



# Better Choice Company

*Q4 2021 and FY 2021 Earnings Presentation*

March 29, 2022

# Safe Harbor

This presentation regarding Better Choice Company, Inc. (“the Company”, “Better Choice”, “BTTR”, “we”, “us” or “our”) is strictly confidential and is for you to familiarize yourself with the Company. This presentation contains information, statements, beliefs and opinions which are forward-looking, and which reflect current estimates, expectations and projections about future events, referred to herein and which constitute “forward-looking statements” or “forward-looking information” within the meaning of the Private Securities Litigation Reform Act of 1995. All statements other than statements of historical fact included in this document, regarding our strategy, future operations, financial position, prospects, plans and objectives of management are forward-looking statements. Statements containing the words “could”, “believe”, “expect”, “intend”, “should”, “seek”, “anticipate”, “will”, “positioned”, “project”, “risk”, “plan”, “may”, “estimate” or, in each case, their negative and words of similar meaning are intended to identify forward-looking statements. By their nature, forward-looking statements involve a number of known and unknown risks, uncertainties and assumptions, most of which are difficult to predict and many of which are beyond the Company’s control, concerning, among other things, the Company’s anticipated business strategies, anticipated trends in the Company’s business and anticipated market share, that could cause actual results or events to differ materially from those expressed or implied by the forward-looking statements.

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

The known risks, uncertainties and factors are described in detail under the caption “Risk Factors” in documents the Company has filed with the Securities and Exchange Commission (the “SEC”). that are incorporated by reference in this presentation. Certain information contained in this presentation may be derived from information provided by industry sources. The Company believes such information is accurate and that the sources from which it has been obtained are reliable. However, the Company cannot guarantee the accuracy of, and has not independently verified, such information. All trademarks, service marks, and trade names appearing in this presentation are the property of their respective holders.



# Better Choice Company Overview



The Most Innovative Premium Pet Food Company in the World

*Halo*

Portfolio of Established Premium and Super-Premium Pet Products



Executive Team Purpose Built for Success in the Pet Industry



2,000+ New Brick & Mortar Locations in 2022 (Petco, PSP, Phillips)



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



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



Exciting Three-Year Innovation Pipeline Key to Future Growth



Asset Light Model with Established Co-Manufacturing Partners

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

# Our Team Members and Partners Are World Class

## Team

- ~50 FTEs with hubs in Chicago, Nashville + Tampa
- Win-from-anywhere culture driving productivity
- Equity plans in place to attract and retain top talent



## Supply Chain

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



## Customers & Distributors

- High quality customers and distributors are key to omni-channel growth
- We partner with our key retailers to drive successful new product launches



## Marketing & Agency Partners

- Dynamic marketing and agency partners help drive innovative creative content
- Our partners are the best of the best in the industry



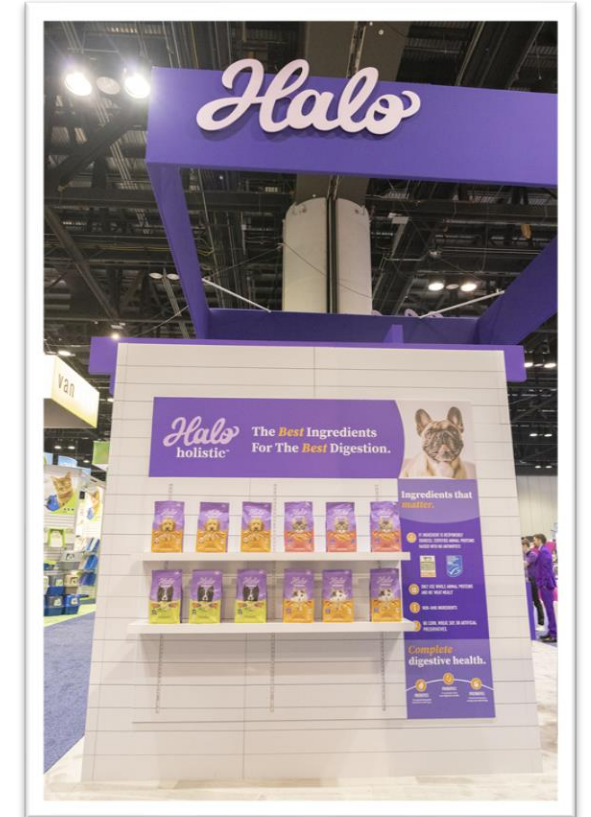
# Omni-Channel Execution = Rapid Growth



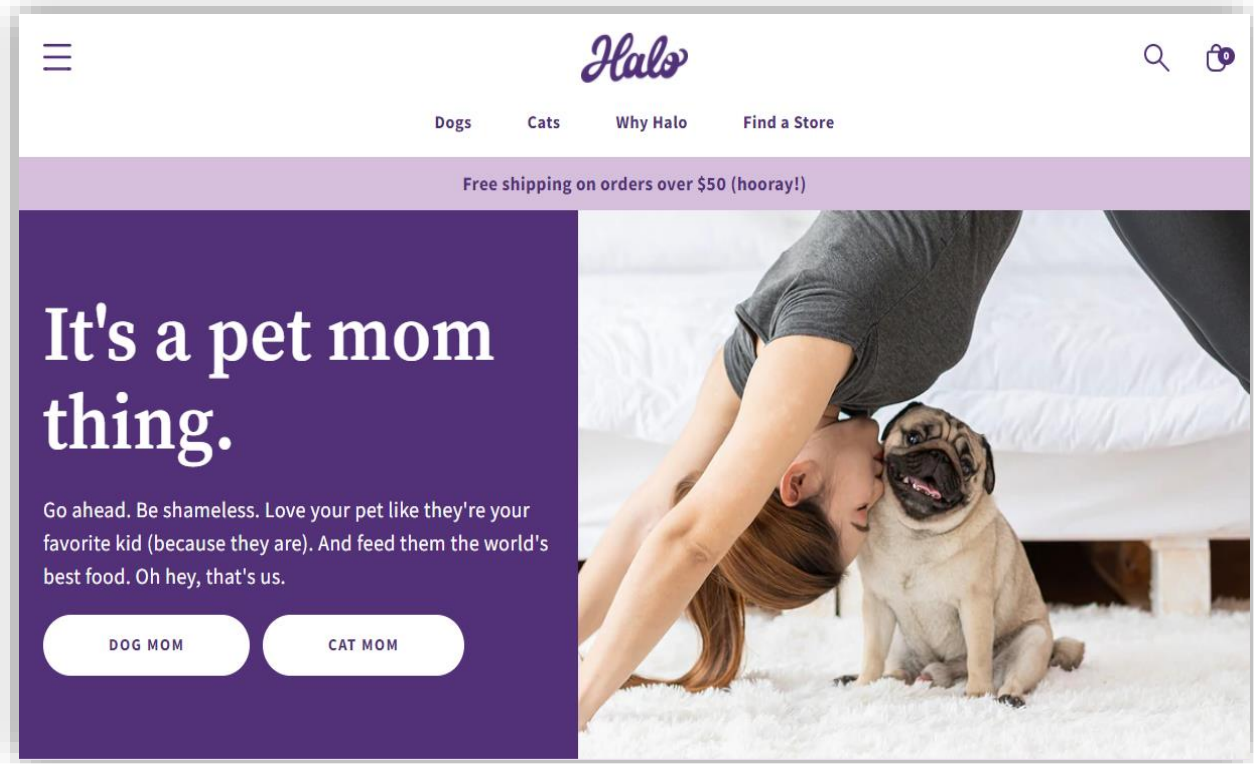
- Our goal is to reach millennial pet parents enabling purchase of Halo products wherever, whenever, and however they choose.
- Differentiating through thoughtful merchandising of the Halo portfolio that maximizes conversion and margin in store, DTC, and eCommerce channels.
- Turning every consumer touchpoint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



# The Halo Re-Launch is Officially Underway



# Different Than Any Other Brand!





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

*Halo*





# Halo Elevate is Built to Succeed in the Pet Specialty Channel in 2022



Estimated '22 Store Count <sup>1</sup>	Over 1,000 stores <sup>2</sup>	Over 600 stores <sup>3</sup>	Target: 500+ stores
Estimated '22 Distribution Points <sup>1</sup>	Over 40,000 <sup>2</sup>	Over 27,000 <sup>3</sup>	Target: Over 18,000+
Additional Retailer Support <sup>1</sup>	Best Choice Brand	Preferred Brand	Independent Exclusive

1. Company estimate as of March 14, 2022. Estimated store counts per customer communications received to date.
2. Represents increase from November 2021 estimate of 900 stores.
3. Represents Increase from November 2021 estimate of 560 stores.





# Halos elevate™



## Natural, Science-Based Nutrition For Optimal Health

### PRECISION FORMULATED, COMPLETE NUTRITION



#### DIGESTIVE HEALTH

610 MILLION LIVE PROBIOTICS (CFU/LB)



#### HEART & IMMUNITY SUPPORT

GUARANTEED TAURINE & ANTIOXIDANTS



#### HEALTHY SKIN & COAT

LEADING OMEGA FATTY ACID LEVELS



#### HIP & JOINT SUPPORT

LEADING GLUCOSAMINE & CHONDROITIN LEVELS



**90%** Protein From ANIMAL SOURCES



**7%** Protein From VEGETABLES



**3%** Protein From PLANT INGREDIENTS

**0%** NO CORN, WHEAT, SOY, LENTILS, OR PEAS\*



Vet & Nutrition  
Experts

### UNMATCHED TRANSPARENCY

OUR TOP 10  
INGREDIENTS

= **96%**  
TOTAL RECIPE

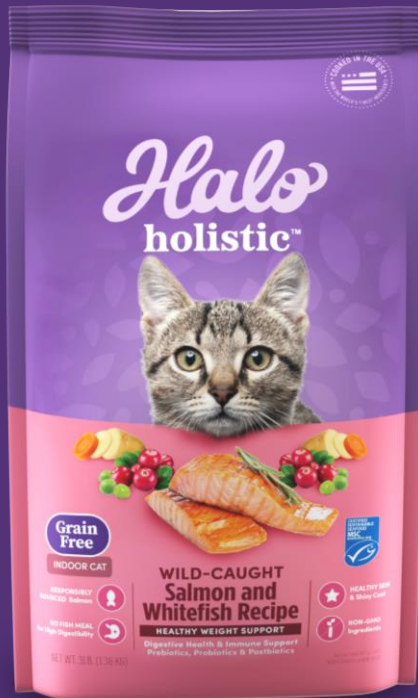


### FULL INGREDIENT TRACEABILITY

Trace where every ingredient  
we use comes from and understand  
why we use it (see our website)



# Innovating To Win In 2022 International Markets



**Holistic  
Renovation**



**High Protein Cat  
Innovation**



**~\$15M '21 Sales**  
70%+ YoY Growth

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



# Better Choice Company Inc.

## Unaudited Consolidated Statements of Operations

	Year ended December 31,		Three months ended December 31,	
	2021	2020	2021	2020
Net sales	\$ 46,006	\$ 42,590	\$ 10,987	\$ 9,288
Cost of goods sold	30,638	26,485	8,231	5,922
Gross profit	15,368	16,105	2,756	3,366
<b>Operating expenses:</b>				
Selling, general and administrative	28,507	34,487	7,110	4,482
Share-based compensation	4,140	8,940	623	1,893
Total operating expenses	32,647	43,427	7,733	6,375
Loss from operations	(17,279)	(27,322)	(4,977)	(3,009)
<b>Other income (expense):</b>				
Interest expense, net	(3,217)	(9,247)	(69)	(1,979)
Gain (Loss) on extinguishment of debt	457	(88)	—	—
Change in fair value of warrant liabilities	23,463	(22,678)	—	(24,796)
Total other income (expense), net	20,703	(32,013)	(69)	(26,775)
Net income (loss) before income taxes	3,424	(59,335)	(5,046)	(29,784)
Income tax expense	37	—	37	—
Net income (loss)	3,387	(59,335)	(5,083)	(29,784)
Preferred dividends	—	103	—	—
Net income (loss) available to common stockholders	\$ 3,387	\$ (59,438)	\$ (5,083)	\$ (29,784)

# Better Choice Company Inc.

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

	Year Ended December 31,		Three Months Ended December 31,	
	2021	2020	2021	2020
Net income (loss) available to common stockholders	\$ 3,387	\$ (59,438)	\$ (5,083)	\$ (29,784)
Interest expense, net	3,217	9,247	69	1,979
Tax expense	37	—	37	—
Depreciation and amortization	1,664	1,748	409	450
<b>EBITDA</b>	<b>8,305</b>	<b>(48,443)</b>	<b>(4,568)</b>	<b>(27,355)</b>
Non-cash share-based compensation, warrant expense and dividends (a)	4,186	19,175	623	2,041
Loss on disposal of assets	276	153	1	153
Non-cash change in fair value of warrant liability and warrant derivative liability	(23,463)	22,678	—	24,796
Gain on extinguishment of debt, net	(457)	88	—	—
Acquisition related expenses/(income) (b)	—	(150)	—	(1,386)
Non-cash effect of purchase accounting and inventory write-off on cost of goods sold (c)	—	1,111	—	217
Offering relating expenses (d)	220	1,221	—	234
Non-recurring strategic branding initiatives (e)	524	—	357	—
Non-recurring and other expenses (f)	3,329	2,594	557	570
<b>Adjusted EBITDA</b>	<b>\$ (7,081)</b>	<b>\$ (1,573)</b>	<b>\$ (3,031)</b>	<b>\$ (730)</b>

(a) Reflects non-cash expenses related to equity compensation awards. 2021 additionally includes non-cash expenses related to stock purchase warrants issues for third-party services provided. 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) 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.

(c) 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.

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

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

(f) For the year ended December 31, 2021, includes non-cash third party share-based compensation of \$2.1 million, non-recurring severance costs of \$0.8 million, non-recurring consulting costs of \$0.4 million, director fees of \$0.4 million and \$0.2 million of non-recurring costs related to a co-manufacturer change, partially offset by a \$0.6 million reduction to sales tax liability. For the year ended December 31, 2020, includes \$1.5 million of non-recurring contract termination costs, \$0.4 non-recurring consulting costs, \$0.4 million of non-recurring costs related to a warehouse facility that was outsourced to a third party logistics facility in Q4 2020 and \$0.3 million of other non-recurring expenses.

# Halos

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





