.3	33%
International	\$1.9	27%	\$1.9	27%	\$2.7	37%
Total	\$4.7	29%	\$5.2	31%	\$5.9	35%

1. Illustrative Pro Forma reflects Q2 Adjusted Gross Margin adjusted further to assume transition of Int'l production to new co-manufacturer occurred at the beginning of Q2 with a 40% gross margin on those diets.

We Believe We Have Sufficient Cash to Achieve Profitability

We Expect to Benefit From Positive Changes to NWC in 2H 2022

\$ in millions	30-Jun-22	31-Mar-22
Current Assets:		
Cash and cash equivalents	\$10.9	\$16.5
Restricted cash	\$7.0	\$7.0
Accounts receivable, net	\$8.7	\$9.7
Inventories, net	\$10.5	\$8.3
Prepaid expenses and other current as	\$2.9	\$2.9
Total Current Assets	\$40.0	\$44.3
Current Liabilities:		
Accounts payable	\$4.0	\$5.7
Accrued and other liabilities	\$2.2	\$1.4
Term loan, net	\$1.1	\$1.0
Operating lease liability	\$0.0	\$0.0
Total Current Liabilities	\$7.4	\$8.2
Long-Term Debt:		
Term loan, net	\$3.9	\$4.2
Line of credit, net	\$7.4	\$7.4
Total Long-Term Debt	\$11.3	\$11.6

- Cash Balances of \$17.8M in Q1 '22 vs. \$23.4M in Q1 '22
- Adjusted EBITDA loss of \$2.1M consistent with management's estimates for quarterly cash burn from operations

- Accounts Receivable: We negotiated temporary extended payment terms with Int'l partner as part of Apr '22 price increase resulting in higher Q2 A/R balance.
- Inventory: Holistic Wet production returned to near-normal levels and we strategically purchased inventory in Q2 to finalize the Elevate inventory build to ensure a 100% fill rate and provide margin protection amidst inflationary environment.
- We expect positive changes to our net working capital position in 2H '22.

Unaudited Consolidated Statements of Operations

	Three Months Ended June 30,		Six Months Ended June 30,	
	2022	2021	2022	2021
Net sales	\$ 16,515	\$ 10,989	\$ 33,529	\$ 21,819
Cost of goods sold	11,788	7,088	24,095	13,644
Gross profit	4,727	3,901	9,434	8,175
Operating expenses:				
Selling, general and administrative	8,187	6,766	15,764	13,653
Share-based compensation	801	332	1,892	2,857
Total operating expenses	8,988	7,098	17,656	16,510
Loss from operations	(4,261)	(3,197)	(8,222)	(8,335)
Other (expense) income:				
Interest expense, net	(106)	(2,234)	(182)	(3,069)
Gain on extinguishment of debt, net	—	851	—	457
Change in fair value of warrant liabilities	—	29,356	—	22,873
Total other (expense) income, net	(106)	27,973	(182)	20,261
Net (loss) income before income taxes	(4,367)	24,776	(8,404)	11,926
Income tax expense	—	—	3	—
Net (loss) income available to common stockholders	\$ (4,367)	\$ 24,776	\$ (8,407)	\$ 11,926
Weighted average number of shares outstanding, basic	29,364,712	11,126,909	29,327,316	10,361,462
Weighted average number of shares outstanding, diluted	29,364,712	21,389,413	29,327,316	20,498,829
Net (loss) income per share available to common stockholders, basic	\$ (0.15)	\$ 2.23	\$ (0.29)	\$ 1.11
Net (loss) income per share available to common stockholders, diluted	\$ (0.15)	\$ 1.19	\$ (0.29)	\$ 0.56

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

	Three Months Ended June 30,		Six Months Ended June 30,	
	2022	2021	2022	2021
Net (loss) income available to common stockholders	\$ (4,367)	\$ 24,776	\$ (8,407)	\$ 11,926
Interest expense, net	106	2,234	182	3,069
Tax expense	—	—	3	—
Depreciation and amortization	430	413	839	824
EBITDA	(3,831)	27,423	(7,383)	15,819
Non-cash share-based compensation and warrant expense (a)	801	313	1,892	2,903
Loss on disposal of assets	1	210	3	265
Non-cash change in fair value of warrant liability and warrant derivative liability	—	(29,356)	—	(22,873)
Gain on extinguishment of debt, net	—	(851)	—	(457)
Offering relating expenses (b)	—	14	—	210
Non-recurring strategic branding initiatives (c)	365	—	671	—
Launch expenses (d)	480	—	480	—
Non-recurring and other expenses (e)	50	449	185	1,305
Adjusted EBITDA	\$ (2,134)	\$ (1,798)	\$ (4,152)	\$ (2,828)

(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) Reflects non-recurring launch expenses related to the Elevate® launch.

(e) For the three and six months ended June 30, 2022, includes non-recurring severance costs and non-recurring professional fees. For the three months ended June 30, 2021 includes non-cash third party share-based compensation of \$0.3 million and non-recurring consulting costs of \$0.2 million. The six months ended June 30, 2021 additionally includes non-recurring severance costs of \$0.7 million and director fees of \$0.1 million, partially offset by a \$0.5 million reduction to sales tax liability.

Reconciliation to Net Sales and Gross Profit to Adjusted Net Sales and Gross Profit

	Three Months Ended June 30, 2022		
	As Reported (GAAP)	Adjustments	As Adjusted (Non-GAAP)
Net sales	\$ 16,515	\$ 480 (a)	\$ 16,995
Cost of goods sold	11,788	—	11,788
Gross profit	\$ 4,727	\$ 480	\$ 5,207
Gross profit %	29 %		31 %
(a) Reflects non-recurring launch expenses related to the Elevate® launch.			

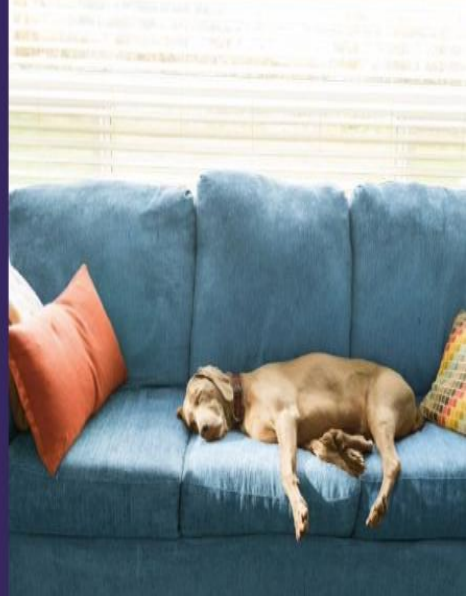
	Six Months Ended June 30, 2022		
	As Reported (GAAP)	Adjustments	As Adjusted (Non-GAAP)
Net sales	\$ 33,529	\$ 480 (a)	\$ 34,009
Cost of goods sold	24,095	—	24,095
Gross profit	\$ 9,434	\$ 480	\$ 9,914
Gross profit %	28 %		29 %
(a) Reflects non-recurring launch expenses related to the Elevate® launch.			

Halos

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For The World's **Best Kids**



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Better Choice Company

The Most Innovative Pet Food Company In The World

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