

TRAEGER

INVESTOR PRESENTATION

FOURTH QUARTER 2023 AND FISCAL YEAR 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 first quarter and full year fiscal 2024 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; 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 warranty claims and product recalls; 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; issues in relation to environmental, social and governance matters; any decline in demand from certain retailers; risks associated with our significant international operations; our reliance on limited number of third-party manufacturers; 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, 2023. 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.





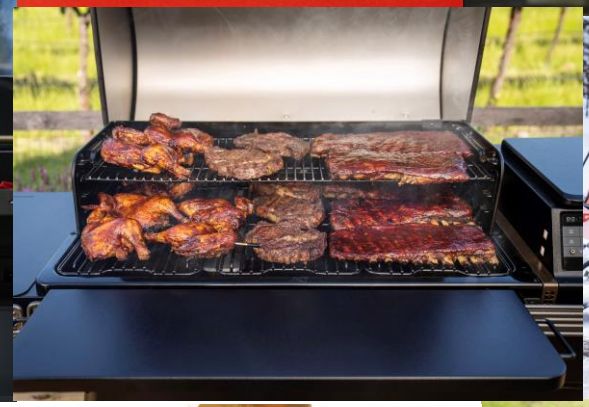

















CEO COMMENTARY

"I am pleased with our fourth quarter results, which were ahead of our expectations and allowed us to exceed our prior guidance for Fiscal 2023. Fourth quarter sales were up 18.3% versus prior year, driven by strong growth in our grills business as we lapped retailer destocking in the fourth quarter of last year as well as growth in our accessories business.

In 2023, we made significant progress in the face of a challenging industry environment. Our efforts to rightsize inventories and to drive Adjusted EBITDA through gross margin expansion and cost discipline have put Traeger in a materially improved financial position versus a year ago. Moreover, we continued to make progress on our long-term growth initiatives in 2023, including product innovation with the introduction of our new Ironwood and Ironwood XL grills, our entrance into the griddle category and the launch of MEATER 2 Plus.

Looking to 2024, we will be focused on our strategic growth pillars and executing against our plan to drive household penetration. While we anticipate that consumer demand for grills will remain soft in 2024, we are guiding to growth in Adjusted EBITDA driven by our expectation for meaningful gross margin expansion. As we head into our peak selling season in the coming months, I am as confident as ever in the Traeger brand and believe that we remain well-positioned to deliver strong long-term value to our shareholders, consumers and retail partners."

-Jeremy Andrus, CEO of Traeger

Our Mission is to Create a More Flavorful World

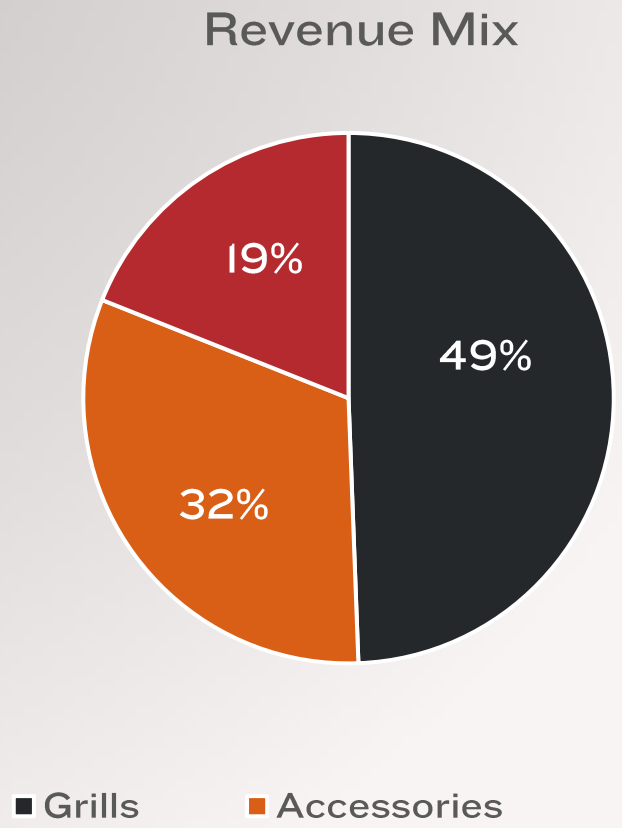
2023 AT A GLANCE

$606MM
Revenue

36.9%
Gross Margin

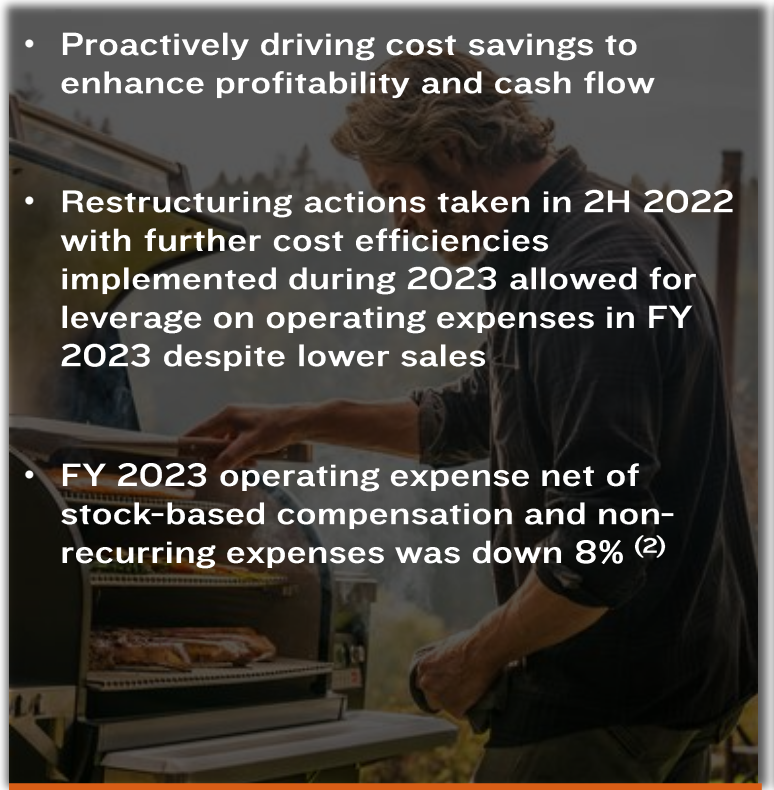
$61MM
Adj. EBITDA (1)

10.1%
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 implemented during 2023 allowed for leverage on operating expenses in FY 2023 despite lower sales
- FY 2023 operating expense net of stock-based compensation and non-recurring expenses was down 8% (2)

Cost Base Realigned For Improved Profitability and Sustainable Growth

Rightsize Inventories



- $63 million reduction in balance sheet inventories since the company implemented strategic inventory reduction actions in 2Q22
- Material improvement in channel inventory levels in FY 2023 driven by actions to accelerate sell-through and retailer destocking
- Entering 2024 with channel inventories in line with targeted weeks on hand

Inventories in a Substantially Balanced Position

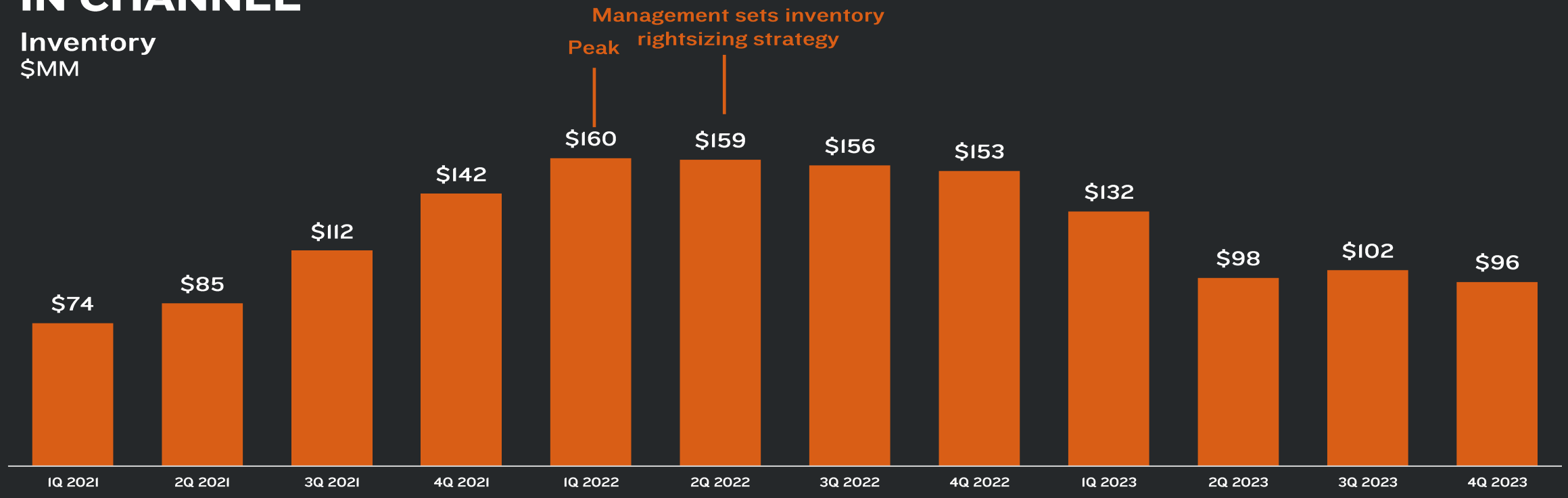
Drive Gross Margin



- 4Q 2023 gross margin up 230 basis points from prior year
- Margin initiatives include expansion of direct import program and pellet mill rationalization
- Expect significant improvement in FY 2024 gross margin driven by lower transportation costs and margin initiatives

Gross Margin Up 200 Basis Points in FY 2023 with Strong Gains Expected in FY 2024

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



- Strategic actions to rightsize inventories have contributed to $63MM in inventory reduction since 2Q22
- Actions have driven channel inventories to target levels, from significantly above target levels in 2022 and early 2023

BALANCE SHEET AND LIQUIDITY

Significant Actions to Increase Financial Flexibility

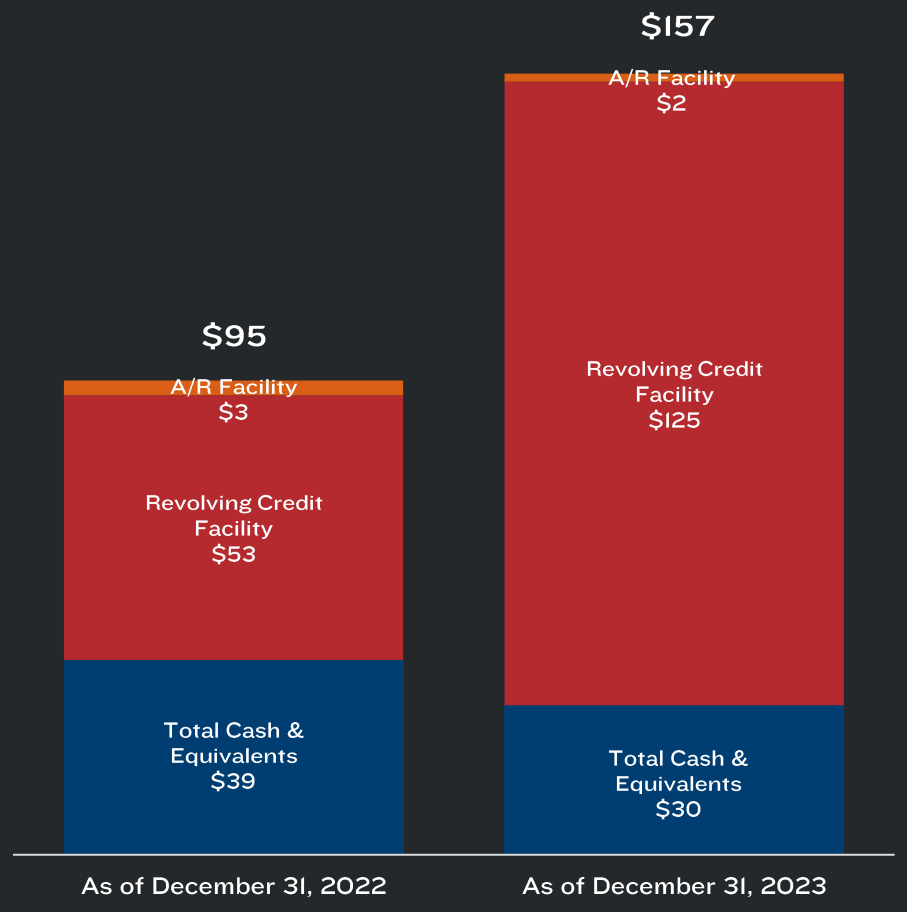
Lowered Exposure to Rising Rates

- Entered into floating-to-fixed interest rate swap agreement on First Lien Term Loan in February 2022
- Agreement provides for a notional amount of $379.2MM, hedging nearly 90% of our outstanding debt as of 4Q 2023, out to February 2026 (3)
- Effective rate of 5.33% for hedged portion of outstanding debt

Inventory and Cost Actions Driving Enhanced Liquidity

- Liquidity availability has increased by more than $60MM since 4Q 2022 (4)
- Inventory rightsizing freed up $57MM of working capital in FY 2023
- Gross margin recapture contributing to expected growth in Adjusted EBITDA in FY 2024

Available Liquidity
($MM)



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GROWTH PILLARS: QUARTERLY HIGHLIGHTS

1 Accelerate Brand Awareness

- Ended 2023 with 2.6 million followers across social media channels, up 15% from 2022 and leading the grill industry
- Focused on holiday-themed social content in 4Q 2023
- “6 Tips for the Ultimate Prime Rib”, a guide to making an incredible holiday rib roast posted on social media, went viral with 2.1 million views on Instagram alone
- Strong engagement from Traeger influencers with total impressions from influencers in 4Q 2023 nearly doubling compared to the same quarter in 2022
- Added 275 Traeger Islands at The Home Depot in 4Q 2023, ending the year with more than 1,100 Traeger Islands in Home Depot stores

2 Disrupt Outdoor Cooking with Product Innovation

- Launched MEATER 2 Plus on November 6th, 2023, bringing significant innovation to the meat thermometer market
- Nearly doubled product team headcount in 2023, demonstrating commitment to product innovation leadership in outdoor cooking
- Recently rolled out a new product organization structure under our new EVP of Engineering, including standing up a new platform R&D team

3 Drive Recurring Revenue

- Added pellet distribution to more than 300 grocery doors in 2023
- Relaunched new and improved BBQ sauces at The Home Depot in 4Q 2023
- Gained distribution with KeHE, United Natural, and Lipari, three of the largest grocery distributors in the US, who together service more than 45,000 independent grocery stores

4 Expand Traeger Brand Globally

- In Canada, saw improved holiday sell-through at The Home Depot and Rona, as well as improved e-commerce sales during Canadian Thanksgiving in October and Black Friday
- Strong growth in MEATER’s international business, driven by its B2B partnership with Vorwerk, a German manufacturer and distributor of the Thermomix multicooker

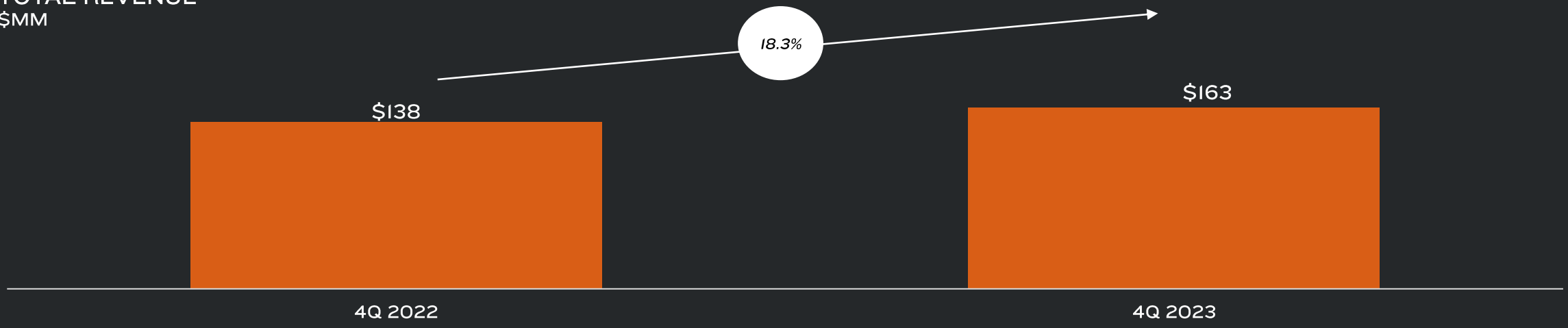


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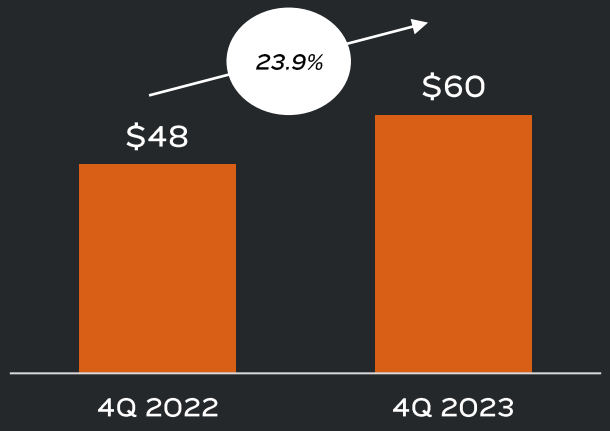
FINANCIALS

4th QUARTER 2023 REVENUE RESULTS

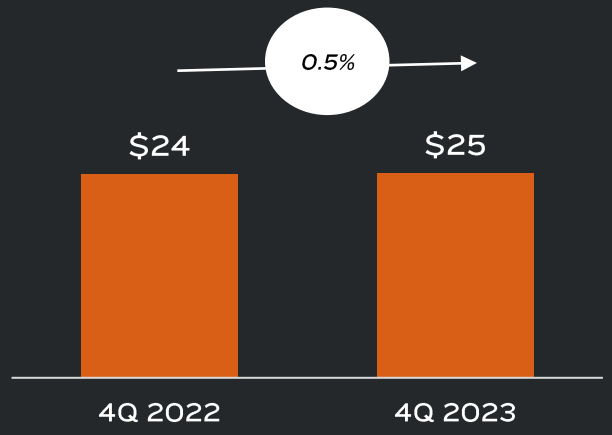
TOTAL REVENUE
$MM



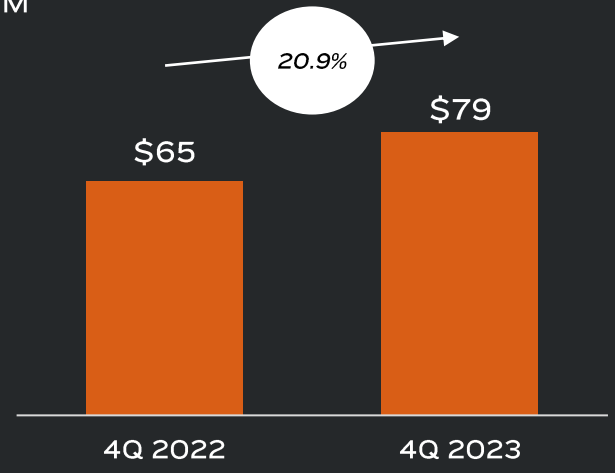
GRILL REVENUE
$MM



CONSUMABLES REVENUE
$MM

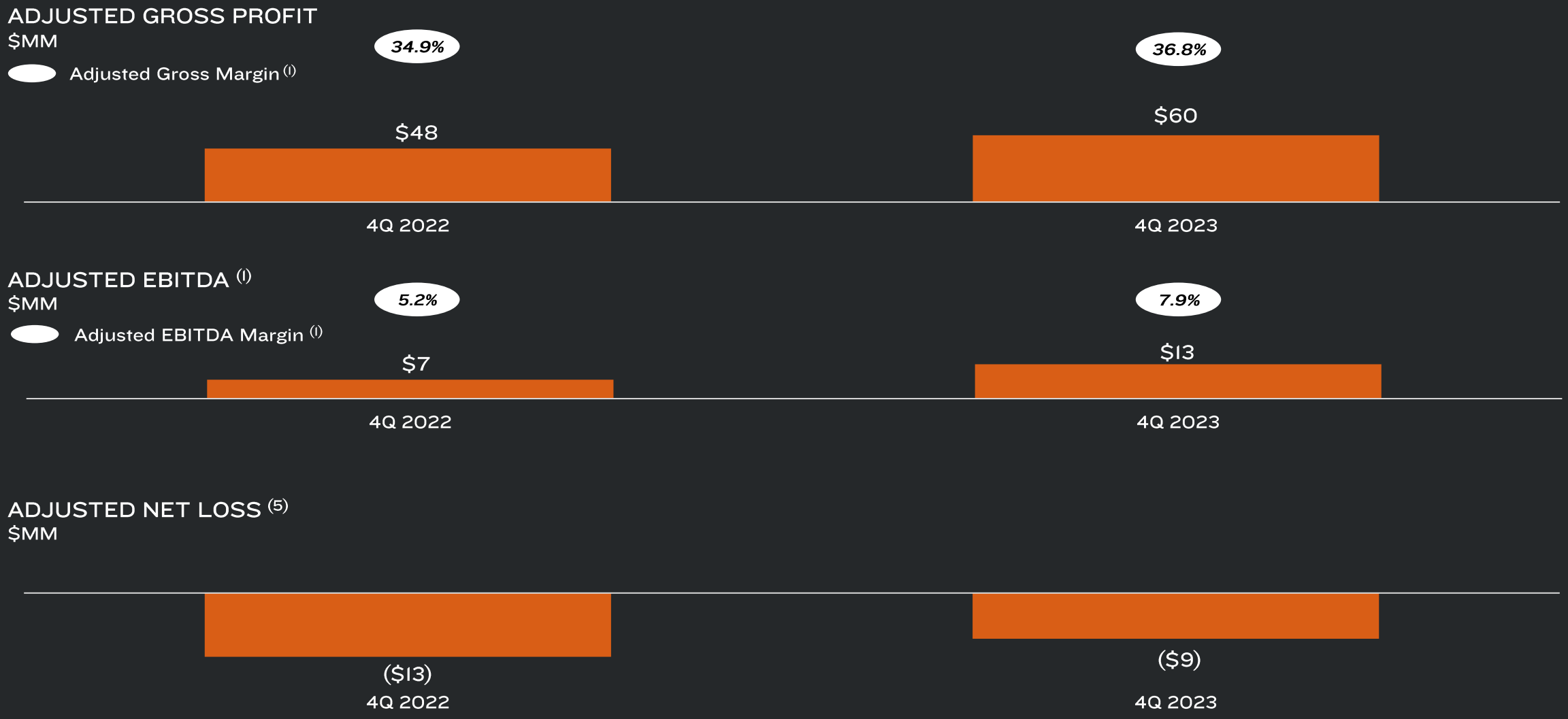


ACCESSORIES REVENUE
$MM



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4th QUARTER 2023 PROFITABILITY RESULTS



GUIDANCE FOR FULL YEAR FISCAL 2024 & 1st QUARTER 2024

Fiscal 2024 Guidance

METRIC	LOW	HIGH
Total Revenue	$580MM	$605MM
Gross Margin	39%	40%
Adj. EBITDA (1)	$62MM	$71MM

First Quarter 2024 Guidance

METRIC	LOW	HIGH
Total Revenue	$140MM	$145MM
Adj. EBITDA (1)	$21MM	$24MM

Key Assumptions:

- Expected contraction in grill industry sales driven by continued pressure on high-ticket, home-related spend
- Lapping of the IH 2023 load-in of new grill and griddle lines expected to contribute to year-over-year sales pressure on grills
- Expected sunsetting of certain grill SKUs in 2H 2024 ahead of new product launches in 2025
- Significant expected growth in gross margin driven by lower inbound transportation costs as well as internal margin-enhancing initiatives
- IQ24 revenue expected to be impacted by pacing shift into 2Q24

APPENDIX

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FOOTNOTES

1. Adjusted EBITDA, Adjusted EBITDA Margin, and Adjusted Gross 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, and Gross 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. FY 2023 general, administrative, sales, and marketing expenses included $53MM of stock-based compensation and $3MM of non-recurring items, as compared to FY 2022 general, administrative, sales, and marketing expenses which included $88MM of stock-based compensation and $4MM 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, 2023, filed with the SEC on March 7, 2024.

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

5. Adjusted Net Loss 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 and liquidity over multiple periods, identifying trends affecting our business, formulating business plans and making strategic decisions. In addition, net debt is a liquidity measure that is used by our management team to assess the payment of our debts if they are due immediately.

Each of Adjusted EBITDA, Adjusted Net Loss, Adjusted Net Loss per share, Adjusted EBITDA Margin, and Adjusted Net Loss 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 Loss, together with a reconciliation of Net Loss to each such measure, and providing Adjusted Net Loss per share, together with a reconciliation of Net Loss per share to such measure, and Adjusted EBITDA Margin and Adjusted Net Loss 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 Loss, and Adjusted Net Loss 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 Loss, and Adjusted Net Loss 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 Loss, and Adjusted Net Loss 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

(amounts in thousands, except share and per share amounts)	Three Months Ended December 31, 2023	Three Months Ended December 31, 2022	Year-ended December 31, 2023	Year-ended December 31, 2022
Net loss	$(24,045)	$(28,904)	$(84,402)	$(382,140)
Adjustments:				
Other (income) expense (1)	720	(1,629)	(15,581)	2,466
Goodwill impairment	-	-	-	222,322
Restructuring costs (2)	-	1,898	225	11,542
Stock-based compensation	6,023	7,010	53,203	87,697
Non-routine legal expenses (3)	397	(745)	878	3,012
Amortization of acquisition intangibles (4)	8,253	8,253	33,014	33,014
Change in fair value of contingent consideration	4,190	6,227	4,698	10,002
Other adjustment items (5)	-	(417)	669	938
Tax impact of adjusting items (6)	(5,035)	(4,925)	(19,721)	(94,657)
Adjusted net loss	$(9,497)	$(13,232)	$(27,017)	$(105,804)
Net loss	$(24,045)	$(28,904)	$(84,402)	$(382,140)
Adjustments:				
Provision for income taxes	771	1,213	1,985	1,186
Interest expense	7,867	7,647	31,275	27,885
Depreciation and amortization	14,503	14,816	57,778	56,617
Other (income) expense (7)	3,276	(1,629)	(5,216)	2,466
Goodwill impairment	-	-	-	222,322
Restructuring costs (2)	-	1,898	225	11,542
Stock-based compensation	6,023	7,010	53,203	87,697
Non-routine legal expenses (3)	397	(745)	878	3,012
Change in fair value of contingent consideration	4,190	6,227	4,698	10,002
Other adjustment items (5)	-	(417)	669	938
Adjusted EBITDA	$12,982	$7,116	$61,093	$41,527
Revenue	$163,479	$138,133	$605,882	$655,901
Net loss margin	*(14.7)%*	*(20.9)%*	*(13.9)%*	*(58.3)%*
Adjusted net loss margin	*(5.8)%*	*(9.6)%*	*(4.5)%*	*(16.1)%*
Adjusted EBITDA margin	*7.9%*	*5.2%*	*10.1%*	*6.3%*
Net loss per diluted share	*$(0.19)*	*$(0.24)*	*$(0.68)*	*$(3.19)*
Adjusted net loss per diluted share	*$(0.08)*	*$(0.11)*	*$(0.22)*	*$(0.88)*
Weighted average common shares outstanding - diluted	*125,094,571*	*122,670,793*	*123,726,252*	*119,698,776*

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 costs in connection with the 2022 restructuring plan, including $0.6 million and $2.2 million of costs recorded in cost of revenue within the consolidated statements of operations and comprehensive loss for the three months and year ended December 31, 2022, respectively.
3. Represents external legal expenses incurred in connection with the defense of a class action lawsuit and intellectual property litigation.
4. Represents the amortization expense associated with intangible assets recorded in connection with the 2017 acquisition of Traeger Pellet Grills Holdings LLC.
5. 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.
6. Represents the tax effect of non-GAAP adjustments calculated at an estimated blended statutory tax rate of 25.3% and 25.5% for the three months and year ended December 31, 2023, respectively, and 25.5% and 23.9% for the three months and year ended December 31, 2022, respectively. The amounts for the three months and year ended December 31, 2022 have been adjusted to reflect the application of the estimated blended statutory tax rates, as opposed to effective income tax rates that were used in prior periods, in order to include the current and deferred income tax expenses that are commensurate with the non-GAAP measure of profitability.
7. 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.

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

	Three Months Ended December 31,		Year-Ended December 31,	
	2023	2022	2023	2022
Gross margin	**36.8%**	**34.5%**	**36.9%**	**34.9%**
Add: Impact of restructuring costs recorded in cost of revenue	-%	0.4%	-%	0.3%
Adjusted gross margin	**36.8%**	**34.9%**	**36.9%**	**35.2%**

RECONCILIATION OF DEBT TO NET DEBT

(amounts in thousands)	December 31, 2023
Line of credit	**$28,400**
Current portion of notes payable	**250**
Notes payable, net of current portion	**397,300**
Add: Debt issuance costs	6,275
Less: Cash and cash equivalents	(29,921)
Total net debt	**$402,304**