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): November 10, 2022

Better Choice Company Inc.

(Exact name of Registrant as Specified in its Charter)

Delaware	**001-40477**	**83-4284557**
(State or other Jurisdiction of Incorporation)	(Commission File Number)	(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 November 10, 2022, Better Choice Company Inc., a Delaware corporation (the "Company"), announced its financial results for the quarter ended September 30, 2022. A copy of the press release is attached hereto as Exhibit 99.1.

Item 7.01 Regulation FD Disclosure

Better Choice Third Quarter 2022 Financial Results Conference Call

On November 10, 2022, at 8:30 am EDT, the Company will host a conference call to discuss results for the third quarter ended September 30, 2022. Interested parties, including analysts, investors and the media, may listen live via the details below.

Event:	Better Choice Third Quarter 2022 Earnings Call
Date:	Thursday, November 10, 2022
Time:	8:30 a.m. Eastern Time
Live Call:	+1-888-348-8935 (U.S. Toll-Free) or +1-412-317-0454 (International)
Webcast:	https://viavid.webcasts.com/starthere.jsp?ei=1576512&tp_key=ccc202c0ba

Updated Investor Presentation

On November 10, 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 November 10, 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.

ɪits	**Description**
	Press Release dated November 10, 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

November 10, 2022

BETTER CHOICE COMPANY

Better Choice Company Reports Third Quarter 2022 Financial Results and Provides Operational and Corporate Updates

- *Year-to-Date Net Sales Totaled $45.4 million, an Increase of 30% Year-over-Year*
- *Gross Profit and Adjusted Gross Profit Margins Improved to 35% and 37% for the Third Quarter*
- *Extended and Upsized Revolving Credit Facility to $13.5 Million in October 2022, Resulting in Removal of Going Concern Language from our 10-Q*

NEW YORK, NY, November 10, 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 third quarter ended September 30, 2022.

Lionel F. Conacher, Interim CEO of Better Choice, stated, "In the third quarter, we generated $11.9 million in net sales, highlighted by strong performance internationally, where we delivered 31% growth, and relative softness domestically, which we believe is a result of our channel partners electing to reduce weeks of supply as a response to rising interest rates. On a year-to-date basis, net sales totaled $45.4 million, an increase of 30% as compared to the same year-over-year period."

Mr. Conacher continued, "In the third quarter, we delivered a third consecutive quarter of gross margin improvement, with gross profit and adjusted gross profit margins improving to 35% and 37%. This represents a six percentage point improvement from Q2 2022 and a twelve percentage point improvement from Q4 2021. Subsequent to the third quarter, we also made meaningful improvements to our balance sheet by extending and upsizing our current revolving credit facility to $13.5 million. Following the completion of this refinance, we were able to remove the going concern language from our 10-Q."

"Despite what has been a challenging operating environment so far this year, we have the foundation in place to be able to compete and grow across all of our distribution channels. We have committed Brick & Mortar retail partners, a network of International distributors, a recurring base of online subscribers, strong E-commerce partners and co-manufacturing partners with the capacity to support our growth, and a banking relationship that allows us to strategically deploy working capital. Going forward, it is our plan to focus on execution, reduce our quarterly cash burn, and grow to ultimately deliver a return to shareholders," said Mr. Conacher.

Year-to-Date 2022 Financial Highlights

- Gross sales of $53.7 million.
- Net sales of $45.4 million.
- Adjusted net sales of $45.9 million.
- International net sales of $19.7 million.
- E-commerce net sales of $11.0 million.
- Brick & Mortar net sales of $9.6 million.
- Direct to Consumer net sales of $5.1 million.
- Gross margin of 30%.
- Adjusted gross margin of 31%.
- Loss from operations of $14.6 million.
- Adjusted EBITDA loss of $7.0 million.
- Net loss available to common stockholders of $15.0 million.

Third Quarter 2022 Financial Highlights

- Gross sales of $14.2 million.
- Net sales of $11.9 million.
- Gross margin of 35%.
- Adjusted gross margin of 37%.
- Loss from operations of $6.4 million.
- Adjusted EBITDA loss of $2.9 million.
- Net loss available to common stockholders of $6.5 million.

Conference Call and Webcast Information

The Company will host a conference call and audio webcast on Thursday, November 10, 2022 at 8:30 am (Eastern Time) to answer questions about the Company's operational and financial highlights for the third quarter of 2022.

Event:	Better Choice Third Quarter 2022 Earnings Call
Date:	Thursday, November 10, 2022
Time:	8:30 a.m. Eastern Time
Live Call:	+1-888-348-8935 (U.S. Toll-Free) or +1-412-317-0454 (International)
Webcast:	https://viavid.webcasts.com/starthere.jsp?ei=1576512&tp_key=ccc202c0ba

For interested individuals unable to join the conference call, a dial-in replay of the call will be available until November 24, 2022 and can be accessed by dialin g +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 September 30,		Nine Months Ended September 30,	
	2022	**2021**	**2022**	**2021**
Net sales	$ 11,865	$ 13,200	$ 45,394	$ 35,019
Cost of goods sold	7,700	8,762	31,795	22,407
Gross profit	4,165	4,438	13,599	12,612
Operating expenses:				
Selling, general and administrative	10,007	7,745	25,771	21,397
Share-based compensation	562	660	2,454	3,517
Total operating expenses	10,569	8,405	28,225	24,914
Loss from operations	(6,404)	(3,967)	(14,626)	(12,302)
Other (expense) income:				
Interest expense, net	(142)	(79)	(324)	(3,148)
Gain on extinguishment of debt, net	—	—	—	457
Change in fair value of warrant liabilities	—	590	—	23,463
Total other (expense) income, net	(142)	511	(324)	20,772
Net (loss) income before income taxes	(6,546)	(3,456)	(14,950)	8,470
Income tax expense	1	—	4	—
Net (loss) income available to common stockholders	$ (6,547)	$ (3,456)	$ (14,954)	$ 8,470
Weighted average number of shares outstanding, basic	29,364,712	29,466,520	29,339,918	16,799,796
Weighted average number of shares outstanding, diluted	29,364,712	29,466,520	29,339,918	23,685,351
Net (loss) income per share available to common stockholders, basic	$ (0.22)	$ (0.12)	$ (0.51)	$ 0.48
Net (loss) income per share available to common stockholders, diluted	$ (0.22)	$ (0.12)	$ (0.51)	$ 0.34

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

	September 30, 2022	December 31, 2021
Assets		
Cash and cash equivalents	$ 5,652	$ 21,729
Restricted cash	6,963	7,213
Accounts receivable, net	9,594	6,792
Inventories, net	11,611	5,245
Prepaid expenses and other current assets	1,108	2,940
Total Current Assets	34,928	43,919
Fixed assets, net	421	369
Right-of-use assets, operating lease	186	56
Intangible assets, net	10,441	11,586
Goodwill	18,614	18,614
Other assets	110	116
Total Assets	$ 64,700	$ 74,660
Liabilities & Stockholders' Equity		
Current Liabilities		
Accounts payable	$ 3,852	$ 4,553
Accrued and other liabilities	3,109	1,879
Line of credit	640	—
Term loan, net	1,282	855
Operating lease liability	51	54
Total Current Liabilities	8,934	7,341
Non-current Liabilities		
Line of credit, net	6,735	4,856
Term loan, net	3,495	4,559
Deferred tax liability	24	24
Operating lease liability	137	5
Total Non-current Liabilities	10,391	9,444
Total Liabilities	19,325	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 September 30, 2022 and December 31, 2021, respectively	29	29
Additional paid-in capital	319,556	317,102
Accumulated deficit	(274,210)	(259,256)
Total Stockholders' Equity	45,375	57,875
Total Liabilities and Stockholders' Equity	$ 64,700	$ 74,660

Better Choice Company Inc.
Non-GAAP Measures

Adjusted EBITDA

We define 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.

We present 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) income, 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 (in thousands):

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

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2022	2021	2022	2021
Net (loss) income available to common stockholders	$ (6,547)	$ (3,456)	$ (14,954)	$ 8,470
Interest expense, net	142	79	324	3,148
Tax expense	1	—	4	—
Depreciation and amortization	426	431	1,265	1,255
EBITDA	**(5,978)**	**(2,946)**	**(13,361)**	**12,873**
Non-cash share-based compensation and warrant expense (a)	562	660	2,454	3,563
Loss on disposal of assets	23	10	26	275
Non-cash change in fair value of warrant liability and warrant derivative liability	—	(590)	—	(23,463)
Gain on extinguishment of debt, net	—	—	—	(457)
Offering relating expenses (b)	—	10	—	220
Non-recurring strategic branding initiatives (c)	277	—	948	—
Launch expenses (d)	43	—	523	—
Non-recurring and other expenses (e)	2,205	1,467	2,390	2,772
Adjusted EBITDA	**$ (2,868)**	**$ (1,389)**	**$ (7,020)**	**$ (4,217)**

(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 as well as other charges related to our strategic re-branding initiatives.

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

(e) For the three months ended September 30, 2022, includes non-recurring severance costs of $0.2 million and non-cash third party share-based compensation of $2.1 million issued in 2020 as part of a multi-year contract, partially offset by $0.1 million of non-recurring customer refunds related to prior year periods included in cost of goods sold. The nine months ended September 30, 2022 additionally includes non-recurring severance costs of $0.1 million and non-recurring professional fees of $0.1 million. For the three months ended September 30, 2021, includes non-cash third party share-based compensation of $1.3 million and director costs of $0.2 million. The nine months ended September 30, 2021 additionally includes non-recurring severance costs of $0.7 million, non-cash third party share-based compensation of $0.6 million, non-recurring consulting costs of $0.4 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 our 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 our core operating results and consequently, management believes it is similarly useful information to investors.

The following table presents a reconciliation of net sales and gross profit to adjusted net sales and gross profit for each of the periods indicated (in thousands):

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

	Three Months Ended September 30, 2022			
	As Reported (GAAP)	Adjustments		As Adjusted (Non-GAAP)
Net sales	$ 11,865	$ —		$ 11,865
Cost of goods sold	7,700	(190)	(a)	7,510
Gross profit	$ 4,165	$ 190		$ 4,355
Gross profit %	35 %			37 %

(a) Reflects an inventory write-off attributable to our Halo Holistic™ rebranding initiatives, partially offset by non-recurring customer refunds related to prior year periods.

	Nine Months Ended September 30, 2022			
	As Reported (GAAP)	Adjustments		As Adjusted (Non-GAAP)
Net sales	$ 45,394	$ 480	(a)	$ 45,874
Cost of goods sold	31,795	(190)	(b)	31,605
Gross profit	$ 13,599	$ 670		$ 14,269
Gross profit %	30 %			31 %

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

(b) Reflects an inventory write-off attributable to our Halo Holistic™ rebranding initiatives, partially offset by non-recurring customer refunds related to prior year periods.

About Better Choice Company Inc.
Better Choice Company Inc. is a 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.
Lionel F. Conacher, Interim CEO

Investor Contact:
KCSA Strategic Communications
Valter Pinto, Managing Director
T: 212-896-1254
Valter@KCSA.com

Better Choice Company

Q3 2022 Earnings Presentation

November 10, 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, Adjusted Net Sales or Adjusted Gross Margin may be discussed. These measure should not be considered an alternative to net sales, gross margin, 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
- 1,800+ Brick & Mortar Locations Launched through Q3 '22
- Rapidly Growing International Sales (~$24M Q3 '22 LTM Sales)
- 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 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

~$54M YTD Gross Sales

$12.1M
Brick & Mortar

$19.7M
International

+

$21.9M
Online (E-Comm + DTC)

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:

+

+

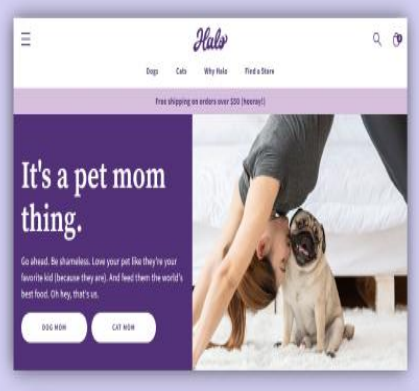
Holistic Renovation | **High Protein Cat Innovation** | **New Market Opportunities**

$19.7M YTD Q3 Sales
+82% vs. YTD Q3 '21

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

Direct-to-Consumer Platform is Fully Integrated

Halopets.com Launched



TruDog Transition Complete

Halo Holistic™ Domestic Relaunch in Q4 '22

Halo Elevate® Has National Distribution in 1,800+ Stores

Represents $6.9M of Gross Sales YTD through Q3 '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"

Pet Supermarket

Pet Supermarket: Jan '23 Launch

- January 1st Launch Date
- 4th Largest Chain in US
- Expansion Opportunity in 2023
- 4'+ Shelf Space

Independent Retailers (Distributor + Direct)

Independent Pet (Distribution + Direct Sales)

- Smaller accounts managed by Phillips
- Larger accounts managed directly
- 4'+ Shelf Space (growth opportunity)
- Focus on partner quality

Note: As of August 2022

Summary of Q3 and YTD '22 Operating Results

	Q4 2021		Q1 2022		GAAP Q2 2022		Adjusted Q2 2022		GAAP Q3 2022		Adjusted Q3 2022		GAAP Sep YTD 2022		Adjusted Sep YTD 2022	
$ in millions	$	%	$	%	$	%	$	%	$	%	$	%				
Gross Sales:																
Domestic	$9.7	71%	$12.7	65%	$12.7	64%	$12.7	64%	$8.5	60%	$8.5	60%	$33.9	63%	$33.9	63%
International	$3.9	29%	$7.0	35%	$7.1	36%	$7.1	36%	$5.7	40%	$5.7	40%	$19.8	37%	$19.8	37%
Total	**$13.6**	**100%**	**$19.7**	**100%**	**$19.8**	**100%**	**$19.8**	**100%**	**$14.2**	**100%**	**$14.2**	**100%**	**$53.7**	**100%**	**$53.7**	**100%**
Net Sales:																
Domestic	$7.1	64%	$10.1	59%	$9.4	57%	$9.9	58%	$6.2	52%	$6.2	52%	$25.7	57%	$26.2	57%
International	$3.9	36%	$6.9	41%	$7.1	43%	$7.1	42%	$5.7	48%	$5.7	48%	$19.7	43%	$19.7	43%
Total	**$11.0**	**100%**	**$17.0**	**100%**	**$16.5**	**100%**	**$17.0**	**100%**	**$11.9**	**100%**	**$11.9**	**100%**	**$45.4**	**100%**	**$45.9**	**100%**
Gross Margin:																
Domestic	$2.0	28%	$3.3	33%	$2.8	30%	$3.3	33%	$1.9	31%	$2.1	34%	$8.0	31%	$8.7	33%
International	$0.8	20%	$1.4	20%	$1.9	27%	$1.9	27%	$2.3	40%	$2.3	40%	$5.6	28%	$5.6	28%
Total	**$2.8**	**25%**	**$4.7**	**28%**	**$4.7**	**29%**	**$5.2**	**31%**	**$4.2**	**35%**	**$4.4**	**37%**	**$13.6**	**30%**	**$14.3**	**31%**

We Have Achieved Key Gross Margin Improvement Initiatives

Actions Taken in 2022

- 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
- 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 YTD 2022 period assuming transition completed by January 1, 2022:

	GAAP Sep YTD 2022		Adjusted Sep YTD 2022		Illustrative Pro Forma[1] Sep YTD 2022	
$ in millions	$	%	$	%	$	%
Gross Margin:						
Domestic	$8.0	31%	$8.7	33%	$8.7	33%
International	$5.6	28%	$5.6	28%	$7.6	38%
Total	**$13.7**	**30%**	**$14.3**	**31%**	**$16.3**	**35%**

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

Extension & Upsize of Credit Facility to $13.5M Complete

Quarterly Amortization Eliminated and Maturity Extended to October 2024

Summary of Key Terms

- **Closing Date:** October 24, 2022
- **Facility Size:** $13.5M Revolver (increase from $7.5M Revolver + $4.7M Term Loan[1])
- **Maturity Date:** October 2024 (extended from January 2024)
- **Amortization:** None ($4.7M of scheduled repayments through January 2024 eliminated)
- **Liquidity Covenant:** $8.5M (reduced from $13.0M[1])
- **Restricted Cash:** $6.3M (reduced from $6.9M[1])
- **Interest rate:** US FFR + 3.75%

Pro Forma Debt & Liquidity

	September 30, 2022	Pro-Forma for Amended Credit Facility
Cash and cash equivalents	$5.7	$5.5
Restricted cash	$6.9	$6.3
Line of credit availability	$0.1	$2.0
Total liquidity	$12.7	$13.8
Term Loan [(a)]	$4.7	$0.0
Line of credit [(a)]	$6.8	$11.5
Total Debt	$11.5	$11.5

[(a)] Reflects amounts outstanding under the debt instruments, excluding debt issuance costs

1. As of 10.24.22 (immediately prior to closing).

Unaudited Consolidated Statements of Operations

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2022	2021	2022	2021
Net sales	$ 11,865	$ 13,200	$ 45,394	$ 35,019
Cost of goods sold	7,700	8,762	31,795	22,407
Gross profit	4,165	4,438	13,599	12,612
Operating expenses:				
Selling, general and administrative	10,007	7,745	25,771	21,397
Share-based compensation	562	660	2,454	3,517
Total operating expenses	10,569	8,405	28,225	24,914
Loss from operations	(6,404)	(3,967)	(14,626)	(12,302)
Other (expense) income:				
Interest expense, net	(142)	(79)	(324)	(3,148)
Gain on extinguishment of debt, net	–	–	–	457
Change in fair value of warrant liabilities	–	590	–	23,463
Total other (expense) income, net	(142)	511	(324)	20,772
Net (loss) income before income taxes	(6,546)	(3,456)	(14,950)	8,470
Income tax expense	1	–	4	–
Net (loss) income available to common stockholders	$ (6,547)	$ (3,456)	$ (14,954)	$ 8,470
Weighted average number of shares outstanding, basic	29,364,712	29,466,520	29,339,918	16,799,796
Weighted average number of shares outstanding, diluted	29,364,712	29,466,520	29,339,918	23,685,351
Net (loss) income per share available to common stockholders, basic	$ (0.22)	$ (0.12)	$ (0.51)	$ 0.48
Net (loss) income per share available to common stockholders, diluted	$ (0.22)	$ (0.12)	$ (0.51)	$ 0.34

Reconciliation of Net (Loss) to EBITDA and Adjusted EBITDA

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2022	2021	2022	2021
Net (loss) income available to common stockholders	$ (6,547)	$ (3,456)	$ (14,954)	$ 8,470
Interest expense, net	142	79	324	3,148
Tax expense	1	–	4	–
Depreciation and amortization	426	431	1,265	1,255
EBITDA	**(5,978)**	**(2,946)**	**(13,361)**	**12,873**
Non-cash share-based compensation and warrant expense (a)	562	660	2,454	3,563
Loss on disposal of assets	23	10	26	275
Non-cash change in fair value of warrant liability and warrant derivative liability	–	(590)	–	(23,463)
Gain on extinguishment of debt, net	–	–	–	(457)
Offering relating expenses (b)	–	10	–	220
Non-recurring strategic branding initiatives (c)	277	–	948	–
Launch expenses (d)	43	–	523	–
Non-recurring and other expenses (e)	2,205	1,467	2,390	2,772
Adjusted EBITDA	**$ (2,868)**	**$ (1,389)**	**$ (7,020)**	**$ (4,217)**

(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 as well as other charges related to our strategic re-branding initiatives.

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

(e) For the three months ended September 30, 2022, includes non-recurring severance costs of $0.2 million and non-cash third party share-based compensation of $2.1 million issued in 2020 as part of a multi-year contract, partially offset by $0.1 million of non-recurring customer refunds related to prior year periods included in cost of goods sold. The nine months ended September 30, 2022 additionally includes non-recurring severance costs of $0.1 million and non-recurring professional fees of $0.1 million. For the three months ended September 30, 2021, includes non-cash third party share-based compensation of $1.3 million and director costs of $0.2 million. The nine months ended September 30, 2021 additionally includes non-recurring severance costs of $0.7 million, non-cash third party share-based compensation of $0.6 million, non-recurring consulting costs of $0.4 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 September 30, 2022		
	As Reported (GAAP)	Adjustments	As Adjusted (Non-GAAP)
Net sales	$ 11,865	$ –	$ 11,865
Cost of goods sold	7,700	(190) (a)	7,510
Gross profit	$ 4,165	$ 190	$ 4,355
Gross profit %	35 %		37 %

(a) Reflects an inventory write-off attributable to our Halo Holistic™ rebranding initiatives, partially offset by non-recurring customer refunds related to prior year periods.

	Nine Months Ended September 30, 2022		
	As Reported (GAAP)	Adjustments	As Adjusted (Non-GAAP)
Net sales	$ 45,394	$ 480 (a)	$ 45,874
Cost of goods sold	31,795	(190) (b)	31,605
Gross profit	$ 13,599	$ 670	$ 14,269
Gross profit %	30 %		31 %

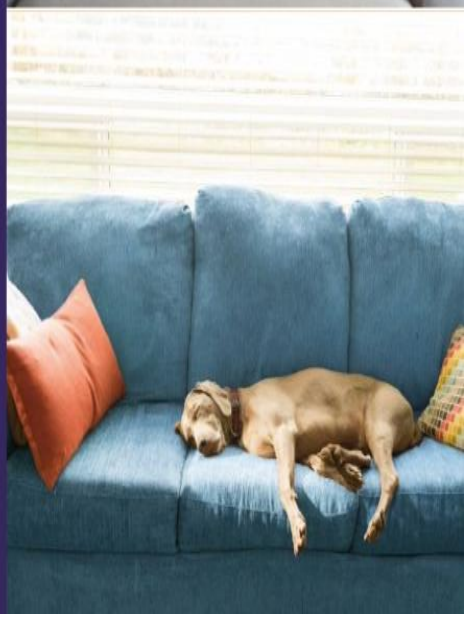
(a) Reflects non-recurring launch expenses related to the Elevate® launch.

(b) Reflects an inventory write-off attributable to our Halo Holistic™ rebranding initiatives, partially offset by non-recurring customer refunds related to prior year periods.

Halo

The World's Best Food
For The World's Best Kids

BETTER CHOICE COMPANY



Thank You!

Better Choice Company

The Most Innovative Pet Food Company In The World

BETTER CHOICE COMPANY