TRAEGER

# INVESTOR PRESENTATION

## SECOND QUARTER 2023

# SAFE HARBOR STATEMENT

This presentation contains forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. All statements contained in this presentation that do not relate to matters of historical fact should be considered forward-looking statements, including, without limitation, statements regarding our anticipated full year fiscal 2023 results. These statements are neither promises nor guarantees, but involve known and unknown risks, uncertainties and other important factors that may cause our actual results, performance or achievements to be materially different from any future results, performance or achievements expressed or implied by the forward-looking statements, including, but not limited to, our history of operating losses; the sustainability of our growth rates; our ability to manage or future growth effectively; our growth depending in part on our continued penetration and expansion into additional markets; our dependence on maintaining and strengthening our brand to generate and maintain ongoing demand for our products; our ability to cost-effectively attract new customers or retain our existing customers; our failure to maintain product quality and product performance at an acceptable cost; product liability and warrant claims and product calls; the highly competitive market in which we operate; use of social media and community ambassadors affecting our reputation or subjecting us to fines or other penalties; any decline in sales of our grills, which would negatively affect our future revenue and results; any decline in demand from certain retailers; our ability to anticipate customer preferences; our ability to maximize short-term financial results; our ability to manage our credit arrangements; and the other factors discussed under the caption "Risk Factors" in our periodic and current reports filed with the Securities and Exchange Commission from time to time, including our Annual Report on Form 10-K for the year ended December 31, 2022. Any such forward-looking statements represent management's estimates as of the date of this presentation. While we may elect to update such forward-looking statements at some point in the future, we disclaim any obligation to do so, even if subsequent events cause our views to change.


INCREDIBLE
WOOD-FIRED FLAVOR
TRAEGER GRILLS EARNS RED DOT AWARD
FOR OUTSTANDING DESIGN
reddot
TRAEGER
JALAPEÑO
& LIME
HOT SAUCE
IRONWOOD
TIMBERLINE

# CEO COMMENTARY

**"In the second quarter, we delivered results that were ahead of our expectations and grew adjusted EBITDA, even as our sales were pressured by retailer destocking and lower consumer demand," said Jeremy Andrus, CEO of Traeger.**

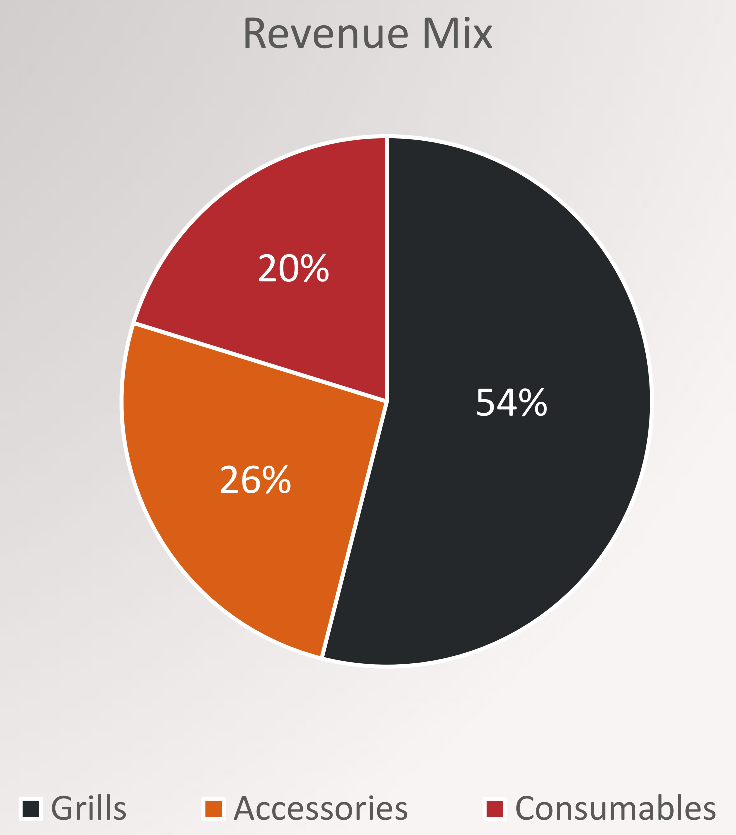
**"I am pleased with the significant progress we have made in improving our financial positioning over the last several quarters. Specifically, our efforts to rightsize both balance sheet and channel inventories have allowed us to enter the second half of the year in a substantially more balanced position. Given our better than anticipated results for the first half of the year, today we are increasing our revenue and Adjusted EBITDA guidance for Fiscal 2023.**

**"During our peak selling season in the second quarter, the energy around the Traeger brand remained very strong, bolstering my confidence in our long-term opportunity to disrupt the outdoor cooking industry and to materially grow our household penetration. We look forward to an expected return to growth in the second half of the year and believe we are well-positioned to both navigate the current environment and to drive long-term growth."**

## Our Mission is to Create a More Flavorful World

# 2nd QUARTER AT A GLANCE

| | |
|---|---|
| $172MM | 36.9% |
| Revenue | Gross Margin |
| $21MM | 12.5% |
| Adj. EBITDA (1) | Adj. EBITDA Margin (1) |



# RESHAPING THE P&L AND RIGHTSIZING WORKING CAPITAL

## Reduce Cost Structure

- Proactively driving cost savings to enhance profitability and cash flow
- Restructuring actions taken in 2H 2022 with further cost efficiencies identified in 2023
- 2Q 2023 Operating Expense net of stock-based compensation and non-recurring items was down -$12 million or ~20% vs. prior year (2)

Annualized Savings Run-Rate of

**$20MM+**

## Rightsize Inventories

- $62 million reduction in balance sheet inventories since the company implemented strategic inventory reduction actions in 2Q22
- Material improvement in channel inventory levels in 2Q23 driven by actions to accelerate sell-through and retailer destocking
- Expecting a normalization of replenishment rates in 2H 2023 with retailer destocking largely complete

Entering 2H 2023 with inventories in a substantially

**balanced position**

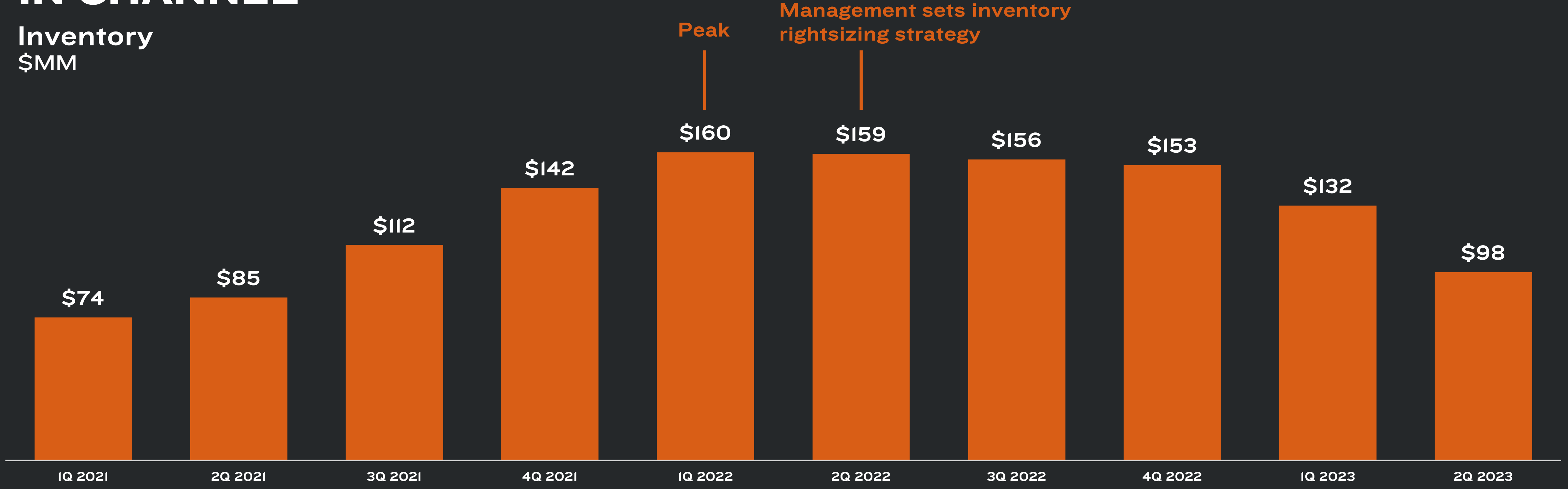
## Drive Gross Margin

- 2Q 2023 saw a return to gross margin expansion
- Continue to expect material improvement in gross margin in 2H 2023 driven by lower transportation costs
- Cost reductions have been identified in packaging, logistics, and warehousing

Gross Margin growth expected in

**2023 and beyond**

# RIGHTSIZING ACTIONS HAVE RESULTED IN A SUBSTANTIALLY MORE BALANCED INVENTORY POSITION ON BALANCE SHEET AND IN CHANNEL




- Strategic actions to rightsize inventory have resulted in $62MM in inventory reduction from peak
- Efforts included aligning production to fit demand trends and destocking of channel inventory
- Strategic actions have driven channel inventories to target levels, from significantly above target levels in 2022 and early 2023

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# BALANCE SHEET FLEXIBILITY AND LIQUIDITY

## Significant Actions to Increase Financial Flexibility

### Lowered Exposure to Rising Rates

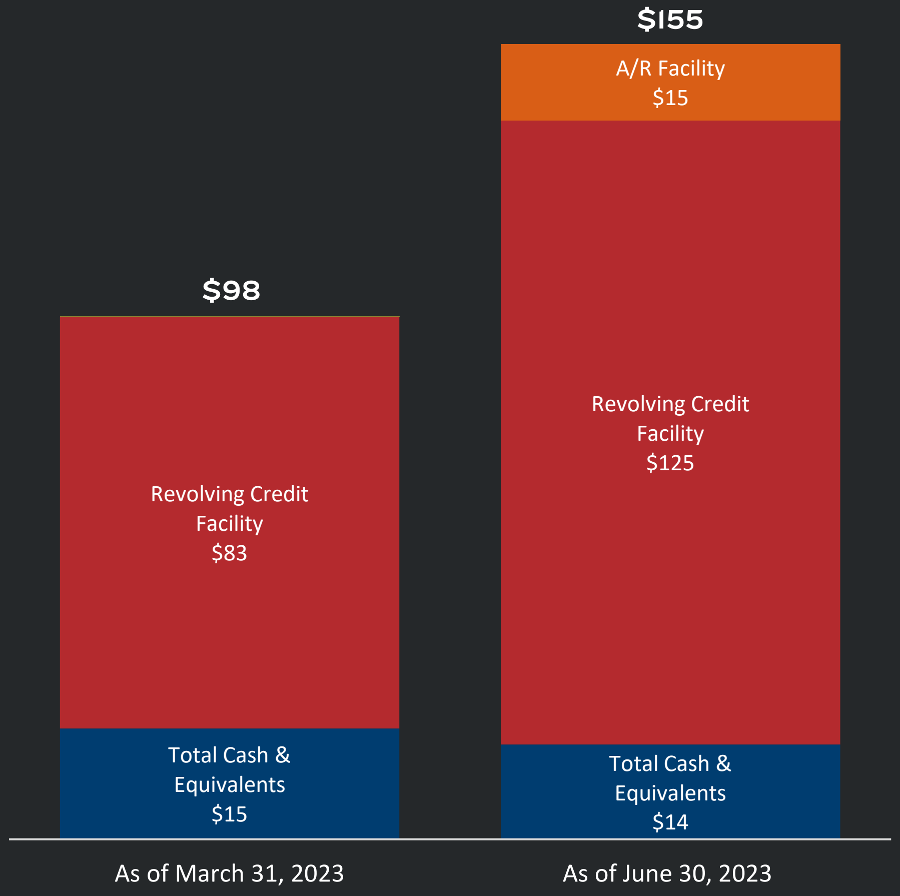
- Entered into floating-to-fixed interest rate swap agreement on First Lien Term Loan in February 2022
- Agreement provides for a notional amount of $379.2 million, hedging more than 85% of our outstanding debt as of 2Q 2023, out to February 2026 (3)
- Fixed base rate at 2.08%

### Inventory and Cost Actions Driving Enhanced Liquidity

- Liquidity availability has increased nearly $70 million since 3Q 2022 (4)
- Inventory rightsizing has freed up more than $60 million of working capital
- Cost savings actions driving improved EBITDA in FY 2023

## Available Liquidity

($MM)

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# GROWTH PILLARS: QUARTERLY HIGHLIGHTS

## 1 Accelerate Brand Awareness

- Held sixth annual Traeger Day on May 20th, resulting in ~18,000 user-generated content posts and video views more than doubling versus prior year
- Significant growth in revenues generated from Brand Ambassador program; focused on Special Events in 2Q 2023 including state fairs and rodeos
- Exceptional growth in press coverage with more than triple the number of total media impressions in 2Q 2023 vs. prior year
- Strong growth in social engagement with 2Q 2023 follower growth up 17% versus prior year

## 2 Disrupt Outdoor Cooking with Product Innovation

- Winner of the Red Dot Product Design Award for the Timberline XL; the preeminent award recognizing product and conceptual design
- Favorable consumer reception of the recently launched Ironwood grill and Flatrock flat top grill
- Hired Brendan Welch as EVP of Engineering to lead product development and technical execution

## 3 Drive Recurring Revenue

- Sell-through of pellets remains healthy
- Launched Steak Blend Pellet Kit, which includes Traeger Steak Blend Pellets, Steak Rub and Chimichurri Sauce Mix
- Launched new BBQ sauce portfolio at Kroger
- Added distribution of three flavors of pellets at 129 Raley's doors and 100 Piggly Wiggly locations

## 4 Expand Traeger Brand Globally

- Refreshed over 1,000 points of sale across Europe with updated branding and imaging
- Regional demo teams grilled at key international locations in the UK, Germany and other European markets every weekend in 2Q 2023


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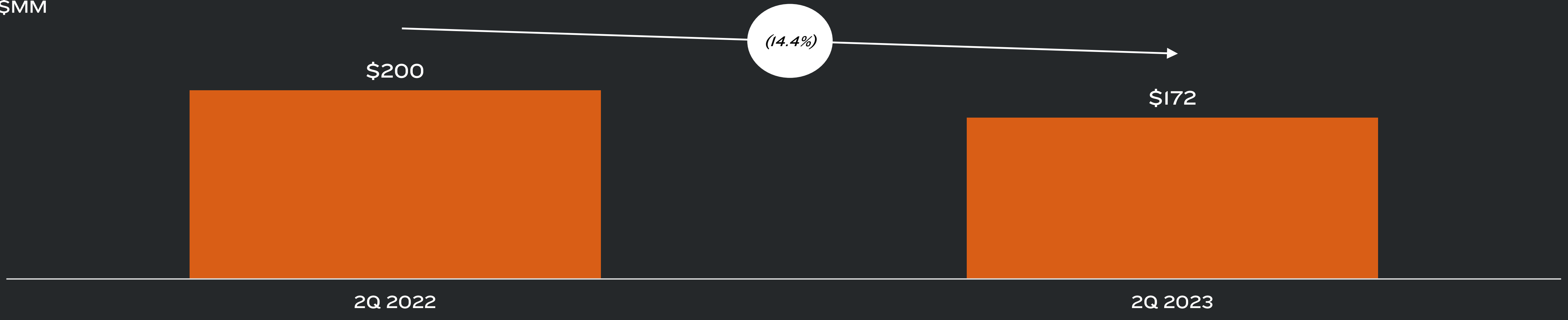
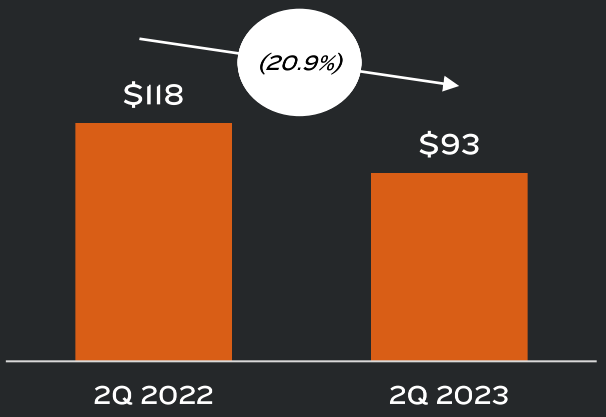
# FINANCIALS

# 2nd QUARTER 2023 REVENUE RESULTS

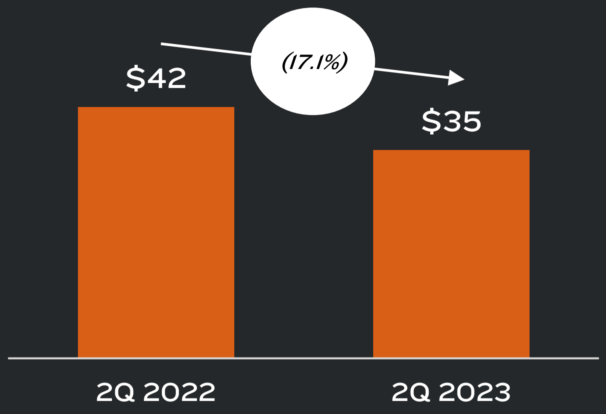
TOTAL REVENUE
$MM



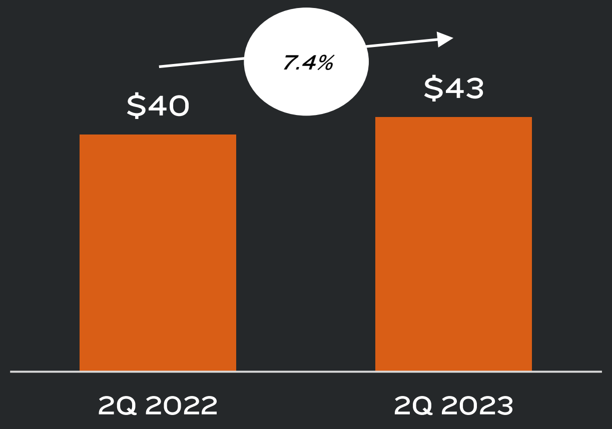

GRILL REVENUE
$MM




CONSUMABLES REVENUE
$MM




ACCESSORIES REVENUE
$MM

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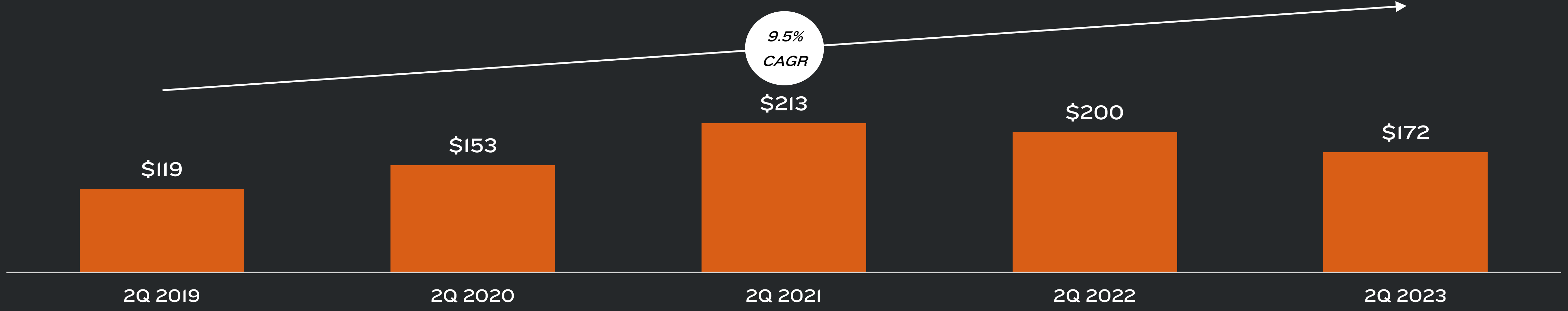
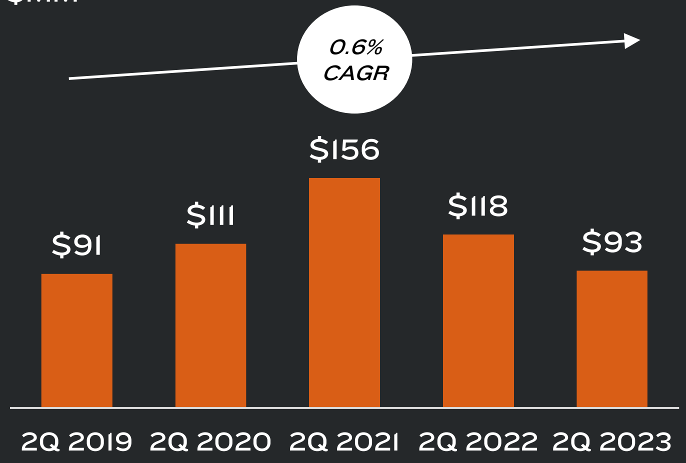
# 2nd QUARTER MULTI-YEAR REVENUE RESULTS

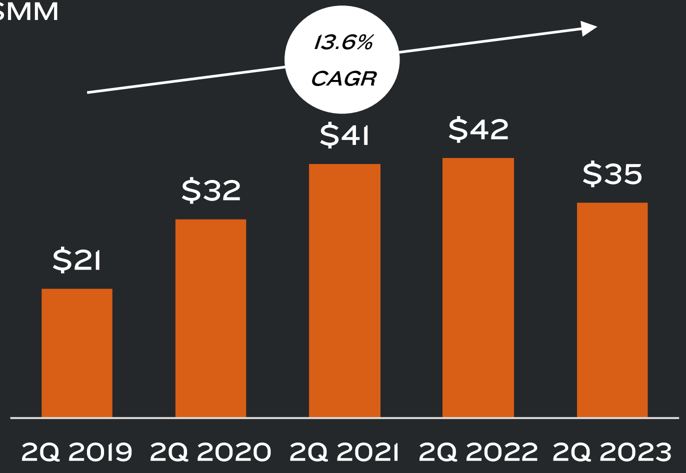
TOTAL REVENUE
$MM



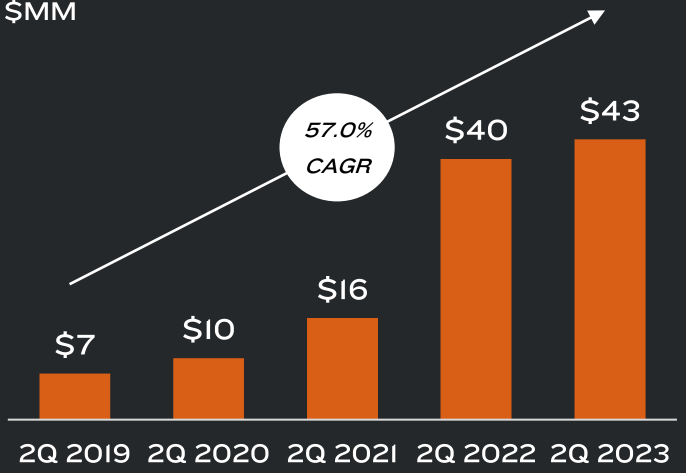

GRILL REVENUE
$MM




CONSUMABLES REVENUE
$MM




ACCESSORIES REVENUE
$MM

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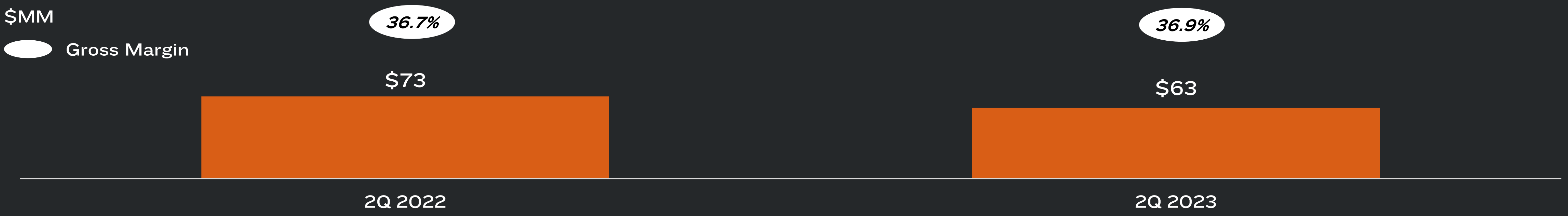
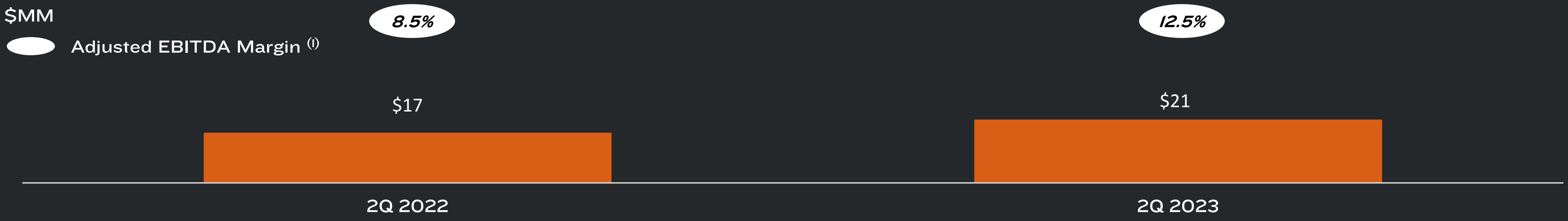
**Note:** 2Q 2022 and 2Q 2023 Total Revenue and Accessories Revenue include MEATER

# 2nd QUARTER 2023 PROFITABILITY RESULTS

GROSS PROFIT
$MM




ADJUSTED EBITDA [1]
$MM




ADJUSTED NET INCOME [5]
$MM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# GUIDANCE FOR FULL YEAR FISCAL 2023

**The Company is increasing its guidance for Fiscal 2023. The Company's updated outlook reflects better than anticipated results in the first half of the year and expected growth in revenue and EBITDA in the second half of the year.**

| | PRIOR GUIDANCE | | NEW GUIDANCE | |
|---|---|---|---|---|
| METRIC | LOW | HIGH | LOW | HIGH |
| Total Revenue | $560MM | $590MM | $585MM | $600MM |
| Gross Margin | 36% | 37% | 36% | 37% |
| Adj. EBITDA (1) | $45MM | $55MM | $55MM | $59MM |

### Updated Guidance Reflects:

- Better than expected 1H 2023 results
- A shift of ~$4MM of expense from 1H 2023 to 2H 2023

**Key Assumptions:**

- The assumption of a return to growth in the second half of 2023, given channel inventory normalization and lapping of destocking in the second half of 2022
- Gross margin to benefit from lower input costs, including lower inbound freight rates
- The benefit of previously announced cost savings actions resulting in $20MM of run-rate savings as well as ongoing expense discipline

# APPENDIX

# FOOTNOTES

1. Adjusted EBITDA and Adjusted EBITDA Margin are non-GAAP measures. See the appendix to this presentation for a presentation of, and a reconciliation of these measures to, the nearest comparable GAAP measures, including Net Loss, Net Loss Margin, respectively. A reconciliation of Adjusted EBITDA guidance to Net Loss on a forward-looking basis cannot be provided without unreasonable efforts, as the Company is unable to provide reconciling information with respect to provision for income taxes, interest expense, depreciation and amortization, other (income) expense, goodwill impairment, stock-based compensation, non-routine legal expenses, change in fair value of contingent consideration, and other adjustment items all of which are adjustments to Adjusted EBITDA.

2. 2Q 2023 general, administrative, sales, and marketing expenses included $33 MM of stock-based compensation and $0 MM of non-recurring items, as compared to 2Q 2022 general, administrative, sales, and marketing expenses which included $12 MM of stock-based compensation and $3 MM of non-recurring items.

3. For more information on this amendment, please see our Annual Report on Form 10-K for the year ended December 31, 2022, filed with the SEC on March 16, 2023.

4. First lien liquidity defined as unrestricted cash plus availability on first lien cash flow revolver and A/R facility.

5. Adjusted Net Income is a non-GAAP measure. See the appendix to this presentation for a presentation of, and a reconciliation of this measure to, the nearest comparable GAAP measures, including Net Loss.

# INFORMATION REGARDING NON-GAAP FINANCIAL MEASURES

In addition to our results and measures of performance determined in accordance with U.S. GAAP, we believe that certain non-GAAP financial measures are useful in evaluating and comparing our financial and operational performance over multiple periods, identifying trends affecting our business, formulating business plans and making strategic decisions.

Each of Adjusted EBITDA, Adjusted Net Income, Adjusted Net Income per share, Adjusted EBITDA Margin, and Adjusted Net Income Margin are key performance measures that our management uses to assess our financial performance and is also used for internal planning and forecasting purposes. We believe that these non-GAAP financial measures are useful to investors and other interested parties in analyzing our financial performance because it provides a comparable overview of our operations across historical periods. In addition, we believe that providing each of Adjusted EBITDA and Adjusted Net Income, together with a reconciliation of Net Loss to each such measure, and providing Adjusted Net Income per share, together with a reconciliation of Net Loss per share to such measure, and Adjusted EBITDA Margin and Adjusted Net Income Margin, together with a reconciliation of Net Loss Margin to such measures, helps investors make comparisons between our company and other companies that may have different capital structures, different tax rates, and/or different forms of employee compensation. For example, due to finite-lived intangible assets included on our balance sheet following our corporate reorganization in 2017, we have significant non-cash amortization expense attributable to the nature of our capital structure.

Each of Adjusted EBITDA, Adjusted Net Income, and Adjusted Net Income per share are used by our management team as an additional measure of our performance for purposes of business decision-making, including managing expenditures, and evaluating potential acquisitions. Period-to-period comparisons of Adjusted EBITDA, Adjusted Net Income, and Adjusted Net Income per share help our management identify additional trends in our financial results that may not be shown solely by period-to-period comparisons of Net Loss or Loss from Continuing Operations or Net Loss per share. In addition, we may use Adjusted EBITDA in the incentive compensation programs applicable to some of our employees. Each of Adjusted EBITDA, Adjusted Net Income, and Adjusted Net Income per share has inherent limitations because of the excluded items and may not be directly comparable to similarly titled metrics used by other companies.

# PRESENTATION OF COMPARABLE GAAP MEASURES AND RECONCILIATIONS OF NON-GAAP FINANCIAL MEASURES

| | Three Months Ended June 30, | | Six Months Ended June 30, | |
|---|---|---|---|---|
| *(amounts in thousands, except share and per share amounts)* | 2023 | 2022 | 2023 | 2022 |
| **Net loss** | $(30,166) | $(133,134) | $(41,096) | $(142,094) |
| **Adjustments:** | | | | |
| Other (income) expense (1) | (9,298) | 3,401 | (10,658) | 4,075 |
| Goodwill impairment | - | 111,485 | - | 111,485 |
| Stock-based compensation | 33,036 | 11,951 | 40,979 | 27,434 |
| Non-routine legal expenses (2) | 248 | 1,051 | 481 | 2,969 |
| Amortization of acquisition intangibles (3) | 8,253 | 8,253 | 16,507 | 16,507 |
| Change in fair value of contingent consideration | 1,765 | 255 | 2,808 | 1,955 |
| Other adjustment items (4) | 526 | 668 | 669 | 1,081 |
| Tax impact of adjusting items (5) | (46) | - | 106 | - |
| **Adjusted net income** | $4,318 | $3,930 | $9,796 | 23,412 |
| **Net loss** | $(30,166) | $(133,134) | $(41,096) | (142,094) |
| **Adjustments:** | | | | |
| Provision for income taxes | 198 | 46 | 362 | 198 |
| Interest expense | 7,810 | 7,064 | 15,891 | 12,901 |
| Depreciation and amortization | 14,587 | 14,242 | 28,841 | 27,419 |
| Other (income) expense (6) | (6,529) | 3,401 | (5,516) | 4,075 |
| Goodwill impairment | - | 111,485 | - | 111,485 |
| Stock-based compensation | 33,036 | 11,951 | 40,979 | 27,434 |
| Non-routine legal expenses (2) | 248 | 1,051 | 481 | 2,969 |
| Change in fair value of contingent consideration | 1,765 | 255 | 2,808 | 1,955 |
| Other adjustment items (4) | 526 | 668 | 669 | 1,081 |
| **Adjusted EBITDA** | $21,475 | $17,029 | $43,419 | $47,423 |
| **Revenue** | $171,512 | $200,270 | $324,673 | $423,980 |
| *Net loss margin* | *(17.6)%* | *(66.5)%* | *(12.7)%* | *(33.5)%* |
| *Adjusted net income margin* | *2.5%* | *2.0%* | *3.0%* | *5.5%* |
| *Adjusted EBITDA margin* | *12.5%* | *8.5%* | *13.4%* | *11.2%* |
| *Net loss per diluted share* | *$(0.25)* | *$(1.13)* | *$(0.33)* | *$(1.20)* |
| *Adjusted net income per diluted share* | *$0.04* | *$0.03* | *$0.08* | *$0.20* |
| *Weighted average common shares outstanding - diluted* | *123,027,759* | *118,211,168* | *122,864,345* | *118,051,090* |

**Notes:**

1. Represents realized and unrealized gains on the interest rate swap, including amortization of dedesignated cash flow hedge, losses on the disposal of property, plant, and equipment, and unrealized gains (losses) from foreign currency transactions and derivatives.
2. Represents external legal expenses for litigation, patent and trademark defense.
3. Represents the amortization expense associated with intangible assets recorded in connection with the 2017 acquisition of Traeger Pellet Grills Holdings LLC.
4. Represents non-routine operational wind-down costs, non-cash ground lease expense associated with a build-to-suit lease in 2022, as well as write-offs and restoration costs at our wood pellet production facility due to flood damage sustained as a result of a tropical storm.
5. Represents an adjusted tax rate equal to our annual estimated tax rate on Adjusted Net Income. This rate is based on our estimated annual GAAP income (loss) tax rate forecast, adjusted to account for items excluded from GAAP income (loss) in calculating the non-GAAP financial measures presented above. Due to the differences in the tax treatment of items excluded from non-GAAP earnings, as well as the methodology applied to our estimated annual tax rates, our estimated tax rate on Adjusted Net Income may differ from our GAAP tax rate and from our actual tax liabilities.
6. Represents realized and unrealized gains on the interest rate swap, losses on the disposal of property, plant, and equipment, and unrealized gains (losses) from foreign currency transactions and derivatives.

# PRESENTATION OF COMPARABLE GAAP MEASURES AND RECONCILIATIONS OF NON-GAAP FINANCIAL MEASURES

| | Three Months Ended December 31, 2022 | Year-Ended December 31, 2022 |
|---|---|---|
| **Gross margin** | **34.6%** | **34.9%** |
| Add: Impact of restructuring costs recorded in cost of revenue | 0.4% | 0.3% |
| **Adjusted gross margin** | **34.9%** | **35.2%** |

## RECONCILIATION OF DEBT TO NET DEBT

| *(amounts in thousands)* | June 30, 2023 |
|---|---|
| **Line of credit** | **$40,000** |
| **Current portion of notes payable** | **250** |
| **Notes payable, net of current portion** | **396,722** |
| Add: Debt issuance costs | 6,973 |
| Less: Cash, cash equivalents and restricted cash | (14,496) |
| **Total net debt** | **$429,449** |