



barfresh™

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WHIRL • CLASS

BLENDED DRINKS

Oppenheimer 18<sup>th</sup> Annual Consumer Conference

June 19, 2018

PREMEASURED | PREPACKAGED | PERFECTION

# Forward Looking Statements



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# Agenda

- I. Introduction
- II. Industry
- III. Sales and Distribution Strategy
- IV. Sales Channels
- V. Operations Overview
- VI. Unibel Strategic Relationship
- VII. Key Takeaways



## I. INTRODUCTION

# Barfresh's Differentiated Product & Process

## Operational Simplicity

- **Perfect consistency** every time
- Inventory Control
- Makes a smoothie in **15 seconds**
- Only equipment needed: **Blender**
- **No waste**, no spoilage
- **Reduces labor**
- No complicated installation
- **Portion controlled**

## Ingredients

- **No artificial colors or flavors**
- **Premium** taste
- Clean labeling
- **Real fruit**
- **Gluten free**
- Kosher certified

## THE barfresh™ PROCESS:



# THE barfresh™ PROCESS:

## FROM FROZEN PACK:

**1** Tear open frozen pack and pour ingredients into blender bowl

**2** Add 5 ounces of water to blender bowl

**3** Blend and serve

11 oz. single serve pack

5 oz. water

15 seconds in a blender

Whirl Class  
16 oz.  
Blended Beverage

## NO FREEZER ON THE LINE? NO PROBLEM:

**1** Thaw frozen pack of ingredients in refrigerator. Once thawed, tear and pour liquid ingredients into blender bowl (use liquid within 3 days of thawing pack)

**2** Add ¾ cup of ice (6.5 oz. weighted) to blender bowl

**3** Blend and serve

11 oz. single serve pack

15 seconds in a blender

Whirl Class  
16 oz.  
Blended Beverage

## BARFRESH BULK SOLUTION:

**1**

**2**

**3**

1:1 ratio

1 gallon of concentrate

1 gallon of water

Any Size  
Finished Smoothie



# Barfresh Product Portfolio

## vanilla shake

low fat vanilla bean  
ice cream, milk



## caribbean smoothie

Sweet mango & tangy  
pineapple, sorbet;  
all natural pear juice



## triple berry smoothie

Berry sorbet,  
strawberry puree,  
blueberries,  
pineapple crush, and  
pear, raspberry,  
blueberry juice



## WHIRL • CLASS because...

Our smoothies are made with real fruit and  
contain no artificial flavors or colors.  
Our shakes & frappes are made from  
premium ingredients. All of our flavors are  
gluten free, kosher certified and  
soul-stirringly delicious.

## mango burst smoothie

sweet, juicy  
mango, sorbet,  
all natural  
apple juice



## mocha frappe

espresso coffee,  
low fat chocolate  
ice cream, milk



## caramel macchiato frappe

espresso coffee,  
caramel, low fat  
chocolate, ice  
cream, milk



## strawberry banana smoothie

sweet strawberries & ripe bananas,  
low fat frozen yogurt,  
all natural pear juice



# Barfresh at a Glance



(1) Barfresh now has patents granted in a total of sixteen countries, including the United States, which was granted during August of 2016.

(2) Exclusive sales agreement with PepsiCo North America Beverages signed on 10/26/15.

(3) Unibel strategic investment executed on 11/23/16.

(4) Sysco exclusive distribution contract renewed and extended for additional two years on 10/2/17



# Positioned for Strong Revenue Growth

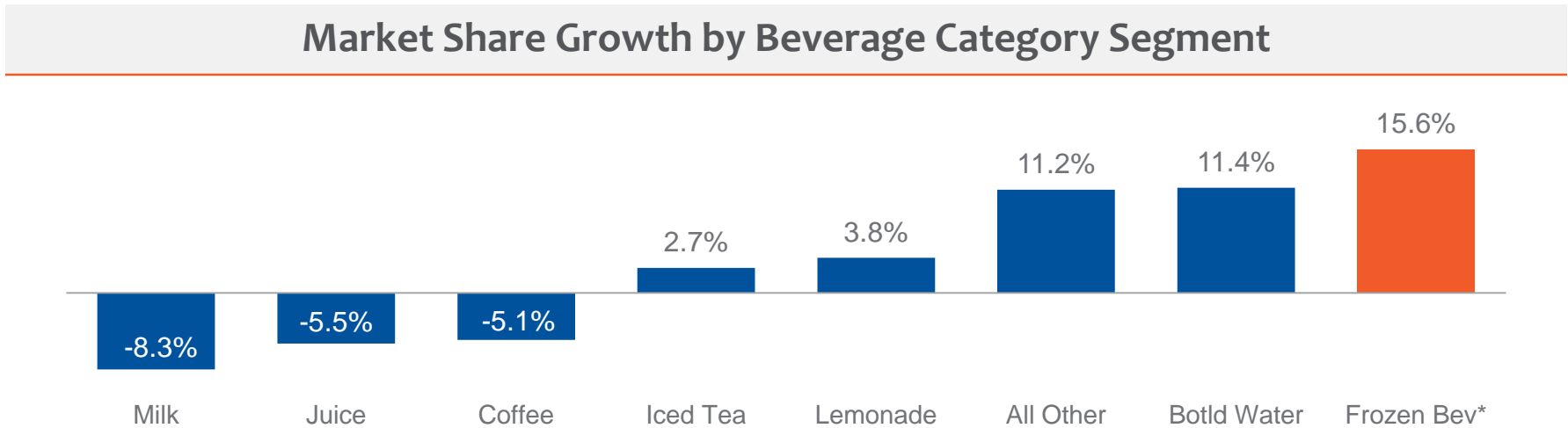
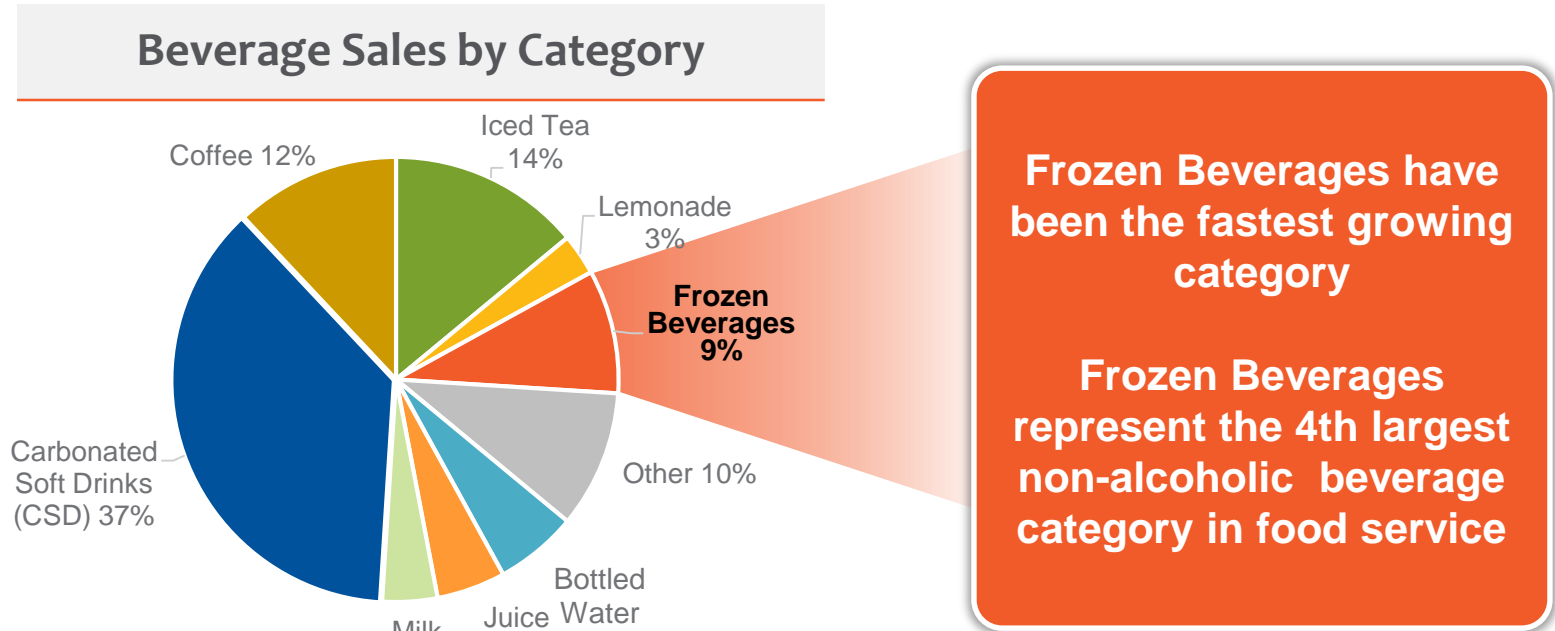


- 2Q18 significant revenue acceleration expected
- Recently signed 1<sup>st</sup> National Account (1,000 locations) began rollout in 2Q18
  - *Expect additional locations throughout 2018*
- 200 School serving locations (as of June 2018)
  - *Expect significant growth in additional locations in connection with new school year (Fall 2018)*
- Approval to sell smoothies into U.S. Armed Forces starting 2Q18
  - *6 initial bases with many more expected to be announced in 2018*
- Normalized gross margins of 50% expected in 2018



## II. INDUSTRY OVERVIEW

# Frozen Beverages: Fastest Growing Beverage Category



Source: NPD CREST

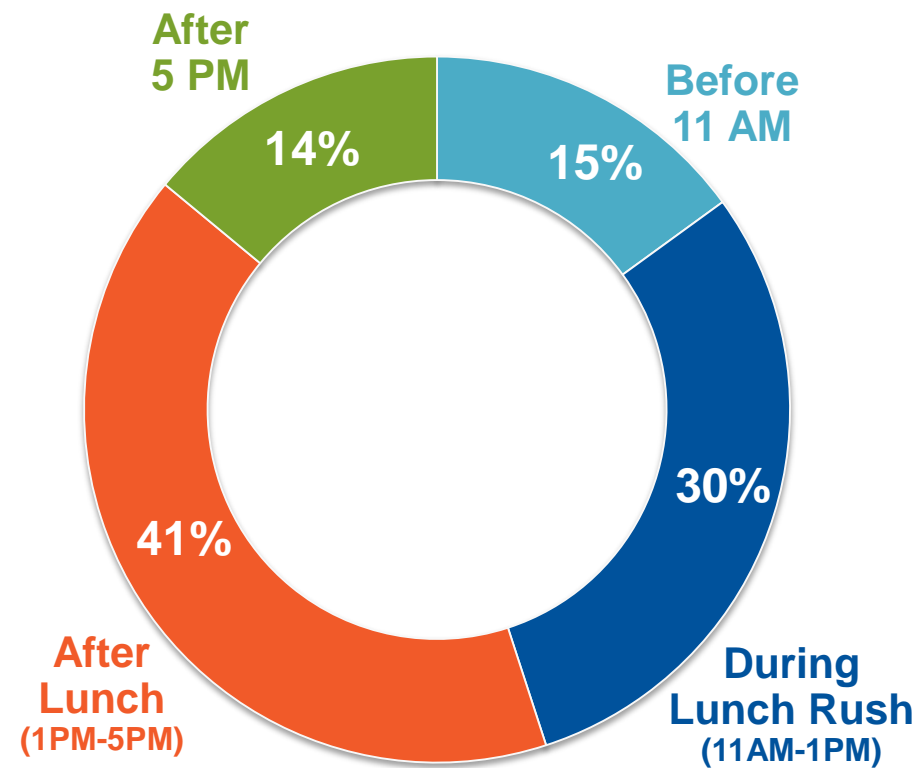
\*Frozen coffee, shakes, smoothies, slushes

# Smoothies are an All Day Opportunity

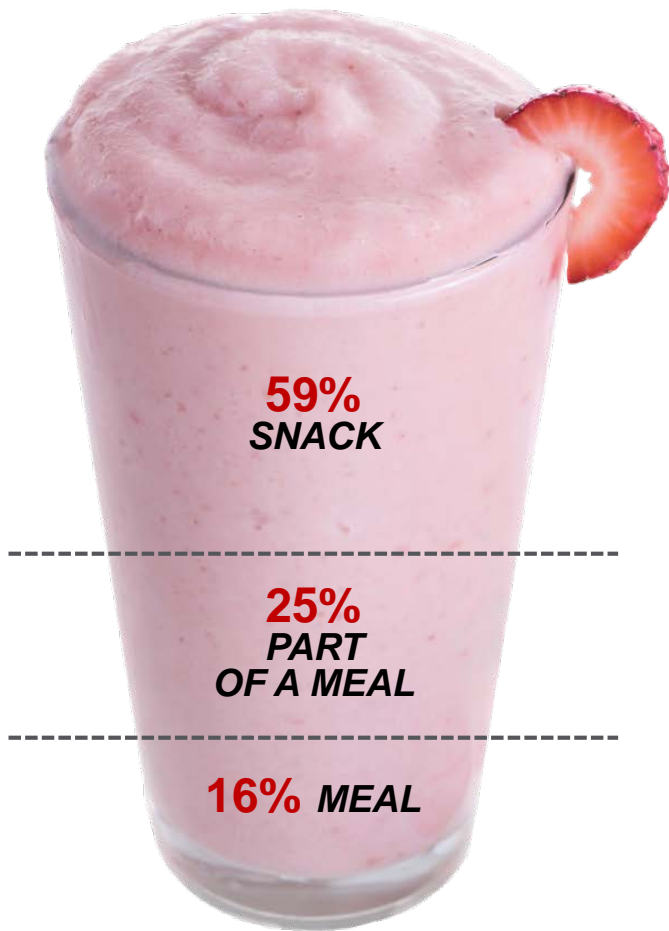
## Grow Sales in Non-traditional Dayparts



Smoothie Sales Throughout the Day



Smoothies: A Snack or a Meal?



Source: Vitamix/ORC International



### III. SALES AND DISTRIBUTION STRATEGY

# Sales Process Summary





# Exclusive Distribution Partnership



- Exclusive multi-year partnership with the world's largest food & beverage distributor – Renewed & extended for two years in October '17
- Full product distribution in all 72 Sysco operating companies across the United States
- Recent expansion to major Canadian hub in Toronto in May '17
- Barfresh selected to its internal “Cutting Edge Solutions” marketing initiative for the second straight year in February '17
- Barfresh awarded Sysco’s “Emerging Supplier of the Year Award”
- Leveraging extensive broker network to drive sales of “up and down the street” business

# Exclusive Sales Partnership



**PEPSICO**

- Exclusive multi-year sales partnership with PepsiCo signed October 2015
- PepsiCo's 1000+ Foodservice sales team trained and actively selling Barfresh product
- In process and access to PepsiCo's national, local, regional and new business customers in all lines of business (healthcare, travel and leisure, college and universities and restaurants)
- Currently in varied stages of product development and testing with several national customers
- Engaged with several of the major global on-site foodservice operators, opening a significant incremental sales channel



## IV. SALES CHANNELS

# Abundant National Account Opportunities



## 1<sup>st</sup> National Account Customer Rollout

- Major milestone – April 2018 rollout with a National Customer
- Adding Barfresh's Dairy and non-Dairy Smoothie options to menus in over 1,000 locations
- Further location expansion expected throughout 2018
- Customer is one of the largest in the foodservice industry

## Robust QSR Pipeline

- Progression with major national account prospects continues
- Expects to move other national account tests to signed agreements/rollouts

# National Account Sales Overview

## National Account Rollout Process



**Barfresh is currently in various stages of product development and testing with several National Accounts**

## Schools: K-12

- Developed new product to fulfill USDA requirements for its national school meal programs
  - Contains ½ cup real fruit, 4 oz. yogurt in every 8 oz. serving, no added sugar, no artificial ingredients or preservatives, meets all restricted calorie requirements, among other criteria
- Allows schools to receive federal reimbursement for needs-based students
- Massive market potential<sup>1</sup>:
  - ~55 million elementary & secondary school students in the United States
  - 14,000 districts representing 98,000+ schools
- Barfresh currently has contracts with 200 school serving locations (as of June 2018) – Expected acceleration coming w. new school year 2018

(1) Source: National Center for Education Statistics, Department of Education, Table 105.20



# Approval for All Branches of U.S. Armed Forces

## Military



- 6 bases activated (as of April 2018) and initial shipments to be reflected in Second Quarter 2018 results
- Received approval from the United States Defense Logistics Agency (DLA) to sell smoothie products into all branches of the U.S. Armed Forces
  - Completed stringent 12+ month military approval process
  - Barfresh's Easy Pour Bulk Smoothies will be available to military food service programs supporting dining facilities
- Smoothies will be available 365 days a year / 3 meals per day to enlisted personnel as part of their meal service program
- Barfresh is pursuing all 940 U.S. Military branches, which support its 1.3 million active troops



## V. OPERATIONS

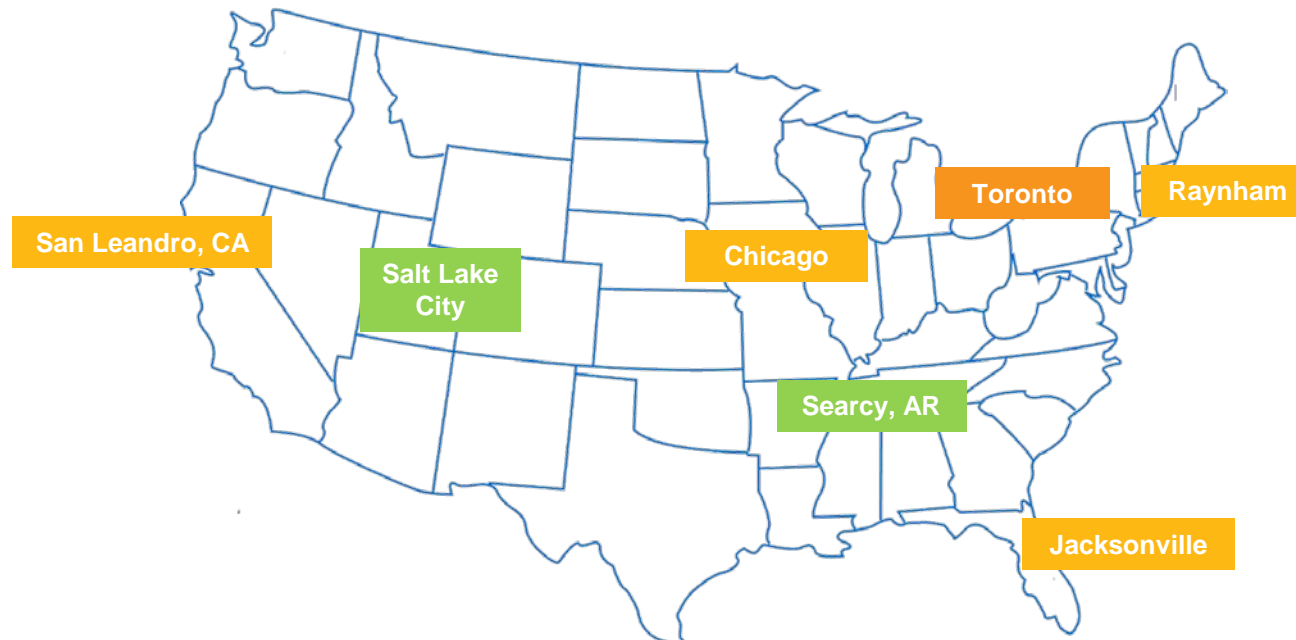
## Flexible Operating Model Provides Opportunity to Scale Quickly

- Utilize two contract manufacturers that provide Barfresh efficient national coverage:
  - Salt Lake City, Utah & Searcy, Arkansas
  - Allows maximum flexibility to manage volume fluctuations and start up requirements
- Barfresh-owned packaging equipment positioned on manufacturing line to work seamlessly with contract manufacturer's equipment and infrastructure
  - Ability to ramp up to additional 100 million units of annual capacity
  - CapEx for Barfresh equipment is ~\$1 million per 20 million units (annually)
- Significant opportunity to realize cost savings as we gain scale

# Supply Chain In Place To Meet Increased Demand

## Alignment with multiple forward warehousing partners enhances Barfresh's ability to service customers across North America

- Inventory strategically located at forward warehouses in Chicago (IL), Raynham (MA), Jacksonville (FL), San Leandro (CA), and Arkansas
- System facilitates quicker order fulfillment, and enables customers to order less than full pallet orders on a weekly basis to directly address specific customer requirements
- Ability to achieve full truckload rates to forward warehouses as our business gains scale
- Extended distribution into Eastern Canada in May '17



# barfresh™



## VI. UNIBEL

# Strategic Investor & Global Partner



- November 2016: \$10M strategic equity investment by Unibel, parent company of Fromageries Bel, known as Bel Group
  - Headquartered in Paris, France
  - World leader in branded cheese (Laughing Cow, Mini-Babybell, Boursin); products sold in 130+ countries
  - Global operations in 33 countries, 30 production sites on 4 continents and nearly 12,000 employees
- February 2018: Lead investor in a \$4.1 convertible financing
- Strategy: Leverage Bel's 150 years of industrial expertise, innovative capabilities, world-class marketing and branding prowess to accelerate Barfresh's growth in new and existing markets and product channels
- Isabelle Ortiz-Cochet, Chief Investment Officer for Unibel, joined Barfresh's Board of Directors, bringing the number of total directors to 7, 4 of whom are independent





## VII. KEY TAKEAWAYS

# Experienced Management Team

| Executive            | Position                                       | Yrs. | Select Prior Experience  |
|----------------------|--|------|--|
| Riccardo Delle Coste | Founder & Chief Executive Officer              | 15   |    |
| Joseph Tesoriero     | Chief Financial Officer                        | 30   |   Global Crossing Ltd.  |
| Joseph Cugine        | President                                      | 30   |                         |
| Tim Trant            | Chief Customer Officer                         | 25   |    |
| Craig Bennett        | Director – Product Manufacturing & Development | 30   |                     |

**The Barfresh team brings significant operational experience along with the drive and passion to grow Barfresh to its full potential**

## Growth Capital in Place & Aligned with Strategic Investor

- Balance Sheet at 3/31/18:
  - Cash: \$2.4M
  - Inventory: \$1.5M – Positioning to meet demand from new accounts
  - Debt: \$2.2M
- Financing in place: Entered into an agreement in February 2018 for \$4.1M of available capital via convertible note (10% coupon) for growth capital available upon achieving two milestones:
  - 1) \$2.5M of principal was funded in March 2018 upon reaching a national sales agreement into 1,000 locations
  - 2) Remaining 40% (\$1.6M) of principal available upon reaching an additional national sales agreement for an additional 2,500 locations

# Key Takeaways

- 1 Proprietary frozen beverage product that's on-trend & solves traditional food-service issues: waste, labor, consistency
- 2 Scalable infrastructure in place to generate margin expansion as sales accelerate
- 3 Sales channel and distribution include Exclusive Sysco and PepsiCo contracts and Leading 3<sup>rd</sup> Party Foodservice relationships
- 4 Recently expanded into very large new sales channels with Education and Military contracts
- 5 Began shipping to 1,000 New National Foodservice Locations in 2Q18
- 6 Strong balance sheet, growth capital in place
- 7 Experienced and invested management team: Industry veterans and high insider ownership (~59%)

# Snapshot of Barfresh Food Group



## Company Summary

|                                 |                           |
|---------------------------------|---------------------------|
| Stock Symbol (OTCQB)            | BRFH                      |
| Stock Price <sup>1</sup>        | \$0.65                    |
| 52-Week Range                   | \$0.35 to \$0.82          |
| Shares Outstanding <sup>2</sup> | 118.8 million             |
| Market Capitalization           | \$78 million              |
| 3-mth Average Daily Volume      | 50,100                    |
| Year founded                    | 2012                      |
| Headquarters                    | Beverly Hills, California |

<sup>1</sup>As of 6/14/18

<sup>2</sup>As of 5/9/18



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