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

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**SCHEDULE 14A**  
(Rule 14a-101)  
INFORMATION REQUIRED IN PROXY STATEMENT  
SCHEDULE 14A INFORMATION

Proxy Statement Pursuant to Section 14(a) of the  
Securities Exchange Act of 1934

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Filed by the Registrant

Filed by a Party other than the Registrant

Check the appropriate box:

- Preliminary Proxy Statement  
 **Confidential, For Use of the Commission Only (as permitted by Rule 14a-6(e)(2))**  
 Definitive Proxy Statement  
 Definitive Additional Materials  
 Soliciting Material Pursuant to §240.14a-12

**Better Choice Company Inc.**

(Name of Registrant as Specified In Its Charter)

(Name of Person(s) Filing Proxy Statement, if other than the Registrant)

Payment of Filing Fee (Check the appropriate box):

- No fee required.  
 Fee computed on table below per Exchange Act Rules 14a-6(i)(1) and 0-11.  
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(1) Amount previously paid:

\_\_\_\_\_

(2) Form, Schedule or Registration Statement No.:

\_\_\_\_\_

(3) Filing Party:

\_\_\_\_\_

(4) Date Filed:

\_\_\_\_\_

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*These materials are important and require your immediate attention. They require the stockholders of Better Choice Company Inc. to make important decisions. If you are in doubt as to how to make such decisions, please contact your financial, legal or other professional advisor. If you have any questions, you may contact Carolina Martinez, the Company's Chief Financial Officer, by telephone at 212-655-3518, or by email at nmartinez@bttrco.com.*

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**BETTER CHOICE COMPANY INC.**  
12400 Race Track Road  
Tampa, FL 33626

**NOTICE OF SPECIAL MEETING OF STOCKHOLDERS  
TO BE HELD , 2025**

We hereby give notice that a Special Meeting of Stockholders of Better Choice Company Inc. ("Better Choice") will be held on \_\_\_\_\_, 2025, at 9:00 a.m. Eastern Time (the "Special Meeting"). The purpose of the Special Meeting is to hold a vote of the stockholders of Better Choice regarding:

- (1) the change of the legal name of Better Choice from "Better Choice Company, Inc." to "SRX Health Solutions, Inc." and of the NYSE ticker symbol from "BTTR" to "SRXH" (the "Name Change Proposal").

- (2) the issuance of up to 30,000,000 shares of Better Choice common stock in connection with a proposed arrangement (the “Arrangement”) with SRx Health Solutions, Inc., a corporation organized under the laws of the Province of Ontario (“SRx”), pursuant to which Better Choice will acquire SRx, in accordance with the requirements of the NYSE American (the “Arrangement Proposal”);
- (3) an increase in the number of securities subject to the Better Choice Company, Inc. 2019 Incentive Award Plan (the “Plan Proposal”);
- (4) the approval of the postponement or adjournment of the Special Meeting to solicit additional proxies if there are not sufficient votes to approve the Arrangement Proposal and/or the Plan Proposal, if deemed necessary or appropriate by the Better Choice Board (the “Adjournment Proposal”); and

**The Arrangement Proposal and the Plan Proposal will not be effected, and the Arrangement will not be completed, without the approval by the Better Choice stockholders of such proposals.**

**The Special Meeting will be held in a virtual meeting format at [insert URL].**

In addition to voting by submitting your proxy prior to the Special Meeting, you also will be able to vote your shares electronically during the Special Meeting. Further details regarding the virtual meeting are included in the accompanying proxy statement.

Under Delaware law, only stockholders of record on the record date, which is \_\_\_\_\_, 2025, are entitled to notice of, and to vote at, the Special Meeting or any adjournment. It is important that your shares be represented at this meeting so that the presence of a quorum is assured.

The Better Choice Board has unanimously concluded that the Arrangement is in the best interests of Better Choice and its stockholders and has approved and authorized the Arrangement. **The Better Choice Board unanimously recommends that the stockholders vote FOR (1) the Name Change Proposal, (2) the Arrangement Proposal, (3) the Plan Proposal and (4) the Adjournment Proposal.**

Your vote is important. Even if you plan to virtually attend the Special Meeting, please date and execute the enclosed proxy and return it promptly in the enclosed postage-paid envelope as soon as possible. If you attend the Special Meeting, you may revoke your proxy and vote your shares during the Special Meeting.

If you have any questions or need assistance in your consideration of the Arrangement or with the completion and delivery of your proxy, please contact Carolina Martinez, the Company’s Chief Financial Officer, by telephone at 212-655-3518, or by email at nmartinez@bttco.com.

**IF YOU PLAN TO ATTEND:**

**To be admitted to the Special Meeting at [insert URL] you must have your control number available and follow the instructions found on your proxy card or voting instruction form. You may vote during the Special Meeting by following the instructions available on the Special Meeting website during the Special Meeting. Please allow sufficient time before the Special Meeting to complete the online check-in process. Your vote is very important.**

By Order of the Board of Directors,

\_\_\_\_\_, 2025

\_\_\_\_\_  
Michael Young  
Chairman

**Important Notice Regarding the Availability of Proxy Materials for the Special Meeting of Stockholders to be held , 2025.**  
The proxy statement and form of proxy card are available at: [insert URL]

**BETTER CHOICE COMPANY INC.  
12400 Race Track Road  
Tampa, FL 33626**

**PROXY STATEMENT  
FOR THE  
SPECIAL MEETING OF STOCKHOLDERS**

**To be held on \_\_\_\_\_, 2025**

Unless the context requires otherwise, references in this proxy statement to “Better Choice,” “BTTR,” “we,” “us” or “our” refers to Better Choice Company Inc.

The Board of Directors of Better Choice (the “Better Choice Board”) is soliciting your proxy to vote at the Special Meeting to be held on \_\_\_\_\_, 2025, at 9:00 a.m. Eastern Time, in a virtual online format by accessing [insert URL] and at any adjournment thereof.

This proxy statement contains information relating to the Special Meeting, which will be held as a virtual meeting. Stockholders attending the Special Meeting will be afforded the same rights and opportunities to participate as they would at an in-person meeting. You will be able to attend and participate in the Special Meeting online via a live webcast by visiting [insert URL]. In addition to voting by submitting your proxy prior to the Special Meeting, you also will be able to vote your shares electronically during the Special Meeting.

The purpose of the Special Meeting is to hold a vote of Better Choice’s stockholders regarding the following proposals:

(1) the change of the legal name of Better Choice from “Better Choice Company, Inc.” to “SRx Health Solutions, Inc.” and of the NYSE ticker symbol from “BTTR” to “SRXH” (the “Name Change Proposal”);

(2) the issuance of up to 30,000,000 shares of Better Choice common stock in connection with a proposed arrangement (the “Arrangement”) with SRx Health Solutions, Inc., a corporation organized under the laws of the Province of Ontario (“SRx”), pursuant to which Better Choice will acquire SRx, in accordance with the requirements of the NYSE American (the “Arrangement Proposal”);

(3) an increase in the number of securities subject to the Better Choice Company, Inc. 2019 Incentive Award Plan (the “Plan Proposal”); and

(4) the approval of the postponement or adjournment of the Special Meeting to solicit additional proxies if there are not sufficient votes to approve the Arrangement Proposal and/or the Plan Proposal, if deemed necessary or appropriate by the Better Choice Board (the “Adjournment Proposal”).

**The Arrangement Proposal and the Plan Proposal will not be effected, and the Arrangement will not be completed, without the approval by the Better Choice stockholders of both such proposals.**

**The Better Choice Board unanimously recommends that the stockholders vote FOR (1) the Name Change Proposal, (2) the Arrangement Proposal, (3) the Plan Proposal and (4) the Adjournment Proposal.**

Whether or not you expect to attend the Special Meeting, we urge you to vote your shares via proxy at your earliest convenience. This will ensure the presence of a quorum at the Special Meeting. Promptly voting your shares will save us the expenses and extra work of additional solicitation. Submitting your proxy now will not prevent you from voting your shares at the Special Meeting if you desire to do so, as your proxy is revocable at your option. Your vote is important, so please act today.

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### Information Concerning the Special Meeting

**Mailing and Solicitation.** Proxies are being solicited on behalf of the Better Choice Board. This proxy statement and accompanying form of proxy card will be sent on or about , 2025 to stockholders entitled to vote at the Special Meeting. The cost of the solicitation of proxies will be paid by Better Choice. The solicitation is to be made primarily by mail but may be supplemented by telephone calls and personal solicitation by our officers, directors and other employees.

**Proxies.** Whether or not you plan to attend the Special Meeting, we request that you promptly submit the enclosed proxy card and vote your shares pursuant to the voting instructions therein. A control number, located on the proxy card, is designed to verify your identity, allow you to vote your shares, and confirm that your voting instructions have been properly recorded.

If your shares are registered in the name of a bank, broker, or other nominee, follow the proxy instructions on the form you receive from the nominee. The availability of telephone and internet proxy will depend on the nominee's proxy processes. Under the NYSE Company Guide, brokers who hold shares in "street name" for customers are precluded from exercising voting discretion with respect to the approval of non-routine matters (so called "broker non-votes") where the beneficial owner has not given voting instructions. The Arrangement Proposal and Plan Proposal are non-routine matters and brokers holding shares in street name for the beneficial owners thereof cannot vote on these matters where the beneficial owner has not given voting instructions.

**Revocation of Proxies.** You may revoke your proxy at any time before a vote is taken by notifying our Secretary in writing at our address given above, by executing a new proxy bearing a later date or by submitting a new proxy by telephone or internet; or by virtually attending the Special Meeting and voting during the meeting.

**Voting in Accordance with Instructions.** The shares represented by your properly completed proxy will be voted in accordance with your instructions marked on it. If you properly sign, date, and deliver to us your proxy but you mark no instructions on it, the shares represented by your proxy will be voted for the Name Change Proposal, Arrangement Proposal, Plan Proposal and Adjournment Proposal.

**Quorum and Voting Rights.** The presence at the Special Meeting virtually or by proxy of a majority of the outstanding shares entitled to vote on the record date constitutes a quorum for purposes of voting on a particular matter and conducting business at the Special Meeting. Better Choice's common stock is its only class of stock that is issued and outstanding. Each share of our common stock entitles its holder to one vote.

**Required Vote.** Assuming a quorum is present, the affirmative vote of a majority of the shares entitled to vote that are present at the Special Meeting virtually or represented by proxy is required for the approval of the Name Change Proposal, Arrangement Proposal, Plan Proposal and Adjournment Proposal. Abstentions will be counted for purposes of determining the presence or absence of a quorum. A broker non-vote will be counted for purposes of establishing a quorum if the beneficial owner whose failure to provide voting instructions with respect to a particular proposal that has resulted in such broker non-vote has instructed such beneficial owner's nominee how to vote with respect to at least one other proposal to be voted on at the Special Meeting. Otherwise, a broker non-vote does not count for purposes of establishing a quorum. Abstentions will not be counted as having voted either for or against any proposal contemplated at the Special Meeting, but will have the same effect as a vote against all of the proposals at the Special Meeting. Broker non-votes will not be counted as having voted either for or against any proposal contemplated at the Special Meeting, but will have the same effect as a vote against the Name Change Proposal, Arrangement Proposal, Plan Proposal and Adjournment Proposal.

**Record Date.** The close of business on , 202 has been fixed as the record date of the Special Meeting, and only stockholders of record at that time will be entitled to vote. As of , 202 , there were shares of our common stock issued and outstanding and entitled to vote at the Special Meeting. Only record holders and beneficial owners who held shares on the record date, or their duly authorized proxies, may attend the Special Meeting.

**No Dissenters' Rights.** Under the Delaware General Corporations Law, stockholders are not entitled to dissenters' rights with respect to the matters to be voted on at the Special Meeting.

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## SUMMARY TERM SHEET

*The following summary term sheet highlights selected information in this proxy statement related to the Arrangement and may not contain all of the information that may be important to you. To understand the Arrangement more fully and for a more complete description of the legal terms of the Arrangement, we encourage you to carefully read this entire proxy statement, its annexes and the documents referred to or incorporated by reference in this proxy statement. Each item in this summary term sheet includes a page reference directing you to a more complete description of that topic. You should carefully read and consider the entire Arrangement Agreement, which is the legal document that governs the Arrangement. This summary is qualified in its entirety by the more detailed information appearing elsewhere in this proxy statement, including the Annexes which are incorporated into and form part of this proxy statement. Terms with initial capital letters in this summary are defined in the Glossary of Defined Terms immediately preceding this summary.*

### Parties

*Better Choice Company Inc.*

Better Choice Company Inc.  
12400 Race Track Road  
Tampa, FL 33626  
Telephone: 813-792-4352

Better Choice Company Inc., a Delaware corporation, is a rapidly growing pet health and wellness company headquartered in Florida.

*1000994476 Ontario Inc.*

1000994476 Ontario Inc.  
c/o Better Choice Company Inc.  
12400 Race Track Road  
Tampa, FL 33626  
Telephone: 813-792-4352

1000994476 Ontario Inc. (referred to herein as AcquireCo) is a newly formed Ontario corporation and an indirect subsidiary of Better Choice that was formed specifically for the purpose of completing the Arrangement. AcquireCo has engaged in no business activities to date and it has no material assets or liabilities of any kind, other than those incident to its formation and in connection with the Arrangement.

*1000994085 Ontario Inc.*

1000994085 Ontario Inc.  
c/o Better Choice Company Inc.  
12400 Race Track Road  
Tampa, FL 33626  
Telephone: 813-792-4352

1000994085 Ontario Inc. (referred to herein as CallCo) is a newly formed Ontario corporation and a direct wholly-owned subsidiary of Better Choice that was formed specifically for the purpose of completing the Arrangement. CallCo has engaged in no business activities to date and it has no material assets or liabilities of any kind, other than those incident to its formation and in connection with the Arrangement.

*SRx Health Solutions Inc.*

SRx Health Solutions Inc.  
65 Queen street West  
8th floor Toronto, On  
M5H 2M5

SRx Health Solutions Inc. (or referred to herein as SRx) is an Ontario corporation that operates a Canadian healthcare service provider specializing in the specialty pharmacy segment of the pharmaceutical industry.

### Purpose and Description of the Arrangement

Pursuant to the Arrangement, Better Choice and SRx will complete a business combination pursuant to which Better Choice will indirectly acquire all of the SRx Shares. Following the completion of the Arrangement, the Combined Company will continue to operate its portfolio of established premium and super-premium pet products under the Halo brand and its large specialty pharmacy network in Canada under the SRx brand. The Combined Company affords the SRx business with access to the U.S. capital market and will focus on leveraging operational synergies, including infrastructure and distribution, and implementing growth strategies across both businesses to launch into new verticals and geographies.

Pursuant to the Arrangement Agreement, the Company will acquire SRx in an all-stock transaction pursuant to the Plan of Arrangement, which includes a statutory amalgamation of SRx and AcquireCo under the laws of the Province of Ontario (the "Amalgamation"). As a result of the Amalgamation, all of the property, rights, interests and obligations of SRx shall become the property, rights, interests and obligations of the resulting entity upon completion of the Amalgamation ("Amalco"), and Amalco will be an indirect subsidiary of the Company.

Pursuant to the Plan of Arrangement, each issued and outstanding common share of SRx will be converted based on the Exchange Ratio into Better Choice Shares or, at the option of the holder thereof, Exchangeable Shares that will be exchangeable at the option of the holder (or under certain other circumstances) on a one-for-one basis for Better Choice Shares. The Exchange Ratio will be determined five Business Days prior to the Closing and will be based on the 30 Day VWAP, subject to an aggregate share collar of 19,750,000 shares and 30,000,000 shares, with any resulting fractional shares to be rounded down to the nearest whole share. The transaction assigns an equity value of SRx of U.S. \$80 million, assuming net debt at Closing of U.S. \$43 million (which will be subject to a two-way adjustment prior to the Closing). Prior to the Closing, all outstanding SRx Warrants will either be exercised into SRx Shares or terminated, and all outstanding SRx RSUs shall be deemed to be vested and the holders thereof will receive one SRx Share for each SRx RSU.

Following the Closing of the Arrangement, the board of directors of the Combined Company will be comprised as follows. See *'The Arrangement Agreement — Board of*

- two (2) director nominees selected by SRx in its sole discretion, which are Adesh Vora and David White, with the former as Chairman and the latter as an independent director in accordance with NYSE requirements; and
- two (2) director nominees selected by Better Choice in its sole discretion, which are Kent Cunningham and Michael Young, with the latter as an independent director in accordance with NYSE requirements; and
- one (1) director nominee mutually selected by the Parties, which is Lionel Conacher, an independent director in accordance with NYSE requirements.

**The Arrangement Proposal must be approved by the Better Choice stockholders for the Arrangement to be consummated.**

Under the terms of the Plan of Arrangement, SRx Shareholders who are Eligible Holders may elect to (i) receive in respect of any or all of their SRx Shares, the Exchangeable Share Consideration, and (ii) receive in respect of the balance of their SRx Shares, if any, the Better Choice Share Consideration. A SRx Shareholder who is not an Eligible Holder or fails to make an election to receive Exchangeable Shares, is entitled to receive the Better Choice Share Consideration. See “*Description of Exchangeable Shares and Related Agreements.*”

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The Exchange Ratio pursuant to which SRx Shares will be exchanged for Better Choice Shares or Exchangeable Shares pursuant to the Arrangement is not fixed, but will be determined in accordance with the Plan of Arrangement pursuant to the following formula:

$$A = \frac{B}{C} \div D$$

A = the number of Better Choice Shares or Exchangeable Shares to be received in exchange for each one (1) SRx Share, rounded to three decimal places;

B = US\$80,000,000 plus US\$43,000,000 minus the SRx U.S. Dollar Net Debt;

C = 30 Day VWAP; and

D = the total number of SRx Shares outstanding immediately prior to the Effective Time,

*provided that* if:

- $\frac{B}{C}$  is greater than 30,000,000, then  $\frac{B}{C}$  shall for the purposes of the calculation of the Exchange Ratio be deemed to be 30,000,000; or
- $\frac{B}{C}$  is less than 19,750,000, then  $\frac{B}{C}$  shall for the purposes of the calculation of the Exchange Ratio be deemed to be 19,750,000.

Based on the above formula, the Exchange Ratio will be determined based on the number of Better Choice Shares and SRx Shares outstanding immediately prior to the completion of the Arrangement, such that the holders of SRx Shares immediately prior to the completion of the Arrangement will hold approximately 87% of the outstanding Better Choice Shares upon completion of the Arrangement. **The foregoing is intended to be illustrative of the manner in which the Exchange Ratio will be determined; however, the actual Exchange Ratio could be higher or lower.**

For more details about the purpose of the Arrangement, see “*The Arrangement — Purpose and Description of the Arrangement,*” and “*The Arrangement Agreement.*”

**Background of the Arrangement**

The provisions of the Arrangement Agreement are the result of arm’s length negotiations between representatives of Better Choice and SRx and their respective financial and legal advisors.

For more information, see “*The Arrangement — Background of the Arrangement.*”

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**Fairness Opinion**

In connection with the Arrangement, the Better Choice Board received a written opinion, dated August 13, 2024, from Strategic Capital Advisors, Ltd., which states that, as of such date, and subject to the assumptions, limitations and qualifications set out therein, the Arrangement is fair, from a financial point of view, to the Better Choice stockholders. The Better Choice Board is entitled to rely on the Fairness Opinion in connection with its decision to approve the Arrangement. The full text of the Fairness Opinion, which sets forth certain assumptions made, matters considered and limitations on the review undertaken in connection with such opinion, is attached as Annex G to this proxy statement. Better Choice stockholders are urged to, and should, read the Fairness Opinion in its entirety.

Subject to the terms of its engagement, Strategic Capital Advisors, Ltd. has consented to the inclusion in this proxy statement of its Fairness Opinion in its entirety, together with the summary herein, and other information relating to Strategic Capital Advisors, Ltd. and its Fairness Opinion. The Fairness Opinion addresses only the fairness of the Arrangement from a financial point of view to the Better Choice stockholders and does not and should not be construed as a valuation of Better Choice or SRx or their respective assets, liabilities or securities or as recommendations to any Better Choice stockholders as to how to vote at the Special Meeting.

For more information, see “*The Arrangement — Fairness Opinion.*”

**Reasons for the Arrangement**

In considering its decision to approve the Arrangement Agreement and to authorize and approve the Arrangement and, subject to the terms and conditions of the Arrangement Agreement, to recommend the approval of the Arrangement Proposal and the Plan Proposal by Better Choice’s stockholders, the Better Choice Board consulted with Better Choice’s management, as well as Better Choice’s legal and financial advisors, and considered the terms of the proposed Arrangement Agreement, the Arrangement and the other transactions set forth in the Arrangement Agreement, as well as other alternative transactions.

See “*The Arrangement — Reasons for the Arrangement.*”

**Recommendation of the Better Choice Board**

After careful consideration of, among other things, the Fairness Opinion, and consultation with its financial and legal advisors, the Better Choice Board has unanimously determined that the Arrangement is in the best interests of Better Choice and that the Arrangement is fair and reasonable to the Better Choice stockholders. **Accordingly, the Better Choice Board has determined UNANIMOUSLY to recommend to the Better Choice stockholders that they vote FOR the Arrangement Proposal and the Plan Proposal.** See *“The Arrangement — Recommendation of the Better Choice Board”*

### Principal Steps of the Arrangement

The following description is qualified in its entirety by reference to the full text of the Plan of Arrangement, a copy of which is attached hereto as Annex B. At the Effective Time and pursuant to the Plan of Arrangement, the following transactions, among others, will occur and will be deemed to occur sequentially in the following order:

Commencing at the Effective Time on the Effective Date, subject to the terms and conditions of the Arrangement Agreement, the following shall occur as part of the Arrangement and shall be deemed to occur sequentially in the following order (except that steps (d)-(g) below shall be deemed to occur contemporaneously) without any further act or formality:

(a) each SRx Share held by a Dissenting Shareholder shall be deemed to be transferred by the holder thereof, without any further act or formality on its part, free and clear of all Encumbrances, to SRx and SRx shall thereupon be obliged to pay the amount therefor determined and payable in accordance with Article 3 of the Plan of Arrangement, and the name of such holder shall be removed from the central securities register of SRx as a holder of SRx Shares and SRx shall be recorded as the registered holder of the SRx Shares so transferred and shall be deemed to be the legal owner of such SRx Shares, which SRx Shares shall thereupon be cancelled;

(b) each SRx Warrant outstanding immediately prior to the Effective Time that has not been exercised in advance of the exercise deadline set out in the SRx Circular, shall be cancelled without consideration;

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(c) notwithstanding the terms of the SRx RSU Plan, each SRx RSU outstanding immediately prior to the Effective Time shall be deemed to be vested, without any further action by or on behalf of an SRx RSU Holder, and each SRx RSU Holder shall receive one SRx Share for each SRx RSU, and all of SRx' obligations under such SRx RSUs shall be deemed to be fully satisfied and the SRx RSU Holders shall cease to have any rights as holders of the SRx RSUs, other than the right to receive the compensation contemplated by the Plan of Arrangement and the SRx Shares issued in connection with this Paragraph (c) shall be treated as all other SRx Shares at the Effective Time in accordance with Paragraph (d) or Paragraph (e), as applicable;

(d) contemporaneously with the steps in Paragraph (e) and Paragraph (f), each issued and outstanding SRx Share (other than Exchangeable Elected Shares and SRx Shares held by Better Choice or Dissenting Shareholders) held by a SRx Shareholder shall be transferred by the holder thereof, without any further act or formality on its part, free and clear of all Encumbrances, to AcquireCo in exchange for Better Choice Share Consideration in accordance with the election or deemed election of such SRx Shareholder;

(e) contemporaneously with the step in Paragraph (d) and Paragraph (f), each Exchangeable Elected Share shall be transferred by the holder thereof, without any further act or formality on its part, free and clear of all Encumbrances, to AcquireCo in exchange for Exchangeable Share Consideration in accordance with the election of such SRx Shareholder;

(f) contemporaneously with the step in Paragraph (d) and Paragraph (e): (i) Better Choice, AcquireCo and Callco shall execute the Support Agreement, and the Exchangeable Shareholders shall be deemed to be parties thereto; (ii) Better Choice, AcquireCo and the Trustee shall execute the Voting Trust Agreement and Better Choice shall issue to and deposit with the Trustee the Special Voting Share in consideration of the payment to Better Choice by SRx on behalf of the SRx Shareholders of ten dollars in Canadian funds (CAD\$10.00), to be thereafter held of record by the Trustee for and on behalf of, and for the use and benefit of, the holders of the Exchangeable Shares in accordance with the Voting Trust Agreement, and the Exchangeable Shareholders shall be deemed to be parties thereto to the extent necessary;

(g) SRx shall reduce the stated capital of the SRx Shares to CAD\$1.00; and

(h) AcquireCo and SRx shall merge (the “Amalgamation”) to form one corporate entity, AmalCo, with the same effect as if they had amalgamated under Section 177(1) of the OBCA, except that the legal existence of AcquireCo shall not cease and AcquireCo shall survive the merger as AmalCo and the Amalgamation is intended to qualify as an amalgamation as defined in subsection 87(1) of the Tax Act, and without limiting the generality of the foregoing, upon and as a consequence of the Amalgamation;

(i) the separate legal existence of the SRx shall cease without SRx being liquidated or wound up and AcquireCo and SRx shall continue as one company and the property, rights, interests and obligations of SRx shall become the property, rights, interests and obligations of AmalCo;

(ii) the properties, rights, interests and obligations of AcquireCo shall continue to be the properties, rights, interests and obligations of AmalCo, and the Amalgamation shall not constitute an assignment by operation of law, a transfer or any other disposition of the properties, rights and interests of AcquireCo to AmalCo;

(iii) AmalCo will own and hold the property of AcquireCo and SRx and, without limiting the provisions hereof, all rights of creditors or others of AcquireCo and SRx will be unimpaired by the Amalgamation, and all liabilities and obligations of AcquireCo and SRx, whether arising by contract or otherwise, may be enforced against AmalCo to the same extent as if such obligations had been incurred or contracted by AmalCo;

(iv) AmalCo will continue to be liable for all of the liabilities and obligations of AcquireCo and SRx;

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(v) all rights, contracts, permits and interests of AcquireCo and SRx will continue as rights, contracts, permits and interests of AmalCo as if AcquireCo and SRx continued and, for greater certainty, the Amalgamation will not constitute a transfer or assignment of the rights or obligations of either AcquireCo or SRx under any such rights, contracts, permits and interests;

(vi) any existing cause of action, claim or liability to prosecution will be unaffected;

(vii) a civil, criminal or administrative action or proceeding pending by or against either AcquireCo or SRx may be continued by or against AmalCo;

(viii) a conviction against, or ruling, order or judgment in favor of or against either AcquireCo or SRx may be enforced by or against AmalCo;

(ix) each issued and outstanding share of each class of shares of AcquireCo shall become a share of the same class of shares of AmalCo having the same terms and conditions as such AcquireCo shares had immediately prior to the Amalgamation and all of the issued and outstanding shares of SRx will be cancelled without repayment of capital in respect thereof;

(x) the name of AmalCo shall be SRX Health Solutions Inc.;

- (xi) AmalCo shall be authorized to issue an unlimited number of Exchangeable Shares, Preferred Voting Shares and common shares each without par value;
- (xii) the articles and bylaws of AmalCo shall be in the form of the articles and bylaws of Acquireco;
- (xiii) the first annual general meeting of AmalCo or resolutions in lieu thereof shall be held within 18 months from the Effective Date;
- (xiv) the first directors of AmalCo following the amalgamation shall be the then current Acquireco directors; and
- (xv) the stated capital of each class of shares of AmalCo will be an amount equal to the stated capital attributable to the corresponding class of AcquireCo shares immediately prior to the Amalgamation.

In no event shall any fractional Better Choice Shares or Exchangeable Shares be issued under the Plan of Arrangement. Where the aggregate number of Better Choice Shares or Exchangeable Shares to be issued to a SRx securityholder would result in a fraction of a Better Choice Share or Exchangeable Share being issuable, then the number of Better Choice Shares or Exchangeable Shares to be issued to a SRx Shareholder shall be rounded down to the nearest whole number and no compensation shall be issued in lieu of the issuance of a fractional Better Choice Share or Exchangeable Share.

See “*The Arrangement — Principal Steps of the Arrangement*” and the Plan of Arrangement, a copy of which is attached as Annex B to this proxy statement.

#### **Required Stockholder Approval for the Arrangement**

In order for the Arrangement to be consummated, the Better Choice stockholders must approve the Arrangement Proposal and the Plan Proposal. Assuming a quorum is present, the affirmative vote of a majority of the shares entitled to vote that are present at the Special Meeting virtually or represented by proxy is required for the approval of the Arrangement Proposal and the Plan Proposal.

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#### **Voting and Support Agreement**

To the knowledge of Better Choice, the Better Choice Supporting Stockholders beneficially own, or exercise control or direction over, directly or indirectly, [●] Better Choice Shares representing approximately [●]% of the issued and outstanding Better Choice Shares as of the Record Date, on a non-diluted basis.

On [•], 2024, the Better Choice Supporting Stockholders entered into the Voting and Support Agreement with SRx pursuant to which, among other things, they agreed to cause to be counted as present for purposes of establishing quorum at the Special Meeting and to vote (or cause to be voted) the securities owned legally or beneficially by each of them or over which they exercise control or direction, as applicable, **FOR** matters related to the Arrangement, and to duly complete and cause forms of proxy in respect of all of the applicable securities held by them to be validly delivered to cause the applicable securities to be voted **FOR** matters related to the Arrangement.

The Voting and Support Agreement automatically terminates if the Arrangement Agreement is terminated in accordance with its terms.

See “*The Arrangement — Voting and Support Agreement*.”

#### **Expenses of the Arrangement**

Except as otherwise provided in the Arrangement Agreement, all out-of-pocket third party transaction expenses incurred in connection with the Arrangement Agreement and the Plan of Arrangement and the transactions contemplated thereunder, shall be paid by the party incurring such fees, costs or expenses, whether or not the Arrangement is consummated.

See “*The Arrangement — Expenses of the Arrangement*.”

#### **Court Approval of the Arrangement**

An arrangement under the OBCA requires Court approval. On [•], 2024, SRx obtained the Interim Order, which provides for the calling and holding of the SRx Meeting, the Dissent Rights and other procedural matters.

Subject to the terms of the Arrangement Agreement and receipt of approval of the Arrangement Proposal at the SRx Meeting, SRx intends to make an application to the Court for the Final Order. The application for the Final Order approving the Arrangement is expected to occur as soon as reasonably practicable (and, in any event, within five (5) Business Days following the approval of the Arrangement Proposal at the SRx Meeting). The Court will consider, among other things, the substantive and procedural fairness of the Arrangement to the parties affected, including the SRx shareholders, holders of SRx convertible securities or other interested parties. The Court may approve the Arrangement in any manner the Court may direct, subject to compliance with any terms and conditions, if any, as the Court deems fit.

The Court has been advised that the Court’s approval of the Arrangement (including the fairness thereof), if granted, will form a basis for the exemption from the registration requirements of the Securities Act provided by Section 3(a)(10) thereof with respect to the issuance and distribution of the Consideration Shares to be issued by Better Choice to SRx shareholders pursuant to the Arrangement. Consequently, if the Final Order is granted, the Consideration Shares issuable to SRx shareholders pursuant to the Arrangement will not require registration under the Securities Act.

Assuming the Final Order is granted and the other conditions to closing contained in the Arrangement Agreement are satisfied or waived to the extent legally permissible, then articles of arrangement will be filed to give effect to the Arrangement.

See “*The Arrangement — Court Approval of the Arrangement*” and “*The Arrangement — Completion of the Arrangement*.”

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#### **The Arrangement Agreement**

A description of certain provisions of the Arrangement Agreement are included in this proxy statement under the heading “*The Arrangement Agreement*.” The description is not comprehensive and is qualified in its entirety by the full text of the Arrangement Agreement, which is attached as Annex B.

See “*The Arrangement Agreement*.”

#### **Completion of the Arrangement**

Subject to the provisions of the Arrangement Agreement, the Arrangement will become effective at 12:01 a.m. (Toronto time) on the Effective Date. Completion of the Arrangement is anticipated to occur on or about , 2025; however, it is possible that completion may be delayed beyond this date if the conditions to completion of the Arrangement cannot be met on a timely basis. After the Effective Date, SRx will be an indirect subsidiary of Better Choice.

The Arrangement is subject to a number of conditions in addition to the approval of the Better Choice stockholders of the Arrangement Proposal and the Plan Proposal, including, among others, Court approval, approval of NYSE and the approval of the Arrangement by the holders of SRx Securities.

See “*The Arrangement Agreement — Conditions for Completion of the Arrangement.*”

#### **Non-Solicitation of Acquisition Proposals**

Each of Better Choice and SRx has agreed not to solicit alternative Acquisition Proposals during the Pre-Effective Date Period. Better Choice has also agreed to certain covenants and procedures for responding to an Acquisition Proposal that constitutes a Superior Proposal, including certain notice requirements and matching rights.

See “*The Arrangement Agreement — Additional Covenants Regarding Non-Solicitation.*”

#### **Termination of the Arrangement Agreement**

Better Choice and SRx can terminate the Arrangement Agreement under certain circumstances, including, in the case of Better Choice, to enter into an alternative transaction that constitutes a Superior Proposal, provided that Better Choice has complied with the covenants regarding non-solicitation, notices and matching rights set out in the Arrangement Agreement. If the Arrangement Agreement is terminated under certain circumstances, SRx or Better Choice may be required to make the Termination Payment of \$3.2 million to the other Party.

See “*The Arrangement Agreement — Termination of Arrangement Agreement.*”

#### **Interests of Certain Persons in the Arrangement**

You should be aware that members of the management and Better Choice Board have interests in the Arrangement that may be in addition to or different from the interests of Better Choice stockholders generally, which will present them with actual or potential conflicts of interest.

See “*The Arrangement — Interests of Certain Persons in the Arrangement.*”

#### **Risk Factors**

Better Choice stockholders should carefully consider the risk factors relating to the Arrangement. Some of these risks include, but are not limited to: the possibility that the Arrangement may not be completed; the possibility that the SRx business will not be successful; and that the Combined Company may fail to realize the anticipated benefits of the Arrangement.

For more information, see “*Risk Factors.*”

### **INFORMATION CONTAINED IN THIS PROXY STATEMENT**

The information contained in this proxy statement, unless otherwise indicated, is given as of [•], 2024.

No person has been authorized to give any information or to make any representation in connection with the matters being considered herein on behalf of Better Choice other than those contained in this proxy statement and, if given or made, such information or representation should not be considered or relied upon as having been authorized. This proxy statement does not constitute an offer to sell, or a solicitation of an offer to acquire, any securities, or the solicitation of a proxy, by any person in any jurisdiction in which such an offer or solicitation is not authorized or permitted or in which the person making such offer or solicitation is not qualified to do so or to any person to whom it is unlawful to make such an offer or proxy solicitation. Neither the delivery of this proxy statement nor any distribution of securities referred to herein should, under any circumstances, create any implication that there has been no change in the information set forth herein since the date of this proxy statement.

Information contained in this proxy statement should not be construed as legal, tax or financial advice and Better Choice stockholders are urged to consult their own professional advisors in connection with the matters considered in this proxy statement.

THE ARRANGEMENT HAS NOT BEEN RECOMMENDED BY, OR APPROVED OR DISAPPROVED BY THE UNITED STATES SECURITIES AND EXCHANGE COMMISSION OR THE SECURITIES REGULATORY AUTHORITY OF ANY U.S. STATE NOR HAS ANY OF THEM PASSED UPON THE FAIRNESS OR MERITS OF THE ARRANGEMENT OR THE ACCURACY OR ADEQUACY OF THIS PROXY STATEMENT. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.

### **CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING STATEMENTS**

This proxy statement, the documents to which we refer you in this proxy statement and information included in oral statements or other written statements made or to be made by us or on our behalf may include predictions, estimates and other information that are “forward-looking statements” within the meaning of the Private Securities Litigation Reform Act of 1995, Section 21E of the Securities Exchange Act of 1934, as amended (the “Exchange Act”) and Section 27A of the Securities Act of 1933, as amended (the “Securities Act”). These forward-looking statements do not directly or exclusively relate to historical facts, including, without limitation, statements relating to the completion of the Arrangement. Without limiting the generality of the foregoing, words such as “anticipate,” “believe,” “can,” “continue,” “could,” “estimate,” “expect,” “intend,” “may,” “plan,” “potential,” “predict,” “should,” “will,” “would,” or the negative or other variations thereof or comparable terminology are intended to identify forward-looking statements. Stockholders are cautioned that any forward-looking statements are not guarantees of future performance. These statements are based on the beliefs of the management of Better Choice or SRx, as the case may be, as well as the current expectations and assumptions, which such management believes to be reasonable, based on available information and involve a number of risks and uncertainties, all of which are difficult or impossible to predict accurately and many of which are beyond our control. As such, our actual results may differ significantly from those expressed in any forward-looking statements.

These risks and uncertainties include, but are not limited to, factors and matters described or incorporated by reference in this proxy statement and the following factors: (1) the ability of the Parties to consummate the Arrangement; (2) risks that the conditions to the closing of the Arrangement are not satisfied, including the risk that required approvals for the Arrangement from governmental authorities or the stockholders of both Better Choice and SRx are not obtained; (3) litigation relating to the Arrangement; (4) unexpected costs, charges or expenses resulting from the Arrangement; (5) risks that the proposed Arrangement disrupts the current plans and operations of Better Choice and SRx; (6) the ability to realize anticipated benefits from the Arrangement; (7) competition from larger and more established companies in the Combined Company’s



markets; (8) the Combined Company's ability to successfully grow following the closing of the Arrangement; (9) potential adverse reactions or changes to business relationships resulting from the completion of the Arrangement; (10) the availability and terms of the financing to be incurred in connection with the Arrangement; and (11) legislative, regulatory and economic developments, including changing business conditions in the industries in which Better Choice and SRx operate and the economy in general as well as financial performance and expectations of Better Choice and SRx's existing and prospective customers. Additional factors that may affect the future results of the Combined Company are set forth in filings that Better Choice makes with the SEC from time to time, including its Annual Report on Form 10-K for the year ended December 31, 2023, which is available on the SEC's website at www.sec.gov, as well as under the "Risk Factors" section of this proxy statement.

In light of the significant risks and uncertainties inherent in the forward-looking information included herein, the inclusion of such information should not be regarded as a representation by us or any other person that such results will be achieved, and readers are cautioned not to place undue reliance on such forward-looking information, which speak only as of the date hereof. Except as required by law, we undertake no obligation to revise the forward-looking statements contained herein to reflect events or circumstances after the date hereof or to reflect the occurrence of unanticipated events. For all of these reasons, Better Choice stockholders should not place undue reliance on forward-looking statements.

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## CURRENCY AND EXCHANGE RATES

Unless otherwise indicated herein, references to "\$", "US\$" or "United States dollars" are to United States dollars, and references to "CAD\$" or "Canadian dollars" are to Canadian dollars.

The rate of exchange on [●], 202 as reported by the Bank of Canada for the conversion of Canadian dollars into United States dollars was CAD\$1.00 equals US\$[●] and for the conversion of United States dollars into Canadian dollars was US\$1.00 equals CAD\$[●].

The following table sets forth, for each of the periods indicated, the high, low and average spot rates for US\$1.00 in terms of Canadian dollars, as reported by the Bank of Canada.

	Nine months ended September 30, 2024 (CAD\$)	Nine months ended September 30, 2023 (CAD\$)	Year ended December 31, 2023 (CAD\$)	Year ended December 31, 2022 (CAD\$)
High	1.3858	1.3807	1.3875	1.3856
Low	1.3316	1.3128	1.3128	1.2451
Average	1.3604	1.3457	1.3497	1.3011

## REPORTING CURRENCIES AND ACCOUNTING PRINCIPLES

The historical financial statements of SRx included in this proxy statement are prepared in accordance with IFRS and are reported in Canadian dollars. The pro forma unaudited condensed financial statements of the Combined Company included in this proxy statement are reported in United States dollars and have been prepared in accordance with U.S. GAAP.

## GLOSSARY OF DEFINED TERMS

In this proxy statement, unless otherwise defined herein or unless there is something in the subject matter inconsistent therewith, the following terms have the respective meanings set out below, words importing the singular number include the plural and vice versa and words importing any gender include all genders.

<b>"30 Day VWAP"</b>	means the volume weighted average trading price of the Better Choice Shares on the NYSE or such other principal stock exchange on which the Better Choice Shares are trading, calculated by dividing the total value by the total volume of the Better Choice Shares trade for thirty (30) trading days preceding the date that is five (5) Business Days prior to the Effective Time.
<b>"Acceptable Confidentiality Agreement"</b>	means a confidentiality agreement between either SRx or Better Choice and a third party other than Better Choice or SRx, respectively: (a) that is entered into in accordance with the Arrangement Agreement; and (b) that contains confidentiality and standstill restrictions that are no less restrictive than those set out in the Confidentiality Agreement.
<b>"AcquireCo"</b>	means 1000994476 Ontario Inc., a corporation existing under the laws of the Province of Ontario.
<b>"Acquisition Proposal"</b>	means, with respect to SRx, a SRx Acquisition Proposal, and, with respect to Better Choice, a Better Choice Acquisition Proposal.
<b>"Alternative Acquisition Agreement"</b>	has the meaning ascribed thereto under the heading " <i>The Arrangement Agreement — Notification of Acquisition Proposal.</i> "
<b>"Ancillary Rights"</b>	means all rights relating to the Exchangeable Shares which are provided outside of the Exchangeable Share Provisions, including, the interest of a holder of Exchangeable Shares as a beneficiary of the trust created under the Voting Trust Agreement and all rights created under the Support Agreement.
<b>"Arrangement"</b>	means the arrangement under the provisions of the OBCA on the terms and conditions set out in the Arrangement Agreement and Plan of Arrangement, subject to any amendments or variations thereto made in accordance therewith or in accordance with the Arrangement Agreement or made at the direction of the Court in the Final Order.
<b>"Arrangement Agreement"</b>	means the Arrangement Agreement, dated September 3, 2024, by and among Better Choice, CallCo, AcquireCo and SRx, as amended on December 6, 2024, substantially in the form attached as Annex B.
<b>"Authorization"</b>	means any authorization, order, permit, approval, grant, license, registration, consent, right, notification, condition, franchise, privilege, certificate, judgment, writ, injunction, award, determination, direction, decision, decree, bylaw, rule or regulation, whether or not having the force of Law, and includes any environmental Permit.

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**“Better Choice Acquisition Proposal”**

means, other than the transactions contemplated by the Arrangement Agreement and the Better Choice Regulation A Offering, any offer, proposal or inquiry from any Person or group of Persons acting jointly or in concert, whether or not in writing and whether or not delivered to Better Choice, after the date hereof relating to: (a) any acquisition or purchase, direct or indirect, of: (i) the assets of Better Choice or one or more of its subsidiaries that, individually or in the aggregate, constitute twenty percent (20%) or more of the consolidated assets of Better Choice and its subsidiaries, taken as a whole, or which contribute twenty percent (20%) or more of the consolidated revenue of Better Choice and its subsidiaries, taken as a whole (or any lease, long-term supply, hedging arrangement, joint venture, strategic alliance, partnership or other transaction having the same economic effect as a sale of such assets), or (ii) beneficial ownership of twenty percent (20%) or more of the issued and outstanding voting or equity securities of Better Choice or any one or more of its subsidiaries that, individually or in the aggregate, contribute twenty percent (20%) or more of the consolidated revenues or constitute twenty percent (20%) or more of the consolidated assets of Better Choice and its subsidiaries, taken as a whole; (b) any take-over bid, tender offer or exchange offer that, if consummated, would result in such Person or group of Persons beneficially owning twenty percent (20%) or more of the issued and outstanding voting or equity securities of any class of voting or equity securities of Better Choice or any of its subsidiaries; (c) any plan of arrangement, merger, amalgamation, consolidation, share exchange, business combination, reorganization, recapitalization, liquidation, dissolution or other similar transaction involving Better Choice or any of its subsidiaries; in all cases, whether in a single transaction or in a series of related transactions; (d) any direct or indirect sale of assets (or any alliance, joint venture, earn-in right, option to acquire, lease, license or other arrangement having a similar economic effect as a sale) by Better Choice or one or more of its subsidiaries, which assets represent twenty percent (20%) or more of the consolidated assets of Better Choice and its subsidiaries measured by fair market value, or contribute twenty percent (20%) or more of the consolidated revenue or operating income of Better Choice; or (e) any other transaction, the consummation of which prevents, or materially delays, impedes or interferes with, the transactions contemplated by the Arrangement Agreement.

**“Better Choice Board”**

means the Board of Directors of Better Choice.

**“Better Choice Board Recommendation”**

means a statement of the Better Choice Board that it has unanimously determined, after receiving financial and legal advice, that (a) the Arrangement is fair and reasonable to the Better Choice stockholders, (b) the Arrangement is in the best interests of Better Choice and (c) the Better Choice Board unanimously recommends that the Better Choice stockholders vote in favor of the matters presented at the Special Meeting.

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**“Better Choice Material Adverse Effect”**

means any effect, fact, change, event, occurrence or circumstance that is, or would reasonably be expected to be, material and adverse to the business, condition (financial or otherwise), properties, assets (tangible or intangible), liabilities (whether absolute, accrued, conditional or otherwise), capital, operations or results of operations of Better Choice and its subsidiaries, taken as a whole, other than any effect arising from, relating to or resulting from, as applicable: (a) the global economy, political conditions (including the outbreak of war or any acts of terrorism), international trade or securities, financial or credit markets in general, natural disasters or other acts of God; (b) the pet health industry in general, (c) any generally applicable change in applicable Law (other than orders, judgments, claims or decrees against Better Choice or any of its subsidiaries), or accounting standards or the enforcement or interpretation thereof; (d) a change in the market trading price or trading volume of Better Choice Shares (it being understood that the underlying cause of any such change may be taken into consideration when determining whether a Better Choice Material Adverse Effect has occurred, unless otherwise excepted under this definition); (e) the announcement of the Arrangement Agreement, including the impact thereof on the relationships, contractual or otherwise, on Better Choice or its subsidiaries with customers, suppliers, business partners, regulators, vendors, Governmental Entities or other third Persons; (f) any action taken or refrained from being taken by Better Choice or its subsidiaries in connection with the Arrangement Agreement, to the extent SRx has expressly consented to, approved or requested such action in writing following the date of the Arrangement Agreement; and (g) any disease outbreaks, pandemics or epidemics or other related condition; provided, however, that (i) in the event that Better Choice and its subsidiaries, taken as a whole, are materially and disproportionately affected by an effect described in clause (a), (b), (c) or (g) above relative to other participants in the industries in which Better Choice and its subsidiaries operate, the extent (and only the extent) of such effect, relative to such other participants, on Better Choice or any of its subsidiaries, taken as a whole, may be taken into account in determining whether there has been a Better Choice Material Adverse Effect; and (ii) references in certain sections of the Arrangement Agreement to dollar amounts are not intended to be, and shall not be deemed to be, illustrative or interpretive for the purposes of determining whether a “Better Choice Material Adverse Effect” has occurred.

**“Better Choice Regulation A Offering”**

means the securities offering contemplated by the Offering Statement initially filed by Better Choice with the SEC on August 30, 2024, as may be amended from time to time, being conducted pursuant to Regulation A promulgated under the Securities Act.

**“Better Choice Share Consideration”**

means the Consideration in the form of Better Choice Shares elected or deemed to be elected for each SRx Share held by an SRx Shareholder (other than a Dissenting Shareholder) pursuant to Section 2.3 of the Plan of Arrangement, which shall be that number of Better Choice Shares equal to the Exchange Ratio for each SRx Share held immediately prior to the Effective Time.

**“Better Choice Shares”**

means shares of the common stock of Better Choice.

**“Better Choice Stockholder Approval”**

means the approval of the Arrangement Proposal and the Plan Proposal voted on at the Special Meeting by the Better Choice stockholders in accordance with the requirements of applicable Law.

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**“Better Choice Supporting Stockholders”**

means, collectively, all of the executive officers and directors of Better Choice who have entered into Voting and Support Agreements.

**“Business Day”**

means a day other than a Saturday, a Sunday or any other day on which commercial banking institutions in Toronto, Ontario or Tampa, Florida are authorized or required by applicable Law to be closed.

**“Bylaws”**

means the bylaws of Better Choice, as amended, and as currently in effect.

**“CallCo”**

means 1000994085 Ontario Inc., a corporation existing under the laws of the Province of Ontario.

<b>“Canadian Dollar Equivalent”</b>	means in respect of an amount expressed in a currency other than Canadian dollars (the <b>“Foreign Currency Amount”</b> ) at any date the product obtained by multiplying: <ul style="list-style-type: none"> <li>(a) the Foreign Currency Amount by,</li> <li>(b) the single daily exchange rate on such date for such foreign currency expressed in Canadian dollars as reported by the Bank of Canada or, in the event such exchange rate is not available, such exchange rate on such date for such foreign currency expressed in Canadian dollars as may be deemed by the board of directors of AcquireCo, acting reasonably, to be appropriate for such purpose.</li> </ul>
<b>“Canadian Resident”</b>	means (a) a Person who is not a non-resident of Canada for the purposes of the Tax Act, or (b) a partnership that is a “Canadian partnership” for purposes of the Tax Act.
<b>“Certificate of Arrangement”</b>	means the certificate of arrangement to be issued pursuant to subsection 183(2) of the OBCA.
<b>“Change in Recommendation”</b>	means, with respect to SRx, a SRx Change in Recommendation and, with respect to Better Choice, a Better Choice Change in Recommendation.
<b>“Closing”</b>	means the completion of the Arrangement.
<b>“Code”</b>	has the meaning ascribed thereto under the heading <i>“The Arrangement — Federal Tax Consequences of the Transaction.”</i>
<b>“Combined Company”</b>	means the consolidated businesses of Better Choice and SRx following the Effective Time.
<b>“Confidentiality Agreement”</b>	means the confidentiality agreement between SRx and Better Choice dated June 18, 2024, as amended from time to time.
<b>“Consideration”</b>	means the Better Choice Share Consideration and the Exchangeable Share Consideration, as applicable.

<b>“Consideration Shares”</b>	means up to 30,000,000 Better Choice Shares to be issued in connection with the Arrangement, which includes the Better Choice Shares that would be issuable upon conversion or exchange of SRx Securities that will become convertible into or exchangeable for Better Choice Shares in connection with the Arrangement and Better Choice Shares that would be issuable upon exchange of the Exchangeable Shares.
<b>“Contract”</b>	means any contract, agreement, license, franchise, lease, arrangement, commitment, joint venture, partnership or other right or obligation (written or, to the extent enforceable, oral) to which a Party or any of its subsidiaries is a party or by which it or any of its subsidiaries is bound or to which any of their respective properties or assets is subject.
<b>“Court”</b>	means the Ontario Superior Court of Justice (Commercial List).
<b>“Current Market Price”</b>	means, in respect of a Better Choice Share on any date, the quotient obtained by dividing (a) the aggregate of the Daily Value of Trades for each day during the period of 20 consecutive trading days ending three trading days before such date; by (b) the aggregate volume of the Better Choice Shares used to calculate such Daily Value of Trades.
<b>“Daily Value of Trades”</b>	means, in respect of the Better Choice Shares on any trading day, the product of (a) the Canadian Dollar Equivalent (as defined in the terms of the Exchangeable Shares) of the volume weighted average price of Better Choice Shares on NYSE (or, if the Better Choice Shares are not listed on NYSE, the volume weighted average price of Better Choice Shares on such other stock exchange or automated quotation system on which the Better Choice Shares are listed or quoted, as the case may be, as determined by the Combined Company for such purpose) on such date; and (b) the aggregate volume of the Better Choice Shares traded on such day on NYSE or such other stock exchange or automated quotation system and used to calculate such volume weighted average price; provided that any such selections by the Combined Company shall be conclusive and binding.
<b>“Depository”</b>	Equity Stock Transfer LLC or such other Person appointed by SRx and Better Choice (each acting reasonably), for the purpose of, among other things, exchanging certificates representing SRx Shares for the Consideration.
<b>“Dissent Notice”</b>	has the meaning ascribed thereto under the heading <i>“The Arrangement — Appraisal and Dissenters Rights.”</i>
<b>“Dissent Rights”</b>	means the rights of dissent exercisable by the SRx Shareholders under Section 185 of the OBCA or as otherwise determined by the Court in the Interim Order in respect of the SRx Arrangement Resolution.
<b>“Dissenting Shareholder”</b>	means a SRx Shareholder who has validly exercised Dissent Rights and has not withdrawn or been deemed to have withdrawn such exercise of Dissent Rights, but only in respect of the SRx Shares in respect of which Dissent Rights are validly exercised by such SRx Shareholder.

<b>“Dividend Amount”</b>	means an amount equal to all declared and unpaid dividends on an Exchangeable Share held by a holder thereof on any dividend record date which occurred prior to the date of purchase, redemption or other acquisition of such share by CallCo, AcquireCo or the Combined Company from such holder.
<b>“Dodd-Frank Act”</b>	means the Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010.
<b>“EBITDA”</b>	means earnings before interest, taxes, depreciation and amortization.
<b>“Effective Date”</b>	means the effective date of the Arrangement as shown on the Certificate of Arrangement.
<b>“Effective Time”</b>	means 12:01 a.m. (Toronto time) on the Effective Date.

<b>“Election Deadline”</b>	means prior to 11:00 a.m. (Toronto time) on [●], 2024, or, if the SRx Meeting is adjourned or postponed, prior to 11:00 a.m. (Toronto time) on the Business Day immediately prior to the date of such adjourned or postponed SRx Meeting.
<b>“Eligible Holder”</b>	means an SRx Shareholder who is (i) a Canadian Resident, or (ii) a partnership, any member of which is a Canadian Resident.
<b>“Employee Plan”</b>	means all benefit or compensation plans, programs, policies, practices, contracts, agreements or other arrangements, covering current or former employees, directors or consultants of a Party, including without limitation employment, consulting, deferred compensation, equity, benefit, bonus, incentive, pension, retirement, savings, stock purchase, profit sharing, stock option, stock appreciation, phantom stock, termination, change of control, life insurance, medical, health, welfare, hospital, dental, vision care, drug, sick leave, disability, and similar plans, programs, arrangements or practices, whether or not in writing and whether or not funded, in each case, which is sponsored, maintained or contributed to by a Party or any of its affiliates, or to which a Party or any of its affiliates is obligated to contribute, or with respect to which a Party or any of its affiliates has any liability, direct or indirect, contingent or otherwise, other than benefit plans established pursuant to statute.
<b>“Encumbrances”</b>	has the meaning ascribed thereto in the Arrangement Agreement.
<b>“Exchange Act”</b>	means the Securities Exchange Act of 1934, as amended, and the rules and regulations promulgated thereunder from time to time.

<b>“Exchange Ratio”</b>	<p>means the number of Better Choice Shares or Exchangeable Shares that an SRx Shareholder will receive at the Effective Time in exchange for each one (1) SRx Share held, determined as follows:</p> $A = B/C \div D$ <p>A = the number of Better Choice Shares or Exchangeable Shares to be received in exchange for each one (1) SRx Share, rounded to three decimal places;</p> <p>B = US\$80,000,000 plus US\$43,000,000 minus the SRx Net Debt;</p> <p>C = 30 Day VWAP; and</p> <p>D = the total number of SRx Shares outstanding immediately prior to the Effective Time,</p> <p><i>provided that</i> if:</p> <p>(i) B/C is greater than 30,000,000, then B/C shall for the purposes of the calculation of the Exchange Ratio be deemed to be 30,000,000; or</p> <p>B/C is less than 19,750,000, then B/C shall for the purposes of the calculation of the Exchange Ratio be deemed to be 19,750,000.</p>
<b>“Exchangeable Elected Shares”</b>	means SRx Shares (other than SRx Shares held by Better Choice or an affiliate) that the holder thereof shall have elected, in accordance with the Plan of Arrangement in a duly completed Letter of Transmittal deposited with the Transfer Agent no later than the Election Deadline, to transfer to AcquireCo under the Arrangement for the Exchangeable Share Consideration.
<b>“Exchange Time”</b>	has the meaning ascribed thereto in the Plan of Arrangement.
<b>“Exchangeable Shares”</b>	means the shares of AcquireCo which are exchangeable for Better Choice Shares.
<b>“Exchangeable Share Consideration”</b>	means the consideration in the form of Exchangeable Shares, together with the Ancillary Rights, elected for each SRx Share held by a SRx Shareholder (other than a Dissenting Shareholder) pursuant to Section 2.3(a) of the Plan of Arrangement, which shall be that number of Exchangeable Shares equal to the Exchange Ratio for each SRx Share held immediately prior to the Effective Time.
<b>“Exchangeable Shareholders’ Put Right”</b>	means the right of the holders of Exchangeable Shares to require CallCo to purchase all, but not less than all, of the Exchangeable Shares held by such holder of Exchangeable Shares, as more particularly described in, and in accordance with, the Support Agreement.
<b>“Fairness Opinion”</b>	means the fairness opinion rendered by Strategic Capital Advisors, Ltd. to the Better Choice Board on August 13, 2024 as to the fairness of the Arrangement, from a financial perspective, to the Better Choice stockholders.

<b>“Final Order”</b>	means an order of the Court granted pursuant to Section 182(5) of the OBCA, in form and substance acceptable to each of the Parties, each acting reasonably, approving the Arrangement after a hearing upon the procedural and substantive fairness of the terms and conditions of the Arrangement, as such order may be affirmed, amended, modified, supplemented or varied by the Court (with the consent of the Parties, each acting reasonably) at any time prior to the Effective Date or, if appealed, as affirmed or amended (provided, however, that any such amendment is acceptable to the Parties, each acting reasonably) on appeal, unless such appeal is withdrawn, abandoned or denied.
<b>“GAAS”</b>	means the United States Generally Accepted Auditing Standards (GAAS) as issued by the Auditing Standards Board, a division of the American Institute of Certified Public Accountants.
<b>“GAAP”</b>	means United States Generally Accepted Accounting Principles as in effect from time to time and which meet the standards established by the Public Company Accounting Oversight Board (United States).

<b>“Governmental Entity”</b>	means (a) any multinational or supranational body or organization, nation, government, state, province, country, territory, municipality, administrative, judicial or regulatory authority, agency, board, body, bureau, commission, instrumentality, court or tribunal or any political subdivision thereof, or any central bank (or similar monetary or regulatory authority) thereof, any taxing authority, any ministry or department or agency of any of the foregoing, (b) any self-regulatory organization or securities exchange, including the NYSE American, (c) any entity exercising executive, legislative, judicial, regulatory or administrative functions of or pertaining to government; and (d) any corporation or other entity owned or controlled, through stock or capital ownership or otherwise, by any of such entities or other bodies pursuant to the foregoing.
<b>“IFRS”</b>	means the International Financial Reporting Standards as issued by the International Accounting Standards Board.
<b>“Interim Order”</b>	means an order of the Court in form and substance acceptable to each of the Parties, acting reasonably, providing for, among other things, the calling and holding of the SRx Meeting, as the same may be amended by the Court with the consent of the Parties, each acting reasonably.
<b>“Key Regulatory Approvals”</b>	means those rulings, consents, orders, exemptions, Permits, Authorizations and other approvals of Governmental Entities, necessary to proceed with the transactions contemplated by the Arrangement Agreement and the Plan of Arrangement.
<b>“Law” or “Laws”</b>	means, with respect to any Person, any and all applicable law (statutory, common, civil or otherwise), constitution, treaty, convention, ordinance, code, rule, regulation, order, injunction, judgment, decree, ruling or other similar requirement, whether domestic or foreign, enacted, adopted, promulgated or applied by a Governmental Entity that is binding upon or applicable to such Person or its business, property or securities, and to the extent that they have the force of law, policies, guidelines, notices and protocols of any Governmental Entity, as amended.

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<b>“Letter of Transmittal”</b>	means the letter of transmittal and election form to be sent by SRx to the SRx Shareholders in connection with the Arrangement.
<b>“Liquidation Amount”</b>	means an amount per share equal to the Current Market Price of a Better Choice Share on the last business day prior to the Liquidation Date plus the Dividend Amount.
<b>“Liquidation Call Right”</b>	means the overriding right of CallCo, in the event of and notwithstanding the proposed liquidation, dissolution or winding-up of AcquireCo pursuant to Article 6 of the Exchangeable Share Terms as set out in the articles of AcquireCo, to purchase from all, but not less than all, of the holders of Exchangeable Shares (other than any holder of Exchangeable Shares which is an Affiliate of Better Choice) on the Liquidation Date all, but not less than all, of the Exchangeable Shares held by each such holder, as more particularly described in the Support Agreement.
<b>“Liquidation Date”</b>	means the effective date of the liquidation, dissolution or winding-up of AcquireCo or any other distribution of the assets of AcquireCo among its shareholders for the purpose of winding up its affairs.
<b>“Lock-Up Agreement”</b>	means the certain lock-up agreements, substantially in the form attached as Annex F, entered or to be entered into by certain SRx Supporting Shareholders, where such parties have agreed, among other things, to lock-up and not sell, transfer or otherwise dispose of their SRx Shares.
<b>“Matching Party”</b>	has the meaning ascribed thereto under the heading “ <i>The Arrangement Agreement — Right to Match.</i> ”
<b>“Matching Period”</b>	has the meaning ascribed thereto under the heading “ <i>The Arrangement Agreement — Right to Match.</i> ”
<b>“Material Adverse Effect”</b>	means a SRx Material Adverse Effect or a Better Choice Material Adverse Effect, as applicable.

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<b>“Material Contract”</b>	means any Contract of the following for a Party: <ul style="list-style-type: none"> <li>(a) any material management, employment, severance, retention, transaction bonus, change in control, consulting, relocation, repatriation or expatriation agreement or other similar Contract;</li> <li>(b) any Contract with any distributor, reseller or sales representative with an annual value in excess of CAD\$100,000;</li> <li>(c) any Contract with any manufacturer, vendor, or other Person for the supply of materials or performance of services by such third party to the Party in relation to the manufacture of the Party’s products or product candidates with an annual value in excess of CAD\$100,000;</li> <li>(d) any agreement or plan, including any stock option plan, stock appreciation right plan or stock purchase plan, any of the benefits of which will be increased, or the vesting of benefits of which will be accelerated, by the occurrence of any of the transactions contemplated by the Arrangement Agreement;</li> <li>(e) any Contract incorporating or relating to any guaranty, any sharing of liabilities or any indemnity not entered into in the ordinary course of business, including any indemnification agreements between a Party and any of its officers or directors;</li> <li>(f) any Contract imposing any restriction on the right or ability of the Party or that would by the terms of the Contract would impose any restriction on the right or ability of the Party: (i) to compete with any other Person; (ii) to acquire any product or other asset or any services from any other Person; (iii) to solicit, hire or retain any Person as a director, an officer or other employee, a consultant or an independent contractor; (iv) to develop, sell, supply, distribute, offer, support or service any product or any technology or other asset to or for any other Person; (v) to perform services for any other Person; or (vi) to transact business with any other Person;</li> <li>(g) any Contract currently in force relating to the disposition or acquisition of assets not in the ordinary course of business or any ownership interest in any corporation, partnership, joint venture or other business enterprise;</li> <li>(h) any mortgages, indentures, loans or credit agreements, security agreements or other agreements or instruments relating to the borrowing of money or extension of credit;</li> <li>(i) any joint marketing or development agreement;</li> </ul>
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- (j) any Contract that provides for: (i) any right of first refusal, right of first negotiation, right of first notification or similar right with respect to any securities or assets of the Party; (ii) any “no shop” provision or similar exclusivity provision with respect to any securities or assets of the Party; or (iii) contains most favored nation pricing provisions with any third party or any requirements or minimum purchase obligations of the Party;
- (k) any Contract that contemplates or involves the payment or delivery of cash or other consideration in an amount or having a value in excess of CAD\$100,000 or more in the aggregate, or contemplates or involves the performance of services having a value in excess of CAD\$100,000 in the aggregate other than any arrangement or agreement expressly contemplated or provided for under the Arrangement Agreement;
- (l) any Contract that does not allow the Party to terminate the Contract for convenience with no more than sixty (60) days prior notice to the other party and without the payment of any rebate, chargeback, penalty or other amount to such third party in connection with any such termination in an amount or having a value in excess of CAD\$100,000 in the aggregate; or
- (m) with respect to Better Choice, any Contract that is a “material contract” as such term is defined in Item 601(b) (10) of Regulation S-K of the SEC;

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“NYSE”	means the NYSE American LLC.
“OBCA”	means the <i>Business Corporations Act</i> (Ontario), as amended.
“Ordinary Course”	means, with respect to an action taken by a Person, that such action is consistent with the past practices (in terms of nature, scope and magnitude) of such Person and is taken in the ordinary course of the normal day-to-day operations of the business of such Person.
“Outside Date”	means January 31, 2025 or such later date as may be agreed to in writing by the Parties; <i>provided, however</i> , that such initial January 31, 2025 date may be extended (a) by either Better Choice or SRx upon written notice to the other Party for up to thirty (30) days from such date or (b) upon mutual written agreement of Better Choice and SRx to such date as mutually agreed upon.
“Parties”	means, collectively, Better Choice, SRx, AcquireCo and CallCo, and “Party” means any one of them.
“Permit”	means any license, permit, certificate, consent, order, grant, approval, agreement, classification, restriction, registration or other authorization of, from or required by any Governmental Entity.
“Person”	includes any individual, firm, partnership, limited partnership, limited liability partnership, joint venture, venture capital fund, limited liability company, unlimited liability company, association, trust, trustee, executor, administrator, legal personal representative, estate, body corporate, corporation, company, unincorporated association or organization, Governmental Entity, syndicate or other entity, whether or not having legal status.
“Plan of Arrangement”	means the plan of arrangement of SRx, substantially in the form attached as Annex B, and any amendments or variations thereto made from time to time in accordance with the Arrangement Agreement, the plan of arrangement or upon the direction of the Court in the Final Order with the consent of the Parties, each acting reasonably.
“Pre-Effective Date Period”	means the period from the date of the Arrangement Agreement until the earlier of the Effective Time and the time that the Arrangement Agreement is terminated in accordance with its terms.
“Redemption Call Right”	means the overriding right of CallCo, notwithstanding the proposed redemption of the Exchangeable Shares by AcquireCo, to purchase from all but not less than all of the holders of Exchangeable Shares (other than any holder of Exchangeable Shares which is an Affiliate of Better Choice) on the Redemption Date all but not less than all of the Exchangeable Shares held by each such holder, as more particularly described in the Support Agreement.

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“Representatives”	means, collectively, in respect of a Person, its subsidiaries and its affiliates and its and their officers, directors, employees, consultants, advisors, agents or other representatives (including financial, legal or other advisors).
“Retraction Call Right”	means the overriding right of CallCo, pursuant to the Support Agreement, to purchase all but not less than all of the Retracted Shares directly from the holder and that the Retraction Request shall be deemed to be a revocable offer by the holder to sell the Retracted Shares to CallCo in accordance with the Retraction Call Right on the terms and conditions set out in Article 5 of the Support Agreement.
“Retraction Date”	means the Business Day on which AcquireCo will redeem the Retracted Shares.
“Retraction Price”	means an amount per share equal to the Current Market Price of a Combined Company Share on the last Business Day prior to the Retraction Date plus the Dividend Amount, which shall be satisfied in full by AcquireCo delivering or causing to be delivered one Better Choice Share for each Exchangeable Share presented and surrendered together with, on the designated payment date therefor, the Dividend Amount.
“Retraction Request”	means a duly executed statement accompanying the presentation and surrender of the certificate or certificates representing the Exchangeable Shares which the holder desires to have AcquireCo redeem, together with such other documents and instruments as may be required to effect a transfer of Exchangeable Shares under the OBCA and the Articles of AcquireCo and such additional documents, instruments and payments as the transfer agent and AcquireCo may reasonably require to effect a retraction.
“Retracted Shares”	means the Exchangeable Shares that the holder desires to have redeemed by AcquireCo.
“SEC”	means the United States Securities and Exchange Commission.
“Securities Act”	means the Securities Act of 1933, as amended, and the rules and regulations promulgated thereunder from time to time.

<b>“Securities Authority”</b>	means all securities regulatory authorities, including the applicable securities commission or similar regulatory authorities in each of the provinces and territories of Canada, the SEC and NYSE, that are applicable to SRx or Better Choice, as the case may be.
<b>“Special Meeting”</b>	means the Special Meeting of the stockholders of Better Choice to be held on , 2025.
<b>“Special Voting Share”</b>	means the special voting share of Better Choice having substantially the rights, privileges, restrictions and conditions described in the Voting Trust Agreement and the Better Choice Certificate of Designation which rights, privileges, restrictions and conditions shall be agreed to by the Parties, acting reasonably.
<b>“Special Voting Share Certificate of Designation”</b>	means the Certificate of Designation of Preferences, Rights and Limitations of the Special Voting Share, substantially in the form attached as Annex E.

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<b>“Spin-Out”</b>	means the transactions connected with contribution of seventeen percent (17%) of the issued and outstanding capital stock of Better Choices’s wholly-owned subsidiary, Halo, Purely For Pets, Inc., a Delaware corporation, to a new wholly-owned special purpose subsidiary of Better Choice and the subsequent distribution of such capital stock to Better Choice stockholders.
<b>“SRx”</b>	means SRx Health Solutions Inc., a corporation existing under the laws of the Province of Ontario.
<b>“SRx Acquisition Proposal”</b>	means, other than the transactions contemplated by the Arrangement Agreement, any offer, proposal or inquiry from any Person or group of Persons acting jointly or in concert, whether or not in writing and whether or not delivered to SRx, after the date hereof relating to: (a) any acquisition or purchase, direct or indirect, of: (i) the assets of SRx or one or more of its subsidiaries that, individually or in the aggregate, constitute twenty percent (20%) or more of the consolidated assets of SRx and its subsidiaries, taken as a whole, or which contribute twenty percent (20%) or more of the consolidated revenue of SRx and its subsidiaries, taken as a whole (or any lease, long-term supply, hedging arrangement, joint venture, strategic alliance, partnership or other transaction having the same economic effect as a sale of such assets), or (ii) beneficial ownership of twenty percent (20%) or more of the issued and outstanding voting or equity securities of SRx or any one or more of its subsidiaries that, individually or in the aggregate, contribute twenty percent (20%) or more of the consolidated revenues or constitute twenty percent (20%) or more of the consolidated assets of SRx and its subsidiaries, taken as a whole; (b) any take-over bid, tender offer or exchange offer that, if consummated, would result in such Person or group of Persons beneficially owning twenty percent (20%) or more of the issued and outstanding voting or equity securities of any class of voting or equity securities of SRx or any of its subsidiaries; (c) any plan of arrangement, merger, amalgamation, consolidation, share exchange, business combination, reorganization, recapitalization, liquidation, dissolution or other similar transaction involving SRx or any of its subsidiaries; in all cases, whether in a single transaction or in a series of related transactions; or (d) any direct or indirect sale of assets (or any alliance, joint venture, earn-in right, option to acquire, lease, license or other arrangement having a similar economic effect as a sale) by SRx or one or more of its subsidiaries, which assets represent twenty percent (20%) or more of the consolidated assets of SRx and its subsidiaries measured by fair market value, or contribute twenty percent (20%) or more of the consolidated revenue or operating income of SRx; or (e) any other transaction, the consummation of which prevents, or materially delays, impedes or interferes with, the transactions contemplated by the Arrangement Agreement.
<b>“SRx Arrangement Resolution”</b>	means the special resolution of the holders of SRx Securities approving the Plan of Arrangement, which is to be considered at the SRx Meeting.
<b>“SRx Board”</b>	means the Board of Directors of SRx.
<b>“SRx Board Recommendation”</b>	means a statement that the SRx Board has unanimously determined, after receiving financial and legal advice, that (A) the Arrangement is fair and reasonable to the SRx Shareholders, (B) the Arrangement is in the best interests of SRx, and (C) the SRx Board unanimously recommends that the SRx Securityholders vote in favor of the SRx Arrangement Resolution.
<b>“SRx Change in Recommendation”</b>	occurs or is made when, (a) the SRx Board or any committee of the SRx Board fails to unanimously recommend or withdraws, amends, modifies or qualifies, publicly proposes or states its intention to do so, or fails to publicly reaffirm (without qualification) within five (5) Business Days (and in any case prior to the SRx Meeting) after having been requested in writing by Better Choice to do so, the SRx Board Recommendation, or (b) the SRx Board or any committee of the SRx Board takes no position or a neutral position with respect to an SRx Acquisition Proposal for more than five (5) Business Days after an SRx Acquisition Proposal is made or publicly announced, or (iii) the SRx Board or any committee of the SRx Board resolves or publicly proposes to take any of the foregoing actions.

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<b>“SRx Circular”</b>	means the notice of the SRx Meeting and accompanying management information circular, including all schedules, appendices and exhibits thereto and enclosures therewith, to be sent to the SRx Securityholders, as required by the Court in the Interim Order, in connection with the SRx Meeting, as amended, supplemented or otherwise modified from time to time in accordance with the terms of the Arrangement Agreement.
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**“SRx Material Adverse Effect”**

means any effect, fact, change, event, occurrence or circumstance that is, or would reasonably be expected to be, material and adverse to the business, condition (financial or otherwise), properties, assets (tangible or intangible), liabilities (whether absolute, accrued, conditional or otherwise), capital, operations or results of operations of SRx and its subsidiaries, taken as a whole, other than any effect arising from, relating to or resulting from, as applicable: (a) the global economy, political conditions (including the outbreak of war or any acts of terrorism), international trade or securities, financial or credit markets in general, natural disasters or other acts of God; (b) the healthcare industry in general, (c) any generally applicable change in applicable Law (other than orders, judgments, claims or decrees against SRx or any of its subsidiaries), or accounting standards or the enforcement or interpretation thereof; (d) the announcement of the Arrangement Agreement, including the impact thereof on the relationships, contractual or otherwise, on SRx or its subsidiaries with customers, suppliers, business partners, regulators, vendors, Governmental Entities or other third Persons; (e) any action taken or refrained from being taken by SRx or its subsidiaries in connection with the Arrangement Agreement, to the extent Better Choice has expressly consented to, approved or requested such action in writing following the date of the Arrangement Agreement and (f) any disease outbreaks, pandemics or epidemics or other related condition; provided, however, that (i) in the event that SRx and its subsidiaries, taken as a whole, are materially and disproportionately affected by an effect described in clause (a), (b), (c) or (f) above relative to other participants in the industries in which SRx and its subsidiaries operate, the extent (and only the extent) of such effect, relative to such other participants, on SRx or any of its subsidiaries, taken as a whole, may be taken into account in determining whether there has been an SRx Material Adverse Effect; and (ii) references in certain sections of the Arrangement Agreement to dollar amounts are not intended to be, and shall not be deemed to be, illustrative or interpretive for the purposes of determining whether a “SRx Material Adverse Effect” has occurred.

**“SRx Meeting”**

means the special meeting of SRx Securityholders, including any adjournment or postponement thereof, to be called and held in accordance with the Interim Order to consider the SRx Arrangement Resolution, and for any other purpose.

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**“SRx Net Debt”**

means an amount equal to (a) the aggregate indebtedness for borrowed money of SRx (including accrued interest and prepayment penalties, if applicable) as of 12:01 a.m. ET on the date that is five (5) Business Days before the Effective Date, minus (b) all cash and cash equivalents of SRx (including money market accounts, money market funds, money market instruments), including cash in transit and all such cash and cash equivalents held by third-party processors, as of 12:01 a.m. ET on the date that is five (5) Business Days before the Effective Date. For greater clarity, and without limiting the generality of the foregoing, the aggregate indebtedness for borrowed money of SRx shall include all amounts owed under (i) that certain Credit Agreement, dated September 14, 2023, by and among SRx, the guarantors and lenders named therein, and CWB Maximum Financial Inc., as administrative agent, and (ii) certain unsecured convertible debentures issued by SRx between November 2022 and January 2023, in each case to the extent unpaid as of 12:01 a.m. ET on the date that is five (5) Business Days before the Effective Date.

**“SRx RSU Holders”**

means the holders of SRx RSUs.

**“SRx Securities”**

means SRx Shares, SRx RSUs and SRx Warrants.

**“SRx Securityholders”**

means SRx Shareholders, SRx RSU Holders and SRx Warrantholders.

**“SRx Securityholder Approval”**

means two-thirds of the votes cast by the SRx Shareholders and the SRx Warrantholders, voting together as a single class (on an as-converted to SRx Share basis in the case of the SRx Warrants), present in person or by proxy at the SRx Meeting.

**“SRx Shareholders”**

means the holders of SRx Shares.

**“SRx Shares”**

means the common shares in the capital of SRx.

**“SRx Supporting Shareholders”**

means, collectively, those Persons who held 5% or more of the SRx Shares (on a fully diluted basis) as of the date of the Arrangement Agreement and have entered into Voting and Support Agreements.

**“SRx U.S. Dollar Net Debt”**

means the U.S. Dollar Equivalent of the SRx Net Debt based calculated as of the date that is five (5) Business Days before the Effective Date.

**“SRx Warrantholders”**

means the holders of SRx Warrants.

**“SRx Warrants”**

means, as may be outstanding at any time, common share purchase warrants to acquire SRx Shares.

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**“Superior Proposal”**

means any unsolicited bona fide written Better Choice Acquisition Proposal from a Person who is an arm's length third party to acquire not less than all of the outstanding Better Choice Shares or all or substantially all of the assets of the Better Choice on a consolidated basis that: (a) complies with Securities Laws and did not result from or involve a breach of the Arrangement Agreement; (b) is capable of being completed without undue delay, taking into account, all financial, legal, regulatory and other aspects of such proposal and the Person making such proposal; (c) if any consideration is cash, is not subject to any financing contingency or condition; (d) is not subject to any due diligence or access condition; (e) does not provide for the payment of any break, termination or other fees or expenses to the other party in the event that the Better Choice completes the Arrangement or any similar other transaction with SRx or any of its affiliates agreed prior to any termination of the Arrangement Agreement and (f) that the Better Choice Board determines, in its good faith judgment, after receiving the advice of its outside legal and financial advisors and after taking into account all the terms and conditions of the Better Choice Acquisition Proposal, including all legal, financial, regulatory and other aspects of such Better Choice Acquisition Proposal and the party making such Better Choice Acquisition Proposal, (i) would, if consummated in accordance with its terms, but without assuming away the risk of non-completion, result in a transaction which is more favorable, from a financial point of view, to the Better Choice stockholders than the Arrangement (including any amendments to the terms and conditions of the Arrangement proposed by SRx pursuant to the Arrangement Agreement), and (ii) the failure to recommend such Better Choice Acquisition Proposal to the Better Choice stockholders would be contrary to the fiduciary duties of the Better Choice Board.

**“Superior Proposal Notice”**

has the meaning ascribed thereto under the heading “*The Arrangement Agreement — Right to Match.*”



“ <b>Superior Proposal Matching Period</b> ”	has the meaning ascribed thereto under the heading “ <i>The Arrangement Agreement — Right to Match.</i> ”
“ <b>Support Agreement</b> ”	means an agreement to be made among Better Choice, CallCo and AcquireCo in connection with the Plan of Arrangement, in the form attached as Annex F.
“ <b>Tax Act</b> ”	means the <i>Income Tax Act</i> (Canada) and the regulations made thereunder, as now in effect and as they may be promulgated or amended from time to time.
“ <b>Tax Returns</b> ”	means all domestic and foreign federal, provincial, territorial, municipal and local returns, reports, declarations, disclosures, elections, notices, filings, forms, statements, information statements and other documents (whether in tangible, electronic or other form) and including any amendments, schedules, attachments, supplements, appendices and exhibits thereto, made, prepared, filed or required to be made, prepared or filed by Law in respect of Taxes.

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“ <b>Taxes</b> ”	means any and all domestic and foreign federal, provincial, provincial, municipal, territorial and local taxes, assessments and other governmental charges, duties, fees, levies, impositions and liabilities imposed by any Governmental Entity (whether payable directly or by withholding and whether or not requiring the filing of a Tax Return), including without limitation pension plan contributions, tax instalment payments, unemployment insurance contributions and employment insurance contributions, disability, severance, social security, workers’ compensation and deductions at source, including taxes based on or measured by gross receipts, income, profits, sales, capital, use, and occupation, and including goods and services, value added, ad valorem, sales, capital gains, capital stock, windfall profits, premium, transfer, franchise, stamp, license, non-resident withholding, customs, payroll, recapture, employment, excise and property duties and taxes, together with all estimated taxes, deficiency assessments, interest, penalties, fines and additions to tax imposed with respect to such amounts, and shall include any liability for such amounts as a result of (a) being a transferee or successor or member of a combined, consolidated, unitary or affiliated group, or (b) a contractual obligation to indemnify any Person or other entity.
“ <b>Termination Payment</b> ”	means an amount equal to \$3.2 million.
“ <b>Transfer Agent</b> ”	means Equity Stock Transfer, LLC.
“ <b>Trustee</b> ”	means the trustee chosen by the Combined Company to act as trustee under the Voting Trust Agreement, and any successor trustee appointed under the Voting Trust Agreement.
“ <b>U.S. GAAP</b> ”	means United States generally accepted accounting principles.
“ <b>Voting Trust Agreement</b> ”	means an agreement to be made among Better Choice, AcquireCo and such Person as may be appointed by SRx and Parent (each acting reasonably), as trustee, in connection with the Plan of Arrangement.
“ <b>Voting and Support Agreements</b> ”	means the agreement that the SRx Supporting Shareholders and Better Choice Supporting Stockholders have entered into that, among other things, requires such Persons to vote their shares in favor of the Arrangement and associated matters, substantially in the form set out on Annex C with respect to the SRx Supporting Shareholders and Annex D with respect to Better Choice Supporting Stockholders.

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## QUESTIONS AND ANSWERS ABOUT PROXY MATERIALS AND VOTING

### Questions and Answers in Connection with the Special Meeting

*Why am I receiving this proxy statement and proxy card?*

You are receiving this proxy statement and proxy card because you were a stockholder of record, or beneficial stockholder, of Better Choice at the close of business on \_\_\_\_\_, 2025 and are entitled to vote at the Special Meeting. This proxy statement describes issues on which Better Choice would like you, as a stockholder, to vote. It provides information on these issues so that you can make an informed decision. You do not need to virtually attend the Special Meeting to vote your Better Choice Shares.

When you sign the proxy card, you appoint Kent Cunningham, Chief Executive Officer of Better Choice and Carolina Martinez, Chief Financial Officer of Better Choice, as your representatives at the Special Meeting. As your representatives, they will cast your votes at the Special Meeting as you have instructed on your proxy card. With proxy voting, your Better Choice Shares will be voted whether or not you attend the Special Meeting. Even if you plan to attend the Special Meeting, it is a good idea to complete, sign and return your proxy card in advance of the Special Meeting such that your votes are cast if you become unable to attend.

*Who is soliciting my proxy?*

Your proxy is being solicited by senior management of Better Choice. This proxy statement is furnished in connection with that solicitation. While it is anticipated that solicitation of proxies for the Special Meeting will be made primarily by mail, proxies may be solicited personally or by telephone by the directors and executive officers of Better Choice at nominal cost paid by Better Choice.

If you have questions or need assistance completing your form of proxy or voting instruction form, please contact Carolina Martinez, the Company’s Chief Financial Officer, by telephone at 212-655-3518, or by email at nmartinez@btrco.com.

*When is the record date for the Special Meeting?*

The Better Choice Board has fixed \_\_\_\_\_, 2025 as the record date for the Special Meeting. Only holders of Better Choice Shares as of the close of business on that date will be entitled to vote at the Special Meeting.

*How many Better Choice Shares are outstanding?*

As of the Record Date \_\_\_\_\_, Better Choice Shares were issued and outstanding.

*How many votes do I get?*

Each Better Choice Share is entitled to one vote. Dissenters' rights are not applicable to any of the matters being voted upon.

#### *How do I attend the Special Meeting?*

The Special Meeting will be held on \_\_\_\_\_, 2025, at 9:00 a.m. Eastern Time in a virtual format online by accessing [Insert URL], where you will be able to listen to the meeting live and vote online. To attend, vote and be deemed present in person at the virtual meeting, you will need to log on to the virtual meeting website at [Insert URL] and enter the 16-digit control number included on your proxy card or voting instruction form. Because the Special Meeting is completely virtual and being conducted via live webcast, stockholders will not be able to attend the meeting in person.

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The meeting webcast will begin promptly at 9:00 a.m., Eastern Time. We encourage you to access the meeting prior to the start time. Online check-in will begin at 8:45 a.m., Eastern Time, and you should allow ample time for the check-in procedures. Whether or not you plan to attend the virtual Special Meeting, we encourage you to vote and submit your proxy in advance of the meeting by one of the methods described in this proxy statement. You may also vote online and examine our stockholder list during the Special Meeting by following instructions provided on the meeting website, which may be accessed using the above web address and the 16-digit control number included on your proxy card or voting instruction form, during the Special Meeting.

#### *What proposals will be voted on at the Special Meeting?*

Better Choice stockholders will vote on the following proposals:

(1) the change of the legal name of Better Choice from "Better Choice Company, Inc." to "SRX Health Solutions, Inc." and of the NYSE ticker symbol from "BTTR" to "SRXH" (the "Name Change Proposal");

(2) the issuance of up to 30,000,000 shares of Better Choice common stock in connection with a proposed arrangement (the "Arrangement") with SRx, pursuant to which Better Choice will acquire SRx, in accordance with the requirements of the NYSE American (the "Arrangement Proposal");

(3) an increase in the number of securities subject to the Better Choice Company, Inc. 2019 Incentive Award Plan (the "Plan Proposal"); and

(4) the approval of the postponement or adjournment of the Special Meeting to solicit additional proxies if there are not sufficient votes to approve the Arrangement Proposal and/or the Plan Proposal, if deemed necessary or appropriate by the Better Choice Board (the "Adjournment Proposal").

**The Arrangement Proposal and the Plan Proposal will not be effected, and the Arrangement will not be completed, without the approval by the Better Choice stockholders of both such proposals.**

**The Better Choice Board unanimously recommends that you vote "FOR" the Name Change Proposal, Arrangement Proposal, the Plan Proposal and the Adjournment Proposal.**

#### *How do I vote?*

Better Choice stockholders of record and beneficial owners of Better Choice Shares on the Record Date may vote their Better Choice Shares by submitting a proxy or may vote virtually online at the Special Meeting by following the instructions provided on the proxy card or voting instruction form received. Better Choice recommends that Better Choice stockholders entitled to vote submit a proxy prior to the Special Meeting even if they plan to attend the virtual Special Meeting.

Better Choice stockholders are encouraged to submit a proxy promptly. Each valid proxy received in time will be voted at the Special Meeting according to the choice specified, if any. Executed but uninstruced proxies (i.e., proxies that are properly signed, dated and returned but are not marked to tell the proxies how to vote) will be voted in accordance with the recommendations of the Better Choice Board.

#### *Record Holders*

Better Choice stockholders of record may vote in one of the following four ways:

- **Internet:** Better Choice stockholders of record may submit their proxy over the internet at [Insert URL]. Internet voting is available 24 hours a day and will be accessible until 10:59 p.m., Eastern Time, on \_\_\_\_\_, 2025. Stockholders will be given an opportunity to confirm that their voting instructions have been properly recorded. Better Choice stockholders who submit a proxy this way need not send in their proxy card.
- **Telephone:** Better Choice stockholders of record may submit their proxy by calling [●]. Telephone voting is available 24 hours a day and will be accessible until 10:59 p.m., Eastern Time, on \_\_\_\_\_, 2025. Easy-to-follow voice prompts will guide stockholders through the voting and allow them to confirm that their instructions have been properly recorded. Better Choice stockholders who submit a proxy this way need not send in their proxy card.
- **Mail:** Better Choice stockholders of record may submit their proxy by properly completing, signing, dating and mailing their proxy card or voting instruction form in the self-addressed, stamped envelope (if mailed in the United States) included with this proxy statement. Better Choice stockholders who vote this way should mail the proxy card early enough so that it is received prior to the closing of the polls at the Special Meeting.
- **Online During the Virtual Meeting:** Better Choice stockholders of record may attend the virtual Special Meeting by entering his, her or its unique 16-digit control number and vote online; attendance at the virtual Special Meeting will not, however, in and of itself constitute a vote or a revocation of a prior proxy.

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#### *Beneficial Owners*

Better Choice stockholders who hold their Better Choice Shares beneficially in "street name" and wish to submit a proxy must provide instructions to the bank, broker or other nominee that holds their shares of record as to how to vote their shares with respect to the Better Choice stock issuance proposal. Most beneficial owners will have a choice of voting before the Special Meeting by proxy over the internet, by telephone or by using a voting instruction form. Each beneficial owner of Better Choice common stock should refer to the voting instruction form received to see what options are available and how to use them. Better Choice stockholders who hold their shares of Better Choice common stock beneficially and wish to vote virtually at the Special Meeting may do so by attending the Special Meeting, entering his, her or its unique 16-digit control number and voting their shares electronically; however attendance at the virtual Special Meeting will not, in and of itself, constitute a vote or a revocation of a prior proxy. If you are a beneficial owner but did not receive a 16-digit control number with your voting instruction form, contact the bank, broker or other nominee that holds your shares of record.

*What if I change my mind after I return my proxy?*

You may revoke your proxy and change your vote at any time before the polls close at the Special Meeting. You may do this by notifying our Chief Financial Officer in writing at the address of Better Choice given above; by executing a new proxy bearing a later date or by submitting a new proxy by telephone or internet; or by attending the Special Meeting and voting virtually.

*How many votes do you need to hold the Special Meeting?*

To conduct the Special Meeting, Better Choice must have a quorum, which means that a majority of the outstanding Better Choice Shares as of the record date that are entitled to vote at the Special Meeting must be virtually present or represented at the Special Meeting. Better Choice Shares are the only type of security entitled to vote at the Special Meeting. Based on Better Choice Shares outstanding as of the record date of , 2024, Better Choice Shares must be present at the Special Meeting, virtually or by proxy, for there to be a quorum. Your Better Choice Shares will be counted as present at the Special Meeting if you submit a properly executed proxy card (even if you do not provide voting instructions), or virtually attend the Special Meeting and vote.

*What if I abstain from voting?*

Abstentions with respect to a proposal at the Special Meeting are counted for the purposes of establishing a quorum. A properly executed proxy card marked “**ABSTAIN**” with respect to a proposal at the Special Meeting will have the same effect as voting “**AGAINST**” that proposal.

*What effect does a broker non-vote have?*

Brokers and other intermediaries, holding Better Choice Shares in street name for their customers, are generally required to vote the Better Choice Shares in the manner directed by their customers. If their customers do not give any direction, brokers may vote the Better Choice Shares on routine matters, but not on non-routine matters. The Arrangement Proposal and Plan Proposal are non-routine matters. Consequently, if customers do not give any direction, brokers will not be permitted to vote such Better Choice Shares at the Special Meeting in relation to such proposals.

The absence of a vote on a non-routine matter is referred to as a broker non-vote. Any Better Choice Shares represented at the Special Meeting but not voted with respect to the Arrangement Proposal or the Plan Proposal will have the same effect as a vote “**AGAINST**” the Arrangement Proposal and the Plan Proposal.

*How many votes are needed to approve the proposals?*

Assuming a quorum, the Name Change Proposal, the Arrangement Proposal, the Plan Proposal and the Adjournment Proposal will be approved if a majority of the Better Choice Shares that are eligible to vote that are present at the Special Meeting votes “**FOR**” each proposal (though no quorum is required for the approval of the Adjournment Proposal). A properly executed proxy card marked “**ABSTAIN**” with respect to all proposals planned to be voted on at the Special Meeting will have the same effect as voting “**AGAINST**” such proposals. We encourage you to vote “**FOR**” the Name Change Proposal, the Arrangement Proposal, the Plan Proposal and the Adjournment Proposal.

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*Will my Better Choice Shares be voted if I do not sign and return my proxy card?*

If your Better Choice Shares are held through a brokerage account, your brokerage firm, cannot vote your Better Choice Shares at the Special Meeting unless you provide directions as to how to vote your Better Choice Shares, because all of the matters to be voted on at the Special Meeting are non-routine matters. See “*What effect does a broker non-vote have?*” above for a discussion of the consequences if you fail to provide your brokerage firm with instructions as to how to vote your Better Choice Shares.

If your Better Choice Shares are registered in your name, and you do not complete your proxy card over the Internet or sign and return your proxy card, your Better Choice Shares will not be voted at the Special Meeting unless you virtually attend the Special Meeting and vote your Better Choice Shares.

*Where can I find the voting results of the Special Meeting?*

Better Choice will publish the final results in a Current Report on Form 8-K with the SEC within four (4) Business Days following the Special Meeting.

*Who will pay for the costs of soliciting proxies?*

Better Choice will bear the cost of soliciting proxies. In an effort to have as large a representation at the Special Meeting as possible, Better Choice’s directors and executive officers may solicit proxies by telephone or in person in certain circumstances. These individuals will receive no additional compensation for their services other than their regular salaries.

to additional fees and out-of-pocket expenses. Upon request, Better Choice will reimburse brokers, dealers, banks, voting trustees and their nominees who are holders of record of Better Choice Shares on the record date for the reasonable expenses incurred for mailing copies of the proxy materials to the beneficial owners of such Better Choice Shares.

*What materials accompany or are attached to this proxy statement?*

The following materials accompany or are attached to this proxy statement:

- ANNEX A Form of Proxy Card
- ANNEX B Arrangement Agreement (as amended) and Plan of Arrangement
- ANNEX C Form of SRx Voting and Support Agreement
- ANNEX D Form of Better Choice Voting and Support Agreement
- ANNEX E Special Voting Share Certificate of Designation
- ANNEX F Form of Lock-Up Agreement
- ANNEX G Fairness Opinion
- ANNEX H SRx Historical Financial Statements

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## Questions and Answers in Connection with the Arrangement and Related Transactions

### *What is the Arrangement between Better Choice and SRx?*

Pursuant to the Arrangement, Better Choice and SRx will complete a business combination pursuant to which Better Choice will indirectly acquire all of the SRx Shares. Following the completion of the Arrangement, the Combined Company will continue to operate its portfolio of established premium and super-premium pet products under the Halo brand and its large specialty pharmacy network in Canada under the SRx brand. The Combined Company affords the SRx business with access to the U.S. capital market and will focus on leveraging operational synergies, including infrastructure and distribution, and implementing growth strategies across both businesses to launch into new verticals and geographies.

The Arrangement provides that Better Choice will acquire SRx pursuant to the Arrangement Agreement and Plan of Arrangement under Ontario law. Under the Arrangement, the issued and outstanding SRx Shares will be exchanged for Better Choice Shares or Exchangeable Shares in accordance with the Plan of Arrangement. After the Effective Time of the Arrangement, each Exchangeable Share will be exchangeable for one Better Choice Share in accordance with their terms and be eligible receive dividends that are economically equivalent to any dividends declared with respect to the Better Choice Shares. While outstanding, the Special Voting Share will enable holders of Exchangeable Shares to cast votes on matters for which holders of the Better Choice Shares are entitled to vote. Eligibility to elect to receive Exchangeable Shares will be subject to certain Canadian residency restrictions and tax statuses.

The consummation of the Arrangement is subject to certain closing conditions, including, among others, Court approval, approval of NYSE, the approval of the Arrangement by the holders of SRx Securities and the approval of the Arrangement Proposal and the Plan Proposal by the Better Choice stockholders. Other closing conditions include required regulatory approvals, the continued listing of the Better Choice Shares on NYSE through the Effective Date, the receipt of certain consents from holders of SRx debt, and the availability of certain exemptions from registration under applicable securities laws for the issuance of the Consideration Shares, as well as other customary closing conditions, including the absence of a Material Adverse Effect with respect to either SRx or Better Choice. See “The Arrangement Agreement — Conditions for Completion of the Arrangement.”

The Arrangement has been unanimously approved by the SRx Board, and shareholders representing approximately [•]% of the outstanding SRx Shares have entered into a Voting and Support Agreement, in the form attached as Annex C, in connection with the Arrangement. The Arrangement has also been unanimously approved by the Better Choice Board.

### *Does the Better Choice Board support the Arrangement?*

**Yes. Better Choice Board unanimously recommends that you vote “FOR” the Name Change Proposal, Arrangement Proposal, the Plan Proposal and the Adjournment Proposal.**

In making its recommendation, the Better Choice Board considered a number of factors as described in this proxy statement under the heading “*The Arrangement — Reasons for the Arrangement*,” including an opinion of Strategic Capital Advisors, Ltd., financial advisor to Better Choice, that the Arrangement is fair, from a financial point of view, to the Better Choice stockholders. See “*The Arrangement — Fairness Opinion*.”

### *Do any of Better Choice’s directors or executive officers have interests in the Arrangement that may differ from those of the Better Choice stockholders?*

Yes. Our directors and executive officers have interests in the Arrangement that are different from, or in addition to, the interests of the Better Choice stockholders. See “*The Arrangement — Interests of Certain Persons in the Arrangement*.” The members of the Better Choice Board were aware of and considered these interests, among other matters, in evaluating the Arrangement Agreement and the Arrangement and in recommending that the stockholders vote to approve the Arrangement Proposal.

### *Why am I being asked to vote on the issuance of the Consideration Shares?*

At the Special Meeting, you will be asked to consider and vote upon the issuance of the Consideration Shares in connection with the Arrangement, under which Better Choice will acquire all of the issued and outstanding SRx Shares. Under the Arrangement, SRx Shareholders will receive the Consideration Shares (which would be comprised of approximately [•] Better Choice Shares, including the Better Choice Shares that would be issuable upon conversion or exchange of SRx Securities that will become convertible into or exchangeable for Better Choice Shares in connection with the Arrangement and Better Choice Shares that would be issuable upon exchange of the Exchangeable Shares, in each case based upon an illustrative Exchange Ratio, which was subject to certain assumptions, of [•] Better Choice Shares for each outstanding SRx Share calculated as of [•], 2024) in exchange for their SRx Shares. On completion of the Arrangement, SRx will be a wholly-owned subsidiary of Better Choice.

Better Choice Shares are listed on NYSE, and Section 713 of the NYSE Company Guide requires stockholder approval for the issuance of the Consideration Shares pursuant to the Arrangement. Rule 712 of the NYSE Company Guide requires stockholder approval if the number of shares of common stock to be issued in connection with the acquisition of another company will be equal to or in excess of 20% of the number of shares of common stock outstanding, or for the issuance of securities that will result in a change of control.

Because the Consideration Shares issued pursuant to the Arrangement will exceed 20% of the issued and outstanding Better Choice Shares before the Closing of the Arrangement, and because the issuance of the Consideration Shares will result in the former SRx Shareholders owning approximately 87% of the outstanding Better Choice Shares after the consummation of the Arrangement, which will constitute a change of control of Better Choice under the NYSE Company Guide, stockholder approval of the issuance of the Consideration Shares in connection with the Arrangement is required, and the Arrangement will not be completed unless such approval is obtained. See “*The Arrangement Agreement — Conditions for Completion of the Arrangement*.”

### *Are there risks I should consider in connection with the Arrangement?*

Yes. The material risks associated with the Arrangement are discussed under “*Risk Factors — Risks Related to the Arrangement*.” Those risks include, among others, the possibility that the Arrangement may not be completed, the possibility that the SRx business will not be successful and that the Combined Company may fail to realize the anticipated benefits of the Arrangement.

### *What will holders of SRx Shares receive under the Arrangement?*

Under the terms of the Plan of Arrangement, (a) each SRx shareholder who is an Eligible Holder and not a Dissenting Shareholder may elect to (i) receive in respect of any or all of their SRx Shares, the Exchangeable Share Consideration and (ii) receive in respect of the balance of their SRx Shares, if any, the Better Choice Share Consideration, and (b) each SRx shareholder who is not an Eligible Holder or a Dissenting Shareholder or fails to make an election to receive Exchangeable Shares is entitled to receive the Better Choice Share Consideration. Any SRx shareholder that does not make an election will receive the Better Choice Share Consideration. See “*The Arrangement — Principal Steps of the Arrangement*” and “*Description of Exchangeable Shares and Related Agreements*.”

### *What percentage of the Combined Company will the stockholders of Better Choice and shareholders of SRx own?*

Pursuant to the Plan of Arrangement, after the Effective Time, the former SRx shareholders will own approximately 87% of the Combined Company and the existing Better

Choice stockholders will own approximately 8% of the Combined Company. Approximately 5% of the outstanding Combined Company Shares are being issued as part of the transaction costs of the Arrangement.

*What is the Exchange Ratio under the Arrangement?*

The Exchange Ratio pursuant to which SRx Shares will be exchanged for Better Choice Shares or Exchangeable Shares pursuant to the Arrangement is not fixed. Rather, it will be determined based on the agreed value of SRx of \$80,000,000 less SRx U.S. Net Debt, the number of Better Choice Shares and SRx Shares outstanding immediately prior to the completion of the Arrangement, and the 30 day VWAP of the Better Choice Shares.

*How was the Exchange Ratio determined?*

The Exchange Ratio was determined after considerable negotiations between Better Choice and SRx and the contemplation of numerous factors that each company deemed relevant. In addition, Better Choice received a fairness opinion from Strategic Capital Advisors, Ltd., which provided that the Arrangement was fair from a financial point of view to the Better Choice stockholders. See “*The Arrangement — Fairness Opinion*” and “*The Arrangement — Background of the Arrangement*.”

*Why are Exchangeable Shares being offered to Canadian residents pursuant to the Arrangement?*

The Exchangeable Shares provide an opportunity for SRx shareholders who are Eligible Holders to make a tax election to defer Canadian income tax on any capital gain otherwise arising on the exchange of their SRx Shares. SRx shareholders who are Eligible Holders may elect to (a) receive Exchangeable Shares in respect of any or all of their SRx Shares, and (b) receive Better Choice Shares in respect of the balance of their SRx Shares, if any. Holders of Exchangeable Shares are able to exchange their Exchangeable Shares for Better Choice Shares, on a one-for-one basis, as described under “*Description of Exchangeable Shares and Related Agreements*.”

Holders of Exchangeable Shares will be entitled to cast votes on matters which holders of Better Choice Shares are entitled to vote pursuant to the Voting Trust Agreement and will be entitled to receive dividends that are economically equivalent to the dividends declared by the Combined Company on the Better Choice Shares.

*How will SRx Convertible Securities be treated under the Arrangement?*

Under the terms of the Arrangement, all SRx convertibles securities will be exercised for SRx Shares or terminated prior to Closing.

See “*The Arrangement — Principal Steps of the Arrangement*.”

*What will the new name of the Combined Company be following the Arrangement?*

The name of the Combined Company will remain Better Choice Company Inc.

*Who will manage the Combined Company following the Arrangement?*

Following the Effective Time, the Combined Company’s board of directors will be comprised of five directors determined as follows. For more information, see “*The Arrangement Agreement — Board of Directors and Officers*” and “*Information about SRx — Composition of the Board of Directors Following the Effective Time*”

- two (2) director nominees selected by SRx in its sole discretion, which are Adesh Vora and David White, with the former as Chairman and the latter as the independent director; and
- two (2) director nominees selected by Better Choice in its sole discretion, which are Kent Cunningham and Michael Young, with the latter as the independent director; and
- one (1) director nominee mutually selected by the Parties, which is Lionel Conacher.

*When do Better Choice and SRx expect to complete the Arrangement?*

Subject to obtaining Court and other requisite approvals as well as the satisfaction of all other conditions precedent to the completion of the Arrangement, it is anticipated that the Arrangement will be completed on or about \_\_\_\_\_, 2025 subject to the receipt of any required regulatory approvals and the satisfaction of all other conditions to Closing set forth in the Arrangement Agreement.

*What will happen if the Arrangement is not completed for any reason?*

If the Arrangement is not completed for any reason by January 31, 2025 (subject to a one-time 30-day extension which may be exercised by either SRx or Better Choice or to another date upon mutual written agreement of SRx and Better Choice), the Arrangement Agreement may be terminated. If this occurs, Better Choice will continue to carry on its business operations in the normal course. See “*Risk Factors — Risks Relating to the Arrangement*.” In certain circumstances, Better Choice or SRx may be required to pay a termination fee of \$3.2 million to the other party. See “*The Arrangement Agreement — Termination Payment Amount*”

## RISK FACTORS

In evaluating the Arrangement, Better Choice stockholders should carefully consider the following risk factors relating to the Arrangement and the Combined Company. The following risk factors are not a definitive list of all risk factors associated with the Arrangement and the Combined Company. Additional risks and uncertainties, including those currently unknown or considered immaterial by Better Choice, may also adversely affect the Better Choice Shares, and/or the business of the Combined Company following the Arrangement.

### Risks Related to the Arrangement

*The Arrangement may not be completed due to failure to obtain the necessary court and/or regulatory approvals.*

To complete the Arrangement, each of SRx and Better Choice must make certain filings with and obtain certain consents and approvals from various governmental and regulatory authorities including the Court, and the approval of NYSE of the listing of the Better Choice Shares to be issued pursuant to the Arrangement. SRx and Better Choice have not yet obtained these approvals, all of which are required to complete the Arrangement. The regulatory approval processes may take a lengthy period of time to complete which could delay completion of the Arrangement. The approval processes, including the undertakings and conditions that may be required for approval or whether the court and regulatory approvals, may not be obtained.

***Uncertainty surrounding the Arrangement could adversely affect Better Choice's retention of strategic partners and personnel and could negatively impact Better Choice's future business and operations.***

Because the Arrangement is dependent upon satisfaction of certain conditions, its completion is subject to uncertainty. In response to this uncertainty, Better Choice's strategic partners may delay or defer decisions concerning Better Choice. Any delay or deferral of those decisions by strategic partners could have a material adverse effect on the business and operations of Better Choice, regardless of whether the Arrangement is ultimately completed.

***The Parties could fail to complete the Arrangement or the Arrangement may be completed on different terms.***

The Arrangement may not be completed as there are certain conditions that are outside the control of SRx and Better Choice, or if completed, that the Arrangement will be completed on the same or similar terms to those set out in the Arrangement Agreement. The completion of the Arrangement is subject to the satisfaction of a number of conditions which include, among others, (a) obtaining necessary approvals of securityholders and debtholders of SRx and Better Choice, (b) that not more than 5% of the SRx shareholders exercise Dissent Rights; and (c) performance by SRx and Better Choice of their respective obligations and covenants in the Arrangement Agreement. There can be no assurance that these conditions will be satisfied or, if satisfied, when they will be satisfied.

In addition, each of SRx and Better Choice has the right to terminate the Arrangement Agreement in certain circumstances. Accordingly, there is no certainty that the Arrangement Agreement will not be terminated by either SRx or Better Choice before the completion of the Arrangement. For example, Better Choice has the right, in certain circumstances, to terminate the Arrangement Agreement if changes occur that, in the aggregate, have a SRx Material Adverse Effect. Although a SRx Material Adverse Effect excludes certain events that are beyond the control of SRx and Better Choice, there is no assurance that a change having a SRx Material Adverse Effect on SRx will not occur before the Effective Date, in which case Better Choice could elect to terminate the Arrangement Agreement and the Arrangement would not proceed. In addition, if the Arrangement is not completed by January 31, 2025, SRx or Better Choice may choose to terminate the Arrangement Agreement in accordance with its terms.

If the Arrangement is not completed, the ongoing business of the Better Choice may be adversely affected as a result of the costs (including opportunity costs) incurred in respect of pursuing the Arrangement, and Better Choice could experience negative reactions from the financial markets, which could cause a decrease in the market price of the Better Choice Shares, particularly if the market price reflects market assumptions that the Arrangement will be completed or completed on certain terms. Better Choice may also experience negative reactions from its partners and there could be a negative impact on Better Choice's ability to attract future acquisition opportunities. Failure to complete the Arrangement or a change in the terms of the Arrangement could each have a material adverse effect on Better Choice's business, financial condition and results of operations.

If the Arrangement is not completed and the Better Choice Board decides to seek another merger or business combination, it may not be able to find a party willing to engage in a transaction that is equivalent to, or more attractive than, the Arrangement. In addition, in certain circumstances, Better Choice may be required to pay the Termination Payment to SRx.

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***The Termination Payment, if triggered and the terms of the Voting and Support Agreement, may discourage other parties from attempting to acquire Better Choice.***

Under the Arrangement Agreement, Better Choice is required to pay a Termination Payment of \$3.2 million to SRx in the event the Arrangement Agreement is terminated in certain circumstances (see "*The Arrangement Agreement — Termination Payment*"). The Termination Payment may discourage other parties from attempting to acquire the engage in a transaction with Better Choice or otherwise making an Acquisition Proposal, even if those parties would otherwise be willing to offer greater value to the Better Choice stockholder than that offered by SRx under the Arrangement.

Furthermore, as noted above, Better Choice Supporting Stockholders holding approximately [●]% of the issued and outstanding Better Choice Shares have entered into the Voting and Support Agreement which, subject to the terms of thereof, irrevocably commit them to, among other things, vote their Better Choice Shares in favor of the Arrangement Proposal and not in favor of any Acquisition Proposal or Superior Proposal (See "*The Arrangement — Voting and Support Agreement*"). As a result, the Voting and Support Agreement may discourage other parties from attempting to engage in a transaction with Better Choice, even if those parties would otherwise be willing to offer greater value to Better Choice stockholder than that offered by SRx under the Arrangement.

***Better Choice will incur substantial transaction-related costs in connection with the Arrangement even if the Arrangement is not completed.***

Certain costs related to the Arrangement, such as legal, accounting and certain financial advisor fees must be paid by Better Choice even if the Arrangement is not completed. Also, if the Arrangement is not completed, Better Choice may be required to pay the Termination Payment to SRx in certain circumstances. Such costs may offset any expected cost savings and other synergies from the Arrangement.

***While the Arrangement is pending, Better Choice is restricted from taking certain actions.***

The Arrangement Agreement restricts Better Choice from taking specified actions until the Arrangement is completed without the consent of SRx, which may adversely affect the ability of Better Choice to execute certain business strategies including, but not limited to, the ability in certain cases to enter into or amend contracts, acquire or dispose of assets, incur indebtedness or incur capital expenditures. These restrictions may prevent Better Choice from pursuing attractive business opportunities that may arise prior to the completion of the Arrangement. See "*The Arrangement Agreement — Conduct of Business of Better Choice*."

***The pending Arrangement may divert the attention of Better Choice's management.***

The pending Arrangement could cause the attention of Better Choice's management to be diverted from the day-to-day operations. These disruptions could be exacerbated by a delay in the completion of the Arrangement and could have an adverse effect on the business, operating results or prospects of Better Choice regardless of whether the Arrangement is ultimately completed.

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***Following the completion of the Arrangement, the Combined Company may issue additional securities.***

Following the completion of the Arrangement, the Combined Company may issue additional securities (including equity securities) to finance its activities, including in order to finance acquisitions. If the Combined Company were to issue additional equity securities, the ownership interest of existing Better Choice stockholders may be diluted and some or all of the Combined Company's financial measures on a per share basis could be reduced. Moreover, as the Combined Company's intention to issue additional equity securities becomes publicly known, the Combined Company's share price may be materially adversely affected.

**Risks Related to the SRx Business (the Primary Business of the Combined Company)**

***SRx conducts its business in a highly regulated industry and environment.***

In Canada, the licensing and regulation of pharmacies is under the jurisdiction of provincial and territorial pharmacy regulatory authorities. SRx's business is governed by

stringent federal and provincial governmental regulations and licensing requirements, and it operates in an environment in which regulation and government funding play a key role. Since much of the regulation is provincial, SRx may encounter varying regulations in different provinces. Non-compliance with any existing or proposed laws or regulations, particularly those that provide for the licensing and conduct of pharmacies and health clinics, the licensing and conduct of healthcare professionals, the provision of information concerning prescription drugs, the distribution of prescription drugs, the distribution, pricing and sale of prescription drugs, privacy matters and restrictions or prohibitions on manufacturer allowance funding, could result in civil or regulatory proceedings, fines, penalties, injunctions, recalls or seizures, any of which may impact SRx's results of operations or financial position.

In addition, any changes to the laws, regulations and policies of federal, provincial, territorial or local governmental authorities affecting SRx's operations and activities, or the interpretation of such laws or regulations, including delisting of services or changes to licensing requirements relating to healthcare services, or their interpretation or application, could have a material adverse effect on the business, its performance, financial condition, results of operations, prospects and on the sales growth of SRx and SRx could incur significant costs in the course of complying with any changes in the regulatory regime.

***Changes in reimbursement programs, prescription drug pricing and commercial terms could adversely affect SRx's operations and financial performance.***

SRx is reliant on prescription drug sales for a significant portion of its sales and profits. Prescription drugs and their sales are subject to rigorous federal, provincial, territorial and local laws and regulations. Changes to these laws and regulations, or non-compliance with these laws and regulations, could have a material adverse impact on SRx's business, sales and profitability.

Federal and provincial laws and regulations that establish public drug plans typically regulate prescription drug coverage, patient eligibility, pharmacy reimbursement, drug product eligibility, drug pricing and may also regulate manufacturer allowance funding that may be provided to or received by pharmacies. With respect to pharmacy reimbursement, such laws and regulations typically regulate the allowable drug cost of a prescription drug product, the permitted mark-up on a prescription drug product and the professional or dispensing fees that may be charged on prescription drug sales to patients eligible under the public drug plan. With respect to drug product eligibility, such laws and regulations typically regulate the requirements for listing the manufacturer's products as a benefit or partial benefit under the applicable governmental drug plan, drug pricing and, in the case of generic prescription drug products, the requirements for designating the product as interchangeable with a branded prescription drug product. In addition, other federal, provincial, territorial and local laws and regulations govern the approval, packaging, labeling, sale, marketing, advertising, handling, storage, distribution, dispensing and disposal of prescription drugs.

Sales of prescription drugs, pharmacy reimbursement and drug prices may be affected by changes to the health care industry, including legislative or other changes that impact patient eligibility, drug product eligibility, the allowable cost of a prescription drug product, the mark-up permitted on a prescription drug product, the amount of professional or dispensing fees paid by third-party payers or the provision or receipt of manufacturer allowances by pharmacy and pharmacy suppliers.

The majority of prescription drug sales are reimbursed or paid by third-party payers, such as governments, insurers or corporate employers. These third-party payers have pursued and continue to pursue measures to manage the costs of their drug plans. Each provincial jurisdiction has implemented legislative and/or other measures directed towards managing pharmacy service costs and controlling increasing drug costs incurred by public drug plans and private payers which impact pharmacy reimbursement levels and the availability of manufacturer allowances. Legislative measures to control drug costs include lowering of generic drug pricing, restricting or prohibiting the provision of manufacturer allowances and placing limitations on private label prescription drug products. Other measures that have been implemented by certain government payers include restricting the number of interchangeable prescription drug products which are eligible for reimbursement under provincial drug plans.

Legislation in certain provincial jurisdictions establish listing requirements that ensure that the selling price for a prescription drug product will not be higher than any selling price granted by the manufacturer for the same prescription drug product under other provincial drug insurance programs. In some provinces, elements of the laws and regulations that impact pharmacy reimbursement and manufacturer allowances for sales to the public drug plans are extended by legislation to sales in the private sector. Also, private third-party payers (such as corporate employers and their insurers) are looking or may look to benefit from any measures implemented by government payers to reduce prescription drug costs for public plans by attempting to extend these measures to prescription drug plans they own or manage. Accordingly, changes to pharmacy reimbursement and manufacturer allowances for a public drug plan could also impact pharmacy reimbursement and manufacturer allowances for private sector sales. In addition, private third party payers could reduce pharmacy reimbursement for prescription drugs provided to their members or could elect to reimburse members only for products included on closed formularies or available from preferred providers.

Changes impacting pharmacy reimbursement programs, prescription drug pricing and manufacturer allowance funding, legislative or otherwise, are expected to continue to put downward pressure on prescription drug sales, particularly branded drugs. These changes may have a material adverse impact on SRx's business, sales and profitability. In addition, SRx could incur significant costs in the course of complying with any changes in the regulatory regime affecting prescription drugs.

***Inflation risk***

General inflationary pressures may affect drug costs and other operating costs, which could have a material adverse effect on SRx's financial condition, results of operations and the capital expenditures required to advance SRx's present and future business plans. There can be no assurance that any governmental action will be taken to control inflationary or deflationary cycles, that any governmental action taken will be effective or whether any governmental action may contribute to economic uncertainty or volatility. Governmental action to address inflation or deflation may also affect currency values. Accordingly, inflation and any governmental response thereto may have a material adverse effect on SRx's business, results of operations, cash flow, financial condition and the price of its common shares.

***SRx's business is highly competitive and SRx may not be able to compete successfully against current and future competitors.***

The specialty healthcare industry is very competitive. SRx has competitors with longer operating histories, larger customer bases, greater brand recognition, greater experience and more extensive commercial relationships in certain jurisdictions, and greater financial, technical, marketing and other resources than SRx does. SRx's potential new or existing competitors may be able to develop products and services better received by customers or may be able to respond more quickly and effectively than SRx can to new or changing opportunities, technologies, regulations or customer requirements. In addition, some of SRx's larger competitors may be able to leverage a larger installed customer base and distribution network to adopt more aggressive pricing policies and offer more attractive sales terms, which could cause SRx to lose potential sales or to sell SRx's products at lower prices. Disruptive innovation by existing or new competitors could alter the competitive landscape in the future. Competition may also come from other sources in the future. Changes in market dynamics or the actions of competitors or manufacturers, including industry consolidation, the emergence of new competitors and strategic alliances could materially and adversely affect SRx's businesses. SRx's inability to keep up with the pace of such behavioural changes or technological advancements or with its competitors could adversely affect SRx's operations or financial performance.

***SRx's business is impacted by the interplay between brand name and generic drugs***

The profitability of pharmacy businesses depends upon the utilization of prescription drugs. Utilization trends are affected by, among other factors, the introduction of new and successful prescription drugs as well as lower-priced generic alternatives to existing brand name drugs generally due to higher gross margins on the sale of generic alternatives. Inflation in the price of drugs also can adversely affect utilization. New brand name drugs can result in increased drug utilization and associated sales, while the introduction of lower priced generic alternatives typically results in relatively lower sales, but relatively higher gross profit margins. Accordingly, a decrease in the number or magnitude of significant new brand name drugs or generics successfully introduced, delays in their introduction, or a decrease in the utilization of previously introduced prescription drugs, could have an impact on results of operations. In addition, gross profit margins could be adversely affected if there is an increase in the amounts SRx pay to procure pharmaceutical drugs, including generic drugs, or if new brand name drugs replace existing generic drugs, or if new brand name drugs replace existing generic drugs.

***Changes in drug development and prescription mix may impact SRx's results of operation***

A significant portion of SRx's sales is dependent on the markup SRx earns on drugs dispensed as well as the related dispensing fee. The sources and amounts of SRx's sales are determined by a number of factors, including the mix of patients, mix of pharmaceuticals dispensed and rates of reimbursement from payors. Changes in the mix of any of these categories could impact SRx's sales and results of operations.

SRx dispenses significant volumes of prescription medications from its pharmacies. Dispensing volume is a driver of sales and profitability. When drug products are modified or withdrawn by manufacturers, or when increased safety risk profiles of specific drugs or classes of drugs result in decreased usage, physicians may reduce or stop writing prescriptions for these drugs. Negative media reports or other reputational issues regarding drugs could result in reduced consumer demand for such drugs. In cases where there are no acceptable prescription drug equivalents or alternatives for these prescription drugs, SRx's prescription volumes, sales and profitability could decline.

The pharmaceutical industry's pipeline of new drugs includes many drugs that over the long term may replace older, more expensive therapies, whether due to the development of new or more effective treatments, the replacement of brand name drugs with generic substitutes, the development of biosimilar drugs or other replacement therapies and new and less expensive delivery methods (such as when an infusion or injectable drug is replaced with an oral drug) or additional products are added to a therapeutic class. As new treatments and drugs are developed, price competition among competing manufacturer's products may increase. In such cases, drug costs may decline. The mix of SRx's dispensed drugs could and will change over time as technology advances and existing products are improved or become obsolete and these changes are likely to impact SRx's sales, results of operations and financial condition.

***Product liability, product recall or personal injury issues could damage SRx's reputation and have a significant adverse effect on SRx's business, operating results, cash flows and/or financial condition.***

SRx's business could be adversely impacted by the supply of defective or expired products, including the infiltration of counterfeit products into the supply chain, errors in re-labeling of products, product tampering, product recall and contamination or product mishandling issues. Furthermore, a disruption in business operations could occur as a result of contamination of drugs, a failure to maintain necessary shipment and storage conditions, errors in mail order processing, and the unavailability of prescription drugs provided by suppliers, labor disruptions or other unanticipated disruptions, among other factors. SRx seeks to manage this risk through the use of multiple logistics providers such that if there was a disruption of service from one service provider, another party may be used. However, such disruption could reduce SRx's ability to process and dispense prescriptions and provide products and services to customers. Errors in the dispensing and packaging of pharmaceuticals, including related counseling, in consuming drugs in a manner that is not prescribed and in the provision of other healthcare services could lead to serious injury or death. Product liability or personal injury claims may be asserted with respect to any of the drugs or other products or services SRx sells or provides. The occurrence of such events or incidents, as well as the failure to maintain the cleanliness and health standards at store level, could result in harm to customers negative publicity or could adversely affect brands, reputation, operations or financial performance and could lead to other unforeseen liabilities from legal claims or otherwise.

SRx may not be able to avoid significant liability exposure even if it takes appropriate precautions, including maintaining liability coverage (subject to deductibles and maximum payouts). Any liability that SRx may have as a result could have a material adverse effect on the business, financial condition and results of operations of SRx, to the extent insurance coverage for such liability is not available. Liability claims in the future, regardless of their ultimate outcome, could have a material adverse effect on SRx's reputation, its ability to attract and retain customers and may detrimentally divert management's attention away from the business.

The occurrence of unanticipated serious adverse events or other safety problems could cause the regulatory bodies to impose significant restrictions on the distribution or sale of drug products or provision of SRx's pharmacy or other business services. In addition, the discovery of previously unknown safety problems or increased severity or significance of a pre-existing safety signal could result in withdrawal of the product from the market, product recalls or other material adverse effects on operations. If SRx fails to or does not promptly withdraw pharmaceutical products upon a recall by a drug manufacturer, its business and results of operations could be negatively impacted.

***The drug products that SRx carries have a set shelf life***

SRx holds finished goods in inventory and SRx's products have a limited shelf life, as it is normal for certain drugs, supplements and other pharmaceutical ingredients to degrade over time. SRx's inventory may reach its expiration date and not be sold. Even though SRx manages its inventory, SRx may be required to write-down the value of any inventory that has reached its expiration date, which could have a material adverse effect on SRx's business, financial condition, and results of operations.

***Continued operation of SRx's distribution facilities is critical to SRx's operations***

SRx is largely dependent on SRx's distribution facilities to supply SRx's pharmacies with drug products. If one or more of SRx's distribution facilities becomes inoperable, capacity is exceeded or if operations are disrupted, SRx's business, financial condition and operating results could be negatively affected. SRx depends on the orderly operation of the receiving and distribution process, which relies on adherence to shipping schedules and the effective management of SRx's distribution facilities. Although SRx believes that its receiving and distribution processes are efficient, and SRx has appropriate contingency plans, unforeseen disruptions in operations due to fire, severe weather conditions, natural disasters, or other catastrophic events, electronic or power interruptions, failure of software and hardware or other system failures, labor disagreements or other shipping problems may result in delays in the delivery of SRx's shipments. Additionally, although SRx believes that the capacity of its distribution facilities meets its current needs, SRx may need to expand its receiving and distribution capacity in the future. Any failure to effectively expand SRx's distribution capacity in a timely manner to keep pace with SRx's growth could have an adverse effect on its business. Although SRx maintains business interruption insurance and property insurance, SRx cannot provide any assurance that its insurance coverage will adequately protect SRx from the adverse effects that could result from significant disruptions to its distribution system, such as the long-term loss of clients or an erosion of its reputation, or that insurance proceeds will be paid to SRx in a timely manner.

***Risks related to owning real estate***

As an owner of real estate, SRx is subject to various federal, provincial and municipal laws relating to environmental matters. Such laws provide that SRx could be liable for the costs of removal of certain hazardous substances and remediation of certain hazardous locations. The failure to remove or remediate such substances or locations, if any, could adversely affect SRx's ability to sell such real estate or to borrow using such real estate as collateral and could potentially also result in claims against SRx. In addition, real estate investments are relatively illiquid and could be difficult to sell if local market conditions are poor. If SRx was required to liquidate its ownership interest in real property, there is a risk that the sale proceeds would be less than the book value. As well, there are certain significant expenditures involved in real property investments, such as property taxes, maintenance costs and mortgage payments, represent obligations that must be met regardless of the results of SRx's operations.

***Conducting clinical trials involve a high degree of risk***

SRx enrolls qualified patients, conduct, supervise and monitor clinical trials, conduct preclinical studies and complete chemistry, manufacturing and controls activities. SRx has regulatory responsibilities, including ensuring that its clinical trials are conducted in accordance with Good Clinical Practices and that preclinical studies are conducted in accordance with Good Laboratory Practices. Failure to complete activities on schedule or conduct preclinical studies or clinical trials in accordance with regulatory requirements or SRx's trial design could materially adversely impact SRx's business, financial condition or operating results and could cause the market value of its common shares to decline.



***There may be delays or stoppages in SRx's clinical trials due to circumstances beyond SRx's control***

The commencement of SRx's planned clinical trials could be delayed or prevented due to a limited number of, and competition for, suitable patients with the particular types of cancer required for enrollment in SRx's clinical trials; a limited number of, and competition for, suitable sites to conduct SRx's clinical trials; delay or failure to obtain Health Canada or other regulatory agencies' approval or agreement to commence a clinical trial; delay or failure to obtain sufficient supplies of the product candidate for SRx's clinical trials; delay or failure to reach agreement on acceptable clinical trial agreement terms or clinical trial protocols; slower than expected rates of patient recruitment and enrollment; failure of patients to complete the clinical trial; unforeseen safety issues; inability or unwillingness of patients to follow SRx's clinical trial protocols; and introduction of competitive products that may impede SRx's ability to retain patients in its clinical trials. Any of the foregoing could have a material adverse effect on SRx's business, results of operations and financial condition.

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***Negative results from clinical trials or studies of others and adverse safety events involving the targets of SRx's products may have an adverse impact on SRx's future commercialization efforts.***

From time to time, studies or clinical trials on various aspects of biopharmaceutical products are conducted by academic researchers, competitors, or others. The results of these studies or trials, when published, may have a significant effect on the market for the biopharmaceutical product that is the subject of the study. The publication of negative results of studies or clinical trials or adverse safety events related to SRx's product candidates, or the therapeutic areas in which SRx's product candidates compete, could adversely affect the price of its common shares and SRx's ability to finance future development of its product candidates, and SRx's business and financial results could be materially and adversely affected.

***SRx's insurance policies may not be sufficient to cover all claims***

As a distributor of products designed to be ingested by humans, SRx faces an inherent risk of exposure to product liability claims, regulatory action, and litigation of its products are alleged to have caused significant loss or injury. SRx may be subject to various product liability claims, including, among others, that the products distributed by SRx caused injury or illness, include inadequate instructions for use or include inadequate warnings concerning possible side effects or interactions with other substances. A product liability claim or regulatory action against SRx could result in increased costs, could adversely affect SRx's reputation with its clients and consumers generally, and could have a material adverse effect on the business, financial condition, and operating results of SRx. There can be no assurances that SRx's insurance policies would be able to adequately cover all risks to which SRx is exposed and may not be adequate for all liabilities actually incurred or indemnification claims against SRx. A significant claim not covered by SRx's insurance, in full or in part, may result in significant expenditures by SRx. Moreover, SRx may not be able to maintain insurance policies in the future at reasonable costs, on acceptable terms or at all, which may adversely affect SRx's business and the trading price of its securities. The successful assertion of one or more large claims against SRx that exceed available insurance coverage, or the occurrence of changes in SRx's insurance policies, including premium increases or the imposition of large deductible or co-insurance requirements, could adversely affect SRx's business, financial condition and results of operations.

***SRx is subject to a variety of business continuity hazards and risks, any of which could interrupt SRx's operations or otherwise adversely affect its performance and operating results.***

SRx is subject to business continuity hazards and other risks, including natural disasters, utility and other mechanical failures, acts of war or terrorism, outbreaks of infectious diseases, pandemics or similar health threats, disruption of communications, data security and preservation, disruption of supply or distribution, safety regulation and labor difficulties. The occurrence of any of these or other events to SRx might disrupt or shut down SRx's operations or otherwise adversely affect SRx's operations. SRx also may be subject to certain liability claims in the event of an injury or loss of life, or damage to property, resulting from such events. Although SRx has and maintain insurance policies that SRx believes are customary and adequate for its size and industry, its insurance policies include limits and exclusions and, as a result, its coverage may be insufficient to protect against all potential hazards and risks incident to SRx's business. In addition, SRx's crisis management and disaster recovery procedures and business continuity plans may not be effective. Should any such hazards or risks occur, or should SRx's insurance coverage be inadequate or unavailable, SRx's business, operating results, cash flows and financial condition could be adversely affected.

***SRx's risk management policies and procedures may not be fully effective in mitigating SRx's risk exposure in all market environments or against all types of risks, which could expose SRx to losses and liability and otherwise harm SRx's business.***

SRx operates in a highly regulated industry and both SRx and the industry in which it conducts its business have experienced significant change in recent years. Accordingly, SRx's risk management policies and procedures may not be fully effective at identifying, monitoring and managing SRx's risks. Some of SRx's risk evaluation methods depend upon information provided by third parties regarding markets, customers or other matters that are otherwise inaccessible to SRx. In some cases, however, that information may not be accurate, complete or up-to-date. SRx's risk management policies, procedures, techniques and processes may not be effective at identifying all of the risks to which SRx is exposed or enabling it to mitigate the risks SRx has identified. In addition, when SRx introduces new services, focuses on new business types or begins to operate in markets in which SRx has a limited history or experience, SRx not be able to forecast and reserve accurately for new risks. If SRx's risk management policies and processes are ineffective, SRx may suffer financial losses, SRx may be subject to liability and SRx's business, financial condition and results of operations may be materially and adversely affected.

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***Consumer opinion of SRx may be impacted in case of reputational damages to SRx's suppliers***

SRx promotes nationally branded, non-proprietary products, as well as private label, proprietary products. Damage to the reputation of any of these brands, or to the reputation of any supplier or manufacturer of these brands, could negatively impact consumer opinion of SRx or the related products, which could have an adverse impact on the financial performance of SRx.

***Healthcare professional errors may harm SRx's business and reputation***

Exposure to risks related to managing confidential information and possible professional errors by healthcare professionals, including pharmacists, could have a significant impact on SRx's reputation and corporate image. SRx may be subject to claims that it wrongfully hired an employee or healthcare professional from a competitor, or that SRx's employees, consultants or independent contractors have wrongfully used or disclosed confidential information of third parties or that SRx's employees have wrongfully used or disclosed alleged trade secrets of their former employers. Healthcare professionals may offer counseling to customers about medication, dosage, delivery systems, common side effects and other information that they deem significant. Healthcare professionals such as pharmacists may also have a duty to warn customers regarding any potential negative effects of a prescription drug if the warning could reduce or negate these effects. An error or omission could cause reputational harm and impact financial performance.

***Consolidation in the supply chain may negatively impact drug prices and SRx's ability to compete***

Many sourcing and procurement organizations in the healthcare industry have consolidated to create larger healthcare enterprises with greater market power. While this consolidation could increase efficiency and has the potential to improve the delivery of health care services, it also reduces competition and the number of potential contracting parties in certain geographies, and has led to pricing pressures. New and proposed acquisitions, partnerships and strategic alliances in the healthcare industry can alter market

dynamics and impact businesses and competitive positioning. Changes in the participants in global sourcing enterprises relating to drug procurement, whether as a result of mergers, acquisitions or other transactions, can also have a similar effect on market dynamics and business. In addition, further consolidation among generic drug manufacturers could lead to generic drug inflation in the future. SRx expects that market demand, government regulation, third-party reimbursement policies, government contracting requirements, and societal pressures will continue to cause the healthcare industry to evolve, potentially resulting in further business consolidations and alliances among industry participants.

***SRx relies on third-party suppliers for a significant portion of its supply of products***

SRx relies on third parties to supply a significant portion of SRx's inventories. SRx is reliant on these third parties for timely supply of products, including general pharmaceutical products. These third parties may find it necessary to allocate their supply of particular products among its customers. Such allocations of supply may in the future be an impediment in the conduct of business. There can be no assurance that these third parties will continue to supply their products in the timeframe and quantities required by SRx. There may be a need to identify alternate third party suppliers to prevent a possible disruption of the manufacture of certain pharmaceutical drug products. SRx does not have control over the process or timing of the manufacturing of the pharmaceutical drug products that SRx distributes or sells, and disruptions could harm its business, financial condition and results of operation.

***SRx's quarterly results of operations may fluctuate and, as a result, SRx may fail to meet or exceed the expectations of investors or securities analysts which could cause SRx's share price to decline.***

SRx's quarterly revenue and results of operations may fluctuate as a result of a variety of factors, many of which are outside of its control. If its quarterly revenue or results of operations fall below the expectations of investors or securities analysts, the price of its common shares could decline substantially. Fluctuations in its results of operations may be due to a number of factors, including: demand for and market acceptance of SRx's products; the mix of services sold during a period; SRx's ability to retain and increase sales to customers and attract new customers; the strength of the economy; changes in SRx's pricing policies or those of SRx's competitors; competition, including entry into the industry by new competitors and new offerings by existing competitors; network outages or security breaches; and the amount and timing of expenditures related to expanding SRx's operations and SRx's growth opportunities. Due to the foregoing factors, and the other risks discussed in this prospectus, you should not rely on quarter-to-quarter comparisons of SRx's results of operations as an indication of SRx's future performance.

***Change in tax and trade policies, tariffs and other government regulations affecting trade between Canada and other countries could adversely affect SRx.***

Many branded and generic drug products are manufactured in whole or in substantial part outside of Canada. As a result, significant changes in tax or trade policies, tariffs or trade relations between Canada and other countries, such as the imposition of unilateral tariffs on imported products, could result in significant increases in costs, restrict access to suppliers, depress economic activity, and have a material adverse effect on business, cash flows and results of operations. In addition, other countries may change their business and trade policies and such changes, as well as any negative sentiments towards Canada in response to increased import tariffs and other changes in Canada trade regulations, could adversely affect SRx's businesses, if SRx fails to respond adequately to such changes, including by implementing strategic and operational initiatives.

***Disruption of the global supply chain and ineffective service providers could adversely impact SRx's business***

Products are sourced from a wide variety of domestic and international vendors, and any future disruption in supply chain or inability to find qualified vendors and access products that meet requisite quality and safety standards in a timely and efficient manner could adversely impact pharmacy businesses.

The loss or disruption of supply arrangements for any reason, including for health epidemics or pandemics, labor disputes, loss or impairment of key manufacturing sites, inability to procure sufficient raw materials, quality control issues, ethical sourcing issues, a supplier's financial distress, natural disasters, civil unrest or acts of war or terrorism, trade sanctions or other external factors, could interrupt product supply. Additionally, offshore sourcing increases certain risks, including risks associated with drug safety, product defects, non-compliance with ethical and safe business practices and inadequate supply of products.

Ineffective selection of service providers (including transport carriers, logistics service providers and operators of warehouses and distribution facilities), contractual terms or relationship management could impact ability to source products (both national brand and control brand products), to have products available for customers, to market to customers or to operate efficiently and effectively.

***Failure to meet customer expectations may harm SRx's brand and reputation, its ability to retain and grow its customer base and its operating results.***

Products and services must satisfy the needs and desires of customers, whose preferences may change. It is difficult to predict consistently and successfully the products and services customers will demand. Failure to timely identify or effectively respond to changing consumer preferences and spending patterns, and evolving demographic mixes in markets, an inability to expand the products being purchased by clients and customers, or the failure or inability to obtain or offer particular categories of products could adversely affect relationships with customers and clients and the demand for products and services and could result in excess inventories of products, which could adversely affect its operating results.

***If SRx cannot keep pace with rapid developments in healthcare technology and change in SRx's industry and continue to grow its patient base, the use of SRx's services could decline, reducing SRx's revenue.***

Certain markets in which SRx competes are subject to rapid and significant changes. The healthcare technology market, in particular, is characterized by rapid technological change, new product and service introductions, evolving industry standards, changing patient needs, consolidation and the entrance of non-traditional competitors. In order to remain competitive and continue to acquire new customers, SRx is continually involved in a number of projects to develop new services and improve SRx's existing services. These projects may not be successful and carry some risks, such as cost overruns, delays in delivery, performance problems and lack of patient adoption, and may cause SRx to become subject to additional regulation. Any inability to develop or delay in the delivery of new services or the failure to differentiate SRx's services or to accurately predict and address market demand could render SRx's services less desirable, or even obsolete, to SRx's customers. In addition, many current or prospective customers may find competing services more attractive if SRx does not keep pace with market innovation, and many may choose to switch to competing services even if SRx does its best to innovate and provide superior services.

SRx relies in part, and may in the future rely in part, on third parties, including some of SRx's competitors and potential competitors, for the development of, and access to, new technologies. If SRx is unable to maintain these relationships, it may lose access to new technologies or may not have the speed-to-market necessary to successfully launch new offerings.

SRx's future success will depend on SRx's ability to adapt to technological changes and evolving industry standards. SRx cannot predict the effects of technological changes on SRx's business. If SRx is unable to adapt to technological changes or evolving industry standards on a timely and cost-effective basis by introducing new services and improving existing services, the SRx's business, financial condition and results of operations could be materially adversely affected.

There are a number of federal and provincial laws protecting the confidentiality of certain patient health information, including patient records, and restricting the use and disclosure of that protected information. In particular, the privacy rules under PIPEDA and substantially similar provincial legislation, including personal health information protection legislation applicable in the provinces and territories of Canada, protect medical records and other personal health information by limiting their use and disclosure of health information to the minimum level reasonably necessary to accomplish the intended purpose. If SRx was found to be in violation of the privacy or security rules under the *Personal Information Protection and Electronic Documents Act* (Canada) (“**PIPEDA**”) or such other laws protecting the confidentiality of patient health information, it could be subject to sanctions or criminal penalties, or otherwise be the subject of litigation (including a class action) for breach of privacy or failing to ensure the security of resident and patient information, any of which could increase its liabilities, harm its reputation and have a material adverse effect on the business, results of operations and financial condition of SRx.

***SRx relies on the relationships that SRx has established with major drug manufacturers and specialty practitioners to conduct SRx’s business, and changes to these relationships may impair SRx’s operations.***

SRx has developed strong working relationships with several industry stakeholders including major drug manufacturers and specialty practitioners that have served to benefit SRx’s continued operations. SRx is dependent on these relationships to access therapies ahead of competition, stay ahead of the curve on innovative therapies and regulatory changes in the pipeline and to receive access to specialty medications promptly and at competitive prices. Changes to these favorable relationships could negatively impact its business, and its continued growth is in part dependent on the maintenance of these relationships.

***SRx may be subject to information technology systems impairment and cyber-attacks in the future***

SRx’s operations depend on the timely maintenance, upgrade and replacement of networks, equipment, information technology systems and software, as well as pre-emptive expenses to mitigate the risks of failures.

In addition, SRx collects and stores personal information about SRx’s patients and are responsible for protecting that information from privacy breaches. A privacy breach may occur through procedural or process failure, information technology malfunction, or deliberate unauthorized intrusions. Theft of data for competitive purposes, particularly patient lists and preferences, is an ongoing risk whether perpetrated via employee collusion or negligence or through deliberate cyber-attack. Any such theft or privacy breach would have a material adverse effect on SRx’s business, financial condition and results of operations.

SRx has not experienced any material losses to date relating to cyber-attacks or other information security breaches, but there can be no assurance that SRx will not incur such losses in the future. SRx’s risk and exposure to these matters cannot be fully mitigated because of, among other things, the evolving nature of these threats. As a result, cyber security and the continued development and enhancement of controls, processes and practices designed to protect systems, computers, software, data and networks from attack, damage or unauthorized access is a priority. As cyber threats continue to evolve, SRx may be required to expend additional resources to continue to modify or enhance protective measures or to investigate and remediate any security vulnerabilities.

***SRx’s services must integrate and interoperate with a variety of operating systems, software, hardware, web browsers and networks.***

SRx is dependent on the ability of SRx’s products and services to integrate with a variety of operating systems, software, hardware, networks and web browsers that SRx does not control. Any changes in these systems or networks that degrade the functionality of SRx’s products and services, impose additional costs or requirements on SRx or give preferential treatment to competitive services could materially and adversely affect usage of SRx’s products and services. Given the nature of SRx’s business and the pace of technological change, SRx may be unsuccessful in attempting to keep up with changing systems or the cost of doing so could be prohibitive, either of which could materially adversely affect SRx’s business and operations. In the event that it is difficult for SRx’s patients and corporate customers to access and use SRx’s products and services, SRx’s business may be materially and adversely affected.

In addition, SRx’s solutions, including hardware and software, interoperate with mobile networks offered by telecom operators and mobile devices developed by third parties. Changes in these networks or in the design of these mobile devices may limit the interoperability of SRx’s solutions with such networks and devices and require modifications to SRx’s solutions. If SRx is unable to ensure that its hardware and software continue to interoperate effectively with such networks and devices, or if doing so is costly, SRx’s business, financial condition and results of operations may be materially and adversely affected.

***Failure to properly manage inventories and anticipate demand may impact SRx’s financial performance***

SRx’s business is subject to risks associated with managing inventory and changes in customer’s preferences. Failure by SRx to properly manage its inventory and effectively anticipate the demand for products offered may result in SRx having inventory that customers do not want, is not reflective of customers’ tastes or habits, or is priced at a level customers are not willing to pay. Inability of SRx to respond to changing consumer preferences may result in excess inventory, inventory levels that are insufficient to meet demand or inventory that may have to be sold at lower prices. SRx monitors the impact of customer trends and inventory turnover and obsolescence. However, despite these efforts, inappropriate inventory levels may negatively impact SRx’s financial performance.

***Reliance on data obtained from third party sources***

SRx relies on certain operational data obtained from third parties that are industry accepted data sources. Such data relied on by SRx may not accurately reflect actual prescriptions. If such data turns out to be inaccurate or unreliable and SRx’s controls are not effective, there could be an adverse effect on SRx’s financial performance, its ability to properly manage inventory and its ability to interpret industry trends.

***Change in population demographics could have an adverse effect on SRx’s business, operations, financial condition and results of operations.***

The aging population in Canada is a major driver of demand for SRx’s products and services. Due to declining fertility rates and increased life expectancy, seniors in Canada are a rapidly growing segment of the population and are living longer and healthier lives than previous generations. These trends have generally resulted in an increased demand for pharmaceutical and other drugs, particularly among the elderly population. A change in any of these demographic trends, including shorter life spans, reduced incidence of illness or reduced demand for pharmaceutical drugs, could significantly impact demand for SRx’s services and have a material adverse effect on SRx’s business, operations, financial condition and results of operations.

***If SRx is unable to hire, retain and motivate qualified personnel, its business will suffer***

SRx’s future success depends, in part, upon SRx’s ability to attract, retain and motivate highly skilled and qualified personnel. Failure to attract and retain qualified professionals that are essential to SRx’s operations, including pharmacists, sales and marketing personnel and skilled management could adversely affect SRx’s business. If SRx fails to attract, train and retain sufficient numbers of these highly qualified people, its prospects, business, financial condition and results of operations will be materially and adversely affected.

SRx is dependent on the continued services and performance of SRx’s senior management and other key employees, the loss of any of whom could adversely affect SRx’s business, operating results and financial condition.

SRx’s future performance depends on the continued services and contributions of its senior management, including its NEOs, and other key employees to execute on its

business plan and to identify and pursue new opportunities and product innovations. The failure to properly manage succession plans and/or the loss of services of senior management or other key employees could significantly delay or prevent the achievement of SRx's strategic objectives. From time to time, there may be changes in SRx's senior management team resulting from the hiring or departure of executives, which could disrupt SRx's business. The loss of the services of one or more of its senior management or other key employees for any reason could adversely affect SRx's business, financial condition and operating results and require significant amounts of time, training and resources to find suitable replacements and integrate them within SRx's business and could affect SRx's corporate culture.

***From time to time, SRx may become defendants in legal proceedings as to which SRx is unable to assess its exposure, and which could become significant liabilities in the event of an adverse judgment.***

From time to time in the ordinary course of SRx's business, SRx may become involved in various legal proceedings, including commercial, product liability, employment, class action and other litigation and claims, as well as governmental and other regulatory investigations and proceedings. Such matters can be time-consuming, divert management's attention and resources and cause SRx to incur significant expenses. Furthermore, because litigation is inherently unpredictable, the results of any such actions may have a material adverse effect on SRx's business, operating results or financial condition.

***Labor-related matters, including labor disputes, may adversely affect SRx's operations***

Potential labor disputes at SRx's independent stores or transportation carriers create risks for SRx's business, particularly if a dispute results in work slowdowns, lockouts, strikes or other disruptions of its operations. Any potential labor dispute, either in SRx's own operations or in those of third parties, on whom SRx relies, could materially affect SRx's costs, decrease SRx's sales, harm SRx's reputation or otherwise negatively affect SRx's sales, profitability or financial condition.

***Goodwill and other intangible assets could, in the future, become impaired***

Goodwill and indefinitely lived intangible assets are subject to annual impairment reviews, or more frequent reviews if events or circumstances indicate that the carrying value may not be recoverable. When evaluating goodwill for potential impairment, SRx compares the fair value of SRx's reporting units to their respective carrying amounts. SRx estimates the fair value of SRx's reporting units using a combination of a discounted cash flow method and a market multiple method. If the carrying amount of a reporting unit exceeds its estimated fair value, a goodwill impairment loss is recognized in an amount equal to the excess to the extent of the goodwill balance. Estimated fair values could change if, for example, there are changes in the business climate, industry-wide changes, changes in the competitive environment, adverse legal or regulatory actions or developments, changes in capital structure, cost of debt, interest rates, capital expenditure levels, operating cash flows or market capitalization. Because of the significance of SRx's goodwill and intangible assets, any future impairment of these assets could require material noncash charges to SRx's operating results, which also could have a material adverse effect on SRx's financial condition.

***Conflicts of interest may arise between SRx and its directors and officers as a result of other business activities undertaken by such individuals.***

SRx may be subject to various potential conflicts of interest because of the fact that some of its directors and executive officers may be engaged in a range of business activities. In addition, SRx's directors and executive officers may devote time to their outside business interests, so long as such activities do not materially or adversely interfere with their duties to SRx and subject to any contractual restrictions restricting such activities. In some cases, SRx's executive officers and directors may have fiduciary obligations associated with business interests that interfere with their ability to devote time to SRx's business and affairs, which could adversely affect SRx's operations. These business interests could require significant time and attention of SRx's executive officers and directors.

Conflicts of interest, if any, will be subject to the procedures and remedies provided under applicable laws and policies of SRx. For example, a director who has a material interest in a matter before the Board or any committee on which he or she serves is required to disclose such interest as soon as the director becomes aware of it and absent himself or herself from the meeting while discussions and voting with respect to the matter are taking place. In accordance with applicable laws, the directors of SRx are required to act honestly and in good faith with a view to the best interests of SRx.

***SRx is subject to risks associated with leasing space and equipment and is subject to a number of long-term non-cancelable leases with substantial lease payments.***

Other than its distribution facility, SRx leases its physical operating locations and is subject to risks associated with leasing, occupying and making tenant improvements to real property, including adverse demographic and competitive changes affecting the property, changes in availability of and contractual terms for leasable space, credit risk in relation to tenant improvement allowances from landlords and potential liability for environmental conditions or personal injury claims. There can be no assurances that SRx will be able to extend, renew or continue to lease its existing locations.

Additional sites that SRx leases may be subject to long-term non-cancelable leases if SRx is unable to negotiate shorter terms. If an existing or future location is not profitable, and SRx decides to close it, SRx may nonetheless be committed to perform its obligations under the applicable lease including, among other things, paying the base rent for the balance of the lease term. In addition, if SRx is not able to enter into new leases or renew existing leases on terms acceptable to SRx, this could have an adverse effect on SRx's results of operations and profitability. Any failure to make lease payments when due, or the inability to extend, renew or continue to lease space and equipment in key locations, would likely harm SRx's business, profitability and results of operations.

***SRx may be unable to adequately protect its proprietary and intellectual property rights***

SRx believes that its intellectual property has substantial value and has contributed significantly to the success of its business. SRx's URL addresses, social media addresses, business names, and brand portfolio are assets, which add distinctive value and recognition to its customers. SRx's trademarks are valuable assets that reinforce its brand and consumers' favorable perception of its products. SRx's continued success depends, to a significant degree, upon its ability to protect and preserve its intellectual property, including its trademarks and trade secrets. If SRx fails to protect its intellectual property adequately, unauthorized disclosure of such information could harm the value of its brand. SRx relies on confidentiality agreements and trademark, trade secret law to protect its intellectual property rights. Employees with access to such information are subject to confidentiality provisions contained in their employment offers which prohibit them from disclosing information. Even with confidentiality measures in place, there is no assurance that SRx's intellectual property rights can be successfully defended and protected in the future.

***Being accused of infringing intellectual property rights of others***

Other parties may claim that SRx infringes or violates their trademarks, patents, copyrights, domain names, publicity rights or other proprietary rights. Such claims, regardless of their merit, could result in litigation or other proceedings and could require SRx to expend significant financial resources and attention by SRx's management and other personnel that otherwise would be focused on SRx's business operations, result in injunctions against SRx that prevent SRx from using material intellectual property rights, or require SRx to pay damages to third parties. SRx may need to obtain licenses from third parties who allege that SRx has infringed or violated their rights, but such licenses may not be available on terms acceptable to SRx or at all. In addition, SRx may not be able to obtain or use on terms that are favorable to SRx, or at all, licenses or other rights with respect to intellectual property that SRx does not own, which would require SRx to develop alternative intellectual property. To the extent SRx relies on open-source software, SRx may face claims from third parties that claim ownership of the open source software or derivative works that were developed using such software, or otherwise seek to enforce the terms of the applicable open source license. Similar claims might also be asserted regarding SRx's in-house software. The occurrence of these claims could harm

SRx's brand or materially adversely affect SRx's business, financial position and operating results.

The costs and effects of pending and future litigation, investigations or similar matters, or adverse facts and developments related thereto, could materially affect SRx's business, financial position and results of operations.

SRx may in the future be party to legal, arbitration and administrative investigations, inspections and proceedings arising in the ordinary course of SRx's business or from extraordinary corporate, tax or regulatory events that involve SRx or its associated participants, particularly with respect to negligence, civil, tax and labor claims.

SRx's indemnities and insurance may not cover all claims that may be asserted against SRx, and any claims asserted against SRx, regardless of merit or eventual outcome, may harm SRx's reputation. Furthermore, there is no guarantee that SRx will be successful in defending ourselves in pending or future litigation or similar matters under various laws. Should the ultimate judgments or settlements in any pending or future litigation or investigation significantly exceed SRx's indemnity rights, they could have a material adverse effect on SRx's business, financial condition and results of operations and the price of SRx's securities. Further, even if SRx adequately addresses issues raised by an inspection conducted by an agency or successfully defend SRx's case in an administrative proceeding or court action, SRx may have to set aside significant financial and management resources to respond and settle issues raised by such proceedings, which could adversely affect SRx's business.

SRx is heavily reliant on its healthcare professionals, and SRx's success depends on the satisfactory performance by its healthcare professionals of their professional obligations including maintenance of their required qualifications. SRx's healthcare professionals could be subject to negligence claims, suits or complaints relating to services provided from time to time. From time to time, SRx's healthcare professionals may emesh SRx in outstanding or unforeseen legal, regulatory, contractual, employee or other issues. The failure of SRx's healthcare professionals to perform their professional obligations or the successful assertion of one or more large claims against SRx, whether or not those claims may be covered by an indemnity or insurance, could adversely affect SRx's business, financial condition and results of operations.

#### ***SRx may become involved in regulatory or agency proceedings, investigations and audits***

SRx's business requires compliance with many laws and regulations and the sensitive nature of the healthcare industry may attract increased regulatory and agency scrutiny. Failure to comply with these laws and regulations could subject SRx to regulatory or agency proceedings or investigations and could also lead to damage awards, fines and penalties. SRx may become involved in a number of government or agency proceedings, investigations and audits. The outcome of any regulatory or agency proceedings, investigations, audits, and other contingencies could harm SRx's reputation, require SRx to take, or refrain from taking, actions that could harm its operations or require SRx to pay substantial amounts of money, harming its financial condition. There can be no assurance that any pending or future regulatory or agency proceedings, investigations and audits will not result in substantial costs or a diversion of management's attention and resources or have a material adverse impact on SRx's business, financial condition and results of operation.

SRx may also become party to litigation from time to time in the ordinary course of business which could adversely affect its business. Should any litigation in which SRx becomes involved be determined against SRx, such a decision could adversely affect SRx's ability to continue operating and the value of its common shares and could use significant resources. Even if SRx is involved in litigation and is successful, litigation can redirect significant Company resources, including the time and attention of management and available working capital. Litigation may also create a negative perception of SRx's brand.

#### ***The impact of economic conditions, including the resulting effect on spending by consumers, may adversely affect SRx's business, operating results and financial condition.***

The impact of economic conditions, including the resulting effect on spending by consumers, may adversely affect SRx's business, operating results and financial condition. Canadian pharmacies are affected by the Canadian economy and consumer confidence in general, including various economic factors, inflation and changes in consumer purchasing power, preferences and/or spending patterns. It is possible that an unfavorable, uncertain or volatile economic environment will cause a decline in drug utilization, an increase in health care utilization and dampen consumer demand for SRx's products and services.

#### **Risks Relating to SRx's Growth Strategy**

##### ***SRx may not be able to successfully implement SRx's growth strategy.***

SRx's future growth, profitability and cash flows depend upon SRx's ability to successfully implement SRx's growth strategy, which, in turn, is dependent upon a number of factors, including SRx's ability to accomplish acquiring new pharmacies and integrating them into the SRx Network, leveraging existing infrastructure to drive organic growth, expanding SRx's wholesale distribution capabilities, further developing SRx's service offerings through investment in technology, and accelerating SRx's clinical trials business.

There can be no assurance that SRx can successfully achieve any or all of the above initiatives in the anticipated manner or time period. Further, achieving these objectives will require investments which may result in short-term costs without generating any current revenue and therefore may be dilutive to SRx's earnings. SRx cannot provide any assurance that SRx will realize, in full or in part, the anticipated benefits SRx expects SRx's strategy will achieve. The failure to realize those benefits could have a material adverse effect on SRx's business, financial condition and results of operations.

SRx has experienced significant growth in recent periods, which puts strain on its business, operations and employees. SRx anticipates that its operations will continue to expand. To manage its current and anticipated future growth effectively, SRx must continue to maintain and enhance its IT infrastructure, financial and accounting systems and controls.

Failure to effectively manage its growth could also lead SRx to over-invest or under-invest in development and operations, result in weaknesses in its infrastructure, systems or controls, and give rise to operational mistakes, financial losses, loss of productivity or business opportunities and result in loss of employees and reduced productivity of remaining employees. If SRx's management is unable to effectively manage SRx's growth, its expenses may increase more than expected, its revenue may not increase or may grow more slowly than expected and SRx may be unable to implement its business strategy.

#### ***A portion of SRx's growth depends on SRx's ability to complete future acquisitions, and failure to do so in a timely manner, or on less favourable terms to SRx, could impede SRx's ability to execute portions of SRx's business strategy***

SRx expects to engage in future acquisitions in order to achieve SRx's growth strategy. SRx's ability to execute its growth strategy depends in part on its ability to identify and acquire desirable acquisition candidates at a price and on terms acceptable to SRx and on its ability to successfully integrate acquired operations into SRx's business. If SRx identifies suitable acquisition candidates, SRx may be unable to successfully negotiate their acquisition at a price or on terms and conditions acceptable to SRx. While SRx expects SRx will be able to fund some of its acquisitions and capital expenditures with SRx's existing resources, SRx will likely require additional financing, including debt and equity financings, to pursue certain acquisitions. SRx may not be able to complete debt or equity financings on terms favourable to SRx or at all.

#### ***Any future acquisitions, partnerships or joint ventures that SRx makes or enters into could disrupt SRx's business and harm SRx's financial condition.***

SRx evaluates, and expect in the future to evaluate, potential strategic acquisitions of, and partnerships or joint ventures with, businesses providing services or technologies that are complementary to SRx's existing services and technologies. However, SRx may not be successful in identifying acquisition, partnership and joint venture targets or SRx may use estimates and judgments to evaluate the operations and future revenue of a target that turn out to be inaccurate. In addition, SRx may not be able to successfully finance or integrate a particular business, service or technology that SRx acquires or with which SRx forms a partnership or joint venture, and SRx may not achieve the anticipated benefits of such project or SRx may lose customers as a result. Furthermore, the integration of any acquisition, partnership or joint venture may divert management's time and resources from SRx's existing business and disrupt its operations. Certain acquisitions may also enmesh SRx in outstanding or unforeseen legal, regulatory, contractual, employee or other issues. As a result of any of the foregoing, SRx may spend time and money on projects that do not increase its revenue or profitability. Moreover, SRx's competitors may be willing or able to pay more than SRx for acquisitions, which may cause SRx to lose certain acquisitions that SRx would otherwise desire to complete. Even if SRx successfully competes for a certain acquisition, partnership or joint venture, SRx may finance the project with cash on hand, equity or debt, or a combination thereof, which could decrease SRx's cash reserves, dilute SRx's shareholders, including investors under this prospectus, or significantly increase SRx's level of indebtedness or place other restrictions on SRx's operations. SRx cannot ensure that any acquisition, partnership or joint venture SRx makes will not have a material adverse effect on SRx's business, financial condition and results of operations.

***Competition for acquisition candidates, consolidation within the pharmacy industry and economic and market conditions may limit SRx's ability to grow through acquisitions.***

SRx seeks to grow through strategic acquisitions in addition to organic growth. Although SRx has and expects to continue to identify numerous acquisition candidates that SRx believes may be suitable, SRx may not be able to acquire them at prices or on terms and conditions favourable to SRx. Other companies have adopted or may in the future adopt SRx's strategy of acquiring and consolidating regional and local businesses. SRx expects that increased consolidation in the pharmacy industry over the longer term will reduce the number of attractive acquisition candidates. Moreover, general economic conditions and the environment for attractive investments may affect the desire of the owners of acquisition candidates to sell their companies. As a result, SRx may have fewer acquisition opportunities, and those opportunities may be on less attractive terms than in the past, which could cause a reduction in SRx's rate of growth from acquisitions.

***Changes in the Canadian healthcare industry and regulatory environment could negatively affect SRx's growth and financial projections.***

Changes in the Canadian healthcare industry and regulatory environment could have a material adverse impact on SRx's results of operations. Provincial governments in Canada provide partial funding for the purchase of pharmaceuticals and independently regulate the sale and reimbursement of drugs. Provincial governments in Canada have introduced significant changes in recent years in an effort to reduce the costs of publicly funded health programs. For instance, to reduce the cost for taxpayers, provincial governments have taken and will continue to take steps to reform the rules regarding the sale of generic drugs. These changes include increased powers of investigation, reporting and enforcement for provincial regulatory agencies, the significant lowering of prices for generic pharmaceuticals and, in some provinces, changes to the allowable amounts of professional allowances paid to pharmacists by generic manufacturers and the tendering of generic molecules on provincial drug formularies. These reforms may adversely affect the distribution of drugs as well as the pricing for prescription drugs in Canada. Additional provinces have implemented or are considering similar changes, which would also lower pharmaceutical pricing and service fees. Individually or in combination, such changes in the Canadian healthcare environment may materially reduce SRx's revenue and operating results and could cause the market price of SRx's Common Shares to decline.

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## INFORMATION ABOUT SRX

### Business Description

#### Company Overview

SRx is an integrated, Canadian health care services provider that operates within the specialty healthcare industry. SRx has developed a collaborative specialty healthcare network (the "SRx Network") that strategically positions SRx to achieve business objectives. The SRx Network is comprised of 29 specialty pharmacies, 40 infusion clinics and injection sites, four clinical trials sites, patient support programs ("PSP"), allied health team and nursing services, and a wholly owned Health Canada accredited pharmaceutical wholesale and distribution facility located in Mississauga, Ontario. The SRx Network extends across all 10 Canadian provinces, making it one of the most accessible providers of comprehensive, integrated and customized specialty healthcare services in Canada.

Specialty pharmacies and clinics focus on the provision of a subset of prescription medicines termed, "specialty drugs". Specialty drugs generally refer to medications that are high-cost (list price typically in excess of US\$6,000 per year), require complex infrastructure to administer and distribute, and cannot be accessed, administered or managed at traditional retail pharmacies. Specialty drugs are typically used to treat complex, chronic, or rare diseases which are becoming increasingly prevalent. The SRx Network consists of a collaborative and complex network of industry stakeholders, including physicians, pharmacists, pharmaceutical companies and distributors, PSPs, third-party payors and nurses, who work to administer, manage and distribute specialty drugs. The complexities of the required infrastructure represent a significant barrier to entry for traditional retail pharmacies.

**Description of Business, Operational Overview and Business Objective** SRx was founded in 2013 by Adesh Vora. After over 12 years of operating six traditional retail pharmacies that focused on low-cost, high-volume, Mr. Vora opened two specialty pharmacies in Ontario. Mr. Vora recognized the need to provide a high quality of care for costly and complex specialty drugs which were beyond the scope of traditional retail pharmacies. Since 2013, the SRx Network has grown primarily by opening and acquiring new specialty pharmacies and health clinics, expanding its wholesale distribution capabilities, and increasing the types and scale of health services provided. In its current form, SRx stands as one of just a few specialty pharmacy chains in Canada, and is the newest entrant in the space. SRx currently employs approximately 444 people including 181 pharmacy team members, 146 nurses (Nursing Team Members), 8 clinical trial technicians, 23 patient support workers, and 86 corporate staff. For the year ended at September 30, 2023, SRx's revenue was approximately CAD\$161 million and its Adjusted EBITDA was CAD\$11.4 million and for the nine months ended at June 30, 2024, its revenue was \$159 million and its Adjusted EBITDA was CAD\$6.2 million.

Going forward, SRx plans on growing by acquiring new pharmacies and clinics and integrating them into the SRx Network, leveraging existing specialty infrastructure to drive organic growth, expanding its wholesale distribution capabilities, further developing its service offerings through investment in technology, and accelerating our clinical trials business. In addition, SRx will continue to focus on organically growing through expanding its patient support programs and expanding its collaborations.

Over the last 10 years, SRx has constructed a collaborative network across Canada to make access to specialty healthcare simple for Canadians. The provision of comprehensive specialty health care requires a complex sophisticated network that works cohesively to provide its patients with optimal care. The SRx Network is comprised of physicians, pharmacists, pharmaceutical companies and distributors, PSPs, insurers, nurses and other industry stakeholders who provide Canadians with access to a full suite of comprehensive, integrated, and customized specialty healthcare services. The Canadian industry is currently fragmented and requires patients to independently seek specialty care without the benefit of a collaborative network. The SRx Network alleviates this burden by making it easy for patients and other stakeholders alike to access and navigate specialty healthcare in an otherwise difficult environment.

SRx owns and operates 29 specialty pharmacies across eight provinces in Canada (all provinces other than in Prince Edward Island and Québec). SRx's team of pharmacists are highly skilled, knowledgeable, and equipped with the proper training and experience required to dispense specialty drugs. The pharmacy team is passionate about providing each patient with the best possible experience, and its services extend beyond the traditional care seen at retail pharmacies. For example, SRx assists patients in applying for insurance coverage and special authorizations for certain specialty medications, and will work with drug manufacturer programs to ensure patients incur the least possible expense for any medication. Moreover, SRx's pharmacies provide complementary medication reviews, administer injections (as allowed by provincial regulation), and offer no-charge blister packing and free same-day medication delivery.

SRx leases each of its specialty pharmacy locations and do not own any of the real estate. Revenue is primarily earned through dispensing fees, product markups, professional services and over-the-counter sales. As at December 31, 2023, revenue from SRx's specialty pharmacies make up approximately 97.2% of its total revenue.

#### ***Wholesale and Distribution***

SRx operates a 4,800 square foot distribution facility in Mississauga, Ontario, which is accredited by Health Canada and is a member of the Canadian Association for Pharmacy Distribution Management ("CAPDM"). SRx collaborate with pharmaceutical companies to procure specialty drugs and in turn distribute these drugs to both SRx and independent pharmacies, as well as to clinics and specialty practitioners in various settings. SRx's pharmacies benefit from SRx's vertically integrated model through increased accessibility to specialized drugs, stable inventory levels, and quick delivery of product. Moreover, distributing under the SRx brand allows SRx's pharmacies to take advantage of additional margins on dispensed medication. Specialty practitioners trust SRx to adhere to guidelines and quality controls and use its customized logistics to reduce supply chain complexities and management costs. This is an area with intensive barriers to entry given the complex nature of both Health Canada's regulatory requirements, as well as those of SRx's pharmaceutical company partners who focus on establishing synergistic relationships with proven wholesale and distribution partners.

SRx owns the land and building of its distribution facility. Revenue from our wholesale and distribution operations is primarily earned through product markups. As at December 31, 2023, revenue from SRx's wholesale and distribution operations make up approximately 0.4% of its total revenue.

#### ***Specialty Health Clinics, Infusion Spaces and Injection Sites***

SRx owns and operates 40 specialty health clinics, infusion spaces and injection sites (collectively "Health Clinics"). SRx's specialty Health Clinics and staff are appropriately accredited and well equipped to administer intravenous ("IV") infusions, intramuscular ("IM") and subcutaneous ("SC") injections, including biologics and other specialized, novel therapies. The following are just a few of the diseases that SRx is experienced in caring for: mental health, Crohn's disease, ulcerative colitis, ankylosing spondylitis, diabetes, heart disease, oncology, lung disease, rheumatoid arthritis, psoriatic arthritis, iron deficiency, osteoporosis, allergies, atopic dermatitis, plaque psoriasis, and asthma.

SRx leases each of its clinic locations and do not own any of the real estate. The primary purpose of SRx's specialty health clinics is to help drive revenue generation at its pharmacies.

#### ***Patient Support Programs***

SRx's PSPs leverage the benefits of SRx's integrated network to help patients navigate Canada's fragmented healthcare system and provide them with the most comprehensive care possible. SRx's PSPs guide patients through the entirety of their healthcare journey, including, but not limited to, reimbursement and co-pay support, integrated physician, and pharmacy services, drug distribution, injection and infusion at SRx's clinics, access to nursing, and patient education and training to promote adherence and comfort with their specialized drugs. SRx's PSPs also provide patients with access to on-call regulatory and consulting support, periodic regulatory and research support, real-time Information Change Notices ("INC") on important changes to health requirements, and monthly reports on health requirements, including potential patient impact.

SRx's PSP business model positions SRx to capitalize on the growing specialty drugs segment and become the preferred pharmacy of choice for new specialty drug launches when compared to competitors. The primary purpose of SRx's PSP business model is to help drive revenue generation at its pharmacies.

#### ***Nursing Services***

SRx offers a wide range of professional health and nursing services within its clinic network across a variety of therapeutic areas including, but not limited to, infectious diseases, rheumatology, dermatology, gastroenterology, urology, endocrinology, cardiology, ophthalmology, neurology, family planning and fertility consultations, and addictions. SRx tailors its health and nursing services to the unique needs of its patients and believe that by doing so, it is able to better drive patient outcomes. The team consists of nurse practitioners, registered nurses, registered psychiatric nurses, registered practical nurses, a diabetes nurse educator, registered dietitians, addiction counsellors, social workers, outreach workers and administrative coordinators who provide care in clinics and in-patient homes. SRx's health and nursing services are a value-added service for the rest of the SRx Network, with a goal of providing other stakeholders with a convenient partner for integrated patient care.

The primary purpose of SRx's nursing services is to help drive revenue generation at its pharmacies.

#### ***Clinical Trials***

In 2019, SRx added clinical trials to its existing network through the strategic acquisition of Toronto Digestive Disease Associates, Inc. d/b/a TDDA Specialty Research ("TDDA"). TDDA is an established leader in clinical trial research with over 20 years of experience working with industry specialists and the healthcare community to advance therapeutic treatment options. It assists researchers in study feasibility and site capacity assessments, protocol design consultations, central budget negotiations and full clinical protocol execution. TDDA has successfully completed numerous clinical trials and has established relationships with several key pharmaceutical sponsors, Contract Research Organizations ("CROs"), and qualified investigators. TDDA currently has active studies across the range of GI indications that are actively recruiting and enrolling patients. One of SRx's goals is to continuously expand the number of active studies, enter into other therapeutic areas and establish additional clinical sites.

SRx leases each of its clinical trial sites and do not own any of the real estate. Revenue from SRx's clinical trials is primarily earned through fees received for completed trials. As at December 31, 2023, revenue from SRx's clinical trials make up approximately 0.5% of its total revenue.

#### ***Overall Performance, Industry Trends and Economic Factors***

The Canadian pharmacy sector is characterized by a unique balance of growth and stability underpinned by the market's exposure to favorable secular trends and the essential nature of the goods and services it provides. The industry is comprised of approximately 11,000<sup>1</sup> retail pharmacies and drug stores engaged in the retailing of prescription and non-prescription medication and ancillary merchandise, with approximately half of the operators independently owned<sup>2</sup> and the balance being part of established chains such as McKesson Corporation, Loblaw and Metro. On average, a single location pharmacy in Canada generates approximately CAD\$1 million in annual revenue<sup>3</sup> with the majority of sales closely linked to spending on prescribed pharmaceutical drugs.

In 2021, prescription drug spending in Canada was estimated to be approximately CAD\$35.4 billion,<sup>14</sup> representing a year-over-year growth of 1.3%,<sup>5</sup> and the projected growth rate in annual prescription sales was estimated to increase by approximately 5.4%.<sup>6</sup>

The Canadian pharmacy sector has previously been less susceptible to recessionary effects and the fluctuations of the broader macroeconomic environment. Due to Canadian provincial regulations and a largely standardized reimbursement framework driven by both public and private payors, financial performance has been largely predictable across the pharmacy industry with more than 80%<sup>7</sup> of Canadian operators achieving profitability. As such, the sector continues to offer an attractive and compelling opportunity for both operators and investors alike.

<sup>1</sup> Raiche, Taylor et al. "Community pharmacists' evolving role in Canadian primary health care: a vision of harmonization in a patchwork system." *Pharmacy practice* vol. 18,4 (2020): 2171. doi:10.18549/PharmPract.2020.4.2171.

<sup>2</sup> Ryan Norman & Mark Omoto, "Canadian Pharmaceutical Market Trends & Outlooks" (2 May 2022).

<sup>3</sup> Statistics Canada, "Financial Performance Data: Pharmacies and Drug Stores, 2020" (2020).

<sup>4</sup> Tadrous, Mina, et al. "Canadian Trends in Estimated Pharmaceutical Drug Purchases and Projections: 2023." *Canadian Journal of Health Technologies*, vol. 2, no. 11, 30 Nov. 2022, online: <https://doi.org/10.51731/cjht.2022.512>.

<sup>5</sup> IQVIA, "Canadian Drugstore and Hospital Audit" (December 2021).

<sup>6</sup> Express Scripts Canada, "2022 Prescription Drug Trend Report" (2023), online: Express Scripts Canada <https://www.express-scripts.ca/sites/default/files/2023-04/ESC%20DTR%20EN%20April%205%202023%20final.pdf>.

<sup>7</sup> 16 Statistics Canada, "Financial Performance Data: Pharmacies and Drug Stores, 2020" (2020).

### *The Specialty Pharmacy Sub-Sector*

Goods and services at the retail level are generally homogenous across pharmacy operators. As such, traditional pharmacies tend to rely on brand loyalty, ease of access and footprint density to drive customer visits. However, specialty pharmacies represent a distinct sub-sector that operates at the intersection of full-service patient care and complex disease management through a broad range of oral, injectable and infusible specialty pharmaceuticals. Specialty pharmacies provide many services similar to traditional pharmacies, albeit to patients with complex and often chronic health conditions that require comprehensive therapies or specialty pharmaceuticals. Specialty drugs typically carry higher cost, more stringent handling and administration practices, and rely on highly specialized storage and distribution infrastructure. Traditional pharmacies and distributors are designed to manage high volume, lower cost products, and generally lack both the deep clinical expertise and administrative support functions necessary to effectively deliver specialty pharmacy services. As a result, specialty pharmacies are uniquely positioned to provide patients with a differentiated scope of care, access to specialty drugs, and the critical support and knowledge systems necessary to deliver and administer such drugs.

The Canadian specialty pharmacy sub-sector has experienced significant growth in recent years<sup>8</sup> with growth of specialty drug spend reaching +9.7% from 2018 – 2022 and outpacing that of traditional drugs at +7.1% over the same period.<sup>9</sup> The specialty pharmacy vertical continues to represent a structurally critical component of the Canadian healthcare system, serving the vital needs of a select group of Canadians but accounting for a disproportionately large share of annual drug spend at approximately 40% of the total spend in 2021,<sup>10</sup> or CAD\$14 billion out of a total spend of CAD\$35.4 billion.<sup>11</sup> These figures are expected to increase year-over-year; in 2021, approximately 40% of eligible insurance plan submissions were made in respect of specialty drugs, and by 2026 specialty drug spend is projected to account for over 50% of eligible insurance plan submissions.<sup>12</sup>

Specialty pharmacy products and services remain a fundamental necessity regardless of economic activity due to limited access to specialty drugs and a lack of alternative treatments for complex illness. As such, corresponding revenues generally do not decrease significantly during periods of slower economic activity as demand does not materially fluctuate during such periods. Similarly, specialty pharmaceutical wholesale distribution chains servicing pharmacies, hospitals, patients and specialty practitioners also benefit from the stability and resiliency that characterizes the specialty drugs market. Looking ahead, the outlook remains robust as chronic diseases continue to become more prevalent with more than 44% of Canadians aged 20 and above currently reported to live with chronic and complex illnesses that require specialty medications.<sup>13</sup>

SRx believes that its SRx Network positions it well to capitalize on the favourable trends that underpin our industry, as outlined below.

<sup>8</sup> IQVIA, "National Sales Perspectives" (February 2022).

<sup>9</sup> IQVIA, "National Sales Perspectives" (February 2022).

<sup>10</sup> Telus Health, "2022 Drug Data Trends & National Benchmarks" (June 2022).

<sup>11</sup> Tadrous, Mina, et al. "Canadian Trends in Estimated Pharmaceutical Drug Purchases and Projections: 2023." *Canadian Journal of Health Technologies*, vol. 2, no. 11, 30 Nov. 2022, online: <https://doi.org/10.51731/cjht.2022.512>.

<sup>12</sup> Telus Health, "2022 Drug Data Trends & National Benchmarks" (June 2022).

<sup>13</sup> 22 Public Health Agency of Canada, "Prevalence of Chronic Diseases Among Canadian Adults" (5 February 2019), online: Government of Canada <https://www.canada.ca/en/public-health/services/chronic-diseases/prevalence-canadian-adults-infographic-2019.html>.

### *Aging Demographic and Growing Prevalence of Chronic Illnesses Driving Demand for Specialty Pharmaceuticals*

The Canadian specialty pharmacy industry is expected to benefit from demographic trends that will drive increasing demand for specialty pharmaceuticals and associated services. The Canadian population of seniors (defined as people aged 65 and older) is projected to increase and account for close to approximately one-quarter of the overall population by 2030<sup>14</sup> compared to just 16% in 2014.<sup>15</sup> As individuals age, chronic illnesses become more prevalent leading to a significant increase in use of prescription medications and specifically specialty pharmaceuticals. Notably, it has been found that 81% of Canadians aged 60 – 79 require at least some form of prescription with 52% taking three or more prescription drugs.<sup>16</sup> This is in contrast to just 38% of Canadians aged 18 – 39 requiring a prescription and 7% who medicate with three or more prescription drugs.<sup>17</sup> Furthermore, data from the Canadian Community Health Survey indicate that just under three-quarters (or 73%) of Canadians over 65 report having at least one chronic illness,<sup>18</sup> and that approximately one-third (33%) of this cohort report having two or more chronic illnesses.<sup>19</sup> As a result, Canada's aging demographic, coupled with the growing prevalence of chronic illnesses among the Canadian population, will continue to underpin the long-term demand and growth trajectory of the country's specialty pharmacy industry.

### *Increasingly Critical Role and Expanding Scope of Pharmacist Practice*

Pharmacies represent a critical healthcare delivery channel in the Canadian healthcare system and play an important role in elevating access to care and the overall wellbeing of Canadians. As healthcare continues to evolve and increasingly take place in the home and community, pharmacies will become the most accessible and logical point of care for communities across the country. Recent legislative initiatives have broadened the scope of pharmacists' practice to enable pharmacists to independently prescribe, renew and adjust select medications, as well as administer vaccinations and injections, order lab tests and facilitate related key services. The legislative changes were enacted primarily in response to Canada's national physician shortage with an estimated 5 million Canadians without a provider as of 2019,<sup>20</sup> rendering walk-in clinics and emergency rooms the only point of service for prescriptions and other health concerns. This shortage placed undue strain on the healthcare system and contributed to an increase



in backlog for various specialty treatment programs, both of which were evidently exacerbated by the COVID-19 pandemic that emerged in 2020.

Due to inherently broader accessibility and adaptability, pharmacies are well positioned to alleviate many existing inefficiencies faced by the Canadian healthcare system. Canadian pharmacy services are readily accessible with approximately 91% of Ontario's population, representing 35% of the Canadian population, living within five kilometers of a pharmacy.<sup>21</sup> According to a 2019 study by Nurse Practitioner Association of Canada, Canadians visit pharmacists up to 10 times more frequently than they visit any other healthcare providers including physicians and nurses, with approximately 55% of Canadians visiting a pharmacy at least once a week.<sup>22</sup> Patients also face significantly reduced wait times relative to walk-in clinics or emergency rooms with the ability to access care in a matter of minutes compared to hours, and an overwhelming number of Canadians (93%) have indicated that they trust pharmacists as their first point of care.<sup>23</sup> Furthermore, the COVID-19 pandemic provided irrefutable evidence of the adaptability and resourcefulness of the Canadian pharmacy industry. In 2020, Canadian pharmacies witnessed a +550% increase in the number of patients seeking assistance in securing medication refills in lieu of visiting a physician, and a +50% increase in the number of pharmacist consultations that resulted in a corresponding prescription drug purchase.<sup>24</sup> Specialty pharmacies across select provinces also became the point of service for COVID-19 asymptomatic testing which demonstrated yet another example of pharmacies delivering critical healthcare services beyond their standard scope of practice.

<sup>1 4</sup> Statistics Canada, "Prescription medication use among Canadian adults, 2016-2019" (28 June 2021), online: Government of Canada <https://www150.statcan.gc.ca/n1/en/daily-quotidien/210628/dq210628e-eng.pdf?st=Sn5o16xu>.

<sup>1 5</sup> Statistics Canada, "Prescription medication use among Canadian adults, 2016-2019" (28 June 2021), online: Government of Canada <https://www150.statcan.gc.ca/n1/en/daily-quotidien/210628/dq210628e-eng.pdf?st=Sn5o16xu>.

<sup>1 6</sup> Statistics Canada, "Prescription medication use among Canadian adults 2016-2019" (28 June 2021), online: Government of Canada <https://www150.statcan.gc.ca/n1/daily-quotidien/210628/dq210628e-eng.htm>.

<sup>1 7</sup> Statistics Canada, "Prescription medication use among Canadian adults, 2016-2019" (28 June 2021), online: Government of Canada <https://www150.statcan.gc.ca/n1/en/daily-quotidien/210628/dq210628e-eng.pdf?st=Sn5o16xu>.

<sup>1 8</sup> Public Health Agency of Canada, Canadian Community Health Survey 2017-2018.

<sup>1 9</sup> Public Health Agency of Canada, "Aging and chronic diseases: A profile of Canadian seniors" (2020), online: Government of Canada <https://www.canada.ca/en/public-health/services/publications/diseases-conditions/aging-chronic-diseases-profile-canadian-seniors-report.html>.

<sup>2 0</sup> Statistics Canada, "Primary health care providers, 2019" (22 October 2020), online: Statistics Canada <https://www150.statcan.gc.ca/n1/pub/82-625-x/2020001/article/00004-eng.htm>.

<sup>2 1</sup> Robin Roberts, "More than a refill: Pharmacists are filling the gaps in health care and it's great news for patients" (28 March 2022), online: Healthing <https://www.healthing.ca/wellness/pharmacists-filling-gaps-help-health-care-and-great-news-patients>.

<sup>2 2</sup> Taylor Raiche et al, "Community pharmacists' evolving role in Canadian primary health care: a vision of harmonization in a patchwork system." (2020) 18:4 Pharmacy Practice 2171 (doi:10.18549/PharmPract.2020.4.2171).

<sup>2 3</sup> 32 Canadian Pharmacists Association, "Canadians recognize value of pharmacists; want more publicly funded health care services delivered at pharmacy" (28 March 2018), online: CPhA <https://www.pharmacists.ca/news-events/news/canadians-recognize-value-of-pharmacists-want-more-publicly-funded-health-care-services-delivered-at-pharmacy/#:~:text=93%25%20of%20Canadians%20have%20a>.

<sup>2 4</sup> 33 Ontario Ministry of Health, "Executive Officer Notice: Expansion of Specimen Collecting for COVID-19 Testing of At-Risk Asymptomatic Persons through Ontario Pharmacies" (5 November 2020), online: Ministry of Health [https://www.health.gov.on.ca/en/pro/programs/drugs/opdp\\_co/notices/exec\\_office\\_20201106.pdf](https://www.health.gov.on.ca/en/pro/programs/drugs/opdp_co/notices/exec_office_20201106.pdf).

### ***Robust Specialty Drug Pipeline Supported by Increased Emphasis on Specialty Drugs Development***

In 2021, the Canadian pipeline for new medications was comprised of close to 8,500 drugs in various stages of development, which was well above the average recorded in recent years and meaningfully higher than 2020, which saw only 7,000 drugs under development.<sup>25</sup> Notably, 60% of the development pipeline is comprised of specialty drugs, underscoring the notion that drug manufacturers and the broader pharmaceutical industry have a renewed focus on research and development initiatives to commercialize treatments targeting complex chronic illnesses or rare diseases.<sup>26</sup> An increase in specialty drug approvals is closely tied to increased spending with several key disease verticals demonstrating significant growth since 2019 including rare diseases (+50%), cystic fibrosis (+20%), multiple sclerosis, asthma, skin, and other inflammatory conditions (15% each).<sup>27</sup>

As drug manufacturers continue to allocate more resources towards the development of specialty pharmaceuticals and ultimately introduce a greater selection of more effective and novel medications to the Canadian market, SRx expects that specialty pharmacies will be relied upon to ensure proper distribution and administration as the keystone healthcare delivery channel to millions of Canadians which further reinforces the long-term outlook of the sector.

### ***Transactions with Related Parties***

SRx's related party transactions include transactions its key management, personnel, majority shareholders and affiliated entities. In the normal course of operations, SRx enters into various transactions with related parties that are measured at the agreed-upon exchange amount. SRx, through its wholesale and distribution entity, ConnectRx Inc., sells and distributes certain pharmaceuticals to associated entities. These sales are measured at the agreed-upon exchange amount.

### ***Competition***

The business of providing specialty pharmacy services in Canada is highly competitive, and SRx faces competition from a variety of parties. There are national and regional players across Canada that compete in this space.

<sup>2 5</sup> 35 Mina Tadrous et al, "Canadian Trends and Projects in Prescription Drug Purchases: 2001-2023" (2021) 1:11 Canadian Journal of Health Technologies.

<sup>2 6</sup> 36 Mina Tadrous et al, "Canadian Trends and Projects in Prescription Drug Purchases: 2001-2023" (2021) 1:11 Canadian Journal of Health Technologies.

<sup>2 7</sup> 37 Mina Tadrous et al, "Canadian Trends and Projects in Prescription Drug Purchases: 2001-2023" (2021) 1:11 Canadian Journal of Health Technologies.

### ***National Operator of Speciality Pharmacies***

SRx is one of just a few specialty pharmacy chains in Canada. The SRx Network has allowed SRx to move fast to penetrate the market. SRx believes its market share will continue to grow in tandem with the expansion of the key segments of its business as described herein. SRx's brick-and-mortar retail presence in eight provinces gives it an advantageous pharmacist to patient ratio at physical retail locations when compared to its peers, which provides patients quicker and more convenient access to a pharmacist when in need. SRx focuses on having brick-and-mortar pharmacies while its competitors often dispense specialty drugs from closed distribution facilities that do not allow for any face-to-face interaction with patients and physicians. This is a key competitive advantage compared to SRx's competitors. This enhanced service allows SRx to provide patients with flexibility in terms of how they wish to access their medication. Existing traditional pharmacy models do not offer the full ecosystem of comprehensive care options, which strategically positions SRx to service the specialty market in Canada and grow its market share. There are also significant barriers to entry for traditional retail

pharmacies. Dispensing speciality drugs requires extensive training and experience, investment in infrastructure and programs (inclusive of PSP), and exclusive distribution rights from manufacturers, each of which takes significant time and resources to establish, maintain, and grow.

### ***Specialty Drug Access***

For access to specialty drugs, there are significant barriers to access as there are stringent regulatory requirements and pharmaceutical companies typically prefer to only work with a limited number of established national partners who are experienced, reliable, and have the existing infrastructure and capacity to successfully commercialize their products. SRx's access to specialty drugs is driven by its national SRx Network, including its ability to leverage its wholesale distribution capabilities to deliver specialty drugs quickly. Since inception, SRx has grown the number of specialty drugs it offers

SRx has various wholesale and distribution agreements with major multi-national pharmaceutical companies, which allows the Company to distribute critical specialty drugs across Canada and provides the Company with access to a large variety of types of drugs available for distribution in Canada. These agreements take years to establish and require strong relationships and a proven track record of delivering on the expectations of the pharmaceutical companies. SRx is on a short list of approximately seven mass distributors for specialty drugs in Canada.

### ***Collaborative Network***

The SRx Network is unique. A recent survey found that half of specialty pharmacists report the average specialty prescription takes at least four days to fill and that wait times of seven to 10 days are not uncommon.<sup>28</sup> The SRx Network allows SRx to operate at a much higher efficiency level and it is generally able to reduce those wait times by up to 50%. Furthermore, from the time SRx's PSP team contacts a patient to the time of the first offered appointment at a clinic, SRx averages 1.1 business days on a rush basis, whereas SRx estimates, using its industry knowledge, that the industry standard is approximately three business days.

SRx's network of interdisciplinary teams work closely to reduce patient wait times to receive drug therapies, reduce drug-drug interactions and optimize patient outcomes. This reduces the overall burden on other industry stakeholders, lowers costs for insurance providers, and can drive value for pharmaceutical companies. The current Canadian industry is fragmented and requires patients to attempt to access comprehensive specialty healthcare on their own. The SRx Network solves this issue by making it easy for patients to access and navigate specialty healthcare services in an otherwise difficult environment. SRx's comprehensive, patient-focused specialty pharmacy services ensure that patients receive a superior standard of care, including assistance with complicated medication therapies, refill processing, third-party funding support programs, side-effect management and adherence monitoring.

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<sup>28</sup> Businesswire, "Specialty Pharmacists Report Process Delays of Up to 10 Days to Get Patients Started on Treatment" (13 May 2020), online: Businesswire <https://www.businesswire.com/news/home/20200513005049/en/Specialty-Pharmacists-Report-Process-Delays-of-Up-to-10-Days-to-Get-Patients-Started-on-Treatment>.

SRx customizes solutions for each patient based on the patient's overall health, disease, family history, lifestyle and financial means. Below are some of the key features of the SRx Network, some of which are features of SRx's ancillary verticals, such as nursing and PSP, that were established to increase quality of care and optimize patient outcomes while simultaneously supporting and driving its specialty drug dispensing volume, which is its main source of revenue:

- *Insurance Navigation* – Specialty medications normally require prior authorization or approval from third-party payors. SRx employs reimbursement specialists within every pharmacy to help patients navigate the complex authorization process. Reimbursement specialists work with patients, physicians, and third-party payors to provide a seamless experience and SRx's average reimbursement submission time is 1.3 business days from the time it is engaged to assist with the submission.
- *Expertise in Pharmacy Services* – SRx's expanding range of pharmacy services has grown to include patient management and patient triaging, comprehensive drug consultations, RFID patient adherence tracking, drug handling and dispensing, pill packs/PACMED machine automation, digital services, fibroscans and point-of-care testing, travel medicine, flu shots; provision of PrePrx, HIV prevention care, compounding; and COVID-19 testing, among others.
- *Storage and Handling* – SRx pharmacy team members are trained in the storage and handling of specialty drugs. Most specialty drugs require special handling until administration and SRx's team members are experts in adhering to the requisite standard and procedures.
- *Focus on Pharmacists* – SRx pharmacists are the centre of its network. They have expertise treating complex diseases and providing specialized clinical services by independently prescribing, renewing, and adjusting select medications, as well as administering vaccinations and injections, ordering lab tests and facilitating related key services.
- *Patient Education and Coordination of Care* – Specialty drugs generally require a certain level of patient education and pre-initiation set-up SRx pharmacists are trained in subspecialties to provide comprehensive education to patients prior to treatment initiation. In addition, some drugs require a certain criterion to be met before patients start the drugs, such as negative x-rays and tuberculosis tests, and some involve injectables that require administration at fusion clinics or at home with a nurse. SRx nurses and pharmacists are trained on ensuring the criteria are met prior to initiation.
- *Quality of Care* – In order to improve the quality of care and patient outcomes SRx's pharmacies focus on having a touchpoint with patients at least once a month. Additionally, each time a patient is scheduled for delivery of drugs, they have the option of receiving a consultation from a pharmacist. Frequent touchpoints also ensure any changes in a client's medication profile are caught immediately to prevent adverse drug-drug interactions and minimize adverse reactions.
- *Storefront Presence* – All SRx's pharmacies have storefronts that allow for convenient in person consultations (such as injection training) and access to retail medications. The majority of major specialty pharmacy chains in Canada do not have a storefront presence at scale with ours. Additionally, the SRx Network and investment in technology allows patients to access virtual consultations.
- *Relationship with physicians* – SRx has a high engagement with physicians from a diverse portfolio of therapeutic areas including hepatology, dermatology, rheumatology, and urology. The prevalence of medical need in these therapeutic areas helps stabilize SRx's revenue year to year. SRx's focus on quality of care allows it to maintain strong rapport with our large, diverse physician network, which helps keep it current on innovative therapies and regulatory changes in the pipeline. This information allows SRx to prepare its teams and position its wholesale, PSP and pharmacy divisions to win access to these therapies ahead of its competition.

### ***Employees and Human Capital***

SRx's success is directly linked to the commitment and performance of its employees. SRx is committed to retaining the best talent in each of its business divisions, and committed to ensuring that SRx provides an environment to helping its employees succeed and grow. In addition, SRx is committed to building a team that represents a variety of backgrounds and perspectives.

As of June 30, 2024 SRx employed approximately [●] persons, all of whom are located in Canada. SRx's workforce includes over [200] pharmacists and technicians, [100] nurses, in addition to [●] employees working throughout Canada to support the business.

To attract and retain talent SRx offers a mix of compensation, inclusive of participation in equity incentive plans and short term incentives, in addition to insurance benefits. Full-time employees are eligible to participate in SRx's medical, dental, vision and retirement savings programs. All full time employees are also eligible to participate in annual bonus plans. None of SRx's employees are represented by a labour union, and SRx considers employee relations to be good.

#### Facilities

SRx leases all of its pharmacy and clinic locations in Canada. SRx owns and operates its 4,800 square foot wholesale and distribution facility in Mississauga, Ontario.

#### Legal Proceedings

On December 17, 2022, SRx was subject to discipline from the Saskatchewan College of Pharmacy Professionals due to improper billing practices. The regulator required SRx to pay a fine of CAD\$30,000.00, to repay the CAD\$73,795.40 that had been overbilled, and to reimburse the regulator's investigation costs of CAD\$25,875.00. These amounts, individually and in the aggregate, were immaterial to the business operations of SRx, and SRx timely paid each amount. The matter has been resolved and neither SRx nor any principal or officer of SRx is the subject of any ongoing sanctions or other discipline in connection with the matter. The matter did not result in the suspension or revocation of any license or certification of either SRx or any principal or officer of SRx or otherwise have any material adverse effect on the business operations of SRx to date.

#### Market Price of Common Stock and Dividends and Related Matters of SRx

##### Market Price

Date	Share Price
Sep-22	\$ 4.94
Oct-22	\$ 8.00
Nov-22	\$ 8.00
Dec-22	\$ 8.00
Jan-23	\$ 8.00
Feb-23	\$ 8.00
Mar-23	\$ 8.00
Apr-23	\$ 8.00
May-23	\$ 8.00
Jun-23	\$ 8.00
Jul-23	\$ 8.00
Aug-23	\$ 8.00
Sep-23	\$ 8.00
Oct-23	\$ 8.00
Nov-23	\$ 8.00
Dec-23	\$ 8.00
Jan-24	\$ 8.00
Feb-24	\$ 8.00
Mar-24	\$ 8.00
Apr-24	\$ 8.00
May-24	\$ 8.00
Jun-24	\$ 8.00
Jul-24	\$ 5.60
Aug-24	\$ 5.60
Sep-24	\$ 5.60

##### Dividends

SRx has not declared or paid any dividends or other distributions on its common shares since the date of its incorporation. SRx currently expects to retain all future earnings for use in the operation and expansion of its business and does not anticipate paying cash dividends in the foreseeable future. The declaration and payment of any dividends in the future will be determined by the Board of Directors of SRx, in its discretion, and will depend on a number of factors, including SRx's earnings, capital requirements, overall financial condition and contractual restrictions.

#### Current Capitalization of SRx

SRx's outstanding securities as of September 30, 2024 are as follows (all figures in CAD\$):

Description of Security <sup>(1)</sup>	Number of Shares Outstanding as of September 30, 2024
Common shares	12,796,602
Warrants	132,220
RSUs	861,441
<b>TOTAL Shares Issued &amp; Outstanding</b>	<b>13,790,263</b>

#### Management's Discussion and Analysis

##### Critical Accounting Policies and Estimates

##### Segment information

Operating segments are components of SRx that engage in business activities which generate revenues and incur expenses (including intercompany revenues and expenses related to transactions conducted with other components of SRx). The operations of an operating segment are distinct, and the operating results are regularly reviewed by the chief operating decision maker ("CODM") for the purposes of resource allocation decisions and assessing its performance. The chief operating decision maker, who is responsible for allocating resources and assessing performance of operations, has been identified as the Board of Directors.

SRx is managed under thirty-eight operating segments based on how financial information is produced internally for the purposes of making operating decisions. This includes thirty pharmacies, two patient support programs, two wholesale entity, one diagnostic lab and three clinical trial sites. These operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker.

Operating segments are aggregated into one reportable segment when they share similar economic characteristics, including long-term sales volume growth and long-term operating cash flows, and have similar products, production processes, types of customers and distribution methods. On this basis, the thirty pharmacies, two patient support programs, two wholesale entity and one diagnostic lab have been aggregated into one reportable segment, the "Pharmacy and sale of prescription drugs segment" and the three clinical trial sites have been aggregated into one reportable segment, the "Clinical trials segment". SRx therefore has two reportable segments.

#### **Business combinations and goodwill**

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred, which is measured at acquisition date fair value, and the amount of any non-controlling interests in the acquiree. For each business combination, SRx elects whether to measure the non-controlling interests in the acquiree at fair value or at the proportionate share of the acquiree's identifiable net assets. Acquisition-related costs are expensed as incurred and included in administrative expenses.

When SRx acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances, and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts by the acquiree.

Goodwill is initially measured at cost (being the excess of the aggregate of the consideration transferred and the amount recognized for non-controlling interests and any previous interest held over the net identifiable assets acquired and liabilities assumed). If the fair value of the net assets acquired is in excess of the aggregate consideration transferred, SRx re-assesses whether it has correctly identified all of the assets acquired and all of the liabilities assumed and reviews the procedures used to measure the amounts to be recognized at the acquisition date. If the reassessment still results in an excess of the fair value of net assets acquired over the aggregate consideration transferred, then the gain is recognized in the consolidated statement of comprehensive loss.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of SRx's cash-generating units that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

Where goodwill has been allocated to a cash-generating unit ("CGU") and part of the operation within that unit is disposed of, the goodwill associated with the disposed operation is included in the carrying amount of the operation when determining the gain or loss on disposal. Goodwill disposed in these circumstances is measured based on the relative values of the disposed operation and the portion of the cash-generating unit retained. SRx considers each operating segment within SRx as a separate CGU. The CGUs are aggregated for the purpose of goodwill impairment testing to pharmacies and clinical trials.

#### **Current versus non-current classification**

SRx presents assets and liabilities in the consolidated statements of financial position based on current/non-current classification. An asset is current when it is:

- Expected to be realized or intended to be sold or consumed in the normal operating cycle
- Held primarily for the purpose of trading
- Expected to be realized within twelve months after the reporting period

Or

- Cash and cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period
- All other assets are classified as non-current.

A liability is current when:

- It is expected to be settled in the normal operating cycle
- It is held primarily for the purpose of trading
- It is due to be settled within twelve months after the reporting period

Or

- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period
- The terms of the liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification. SRx classifies all other liabilities as non-current.

Deferred tax assets and liabilities are classified as non-current assets and liabilities as there is some uncertainty around the timing of when an investee would be in a position to realize a tax asset, or have to settle a future tax liability.

#### **Fair value measurement**

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability; or
- In the absence of a principal market, in the most advantageous market for the asset or liability.

The principal or the most advantageous market must be accessible by SRx.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

SRx uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the consolidated financial statements are categorized within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 – Quoted market prices in active markets for identical assets or liabilities
- Level 2 – Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- Level 3 – Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

The carrying value of SRx's cash, trade and other receivables, inventory, bank indebtedness, trade and other payables, deferred accounts payable, due from/to related parties and due from/to shareholders approximate their fair value.

#### **Revenues from contracts with customers**

SRx is in the business of providing specialty healthcare and medical treatment services. Revenue from contracts with customers is recognized when control of the goods or services are transferred to the customer at an amount that reflects the consideration to which SRx expects to be entitled in exchange for those goods or services. SRx has generally concluded that it is the principal in its revenue arrangements because it controls the goods or services before transferring them to the customer.

SRx's main revenue streams within the scope of IFRS 15 Revenue from Contracts with Customers include the following:

- Services provided by pharmacies:
  - retail pharmacies sell and distributes specialty and traditional prescription medications
  - infusion services; and
  - consultancy services.
- Wholesale/distribution – Distribution of drugs and other medications for affiliated pharmacies, external clients and other related parties.
- Clinical trial services – provision of clinical trial services.
- Testing services – provide testing services, such as COVID-19 testing, to patients.
- Patient support programs - SRx has multiple agreements with pharmaceutical companies for co-payment support and bridge medication to provide initial medication to patients free of charge while waiting for coverage decision and in the expectation that the patient will be approved for coverage at a later date, or to bridge a gap during renewal or patient insurance coverage changes, and compassionate products for patients with no public or private coverage and have been denied private or public insurance coverage within programs specified by pharmaceutical companies. SRx receives consideration for administering patient support programs from pharmaceutical companies.

SRx recognizes revenue related to services provided by pharmacies at the time the customer takes possession of the product or service. For retail pharmacy sales, each prescription claim has its own arrangement with the customer and is a performance obligation, separate and distinct from other prescription claims. SRx recognizes revenue related to products provided by wholesale and distribution at the time the pharmacy customer takes possession of the product. Revenue recognition for infusion services provided by SRx's medical clinics occurs as services are provided to patients for each infusion service. Customer returns are not material to SRx's operating results or financial condition. Sales taxes are not included in revenues.

For services provided through clinical studies, revenue is recognized based on attaining pre-defined procedures that are outlined in the agreements with SRx's customers. At the commencement of a clinical trial study, an agreement is signed that clearly outlines the procedures that SRx must complete over the life of a study. An ongoing, internal, assessment is done to determine the point at which SRx completes a contractual procedure. Revenue is recognized at this time as each procedure is an individual performance obligation within the agreement and is not dependent on subsequent procedures in order to collect revenues.

Patient support program revenue is recognized upon invoicing the client (i.e., pharmaceutical companies) on a monthly basis for services provided in the month. SRx provides a detailed breakdown of all services completed and pre-approved reimbursable expenses.

During the years ended September 30, 2023, and September 30, 2022 there were no significant revenues attributed to infusion services, consulting services, testing services, clinical trial services, or patient support programs.

#### **Government grants**

SRx's government grants reflect compensation received from various provincial and national bodies related to COVID-19 support. Government grants are recognized where there is reasonable assurance that the grant will be received, and all attached conditions will be complied with. When the grant relates to an expense item, it is recognized as other income on a systematic basis over the periods that the related costs, for which it is intended to compensate, are expensed.

#### **Taxes**

##### *Current income tax*

Current income tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted at the reporting date in the countries where SRx operates and generates taxable income. Current income tax relating to items recognized directly in equity is recognized in equity and not in the consolidated statement of comprehensive loss.

Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

### *Deferred income taxes*

SRx accounts for deferred income taxes using the liability method. Under this method, deferred income tax assets and liabilities are determined based on deductible or taxable temporary differences between the carrying amounts and tax bases of the assets and liabilities, using enacted or substantively enacted income tax rates expected to be in effect for the year in which differences are expected to reverse. Deferred income tax assets are recorded only to the extent that it is probable that they will be recovered.

### **Foreign exchange policy**

#### *Functional and presentation currency*

These consolidated financial statements are presented in Canadian dollars, which is also SRx's functional currency. SRx's subsidiaries also have a Canadian dollar functional currency as this is the currency of the primary economic environment in which SRx operates.

#### *Transactions and balances*

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the transaction date. Foreign exchange gains and losses resulting from the settlement of foreign currency transactions and from the translation at the year-end exchange rates of monetary assets and liabilities denominated in currencies other than the functional currency are reflected in the consolidated statement of loss and comprehensive loss.

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### **Property and equipment**

Property and equipment are recorded at cost less accumulated depreciation and accumulated impairment losses. Cost includes expenditures that are directly attributable to the acquisition of the asset, including costs incurred to prepare the asset for its intended use. Prior to September 30, 2023, depreciation of property and equipment was calculated based on a declining balance basis using the estimated depreciation rates of the assets, unless otherwise specified:

Computer equipment	30% on declining balance
Furniture and fixtures	20% on declining balance
Medical equipment	20% on declining balance
Building	10% on declining balance
Automobiles	30% on declining balance
Signs	10% on declining balance
Leasehold improvements	Straight line (Lesser of 10 years and Term of lease)

As at September 30, 2023, SRx changed its estimate of the depreciation of property and equipment to be calculated based on the straight line method using the estimated useful life of the assets, unless otherwise specified:

Computer equipment	3 years
Furniture and fixtures	5 years
Medical equipment	5 years
Building	20 years
Automobiles	5 years
Signs	10 years
Leasehold improvements	Lesser of 10 years and Term of lease

### **Summary of significant accounting policies (continued)**

Subsequent costs are included in the asset's carrying amount or are recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to SRx and the cost can be measured reliably. Repairs and maintenance costs are charged to the statement of income and comprehensive income (loss) during the period in which they are incurred.

An item of property and equipment and any significant part initially recognized is derecognized upon disposal (i.e., at the date the recipient obtains control) or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the consolidated statements of comprehensive income (loss) when the asset is derecognized.

Depreciation methods, useful lives and residual values are reviewed annually and are adjusted for prospectively, if appropriate.

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### **Intangible assets**

Intangible assets acquired are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is their fair value at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortization and accumulated impairment losses, if any. Useful lives, residual values and amortization methods for intangible assets with finite useful lives are reviewed at each reporting date and adjusted, prospectively, if appropriate.

Prior to September 30, 2023, amortization was calculated over the estimated useful lives of the assets using the declining balance method as follows:

Computer software	55% on declining balance
Domain (website)	30% on declining balance
Charter license	10% on declining balance
Customer lists	20% on declining balance

As at September 30, 2023, SRx changed its estimate of amortization to be calculated based on the straight line method using the estimated useful life of the assets as follows:

Computer software	3 years
Domain (website)	3 years
Charter license	10 years
Customer lists	5 years

## Leases

SRx assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

### *Company as a lessee*

SRx applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. SRx recognizes lease liabilities representing obligations to make lease payments and right-of-use assets representing the right to use the underlying assets.

### *Right-of-use assets*

SRx recognizes right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognized, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets, as follows:

Buildings	3 to 10 years
Medical equipment	3 to 5 years

If ownership of the leased asset transfers to SRx at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset.

The right-of-use assets are also subject to impairment. Refer to the accounting policies in section (I) Impairment of non-financial assets.

### *Lease liabilities*

At the commencement date of the lease, SRx recognizes lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include the value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable.

In calculating the present value of lease payments, SRx uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable.

After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g., changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

### *Short-term leases and leases of low-value assets*

SRx applies the short-term lease recognition exemption to its short-term leases of equipment (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain purchase option). It also applies the lease of low-value assets recognition exemption to leases of office equipment that are considered to be low value. Lease payments on short-term leases and leases of low-value assets are recognized as expense on a straight-line basis over the lease term.

### *Company as a lessor*

Leases in which SRx does not transfer substantially all the risks and rewards incidental to ownership of an asset are classified as operating leases. Rental income arising is accounted for on a straight-line basis over the lease terms and is included in revenue in the consolidated statements of comprehensive loss due to its operating nature. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognized over the lease term on the same basis as rental income included in other income.

## Impairment of non-financial assets

Property and equipment, intangible assets, goodwill and right-of-use assets are tested for impairment when events or changes in circumstances indicate that the carrying amount may not be recoverable.

In addition, goodwill is tested for impairment annually, regardless of the presence of indicators of impairment. In the case of indicators of impairment, or when a required annual test is performed, the asset's recoverable amount is calculated to establish the amount of impairment loss, if any. If it is not possible to determine the recoverable amount for an individual asset, the recoverable amount of the asset's CGU is then determined.

The recoverable amount is the higher of an asset's or CGU's fair value less cost of disposal and value in use. Value in use is the present value of estimated future cash flows

discounted at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the asset for which estimated future cash flows were not adjusted. When the carrying amount of an asset or CGU exceed its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. SRx evaluates impairment losses for potential reversals when events or circumstances require such considerations, except for goodwill.

## Financial Instruments

### *Recognition and derecognition*

Financial instruments are recognized in the consolidated statements of financial position when SRx becomes a party to the contractual obligations of the instrument. On initial recognition, financial instruments are recognized at their fair value, and in the case of financial liabilities not at fair value through profit or loss ("FVTPL"), net of transaction costs that are directly attributable to the issue of such financial liabilities.

Financial assets are subsequently derecognized when payment is received in cash or other financial assets or if the debtor is discharged of its liability. A financial liability is derecognized when the obligation under the liability is discharged or cancelled or expires. When the terms of the liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognized in the consolidated statements of comprehensive loss.

### *Classification*

Subsequent to initial recognition, financial instruments are measured according to the category to which they are classified. All of SRx's financial instruments are classified and measured at amortized cost or fair value.

The classification of financial asset and liabilities is driven by SRx's business model for managing the assets or liabilities and their contractual cash flow characteristics. Financial assets that are held to collect contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortized cost. All of SRx's financial assets and financial liabilities are measured at amortized cost, as SRx does not have any financial assets or liabilities held for trading.

### *Impairment*

SRx does not have purchased or originated credit-impaired financial assets. SRx recognizes loss allowances for expected credit losses ("ECLs") in accordance with IFRS. For trade and other receivables, SRx applies a simplified approach in calculating ECLs. As such, SRx does not track changes in credit risk, but instead recognizes a loss allowance based on lifetime ECLs and other macroeconomic factors at each reporting date. The carrying amount of these assets in the consolidated statements of financial position is stated net of any loss allowance.

## Inventory

Inventory is valued at the lower of cost and net realizable value. Cost is determined on an actual cost basis. Cost includes all direct expenditures and other appropriate costs incurred in bringing inventory to its present location and condition, net of consideration received from vendors. Net realizable value is the estimated selling price in the ordinary course of business, less the estimated selling expenses. Inventories are written down to net realizable value when the cost of inventories is estimated to be unrecoverable due to obsolescence, damage, shrinkage, or declining selling prices. When circumstances that previously caused inventories to be written down below cost no longer exist, the amount of the write-down previously recorded is reversed. SRx records consideration received from suppliers as a reduction to the cost of inventory. These amounts are recognized in cost of sales when the associated inventory is sold.

### o. **Significant accounting judgments, estimates and assumptions**

The preparation of the consolidated financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis.

Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected. Information about critical judgments in applying accounting policies that have the most significant effects on the amounts recognized in the consolidated financial statements is as follows:

### • **Inventory**

Inventories are carried at the lower of cost and net realizable value, which requires SRx to utilize estimates related to fluctuations in shrinkage, retail prices and shelf life. At each reporting date, SRx reviews its inventory and determines if a reserve is required for inventory.

### • **Revenue from contracts**

SRx's clinical trial division is based on specified contracts whose duration is often greater than one year. The contracts outline specific services or procedures that SRx must provide. SRx recognizes revenue at the time these procedures are completed. Judgement is exercised in determining when a procedure is considered complete and an estimate of the revenue to be accrued is made based on the agreed terms in the contract.

### • **Determination of cash-generating units ('CGUs') for the purpose of impairment tests**

The determination of CGUs for the purposes of impairment testing requires judgement when determining the lowest level for which there are separately identifiable cash inflows generated by a group of assets. In identifying assets to group into CGUs, SRx considers how the operations of each of its subsidiaries generate cash flows and how management monitors the entity's operations. The determination of CGUs could affect the results of impairment tests and the amount of the impairment charge, if any, recorded in the consolidated financial statements. SRx's CGUs have been determined by management to comprise the aggregate pharmacy locations which make up the pharmacy and sale of drugs segment, and the clinical trial entities.

### • **Impairment of non-financial assets**

Management assesses the impairment of non-financial assets such as goodwill, intangible assets, property and equipment, and right-of-use assets on an annual basis. SRx uses judgement when identifying CGUs and determining the level at which goodwill, intangible assets, property and equipment, and right-of-use assets are tested for impairment. In assessing impairment, management estimates the recoverable amount of each asset or CGU based on the higher value-in-use ("VIU") and fair value less costs of disposal ("FVLCD"). The VIU calculations are based on the expected future cash flows. When measuring expected future cash flows, management makes the assumptions about future growth of profits that relate to future events and circumstances. Actual results could vary from these estimated future cash flows which may cause significant adjustments



to the assets in subsequent reporting periods. Estimation uncertainty relates to assumptions about future operating results and the application of an appropriate discount rate.

- **Intangible assets, goodwill and business combinations**

SRx accounts for business combinations using the acquisition method. This involves the allocation of the costs of an acquisition to the underlying net assets acquired based on their estimated fair values. As part of this allocation process, management identifies and attributes values to the acquired intangible assets and any resulting goodwill. These determinations involve significant estimates and assumptions regarding cash flow projections, economic risk and discount rates. Management also exercises judgement in determining the estimated useful lives of intangible assets.

- **Business combination versus asset acquisition**

Judgment is used in determining whether an acquisition is a business combination or an asset acquisition. The assessment required management to assess the inputs, processes and outputs of SRx acquired at the time of acquisition. Pursuant to the assessment, the transaction was considered to be a business combination and estimate of fair value of the consideration paid was allocated to the identifiable assets acquired with the remaining value allocated to goodwill (Note 5).

- **Reportable segments**

SRx uses judgment in assessing the criteria used to determine the aggregation of operating segments. The Pharmacy and sale of prescription drugs segment consists of several operating segments comprised primarily of pharmacies, wholesale distribution of drugs and other medications, patient support programs and a diagnostic lab.

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SRx has aggregated its Pharmacy and sale of prescription drugs segment on the basis of their similar economic characteristics, customers and nature of products. This similarity in economic characteristics reflects the fact that the entities in SRx's Pharmacy and sale of prescription drugs segment operate primarily in Canada and are therefore subject to the same economic market pressures and regulatory environment. The entities in SRx's Pharmacy and sale of prescription drugs segment are subject to similar competitive pressures such as price and product innovation and assortment from existing competitors and new entrants into the marketplace. The Pharmacy and sale of prescription drugs segment customer profile is primarily individuals who are purchasing specialty drugs and related health services. The aggregation of the Pharmacy and sale of prescription drugs segment reflects the nature and financial effects of the business activities in which SRx engages and the economic environment in which it operates. SRx aggregates Pharmacies acquired through business combination within its Pharmacy and sale of prescription drugs segment. In addition, SRx has aggregated the three clinical trial sites into one reportable segment, the Clinical trial segment. SRx therefore has two reportable segments.

### **Financial Instruments**

#### *Recognition and derecognition*

Financial instruments are recognized in the consolidated statements of financial position when SRx becomes a party to the contractual obligations of the instrument. On initial recognition, financial instruments are recognized at their fair value, and in the case of financial liabilities not at fair value through profit or loss ("FVTPL"), net of transaction costs that are directly attributable to the issue of such financial liabilities.

Financial assets are subsequently derecognized when payment is received in cash or other financial assets or if the debtor is discharged of its liability. A financial liability is derecognized when the obligation under the liability is discharged or cancelled or expires. When the terms of the liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognized in the consolidated statements of comprehensive loss.

#### *Classification*

Subsequent to initial recognition, financial instruments are measured according to the category to which they are classified. All of SRx's financial instruments are classified and measured at amortized cost or fair value.

The classification of financial asset and liabilities is driven by SRx's business model for managing the assets or liabilities and their contractual cash flow characteristics. Financial assets that are held to collect contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortized cost. All of SRx's financial assets and financial liabilities are measured at amortized cost, as SRx does not have any financial assets or liabilities held for trading.

### **New Accounting Standards and Interpretations Adopted**

#### **New and amended standards and interpretations**

SRx applied for the first-time certain standards and amendments, which are effective for annual periods beginning on or after January 1, 2022. SRx has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

#### **Standards issued but not yet effective**

The new and amended standards and interpretations that are issued, but not yet effective, up to the date of issuance of SRx's consolidated financial statements are disclosed below. SRx intends to adopt these new and amended standards and interpretations, if applicable, when they become effective.

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### **Amendments to IAS 1: Classification of Liabilities as Current or Non-current**

In January 2020, the IASB issued amendments to paragraphs 69 to 76 of IAS 1 to specify the requirements for classifying liabilities as current or non-current. The amendments clarify:

- What is meant by a right to defer settlement
- That a right to defer must exist at the end of the reporting period
- That classification is unaffected by the likelihood that an entity will exercise its deferral right
- That only if an embedded derivative in a convertible liability is itself an equity instrument would the terms of a liability not impact its classification

The amendments are effective for annual reporting periods beginning on or after January 1, 2023 and must be applied retrospectively. SRx is currently assessing the impact the

amendments will have on current practice and whether existing loan agreements may require renegotiation.

#### **Amendments to IAS 1 and IFRS Practice Statement 2 - Disclosure of Accounting Policies**

In February 2021, the IASB issued amendments to IAS 1 and IFRS Practice Statement 2 *Making Materiality Judgements*, in which it provides guidance and examples to help entities apply materiality judgements to accounting policy disclosures. The amendments aim to help entities provide accounting policy disclosures that are more useful by replacing the requirement for entities to disclose their 'significant' accounting policies with a requirement to disclose their 'material' accounting policies and adding guidance on how entities apply the concept of materiality in making decisions about accounting policy disclosures.

The amendments to IAS 1 are applicable for annual periods beginning on or after January 1, 2023 with earlier application permitted. Since the amendments to the Practice Statement 2 provide non-mandatory guidance on the application of the definition of material to accounting policy information, an effective date for these amendments is not necessary. SRx is currently assessing the impact of the amendments to determine the impact they will have on SRx's accounting policy disclosures.

#### **Amendments to IAS 8 - Definition of Accounting Estimates**

In February 2021, the IASB issued amendments to IAS 8, in which it introduces a definition of 'accounting estimates'. The amendments clarify the distinction between changes in accounting estimates and changes in accounting policies and the correction of errors. Also, they clarify how entities use measurement techniques and inputs to develop accounting estimates.

The amendments are effective for annual reporting periods beginning on or after January 1, 2023 and apply to changes in accounting policies and changes in accounting estimates that occur on or after the start of that period. Earlier application is permitted as long as this fact is disclosed. The amendments are not expected to have a material impact on SRx.

#### **Amendments to IAS 12 - Deferred tax related to assets and liabilities arising from a single transaction**

In May 2021, the IASB issued amendments to IAS 12 that clarify how companies account for deferred tax on transactions such as leases and decommissioning obligations. The amendments introduce an exemption from the initial recognition exemption provided in IAS

12.15(b) and IAS 12.24. Accordingly, the initial recognition exemption does not apply to transactions in which both deductible and taxable temporary differences arise on initial recognition that result in the recognition of equal deferred tax assets and liabilities.

The amendments are effective for annual reporting periods beginning on or after January 1, 2023. Early adoption is permitted. The amendments are not expected to have a material impact on SRx.

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#### ***Critical Accounting Estimates***

The preparation of SRx's consolidated financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the assets or liabilities affected in future periods.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to the accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

#### ***Measurement of the expected credit loss ("ECL") allowance for trade and other receivables***

SRx uses a simplified approach to calculate ECLs for trade and other receivables. The ECL rates are based on broader macroeconomic credit rates. SRx's historical credit loss experience and forecast of economic conditions may also not be representative of SRx's trade and other receivable's actual default in the future.

#### ***Determination of the incremental borrowing rate and extension for leases***

SRx determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised. SRx has several lease contracts that include extension and termination options. SRx applies judgement in evaluating whether it is reasonably certain whether or not to exercise the option to renew or terminate the lease. That is, it considers all relevant factors that create an economic incentive for it to exercise either the renewal or termination. After the commencement date, SRx reassesses the lease term if there is a significant event or change in circumstances that is within its control and affects its ability to exercise or not to exercise the option to renew or to terminate. When SRx cannot readily determine the interest rate implicit in the lease, it uses its incremental borrowing rate ("IBR") to measure lease liabilities. The IBR is the rate of interest that SRx would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. The IBR therefore reflects what SRx 'would have to pay', which requires estimation when no observable rates are available (such as for subsidiaries that do not enter into financing transactions) or when they need to be adjusted to reflect the terms and conditions of the lease (for example, when leases are not in the subsidiary's functional currency). SRx estimates the IBR using observable inputs (such as market interest rates) when available and is required to make certain entity-specific estimates (such as the subsidiary's stand-alone credit rating).

#### ***Estimation of the valuation of consumable inventories***

Inventories are carried at the lower of cost and net realizable value, which requires SRx to utilize estimates related to fluctuations in shrinkage, retail prices and shelf life. At each reporting date, SRx reviews its inventory and determines if a reserve is required for inventory.

#### ***Revenue from contracts***

SRx's clinical trial division is based on specified contracts whose duration is greater than one year. The contracts outline specific services that SRx must provide. SRx recognizes revenue over the duration of the contract based on the achievement of specific milestones, which requires SRx to exercise a degree of judgement based on the activities performed at each reporting date.

#### ***Income Tax***

Current income tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted at the reporting date in the countries where SRx operates and generates taxable income. Current income tax relating to items recognized directly in equity is recognized in equity and not in the consolidated statement of comprehensive loss.

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Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

SRx accounts for deferred income taxes using the liability method. Under this method, deferred income tax assets and liabilities are determined based on deductible or taxable temporary differences between the carrying amounts and tax bases of the assets and liabilities, using enacted or substantively enacted income tax rates expected to be in effect for the year in which differences are expected to reverse. Deferred income tax assets are recorded only to the extent that it is probable that they will be recovered.

#### Impairment of Non-financial Assets

SRx does not have purchased or originated credit-impaired financial assets. SRx recognizes loss allowances for expected credit losses (“ECLs”) in accordance with IFRS. For trade and other receivables, SRx applies a simplified approach in calculating ECLs. As such, SRx does not track changes in credit risk, but instead recognizes a loss allowance based on lifetime ECLs and other macroeconomic factors at each reporting date. The carrying amount of these assets in the consolidated statements of financial position is stated net of any loss allowance.

#### Results of Operations for the years ended September 30, 2023 and 2022

<i>In Canadian dollars</i>	<b>2023</b>	<b>2022</b>
Revenue	\$ 161,548	\$ 127,938
Cost of sales	129,479	109,561
<b>Gross profit</b>	<b>32,069</b>	<b>18,377</b>
General and administrative	36,055	18,151
Depreciation and amortization	3,902	1,837
<b>Operating expenses</b>	<b>39,957</b>	<b>19,988</b>
<b>Operating loss</b>	<b>(7,888)</b>	<b>(1,611)</b>
Finance costs	2,789	1,041
Other expense (income)	180	(123)
Share-based compensation	4,004	-
Share of loss of associates and joint venture	-	246
<b>Loss before income taxes</b>	<b>(14,861)</b>	<b>(2,775)</b>
Income tax expense	603	410
Deferred tax (income) expense	(336)	198
<b>Net loss and comprehensive loss</b>	<b>(15,128)</b>	<b>(3,383)</b>
Weighted average number of common shares outstanding – basic and diluted	12,388,467	704,183
Net loss per share – basic and diluted	\$ (1.22)	\$ (4.80)

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#### Liquidity and Capital Resources

SRx has generated significant revenue since inception and continues to grow its operations through organic growth and acquisitions. To date, SRx has funded operations through internally generated cash flow and debt financings. Through June 30, 2024 SRx has raised approximately CAD\$46 million in debt financing which has been used to fund the opening of new pharmacies, the acquisition of additional pharmacies, and opening a wholesale and distribution facility.

#### Off-Balance Sheet Arrangements

SRx does not have any off-balance sheet arrangements.

#### Changes in and Disagreements with Accountants on Accounting and Financial Disclosure

SRx does not have any disagreements with its Accountants of accounting and financial disclosures.

#### Qualitative and Quantitative Disclosure About Market Risk

SRx’s principal financial liabilities include trade and other payables, due to related parties and shareholders, bank indebtedness, convertible debentures and borrowings. SRx’s financial assets include cash, trade and other receivables, lease receivables and due from related parties and shareholders. The following table illustrates how the positions in the consolidated statements of financial position are classified and measured:

	<b>Classification and Measures</b>
Cash	Amortized cost
Trade and other receivables	Amortized cost
Lease receivables	Amortized cost
Due from related parties	Amortized cost
Due from shareholders	Amortized cost
Trade and other payables	Amortized cost
Due to related parties	Amortized cost
Due to shareholders	Amortized cost
Bank indebtedness	Amortized cost
Convertible debentures	Amortized cost
Borrowings	Amortized cost

#### Fair Value

Fair value hierarchy Levels 1 to 3 are based on the degree to which the fair value is observable:

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices); and

- Level 3 fair value measurement are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The Company has assessed that the fair value of cash, trade and other receivables, and related party receivables, trade and other payables and related party payables approximate their carrying amounts largely due to the short-term maturities of these instruments.

The carrying amount of the Company's borrowings are considered to be the same as their fair values, as the terms of the Company's borrowings are considered to be consistent with the commercial terms prevalent for similar loans. The Company has no financial instruments classified as Level 2 or 3.

#### **Interest Rate Risk**

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company's exposure to the risk of changes in market interest rates relates primarily to the Company's long-term debt obligations with floating interest rates.

#### **Foreign Currency Risk**

SRx's financial statements are presented in Canadian dollars, which is also its functional currency. SRx's subsidiaries also have a Canadian dollar functional currency as this is the currency of the primary economic environment in which SRx operates. SRx does not have material exposure to foreign currency risk as its functional currency is the same as its primary economic environment.

#### **Liquidity Risk**

Liquidity risk is the risk that SRx will encounter difficulties in meeting financial obligations. SRx is exposed to this risk mainly in respect of its trade and other payables, long-term borrowings, and promissory notes payable.

SRx's growth is financed through cash flows from operations, long-term borrowings and equity investment. One of management's primary goals is to maintain an optimal level of liquidity through the active management of its assets and liabilities as well as its cash flows. Liquidity risk is mitigated by maintaining appropriate levels of cash and cash equivalents, actively monitoring market conditions, and by diversifying sources of funding.

#### **Statement of SRx Executive Compensation**

The table below sets forth the compensation earned by the executive officers of SRx as of September 30, 2023.

	Shares	RSU - \$	Salary (CAD\$)
<b>Adesh Vora</b>	56,250	\$ 450,000	\$ 310,000
<b>Bikramjit Nahal</b>	48,126	\$ 385,008	\$ 250,000
<b>Davender Sohi</b>	98,126	\$ 785,008	\$ 280,000
<b>Hemant Shah</b>	98,126	\$ 785,008	\$ 280,000
<b>Brock Clancy</b>	48,126	\$ 385,008	\$ 280,000
		\$ 2,790,032	\$ 1,400,000

#### **Composition of the Board of Directors Following the Closing**

The following table provides information regarding the expected directors of the Combined Company after the Effective Time:

Name	Age	Position
Kent Cunningham	52	Director
Michael Young	44	Director
Lionel Conacher	60	Director
Adesh Vora	49	Director
David White	72	Director

#### **UNAUDITED PRO FORMA CONDENSED COMBINED FINANCIAL INFORMATION**

The following tables set forth selected unaudited pro forma historical financial information and unaudited pro forma per share information in connection with the Combined Company. The pro forma amounts included in the tables below are presented as if the Arrangement had been consummated for all periods presented, have been prepared in accordance with U.S. GAAP, but have not been audited. You should read this information in conjunction with, and such information is qualified in its entirety by, the consolidated financial statements and accompanying notes of Better Choice included in this proxy statement (including the related Management's Discussion and Analysis), the consolidated financial statements and accompanying notes of SRx (including Management's Discussion and Analysis) contained in SRx's annual reports, and the unaudited pro forma condensed combined financial statements and accompanying discussions and notes found in this proxy statement. The pro forma amounts in the tables below are presented for informational purposes. You should not rely on the pro forma amounts as being indicative of the financial position or the results of operations of the Combined Company that would have actually occurred had the Arrangement been consummated during the periods presented or of the future financial position or future results of operations of the Combined Company.

Unless otherwise stated, all accounting terms used in this Agreement in respect of Better Choice, Acquireco and Callco shall have the meanings attributable thereto under U.S. GAAP and all determinations of an accounting nature in respect of Better Choice, Acquireco and Callco required to be made shall be made in a manner consistent with U.S. GAAP consistently applied. SRx historical financial information was prepared in CAD in accordance with IFRS and has been converted to USD and to U.S. GAAP for purposes of the proformas. Management is still finalizing the financial statement impact upon conversion of SRx financial statements from IFRS to U.S. GAAP. The unaudited pro forma condensed combined financial statements include preliminary estimates of the IFRS to U.S. GAAP adjustments. Accordingly, the final adjustments may differ materially from what was estimated by Management in deriving the pro forma adjustments reflected in this Proxy Statement.

#### **General**

The accompanying unaudited pro forma condensed combined financial statements are presented to illustrate the estimated effects of the Arrangement.

The unaudited pro forma condensed combined financial statements have been derived from the historical consolidated audited financial statements of Better Choice and SRx. The unaudited pro forma condensed combined statements of operations for the nine months ended September 30, 2024 and for the year ended December 31, 2023

combine the historical consolidated statements of operations of Better Choice and the historical consolidated statements of operations of SRx, giving effect to the Arrangement as if they had been consummated on January 1, 2023, the beginning of the earliest period presented. The unaudited pro forma condensed combined balance sheet combines the historical consolidated balance sheet of Better Choice and the historical consolidated balance sheet of SRx as of September 30, 2024, giving effect to the Arrangement as if they had been consummated on September 30, 2024. The historical consolidated financial statements have been adjusted in the unaudited pro forma condensed combined financial statements to give pro forma effect to events that are: (a) directly attributable to the Arrangement; (b) factually supportable; and (c) with respect to the statements of operations, expected to have a continuing impact on Better Choice's results following the completion of the Arrangement.

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The assumptions and estimates underlying the unaudited adjustments to the pro forma combined financial statements are described in the accompanying notes, which should be read together with the pro forma combined financial statements. The unaudited pro forma condensed combined financial statements should be read together with the Better Choice's historical consolidated financial statements, which are included in Better Choice's latest annual report on Form 10-K, and the abbreviated financial statements of SRx presented in this proxy statement.

The unaudited pro forma condensed combined financial statements are presented for illustrative purposes only, in accordance with Article 11 of Regulation S-X. The Arrangement is being accounted for as a business combination using the acquisition method in accordance with Accounting Standards Codification 805, Business Combinations. Under this method of accounting the purchase price will be allocated to the assets acquired and liabilities assumed based upon their estimated fair values at the date of consummation of the Arrangement.

The Arrangement is in substance a reverse takeover of Better Choice by SRx, in order to facilitate SRx's listing on NYSE and access to the U.S. capital markets. On completion of the Arrangement, holders of SRx Shares are expected to hold approximately 87% of the outstanding Combined Company Shares while holders of Better Choice Shares will retain approximately 8% of the outstanding Combined Company Shares. Approximately 5% of the outstanding Combined Company Shares are being issued as part of the transaction costs of the Arrangement.

The unaudited pro forma condensed combined financial information in this Proxy Statement is presented for illustrative purposes only and is not indicative of the actual financial position or results of operations had the Merger been completed on the dates indicated. The unaudited pro forma condensed combined financial information reflects adjustments, which are based upon preliminary estimates of the final purchase price adjustments. Accordingly, the final purchase price adjustments may differ materially from what was estimated by Management in deriving the pro forma adjustments reflected in this Proxy Statement.

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**Better Choice Company Inc.**  
**Unaudited Pro Forma Condensed Combined Statement of Operations**  
*(Dollars in thousands, except share and per share amounts)*

	<b>Nine Months Ended September 30, 2024</b>				
	<b>Better Choice</b>	<b>SRx</b>	<b>Reference</b>	<b>Transaction Accounting Adjustments</b>	<b>Total Combined</b>
Net sales	\$ 27,817	\$ 117,109		\$ —	\$ 144,926
Cost of goods sold	17,432	93,685		—	111,117
Gross profit	10,385	23,424		—	33,809
<b>Operating expenses:</b>					
Selling, general and administrative	14,703	31,624	(2)	(376)	45,951
Total operating expenses	14,703	31,624		(376)	45,951
Loss from operations	(4,318)	(8,200)		376	(12,142)
<b>Other income (expense):</b>					
Interest expense	(536)	(3,259)		—	(3,795)
Gain on extinguishment of debt and accounts payable	6,206	—		—	6,206
Other expense	—	(69)		—	(69)
Total other income, net	5,670	(3,328)		—	2,342
Income (loss) before income taxes	1,352	(11,528)		376	(9,800)
Income tax (benefit) expense	3	(452)		—	(449)
Net income (loss)	\$ 1,349	\$ (11,076)		\$ 376	\$ (9,351)
Weighted average number of shares outstanding, basic	1,257,006	12,517,858	(1)	31,797,339	33,054,345
Weighted average number of shares outstanding, diluted	1,257,006	13,746,374	(1)	31,797,339	33,054,345
Net income (loss) per share, basic	\$ 1.07	\$ (1.20)		\$ 0.01	\$ (0.28)
Net income (loss) per share, diluted	\$ 1.07	\$ (1.10)		\$ 0.01	\$ (0.28)

**Transaction Accounting Adjustments in the Pro Forma Combined Statement of Operations for the nine months ended September 30, 2024**

(1) Represents shares issued upon consummation of the Agreement and an adjustment to the weighted average shares outstanding due to the increase of the number of Better Choice Shares outstanding in relation to the proposed Transaction. The detail of the adjustment to the weighted average shares outstanding is as follows (amounts as stated):

	<b>Nine months ended September 30, 2024</b>
Number of Better Choice Shares issued as a preliminary purchase price	30,000,000
Number of Better Choice Shares issued as part of transaction costs of the Arrangement	1,797,339
Number of Better Choice Shares outstanding	1,257,006
<b>Consideration for the acquisition - common stock</b>	<b>33,054,345</b>

(2) Represents an adjustment related to a one-time gross up of outstanding CEBA loans to adjust for expiration of forgivable amounts

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**Better Choice Company Inc.**  
**Unaudited Pro Forma Condensed Combined Statement of Operations**  
*(Dollars in thousands, except share and per share amounts)*

**Year Ended December 31, 2023**

	<b>Better Choice</b>	<b>SRx</b>	<b>Reference</b>	<b>Transaction Accounting Adjustments</b>	<b>Total Combined</b>
Net sales	\$ 38,592	\$ 133,583		\$ —	\$ 172,175
Cost of goods sold	26,795	107,652		—	134,447
Gross profit	11,797	25,931		—	37,728
<b>Operating expenses:</b>					
Selling, general and administrative	24,444	37,523	(4)	(447)	61,520
Impairment of intangible assets	8,532	—	(1)	(8,532)	—
Total operating expenses	32,976	37,523		(8,979)	61,520
Loss from operations	(21,179)	(11,592)		8,979	(23,792)
<b>Other income (expense):</b>					
Interest expense, net	(1,353)	(2,683)		—	(4,036)
Gain on extinguishment of debt, net	—	(316)		—	(316)
Change in fair value of warrant liabilities	(236)	—	(2)	236	—
Extraordinary gain	—	—	(5)	2,662	2,662
Other income	—	98		—	98
Total other (expense) income, net	(1,589)	(2,901)		2,898	(1,593)
(Loss) income before income taxes	(22,768)	(14,493)		11,877	(25,385)
Income tax expense (benefit)	2	(84)		—	(82)
Net (loss) income available to common shareholders	\$ (22,770)	\$ (14,409)		\$ 11,877	\$ (25,303)
Weighted average number of shares outstanding, basic	705,185	12,495,351	(3)	31,797,339	32,502,524
Weighted average number of shares outstanding, diluted	705,185	13,296,298	(3)	31,797,339	32,502,524
Net (loss) income per share, basic	\$ (32.29)	\$ (1.56)		\$ 0.37	\$ (0.78)
Net (loss) income per share, diluted	\$ (32.29)	\$ (1.46)		\$ 0.37	\$ (0.78)

**Transaction Accounting Adjustments in the Pro Forma Combined Statement of Operations for the year ended December 31, 2023**

(1) Represents intangible asset impairment, a non-cash, non-recurring, one-time charge.

(2) Represents change in the fair value of warrant liabilities, a non-cash, non-recurring, one-time charge.

(3) Represents shares issued upon consummation of the Agreement and an adjustment to the weighted average shares outstanding due to the increase of the number of Better Choice Shares outstanding in relation to the proposed Transaction. The detail of the adjustment to the weighted average shares outstanding is as follows (amounts as stated):

	<b>Year ended December 31, 2023</b>
Number of Better Choice Shares issued as a preliminary purchase price	30,000,000
Number of Better Choice Shares issued as part of transaction costs of the Arrangement	1,797,339
Number of Better Choice Shares outstanding	705,185
<b>Consideration for the acquisition - common stock</b>	<b>32,502,524</b>

(4) Represents an adjustment for the loss on debt modification incurred due to consolidation of various loans with the same lender, as well one-time costs related to pharmacy closures.

(5) Represents a bargain purchase adjustment to recognize the extraordinary gain for the transaction, as the fair value of the net assets acquired is greater than the fair value of the consideration, therefore no goodwill is recognized.

**Better Choice Company Inc.**  
**Unaudited Pro Forma Condensed Combined Balance Sheet**  
*(Dollars in thousands, except share and per share amounts)*

	<b>As of September 30, 2024</b>				
	<b>Better Choice</b>	<b>SRx</b>	<b>Reference</b>	<b>Transaction Accounting Adjustments</b>	<b>Total Combined</b>
<b>Assets</b>					
Cash and cash equivalents	\$ 4,743	\$ 489			\$ 5,232
Accounts receivable, net	5,726	10,347			16,073
Note receivable	1,450	—	(1)	(1,450)	—
Inventories	3,930	4,121			8,051
Due from related parties	—	4,169			4,169
Prepaid expenses and other current assets	477	719			1,196
Total Current Assets	16,326	19,845		(1,450)	34,721
Fixed assets, net	158	7,101			7,259
	78	6,140			6,218
Right-of-use assets, operating leases					
Intangible assets, net	—	9,697			9,697
Goodwill	405	20,763	(5)	(405)	20,763
Other assets	205	456			661
Total Assets	\$ 17,172	\$ 64,002		\$ (1,855)	\$ 79,319
<b>Liabilities &amp; Stockholders' Equity</b>					
<b>Current Liabilities</b>					
Accounts payable	\$ 3,217	\$ 34,410			\$ 37,627
Due to related parties	—	595			595
Accrued and other liabilities	1,631	1,378			3,009
Credit facility, net	1,944	—			1,944

Bank indebtedness	—	3,569		3,569
Term loan, net	—	33,288		33,288
Operating lease liability	60	1,402		1,462
Total Current Liabilities	6,852	74,642	—	81,494
<b>Non-current Liabilities</b>				
Deferred tax liability	—	1,470		1,470
Long-term borrowings	—	614		614
Operating lease liability	21	5,339		5,360
Total Non-current Liabilities	21	37,972	—	7,444
Total Liabilities	6,873	82,065	—	88,938
<b>Stockholders' Equity</b>				
Common Stock	2	8,594	(3)(4)	(8,561)
Additional paid-in capital	330,290	1,774	(3)(4)	(309,203)
Accumulated deficit	(319,993)	(28,431)	(2)	315,909
Total Stockholders' Equity	10,299	(18,063)		(1,855)
Total Liabilities and Stockholders' Equity	\$ 17,172	\$ 64,002	\$ (1,855)	\$ 79,319

#### Transaction Accounting Adjustments in the Pro Forma Combined Balance Sheet at September 30, 2024

(1) To remove assets not retained by Better Choice in the Arrangement.

(2) Accumulated deficit is based on the accumulated deficit of SRx, the accounting acquirer. Also includes the bargain purchase adjustment to recognize the extraordinary gain for the transaction, therefore no goodwill is recognized.

(3) Represents the recapitalization of the combined entity.

(4) Reflects approximately \$5.8 million in total consideration for the acquisition, which is based on the number of equity interests SRx would have had to issue to give the owners of Better Choice the same percentage equity interest in the Combined Company that results from the reverse acquisition.

(5) Represents the elimination of \$0.4 million of Better Choice historical goodwill.

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#### Notes to the Pro Forma Condensed Combined Financial Statements (Unaudited)

##### Note 1 – Description of the Transaction

On September 3, 2024, Better Choice Company Inc. (NYSE American: BTTR) (“Better Choice” or the “Company”), a pet health and wellness company, announced signing a definitive agreement to acquire SRx Health Solutions Inc. (“SRx”), a leading provider of innovative healthcare solutions, in an all-stock transaction. Upon the terms and subject to the satisfaction of the conditions described in the arrangement agreement, SRx will be merged with and into Better Choice, with SRx surviving as a wholly-owned subsidiary of Better Choice (the “Merger”).

Under the terms of the arrangement agreement, each share of SRx Health common stock issued and outstanding will be converted into common stock (or shares of the Canadian surviving corporation that will be exchangeable into shares of common stock) of Better Choice. The exchange ratio for conversion of the SRx common stock into Better Choice common stock (or the exchangeable share equivalent) will be determined based on the 30-day volume weighted average price of the common stock of Better Choice subject to an aggregate share collar, with any resulting fractional shares to be rounded to the nearest whole share. At the effective time of the acquisition, security holders of SRx Health will own approximately 87% of the combined company and security holders of Better Choice will own approximately 8% of the combined company, on a fully diluted basis. Approximately 5% of the outstanding Combined Company Shares are being issued as part of the transaction costs of the Arrangement. As part of the transaction, Better Choice will spin-out 17% of the issued and outstanding capital stock of its subsidiary, Halo, Purely For Pets, Inc., to Better Choice stockholders immediately prior to the effective time of the transaction. The transaction has been approved by the Board of Directors of both companies.

The Combined Company’s Board of Directors following the consummation of the transaction will consist of five members including Adesh A. Vora, Pharm. D., as Chairman, Michael Young, Lionel Conacher, Kent Cunningham, and David White.

The Combined Company will be led by Adesh A. Vora, the founder, President, and CEO of SRx Health, as Chief Executive Officer. Dave Sohi, CA, CPA, CBV, currently Chief Financial Officer of SRx Health, will be appointed as President. Kent Cunningham, current Chief Executive Officer of Better Choice, will be appointed as CEO of the Halo business unit. Nina Martinez, current Chief Financial Officer of Better Choice, will be appointed as Chief Financial Officer of the Combined Company.

##### Note 2 – Basis of presentation

The unaudited pro forma condensed combined financial statements were prepared in accordance with accounting principles generally accepted in the United States of America and pursuant to the rules and regulations of SEC Regulation S-X, and present the pro forma financial position and results of operations of the combined companies after giving effect to the Arrangement.

SRx historical financial information was prepared in CAD in accordance with IFRS and have been converted to USD for purposes of the pro formas.

Better Choice has a fiscal year end of December 31, while SRx has a fiscal year end of September 30. As such, the SRx pro forma financials for the interim period reflect the nine month period October 1, 2023 through June 30, 2024.

For purposes of preparing the unaudited pro forma condensed combined financial statements, the historical financial information of SRx and related pro forma adjustments were translated from CAD to USD using the following historical exchange rates as posted by the Federal Reserve:

	USD/CAD
Balance sheet and related adjustments as of June 30, 2024: period end exchange rate as of June 30, 2024	1.37
Statement of operations and related adjustments for the year ended December 31, 2023: average exchange rate for that period	1.35
Statement of operations and related adjustments for the nine months ended June 30, 2024: average exchange rate for that period	1.36

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##### Note 3 – Preliminary Purchase Price Allocation



The Arrangement is being accounted for as a business combination using the acquisition method in accordance with Accounting Standards Codification 805, Business Combinations. Under this method of accounting the purchase price will be allocated to the assets acquired and liabilities assumed based upon their estimated fair values at the date of consummation of the Arrangement.

The Arrangement is in substance a reverse takeover of Better Choice by SRx, in order to facilitate SRx's listing on NYSE and access to the U.S. capital markets. On completion of the Arrangement, holders of SRx Shares are expected to hold approximately 87% of the outstanding Combined Company Shares while holders of Better Choice Shares will retain approximately 8% of the outstanding Combined Company Shares. Approximately 5% of the outstanding Combined Company Shares are being issued as part of the transaction costs of the Arrangement.

The following table presents the preliminary allocation of the \$5.8 million consideration for the transaction as of the acquisition date. This amount was determined based on the additional number of Better Choice shares that would be issued to SRx shareholders to hold 87% of the combined company:

Bargain purchase adjustment (extraordinary gain)	\$	(2,662)
Net assets acquired		8,444
Consideration for the acquisition - common stock	\$	<u>5,782</u>

The purchase price allocation for the proposed Transaction is preliminary and subject to revision once the proposed Transaction is complete and as additional information about the fair value of the assets to be acquired and liabilities to be assumed becomes available. In general, due to the nature of certain assets acquired and liabilities assumed, The Company has determined that the carrying value of these assets and liabilities as of September 30, 2024 approximate their fair value. Management has not completed a full, detailed valuation analysis. Accordingly, the unaudited pro forma condensed combined financial information includes a preliminary allocation of the purchase price based on assumptions and estimates that, while considered reasonable under the circumstances, are subject to changes, which may be material. Management will continue to refine its identification and valuation of assets to be acquired and liabilities to be assumed as further information becomes available.

The final determination of the purchase price allocation will be completed as soon as practicable but not one year beyond the date of the closing date of the proposed Transaction and will be based on the fair values of the assets acquired and liabilities assumed as of the closing date. The final amounts allocated to assets acquired and liabilities assumed could differ significantly from the amounts presented in the unaudited pro forma condensed combined financial information.

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The following table sets forth a preliminary allocation of the estimated purchase price to the identifiable tangible and intangible assets acquired and liabilities assumed of Better Choice based on Better Choice's unaudited interim consolidated balance sheet as of September 30, 2024, with the excess recorded as an extraordinary gain (in thousands):

	<b>Better Choice</b>	
Common stock	\$	5,782
<b>Total consideration</b>	\$	<u>5,782</u>
Cash and cash equivalents	\$	4,743
Accounts receivable, net		5,726
Note receivable		—
Inventories		3,930
Prepaid expenses and other current assets		477
Fixed assets, net		158
Right of use assets, operating leases		78
Other assets		205
<b>Total assets acquired</b>	\$	15,317
Accounts payable	\$	3,217
Accrued and other liabilities		1,631
Credit facility, net		1,944
Operating lease liability, short-term		60
Operating lease liability, long-term		21
<b>Total liabilities acquired</b>	\$	<u>6,873</u>
<b>Net assets acquired</b>	\$	<u>8,444</u>

## THE ARRANGEMENT

### Purpose and Description of the Arrangement

Pursuant to the Arrangement, Better Choice and SRx will complete a business combination pursuant to which Better Choice will indirectly acquire all of the SRx Shares. Following the completion of the Arrangement, the Combined Company will continue to operate its portfolio of established premium and super-premium pet products under the Halo brand and its large specialty pharmacy network in Canada under the SRx brand. The Combined Company affords the SRx business with access to the U.S. capital market and will focus on leveraging operational synergies, including infrastructure and distribution, and implementing growth strategies across both businesses to launch into new verticals and geographies.

Pursuant to the Arrangement Agreement, the Company will acquire SRx in an all-stock transaction pursuant to the Plan of Arrangement which includes the Amalgamation. As a result of the Amalgamation, all of the property, rights, interests and obligations of SRx shall become the property, rights, interests and obligations of AmalCo, the resulting entity upon completion of the Amalgamation, which will be an indirect subsidiary of the Company.

Pursuant to the Plan of Arrangement, each issued and outstanding common share of SRx will be converted based on the Exchange Ratio into Better Choice Shares or, at the option of the holder thereof, Exchangeable Shares that will be exchangeable at the option of the holder (or under certain other circumstances) on a one-for-one basis for Better Choice Shares. The Exchange Ratio will be determined five Business Days prior to the Closing and will be based on the 30 Day VWAP, subject to an aggregate share collar of 19,750,000 shares and 30,000,000 shares, with any resulting fractional shares to be rounded down to the nearest whole share. The transaction assigns an equity value of SRx of U.S. \$80 million, assuming net debt at Closing of U.S. \$43 million (which will be subject to a two-way adjustment prior to the Closing). Prior to the Closing, all outstanding SRx Warrants will either be exercised into SRx Shares or terminated, and all outstanding SRx RSUs shall be deemed to be vested and the holders thereof will receive one SRx Share for each SRx RSU.

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Following the Closing of the Arrangement, the board of directors of the Combined Company will be comprised as follows. See "The Arrangement Agreement — Board of



Directors and Officers.”

- two (2) director nominees selected by SRx in its sole discretion prior to the date on which the Better Choice Proxy Statement is filed with the SEC, one (1) of whom shall be independent in accordance with NYSE American requirements (presently intended to be Adesh Vora and David White, with the former as Chairman and the latter as the independent director); and

- two (2) director nominees selected by Better Choice in its sole discretion prior to the date on which the Better Choice Proxy Statement is filed with the SEC, one (1) of whom shall be independent in accordance with NYSE American requirements (presently intended to be Kent Cunningham and Michael Young, with the latter as the independent director); and

- one (1) director nominee mutually selected by the Parties prior to the date on which the Better Choice Proxy Statement is filed with the SEC, who shall be independent in accordance with NYSE American requirements (presently intended to be Lionel Conacher).

**The Arrangement Proposal must be approved by the Better Choice stockholders for the Arrangement to be consummated.**

Under the terms of the Plan of Arrangement, SRx Shareholders who are Eligible Holders may elect to (i) receive in respect of any or all of their SRx Shares, the Exchangeable Share Consideration, and (ii) receive in respect of the balance of their SRx Shares, if any, the Better Choice Share Consideration. See “*Description of Exchangeable Shares and Related Agreements.*”

The Exchange Ratio pursuant to which SRx Shares will be exchanged for Better Choice Shares or Exchangeable Shares pursuant to the Arrangement is not fixed, but will be determined in accordance with the Plan of Arrangement pursuant to the following formula:

$$A = \frac{B}{C} \div D$$

A = the number of Better Choice Shares or Exchangeable Shares to be received in exchange for each one (1) SRx Share, rounded to three decimal places;

B = US\$80,000,000 plus US\$43,000,000 minus the SRx U.S. Dollar Net Debt;

C = 30 Day VWAP; and

D = the total number of SRx Shares outstanding immediately prior to the Effective Time,

provided that if:

- $\frac{B}{C}$  is greater than 30,000,000, then  $\frac{B}{C}$  shall for the purposes of the calculation of the Exchange Ratio be deemed to be 30,000,000; or
- $\frac{B}{C}$  is less than 19,750,000, then  $\frac{B}{C}$  shall for the purposes of the calculation of the Exchange Ratio be deemed to be 19,750,000.

Based on the above formula, the Exchange Ratio will be determined based on the number of Better Choice Shares and SRx Shares outstanding immediately prior to the completion of the Arrangement, such that the holders of SRx Shares immediately prior to the completion of the Arrangement will hold 100% of the outstanding Better Choice Shares upon completion of the Arrangement. **The foregoing is intended to be illustrative of the manner in which the Exchange Ratio will be determined; however, the actual Exchange Ratio could be higher or lower.**

**The foregoing is intended to be illustrative of the manner in which the Exchange Ratio will be determined; however, the actual Exchange Ratio could be higher or lower.**

For more details about the purpose of the Arrangement, see “*The Arrangement — Purpose and Description of the Arrangement,*” and “*The Arrangement Agreement.*”

**Principal Steps of the Arrangement**

The following description is qualified in its entirety by reference to the full text of the Plan of Arrangement, a copy of which is attached hereto as Annex B. At the Effective Time and pursuant to the Plan of Arrangement, the following transactions, among others, will occur and will be deemed to occur sequentially in the following order:

Commencing at the Effective Time on the Effective Date, subject to the terms and conditions of the Arrangement Agreement, the following shall occur as part of the Arrangement and shall be deemed to occur sequentially in the following order (except that steps (d)-(g) below shall be deemed to occur contemporaneously) without any further act or formality:

(a) each SRx Share held by a Dissenting Shareholder shall be deemed to be transferred by the holder thereof, without any further act or formality on its part, free and clear of all Encumbrances, to SRx and SRx shall thereupon be obliged to pay the amount therefor determined and payable in accordance with Article 3 of the Plan of Arrangement, and the name of such holder shall be removed from the central securities register of SRx as a holder of SRx Shares and SRx shall be recorded as the registered holder of the SRx Shares so transferred and shall be deemed to be the legal owner of such SRx Shares, which SRx Shares shall thereupon be cancelled;

(b) each SRx Warrant outstanding immediately prior to the Effective Time that has not been exercised in advance of the exercise deadline set out in the SRx Circular, shall be cancelled without consideration;

(c) notwithstanding the terms of the SRx RSU Plan, each SRx RSU outstanding immediately prior to the Effective Time shall be deemed to be vested, without any further action by or on behalf of an SRx RSU Holder, and each SRx RSU Holder shall receive one SRx Share for each SRx RSU, and all of SRx’ obligations under such SRx RSUs shall be deemed to be fully satisfied and the SRx RSU Holders shall cease to have any rights as holders of the SRx RSUs, other than the right to receive the compensation contemplated by this Plan of Arrangement and the SRx Shares issued in connection with this Paragraph (c) shall be treated as all other SRx Shares at the Effective Time in accordance with Paragraph (d) or Paragraph (e), as applicable;

(d) contemporaneously with the steps in Paragraph (c) and Paragraph (f), each issued and outstanding SRx Share (other than Exchangeable Elected Shares and SRx Shares held by Better Choice or Dissenting Shareholders) held by a SRx Shareholder shall be transferred by the holder thereof, without any further act or formality on its part, free and clear of all Encumbrances, to Acquireco in exchange for Better Choice Share Consideration in accordance with the election or deemed election of such SRx Shareholder ;

(e) contemporaneously with the step in Paragraph (d) and Paragraph (f), each Exchangeable Elected Share shall be transferred by the holder thereof, without any further act or formality on its part, free and clear of all Encumbrances, to Acquireco in exchange for Exchangeable Share Consideration in accordance with the election of such SRx Shareholder ;

(f) contemporaneously with the step in Paragraph (d) and Paragraph (e): (i) Better Choice, Acquireco and Callco shall execute the Support Agreement, and the Exchangeable Shareholders shall be deemed to be parties thereto; (ii) Better Choice, Acquireco and the Trustee shall execute the Voting Trust Agreement and Better Choice shall issue to and deposit with the Trustee the Special Voting Share in consideration of the payment to Better Choice by SRx on behalf of the SRx Shareholders of ten dollars in Canadian funds (CAD\$10.00), to be thereafter held of record by the Trustee for and on behalf of, and for the use and benefit of, the holders of the Exchangeable Shares in accordance with the Voting Trust Agreement, and the Exchangeable Shareholders shall be deemed to be parties thereto to the extent necessary;

(g) SRx shall reduce the stated capital of the SRx Shares to CAD\$1.00; and

(h) Acquireco and SRx shall merge (the "Amalgamation") to form one corporate entity, Amalco, with the same effect as if they had amalgamated under Section 177(1) of the OBCA, except that the legal existence of Acquireco shall not cease and AcquireCo shall survive the merger as Amalco and the Amalgamation is intended to qualify as an amalgamation as defined in subsection 87(1) of the Tax Act, and without limiting the generality of the foregoing, upon and as a consequence of the Amalgamation;

(i) the separate legal existence of the SRx shall cease without SRx being liquidated or wound up and Acquireco and SRx shall continue as one company and the property, rights, interests and obligations of SRx shall become the property, rights, interests and obligations of Amalco;

(ii) the properties, rights, interests and obligations of Acquireco shall continue to be the properties, rights, interests and obligations of Amalco, and the Amalgamation shall not constitute an assignment by operation of law, a transfer or any other disposition of the properties, rights and interests of Acquireco to Amalco;

(iii) Amalco will own and hold the property of Acquireco and SRx and, without limiting the provisions hereof, all rights of creditors or others of Acquireco and SRx will be unimpaired by the Amalgamation, and all liabilities and obligations of Acquireco and SRx, whether arising by contract or otherwise, may be enforced against Amalco to the same extent as if such obligations had been incurred or contracted by Amalco;

(iv) Amalco will continue to be liable for all of the liabilities and obligations of Acquireco and SRx;

(v) all rights, contracts, permits and interests of Acquireco and SRx will continue as rights, contracts, permits and interests of Amalco as if Acquireco and SRx continued and, for greater certainty, the Amalgamation will not constitute a transfer or assignment of the rights or obligations of either Acquireco or SRx under any such rights, contracts, permits and interests;

(vi) any existing cause of action, claim or liability to prosecution will be unaffected;

(vii) a civil, criminal or administrative action or proceeding pending by or against either Acquireco or SRx may be continued by or against Amalco;

(viii) a conviction against, or ruling, order or judgment in favour of or against either Acquireco or SRx may be enforced by or against Amalco;

(ix) each issued and outstanding share of each class of shares of Acquireco shall become a share of the same class of shares of Amalco having the same terms and conditions as such Acquireco shares had immediately prior to the Amalgamation and all of the issued and outstanding shares of SRx will be cancelled without repayment of capital in respect thereof;

(x) the name of Amalco shall be SRX Health Solutions Inc.;

(xi) Amalco shall be authorized to issue an unlimited number of Exchangeable Shares, Preferred Voting Shares and common shares each without par value;

(xii) the articles and bylaws of Amalco shall be in the form of the articles and bylaws of Acquireco;

(xiii) the first annual general meeting of Amalco or resolutions in lieu thereof shall be held within 18 months from the Effective Date;

(xiv) the first directors of Amalco following the amalgamation shall be the then current Acquireco directors; and

(xv) the stated capital of each class of shares of Amalco will be an amount equal to the stated capital attributable to the corresponding class of Acquireco shares immediately prior to the Amalgamation.

In no event shall any fractional Better Choice Shares or Exchangeable Shares be issued under the Plan of Arrangement. Where the aggregate number of Better Choice Shares or Exchangeable Shares to be issued to a SRx securityholder would result in a fraction of a Better Choice Share or Exchangeable Share being issuable, then the number of Better Choice Shares or Exchangeable Shares to be issued to a SRx shareholder shall be rounded down to the nearest whole number and no compensation shall be issued in lieu of the issuance of a fractional Better Choice Share or Exchangeable Share.

## **Voting and Support Agreements**

### ***SRx Voting and Support Agreement***

To the knowledge of SRx, the SRx Supporting Shareholders beneficially own, or exercise control or direction over, directly or indirectly, [●] SRx Shares representing approximately [●]% of the issued and outstanding SRx Shares as of the Record Date, on a non-diluted basis.

On [●], 2024, the SRx Supporting Stockholders entered into the Voting and Support Agreement with Better Choice pursuant to which, among other things, they agreed to cause to be counted as present for purposes of establishing quorum at the Special Meeting and to vote (or cause to be voted) the securities owned legally or beneficially by each of them or over which they exercise control or direction, as applicable, FOR matters related to the Arrangement, and to duly complete and cause forms of proxy in respect of all of the applicable securities held by them to be validly delivered to cause the applicable securities to be voted FOR matters related to the Arrangement.

The Voting and Support Agreement automatically terminates if the Arrangement Agreement is terminated in accordance with its terms.

### ***Better Choice Voting and Support Agreement***

To the knowledge of Better Choice, the Better Choice Supporting Stockholders beneficially own, or exercise control or direction over, directly or indirectly, [●] Better Choice Shares representing approximately [●]% of the issued and outstanding Better Choice Shares as of the Record Date, on a non-diluted basis.

On September 3, 2024, the Better Choice Supporting Shareholders entered into the Voting and Support Agreement with SRx pursuant to which, among other things, they agreed to cause to be counted as present for purposes of establishing quorum at the Special Meeting and to vote (or cause to be voted) the securities owned legally or beneficially by

each of them or over which they exercise control or direction, as applicable, FOR matters related to the Arrangement, and to duly complete and cause forms of proxy in respect of all of the applicable securities held by them to be validly delivered to cause the applicable securities to be voted FOR matters related to the Arrangement.

The Voting and Support Agreement automatically terminates if the Arrangement Agreement is terminated in accordance with its terms.

### **Expenses of the Arrangement**

Except as otherwise provided in the Arrangement Agreement, all costs and expenses of the Parties relating to the Arrangement Agreement and the transactions contemplated thereunder, including legal fees, accounting fees, financial advisory fees, strategic advisory fees, regulatory filing fees, stock exchange fees, all disbursements of advisors and printing and mailing costs, shall be paid by the Party incurring such expenses.

### **Court Approval of the Arrangement**

A plan of arrangement completed under the OBCA requires Court approval. On [●], 2024, SRx obtained the Interim Order, which provides for the calling and holding of the SRx Meeting, the Dissent Rights and other procedural matters.

Subject to the terms of the Arrangement Agreement and receipt of approval of the Arrangement Proposal at the SRx Meeting, SRx intends to make an application to the Court for the Final Order. The application for the Final Order approving the Arrangement is expected to occur as soon as reasonably practicable (and, in any event, within five (5) Business Days following the approval of the Arrangement Proposal at the SRx Meeting). The Court will consider, among other things, the substantive and procedural fairness of the Arrangement to the parties affected, including the SRx shareholders, holders of SRx convertible securities or other interested parties. The Court may approve the Arrangement in any manner the Court may direct, subject to compliance with any terms and conditions, if any, as the Court deems fit.

The Court has been advised that the Court's approval of the Arrangement (including the fairness thereof), if granted, will form a basis for the exemption from the registration requirements of the Securities Act provided by Section 3(a)(10) thereof with respect to the issuance and distribution of the Consideration Shares to be issued by Better Choice to SRx shareholders pursuant to the Arrangement pursuant to the Arrangement. Consequently, if the Final Order is granted, the Consideration Shares issuable to SRx shareholders pursuant to the Arrangement will not require registration under the Securities Act.

Assuming the Final Order is granted and the other conditions to closing contained in the Arrangement Agreement are satisfied or waived to the extent legally permissible, then articles of arrangement will be filed to give effect to the Arrangement.

### **Background of the Arrangement**

The Arrangement Agreement is the result of arm's length negotiations among representatives of Better Choice and SRx and their respective legal and financial advisors.

The primary representatives involved in the negotiations on behalf of Better Choice were Michael Young, its Chairman of the Board; Kent Cunningham, its Chief Executive Officer; and Carolina Martinez, its Chief Financial Officer. The primary negotiators on behalf of SRx were Adesh Vora, its Chief Executive Officer; and Devender Sohi, its Chief Financial Officer. Better Choice is represented in the transaction by Meister Seelig & Fein PLLC as U.S. counsel and by Wildeboer Dellelce LLP as Canadian counsel. SRx is represented in the transaction by Dorsey Whitney LLP as U.S. Counsel and by Borden Ladner Gervais LLP as Canadian counsel.

The management of Better Choice had considered the possibility of a business combination in order to strengthen its business and provide additional value to its stockholders. Management of Better Choice and SRx began discussing the Arrangement during the second and third quarters of 2024 and began actively negotiating the Arrangement Agreement, and documents ancillary thereto, in August of 2024. The key items of negotiation were the valuation of the companies and the Exchange Ratio. The Arrangement Agreement was finalized and signed by the parties on September 3, 2024.

### **Reasons for the Arrangement**

In considering its decision to approve the Arrangement Agreement and to authorize and approve the Arrangement and, subject to the terms and conditions of the Arrangement Agreement, to recommend the approval of the Arrangement Proposal and the Plan Proposal by Better Choice's stockholders, the Better Choice Board consulted with Better Choice's management, as well as Better Choice's legal and financial advisors, and considered the terms of the proposed Arrangement Agreement, the Arrangement and the other transactions set forth in the Arrangement Agreement, as well as other alternative transactions. The Better Choice Board considered a number of factors in its deliberations, including the following (which factors are not necessarily presented in order of relative importance):

- The Exchange Ratio represented an attractive valuation for Better Choice.
- The fairness opinion given by Strategic Capital Advisors, Ltd. concluded that, as of August 13, 2024, subject to the assumptions, limitations and qualifications set out therein, the Arrangement is fair, from a financial point of view, to the Better Choice stockholders.
- Information concerning the business, assets, liabilities, financial performance and results of operations, and condition and prospects, of Better Choice's business and SRx's business.
- The Better Choice Board considered alternatives, financing options and strategies available to Better Choice if it did not enter into the Arrangement Agreement and continued with a stand-alone plan, the financial condition of Better Choice, the fact that none of the potential investors that had been contacted appeared to be interested in making a strategic investment in Better Choice in the near-term, and that discussions with these counterparties were not progressing quickly, and determined that entering into the Arrangement Agreement was the best alternative for Better Choice stockholders and in the best interest of Better Choice.
- The Better Choice Board's view that the Arrangement Agreement was the product of arm's-length negotiations.
- The Arrangement would be subject to the approval of the stockholders of Better Choice, and the Better Choice stockholders would be free to reject the Arrangement.

The Better Choice Board also considered potential drawbacks and risks relating to the Arrangement, including the following (which drawbacks and risks are not necessarily presented in order of relative importance):

- The possibility that the Arrangement may not close on the anticipated timeline, or at all, and that Better Choice continues to incur substantial expenses in connection with the Arrangement that must be paid regardless of whether the Arrangement closes.
- The possibility that the Arrangement Agreement may be terminated under certain circumstances, and that the termination fee of \$3.2 million may be payable by Better Choice.

- The fact that Better Choice management and members of the Better Choice Board may have interests in the Arrangement that are different than those of the Better Choice stockholders generally.
- The Combined Company will operate two distinct businesses which may cause a distraction to the operation or success of the current business of Better Choice.

### Recommendation of the Better Choice Board

After taking into account all of the factors set forth above, as well as others, the Better Choice Board unanimously agreed that the benefits of the Arrangement outweighed the drawbacks and risks and determined that the Arrangement Agreement and the transactions contemplated thereby, including the Arrangement, are fair to, and in the best interests of, Better Choice and its stockholders, approved the Arrangement Agreement, authorized and approved the Arrangement upon the terms and conditions set forth in the Arrangement Agreement, and **unanimously recommended that Better Choice stockholders vote to approve the Arrangement Proposal and the Plan Proposal at the Special Meeting.**

### Fairness Opinion

In connection with the Arrangement, the Better Choice Board received a written opinion, dated August 13, 2024, from Strategic Capital Advisors, Ltd., which states that, as of such date, and subject to the assumptions, limitations and qualifications set out therein, the Arrangement is fair, from a financial point of view, to the Better Choice stockholders. The Better Choice Board is entitled to rely on the Fairness Opinion in connection with its decision to approve the Arrangement. The full text of the Fairness Opinion, which sets forth certain assumptions made, matters considered and limitations on the review undertaken in connection with such opinion, is attached as Annex G to this proxy statement. Better Choice stockholders are urged to, and should, read the Fairness Opinion in its entirety.

Subject to the terms of its engagement, Strategic Capital Advisors, Ltd. has consented to the inclusion in this proxy statement of its Fairness Opinion in its entirety, together with the summary herein, and other information relating to Strategic Capital Advisors, Ltd. and its Fairness Opinion. The Fairness Opinion addresses only the fairness of the Arrangement from a financial point of view to the Better Choice stockholders and does not and should not be construed as a valuation of Better Choice or SRx or their respective assets, liabilities or securities or as recommendations to any Better Choice stockholders as to how to vote at the Special Meeting.

### Accounting Treatment of Transaction

The Arrangement will be accounted for using the purchase method of accounting with SRx as the acquirer.

### Regulatory Approvals

In addition to approval by both the Better Choice stockholders and the SRx shareholders, the consummation of the Arrangement is contingent on (a) court approval under the OBCA and a declaration following a court hearing that the Arrangement is fair to SRx securityholders and (b) approval from NYSE for the listing of the Better Choice Shares issuable in the transaction.

### Federal Securities Law Consequences, Resale Restrictions

The Consideration Shares issued pursuant to the Arrangement will not be registered under the Securities Act or the securities laws of any state of the United States and will be issued and exchanged in reliance upon the exemption from registration provided by Section 3(a)(10) of the Securities Act and exemptions from or qualifications under the registration requirements under the securities laws of applicable states of the United States. Section 3(a)(10) of the Securities Act exempts the issuance of any securities issued in exchange for one or more bona fide outstanding securities, or partly in such exchange and partly for cash, from the registration requirements of the Securities Act, where the terms and conditions of the issuance and exchange of such securities have been approved by a court of competent jurisdiction that is expressly authorized by law to grant such approval, after a hearing upon the substantive and procedural fairness of the terms and conditions of such issuance and exchange at which all persons to whom it is proposed to issue the securities have the right to appear and have received timely and adequate notice thereof. The Court is authorized to conduct a hearing at which the fairness of the terms and conditions of the Arrangement will be considered. Accordingly, the Final Order will, if granted, constitute a basis for the exemption from the registration requirements of the Securities Act provided by Section 3(a)(10) thereof with respect to the issuance of the Consideration Shares pursuant to the Arrangement.

Section 3(a)(10) of the Securities Act will not be available for the issuance of any Better Choice Shares that are issuable upon exercise of the Exchangeable Shares or other SRx Securities exercisable for or convertible into SRx Shares. Therefore, the Better Choice Shares issuable upon the exercise conversion of the Exchangeable Shares and any SRx Securities will be “restricted securities” within the meaning of Rule 144, and may be issued only pursuant to an exemption from the registration requirements of the Securities Act and applicable state securities laws or following registration under such laws.

### Appraisal and Dissenters’ Rights

Holders of Better Choice Shares will not have any appraisal or dissenters rights in connection with the Arrangement.

Holders of SRx Shares may exercise Dissent Rights with respect to the Arrangement pursuant to and in the manner set forth under Section 185 of the OBCA, as modified by the Plan of Arrangement and the Interim Order, provided that, notwithstanding Section 185(6) of the OBCA, the written objection to the Arrangement Resolution must be sent to SRx by holders who wish to dissent and be received by SRx not later than 5:00 p.m. (Toronto time) on the second Business Day before the SRx Meeting.

The procedures for dissenting to the Arrangement Resolution require strict compliance with the applicable dissent procedures.

A registered holder of SRx Shares is entitled to be paid the fair value of the SRx Shares held by such holder in accordance with Section 185 of the OBCA, as modified by the Plan of Arrangement and the Interim Order, if such holder exercises Dissent Rights and the Arrangement becomes effective. If the aggregate number of SRx Shares in respect of which SRx Shareholders have duly and validly exercised Dissent Rights, and have not been withdrawn at the date of the SRx Meeting, exceeds 5% of the SRx Shares entitled to vote at the SRx Meeting, each of SRx and Better Choice is entitled, in its discretion, not to complete the Arrangement.

The following description of the dissent procedures is not a comprehensive statement of the procedures to be followed by a Dissenting Shareholder who seeks payment of the fair value of its SRx Shares and is qualified in its entirety by reference to the full text of the Plan of Arrangement, the Interim Order and Section 185 of the OBCA.

The Court hearing the application for the Final Order has the discretion to alter the Dissent Rights described herein.

SRx shareholders who duly exercise Dissent Rights and who:

- to be entitled to be paid fair value for their SRx Shares, which fair value, notwithstanding anything to the contrary contained in Section 185 of the OBCA, shall be determined as of the Exchange Time, shall be deemed to have transferred those SRx Shares as of the Exchange Time at the fair value of the SRx Shares determined as the Exchange Time in accordance with the Plan of Arrangement to SRx and shall not be entitled to any other payment or consideration, including any payment that would be payable under the Arrangement had such holder not exercised their Dissent Rights in respect of such SRx Shares; or
- not to be entitled, for any reason, to be paid fair value for their SRx Shares shall be deemed to have participated in the Arrangement on the same basis as a holder of SRx Shares who has not exercised Dissent Rights.

### ***Sections 185 of the OBCA***

Section 185 of the OBCA, as modified by the Plan of Arrangement and the Interim Order, provides that registered SRx Shareholders who dissent to the Arrangement in compliance with Section 185 of the OBCA may exercise a right of dissent and require SRx to purchase the SRx Shares held by such SRx Shareholders at the fair value of such SRx Shares.

The exercise of Dissent Rights does not deprive a registered SRx Shareholder of the right to vote at the SRx Meeting. However, a SRx Shareholder is not entitled to exercise Dissent Rights in respect of the Arrangement Resolution if such holder votes any of the SRx Shares beneficially held by such holder FOR the Arrangement Resolution. The execution or exercise of a proxy against the Arrangement Resolution does not constitute a written objection for purposes of the right to dissent under Section 185 of the OBCA.

A Dissenting Shareholder must dissent with respect to all SRx Shares in which the holder owns a beneficial interest. A registered Shareholder who wishes to dissent must send to SRx, no later than 5:00 p.m. (Toronto time) on the second Business Day before the SRx Meeting, a written objection to the resolution (a "Written Objection") in accordance with the OBCA, unless SRx did not give notice to the shareholder of the purpose of the meeting or of the shareholder's right to dissent.

A vote against the Arrangement Resolution, whether virtually or by proxy, or not voting on the Arrangement Resolution does not constitute a Written Objection. SRx shall, within ten Business Days after the SRx Shareholders adopt the Arrangement Resolution, send to each Dissenting Shareholder a notice that the Arrangement Resolution has been adopted, stating that SRx intends to act, or has acted, on the authority of the Arrangement Resolution and advise the Dissenting Shareholder of the manner in which dissent is to be completed under Section 185 of the OBCA.

If the Arrangement Resolution is approved by the holders of SRx Shares as required at the SRx Meeting, and if SRx notifies the Dissenting Shareholders of its intention to act upon the Arrangement Resolution, pursuant to Section 185 of the OBCA, the Dissenting Shareholder is then required, within 20 days after receipt of such notice, to send to SRx or its transfer agent a signed written notice setting out the Dissenting Shareholder's name, the number and class of SRx Shares in respect of which the Dissenting Shareholder dissents and that the Dissent Right is being exercised in respect of all of the Dissenting Shareholder's SRx Shares (a "Dissent Notice") and a demand for payment of the fair value of such SRx Shares. Within 30 days after sending the Dissent Notice, the Dissenting Shareholder must send to SRx or its transfer agent any share certificate or certificates representing the SRx Shares in respect of which the Dissenting Shareholder has exercised Dissent Rights (if any).

A Dissenting Shareholder who fails to send to SRx or its transfer agent within the required periods of time the required Dissent Notice or the certificates representing the SRx Shares in respect of which the Dissenting Shareholder has dissented may forfeit its Dissent Rights. Upon delivery of these documents, the Dissenting Shareholder ceases to have any rights as a shareholder other than the right to be paid the fair value of the SRx Shares, except where the Dissenting Shareholder withdraws the Dissent Notice before SRx makes an offer, SRx fails to make an offer and the Dissenting Shareholder withdraws the Dissent Notice, or the board of directors of SRx revoke the Arrangement Resolution, in which case the Dissenting Shareholder's rights as a SRx Shareholder are reinstated as of the date the Dissenting Shareholder sent the Dissent Notice.

If the matters provided for in the Arrangement Resolution become effective, then SRx will be required to send, not later than the seventh (7th) day after the later of the Effective Date and the day the demand for payment is received, to each Dissenting Shareholder whose demand for payment has been received, a written offer to pay for the SRx Shares of such Dissenting Shareholder for such amount as the board of directors of SRx considers to be fair value accompanied by a statement showing how the fair value was determined.

SRx must pay for the SRx Shares of a Dissenting Shareholder within 10 days after an offer made as described above has been accepted by a Dissenting Shareholder, but any such offer lapses if SRx does not receive an acceptance thereof within 30 days after such offer has been made. Every offer made by SRx for SRx Shares will be on the same terms.

If such offer is not made or accepted within 50 days after the Effective Date, SRx may apply to the Court to fix the fair value of such SRx Shares. There is no obligation of SRx to apply to the Court. If SRx fails to make such an application, a Dissenting Shareholder has the right to so apply within a further 20 days.

### **Interests of Certain Persons in the Arrangement**

You should be aware that members of the management and Better Choice Board have interests in the Arrangement that may be in addition to or different from the interests of Better Choice stockholders generally, which will present them with actual or potential conflicts of interest. These interests include the following:

#### ***Security Ownership of Certain Beneficial Owners and Management***

The following is a discussion and analysis of the compensation arrangements for Better Choice's named executive officers, or NEOs. Better Choice's NEOs for 2024 consist of the following individuals:

- Kent Cunningham, Chief Executive Officer appointed May 2023
- Lionel F. Conacher, our former interim Chief Executive Officer, who resigned in May 2023;
- Carolina Martinez, Chief Financial Officer appointed August 2023
- Sharla A. Cook, our former Chief Financial Officer, who resigned in April 2023;
- Donald Young, our former Chief Sales Officer, who resigned in September 2023; and
- Robert Sauermann, our former Executive Vice President, Strategy, who resigned in March 2023.

### **Executive Compensation Components**

#### ***Base Salaries***

The NEOs receive a base salary to provide a fixed component of compensation reflecting the executive's skill set, experience, role and responsibilities. Better Choice's Compensation Committee adjusts NEO base salaries based on the committee's review of available market information. Our board of directors established an annual base salary for each of our NEOs as follows:



Carolina Martinez (5) Chief Financial Officer	2023	240,000	19,200	—	70,000	—	1,106	330,306
	2022	—	—	—	—	—	—	—
	2021	—	—	—	—	—	—	—
Sharla A. Cook (6) Chief Financial Officer	2023	250,000	—	28,000	—	—	3,206	281,206
	2022	250,000	100,000	—	153,596	—	9,801	513,397
	2021	200,000	34,375	—	317,701	—	9,942	562,018
Donald Young (7) Chief Sales Officer	2023	275,000	—	14,000	—	—	43,744	332,744
	2022	275,000	110,000	—	492,174	—	9,425	886,599
	2021	250,000	42,969	—	991,704	—	8,694	1,293,367
Robert Sauer mann (8) Executive Vice President, Strategy	2023	240,000	—	28,000	—	—	1,811	269,811
	2022	240,000	96,000	—	367,435	—	10,250	713,685
	2021	225,000	38,672	—	590,701	—	6,794	861,167

(1) The amounts reported reflect the grant date fair value of the stock options granted, as computed in accordance with ASC 718. The fair value of each option grant is estimated based on the fair market value on the date of grant using the Black-Scholes option pricing model. The assumptions that we used to calculate these amounts are discussed in Note 12 to our financial statements included in this prospectus.

(2) The amounts reported reflect matching 401(k) payments and accrued PTO payout.

(3) Mr. Cunningham commenced employment with us and was appointed Chief Executive Officer effective as of May 22, 2023.

(4) Mr. Conacher was employed with us as interim Chief Financial Officer from September 14, 2022 until May 22, 2023.

(5) Mrs. Martinez was appointed as Chief Financial Officer effective as of August 2, 2023. Mrs. Martinez was previously appointed and served as the Interim Chief Financial Officer of the Company effective as of April 3, 2023.

(6) Ms. Cook commenced employment with us in April 2020 and was appointed as our Chief Financial Officer in October 2020. Ms. Cook resigned effective as of April 3, 2023.

(7) Mr. Young resigned effective as of September 8, 2023.

(8) Mr. Sauer mann resigned effective as of March 17, 2023.

## Outstanding Equity Awards at Fiscal Year-End

The table below sets forth the outstanding stock option awards held by the NEOs as of December 31, 2023. None of our NEOs hold stock awards.

Name	Option Award Grant	Option Awards		Option Exercise Price (\$)	Option Expiration Date
		Number of Securities Underlying Unexercised Options (#) Exercisable	Number of Securities Underlying Unexercised Options (#) Unexercisable		
Kent Cunningham	N/A	—	—	\$ —	N/A
Lionel F. Conacher	9/28/2021	256	358	\$ 90.64	9/28/2031
Carolina Martinez	8/7/2023	—	4,545	\$ 15.40	
Sharla A. Cook	2/1/2022(1)	—	1,136	\$ 62.00	2/1/2032
	8/19/2021(1)	152	189	\$ 73.92	8/19/2031
	7/8/2021(1)	358	400	\$ 100.32	7/8/2031
	3/3/2021(2)	222	159	\$ 240.24	3/3/2031
	3/3/2021(2)	109	78	\$ 240.24	3/3/2031
	1/8/2021(1)	242	137	\$ 211.20	1/8/2031
Donald Young	2/1/2022(1)	—	1,705	\$ 62.04	2/1/2032
	8/19/2021(1)	152	189	\$ 73.92	8/19/2031
	7/8/2021(1)	358	400	\$ 100.32	7/8/2031
	3/3/2021(2)	401	286	\$ 240.24	3/3/2031
	3/3/2021(2)	814	582	\$ 240.24	3/3/2031
	1/1/2021(1)	1,894	—	\$ —	1/1/2031
Robert Sauer mann	2/1/2022(1)	—	1,136	\$ 62.04	2/1/2032
	8/19/2021(1)	152	189	\$ 73.92	8/19/2031
	7/8/2021(1)	358	400	\$ 100.32	7/8/2031
	3/3/2021(2)	328	234	\$ 240.24	3/3/2031
	3/3/2021(2)	666	476	\$ 240.24	3/3/2031
	1/8/2021(1)	242	137	\$ 211.20	1/8/2031

(1) Options vest as follows: 1/3rd on the first annual anniversary of the grant date and 1/36th on each monthly anniversary thereafter.

(2) 67% of the options shall vest as to 1/3rd on the first annual anniversary of the grant date and 1/36th on each monthly anniversary thereafter, and 33% of the options shall vest as to 1/3rd on the 18 month anniversary of the grant date and 1/36th on each monthly anniversary thereafter.

## Employment Agreements and Potential Payments Upon Termination

The Company entered into an Employment Agreement with Kent Cunningham, dated as of May 22, 2023 (the “Cunningham Employment Agreement”) in connection with Mr. Cunningham’s appointment as Chief Executive Officer of the Company as of May 22, 2023. Pursuant to the Cunningham Employment Agreement, Mr. Cunningham’s compensation will be an initial annual base salary of \$350,000 and an annual discretionary performance bonus target of 50% of base salary, payable 50% in cash and 50% in shares of common stock of the Company. Pursuant to the Cunningham Employment Agreement, Mr. Cunningham will be entitled to six weeks’ paid vacation and will be eligible to participate in certain employee benefit plans offered by the Company. Further, Mr. Cunningham will receive an initial grant of 1,000,000 Restricted Stock Units of Common Stock (“RSUs”), subject to Board approval. The RSUs will vest over a period of three years subject to continued employment with the Company as follows: (a) 33.3% of the options will on the first anniversary of the date of the grant date provided the stock price is at least one dollar (\$1.00); (b) an additional 33.3% of such RSUs shall vest on



the second anniversary of the grant date provided the stock price is at least two dollars (\$2.00); and (c) the remaining 33.4% of the RSUs shall vest on the third anniversary of the grant date provided that the stock price on such date is at least two dollars and fifty cents (\$2.50). In the event Mr. Cunningham does not meet the time-based and performance-based vesting requirements, the applicable portion of the RSUs that were due to vest shall be forfeited. Should Mr. Cunningham's employment be terminated, in any way or for any reason, prior to any of the aforementioned anniversary dates, the RSUs shall vest in proportion to the time remaining to the next anniversary date.

The Company entered into an Employment Agreement with Carolina Martinez, dated as of August 2, 2023 (the "Martinez Employment Agreement") in connection with Mrs. Martinez's appointment as Chief Financial Officer of the Company as of August 2, 2023. Pursuant to the Martinez Employment Agreement, Mrs. Martinez's compensation will be an initial annual base salary of \$240,000 and an annual discretionary performance bonus target of 40% of base salary, payable 50% in cash and 50% in shares of common stock of the Company. Pursuant to the Martinez Employment Agreement, Mrs. Martinez will be entitled to six weeks' paid vacation and will be eligible to participate in certain employee benefit plans offered by the Company. Further, Mrs. Martinez will receive an initial grant to purchase 4,546 shares of Common Stock at an exercise price of \$15.40 per share, subject to Board approval. The options will vest in equal installments over a period of three years.

Pursuant to the Cunningham Employment Agreement and the Martinez Employment Agreement (together, the "NEO Employment Agreements"), each of Mr. Cunningham and Mrs. Martinez is employed on an at-will basis. Pursuant to the NEO Employment Agreements, in the event the executive's employment is terminated for any reason, the Company shall pay the executive any amounts due to such executive under the Company's benefit plans and any unreimbursed expenses properly incurred prior to the date of termination (the "Accrued Obligations"). In the event the executive's employment is terminated for by the Company without Cause (as defined in the NEO Employment Agreements) or by the executive for Good Reason or for Good Reason Upon Change in Control (as such terms are defined in the NEO Employment Agreements), in addition to the Accrued Obligations, the executive shall also receive, subject to the execution of a release of claims in the form delivered by the Company, severance pay in an amount equal to the executive's base salary then in effect for six (6) months, less applicable payroll deductions and tax withholdings, payable in accordance with normal payroll policies of the Company over a six (6) month period, with the first such payment being paid to the executive on the Company's first regular pay date on or after the sixtieth (60th) day following the executive's employment termination date.

The NEO Employment Agreements also contain standard confidentiality, intellectual property assignment, non-competition and non-solicitation covenants.

#### Director Compensation Table

The following table sets forth compensation information for the fiscal year ended December 31, 2023 for our non-employee directors (other than Mr. Conacher whose compensation is also shown above under "Summary Compensation Table"):

Name	Fees Earned or Paid in Cash	Stock Awards	Option Awards <sup>(1)</sup>	Non-equity Incentive Plan Compensation	All Other Compensation <sup>(2)</sup>	Total Compensation
Lionel F. Conacher	\$ 60,000	\$ 316,000	\$	\$	\$ 173,334	\$ 549,334
Arlene Dickinson <sup>(1)</sup>	\$ 65,000	\$ 100,000	\$	\$	\$	\$ 165,000
Gil Fronzaglia	\$ 65,000	\$ 100,000	\$	\$	\$	\$ 165,000
John M. Word III	\$ 60,000	\$ 100,000	\$	\$	\$	\$ 160,000
Michael Young	\$ 65,000	\$ 316,000	\$	\$	\$	\$ 381,000

(1) Ms. Dickinson resigned effective April 1, 2024, and Mr. Cunningham was appointed as a member of the Board, effective April 1, 2024, to fill the vacancy resulting from Ms. Dickinson's resignation.

(2) Includes Mr. Conacher's compensation in his role as Interim Chief Executive Officer in 2023 per "Summary Compensation Table"

The table below shows the aggregate numbers of option awards (exercisable and unexercisable) held as of December 31, 2023 by each non-employee director who was serving as of December 31, 2023 (other than Mr. Conacher whose awards are also shown above under "Outstanding Equity Awards at Year End"):

Name	Options Outstanding at Fiscal Year End
Lionel F. Conacher	27,027
Arlene Dickinson	27,027
Gil Fronzaglia	33,334
John M. Word III	36,667
Michael Young	46,667

#### SECURITY OWNERSHIP OF PRINCIPAL STOCKHOLDERS AND MANAGEMENT

The following table sets forth information about the beneficial ownership of our capital stock by (i) each of our current directors, (ii) each of our named executive officers (iii) all our current directors and executive officers as a group, and (iv) each person or group known by us to own more than 5% of our common stock. The percentages reflect beneficial ownership, as determined in accordance with the SEC's rules, as of July 19, 2024, and are based on 916,329 shares of common stock issued and outstanding. Except as noted below, the address for all beneficial owners in the table below is 12400 Race Track Road, Tampa, FL 33626:

Name of Beneficial Owner	Shares Beneficially Owned	
	Number <sup>(1)</sup>	%
<b>Named Executive Officers and Directors:</b>		
Kent Cunningham	22,727	2.48%
Carolina Martinez	1,513	*
Lionel F. Conacher	32,845	3.58%
Gil Fronzaglia	14,340	1.57%
John M. Word III	149,386	16.30%
Michael Young	52,865	5.77%
All executive officers and directors as a group (10 persons)	273,676	29.70%
<b>5% Shareholders:</b>		
HH-Halo LP <sup>(2)</sup>	54,719	5.97%
Edward J. Brown Jr TTEE	52,496	5.73%



(\*) Represents beneficial ownership of less than 1% of class.

(1) In calculating the number of shares beneficially owned by an individual or entity and the percentage ownership of that individual or entity, shares underlying options, warrants or restricted stock units held by that individual or entity that are either currently exercisable or exercisable within 60 days from the date hereof are deemed outstanding. These shares, however, are not deemed outstanding for the purpose of computing the percentage ownership of any other individual or entity. Unless otherwise indicated and subject to community property laws where applicable, the individuals and entities named in the table above have sole voting and investment power with respect to all shares of our common stock shown as beneficially owned by them.

(2) Includes (i) 5,295 shares of common stock, (ii) 59,597 shares of common stock underlying subordinated convertible notes exercisable within 60 days of April 24, 2020, and (iii) 14,166 shares of common stock underlying warrants exercisable within 60 days of April 24, 2020. Thomas O. Hicks is the managing member of HEP Partners LLC, which is the investment manager of HH-Halo LP (“HH-Halo”), and consequently has voting control and investment discretion over securities held by HH-Halo. Mack H. Hicks is the manager of HH-Halo GP LLC, which is the general partner of HH-Halo GP LP, the general partner of HH-Halo. As a result of the foregoing, each of Thomas O. Hicks and Mack H. Hicks may be deemed to have beneficial ownership (as determined under Section 13(d) of the Securities Exchange Act of 1934, as amended) of the shares of common stock beneficially owned by HH-Halo. Each of Thomas O. Hicks and Mack H. Hicks disclaims beneficial ownership of such shares.

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## THE ARRANGEMENT AGREEMENT

The following is a summary description of certain material provisions of the Arrangement Agreement, is not comprehensive and is qualified in its entirety by reference to the full text of the Arrangement Agreement and the Plan of Arrangement, which is attached hereto as Annex B.

The representations, warranties and covenants in the Arrangement Agreement were made solely for the benefit of the parties to the Arrangement Agreement, may be subject to limitations agreed on by the contracting parties, including being qualified by confidential disclosures made for the purposes of allocating contractual risk between the parties to the Arrangement Agreement instead of establishing these matters as facts. Holders of Better Choice Shares and SRx Shares are not third-party beneficiaries under the Arrangement Agreement, and in reviewing the representations, warranties and covenants contained in the Arrangement Agreement or any descriptions thereof in the following summary description of material provisions of the Arrangement Agreement, should bear in mind that such representations, warranties and covenants or any descriptions thereof were not intended by the parties to the Arrangement Agreement to be characterizations of the actual state of facts or condition of the parties to the Arrangement Agreement or any of their respective subsidiaries or affiliates.

On September 3, 2024, Better Choice entered into the Arrangement Agreement with SRx. Pursuant the Arrangement Agreement, Better Choice has agreed to acquire all of the issued and outstanding SRx Shares by way of the Arrangement.

On December 10, 2024, Better Choice and SRx entered into an Amendment No. 1 to the Arrangement Agreement, which is attached hereto as Annex B. Pursuant to the Amendment, the portion of Halo’s issued and outstanding capital stock subject to the Spin-Out will increase from 8% to 17%.

Under the terms of the Plan of Arrangement, each issued and outstanding common share of SRx will be converted based on the Exchange Ratio into shares of common stock of Better Choice (“BTTR Common Stock”) or, at the option of the holder thereof, Exchangeable Shares that will be exchangeable at the option of the holder (or under certain other circumstances) on a one-for-one basis for shares of BTTR Common Stock.

### Representations and Warranties

The Arrangement Agreement contains certain customary representations and warranties of SRx and Better Choice. The assertions embodied in those representations and warranties are solely for the purposes of the Arrangement Agreement. Certain representations and warranties may not be accurate and complete as of any specified date because they are qualified by certain disclosure provided by SRx to Better Choice or Better Choice to SRx, as applicable, or are subject to a standard of materiality or are qualified by reference to a Material Adverse Effect.

The representations and warranties provided by SRx in favor of Better Choice in the Arrangement Agreement relate to, among other things: the due incorporation, existence of SRx and its subsidiaries and the power and authority of SRx and its subsidiaries to own or lease their respective property and assets and conduct their respective business; SRx’s ownership of its subsidiaries; the absence of any bankruptcy or insolvency proceedings by or against SRx or its subsidiaries; SRx and its subsidiaries’ compliance with applicable Laws; corporate power and authority of SRx to enter into the Arrangement Agreement and perform its obligations thereunder; the due execution and delivery of the Arrangement Agreement by SRx; governmental approvals; third-party notices and consents; the execution and delivery of the Arrangement Agreement by SRx, the performance by SRx of its obligations thereunder and the consummation of the transactions contemplated thereby not resulting in a breach, violation, or default under SRx’s constating documents; the authorized, issued and outstanding share capital of SRx and each of its subsidiaries; the absence of any cease trade order; issued and outstanding convertible securities of SRx; SRx’s financial statements and financial reporting; SRx’s conduct of business and the absence of a Material Adverse Effect in respect of SRx; the absence of undisclosed liabilities; SRx’s internal control over financial reporting; absence of proceedings or investigations by governmental authorities; the absence of any shareholder agreement or similar agreement affecting the voting control of the securities of SRx; tax related matters; performance under material contracts; the absence of certain changes or events; the relationships of SRx and its subsidiaries with their respective suppliers, distributors and customers; governmental licenses; brokers and fees; indebtedness of non-arm’s length parties; related party transactions; directors and officers; insurance matters; owned and leased real property; the operating condition of tangible personal property of SRx; maintenance of books and records; rights to owned and licensed intellectual property; permits and licenses; environmental matters; employment matters; benefit plan matters; the material contracts of SRx and its subsidiaries; compliance with anti-money laundering and corrupt practices legislation; and restrictions on business activities.

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The representations and warranties provided by Better Choice in favor of SRx in the Arrangement Agreement relate to, among other things: the due incorporation, existence of Better Choice and its subsidiaries and the power and authority of Better Choice and its subsidiaries to own or lease their respective property and assets and conduct their respective business; Better Choice’s ownership of its subsidiaries; the absence of any bankruptcy or insolvency proceedings by or against Better Choice or its subsidiaries; Better Choice and its subsidiaries’ compliance with applicable Laws; corporate power and authority of Better Choice to enter into the Arrangement Agreement and perform its obligations thereunder; the due execution and delivery of the Arrangement Agreement by Better Choice, AcquireCo and CallCo; governmental approvals; third-party notices and consents; the execution and delivery of the Arrangement Agreement by Better Choice, the performance by Better Choice of its obligations thereunder and the consummation of the transactions contemplated thereby not resulting in a breach, violation, or default under Better Choice’s constating documents; the authorized, issued and outstanding share capital of Better Choice and each of its subsidiaries; the absence of any cease trade order; the issued and outstanding convertible securities of Better Choice; Better Choice’s financial statements and financial reporting; Better Choice’s conduct of business and the absence of a Material Adverse Effect in respect of Better Choice; the absence of undisclosed liabilities; Better Choice’s internal control over financial reporting; the validity of the Special Voting Share Certificate of Designation under Nevada Law; absence of proceedings or investigations by governmental authorities; the absence of any shareholder agreement or similar agreement affecting the voting control of the securities of Better Choice; tax related matters; performance under material contracts; the absence of certain changes or events; the relationships of Better Choice and its subsidiaries with their respective suppliers, distributors and customers; governmental licenses; brokers and fees; indebtedness of non-arm’s length parties; related party transactions; directors and officers; insurance matters; owned and leased real property; the operating condition of tangible personal property of Better Choice; maintenance of books and records; rights to owned and licensed intellectual property; permits and licenses; environmental matters; employment matters; benefit plan matters; the material contracts of Better Choice and its subsidiaries; Better Choice’s reporting issuer status under applicable securities laws and the listing of the Better Choice Shares on NYSE;

compliance with anti-money laundering and corrupt practices legislation; and restrictions on business activities.

### Conduct of Business of SRx

The Arrangement Agreement includes a general covenant by SRx in favor of Better Choice that, except (a) with the prior written consent of Better Choice, (b) as required or expressly permitted by the Arrangement Agreement, or (c) as required by applicable Law or a Governmental Entity, it will, and will cause each of the subsidiaries of SRx (i) to conduct business only in the Ordinary Course and in accordance with applicable Laws during the Pre-Effective Date Period; and (ii) use all commercially reasonable efforts to cause its current insurance (or re-insurance) policies not to be cancelled or terminated or any of the coverage thereunder to lapse before the Outside Date.

SRx has particularly covenanted and agreed that, during the Pre-Effective Date Period, except (a) with the prior written consent of Better Choice, such consent not to be unreasonably withheld, (b) as expressly required or permitted by the Arrangement Agreement, or (c) as required by applicable Law or a Governmental Entity, it will not:

- issue, deliver, sell, pledge, lease, dispose of or encumber, or agree or offer to issue, deliver sell, pledge, lease, dispose of or encumber, any SRx Shares or securities of its subsidiaries, or any securities convertible, exchangeable or exercisable into or for SRx Shares or securities of its subsidiaries, or any options, warrants, stock appreciation rights, phantom stock awards or other rights or equity-based or convertible securities that are linked to the price or value of the SRx Shares or securities of the SRx subsidiaries (other than pursuant to the exercise, in accordance with their respective terms, of convertible or exercisable securities of SRx outstanding on the date hereof) or amend, extend or terminate, or agree to amend, extend or terminate, any of the terms of, or agreements governing, any of the outstanding options, warrants or other convertible securities of SRx or its subsidiaries;

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- amend or propose to amend its articles of incorporation or bylaws or other constating documents or the terms of any of its securities; reduce its stated capital; or split, consolidate, subdivide or reclassify, or propose to split, consolidate, subdivide or reclassify, any of the SRx Shares or undertake or propose to undertake any other capital reorganization or change in or exchange of SRx Shares, any other of its securities or its share capital;
- declare, set aside or pay any dividend or other distribution or payment (whether in cash, securities or property or any combination thereof) in respect of the SRx Shares or any other securities of SRx, redeem, purchase or otherwise acquire, or offer to redeem, purchase or otherwise acquire, any outstanding securities of SRx, adopt a plan of liquidation or resolution providing for the complete or partial liquidation, winding-up, dissolution, merger, consolidation, restructuring, recapitalization, or sale of all or substantially all of the assets of SRx or any of its subsidiaries, or enter into any agreement with respect to any of the foregoing;
- except with respect to inter-company transfers between SRx and its subsidiaries, sell, pledge, lease, transfer, dispose of or encumber any assets, rights or properties of SRx or any of its subsidiaries, other than in the ordinary course of business;
- acquire or agree to acquire (by merger, amalgamation, arrangement, acquisition of shares or assets or otherwise) any Person or division or business unit thereof, or agree to incorporate or form, any Person or make or agree to make any investment either by purchase of shares or securities, contributions of capital, property transfer or purchase of, any property or assets of any other Person;
- make any material change to the SRx Business or, other than in the ordinary course of business, enter into enter into any Contract that, if entered into prior to the date hereof, would be a Material Contract of SRx;
- enter into or agree to the terms of any joint venture, strategic alliance, partnership, or similar agreement, arrangement or relationship, other than in the ordinary course of business;
- other than in respect of trade payables, incur, create, assume or otherwise become liable for, any indebtedness for borrowed money exceeding CAD\$1,000,000 in the aggregate;
- make any capital expenditures exceeding CAD\$1,000,000 in the aggregate;
- other than in the ordinary course of business, enter into or modify (or make a promise regarding entering into or modifying) any Employee Plan or any employment, consulting, severance or similar agreements or arrangements with, or grant any bonuses, salary or fee increases, severance or termination pay to, any officers, directors, employees or consultants; provided, however, that it is acknowledged and agreed that SRx will abide by the terms and conditions of any Employee Plan and any employment agreements and consulting agreements in effect on the date of the Arrangement Agreement, including with respect to the payments of any severance amounts or change of control payments, if applicable;
- enter into any collective bargaining or similar agreement;
- enter into or adopt any shareholder rights plan or similar agreement or arrangement;
- take any action or fail to take any action which action or failure to act would result in the material loss, expiration or surrender of, or the loss of any material benefit under, or reasonably be expected to cause any Governmental Entities to institute proceedings for the suspension, revocation or limitation of rights under, any Authorizations or Permits;
- make, revoke or change any Tax election; amend any previously filed Tax Return except as may be required by applicable Law; file any Tax Return inconsistent with past practice; settle or compromise any Liability for Taxes; agree to an extension or waiver of the limitation period with respect to the assessment, reassessment, or determination of Taxes; enter into any closing agreement with respect to any Tax; surrender any right to claim a material Tax refund; change an annual accounting period; adopt or change any accounting method with respect to Taxes; or consent to any extension or waiver of the limitation period applicable to any Tax claim or assessment unless, in each case, such action is required by Law;
- make any loan or advance to, or any capital contribution or investment in, or assume, guarantee or otherwise become liable with respect to the liabilities or obligations of, any Person (other than any advance payments or other investments made by Better Choice or any of its subsidiaries to a customer in the Ordinary Course based on sales volume or purchase commitments (typically known as customer investments));
- amend its accounting policies or adopt new accounting policies, except as may be required by applicable Law or IFRS;

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- waive, release, settle, agree to settle or compromise any material suit, action, claim, arbitration, mediation, inquiry, proceeding or investigation pending or threatened against SRx or any of its subsidiaries;
- take any action, or fail to take any action, which action or omission would jeopardize the validity or enforceability of material Intellectual Property of SRx or its subsidiaries;
- engage in any transaction with any related parties, other than transactions with subsidiaries or in the ordinary course of business (including with respect to employment arrangements);
- take any action that would cause a violation by any Person of economic sanctions or export controls;
- take any action or fail to take any action that prevents, or materially delays, impedes or interferes with, or that would reasonably be expected to prevent or materially delay, impede or interfere with, the ability of the Parties to consummate the transactions contemplated by the Arrangement Agreement;
- enter into any transaction or perform any act that would render, or would reasonably be expected to render any representations and warranties made by SRx set forth in the Arrangement Agreement untrue or inaccurate in any respect; or
- announce an intention, authorize or propose, or enter into or modify any Contract, agreement, commitment or arrangement, to do any of the matters described above.

Pursuant to the Arrangement Agreement, SRx will also promptly notify Better Choice orally and in writing upon becoming aware of any circumstance or development that, to the knowledge of SRx, would, or would reasonably be expected to, constitute or result in a Material Adverse Effect in respect of SRx.

### Conduct of Business of Better Choice

The Arrangement Agreement includes a general covenant by Better Choice, AcquireCo and CallCo in favor of SRx that, except (a) with the prior written consent of SRx,

(b) as required or expressly permitted by the Arrangement Agreement, or (c) as required by applicable Law or a Governmental Entity, it will, and will cause the other members of the Better Choice Group to: (i) to conduct business only in the Ordinary Course and in accordance with applicable Laws during the Pre-Effective Date Period; and (ii) use all commercially reasonable efforts to cause its current insurance (or re-insurance) policies not to be cancelled or terminated or any of the coverage thereunder to lapse before the Outside Date.

Better Choice has particularly covenanted and agreed that, during the Pre-Effective Date Period, except (a) with the prior written consent of SRx, such consent not to be unreasonably withheld, (b) as expressly required or permitted by the Arrangement Agreement, or (c) as required by applicable Law or a Governmental Entity, it will not:

- other than in connection with the Better Choice Regulation A Offering and the Spin-Out, issue, deliver, sell, pledge, lease, dispose of or encumber, or agree or offer to issue, deliver sell, pledge, lease, dispose of or encumber, any Better Choice Shares or securities of its subsidiaries, or any securities convertible, exchangeable or exercisable into or for Better Choice Shares or securities of its subsidiaries, or any options, warrants, stock appreciation rights, phantom stock awards or other rights or equity-based or convertible securities that are linked to the price or value of the Better Choice Shares or securities of the Better Choice subsidiaries (other than pursuant to the exercise, in accordance with their respective terms, of convertible or exercisable securities of Better Choice outstanding on the date hereof) or amend, extend or terminate, or agree to amend, extend or terminate, any of the terms of, or agreements governing, any of the outstanding options, warrants or other convertible securities of Better Choice or its subsidiaries;
- amend or propose to amend its articles of incorporation or bylaws or other constating documents or the terms of any of its securities; reduce its stated capital; or split, consolidate, subdivide or reclassify, or propose to split, consolidate, subdivide or reclassify, any of the Better Choice Shares or undertake or propose to undertake any other capital reorganization or change in or exchange of Better Choice Shares, any other of its securities or its share capital;
- declare, set aside or pay any dividend or other distribution or payment (whether in cash, securities or property or any combination thereof) in respect of the Better Choice Shares or any other securities of Better Choice, redeem, purchase or otherwise acquire, or offer to redeem, purchase or otherwise acquire, any outstanding securities of Better Choice, adopt a plan of liquidation or resolution providing for the complete or partial liquidation, winding-up, dissolution, merger, consolidation, restructuring, recapitalization, or sale of all or substantially all of the assets of Better Choice or any of its subsidiaries, or enter into any agreement with respect to any of the foregoing;

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- except with respect to inter-company transfers between Better Choice and its subsidiaries, sell, pledge, lease, transfer, dispose of or encumber any assets, rights or properties of Better Choice or any of its subsidiaries, other than in the ordinary course of business;
- acquire or agree to acquire (by merger, amalgamation, arrangement, acquisition of shares or assets or otherwise) any Person or division or business unit thereof, or agree to incorporate or form, any Person or make or agree to make any investment either by purchase of shares or securities, contributions of capital, property transfer or purchase of, any property or assets of any other Person;
- make any material change to the Better Choice Business or, other than in the ordinary course of business, enter into enter into any Contract that, if entered into prior to the date hereof, would be a Material Contract of Better Choice;
- enter into or agree to the terms of any joint venture, strategic alliance, partnership, or similar agreement, arrangement or relationship, other than in the ordinary course of business;
- other than in respect of trade payables and a refinancing of the existing indebtedness of the Better Choice and its subsidiaries, incur, create, assume or otherwise become liable for, any indebtedness for borrowed money exceeding CAD\$1,000,000 in the aggregate;
- make any capital expenditures exceeding CAD\$1,000,000 in the aggregate;
- other than in the ordinary course of business, enter into or modify (or make a promise regarding entering into or modifying) any Employee Plan or any employment, consulting, severance or similar agreements or arrangements with, or grant any bonuses, salary or fee increases, severance or termination pay to, any officers, directors, employees or consultants; provided, however, that it is acknowledged and agreed that Better Choice will abide by the terms and conditions of any Employee Plan and any employment agreements and consulting agreements in effect on the date of the Arrangement Agreement, including with respect to the payments of any severance amounts or change of control payments, if applicable;
- enter into any collective bargaining or similar agreement;
- enter into or adopt any shareholder rights plan or similar agreement or arrangement;
- take any action or fail to take any action which action or failure to act would result in the material loss, expiration or surrender of, or the loss of any material benefit under, or reasonably be expected to cause any Governmental Entities to institute proceedings for the suspension, revocation or limitation of rights under, any Authorizations or Permits;
- make, revoke or change any Tax election; amend any previously filed Tax Return except as may be required by applicable Law; file any Tax Return inconsistent with past practice; settle or compromise any Liability for Taxes; agree to an extension or waiver of the limitation period with respect to the assessment, reassessment, or determination of Taxes; enter into any closing agreement with respect to any Tax; surrender any right to claim a material Tax refund; change an annual accounting period; adopt or change any accounting method with respect to Taxes; or consent to any extension or waiver of the limitation period applicable to any Tax claim or assessment unless, in each case, such action is required by Law;
- make any loan or advance to, or any capital contribution or investment in, or assume, guarantee or otherwise become liable with respect to the liabilities or obligations of, any Person (other than any advance payments or other investments made by Better Choice or any of its subsidiaries to a customer in the Ordinary Course based on sales volume or purchase commitments (typically known as customer investments));
- amend its accounting policies or adopt new accounting policies, except as may be required by applicable Law or U.S. GAAP;
- waive, release, settle, agree to settle or compromise any material suit, action, claim, arbitration, mediation, inquiry, proceeding or investigation pending or threatened against Better Choice or any of its subsidiaries;
- take any action, or fail to take any action, which action or omission would jeopardize the validity or enforceability of material Intellectual Property of Better Choice or its subsidiaries;
- engage in any transaction with any related parties, other than transactions with subsidiaries or in the ordinary course of business (including with respect to employment arrangements);
- take any action that would cause a violation by any Person of economic sanctions or export controls;
- take any action or fail to take any action that prevents, or materially delays, impedes or interferes with, or that would reasonably be expected to prevent or materially delay, impede or interfere with, the ability of the Parties to consummate the transactions contemplated by the Arrangement Agreement;

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- enter into any transaction or perform any act that would render, or would reasonably be expected to render any representations and warranties made by Better Choice set forth in the Arrangement Agreement untrue or inaccurate in any respect; or
- announce an intention, authorize or propose, or enter into or modify any Contract, agreement, commitment or arrangement, to do any of the matters described above.

Pursuant to the Arrangement Agreement, Better Choice will also promptly notify SRx orally and in writing upon becoming aware of any circumstance or development that, to the knowledge of Better Choice, would, or would reasonably be expected to, constitute or result in a Material Adverse Effect in respect of Better Choice.

## Regulatory Approvals

SRx covenanted to apply for and use all commercially reasonable efforts in cooperation with Better Choice to obtain all Key Regulatory Approvals and, in doing so, keep Better Choice informed in a timely manner as to the status of the proceedings or other actions related to obtaining the Key Regulatory Approvals, including: (a) providing Better Choice with copies of all related applications and notifications, in draft form, in order for Better Choice to provide its comments thereon, and SRx shall consult with Better Choice on any comments provided in good faith; (b) promptly furnishing to Better Choice copies of notices or other formal communications received by SRx from, or given by

SRx to, any Governmental Entity (including any Securities Authority) with respect to the transactions contemplated by the Arrangement Agreement or otherwise; (c) not making any commitments, providing any undertakings or assuming any obligations, in each case, that are outside the Ordinary Course of business, without the prior written consent of Better Choice; and (d) subject to applicable Law, SRx shall, to the extent reasonably practicable, provide the Better Choice and its counsel with the opportunity to participate in any substantive meeting, teleconference or other material communication with any Governmental Entity in respect of any filing, investigation or other inquiry in connection with the Key Regulatory Approvals.

Better Choice, AcquireCo and CallCo jointly and severally covenanted to apply for and use all commercially reasonable efforts in cooperation with SRx to obtain all Key Regulatory Approvals and, in doing so, keep SRx informed in a timely manner as to the status of the proceedings or other actions related to obtaining the Key Regulatory Approvals, including: (a) providing SRx with copies of all related applications and notifications, in draft form, in order for SRx to provide its comments thereon, and Better Choice shall consult with SRx on any comments provided in good faith; (b) promptly furnishing to SRx copies of notices or other formal communications received by Better Choice from, or given by Better Choice to, any Governmental Entity (including any Securities Authority) with respect to the transactions contemplated by the Arrangement Agreement or otherwise; (c) not making any commitments, providing any undertakings or assuming any obligations, in each case, that are outside the Ordinary Course of business, without the prior written consent of SRx; and (d) subject to applicable Law, Better Choice shall, to the extent reasonably practicable, provide SRx and its counsel with the opportunity to participate in any substantive meeting, teleconference or other material communication with any Governmental Entity in respect of any filing, investigation or other inquiry in connection with the Key Regulatory Approvals.

If any objections are asserted with respect to the transactions contemplated by the Arrangement Agreement under any Law, or if any proceeding is instituted or threatened by any Governmental Entity challenging or which could lead to a challenge of any of the transactions contemplated by the Arrangement Agreement as not in compliance with Law, the Parties shall use their commercially reasonable efforts consistent with the terms of the Arrangement Agreement to resolve such proceeding so as to allow the Effective Time to occur on or prior to the Outside Date.

#### **Stock Exchange and Securities Laws Matters**

Subject to Laws and any required approvals: (i) Better Choice will use all commercially reasonable efforts to cause the Better Choice Shares to be issued pursuant to the Arrangement to be listed on NYSE on the Effective Date; and (ii) the Parties will use commercially reasonable efforts to ensure that the exemption under Section 3(a)(10) of the Securities Act is available for the issuance of Consideration Shares to the holders of SRx Shares pursuant to the Plan of Arrangement.

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#### **Board of Directors and Officers**

At the Effective Time, all members of the Board, other than Kent Cunningham, Michael Young and Lionel Conacher, will resign, and the Board shall be reconstituted such that it will consist of the following five (5) members (the "Better Choice Board Matters"):

- two (2) director nominees selected by SRx in its sole discretion, which are Adesh Vora and David White, with the former as Chairman and the latter as an independent director in accordance with NYSE requirements;
- two (2) director nominees selected by Better Choice in its sole discretion, which are Kent Cunningham and Michael Young, with the latter as an independent director in accordance with NYSE requirements; and
- one (1) director nominee mutually selected by the Parties who is independent in accordance with NYSE requirements, which is Lionel Conacher.

At the Effective Time, all executive officers of the Better Choice will resign from their offices currently held, except for Nina Martinez in her capacity as Chief Financial Officer, and the executive officers of the Better Choice shall consist of the following:

- Adesh Vora as Chief Executive Officer;
- Dave Sohi as President; and
- Nina Martinez as Chief Financial Officer.

#### **Conditions for Completion of the Arrangement**

##### ***Conditions in Favor of Better Choice and SRx***

The Parties are not required to complete the Arrangement unless each of the following conditions is satisfied on or before the Effective Time, which conditions may only be waived, in whole or in part, by the mutual consent of each of the Parties:

- the Interim Order shall have been granted on terms consistent with the Arrangement Agreement and the Interim Order shall not have been set aside or modified in a manner unacceptable to either Party, acting reasonably, on appeal or otherwise;
- the Final Order shall have been granted on terms consistent with the Arrangement Agreement and the Final Order shall not have been set aside or modified in a manner unacceptable to either Party, acting reasonably, on appeal or otherwise;
- the SRx Arrangement Resolution shall have been passed by the SRx Shareholders in accordance with the Interim Order and applicable Laws;
- the Better Choice Shareholder Approval Matters shall have been approved by the Better Choice stockholders in accordance with applicable Laws;
- there shall have been delivered letters of resignation and mutual releases from such directors and officers of SRx and Better Choice as mutually agreed to, including as needed to implement the Better Choice Board Matters;
- the New Employment Agreements shall have been duly executed by each of the parties thereto;
- there shall have been no action taken under any applicable Law or by any Governmental Entity of competent jurisdiction which makes it illegal or otherwise directly or indirectly restrains, enjoins or prohibits the completion of the Arrangement;
- the Key Regulatory Approvals shall have been obtained on terms acceptable to Better Choice and SRx, each acting reasonably, and each such Key Regulatory Approval is in full force and effect and has not been modified;
- holders of no more than five percent (5%) of the SRx Shares shall have exercised, and at the date of the SRx Meeting, have not withdrawn, Dissent Rights;
- the Better Choice Certificate of Designation shall have been filed with the Secretary of State of the State of Delaware, shall constitute a valid Better Choice Certificate of Designation under applicable Laws and shall have not been rescinded or amended in any way; and
- the existing Better Choice Shares shall have been continually listed on NYSE American as of and from the date of the Arrangement Agreement through the Effective Time and (ii) (a) the Better Choice Shares issuable to SRx Shareholders pursuant to the Arrangement (including pursuant to the exchange of the Exchangeable Shares) shall have been approved for listing on the NYSE American, subject to official notice of issuance, (b) immediately following the Effective Time, Better Choice shall satisfy any applicable continuing listing requirements of the NYSE American and (c) Better Choice shall not have received any notice of non-compliance with such listing requirements that has not been cured, or that would not be cured at or immediately following the Effective Time.

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##### ***Conditions in Favor of Better Choice, Amalco and CallCo***

Better Choice is not required to complete the Arrangement unless each of the following conditions is satisfied on or before the Effective Time, which conditions are for the

exclusive benefit of Better Choice and may only be waived, in whole or in part, by Better Choice in its sole discretion:

- all covenants of SRx under the Arrangement Agreement to be performed on or before the Effective Time shall have been duly performed by SRx in all material respects and Better Choice shall have received a certificate of SRx addressed to Better Choice and dated the Effective Date, signed on behalf of SRx by two senior executive officers of SRx (on SRx's behalf and without personal liability), confirming the same as of the Effective Time;
- the representations and warranties of SRx set forth in the Arrangement Agreement shall have been true and correct in all respects as of the date of the Arrangement Agreement, and shall be true and correct in all respects as of the Effective Time as if made as of the Effective Time (except, in each case, for representations and warranties made as of a specified date, the accuracy of which shall be determined as of that specified date), except where any failure or failures of such representations and warranties to be so true and correct would not have, individually or in the aggregate, an SRx Material Adverse Effect (it being understood that, for purposes of determining the accuracy of such representations and warranties, all materiality, SRx Material Adverse Effect and similar qualifiers set forth in such representations and warranties shall be disregarded), and Better Choice shall have received a certificate of SRx addressed to Better Choice and dated the Effective Date, signed on behalf of SRx by two senior executive officers of SRx (on SRx's behalf and without personal liability), confirming the same as at the Effective Time;
- there shall not have occurred an SRx Material Adverse Effect on or prior to the date hereof which is continuing, nor shall there have occurred an SRx Material Adverse Effect following the date hereof, and Better Choice shall have received a certificate signed on behalf of SRx by two senior executive officers of SRx (on SRx's behalf and without personal liability) to such effect;
- all covenants of the SRx Supporting Shareholders under the SRx Voting Agreement to be performed on or before the Effective Time shall have been duly performed by the parties thereto (other than Better Choice) in all respects;
- the Lock-Up Agreements shall have been duly executed by each of the directors, executive officers and shareholders of SRx who will fall within the definition of "Locked-Up Persons" at the Effective Time; and
- Better Choice shall have received a certificate of SRx, addressed to Better Choice and dated as of the Effective Date, signed on behalf of SRx by two senior executive officers of SRx (on SRx's behalf and without personal liability), certifying as to (i) the SRx Net Debt, (ii) the SRx U.S. Dollar Net Debt as defined in the Plan of Arrangement, and (iii) the number of issued and outstanding securities of SRx immediately prior to the Effective Time.

#### **Conditions in Favor of SRx**

SRx is not required to complete the Arrangement unless each of the following conditions is satisfied on or before the Effective Time, which conditions are for the exclusive benefit of SRx and may only be waived, in whole or in part, by SRx in its sole discretion:

- all covenants of Better Choice, AcquireCo and CallCo under the Arrangement Agreement to be performed on or before the Effective Time shall have been duly performed by Better Choice, AcquireCo and CallCo in all material respects and SRx shall have received a certificate of Better Choice, AcquireCo and CallCo addressed to SRx and dated the Effective Date, signed on behalf of Better Choice, AcquireCo and CallCo by two senior executive officers of such Parties (on Better Choice's, AcquireCo's and CallCo's behalf and without personal liability), confirming the same as of the Effective Time;

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- the representations and warranties of Better Choice, AcquireCo and CallCo set forth in the Arrangement Agreement shall have been true and correct in all respects as of the date of the Arrangement Agreement, and shall be true and correct in all respects as of the Effective Time as if made as of the Effective Time (except, in each case, for representations and warranties made as of a specified date, the accuracy of which shall be determined as of that specified date), except where any failure or failures of such representations and warranties to be so true and correct would not have, individually or in the aggregate, a Better Choice Material Adverse Effect (it being understood that for purposes of determining the accuracy of such representations and warranties, all materiality, Better Choice Material Adverse Effect and similar qualifiers set forth in such representations and warranties shall be disregarded), and SRx shall have received a certificate of Better Choice, AcquireCo and CallCo addressed to SRx and dated the Effective Date, signed on behalf of Better Choice, AcquireCo and CallCo by two senior executive officers of Better Choice, AcquireCo and CallCo (on Better Choice's, AcquireCo's and CallCo's behalf and without personal liability), confirming the same as at the Effective Time;
- there shall not have occurred a Better Choice Material Adverse Effect on or prior to the date hereof which is continuing, nor shall there have occurred a Better Choice Material Adverse Effect following the date hereof, and SRx shall have received a certificate signed on behalf of Better Choice by two senior executive officers of Better Choice (on Better Choice's behalf and without personal liability) to such effect;
- all covenants of the Better Choice Supporting Shareholders under the Better Choice Voting and Support Agreements to be performed on or before the Effective Time shall have been duly performed by the parties thereto (other than SRx) in all respects;
- the Lock-Up Agreements shall have been duly executed by each of the directors, executive officers and shareholders of SRx who will fall within the definition of "Locked-Up Persons" at the Effective Time;
- SRx shall have received a certificate of Better Choice, addressed to SRx and dated as the Effective Date, signed on behalf of Better Choice by two senior executive officers of Better Choice (on Better Choice's behalf and without personal liability), certifying as to (i) 30 Day VWAP as defined in the Plan of Arrangement and (ii) the number of issued and outstanding securities of Better Choice immediately prior to the Effective Time;
- the Special Voting Share shall have been created and issued at or prior to the Effective Time;
- the Support Agreement and the Voting Trust Agreement shall have been duly executed by the parties thereto at or prior to the Effective Time and shall remain in effect;
- the distribution of the Better Choice Shares and the Exchangeable Shares pursuant to the Arrangement shall be exempt from the prospectus and registration requirements of applicable Law by virtue of applicable exemptions under applicable law, and the first trade of the Better Choice Shares shall be exempt from the prospectus and registration requirements of applicable Law by virtue of applicable exemptions under applicable Law (provided that all conditions of the applicable prospectus or registration exemption relied on by the holder are satisfied); and
- Better Choice and AcquireCo shall have complied with its obligations under Section 2.9 of the Arrangement Agreement and the Depository shall have confirmed receipt of the aggregate Consideration contemplated thereby.

#### **Notice and Cure**

The Arrangement Agreement provides that each Party will provide the other Party with notice of certain actual or potential breaches of the Arrangement Agreement at any time during the Pre-Effective Date Period. If any such notice is delivered by a Party and the other Party proceeds diligently to cure such matter and such matter is capable of being cured prior to the Outside Date, no Party may terminate the Arrangement Agreement as a result of such actual or potential breach or a SRx Material Adverse Effect (in the case of Better Choice) or a Better Choice Material Adverse Effect (in the case of SRx) until the expiration of a period of ten (10) Business Days from delivery of such notice, and then only if such matter has not been cured by such date or the Outside Date.

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#### **Additional Covenants Regarding Non-Solicitation**

Pursuant to the Arrangement Agreement, each Party shall, and shall direct and cause its Representatives to immediately, cease and cause to be terminated any solicitation, encouragement, activity, discussion or negotiation with any parties that may be ongoing with respect to an Acquisition Proposal involving such Party whether or not initiated by such Party, discontinue access to any parties (other than a Party to the Arrangement Agreement and its Representatives) to any data room that contains information regarding SRx or Better Choice (as applicable), and to the extent such Party entered into a confidentiality agreement with any such parties, such Party shall request the return of information regarding SRx or the Better Choice (as applicable) previously provided to such parties and shall request the destruction of all materials including or incorporating any confidential information regarding SRx or Better Choice (as applicable) pursuant to any such confidentiality agreement. Each Party represented and warranted that it has not, and agreed not to, release or permit the release of any Person from, or waive or forbear in the enforcement of, any confidentiality agreement or other similar agreement

relating to a potential Acquisition Proposal involving such Party to which such third party is a party. Each Party further represented and warranted that it has not, and agreed not to, release or permit the release of any Person from, or waive or forbear in the enforcement of, any standstill or similar agreement or obligation to which such third party is a party or by which such third party is bound.

#### ***Notification of Acquisition Proposal***

Each Party agrees that it shall not, and shall cause its Representatives (including the SRx Board or the Better Choice Board, as applicable) not to, directly or indirectly:

- make, solicit, initiate, entertain, knowingly encourage, promote or facilitate, (including by way of furnishing non-public information, permitting any visit to its facilities or properties or entering into any form of agreement, arrangement or understanding) any inquiries or offers or the making of any proposals regarding or that would reasonably be expected to constitute an Acquisition Proposal involving such Party or that would be reasonably be expected to lead to an actual or potential Acquisition Proposal involving such Party;
- participate, directly or indirectly, in any discussions or negotiations regarding, or furnish to any Person any non-public information or otherwise co-operate with, respond to, assist or participate in any Acquisition Proposal involving such Party or potential Acquisition Proposal involving such Party or participate in any discussions or negotiations regarding an actual or potential Acquisition Proposal involving such Party, or furnish any information or access to any Person (other than a Party to the Arrangement Agreement and its Representatives) with respect to any inquiries, proposals or offers that constitute, or that would reasonably be expected to lead to, an actual or potential Acquisition Proposal involving such Party;
- remain neutral with respect to, or agree to, approve or recommend any, Acquisition Proposal involving such Party or potential Acquisition Proposal involving such Party (it being understood that publicly taking no position or a neutral position with respect to an Acquisition Proposal involving such Party for a period of no more than five (5) Business Days following formal announcement of such Acquisition Proposal shall not be considered to be a violation); or
- enter into any agreement, arrangement or understanding related to any Acquisition Proposal involving such Party (other than an Acceptable Confidentiality Agreement) or requiring it to abandon, terminate or fail to consummate the Arrangement or the transactions contemplated by the Arrangement Agreement or providing for the payment of any break, termination or other fees or expenses to any Person in the event that the Arrangement or the transactions contemplated by the Arrangement Agreement are completed or in the event that it completes any other transaction with the other Party or Parties or with an affiliate of the other Party or Parties that is agreed to prior to any termination of the Arrangement Agreement (any such agreement, arrangement or understanding, an “Alternative Acquisition Agreement”); or
- make a Change in Recommendation, subject to Article VII of the Arrangement Agreement.

SRx shall promptly (and in any event within 24 hours) notify Better Choice, at first orally and then in writing, of any proposals, offers or inquiries relating to or constituting or that would reasonably be expected to lead to an Acquisition Proposal involving SRx or any request for non-public information relating to SRx or any of its subsidiaries. Such notice shall include a description of the terms and conditions of any proposal, inquiry or offer, the identity of the Person making such proposal, inquiry or offer, a copy of the proposal, offer or inquiry (if written), and provide such other details of the proposal, inquiry or offer as Better Choice may reasonably request. SRx shall keep Better Choice fully informed on a prompt basis of the status, including any change to the material terms, of any such proposal, inquiry or offer.

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Better Choice, AcquireCo and CallCo shall promptly (and in any event within 24 hours) notify SRx, at first orally and then in writing, of any proposals, offers or inquiries relating to or constituting or that would reasonably be expected to lead to an Acquisition Proposal involving Better Choice, AcquireCo and CallCo or any request for non-public information relating to Better Choice or any of its subsidiaries (including AcquireCo and CallCo). Such notice shall include a description of the terms and conditions of any proposal, inquiry or offer, the identity of the Person making such proposal, inquiry or offer, a copy of the proposal, offer or inquiry (if written), and provide such other details of the proposal, inquiry or offer as SRx may reasonably request. Better Choice shall keep SRx fully informed on a prompt basis of the status, including any change to the material terms, of any such proposal, inquiry or offer.

#### ***Responding to an Acquisition Proposal***

If at any time, Better Choice receives a bona fide written Acquisition Proposal from a third party prior to obtaining the approval of Better Choice’s stockholders at the Special Meeting, Better Choice may engage in or participate in discussions or negotiations with such Person regarding such Acquisition Proposal, and may provide copies of, access to or disclosure of confidential information, properties, facilities, books or records of itself and its subsidiaries, if and only if:

- its board of directors first determines in good faith, based on the advice of its financial advisors and its outside counsel, that such Acquisition Proposal is bona fide and constitutes or would reasonably be expected to constitute a Superior Proposal, and, based on the advice of its outside counsel, that the failure to engage in such discussions or negotiations would be inconsistent with its fiduciary duties;
- such Person was not restricted from making such Acquisition Proposal pursuant to an existing standstill confidentiality, non-disclosure, business purpose, use or similar restriction or agreement;
- it has been and continues to be in compliance with its non-solicitation obligations under the Arrangement Agreement and such Acquisition Proposal was unsolicited and did not otherwise result from a breach of Better Choice’s non-solicitation obligations under the Arrangement Agreement;
- prior to providing any such copies, access, or disclosure, it enters into a confidentiality and standstill agreement with such Person having terms at least as favorable to Better Choice as the Confidentiality Agreement; and
- it promptly provides Better Choice with:
  - prior written notice stating its intention to participate in such discussions or negotiations and to provide such copies, access or disclosure, together with a copy of written advice from its outside counsel that the failure to engage in such discussions or negotiations would be inconsistent with the fiduciary duties of the board of directors of Better Choice; and
  - prior to providing any such copies, access or disclosure, a true, complete and final executed copy of the Acceptable Confidentiality Agreement, and

provided, that Better Choice shall not, and shall not allow its Representatives to, disclose any non-public information with respect to it or any of its subsidiaries to such Person if such non-public information has not been previously provided to, or is not concurrently provided to, SRx.

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#### ***Right to Match***

If at any time prior to obtaining the Better Choice Stockholder Approval, if the Board determines in good faith, based on the advice of outside counsel, that the failure to do so would be inconsistent with its fiduciary duties, taking into account all adjustments to the terms of the Arrangement Agreement that may be offered by the Matching Party

pursuant to the Arrangement, (i) make a Change in Recommendation in response to a Superior Proposal and (ii) cause Better Choice to terminate the Arrangement Agreement, and concurrently enter into a binding Alternative Acquisition Agreement with respect to any such Superior Proposal, provided that:

- the Board may not make a Change in Recommendation or terminate the Arrangement Agreement pursuant to Section 8.2(a)(iii)(A) of the Arrangement Agreement, unless:

(A) such Person was not restricted from making such Acquisition Proposal pursuant to an existing standstill confidentiality, non-disclosure, business purpose, use or similar restriction or agreement;

(B) Better Choice has been, and continues to be, in compliance with its obligations under Section 7.1 through Section 7.4 of the Arrangement Agreement, and such Acquisition Proposal was unsolicited and did not otherwise result from a breach of Section 7.1 or Section 7.2 of the Arrangement Agreement;

(C) Better Choice has delivered to SRx a written notice of the determination of Board that such Acquisition Proposal constitutes a Superior Proposal and of the intention of the Board to make a Change in Recommendation, terminate the Arrangement Agreement pursuant to Section 8.2(a)(iii)(A) of the Arrangement Agreement, and enter into a definitive Alternative Acquisition Agreement with respect to such Superior Proposal, together with (1) a written notice from the Board regarding the value and financial terms that the Board, in consultation with its financial advisors, has determined should be ascribed to any non-cash consideration offered under such Superior Proposal and (2) a copy of the proposed definitive Alternative Acquisition Agreement and any other relevant transaction documents (the "Superior Proposal Notice");

(D) at least five (5) Business Days (the "Superior Proposal Matching Period") have elapsed from the date on which SRx received the Superior Proposal Notice;

(E) during any Superior Proposal Matching Period, SRx has had the opportunity (but not the obligation), in accordance with Section 7.4(b) of the Arrangement Agreement, to offer to amend the Arrangement Agreement and the Arrangement in order for such Acquisition Proposal to cease to be a Superior Proposal; and

(F) if SRx has offered to amend the Arrangement Agreement and the Arrangement under Section 7.4(b) of the Arrangement Agreement, the Board has determined in good faith, based on the advice of its outside legal counsel and financial advisers, that such Acquisition Proposal continues to constitute a Superior Proposal compared to the terms of the Arrangement as proposed to be amended under Section 7.4(b) of the Arrangement Agreement.

- During any Superior Proposal Matching Period, or such longer period as Better Choice may approve in writing for such purpose: (i) the Board shall review any offer made by SRx under Section 7.4(a)(i)(F) of the Arrangement Agreement to amend the terms of the Arrangement Agreement and the Arrangement in good faith in order to determine whether such proposal would, upon acceptance, result in the Acquisition Proposal previously constituting a Superior Proposal ceasing to be a Superior Proposal; and (ii) Better Choice shall negotiate in good faith with SRx to make such amendments to the terms of the Arrangement Agreement and the Arrangement as would enable SRx to proceed with the transactions contemplated by the Arrangement Agreement on such amended terms. If the Board determines that such Acquisition Proposal would cease to be a Superior Proposal, Better Choice shall promptly so advise SRx, and the Parties shall amend the Arrangement Agreement to reflect such offer made by SRx, and shall take and cause to be taken all such actions as are necessary to give effect to the foregoing.
- Each successive amendment to any Acquisition Proposal that results in an increase in, or modification of, the consideration (or value of such consideration) to be received by the Better Choice stockholders or other material terms or conditions thereof shall constitute a new Acquisition Proposal for the purposes of Section 7.4 of the Arrangement Agreement, which shall require a new Superior Proposal Notice to SRx. SRx shall be afforded a new five (5) Business Day Superior Proposal Matching Period from the date on which SRx receives the Superior Proposal Notice with respect to such amended Acquisition Proposal from Better Choice.
- The Board shall promptly reaffirm the Board Recommendation by press release after any Acquisition Proposal which is not determined to be a Superior Proposal is publicly announced or the Board determines that a proposed amendment to the terms of the Arrangement Agreement as contemplated under Section 7.4(b) of the Arrangement Agreement would result in a Acquisition Proposal no longer being a Superior Proposal. Better Choice shall provide SRx and its outside legal counsel with a reasonable opportunity to review the form and content of any such press release and shall make all reasonable amendments to such press release as requested by SRx and its outside legal counsel.
- If Better Choice provides a Superior Proposal Notice to SRx after a date that is less than ten (10) Business Days before the Special Meeting, Better Choice shall either proceed with or shall postpone such meeting, as directed by SRx acting reasonably, to a date that is not more than ten (10) Business Days after the scheduled date of that meeting but before the Outside Date.

## Termination of Arrangement Agreement

The Arrangement Agreement may be terminated prior to the Effective Time by:

- the mutual written agreement of the Parties; or
- either SRx or Better Choice if:
  - the Effective Time shall not have occurred on or before the Outside Date, except that the right to terminate the Arrangement Agreement shall not be available to any Party whose failure to fulfill any of its obligations or breach any of its covenants, representations and warranties under the Arrangement Agreement has been the cause of, or resulted in, the failure of the Effective Time to occur on or before the Outside Date; provided however, that if completion of the Arrangement is delayed by (a) an injunction or order made by a Governmental Entity of competent jurisdiction, or (b) Better Choice or SRx not having obtained any Key Regulatory Approval or the Interim Order or the Final Order which is necessary to permit the completion of the Arrangement such that the conditions set forth in the Arrangement Agreement shall not have been satisfied or waived then, provided that such injunction or order is being contested or appealed or such regulatory waiver, consent or approval or the Interim Order or the Final Order is being actively sought, as applicable, the Outside Date shall automatically be extended for an additional period of 30 days;
  - any Governmental Entity of competent jurisdiction shall have issued an order, decree or ruling or there shall be enacted or made any applicable Law that makes consummation of the Arrangement illegal or otherwise prohibited or otherwise restrains, enjoins or prohibits SRx or Better Choice from consummating the Arrangement;
  - the SRx Securityholder Approval shall not have been obtained at the SRx Meeting in accordance with applicable Law and the Interim Order;
  - the Arrangement Proposal shall not have been approved by the Better Choice stockholders at the Special Meeting in accordance with applicable Law; or
- as of the date of the SRX Meeting, the condition set forth in Section 6.1(i) of the Arrangement Agreement has not been satisfied or waived by all parties.
- SRx if:
  - There shall have occurred a Better Choice Material Adverse Effect which is incapable of being cured by the Outside Date;

- there shall have occurred a Better Choice Change in Recommendation;
- a breach of any representation or warranty or failure to perform any covenant or obligation on the part of Better Choice, AcquireCo or CallCo under the Arrangement Agreement occurs that would cause any condition for the exclusive benefit of SRx not to be satisfied, and such breach or failure is incapable of being cured on or prior to the Outside Date or is not cured in accordance with the terms of the Arrangement Agreement; provided that SRx is not then in breach of the Arrangement Agreement so as to directly or indirectly cause any condition for the exclusive benefit of Better Choice, AcquireCo and CallCo not to be satisfied;
- Better Choice shall have breached or failed to perform any of its obligations with respect to an Acquisition Proposal, Superior Proposal or any of its covenants in respect of non-solicitation; or

- Better Choice if:
  - prior to obtaining the approval of Better Choice's stockholders of the applicable proposals at the Special Meeting, the Better Choice Board authorizes Better Choice to accept a Better Choice Superior Proposal, provided that Better Choice shall have (1) simultaneously with such termination, entered into the Alternative Acquisition Agreement associated with such Better Choice Superior Proposal, (2) otherwise complied with its obligations under the Arrangement Agreement and (3) paid the Termination Payment;
  - there shall have occurred an SRx Material Adverse Effect which is incapable of being cured by the Outside Date;
  - a breach of any representation or warranty or failure to perform any covenant or obligation on the part of SRx under the Arrangement Agreement occurs that would cause any condition for the exclusive benefit of Better Choice not to be satisfied, and such breach or failure is incapable of being cured on or prior to the Outside Date or is not cured in accordance with the terms of the Arrangement Agreement; provided that Better Choice, AcquireCo and CallCo are not then in breach of the Arrangement Agreement so as to directly or indirectly cause any condition for the exclusive benefit of Better Choice not to be satisfied;
  - SRx shall have breached or failed to perform any of its obligations with respect to an Acquisition Proposal, Superior Proposal or any of its covenants in respect of non-solicitation.

The Party desiring to terminate the Arrangement Agreement must give written notice of such termination to the other Party, specifying in reasonable detail the basis for such Party's exercise of its termination right.

#### Expenses and Termination Payment

All costs and expenses of the Parties relating to the Arrangement and the transactions contemplated in the Arrangement Agreement, including legal fees, accounting fees, financial advisory fees, strategic advisory fees, regulatory filing fees, stock exchange fees, all disbursements of advisors and printing and mailing costs, shall be paid by the Party incurring such expenses.

The Termination Payment, in the amount of \$3.2 million, shall be payable by Better Choice to SRx in the event that the Arrangement Agreement is terminated in the following circumstances:

- pursuant to Section 8.2(a)(iv)(A) of the Arrangement Agreement (*Better Choice Change in Recommendation*), Section 8.2(a)(iv)(D) of the Arrangement Agreement (*Breach of Better Choice Non-Solicitation Covenants*) or Section 8.2(a)(iii)(A) of the Arrangement Agreement (*Superior Proposal*); or
- pursuant to Section 8.2(a)(ii)(A) of the Arrangement Agreement (*Outside Date*), Section 8.2(a)(ii)(D) of the Arrangement Agreement (*Failure to Approve Better Choice Shareholder Approval Matters*), Section 8.2(a)(iv)(B) of the Arrangement Agreement (*Better Choice Material Adverse Effect*) or Section 8.2(a)(iv)(C) of the Arrangement Agreement (*Better Choice Breach*) if, in any such case, prior to the earlier of the termination of the Arrangement Agreement or the holding of the Special Meeting, (A) a Better Choice Acquisition Proposal, or the intention to make a Better Choice Acquisition Proposal, shall have been publicly announced by any Person (other than SRx or any of its affiliates) and not withdrawn prior to such termination or holding of the Special Meeting, and (B) within twelve (12) months after the later of the date of termination of the Arrangement Agreement or the holding of the Special Meeting, (1) Better Choice has entered into a definitive agreement with respect to or consummated a Better Choice Acquisition Proposal, (2) a Better Choice Acquisition Proposal has been publicly accepted or recommended by the Better Choice Board, or (3) a Better Choice Acquisition Proposal has been approved by or submitted for approval to the Better Choice Shareholders. For the purpose of this Section 8.3(b)(ii) of the Arrangement Agreement, the term "**Better Choice Acquisition Proposal**" shall have the meaning ascribed to such term in the "Glossary of Defined Terms" section of this proxy statement, except that references to "20%" shall be deemed to be "50%". For the avoidance of doubt, the Better Choice Acquisition Proposal referred to in clauses (B)(1), (B)(2) and (B)(3) of Section 8.3(b)(ii) of the Arrangement Agreement need not be the same Better Choice Acquisition Proposal that was made to Better Choice or publicly announced prior to the termination of the Arrangement Agreement or holding of the Special Meeting.

The Termination Payment shall be made by Better Choice by wire transfer of same-day funds, to an account designated by SRx, (x) in the event that the Arrangement Agreement is terminated pursuant to Section 8.2(a)(iii)(A) of the Arrangement Agreement, simultaneously with, and as a condition to the effectiveness of, such termination, (y) in the event that the Arrangement Agreement is terminated pursuant to Section 8.2(a)(iv)(A) of the Arrangement Agreement or Section 8.2(a)(iv)(D) of the Arrangement Agreement, as soon as practicable, and in any event within two (2) Business Days of the date on which the Arrangement Agreement is terminated, and (z) in the event that the Termination Payment is payable pursuant to Section 8.3(b)(ii) of the Arrangement Agreement, on the earliest occur of the events referred to in clauses (B)(1), (B)(2) and (B)(3) thereof.

#### Amendment of the Arrangement Agreement

Subject to the provisions of the Interim Order and Final Order, the Plan of Arrangement and applicable Law, the Arrangement Agreement and the Plan of Arrangement may, at any time and from time to time prior to the Effective Time, be amended only by mutual written agreement of Better Choice and SRx and any such amendment may without limitation:

- change the time for performance of any of the obligations or acts of the Parties;
- waive any inaccuracies or modify any representation or warranty contained in the Arrangement Agreement or in any document delivered pursuant to the Arrangement Agreement;



- waive compliance with or modify any of the covenants contained in the Arrangement Agreement and waive or modify performance of any of the obligations of the Parties; and
- waive compliance with or modify any mutual conditions precedent contained in the Arrangement Agreement.

Notwithstanding the foregoing, after each of the SRx Securityholder Approval and the Better Choice Stockholder Approval has been obtained, no amendment shall be made that pursuant to applicable Law requires further approval or adoption by the SRx shareholders or the Better Choice stockholders without such further approval or adoption.

## DESCRIPTION OF EXCHANGEABLE SHARES OTHER AGREEMENTS

### Exchangeable Shares

#### *Ranking.*

The Exchangeable Shares shall be entitled to a preference over the common shares and any other shares in AcquireCo ranking junior to the Exchangeable Shares with respect to the payment of dividends (provided, that, for greater certainty, dividends may be paid on the common shares as long as there are no unpaid dividends in respect of the Exchangeable Shares) and the distribution of assets in the event of the liquidation, dissolution or winding-up of AcquireCo, whether voluntary or involuntary, or any other distribution of the assets of AcquireCo, among its shareholders for the purpose of winding-up its affairs.

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#### *Dividends and Other Distributions.*

A holder of an Exchangeable Share shall only be entitled to receive, and the Board of Directors of AcquireCo shall, subject to applicable law, on each date on which the Board of Directors of Better Choice declares any dividend or other distribution on the Better Choice Shares (a “Better Choice Distribution Declaration Date”), declare a dividend or other distribution on each Exchangeable Share:

(a) in the case of a cash dividend or distribution declared on the Better Choice Shares, in an aggregate amount in cash for each Exchangeable Share as is equal in U.S. dollars, or the Canadian Dollar Equivalent thereof (at the election of the Board of Directors of AcquireCo) on the Better Choice Share Distribution Declaration Date;

(b) in the case of a securities dividend or distribution declared on the Better Choice Shares to be paid in Better Choice Shares, by the issue or transfer by AcquireCo of such number of applicable Exchangeable Shares for each such Exchangeable Share as is economically equal to the number of Better Choice Shares to be paid on each Better Choice Share, unless in lieu of such securities dividend AcquireCo elects to effect a corresponding and contemporaneous and economically equivalent (as determined by the Board of Directors in accordance with Section 3.5 of the Exchangeable Share Terms as set out in the articles of AcquireCo) subdivision of the outstanding Exchangeable Shares; or

(c) in the case of a dividend or distribution declared on the Better Choice Shares to be paid in property other than cash or Better Choice Shares, in such type and amount of property for each Exchangeable Share as is the same as or economically equivalent (as determined by the Board of Directors of AcquireCo in accordance with Section 3.5 of the Exchangeable Share Terms as set out in the articles of AcquireCo) to the type and aggregate amount of property declared as a dividend or distribution on a Better Choice Share.

Such dividends or distributions shall be paid out of money, assets or property of AcquireCo properly applicable to the payment of dividends, or out of authorized but unissued shares of AcquireCo, as applicable. Any dividend which should have been declared or paid on the Exchangeable Shares pursuant to Section 3.1 of the Exchangeable Share Terms as set out in the articles of AcquireCo but was not so declared or paid due to the provisions of applicable law shall be declared and paid by AcquireCo as soon as payment of such dividend is permitted by such law. For the avoidance of doubt, paragraphs (b) and (c) above shall be applied to ensure that holders of Exchangeable Shares are treated in a manner economically equivalent to the treatment of holders of Better Choice Shares, respectively, and shall not be applied to confer any additional benefit on any Person.

#### *Certain Restrictions.*

So long as any of the Exchangeable Shares are outstanding, AcquireCo shall not at any time without, but may at any time with, the approval of the holders of the Exchangeable Shares:

(a) amend the articles and by-laws of AcquireCo in a manner which would prejudicially or adversely affect the holders of Exchangeable Shares;

(b) issue any further Exchangeable Shares to any Person, other than Exchangeable Shares issued as dividends or distributions pursuant to Section 3.1 of the Exchangeable Share Terms as set out in the articles of AcquireCo or in accordance with Section 9.5 of the Support Agreement; or

(c) initiate the voluntary liquidation, dissolution or winding-up of AcquireCo nor take any action or omit to take any action that is designed to result in the liquidation, dissolution or winding-up of AcquireCo.

#### *Distribution on Liquidation and Liquidation Call Right*

Subject to applicable law and the due exercise by CallCo of a Liquidation Call Right or the exercise of the Exchangeable Shareholders’ Put Right, in the event of the liquidation, dissolution or winding-up of AcquireCo or any other distribution of the assets of AcquireCo among its shareholders for the purpose of winding-up its affairs, a holder of Exchangeable Shares shall be entitled to receive in respect of each Exchangeable Share held by such holder on the effective date (the “Liquidation Date”) of such liquidation, dissolution or winding-up, before any distribution of any part of the assets of AcquireCo among the holders of the common shares or any other shares in AcquireCo, an amount per Exchangeable Share equal to the Exchangeable Share Consideration applicable on the last Business Day prior to the Liquidation Date (the “Liquidation Amount”).

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After AcquireCo has satisfied its obligations to pay the holders of the Exchangeable Shares the total Liquidation Amount, such holders shall not be entitled, in respect of the Exchangeable Shares, to share in any further distribution of the assets of AcquireCo.

#### *Redemption.*

Subject to applicable law, and provided CallCo has not exercised the Redemption Call Right or a holder of Exchangeable Shares has not exercised the Exchangeable Shareholders’ Put Right, upon the occurrence of a Redemption Event, AcquireCo shall redeem all but not less than all of the then outstanding Exchangeable Shares for an amount per Exchangeable Share equal to the Exchangeable Share Consideration on the last Business Day prior to the Redemption Date (the “Redemption Price”).

#### *Voting.*

Except as required by applicable law and Article 11, 12 and 13 of the Exchangeable Share Terms as set out in the articles of AcquireCo, the holders of the Exchangeable Shares shall not be entitled to receive notice of or to attend any meeting of the shareholders of AcquireCo or to vote at any such meeting.

#### **Amendment and Approval.**

The special rights and restrictions attaching to the Exchangeable Shares may be added to, changed or removed but only with the approval of the holders of the Exchangeable Shares given as hereinafter specified.

Any approval given by the holders of the Exchangeable Shares to add to, change or remove any special rights and restrictions attaching to the Exchangeable Shares or any other matter requiring the approval or consent of the holders of the Exchangeable Shares shall be deemed to have been sufficiently given if it shall have been given in accordance with applicable law subject to a minimum requirement that such approval be evidenced by resolution passed by not less than 50% of the votes cast on such resolution at a meeting of holders of Exchangeable Shares duly called and held at which the holders of at least 25% of the outstanding Exchangeable Shares at that time are present or represented by proxy. If at any such meeting the holders of at least 25% of the outstanding Exchangeable Shares at that time are not present or represented by proxy within one-half hour after the time appointed for such meeting, then the meeting shall be adjourned to such date not less than five days thereafter and to such time and place as may be designated by the Chairman of such meeting. At such adjourned meeting the holders of Exchangeable Shares present or represented by proxy thereat shall form a quorum and may transact the business for which the meeting was originally called and a resolution passed thereat by the affirmative vote of not less than 50% of the votes cast on such resolution at such meeting shall constitute the approval or consent of the holders of the Exchangeable Shares.

#### **Support Agreement and Voting Trust Agreement**

In connection with the arrangement, effective as of the Effective Time, (i) Better Choice, AcquireCo and CallCo shall execute the Support Agreement, and the Exchangeable Shareholders shall be deemed to be parties thereto; (ii) Better Choice, AcquireCo and Adesh Vora or his designee (the "Trustee") shall execute the Voting Trust Agreement and Better Choice shall issue to and deposit with the Trustee the Special Voting Share in consideration of the payment to Better Choice by SRx on behalf of the SRx Shareholders of ten dollars in Canadian funds (CAD\$10.00), to be thereafter held of record by the Trustee for and on behalf of, and for the use and benefit of, the holders of the Exchangeable Shares in accordance with the Voting Trust Agreement, and the Exchangeable Shareholders shall be deemed to be parties thereto to the extent necessary.

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### **PROPOSAL NO. 1:**

#### **NAME CHANGE PROPOSAL**

##### **Overview**

Following the consummation of the Arrangement, the senior management of the Combined Company desires to change the legal name of the Combined Company from "Better Choice Company, Inc." to "SRX Health Solutions, Inc." to better reflect the go-forward business of the Combined Company (the "Name Change").

Our common stock is currently listed for trading on NYSE under the symbol "BTTR". In connection with the Name Change, the Combined Company would change such symbol from "BTTR" to "SRXH".

##### **Consequences if the Name Change Proposal is Not Approved**

If the Name Change Proposal is not approved, and/or if the Arrangement Proposal and Plan Proposal are not approved, the Company will remain named "Better Choice Company, Inc."

##### **Vote Required for Approval**

If approved by our stockholders, the Name Change will become effective upon the filing of a certificate of amendment to our Certificate of Incorporation, as amended, with the Secretary of State of the State of Delaware. The change of our NYSE symbol would be effected by making an application therefor with NYSE.

The amendment of our Certificate of Incorporation must be approved by a majority of our stockholders, under Delaware law. As such, the Name Change Proposal must be approved by a majority of the shares entitled to vote, that are present or represented by proxy at the Special Meeting. Abstentions will be treated as votes cast, and will have the effect of a "NO" vote, but "broker non-votes" will not be treated as votes cast and will not affect the outcome with regard to this proposal.

##### **Recommendation of the Board**

As discussed above, after careful consideration of all relevant factors, the Board has determined that the Name Change Proposal is in the best interests of the Company and its stockholders. The Board has approved and declared advisable the adoption of the Name Change Proposal.

**The Board recommends a vote "FOR" the approval of the change of the name of Better Choice from "Better Choice Company, Inc." to "SRX Health Solutions, Inc." and of the NYSE ticker symbol from "BTTR" to "SRXH".**

### **PROPOSAL NO. 2:**

#### **APPROVAL OF THE ISSUANCE OF THE CONSIDERATION SHARES**

You are being asked to approve the issuance of the Consideration Shares, which consist of up to [●] Better Choice Shares issuable pursuant to the Arrangement Agreement. As of the Record Date, the Consideration Shares would be comprised of approximately [●] Better Choice Shares, including the Better Choice Shares that would be issuable upon conversion or exchange of SRx securities that will become convertible into or exchangeable for Better Choice Shares in connection with the Arrangement and Better Choice Shares that would be issuable upon exchange of the Exchangeable Shares, in each case based upon an illustrative Exchange Ratio of [●] Better Choice Shares for each outstanding SRx Share calculated as of the Record Date. The Exchange Ratio, however, is subject to adjustment until the Effective Time as described herein, and, as such, the approximate amount of Consideration Shares is subject to adjustment. Because of the variability in the amount of Consideration Shares that may be issued pursuant to the Arrangement, you are being asked to approve the issuance of an amount of Consideration Shares that exceeds the approximate amount of Consideration Shares as of the Record Date. For a summary and detailed information regarding this proposal, see the information about the proposed Arrangement, and the issuance of the Consideration Shares in connection with the Arrangement contained throughout this proxy statement, including the information set forth in "*Summary of the Arrangement*" and "*The Arrangement*" and "*The Arrangement Agreement*."

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The following table sets forth, as of the Record Date, and for illustrative purposes, the approximate total number of Consideration Shares that may be issued pursuant to the Arrangement.

Security Type	Effective Number of Consideration Shares	Percent Holding of Combined Company (fully diluted)
	(1)	%
	(1)	%
	(1)	%
	(1)	%
<b>TOTAL</b>		<b>%<sup>(1)</sup></b>

(1) Assumes a full conversion and/or exchange for 100% of the underlying securities as of the Record Date.

Pursuant to our Certificate of Incorporation and applicable Delaware state law, and limited only by the number of Better Choice Shares authorized for issuance under our Articles of Incorporation, the Better Choice Board has the power, without submitting the matter to a stockholder vote or approval, to issue Better Choice Shares, from time to time, for any consideration the Better Choice Board deems appropriate. However, Better Choice Shares are listed on NYSE and Section 713 of the NYSE Company Guide requires stockholder approval for the issuance of the Consideration Shares pursuant to the Arrangement. See “*Why am I being asked to vote on the Arrangement?*” in the questions section above. Thus, Better Choice is requesting your vote in connection with the Arrangement Proposal.

The Arrangement Proposal will not be effected without the approval by the Better Choice stockholders of both such proposals.

**If this Arrangement Proposal is not approved, the Arrangement cannot be completed, each of Better Choice and SRx will have the right to terminate the Arrangement Agreement, and Better Choice may be required to pay SRx a termination payment of \$3.2 million. See “*The Arrangement Agreement — Termination of the Arrangement Agreement.*”**

#### Required Vote

This proposal must be approved by a majority of the shares entitled to vote, that are present or represented by proxy at the Special Meeting. Abstentions will be treated as votes cast, and will have the effect of a “NO” vote, but “broker non-votes” will not be treated as votes cast and will not affect the outcome with regard to this proposal.

**The Better Choice Board recommends that stockholders vote “FOR” the authorization of the issuance of the Consideration Shares in connection with the Arrangement.**

#### PROPOSAL NO. 3:

##### APPROVAL OF INCREASE IN 2019 INCENTIVE PLAN

On [●], 2024, the Better Choice Board of Directors (the “Board”) unanimously approved, subject to stockholder approval at the meeting, the amendment to the 2019 Incentive Award Plan (as amended, the “2019 Plan”), to add [●] shares for issuance under the 2019 Plan. Currently, Better Choice is authorized to issue [●] shares under the 2019 Plan. The amendment to the 2019 Plan will allow Better Choice to issue a total of [●] shares under the 2019 Plan.

The amendment to the 2019 Plan is being submitted to stockholders for approval at the meeting in order to ensure favorable federal income tax treatment for grants of incentive stock options under Section 422 of the Internal Revenue Code of 1986, as amended, or the Code. Approval by our stockholders of the amendment to the 2019 Plan is also required by the listing rules of NYSE.

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Pursuant to the Arrangement Agreement, Better Choice has agreed to amend the 2019 Plan to increase the number of Better Choice Shares reserved for awards thereunder (taking into account the annual “evergreen” adjustment) to twenty percent (20%) of the number of Better Choice Shares outstanding immediately after the Effective Time (calculated on a fully-diluted basis, including issuance of Better Choice Shares upon exchange of the Exchangeable Shares).

#### 2019 Incentive Award Plan - Summary

The following is a summary of the principal features of the 2019 Incentive Award Plan (as amended, the “2019 Plan”). This summary does not purport to be a complete description of all of the provisions of the 2019 Equity Incentive Plan and it is qualified in its entirety by reference to the full text of the 2019 Equity Incentive Plan.

**Eligibility and Administration.** Employees, consultants and non-employee directors of the Company and its subsidiaries may be eligible to receive awards under the 2019 Plan.

**Awards.** The 2019 Plan provides for the grant of ISOs within the meaning of Section 422 of the Internal Revenue Code (the “Code”) to employees, including employees of any parent or subsidiary, and for the grant of nonstatutory stock options (“NSOs”), stock appreciation rights (“SARs”), Restricted Stock Awards, Restricted Stock Unit (“RSU”) awards, and other forms of awards to employees, directors and consultants, including employees and consultants of our affiliates.

**Authorized Shares.** The maximum number of shares of our Common Stock that may be issued under the 2019 Plan is currently [●].

Shares subject to stock awards granted under the Plan that expire or terminate without being exercised in full or that are paid out in cash rather than in shares do not reduce the number of shares available for issuance under our Plan. Shares withheld under a stock award to satisfy the exercise, strike or purchase price of a stock award or to satisfy a tax withholding obligation do not reduce the number of shares available for issuance under our Plan. If any shares of our Common Stock issued pursuant to a stock award are forfeited back to or repurchased or reacquired by us (i) because of a failure to meet a contingency or condition required for the vesting of such shares, (ii) to satisfy the exercise, strike or purchase price of an award or (iii) to a tax withholding obligation in connection with an award, the shares that are forfeited or repurchased or satisfy reacquired will revert to and again become available for issuance under the Plan. Any shares previously issued which are reacquired in satisfaction of tax withholding obligations or as consideration for the exercise or purchase price of a stock award will again become available for issuance under the Plan.

**Plan Administration.** The Compensation Committee of the Better Choice Board (the “Committee”) has the authority to administer the Plan, unless and until the Board delegates some or all of the administration of the Plan to a different Committee or Committees of the Board. It is the duty of the Committee to conduct the general administration of the 2019 Plan in accordance with its provisions. The Committee has the power to interpret the 2019 Plan, to adopt such rules for the administration, interpretation and application of the Plan and any Program as are not inconsistent with the 2019 Plan, to interpret, amend or revoke any such rules and to amend the 2019 Plan or any Award Agreement thereunder. Subject to the Organizational Documents, any specific designation in the Plan and Applicable Law, the Administrator has the exclusive power, authority and sole discretion to, among other things:

- (a) Designate eligible individuals to receive awards;
- (b) Determine the type or types of awards to be granted to each eligible individual;

- (c) Determine the number of awards to be granted and the number of shares to which an award will relate;
- (d) Determine the terms and conditions of any award granted pursuant to the 2019 Plan;
- (e) Determine whether, to what extent, and under what circumstances an award may be settled in, or the exercise price of an award may be paid in cash, shares, other awards, or other property, or an award may be canceled, forfeited, or surrendered;
- (f) Prescribe the form of each Award Agreement, which need not be identical for each holder;

- (g) Decide all other matters that must be determined in connection with an Award;
- (h) Make all other decisions and determinations that may be required pursuant to the Plan or as the Administrator deems necessary or advisable to administer the Plan

**Stock Options.** ISOs and NSOs are granted under stock option agreements in a form approved by the Committee. The Committee determines the exercise price for stock options, within the terms and conditions of the Plan, provided that the exercise price of a stock option generally cannot be less than 100% of the fair market value of our Common Stock on the date of grant. Options granted under the Plan vest at the rate specified in the stock option agreement as determined by the Committee.

The Committee determines the term of stock options granted under the Plan, up to a maximum of 10 years. Unless the terms of an option holder's stock option agreement, or other written agreement between us and the recipient approved by the Committee, provide otherwise, if an option holder's service relationship with us or any of our affiliates ceases for any reason other than disability, death or Cause (as defined in the Plan), the option holder may generally exercise any vested options for a period of three months following the cessation of service. If an option holder's service relationship with us or any of our affiliates ceases due to death, or an option holder dies within a certain period following cessation of service, the option holder or a beneficiary may generally exercise any vested options for a period of 18 months following the date of death. If an option holder's service relationship with us or any of our affiliates ceases due to disability, the option holder may generally exercise any vested options for a period of 12 months following the cessation of service. In the event of a termination for cause, options generally terminate upon the termination date. In no event may an option be exercised beyond the expiration of its term.

Acceptable consideration for the purchase of Common Stock issued upon the exercise of a stock option will be determined by the Committee and may include (i) cash, check, bank draft or money order, (ii) a broker-assisted cashless exercise, (iii) the tender of shares of our Common Stock previously owned by the option holder, (iv) a net exercise of the option if it is an NSO or (v) other legal consideration approved by the Board.

Unless the Committee provides otherwise, options or stock appreciation rights generally are not transferable except by will or the laws of descent and distribution. Subject to approval of the Committee or a duly authorized officer, an option may be transferred pursuant to a domestic relations order, official marital settlement agreement or other divorce or separation instrument.

**Tax Limitations on ISOs.** The aggregate fair market value, determined at the time of grant, of our Common Stock with respect to ISOs that are exercisable for the first time by an award holder during any calendar year under all of our stock plans may not exceed \$100,000. Options or portions thereof that exceed such limit will generally be treated as NSOs. No ISO may be granted to any person who, at the time of the grant, owns or is deemed to own stock possessing more than 10% of our total combined voting power or that of any of our parent or subsidiary corporations unless (i) the option exercise price is at least 110% of the fair market value of the stock subject to the option on the date of grant and (ii) the term of the ISO does not exceed five years from the date of grant.

**Restricted Stock Unit Awards.** Restricted stock unit awards are granted under restricted stock unit award agreements in a form approved by the Committee. Restricted stock unit awards may be granted in consideration for any form of legal consideration that may be acceptable to our board of directors and permissible under applicable law. A restricted stock unit award may be settled by cash, delivery of stock, a combination of cash and stock as deemed appropriate by the Committee or in any other form of consideration set forth in the restricted stock unit award agreement. Additionally, dividend equivalents may be credited in respect of shares covered by a restricted stock unit award. Except as otherwise provided in the applicable award agreement, or other written agreement between us and the recipient approved by the Committee, restricted stock unit awards that have not vested will be forfeited once the participant's continuous service ends for any reason.

**Restricted Stock Awards.** Restricted stock awards are granted under restricted stock award agreements in a form approved by the Committee. A restricted stock award may be awarded in consideration for cash, check, bank draft or money order, past or future services to us or any other form of legal consideration that may be acceptable to our board of directors and permissible under applicable law. The Committee determines the terms and conditions of restricted stock awards, including vesting and forfeiture terms. If a participant's service relationship with us ends for any reason, we may receive any or all of the shares of Common Stock held by the participant that have not vested as of the date the participant terminates service with us through a forfeiture condition or a repurchase right.

**Stock Appreciation Rights.** Stock appreciation rights are granted under stock appreciation right agreements in a form approved by the Committee. The Committee determines the strike price for a stock appreciation right, which generally cannot be less than 100% of the fair market value of our Common Stock on the date of grant. A stock appreciation right granted under the Plan vests at the rate specified in the stock appreciation right agreement as determined by the Committee. Stock appreciation rights may be settled in cash or shares of Common Stock or in any other form of payment as determined by the Board and specified in the stock appreciation right agreement.

The Committee determines the term of stock appreciation rights granted under the Plan, up to a maximum of 10 years. If a participant's service relationship with us or any of our affiliates ceases for any reason other than cause, disability or death, the participant may generally exercise any vested stock appreciation right for a period of three months following the cessation of service. This period may be further extended in the event that exercise of the stock appreciation right following such a termination of service is prohibited by applicable securities laws. If a participant's service relationship with us, or any of our affiliates, ceases due to disability or death, or a participant dies within a certain period following cessation of service, the participant or a beneficiary may generally exercise any vested stock appreciation right for a period of 12 months in the event of disability and 18 months in the event of death. In the event of a termination for cause, stock appreciation rights generally terminate immediately upon the occurrence of the event giving rise to the termination of the individual for cause. In no event may a stock appreciation right be exercised beyond the expiration of its term.

**Other Stock Awards.** The Committee may grant other awards based in whole or in part by reference to our Common Stock. The Compensation Committee will set the number of shares under the stock award (or cash equivalent) and all other terms and conditions of such awards.

**Non-Employee Director Equity Compensation Policy.** The Committee may provide that awards granted to non-employee directors shall be granted pursuant to a written nondiscretionary formula established by the Committee (the "Non-Employee Director Equity Compensation Policy"), subject to the limitations of the 2019 Plan. The Non-Employee Director Equity Compensation Policy shall set forth the type of award(s) to be granted to non-employee directors, the number of shares to be subject to non-employee director awards, the conditions on which such awards shall be granted, become exercisable and/or payable and expire, and such other terms and conditions as the Committee shall determine. The Non-Employee Director Equity Compensation Policy may be modified by the Committee from time to time pursuant to the exercise of its business judgment, taking into account such factors, circumstances and considerations as it shall deem relevant from time to time.

**Changes to Capital Structure.** In the event there is a specified type of change in our capital structure, such as a stock split, reverse stock split or recapitalization, appropriate adjustments will be made to (i) the class and maximum number of shares reserved for issuance under the 2019 Plan, (ii) the class and maximum number of shares by which the share reserve may increase automatically each year, (iii) the class and maximum number of shares that may be issued on the exercise of ISOs and (iv) the class and number of shares and exercise price, strike price or purchase price, if applicable, of all outstanding stock awards.

**Corporate Transactions.** The following applies to stock awards under the 2019 Plan in the event of certain corporate transactions (as defined in the 2019 Plan), unless otherwise provided in a participant's stock award agreement or other written agreement with us or one of our affiliates or unless otherwise expressly provided by the Committee at the time of grant.

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The Committee is authorized to take any one or more of the following actions whenever the Committee determines that such action is appropriate in order to prevent dilution or enlargement of the benefits or potential benefits intended to be made available under the 2019 Plan or with respect to any Award under the 2019 Plan, to facilitate such transactions or events or to give effect to such changes in Applicable Law or Applicable Accounting Standards:

- (i) To provide for the termination of any such award in exchange for an amount of cash and/or other property with a value equal to the amount that would have been attained upon the exercise of such award or realization of the holder's rights;
- (ii) To provide that such award be assumed by the successor or survivor corporation, or a parent or subsidiary thereof, or shall be substituted for by similar options, rights or awards covering the stock of the successor or survivor corporation, or a parent or subsidiary thereof, with appropriate adjustments as to the number and kind of shares and applicable exercise or purchase price, in all cases, as determined by the Committee;
- (iii) To make adjustments in the number and type of shares of Better Choice stock (or other securities or property) subject to outstanding awards, and/or in the terms and conditions of (including the grant or exercise price), and the criteria included in, outstanding awards and awards which may be granted in the future;
- (iv) To provide that such award shall be exercisable or payable or fully vested with respect to all shares covered thereby, notwithstanding anything to the contrary in the 2019 Plan or the applicable Award Agreement;
- (v) To replace such award with other rights or property selected by the Committee; and/or
- (vi) To provide that the award cannot vest, be exercised or become payable after such event.

**Plan Amendment or Termination.** Our board of directors has the authority to amend, suspend or terminate our Plan, provided that such action does not materially impair the existing rights of any participant without such participant's written consent. Certain material amendments also require the approval of our stockholders. No ISOs may be granted after the tenth anniversary of the date our board of directors adopts our Plan. No stock awards may be granted under our Plan while it is suspended or after it is terminated.

#### **Summary of Material United States Federal Income Tax Consequences of the 2019 Plan**

The following is a summary of the principal federal income tax consequences of option grants and other awards under the 2019 Plan. Optionees and recipients of other rights and awards granted under the 2019 Plan are advised to consult their personal tax advisors before exercising an option or stock appreciation right or disposing of any stock received pursuant to the exercise of an option or stock appreciation right or following vesting of a restricted stock award or restricted stock unit or upon grant of an unrestricted stock award. In addition, the following summary is based upon an analysis of the Code as currently in effect, existing laws, judicial decisions, administrative rulings, regulations and proposed regulations, all of which are subject to change and does not address state, local or other tax laws.

**Nonstatutory Stock Options.** Generally, there is no taxation upon the grant of a NSO. Upon exercise, a participant will recognize ordinary income equal to the excess, if any, of the fair market value of the underlying stock on the date of exercise of the stock option over the exercise price. If the participant is employed by the Company or one of its affiliates, that income will be subject to withholding taxes. The participant's tax basis in those shares will be equal to their fair market value on the date of exercise of the stock option, and the participant's capital gain holding period for those shares will begin on the day after they are transferred to the participant. Subject to the requirement of reasonableness, the deduction limits under Section 162(m) of the Code and the satisfaction of a tax reporting obligation, the Company will generally be entitled to a tax deduction equal to the taxable ordinary income realized by the participant.

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**Incentive Stock Options.** The 2019 Plan provides for the grant of stock options that are intended to qualify as "incentive stock options," as defined in Section 422 of the Code. Under the Code, a participant generally is not subject to ordinary income tax upon the grant or exercise of an ISO. If the participant holds a share received upon exercise of an ISO for more than two years from the date the stock option was granted and more than one year from the date the stock option was exercised, which is referred to as the required holding period, the difference, if any, between the amount realized on a sale or other taxable disposition of that share and the participant's tax basis in that share will be long-term capital gain or loss. If, however, a participant disposes of a share acquired upon exercise of an ISO before the end of the required holding period, which is referred to as a disqualifying disposition, the participant generally will recognize ordinary income in the year of the disqualifying disposition equal to the excess, if any, of the fair market value of the share on the date of exercise of the stock option over the exercise price. However, if the sales proceeds are less than the fair market value of the share on the date of exercise of the stock option, the amount of ordinary income recognized by the participant will not exceed the gain, if any, realized on the sale. If the amount realized on a disqualifying disposition exceeds the fair market value of the share on the date of exercise of the stock option, that excess will be short-term or long-term capital gain, depending on whether the holding period for the share exceeds one year. For purposes of the alternative minimum tax, the amount by which the fair market value of a share of stock acquired upon exercise of an ISO exceeds the exercise price of the stock option generally will be an adjustment included in the participant's alternative minimum taxable income for the year in which the stock option is exercised. If, however, there is a disqualifying disposition of the share in the year in which the stock option is exercised, there will be no adjustment for alternative minimum tax purposes with respect to that share. In computing alternative minimum taxable income, the tax basis of a share acquired upon exercise of an ISO is increased by the amount of the adjustment taken into account with respect to that share for alternative minimum tax purposes in the year the stock option is exercised. The Company is not allowed a tax deduction with respect to the grant or exercise of an ISO or the disposition of a share acquired upon exercise of an ISO after the required holding period. If there is a disqualifying disposition of a share, however, the Company will generally be entitled to a tax deduction equal to the taxable ordinary income realized by the participant, subject to the requirement of reasonableness, the deduction limits under Section 162(m) of the Code and provided that either the employee includes that amount in income or the Company timely satisfies its reporting requirements with respect to that amount.

**Restricted Stock Awards.** Generally, the recipient of a restricted stock award will recognize ordinary income at the time the stock is received equal to the excess, if any, of the fair market value of the stock received over any amount paid by the recipient in exchange for the stock. If, however, the stock is subject to restrictions constituting a substantial risk of forfeiture when it is received (for example, if the employee is required to work for a period of time in order to have the right to transfer or sell the stock), the recipient generally will not recognize income until the restrictions constituting a substantial risk of forfeiture lapse, at which time the recipient will recognize ordinary income equal to the excess, if any, of the fair market value of the stock on the date it becomes vested over any amount paid by the recipient in exchange for the stock. A recipient may, however, file an election with the Internal Revenue Service, within 30 days following the date of grant, to recognize ordinary income, as of the date of grant, equal to the excess, if any, of the fair market value of the stock on the date the award is granted over any amount paid by the recipient for the stock. The recipient's basis for the determination of gain or loss upon the subsequent disposition of shares acquired from a restricted stock award will be the amount paid for such shares plus any ordinary income recognized either when the

stock is received or when the restrictions constituting a substantial risk of forfeiture lapse. Subject to the requirement of reasonableness, the deduction limits under Section 162(m) of the Code and the satisfaction of a tax reporting obligation, the Company will generally be entitled to a tax deduction equal to the taxable ordinary income realized by the recipient of the restricted stock award.

**Restricted Stock Unit Awards.** Generally, the recipient of a restricted stock unit award will generally recognize ordinary income at the time the stock is delivered equal to the excess, if any, of (i) the fair market value of the stock received over any amount paid by the recipient in exchange for the stock or (ii) the amount of cash paid to the participant. The recipient's basis for the determination of gain or loss upon the subsequent disposition of shares acquired from a restricted stock unit award will be the amount paid for such shares plus any ordinary income recognized when the stock is delivered, and the participant's capital gain holding period for those shares will begin on the day after they are transferred to the participant. Subject to the requirement of reasonableness, the deduction limits under Section 162(m) of the Code and the satisfaction of a tax reporting obligation, the Company will generally be entitled to a tax deduction equal to the taxable ordinary income realized by the recipient of the restricted stock unit award.

**Stock Appreciation Rights.** Generally, the recipient of a stock appreciation right will recognize ordinary income equal to the fair market value of the stock or cash received upon such exercise. Subject to the requirement of reasonableness, the deduction limits under Section 162(m) of the Code and the satisfaction of a tax reporting obligation, the Company will generally be entitled to a tax deduction equal to the taxable ordinary income realized by the recipient of the stock appreciation right.

THE FOREGOING IS ONLY A SUMMARY OF THE EFFECT OF THE U.S. FEDERAL INCOME TAXATION UPON PARTICIPANTS AND THE COMPANY UNDER THE 2019 Plan. IT DOES NOT PURPORT TO BE COMPLETE AND DOES NOT DISCUSS THE TAX CONSEQUENCES OF A PARTICIPANT'S DEATH OR THE PROVISIONS OF THE INCOME TAX LAWS OF ANY MUNICIPALITY, STATE, OR FOREIGN COUNTRY IN WHICH THE PARTICIPANT MAY RESIDE.

**The Better Choice Board recommends that stockholders vote "FOR" the authorization of the amendment of the 2019 Incentive Award Plan to increase the number of shares reserved for issuance thereunder.**

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#### PROPOSAL NO. 4:

##### AUTHORITY TO ADJOURN THE SPECIAL MEETING

If at the Special Meeting, the Better Choice Board determines it is necessary or appropriate to adjourn the Special Meeting, Better Choice intends to move to vote on the Adjournment Proposal. For example, the Better Choice Board may make such a determination if the number of Better Choice Shares represented and voting in favor of the Arrangement Proposal at the Special Meeting is not sufficient to adopt and approve such proposals, in order to enable the Better Choice Board to solicit additional proxies in respect of such proposals. If the Better Choice Board determines that it is necessary or appropriate, Better Choice will ask its stockholders to vote only upon the Adjournment Proposal and not the Arrangement Proposal.

In this proposal, Better Choice is asking you to authorize the holder of any proxy solicited by the Better Choice Board to vote in favor of the Adjournment Proposal. If the Better Choice stockholders approve the Adjournment Proposal, Better Choice could adjourn the Special Meeting and any adjourned session of the Special Meeting and use the additional time to solicit additional proxies, including the solicitation of proxies from stockholders that have previously voted. Among other things, approval of the Adjournment Proposal could mean that, even if Better Choice had received proxies representing a sufficient number of votes against the aforementioned proposal to defeat such proposals, Better Choice could adjourn the Special Meeting without a vote and seek to convince the holders of those shares to change their votes. Additionally, Better Choice may seek to adjourn the Special Meeting if a quorum is not present or otherwise at the discretion of the chairman of the Special Meeting.

##### Vote Required and Board Recommendation

This proposal must be approved by a majority of the shares entitled to vote that are present or represented by proxy, whether or not a quorum is present. Abstentions will be treated as votes cast, and will have the effect of a vote "AGAINST" this proposal, but "broker non-votes" will not be treated as votes cast and will not affect the outcome with regard to this proposal.

**The Better Choice Board recommends that you vote "FOR" the Adjournment Proposal.**

##### SRX HISTORICAL FINANCIAL STATEMENTS

The GAAS audited financial statements of SRx for the fiscal years ended December 31, 2023 and 2022 and the unaudited interim financial statements of SRx for the nine month periods ended September 30, 2024 and 2023 are presented in Annex L and are hereby incorporated by reference. The financial statements have been prepared on the basis of International Financial Reporting Standards, as issued by the International Accounting Standards Board. The financial statements are prepared in Canadian dollars unless otherwise indicated.

##### STOCKHOLDER PROPOSALS

As of the date of this proxy statement, the Better Choice Board knows of no matters that will be presented for consideration at the Special Meeting other than as described in this proxy statement.

##### INCORPORATION BY REFERENCE

The SEC allows us to "incorporate by reference" information into this proxy statement. This means that Better Choice can disclose important information to you by referring you to those documents. The information incorporated by reference is considered to part of this proxy statement. However, any statement contained in a document that is incorporated by reference into this proxy statement will be deemed updated and superseded for purposes of this proxy statement to the extent information contained in this proxy statement modifies or replaces the information. Better Choice is incorporating by reference the following items in documents filed by us with the SEC:

- Better Choice's Annual Report on [Form 10-K](#) for the year ended December 31, 2023, filed with the SEC on April 12, 2024;
- Better Choice's Quarterly Reports on Form 10-Q for the quarters ended [March 31, 2024](#), [June 30, 2024](#), [September 30, 2024](#), filed with the SEC on May 17, 2024, August 14, 2024 and November 14, 2024, respectively; and
- Better Choice's Current Reports on Form 8-K filed with the SEC on [March 2, 2023](#), [March 21, 2023](#), [march 28, 2023](#), [May 12, 2023](#), [May 17, 2023](#), [June 27, 2023](#), [August 7, 2023](#), [August 22, 2023](#), [August 29, 2023](#), [September 27, 2023](#), [November 14, 2023](#), [November 16, 2023](#), [February 12, 2024](#), [March 14, 2024](#), [March 25, 2024](#), [April 4, 2024](#), [April 16, 2024](#), [April 17, 2024](#), [April 30, 2024](#), [May 13, 2024](#), [May 21, 2024](#), [May 24, 2024](#), [June 21, 2024](#), [July 12, 2024](#), [July 15, 2024](#), [August 1, 2024](#), [August 7, 2024](#), [August 26, 2024](#), [September 9, 2024](#), and [December 10, 2024](#).

The information incorporated by reference is considered to be a part of this proxy statement, and later information that Better Choice files with the SEC will update and supersede that information. Better Choice incorporates by reference in this proxy statement the documents listed below and any future filings that Better Choice makes with the SEC under Sections 13(a), 13(c), 14 or 15(d) of the Exchange Act, including any filings after the date of this proxy statement until the date of the Special Meeting. The

information incorporated by reference is an important part of this proxy statement. Any statement in a document incorporated by reference into this proxy statement will be deemed to be modified or superseded for purposes of this proxy statement to the extent a statement contained in this or any other subsequently filed document that is incorporated by reference into this proxy statement modifies or supersedes such statement. Any statement so modified or superseded will be not deemed, except as so modified or superseded, to constitute a part of this proxy statement. Notwithstanding the foregoing, information furnished under Items 2.02 and 7.01 of any Current Report on Form 8-K, including the related exhibits, is not incorporated by reference into this proxy statement.

The documents listed above are enclosed with this proxy statement and are also available on the SEC's website at <http://www.sec.gov> and on Better Choice's website at <http://www.betterchoicecompany.com>. Additional information about SRx may be obtained by visiting [insert URL].

Representatives of [●], Better Choice's principal accountants, will not be present at the Special Meeting.

You may obtain additional copies of this proxy statement, and may ask any questions about the Arrangement or the Arrangement Agreement, by contacting Carolina Martinez, the Company's Chief Financial Officer, by telephone at 212-655-3518, or by email at [nmartinez@btrco.com](mailto:nmartinez@btrco.com).