



BETTER CH ICE

C O M P A N Y



November 10, 2021
Q3 2021 Earnings Presentation

Safe Harbor



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

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Better Choice Overview



Company Overview:

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



Better Choice's Brand Portfolio



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

Better Choice Investment Highlights



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



Executive Team Purpose Built for Success in the Pet Industry



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



Recurring Revenue Represents Majority of Online Sales



Exposure to Fastest Growing Sub-Sectors of Premium Pet



Rapidly Growing International Presence

Seasoned Management Team & Board



Management Team

Scott Lerner *CEO*

20+ YEARS CONSUMER PRODUCTS EXPERIENCE



Donald Young *EVP Sales*

29 YEARS PET INDUSTRY EXPERIENCE



Rob Sauermann *EVP Strategy*

\$100M GROWTH CAPITAL DEPLOYED



Jenny Condon *EVP Digital Sales*

ECOMM EXPERT WITH 15+ YEARS EXPERIENCE



Sharla Cook *CFO*

18+ YEARS FINANCE & ACCOUNTING EXPERIENCE



Ryan Wilson *VP Marketing*

5+ YEARS PET INDUSTRY EXPERIENCE



Alex Vournas *VP Supply Chain & Logistics*

5+ YEARS PET INDUSTRY EXPERIENCE



Board of Directors

Mike Young

YEAR JOINED BOD: 2019



Lionel Conacher

YEAR JOINED BOD: 2021



Arlene Dickinson

YEAR JOINED BOD: 2021



Gil Fronzaglia

YEAR JOINED BOD: 2021



John Word III

YEAR JOINED BOD: 2020



Management and key insiders own 27% of Better Choice as of September 30, 2021

A World-Class Foundation Built For Growth



Team

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



Suppliers

- All dry kibble and freeze-dried food and treats are made in the USA
- Best-in-class certifications ensure product quality and drive performance



Infrastructure

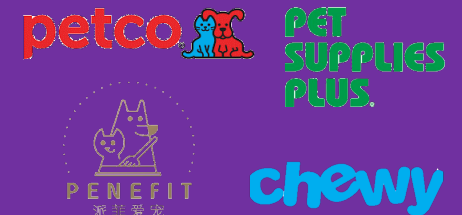
A wide scope of systems ensures scalable success

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



Partners

- We team with key customers and international distributors to drive successful new product launches
- Marketing relationships include Humanaut and Little Big Brands



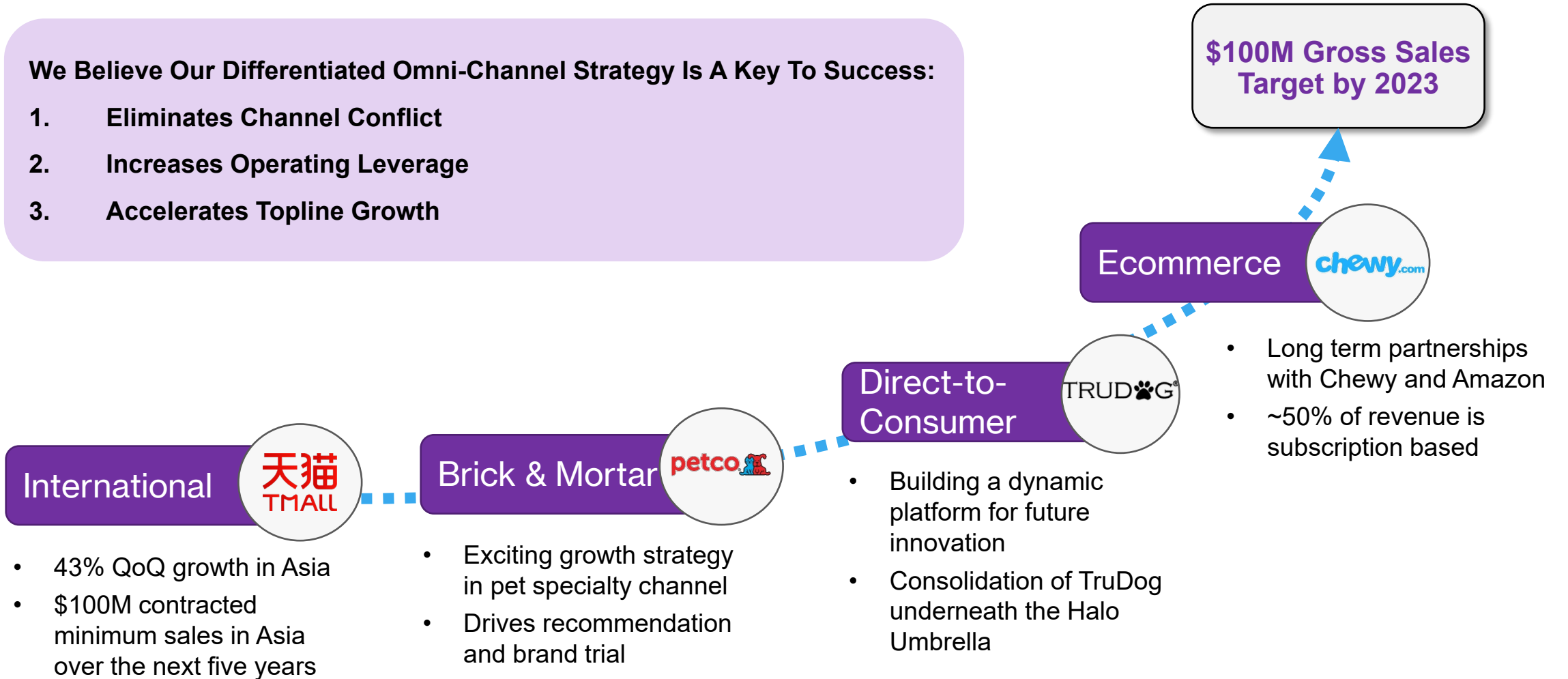
A True Omni-Channel Approach

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



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

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



International



- 43% QoQ growth in Asia
- \$100M contracted minimum sales in Asia over the next five years

Brick & Mortar



- Exciting growth strategy in pet specialty channel
- Drives recommendation and brand trial

Direct-to-Consumer



- Building a dynamic platform for future innovation
- Consolidation of TruDog underneath the Halo Umbrella

Ecommerce



- Long term partnerships with Chewy and Amazon
- ~50% of revenue is subscription based

\$100M Gross Sales Target by 2023

**Halo is the brand
for a new
generation of
pet parents**

Halo

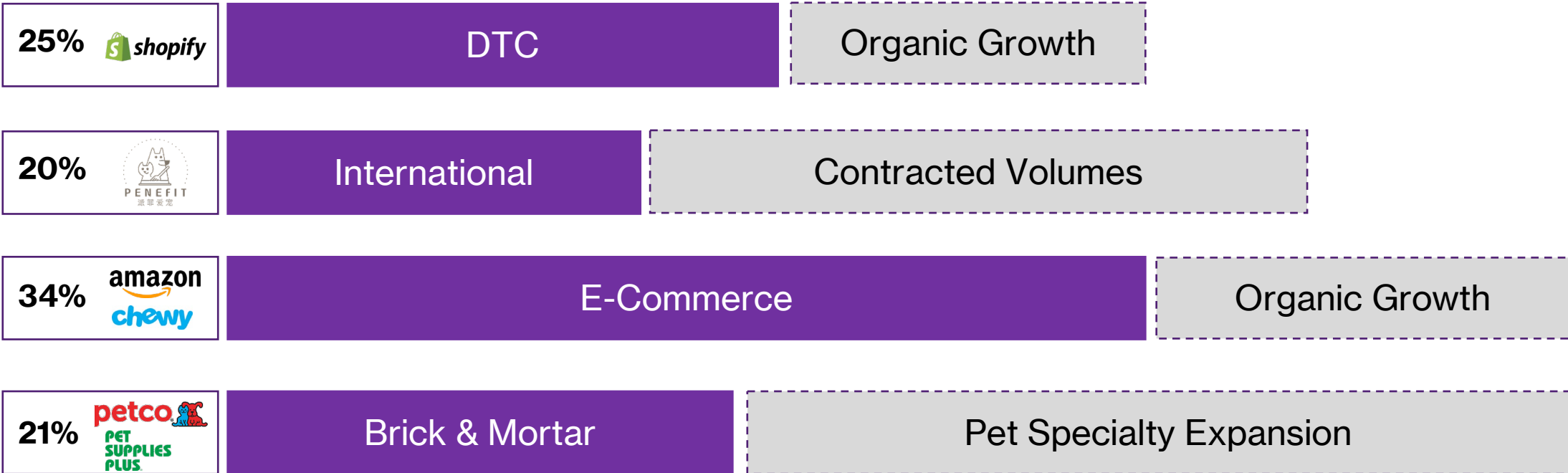


Illustrative Path to \$100M Gross Sales by Channel



% 2020
Net Sales

Potential M&A



■ 2020 Net Sales

▨ Illustrative Growth Opportunities

Pet Specialty Channel Key to Customer Acquisition



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



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



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



**Nestle Purina
Acquires Merrick (2015)**

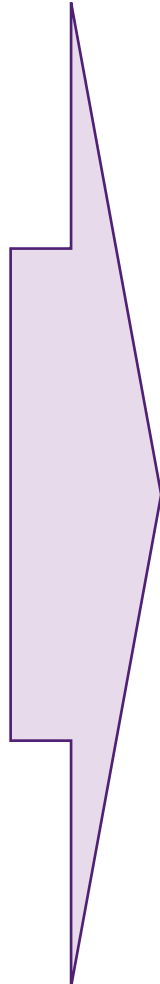


- Donald Young (EVP of Better Choice Sales) joined Merrick in 2011 to lead sales team
- Several Better Choice sales team members worked with Donald at Merrick
- Two leadership team members, Ryan Wilson and Jenny Condon, joined Better Choice from Nestle

Pet Specialty 2022 Launch Partners are Secured



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



petco
THE HEALTH +
WELLNESS CO.

- 2nd Largest Pet Specialty Retailer
- 1,500+ NA Locations

**PET
SUPPLIES
PLUS**

- 3rd Largest Pet Specialty Retailer
- 560+ US Locations

1,500 Larger Pet Specialty Stores



500 – 1,000 Independent Pet Stores

Halo Elevate Production Runs are Happening Now



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

Halo Elevate (Dry & Wet)
2022 Launch

Halo Holistic
2022 Refresh

Future Innovation



Three Year Innovation Pipeline

International Growth Driven by Asian Demand

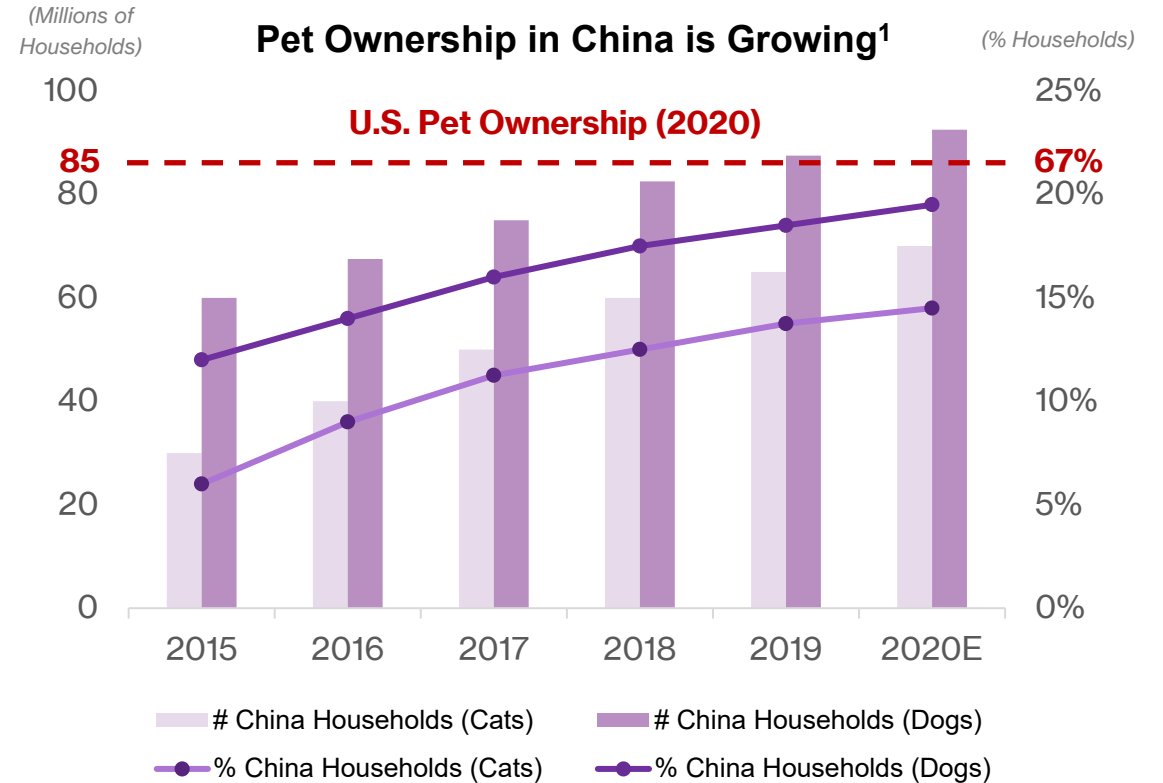


International Growth is Centered Around Strong Asian Demand

- Chinese pet market estimated to be ~\$7 billion by 2022, with premium dry dog and cat food markets growing at 20% and 28% CAGRs¹
- \$10.8m in YTD 2021 net sales represents 46% increase, with significant future growth supported by contracted minimum volumes
- Halo’s target consumer in Asia is very similar to target consumer in US (for example 50%+ of Halo’s Chinese customers were born after 1990)



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



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

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

Strategic Acquisition Update



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

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

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

Q3 2021 Financial Snapshot



2020 Annual Results

\$42.6M
Net Sales

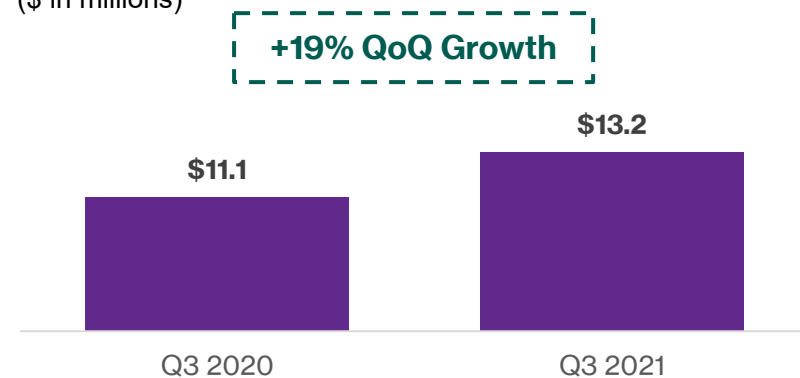
\$16.1M
Gross Profit

37.8%
Gross Margin

(\$1.9)M
Adj. EBITDA

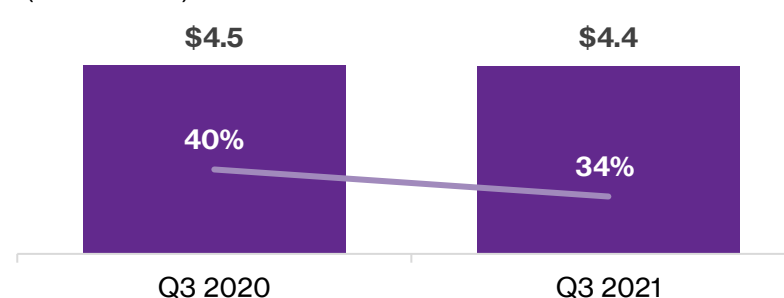
3Q 2021 Net Sales¹

(\$ in millions)



3Q 2021 Gross Profit & Margin¹

(\$ in millions)



YTD Q3 '20 GM: 38%

YTD Q3 '21 GM: 36%

3Q 2021 Commentary

Domestic & International Sales

- Strong E-Commerce net sales in Q3 2021, representing 35% QoQ growth
- International channel successfully delivering contracted volumes
 - \$10.8m of Net Sales in YTD 2021 represents 46% YoY Growth
- Secured between 4ft – 8ft of space in 1,500 Pet Specialty locations for Halo Elevate Launch in 2022 – anchored by PSP & Petco

Operations and Gross Margin

- YTD Q3 2021 gross margin of 36% slightly below YTD Q3 2020 gross margin of 38%, driven by dry kibble price increases
- Industry wide increases to commodity costs and freight as a result of COVID-19 have negatively impacted gross margin
- Canned wet food capacity constraints have had \$2.5m - \$3.0m OOS impact

1. For three months ended September 30

Q3 2021 Income Statement

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

	Nine Months Ended September 30,		Three Months Ended September 30,	
	2021	2020	2021	2020
Net sales	\$ 35,019	\$ 33,302	\$ 13,200	\$ 11,135
Cost of goods sold	22,407	20,563	8,762	6,678
Gross profit	12,612	12,739	4,438	4,457
Operating expenses:				
General and administrative	11,778	23,158	3,727	3,545
Sales and marketing	9,619	6,847	4,018	2,650
Share-based compensation	3,517	7,047	660	1,543
Total operating expenses	24,914	37,052	8,405	7,738
Loss from operations	(12,302)	(24,313)	(3,967)	(3,281)
Other expense (income):				
Interest expense, net	3,148	7,268	79	2,537
(Gain) Loss on extinguishment of debt, net	(457)	88	—	88
Change in fair value of warrant liabilities	(23,463)	(2,118)	(590)	(4,213)
Total other (income) expense, net	(20,772)	5,238	(511)	(1,588)
Net income (loss)	8,470	(29,551)	(3,456)	(1,693)
Preferred dividends	—	103	—	35
Net income (loss) available to common stockholders	\$ 8,470	\$ (29,654)	\$ (3,456)	\$ (1,728)
Weighted average number of shares outstanding, basic	16,799,796	8,134,957	29,466,520	8,160,242
Weighted average number of shares outstanding, diluted	23,685,351	8,134,957	29,466,520	8,160,242
Earnings (loss) per share, basic	\$ 0.48	\$ (3.65)	\$ (0.12)	\$ (0.21)
Earnings (loss) per share, diluted	\$ 0.34	\$ (3.65)	\$ (0.12)	\$ (0.21)

Q3 2021 Adjusted EBITDA Reconciliation

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

	Nine Months Ended September 30,		Three Months Ended September 30,	
	2021	2020	2021	2020
Net income (loss) available to common stockholders	\$ 8,470	\$ (29,654)	\$ (3,456)	\$ (1,728)
Depreciation and amortization	1,255	1,298	431	432
Interest expense	3,148	7,268	79	2,537
EBITDA	12,873	(21,088)	(2,946)	1,241
Non-cash share-based compensation, warrant expense and dividends (a)	3,563	17,136	660	1,577
Loss on disposal of assets	275	—	10	—
Non-cash change in fair value of warrant liability and warrant derivative liability	(23,463)	(2,118)	(590)	(4,213)
Gain on extinguishment of debt, net (b)	(457)	88	—	88
Acquisition related expenses/(income) (c)	—	1,236	—	(57)
Non-cash effect of purchase accounting and inventory write-off on cost of goods sold (d)	—	894	—	—
Offering relating expenses (e)	220	987	10	338
Non-recurring and other expenses (f)	2,772	2,022	1,467	712
Adjusted EBITDA	\$ (4,217)	\$ (843)	\$ (1,389)	\$ (314)

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

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

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

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

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

(f) For the three months ended September 30, 2021, includes non-cash third party share-based compensation of \$1.3 million and director costs of \$0.2 million. The nine months ended September 30, 2021 additionally includes non-recurring severance costs of \$0.7 million, non-cash third party share-based compensation of \$0.6 million, non-recurring consulting costs of \$0.4 million and director costs of \$0.1 million, partially offset by a \$0.5 million reduction to sales tax liability. For the three months ended September 30, 2020, includes \$0.4m non-recurring contract termination costs and other non-recurring expenses. For the nine months ended September 30, 2020, also includes \$1.1 million non-recurring contract termination costs and \$0.2 million of non-recurring costs related to a warehouse facility that was outsourced to a third party logistics facility in Q4 2020.

Capital Raise Has Enabled Growth

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

- Listing of BTTR on NYSE American
- \$40m Primary Proceeds raised at \$5.00 / share (~3x 2020 Net Sales)
- Automatic Conversion of ~\$23m of Convertible Debt into Common Shares
- 29.2m common shares outstanding after accounting for the following:
 - Conversion of Series F Preferred
 - Conversion of Convertible Notes
 - Reverse Share Split of 1 : 6
 - Repurchase of \$1.3m of common stock

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CHOICE**
COMPANY



Thank You!