



SIMPLY BETTER BRANDS CORP. ANNOUNCES SECOND QUARTER 2022 FINANCIAL RESULTS AND THE CLOSING OF ITS FINANCING TO REDUCE DEBT AND FUEL GROWTH

Driving over 445% channel, category and geographic growth in plant-based food and beverage, health & beauty while delivering positive adjusted EBITDA

VANCOUVER, BC – August 29, 2022 - Simply Better Brands Corp. ("SBBC" or the "Company") (TSX Venture: SBBC) (OTCQB: PKANF) is pleased to announce its financial results for the quarter ended June 30, 2022. All amounts are expressed in United States dollars unless otherwise noted. Certain metrics, including those expressed on an adjusted basis, are non-International Financial Reporting Standards ("IFRS") measures, see "*Non-IFRS Measures*" below.

CORORATE DEVELOPMENTS

On May 19, 2022 the Company announced its entry into the weight loss category with a [PureKana](#) Keto Gummy stretching the brand beyond CBD. According to Allied Market Research, the weight loss category currently exceeds \$192B with a 2021-2027 estimated CAGR of 7.1%. The grape-flavored gummy contains beta-hydroxybutrate (BHB) salts and is available in both a 20 and 30 ct. offering. Per the National Institute of Health (NIH), "Supplementing with BHB salts may induce a state of temporary ketosis without any undesirable side affects, thereby promoting the benefits of ketosis and minimizing the adherence requirements to a ketogenic diet". Since the June 1, 2022 launch, the PureKana Keto Gummy has delivered \$1.5 million in sales.

On June 8, 2022 the Company announced that they were executing a comprehensive omnichannel strategy on their [No B.S. Skincare](#) ("No B.S.") brand by launching their award-winning skincare line in 3,200 CVS stores nationwide beginning July 24th, 2022. Early launch results are exceeding category expectations.

On June 30, 2022, the Company announced two new flavor profiles under its growing [TRUBAR](#) brand. The upcoming indulgent nutrition flavors are in response to accelerated demand by both consumers and retailers in the United States and Canadian markets. The innovation will be available in both brick and mortar distribution and online sales channels in the third quarter of 2022. Strong sales velocities are driving continued expansion into Costco in the U.S., ~~as well as~~ [and are expected to drive](#) the Company's expected expansion to Costco Canada [anticipated](#) in Q4 2022.

On July 21, 2022 the Company announced its [PureKana](#) Brand was recognized by [Brightfield Group](#) as one of the fastest growing brands in the category in their [2022 Mid-year US CBD](#)

[Report](#). Brightfield Group is one of the leading research firms for emerging categories including CBD, cannabis, and wellness. In the roughly \$5B CBD category of over 3,000 brands, PureKana's Q1 2022 performance places it ~~with~~[within](#) the Top 10 brand performers.

On July 21, 2022, the Company announced its intention to complete a [convertible debenture](#) non-brokered private placement of ~~convertible debentures of~~ up to CA\$9.1 million. The convertible debentures have an exercise price of CA\$0.39 per share. On July 26, 2022 the Company announced that it was restructuring its convertible debenture non-brokered private placement ~~and~~. [The Company announced that it](#) was reducing the amount to be raised from CA\$9.1 million to CA\$ 2.0 million to reduce potential share dilution and eliminate the general security agreement associated with the original convertible debenture offering. The new offering ~~consisted~~[consists](#) of unsecured convertible debentures, which ~~mature on the~~[have a maturity](#) date ~~which is~~ 24 months from closing, and ~~have an~~ interest rate of 10% ~~instead of~~[from](#) the original 8%. Under the new offering, each convertible debenture is convertible at the election of the holder into common shares of the Company ("Common Shares") ~~at~~[and](#) a conversion price of \$0.39 per Common Share and will receive one-half common share purchase warrant for each Common Share exercisable at \$0.59.

On August 10, 2022 the Company announced that it had closed the convertible debenture non brokered private placement offering with CA\$850,000 being placed. The total number of Common Shares to be issued under the offering is 2,719,487. If all warrants are exercised, a total of 1,089,744 Common Shares would also be issuable upon conversion.

On August 10, 2022 the Company also announced that the Company entered into a loan agreement with an amount of \$1,000,000. The loan bears 15% interest per annum and will be repaid over 42-months.

On July 21, 2022, the Company announced its intention to complete a non-brokered private placement of Common Shares (the "Common Share Offering") of up to 11,016,949 Common Shares ~~at~~[and](#) a price of CA\$0.295 per Common Share, for aggregate gross proceeds of up to CA\$3,250,000. The Company further announced on July 25, 2022 that it had completed the first tranche of this Common Share Offering ~~and~~. [In this first tranche](#), the Company issued a total of 4,718,203 Common Shares for aggregate proceeds of ~~\$1,391,869.90 in this first tranche.~~ [1,391,869.69](#)

On August 17, 2022, the Company further announced the closing of the second tranche of the Common Share Offering ~~and~~. [In this second tranche, the Company](#) issued a total of 3,454,236 ~~common shares~~[Common Shares](#) for aggregate proceeds of \$1,018,999.62 ~~in this second tranche.~~

Today, the Company is announcing the closing of the third tranche of the Common Share Offering (the "**Third Tranche**") and issued a total of 2,474,490 ~~common shares~~[Common Shares](#)

for aggregate proceeds of CA\$729,974.61 in the Third Tranche. The shares issued pursuant to the Third Tranche are subject to a four-month hold. The proceeds from the Third Tranche will be used to reduce debt and for general working capital purposes. No new insiders were created, nor has any change of control occurred, as a result of the Third Tranche. There were no finder's fees or finder's warrants paid by the Company in connection with the Third Tranche.

The Company also announces today that its has awarded the milestone shares related to the acquisition of Herve Edibles Limited for a total of 213,219 Common Shares as further described in the Company's news release dated March 18, 2022. These Common Shares are subject to a four-month hold.

As of August 29, 2022 there are 41,620,551 Common Shares issued and outstanding.

"Due to the strong growth of our PureKana, No B.S. Skincare, and TRUBAR brands, our 2022 outlook is \$50-55 million or over 300% growth vs. one year-ago. Our anticipated gross margins are expected to be 63-65% up from 62% in the prior year, while achieving positive adjusted EBITDA. Finalizing this capital raise is critical to fuel sustainable growth with strong balance sheet governance. We have paid special attention to secure the fuel we need while minimizing dilution to our shareholders. Our operational fundamentals remain strong and we look forward to the momentum this investment will unlock," says Kathy Casey, CEO of Simply Better Brands Corp.

FINANCIAL HIGHLIGHTS FOR QUARTER ENDED JUNE 30, 2022 AND SIX MONTHS ENDED JUNE 30, 2022

For the three months ended June 30, 2022, the Company generated revenue of \$16.9 million with a gross profit of \$11.7 million (69%) compared to \$3.1 million with a gross profit of \$1.8 million (58%) during the three months ended June 30, 2021. Second quarter 2022 revenue was up 445% over the same period in 2021 and second quarter 2022 gross profit was up 550% over the same period for 2021. All amounts are expressed in United States dollars unless otherwise noted.

<i>expressed in millions *</i>	For the three months ended				Change in	
	June 30, 2022		June 30, 2021		\$	%
	\$	%	\$	%		
REVENUE	16.9	100%	3.1	100%	13.8	445%
COST OF GOODS SOLD	(5.2)	-31%	(1.3)	-42%	(3.9)	300%
GROSS MARGIN	11.7	69%	1.8	58%	9.9	550%

<i>expressed in millions *</i>	For the six months ended				Change in	
	June 30, 2022		June 30, 2021		\$	%
	\$	%	\$	%		
REVENUE	29.0	100%	5.6	100%	23.4	418%
COST OF GOODS SOLD	(9.3)	-32%	(2.2)	-39%	(7.1)	323%
GROSS MARGIN	19.7	68%	3.4	61%	16.3	479%

Operating costs for three months ended June 30, 2022, were \$13.5 million, an increase of \$10.6 million (or 366%), compared to \$2.9 million in the second quarter of 2021.

Most of the operating costs increase incurred in the three months ended June 30, 2022, was related to marketing expenses (\$8.2 million for Q2 or 66% of \$10.6 million increase). PureKana accounted for most of the marketing expenses in the second quarter of 2022 (91%). An increase of share-based payments of \$1.6 million for Q2 accounted for 15% of the \$10.6 million increase, an increase in customer services expenses of \$0.8 million for Q2 accounted for 8% of the \$10.6 million increase and professional fees of \$0.3 million in Q2 accounted for 3% of the \$10.6 million increase. The increase in marketing in the second quarter of 2022 were related to ~~the PureKana's launch of~~ new marketing programs ~~launched by PureKana which~~. ~~The launches~~ drove the increase in second quarter sales and gross margins. Share-based payments are related to the options and restricted share units granted. ~~The increase in second quarter 2022 professional fees were driven by one~~ One-time legal fees related to the Jones Soda transaction (\$0.1 million) ~~and~~ increases in audit related fees (\$0.1 million) ~~and~~ increases in business consulting services (\$0.1 million) drove second quarter 2022 professional fees. During the three months ended March 31, 2022, the Company recorded net loss of \$3.3 million compared to a net loss of \$0.7 million for the three months ended March 31, 2021. The biggest contributors to the increase in the net loss of \$2.7 million were share-based payments of \$1.1 million, increased consulting and professional fees of \$0.4 million, and increased marketing expenses in the first quarter of 2022 of \$6.1 million compared to the same period of the prior year.

For the six months ended June 30, 2022, the Company generated revenue of \$29.0 million with a gross profit of \$19.7 million (68%) compared to \$5.6 million with a gross profit of \$3.4 million (58%) during the six months ended June 30, 2021. Six month 2022 revenue was up 418% over the same period in 2021 and six month 2022 gross profit was up 479% over the same period for 2021.

Operating costs for the six months ended June 30, 2022, were \$24.0 million, an increase of \$19.0 million (or 379%), compared to \$5.0 million in the second quarter of 2021.

Most of the operating costs increase incurred in the six months ended June 30, 2022 was related to marketing expenses (\$15.2 million for the 6 months ended June 30, 2022 or 69% of the \$19.0 million increase). PureKana accounted for most of the marketing expenses in the six months ended June 30, 2022 (92%). Share-based payments of \$2.7 million for the 6 months ended June 30, 2022 accounted for 14% of the \$19.0 million increase. Customer services expenses of \$1.0 million for the 6 months ended June 30, 2022 accounted for 5% of the \$19.0 million increase. Professional fees of \$1.2 million for the 6 months ended June 30, 2022 accounted for 4% of the \$19.0 million increase. The increase in marketing in the six months ended June 30, 2022, were related to the new marketing programs launched by PureKana which drove the significant increase in six months 2022 sales and gross margins. Share-based payments are related to the options and restricted share units granted. The increase in the six months ended June 30, 2022, professional fees were driven several one-time items including strategic consulting (\$0.2 million) and legal fees related to Jones Soda binding LOI (\$0.1

million), increases in business consulting (\$0.1 million) and increased audit related fees (\$0.3 million).

The Company had a loss of \$2.8 million for the three months ended June 30, 2022. The net loss for the second quarter decreased by \$0.5 million over the loss in the first quarter of 2022 with higher revenues and higher gross profits generated in the second quarter of 2022 compared to the first quarter of 2022. Loss per share was \$0.09 in the second quarter of 2022.

The Company had a loss of \$6.0 million for the six months ended June 30, 2022 compared to 2.2 million in the prior period in 2021. Loss per share was \$0.21 for the six months ended June 30, 2022.

Non-IFRS Measures (Earnings before Interest, Taxes, Depreciation, and Amortization ("EBITDA") and Adjusted EBITDA)

EBITDA and Adjusted EBITDA are non-IFRS measures used by management that are not defined by IFRS. EBITDA and Adjusted EBITDA do not have a standardized meaning prescribed by IFRS and therefore may not be comparable to similar measures presented by other issuers. Management believes that EBITDA and Adjusted EBITDA provide meaningful and useful financial information as these measures demonstrate the operating performance of the business excluding non-cash charges.

The most directly comparable measure to EBITDA and Adjusted EBITDA calculated in accordance with IFRS is net loss. The following table presents the EBITDA and Adjusted EBITDA for the three months and six months ended June 30, 2022, and 2021, and a reconciliation of same to net income (loss):

<i>expressed in millions *</i>	<u>For the three months ended</u>		<u>Change in</u>	
	June 30,	June 30,		
	2022	2021	\$	%
	\$	\$		
Loss before income taxes	(2.8)	(1.5)	(1.3)	87%
Add (less):				
Amortization expense	0.6	0.2	0.4	200%
Finance costs	0.2	0.6	(0.4)	-67%
EBITDA	(2.0)	(0.7)	(1.3)	186%
Add (less):				
Share-based payment	1.6	-	1.6	100%
Acquisition-related costs	0.1	-	0.1	100%
Foreign exchange loss	0.1	-	0.1	100%
Gain (loss) on remeasurement of loan payable	0.5	-	0.5	100%
Fair value adjustment of derivative liability	-	(0.2)	0.2	-100%
Write-off of advance payments	0.4	-	0.4	100%
Shares issued for services	0.3	-	0.3	100%
Adjusted EBITDA	0.7	(0.9)	1.6	-180%

	<u>For the six months ended</u>	
	June 30,	June 30,
	2022	2021

<i>expressed in millions *</i>	2022	2021	Change in	
	\$	\$	\$	%
Loss before income taxes	(6.0)	(2.2)	(3.8)	173%
Add (less):				
Amortization expense	0.8	0.2	0.6	300%
Finance costs	0.5	1.2	(0.7)	-58%
EBITDA	(4.7)	(0.8)	(3.9)	488%
Add (less):				
Share-based payment	2.7	-	2.7	100%
Acquisition-related costs	0.5	-	0.5	100%
Foreign exchange loss	0.1	-	0.1	100%
Gain (loss) on remeasurement of loan payable	0.6	-	0.6	100%
Fair value adjustment of derivative liability	-	(0.6)	0.6	-100%
Grant and other assistance	(0.4)	-	(0.4)	100%
Write-off of advance payments	0.4	-	0.4	100%
Shares issued for services	0.4	-	0.4	100%
Non-recurring expenses	0.3	-	0.3	100%
Adjusted EBITDA	(0.1)	(1.4)	1.3	-93%

The Company generated positive adjusted EBITDA of \$0.7 million for the three months ended June 30, 2022, an increase of \$1.6 million over the adjusted EBITDA loss for the comparable period in 2021. The positive Adjusted EBITDA of \$0.7 million incurred during the three months ended June 30, 2022, were due to (1) positive adjusted EBITDA generated by three of SBBC's subsidiaries PureKana (\$0.7 million positive adjusted EBITDA), Tru (\$0.5 million positive adjusted EBITDA) and No BS (\$0.04 million positive adjusted EBITDA) which were offset by (2) SBBC corporate (\$0.1 million adjusted EBITDA loss) and (3) \$0.4 million adjusted EBITDA losses by SBBC's other subsidiaries. PureKana's EBITDA performance in the second quarter reflects the ~~impact of the subscriptions received during the second quarter driven by the~~ large number of customers acquired during the first quarter, which drive during the second quarter. Tru had another strong quarter of generating positive adjusted EBITDA and No BS generated slightly positive adjusted EBITDA during the quarter ~~driving driven~~ by its higher sales. The Company has developed a plan to significantly reduce the negative ~~adjusted Adjusted~~ EBITDA performance at its other subsidiaries as it integrates these businesses into its portfolio. The plan being implemented includes both cost reduction and sales expansion initiatives ~~get these subsidiaries to attain~~ positive adjusted ~~EBITDA~~ EBITDAs for these subsidiaries.

The Company lost ~~adjusted Adjusted~~ EBITDA of \$0.1 million for the six months ended June 30, 2022, an increase of \$1.3 million over the adjusted EBITDA loss for the comparable period in 2021. The small, ~~adjusted~~ EBITDA loss of \$0.1 million, ~~were was~~ due to (1) positive adjusted EBITDA generated by Tru (\$0.9 million) which was offset by (2) PureKana (\$0.2 million adjusted EBITDA loss), No BS (\$0.1 million adjusted EBITDA loss), SBBC corporate (\$0.3 million adjusted EBITDA loss) and (3) \$0.4 million adjusted EBITDA losses by SBBC's other subsidiaries. As discussed in the Q2 EBITDA analysis, three of SBBC's subsidiaries ~~has had~~ positive adjusted EBITDA for the quarter. The Company has developed a plan to significantly reduce the negative ~~adjusted Adjusted~~ EBITDA performance at its other subsidiaries as it integrates these businesses into its portfolio. The

plan ~~being implemented's implementation~~ includes both cost reduction and sales expansion initiatives get these subsidiaries to positive ~~adjusted EBITDA~~ Adjusted EBITDAs.

Readers are cautioned that EBITDA and Adjusted EBITDA should not be construed as an alternative to net income, as determined under IFRS; nor as an indicator of financial performance as determined by IFRS; nor a calculation of cash flow from operating activities as determined under IFRS; nor as a measure of liquidity and cash flow under IFRS. The Company's method of calculating EBITDA and Adjusted EBITDA may differ from methods used by other companies and, accordingly, the Company's EBITDA and Adjusted EBITDA may not be comparable to similar measures used by any other company. Except as otherwise indicated, SBBC calculates and discloses EBITDA and Adjusted EBITDA ~~are calculated and disclosed by SBBC~~ on a consistent basis from period to period. Specific adjusting items may only be relevant in certain periods.

See also Earnings before Interest, Taxes, Depreciation, and Amortization ("EBITDA") and Adjusted EBITDA (Non-GAAP Measures) in the Company's management discussion and analysis for the quarter ended June 30, 2022 available on SEDAR at www.sedar.com.

DEBT REDUCTION

During the six months ended June 30, 2022, the Company,

- ~~the Company announced~~ Announced a shares for debt agreement in the amount of \$480,000.
- ~~the Company repaid~~ Repaid \$1,254,521 of short-term promissory notes.
- Converted notes with a principal value of \$1,021,820 including outstanding interest into 283,527 Common Shares
- ~~the Company repaid~~ Repaid a working loan for one of its subsidiaries in the amount of \$395,000

These initiatives have reduced debt by \$3,151,341 since December 31, 2021.

Subsequent to the quarter ended June 30, 2022, the Company,

- ~~the Company repaid~~ Repaid promissory notes for a total of \$1,999,252
- ~~the Company repaid~~ Repaid convertible debenture notes with a face value of \$530,100

These initiatives have reduced debt of \$2,529,352 subsequent to the quarter end.

These initiatives subsequent to the quarter plus the debt reduced during the six months ended June 30, 2022 have collectively reduced the short-term debt by \$5,680,693 since December 31, 2021.

2022 OUTLOOK

As a result of the second quarter and six month ended June 30, 2022 interim financial results, the Company maintains the guidance it released on July 13, 2022.

- Expected consolidated net sales are between \$50 million-55 million
- Expected gross margin as a percentage of net sales is 63%-65%.
- The Company expects to achieve positive Adjusted EBITDA for fiscal 2022.

"We consider Q2 2022 as trifecta performance against our critical metrics: strong topline sales, gross margin expansion, while delivering positive adjusted EBITDA. It is a proof point in our ability to build and acquire clean ingredient brands and expand them into omni-channel environments with solid operational fundamentals and strong financial governance. Our strategic growth priorities remain to lead consumer-centric innovation and relentlessly acquire customers to these emerging brands by driving category, channel and geographic expansion. In parallel, we are integrating the acquisitions of BRN/Seventh Sense and Hervé into three growth verticals: plant-based wellness, food and beverage, and health & beauty," says SBBC CEO, Kathy Casey.

About Simply Better Brands Corp.

Simply Better Brands Corp. leads an international omni-channel platform with diversified assets in the emerging plant-based and holistic wellness consumer product categories. The Company's mission is focused on leading innovation for the informed Millennial and Generation Z generations in the rapidly growing plant-based wellness, natural, and clean ingredient space. The Company continues to focus on expansion into high-growth consumer product categories including plant-based food, clean ingredient skincare and plant-based wellness. For more information on Simply Better Brands Corp., please visit:

<https://www.simplybetterbrands.com/investor-relations>.

Neither the TSX Venture Exchange nor its Regulation Services Provider (as that term is defined in the policies of the TSX Venture Exchange) accepts responsibility for the adequacy or accuracy of this release.

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Forward-Looking Information

Certain statements contained in this news release constitute "forward-looking information" and "forward looking statements" as such terms are used in applicable Canadian securities laws. Forward-looking statements and information are based on plans, expectations and estimates of management at the date the information is provided and are subject to certain factors and assumptions, including, among others, that the Company's financial condition and development plans do not change as a result of unforeseen events, the impact of the COVID-19 pandemic, the regulatory climate in which the Company operates, and the Company's ability to execute on its business plans. Specifically, this news release contains forward-looking statements relating to, but not limited to:; completion and TSXV approval of the Common Share Offering; expansion plans for the Company's products; Q4 expansion into Costco Canada, receipt of TSXV and other regulatory and third party approvals; success of PureKana's marketing efforts; 2022 guidance and results of operations; growth of the Company's brands; and integration of recent acquisitions completed by the Company.

Forward-looking statements and information are subject to a variety of risks and uncertainties and other factors that could cause plans, estimates and actual results to vary materially from those projected in such forward-looking statements and information. Factors that could cause the forward-looking statements and information in this news release to change or to be inaccurate include, but are not limited to, the risk that any of the assumptions referred to prove not to be valid or reliable, that occurrences such as those referred to above are realized and result in delays, or cessation in planned work, that the Company's financial condition and development plans change, ability to obtain necessary regulatory approvals for proposed transactions, as well as the other risks and uncertainties applicable to the CBD, broader wellness and consumer packaged goods industries and to the Company, and as set forth in the Company's annual information form and other filings available under the Company's profile at www.sedar.com.

The above summary of assumptions and risks related to forward-looking statements in this news release has been provided in order to provide shareholders and potential investors with a more complete perspective on the Company's current and future operations and such information may not be appropriate for other purposes. There is no representation by the Company that actual results achieved will be the same in whole or in part as those referenced in the forward-looking statements and the Company does not undertake any obligation to update publicly or to revise any of the included forward-looking statements, whether as a result of new information, future events or otherwise, except as may be required by applicable securities law.

Financial Outlook

This press release contains future-oriented financial information and financial outlook information (collectively, "FOFI") about the financial results for July 2022, year-to-date July 2022, and the quarter ended June 30, 2022, and the year ended December 31, 2022, including

net sales, gross margin, and Adjusted EBITDA, all of which are subject to the same assumptions, risk factors, limitations, and qualifications as set out under the heading “Forward-Looking Information”. The actual financial results of the Company may vary from the amounts set out herein and such variation may be material. The Company and its management believe that the financial outlook has been prepared on a reasonable basis, reflecting management's best estimates and judgments and the FOFI contained in this press release was approved by management as of the date hereof. However, because this information is subjective and subject to numerous risks, it should not be relied on as necessarily indicative of future results. Except as required by applicable securities laws, the Company undertakes no obligation to update such FOFI. FOFI contained in this press release was made as of the date hereof and was provided for the purpose of providing further information about the Company's anticipated future business operations on a quarterly and annual basis. Readers are cautioned that the FOFI contained in this press release should not be used for purposes other than for which it is disclosed herein.

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Rendering set	Standard

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<u>Insertion</u>	
Deletion	
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Moved cell	
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