UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-K

(Mark One)

☒ **ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the fiscal year ended December 31, 2021

OR

☐ **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For transition period from to

Commission File Number 001-40694

Traeger, Inc.

(Exact name of registrant as specified in its charter)

Delaware	**82-2739741**
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)
1215 E Wilmington Ave, Suite 200 **Salt Lake City, Utah** (Address of principal executive offices)	**84106** (Zip code)

(801) 701-7180

Registrant's telephone number, including area code

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Common stock, $0.0001 par value per share	COOK	New York Stock Exchange

Securities registered pursuant to Section 12(g) of the Act:
None

(Title of class)

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes ☐ No ☒

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. Yes ☐ No ☒

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the Registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ☒ No ☐

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the Registrant was required to submit such files). Yes ☒ No ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer	☐	Accelerated filer	☐
Non-accelerated filer	☒	Smaller reporting company	☐
		Emerging growth company	☒

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

Indicate by check mark whether the registrant has filed a report on and attestation to its management's assessment of the effectiveness of its internal control over financial reporting under Section 404(b) of the Sarbanes-Oxley Act (15 U.S.C. 7262(b)) by the registered public accounting firm that prepared or issued its audit report. ☐

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act): Yes ☐ No ☒

As of June 30, 2021, the last business day of the registrant’s most recently completed second quarter, there was no established public trading market for the registrant’s equity securities. The registrant’s common stock began trading on The New York Stock Exchange on July 29, 2021.

As of March 22, 2022, there were 118,077,546 shares of the registrant's common stock, par value of $0.0001 outstanding.

DOCUMENTS INCORPORATED BY REFERENCE

Portions of the registrant’s definitive Proxy Statement relating to its 2022 Annual Meeting of Stockholders to be filed with the Securities and Exchange Commission no later than 120 days after the end of the registrant’s fiscal year ended December 31, 2021 are incorporated herein by reference in Part III.

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FORWARD-LOOKING STATEMENTS

This Annual Report on Form 10-K contains forward-looking statements. We intend such forward-looking statements to be covered by the safe harbor provisions for forward-looking statements contained in Section 27A of the Securities Act of 1933, as amended (the "Securities Act"), and Section 21E of the Securities Exchange Act of 1934, as amended (the "Exchange Act"). All statements other than statements of historical facts contained in this Annual Report on Form 10-K may be forward-looking statements. In some cases, you can identify forward-looking statements by terms such as "may," "will," "should," "expects," "plans," "anticipates," "could," "intends," "targets," "projects," "contemplates," "believes," "estimates," "forecasts," "predicts," "potential" or "continue" or the negative of these terms or other similar expressions. Forward-looking statements contained in this Annual Report on Form 10-K include, but are not limited to, statements regarding our future results of operations and financial position, industry and business trends, equity compensation, business strategy, plans, market growth and our objectives for future operations.

The forward-looking statements in this Annual Report on Form 10-K are only predictions. We have based these forward-looking statements largely on our current expectations and projections about future events and financial trends that we believe may affect our business, financial condition and results of operations. Forward-looking statements 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, the important factors discussed in Part I, Item 1A. "Risk Factors" in this Annual Report on Form 10-K for the fiscal year ended December 31, 2021. The forward-looking statements in this Annual Report on Form 10-K are based upon information available to us as of the date of this Annual Report on Form 10-K, and while we believe such information forms a reasonable basis for such statements, such information may be limited or incomplete, and our statements should not be read to indicate that we have conducted an exhaustive inquiry into, or review of, all potentially available relevant information. These statements are inherently uncertain and investors are cautioned not to unduly rely upon these statements.

You should read this Annual Report on Form 10-K and the documents that we reference in this Annual Report on Form 10-K and have filed as exhibits to this Annual Report on Form 10-K with the understanding that our actual future results, levels of activity, performance and achievements may be materially different from what we expect. We qualify all of our forward-looking statements by these cautionary statements. These forward-looking statements speak only as of the date of this Annual Report on Form 10-K. Except as required by applicable law, we do not plan to publicly update or revise any forward-looking statements contained in this Annual Report on Form 10-K, whether as a result of any new information, future events or otherwise.

GENERAL INFORMATION

Basis of Presentation

As used in this Annual Report on Form 10-K, unless otherwise stated or the context requires otherwise, references to "we," "us," "our," the "Company," "Traeger" and similar references refer: (1) following the consummation of our statutory conversion to a Delaware corporation on July 28, 2021 in connection with our initial public offering ("IPO"), to Traeger, Inc., and (2) prior to the completion of such conversion, to TGPX Holdings I LLC. See Part II, Item 7. "Management's Discussion and Analysis of Financial Condition and Results of Operations—Corporate Conversion and Initial Public Offering" in this Annual Report on Form 10-K for further information.

Market and Industry Data

This Annual Report on Form 10-K includes estimates regarding market and industry data that we prepared based on our management's knowledge and experience in the markets in which we operate, together with information obtained from various sources, including publicly available information, industry reports and publications, surveys, our customers, distributors, suppliers, trade and business organizations and other contacts in the markets in which we operate. Management estimates are derived from publicly available information released by independent industry analysts and third-party sources, as well as data from our internal research, and are based on assumptions made by us upon reviewing such data and our knowledge of such industry and markets which we believe to be reasonable.

In presenting this information, we have made certain assumptions that we believe to be reasonable based on such data and other similar sources and on our knowledge of, and our experience to date in, the markets for our products. Statistics and estimates related to our total addressable market in the United States ("U.S. TAM") and our serviceable addressable market in the United States ("U.S. SAM") as a whole and the various categories therein, and our market share within the U.S. TAM and

U.S. SAM, are based on internal and third-party research, as well as consumer surveys. Our U.S. TAM is calculated based on an estimated percentage of households in the United States that have a grill. We estimate that percentage to be approximately 60% based on internal and third-party market research, historical surveys and interviews with market participants. According to the U.S. Census Bureau, the total number of households in the United States – a figure which encompasses houses, apartments, and other separate living quarters – was roughly 128.5 million in 2020. We determined our U.S. SAM based on our analysis of a survey we conducted to evaluate general trends in grill ownership. In March 2021, we conducted a survey of consumers across the United States, Canada, the United Kingdom and Germany, with approximately 4,200 consumers in total and 2,600 consumers in the United States, including 157 recent Traeger purchasers. We screened survey responses for respondents (i) between the ages of 25 and 69 years old, (ii) with annual household income of $25,000 or more and (iii) who had purchased a grill in the two years prior to the survey. To calculate our U.S. SAM, we measured the percentage of the respondents who expressed attitudinal similarities to our brand and target grill owners, such as willingness to spend more to get the highest quality products, first movers among friends to experiment with new cooking technologies and/or frustration with current cooking methodologies and requirements for grills.

This market data is subject to change and may be limited by the availability of raw data, the voluntary nature of the data gathering process and other limitations inherent in any statistical survey. In addition, customer preferences are subject to change. Accordingly, you are cautioned not to place undue reliance on such market data.

SUMMARY RISK FACTORS

Our business is subject to numerous risks and uncertainties, including those described in Part I, Item 1A. “Risk Factors” in this Annual Report on Form 10-K. You should carefully consider these risks and uncertainties when investing in our common stock. The principal risks and uncertainties affecting our business include the following:

- We have incurred operating losses in the past, may incur operating losses in the future, and may not achieve or maintain profitability in the future.
- We may be unable to manage our future growth effectively, which could make it difficult to execute our business strategy.
- Our growth depends, in part, on expanding into additional markets, and we may not be successful in doing so.
- Our business depends on maintaining and strengthening our brand to generate and maintain ongoing demand for our products, and a significant reduction in such demand could harm our results of operations.
- If we fail to cost-effectively attract new customers or retain our existing customers, we may not be able to increase sales.
- Our business could be adversely affected if we fail to maintain product quality and product performance at an acceptable cost.
- We may be subject to product liability and warranty claims and product recalls that could result in significant direct or indirect costs, or we could experience greater product returns than expected, either of which could harm our reputation or brand and have an adverse effect on our business, financial condition, and results of operations.
- We operate in a highly competitive market, and we may be unable to compete successfully against existing and future competitors.
- Use of social media and community ambassadors may materially and adversely affect our reputation or subject us to fines or other penalties.
- We derive a significant majority of our revenue from sales of our grills. A decline in sales of our grills would negatively affect our future revenue and results of operations.
- We derive the majority of our revenues from three major retailers and a decline in demand from these retailers or failure by these retailers to perform their contractual obligations would cause our customer base, results of operations and business to suffer.
- The COVID-19 pandemic could adversely affect certain aspects of our business and negatively impact ability to access capital in the future.
- We have significant international operations and are exposed to risks associated with doing business globally and many of our products are manufactured by third parties outside of the United States.
- We rely on a limited number of third-party manufacturers, and problems with, or loss of, our suppliers or an inability to obtain raw materials could harm our business and results of operations.
- The ability of our stockholders to influence corporate matters may be limited because a small number of stockholders beneficially own a substantial amount of our common stock and will continue to have substantial control over us after the offering.
- We are a “controlled company” under the corporate governance rules of the New York Stock Exchange and, as a result, we qualify for, and intend to rely on, exemptions from certain corporate governance requirements. You may not have the same protections afforded to stockholders of companies that are subject to such requirements.

PART I

Item 1. Business.

Overview

Welcome to the Traegerhood

Our mission is to bring people together to create a more flavorful world.

Traeger is the creator and category leader of the wood pellet grill, an outdoor cooking system that ignites all-natural hardwoods to grill, smoke, bake, roast, braise, and barbecue. Our Traeger grills are versatile and easy to use, empowering cooks of all skill sets to create delicious meals with a wood-fired flavor that cannot be replicated with gas, charcoal, or electric grills.

At the heart of our brand is a passionate and engaged community called the Traegerhood, which includes everyone from casual grillers to competition pitmasters and professional chefs. Our flagship wood pellet grills are internet of things, or IoT, devices that allow owners to program, monitor, and control their grill through our Traeger app, which is used on more than 1.8 million mobile devices per month. We complement our innovative cooking technologies with an extensive digital library of original recipes and Traeger Kitchen Live cooking classes. In addition, we offer consumable products, such as wood pellets, rubs, and sauces, that drive recurring revenue.

Leveraging our authentic brand and the Traegerhood, we have established an omnichannel distribution strategy led by retailers ranging from Ace Hardware and The Home Depot to Wayfair and Williams Sonoma. We complement this retail channel with direct to consumer sales through our website and Traeger app. We believe this accessibility has fueled our growth, as we have increased our revenue from $363.3 million in 2019 to $785.5 million in 2021, representing a compound annual growth rate, or CAGR, of 29%.

Today, we estimate that 60% of U.S. households own a grill, representing a total addressable market of approximately 75 million households in the United States. With approximately 2.5 million Traegers sold in the United States from 2017 to 2021, we estimate that our U.S. household penetration is only 3% of this total addressable market. As a result, we believe our potential market opportunity is massive and that our ability to grow within and beyond the outdoor grill market is unrivaled. We see opportunities to expand our integrated, connected cooking platform with new types of technologies and experiences. Together with the Traegerhood, we are disrupting home cooking.

The Traeger

Before we invented the Traeger, the age-old practice of cooking with wood could be challenging. It was difficult to ignite the wood, maintain consistent temperatures, and create the right amount of smoke for flavoring. With the advent of cooking methods such as electricity and gas, wood-fired cooking was, for a time, relegated to barbecue pitmasters and high-end restaurants. Nevertheless, cooking with wood can simply make food taste better. If done correctly, wood offers distinct flavors, and different types of woods can be used independently or in combination to introduce flavors that we believe are otherwise difficult to create.

The Traeger simplifies the process of cooking with wood and empowers everyone from a casual griller to a professional chef to create delicious meals that we believe cannot be replicated with gas-, electric- or charcoal-based cooking systems. Our grills use an auger to feed natural hardwood pellets into a fire pot, where they are ignited by a hot rod to create consistent heat and flavorful smoke. A fan stokes the fire and creates convection, which is key to the versatility of our grills. The Traeger monitors the temperature and adjusts the auger and fan to maintain consistent cooking conditions. All of this is accomplished by pressing a button and setting a temperature. We believe our wood pellet grills offer the following advantages:

- **Taste:** Hardwood smoke can make beef, pork, poultry, seafood, vegetables, and baked goods taste delicious. Wood-fired cooking suits numerous eating styles and diets including paleo, ketogenic, gluten-free, vegetarian, and vegan.
- **Versatility:** The Traeger is able to grill, smoke, bake, roast, braise, and barbecue. Culinary traditions from around the world are represented in the Traeger recipe collection.
- **Ease of Use:** Connected Traegers can be programmed via smartphone to accomplish multi-hour cook cycles with minimal supervision. Thanks to this accessible user experience, even new Traeger owners can cook recipes ranging from barbecue ribs, Moroccan ground meat kebabs, and teriyaki-glazed cod to wood-fired pizza, focaccia bread, and chocolate chip cookies to smoked guacamole, blistered curry cauliflower, and pasta salad.

- **Consistency:** By automatically monitoring and maintaining the set temperature, the Traeger cooks food with minimal supervision, creating consistent results each session.
- **Community:** The Traeger brings friends, family, and neighbors together for memorable meals. These elevated experiences motivate the Traegerhood to support members with recipe ideas, photos, and tips.

Based on a survey we commissioned in 2017, owners of a Traeger and at least one other grill overwhelmingly preferred their Traeger in a head-to-head comparison against gas and charcoal grills, and approximately 90% of Traeger owners indicated that they planned to buy a wood pellet grill again as their next grill. We believe the Traeger outcompetes other outdoor cooking solutions because it creates mouth-watering results and transforms cooking from a chore into an enjoyable and cherished experience. Our grill owners proudly call it “Traegering.”

Our Products and Integrated, Connected Cooking Platform

The Original

In 1987, we invented the original wood pellet grill. The original Traeger helped to transform outdoor cooking by making it easy to enjoy the delicious flavors of wood-fired food. Prior to the original Traeger, cooking with wood fire was difficult and there was no efficient way to ignite the wood, maintain consistent temperatures, and create the right amount of smoke. The original Traeger helped to solve these challenges, making it easier for home cooks to achieve extraordinary culinary results.

The Reinvented Original

We’ve come a long way since 1987 and have made significant improvements to our grills and technologies. Along the way, our product design has been centered on our core concepts of taste, versatility, ease of use, consistency, and community.

Beginning in 2014, we pioneered a digital outdoor cooking experience. Using software, internet connectivity, and cloud technology, we reinvented the original Traeger to be an internet of things, or IoT, device featuring a variety of modern technologies, including:

- **WiFIRE technology –** Utilizes cloud-computing, our Traeger app, and our cloud-connected grills to enable users to automate recipe steps and control and monitor their grill from anywhere in the world using their smartphone.
- **D2 Direct Drive –** An automated control system that maintains grill temperature to +/-5 degrees of set temperature through fans and DC auger control.
- **Super Smoke Mode –** A proprietary cooking mode that maximizes production of hardwood smoke to infuse flavors into food.
- **Pellet Sensor –** A connected sensor that measures wood pellet levels and communicates with our Traeger app, enabling users to monitor fuel levels and receive alerts when fuel gets low.
- **TurboTemp –** A rapid startup system that brings the grill to cooking temperature and reacts quickly to temperature changes.

Today, our wood pellet grills feature modern, updated designs that improve upon the original. Our grills use an auger to feed natural hardwood pellets into a fire pot, where they are ignited by a hot rod to create heat and flavorful smoke. A fan stokes the fire and creates convection, which is key to the versatility of our grills. A drip tray funnels the grease, fat, and oil to an external bucket to help prevent flareups and simplify cleanup.

Our Integrated Platform

Our integrated platform includes four types of products: wood pellet grills, digital content, the Traeger app and consumables, including our premium frozen meal kits. We integrate these products to optimize the cooking experience and produce valuable feedback loops with consumers.

As an example of how our integrated platform works, consider a new Timberline grill owner that is looking to use their grill for the first time and is interested in trying their hand at a brisket. This owner might search our website for ideas and find our beginner-rated Smoked Midnight Brisket recipe, which calls for four of our consumable products. The owner also finds that we offer a brisket meal kit box (through our "Traeger Provisions" brand) that includes high-quality pre-trimmed Wagyu beef brisket, all the seasonings and other items needed for the cook, such as butcher paper and side dishes, and step-by-step

instructions for every aspect of the cook. After buying the Provisions brisket box or purchasing the ingredients and supplies separately, including our sauces or spice rubs and a grill cleaning accessory from a nearby retailer, the owner might then use the Traeger app to program this recipe into the grill. During the 12-hour cook cycle, the owner may then read a Traeger tutorial on "How to Slice a Brisket Against the Grain." After producing a delicious, well-cut brisket, the owner may share their experience with others offline or online via social media, which can lead or encourage others to buy a Traeger and start their own cycle. If the owner likes the food and experience, they are also likely to use more Traeger recipes and buy more consumables.

As a result, our integrated platform can drive grill usage, brand affinity, word of mouth, and purchases of our consumables.

Our Grills

We offer six primary grill lines. These grills vary in size, price, construction, materials, and digital technologies. Our grills represented 69.3% and 71.7% of our revenue for the year ended December 31, 2021 and 2020, respectively.

Timberline Series

The Timberline is the premier outdoor cooking solution in our grill lineup. We offer two sizes of Timberline models that provide 1,300 and 850 square inches of cooking space, respectively, and utilize three tiers of stainless steel racks. Both models hold 24 pounds of pellets in the hopper and reach a max temperature of 500° F. We offer qualified customers in the United States six-, 12- and 18-month financing options.

Ironwood Series

The Ironwood is second to the Timberline in our lineup. We offer two sizes of Ironwood models that provide 885 and 650 square inches of cooking space, respectively. Both models hold 20 pounds of pellets in the hopper and reach a max temperature of 500° F. We offer qualified customers in the United States six-, 12- and 18-month financing options.

Pro Series with WiFIRE

We offer two sizes of cloud-connected Pro Series grills that provide 780 and 575 square inches of cooking space, respectively. Both models hold 18 pounds of pellets in the hopper and reach a max temperature of 500° F. We offer qualified customers in the United States six-, 12- and 18-month financing options.

Pro Series without WiFIRE

We offer two sizes of Pro Series grills that provide 884 and 572 square inches of cooking space, respectively. Both models hold 18 pounds of pellets in the hopper and reach a max temperature of 450° F. We offer qualified customers in the United States six-, 12- and 18-month financing options.

Town and Travel Series

Our portable grills offer wood pellet grilling technology in a compact, lighter weight unit for camping, tailgating, boating, and other mobile use cases. We currently offer Ranger, Tailgater and Scout portable models that are designed to cover a range of specific activities and uses. Financing is available for qualified customers in the United States.

Ranger

The Ranger offers 176 square inches of cooking space and holds 8 pounds of pellets in the hopper. It weighs 60 pounds and reaches a max temperature of 450° F. Key features of the Ranger include a digital arc controller with 5° F increments, advanced grilling logic for temperature control, and a latched lid for transport.

Tailgater

The Tailgater offers 300 square inches of cooking space and holds 8 pounds of pellets in the hopper. It weighs 62 pounds and reaches a max temperature of 450° F. Key features of the Tailgater include a digital arc controller with 5° F increments, advanced grilling logic for temperature control, and EZ-fold legs for transportation and storage.

Scout

The Scout is the most compact and affordable grill in our lineup. It offers 176 square inches of cooking capacity and holds 4 pounds of pellets in the hopper. It weighs 45 pounds and reaches a max temperature of 450° F. Key features of the Scout include a digital arc controller with 25° F increments and a latched lid for transport.

Club Lineup

We also offer a special lineup of grills through targeted channels, including Costco's retail locations and website. These grills are available in different sizes and with a variety of features.

Our Digital Content

We produce a library of digital content including instructional recipes and videos that demonstrate tips, tricks, and cooking techniques that empower Traeger owners to progress their cooking skills. In addition, we produce short- and long-form branded content highlighting stories, community members, and lifestyle content from the Traegerhood.

A Growing Library of Recipes

Creating an extensive array of wood-fired recipes is crucial to educating our consumers and inspiring them to cook more often and craft even better food. From quick and easy entry-level dishes to more advanced culinary endeavors, we cater to all levels of cooks. Our recipes include appetizers, main dishes, sides, desserts, and even wood-fired cocktails to tie the meal together. They range from traditional barbecue classics like ribs and brisket to Spanish-style Paella, Italian porchetta, and even homemade baked pie, allowing consumers to take full advantage of the grill's versatility. The majority of our recipes are developed and tested by our in-house culinary team. However, we also leverage our network of chefs, recipe developers, and pitmasters to source recipes and insights.

Traeger Kitchen Live

We offer weekly, live-streaming cooking classes to consumers through our Traeger Kitchen Live series, where our community ambassadors welcome consumers into their kitchens and instruct on how to use a Traeger for everything from barbecue brisket to baked goods. They also share tips and tricks and interact with viewers.

Traeger Shop Class

We currently offer "Shop Class: Private Table," a series of shop classes that are taught online by community ambassadors and Traeger Pro team members and feature detailed prep-to-plate instruction. The small group format ensures that the class is personal and interactive. With the purchase of their ticket, participants receive a list of supplies they'll need to follow along in real-time. They are also mailed a swag bag filled with goodies. Shop Classes are also offered in-person in select markets throughout the year.

The Traeger App

Our Traeger app, which we launched in 2017, is a mobile software application available on iOS or Android devices. The Traeger app is free to download from the Apple App Store or Google Play, is free to use, and is used on more than 1.8 million mobile devices per month. With the Traeger app, grill owners can:

1. Pair their WiFIRE grill to enable remote control of key functions, monitor pellet levels and temperatures, and program the grill to run cook cycles based on Traeger recipes.
2. Interact with pitmasters, chefs, and culinary experts and learn straight from pros with detailed video recipes. Step-by-step snapshots break down each recipe and guide users through every part of the process. Content is personalized to the users based on their skill level and dietary preferences.
3. Purchase our grills, consumables, and accessories or lookup their nearest retailer. Convenient access to shopping can encourage users to purchase Traeger products featured in their recipes and instructional content.

Our Consumables

We offer a variety of Traeger-branded wood pellets, rubs, sauces and premium frozen meal kits for use when cooking with our grills. Our digital content and expanding collection of recipes provide users the opportunity to test their skills with

these Traeger-branded flavor enhancers. Our consumables represented 17.3% and 22.0% of our revenue for the year ended December 31, 2021 and 2020, respectively.

Traeger Wood Pellets

We offer premium wood pellets made from 100% natural, virgin hardwood. They are made in the United States, and we oversee production from sawmill to shelf. Our wood pellets are designed to offer predictable, consistent burn and wood-fired flavors. We sell our wood pellets in 20 pound bags and offer a variety of flavors, including hickory, pecan, mesquite and a variety of blends.

Traeger Rubs and Sauces

We offer a variety of rubs and sauces, as well as seasonings and marinades. These products are made in the United States with high-quality ingredients. Many of our rubs are marketed based on the meat they pair best with (e.g., the Traeger Chicken Rub or the Traeger Beef Rub) or the flavor of the rub (e.g., the Traeger Coffee Rub or the Traeger Jerky Rub), among other approaches. Our sauces include and cocktail mixers include our signature Traeger 'Que BBQ Sauce, the Traeger Sugar Lips Glaze and the Traeger Smoked Bloody Mary Mix, among others.

Traeger Provisions

In November 2021, as a way to further elevate and simplify the owner's cooking experience, we began offering direct-to-consumer premium frozen meal kits, consisting of high-quality ingredients, supplies and easy-to-follow instructions. These meal kits, branded as "Provisions boxes," include the customer's choice of premium protein and Traeger-ready sides and include all of the rubs, sauces and extras needed for the meal. The core offerings, branded the "Smokehouse Collection," include Wagyu Beef Brisket, Pulled Pork Sliders, Berkshire St Louis Ribs, Maple Dijon Chicken and Rolled Pork Belly Porchetta. Examples of sides and desserts include, among others, Three-Cheese Mac & Cheese, Bourbon Baked Beans with Bacon, Creamy Mashed Potatoes and Peach Cobbler.

Our Accessories

We offer a variety of grill accessories (including covers, drip trays, bucket liners and shelves), tools to aid in meal prep, cooking, and cleanup (including pellet storage systems, cleaning solutions, barbecue tools and the MEATER smart thermometer), replacement parts, and apparel and merchandise (including t-shirts, hooded sweatshirts and baseball hats, in unisex, male and female styles). Our accessories represented 13.4% and 6.3% of our revenue for the year ended December 31, 2021 and 2020, respectively.

Marketing

Following the launch of the original Traeger in 1987, a dedicated community began to form around the Traeger experience. Our strategy has been to harness the power of this community and strategically grow our brand using a “win where it matters” approach, which focuses on core demographics that are aligned with our brand, from the barbecue world to the outdoors and culinary spaces.

With this targeted approach, we have maintained a unique sense of authenticity as the creator of a cooking experience that welcomes everyone from casual backyard grillers to James Beard Award-winning chefs. Our marketing strategy has produced organic growth by building relationships, having a strong brand presence at industry and culinary events, and winning the “hearts and minds” of consumers with an authentic brand backed by devoted followers. We have grown the brand by extending that playbook to new communities and geographic regions, all without losing our focus on engaging with existing grill owners.

Our Marketing Team

Our team consists of members across a broad range of functions and perspectives, including brand marketing, digital marketing, retail product marketing, culinary, events management, creative, consumer insights, and customer experience. We bring experiences from leading consumer, lifestyle, and technology brands to the table and, collectively, we share a passion for the consumer and empathy for how our brand interacts with their lives.

Our Marketing Channels

With our community as a foundation, we have scaled and increased broader consumer awareness through omnichannel initiatives. At the center of our efforts is a relentless focus on the customer journey, which starts with initial awareness of the Traeger brand and continues through purchasing and beyond. The purchase of the grill is just the beginning, as we assist with onboarding and provide supplemental content and personalized recipe recommendations to help owners continue to cook and improve their skills and repertoire. We aim to provide experiences that transform cooking from a chore into a craft and deliver pinnacle moments for the consumer as they incorporate their Traeger into holidays, celebrations, milestones and get-togethers.

We have invested significantly in our initiatives to increase broader consumer awareness of our brand and wood pellet grills. From 2019 to 2021, we invested $103.4 million to accelerate brand-building initiatives, including $58.4 million in 2021. We utilize the following key channels to engage with existing and potential customers:

- **Social Media** – Our social media sites serve not only as places for consumers to discover and learn about our brand, but also as home base for the Traegerhood to gather, grow their skills, get inspired, and share their passion. Social media allows our community to stay aware of current cooking trends and consume our dedicated Traeger content across a variety of social media platforms. As of December 31, 2021, we had approximately 1.1 million Instagram followers and 498,000 Facebook followers, an increase of approximately 138,000 and 67,000 from the prior year, respectively. In addition, we had 54.7 million YouTube site views from the beginning of the first quarter of 2021 through the year ended December 31, 2021.
- **Community Ambassadors** – Our community ambassadors are masters of their crafts and include professional athletes, hunters, Michelin-star and James Beard Award-winning chefs, and world-class pitmasters. We have a growing team of community ambassadors, including people with dedicated social media followings who can craft incredible food on a Traeger and influence their respective communities with authentic content. We leverage our ambassador relationships to produce recipes, live cooking classes, and other branded content. We equip our community ambassadors with free grills suited to their unique needs and ensure they’re stocked with necessary supplies like wood pellets and accessories. In addition to providing complimentary products, we compensate some of our top-tier partners that participate in content shoots and Traeger events or provide custom content or recipes.
- **Advertising** – We have taken a digital-first approach across our advertising, investing in measurable channels across search, social media, connected television, and video. In addition, we have found success in complementing digital media with traditional media channels, such as linear and cable television, outdoor advertising, and radio, to achieve broader reach among our target audiences. We utilize a mixture of brand and product marketing messages to drive brand awareness, educate around the benefits of our product solution, increase purchase intent, and generate measurable growth as part of our performance marketing initiatives.
- **Traeger.com** – Traeger.com is our flagship destination to deliver our Traeger experience. Consumers can purchase grills, consumables, and accessories, as well as limited-edition items, via our website. In addition to buying Traeger goods, online visitors engage with our premium branded content, community stories, recipes, and skill-building offerings. With pro tips, test kitchen content, and a growing library of recipes developed by our culinary staff and community ambassadors, we strive to inspire Traeger owners and nurture their skills. We broadcast Traeger Kitchen Live cooking classes, which focus on education and interaction across a variety of cuisines ranging from spatch-cocked Thanksgiving turkey to Caribbean-style grilled lobster to smoked beef ribs.
- **Provisions.Traeger.com** – Provisions.Traeger.com is our destination to deliver our Traeger Provisions experience. Consumers can purchase any of our available Provisions boxes, which include their choice of premium protein and Traeger-ready sides, as well as gift cards to be used for the same purpose. They can also access recipe guides, consisting of step-by-step preparation and cooking instructions, as well as nutrition and allergy information for all of our protein and side dish offerings.
- **MEATER.com and Online Marketplaces** – MEATER.com is Apption Labs' (our wholly owned subsidiary) flagship destination to deliver its MEATER smart thermometer experience, in addition to online marketplaces, such as the MEATER store on Amazon.com. While we also market these accessories via our various other marketing channels, including Traeger.com, consumers can access the most MEATER-related content via MEATER.com, including all of the available MEATER product offerings (which are also available via the MEATER store on Amazon.com), a variety of recipes and product support resources, such as frequently asked questions and instructional videos for using the MEATER smart thermometers.
- **Retail Product Marketing** – We build strong relationships with retailers that align directly with our growth strategy. These relationships allow us to create engaging brand experiences, including customized Traeger shop-in-shop concepts and merchandising fixtures. We know that many consumers want to physically lift the lid of a Traeger and talk to someone with knowledge before making a purchase decision, so we strive to ensure that our retailers’ employees are

trained to offer expert guidance and product information. Our retailers range from nationwide chains to independent barbecue shops and play a role in our awareness efforts by integrating us into their advertising campaigns.

- **Consumer Events** – Serving Traeger-made food is a powerful way to introduce people to our product. Our goal is to create a branded presence that gives people a taste of our brand flavor along with their food samples, resulting in a compelling, memorable experience. We go to sales conventions, barbecue competitions, food and wine festivals, retailer events, and more with a dedicated team of community ambassadors. This team is staffed with activation experts who know how to create a memorable experience with a layer of fun and flair that stands out from the crowd and challenges the status quo.

Sales

We have two primary sales channels: retail and DTC. Our retail channel covers our relationships with brick-and-mortar retailers, e-commerce platforms, and multichannel retailers. Our products are available at more than 12,700 retail locations in the United States as of December 31, 2021.

We have built relationships with well-known national retailers, such as The Home Depot, Ace Hardware and Costco. We also work with a significant number of independent retailers that cater to local communities and specific categories, such as hardware, camping, outdoor, farm, ranch, and barbecue. Our DTC channel covers sales directly to customers through our website and Traeger app.

Sales Organization Structure

Our sales team is dedicated to maximizing retail channel productivity. In the United States, our sales organization has three directors covering three territories: West, Central and East. Beneath the directors, territory managers oversee areas within our territories. In addition, we have leaders and teams covering specific areas of our business, including:

- National hardware, big box and buying groups, such as The Home Depot and Ace Hardware;
- Club businesses, such as Costco;
- Specialty sales, such as outdoor channels and furniture, appliance and grocery stores; and
- International sales.

Our Field Sales Team focuses on supporting our retailers at the ground level. Whether they are training staff members, setting up merchandise displays, or cooking on location over the weekend, they aim to become an extension of our retailers' teams to drive awareness, sell-through, and brand advocacy.

Our sales team also focuses on in-person experiences and education. Since 2020 they have conducted more than 3,400 roadshows and demo events per year. Roadshow events take place at retail locations and special events, like the Texas State Fair and Cowboy Christmas.

As of December 31, 2021, our sales organization included approximately 330 directors, managers, and sales team members.

Built for Symbiotic Relationships

By sending our sales team into the field, we have built face-to-face relationships with retail executives and staff, and we have established deep roots with retail category leaders. Anecdotally, we know that a number of executive team members at these retailers are Traeger owners and advocates.

We believe that retailers value Traeger's aspirational brand and premium reputation. They also appreciate how our wood pellets, rubs, and sauces bring shoppers through the door frequently and can lead to purchases of unrelated goods. Many of these retailers offer free assembly and delivery of grills at our price points, which gives our owners a high-touch experience when our product first arrives at their home.

Retail Employee Programs

We work to transform retail associates into advocates for our brand and products. We aim to accomplish this through two primary programs:

- **Certified Traeger Pro** – We identify and invite promising retail associates to our Salt Lake City headquarters for a day and a half of intensive training on all things Traeger, including our product line and brand, so that they can better educate customers at their respective retail locations.
- **Employee Purchase Program** – We enable retail associates to purchase their own Traeger at a significant discount. We find that associates who own a Traeger and have tasted the food are more likely to recommend the product to grill shoppers. They are also able to provide a more compelling and informed sales experience.

Overall, we aim to provide the best retail experience at selective points of sales, and we strive to maximize productivity rather than door count.

Product Development

Product Mission

Our Product team's mission is to develop world-class innovation with flawless product commercialization and 4.8-star or higher consumer ratings to enhance the consumer cooking experience from beginning to end. These high standards are essential to our strategy of selling a premium product with mass market appeal. Product innovation can also increase our pricing and encourage customers to replace their grills more often than the average grill owner.

As of December 31, 2021, our Product team consisted of approximately 50 members. Our team aims to build upon our core concepts of taste, versatility, ease of use, consistency, and community. Since 2014, our team has re-envisioned the outdoor cooking archetype with digital experiences and has developed and leveraged our intellectual property to help build a moat around our business.

Department Structure

Our product department is headed by a Product Leader with direct reports that lead three pillars of product development:

- **Category** – Our Category team identifies unmet needs and drives a business case for solving them. Team members manage our commercialized product lines and focus on future innovations for our product portfolio. The team also decides which products to keep, revise, or discontinue, and with what timing.
- **Design** – The Design team focuses on user experience, including the structure of components, the way products are used, and human factors (*e.g.*, average height) that shape the experience. The team aims to design experiences that are valuable, useful, usable, findable, credible, desirable, and accessible.
- **Engineering –** The Engineering team includes mechanical and electrical engineers who ensure that products can meet the requirements set forth by the Category and Design teams. The team prototypes and tests products through a comprehensive performance engineering and compliance process. The team also ensures that products meet governmental safety standards as well as our high standards for performance and user experience. The Engineering team collaborates with our manufacturers and, once this process is finalized, commercial-scale production begins.

Nimble Process

We are a consumer insights led, innovation focused, matrixed organization working in a concurrent fashion. Our category business team and teams covering brand and sales, sourcing, quality, manufacturing, and sales and operations planning work with our Product team throughout the innovation, development, and commercialization processes. With this strategy, we eliminate the traditional handoffs that can exist between siloed teams and slow innovation or lead to products that fail to meet business, design, and engineering requirements. We believe this "Nimble" process can give us an edge over slower-moving and legacy competitors.

Insights from Everywhere

To produce the best cooking experience possible, we gather insights from every step and decision in the cooking process with the objective of identifying unmet needs. We believe everyone at our company contributes to this process. Insights from sales, marketing, operations, customer service, and other departments feed our innovations and drive creative, outside the box thinking.

Our Product team also conducts “in-habitat” observations to see how Traeger owners use our products in their own backyard. These studies have helped us to recognize problems and unmet needs that lead to new product categories, design principles, and engineering standards.

Product Accomplishments

Our Product team is responsible for launching our flagship technologies, including WiFIRE, D2 Direct Drive, Pellet Sensor, Super Smoke, and TurboTemp. Other important but less visible product improvements and accomplishments include:

- Reduced the estimated average assembly time for our Century grill from 2.5 to 1 hours while also decreasing the cost of the grill.
- Achieved a Good Design Award for the Timberline, which supported a higher average retail equivalent price for our grills and established us as an innovative leader in the industry with patented IoT technology.
- Achieved the Best Consumer Reports score in all grill categories with our Ironwood model while reducing the cost of our IoT technology.

Human Capital and Culture

We believe that the Traeger culture and people differentiate us from competitors by enabling us to sustain product innovation, engage our community, elevate our brand, and form strong partnerships over the long term. We observe that many other cooking brands produce one compelling innovation and then merely add incremental features. We changed the outdoor cooking landscape with the original wood pellet grill, and we did so again with the first cloud-connected offering in the category. We believe our culture and people will permit us to continue the disruption in outdoor cooking and potentially expand it into other ancillary areas of the at home cooking market.

Mission and Values

In our model, culture precedes strategy and process. Choices about how we grow and operate the company stem from our core values, which help to attract and retain talented people from within and beyond our industry. We hire for risk tolerance, intellectual curiosity, passion, humility, and a drive to do “big things.” We teach hires the Traeger culture and strategy and then toss them into the proverbial deep end. We celebrate their successes and help them learn from their mistakes, but do not allow them to fail.

Although we may share a number of common values with other companies, the exact wording of our values is unique to Traeger and known only to our employees and closest partners. These values are the foundation upon which we innovate products, build community, share our brand, and build partnerships. We summarize these values as follows:

- We emphasize quality, taking pride in masterful execution, down to the tiniest detail.
- We test the status quo, take calculated risks, and think disruptively.
- We work as a team and strive to bring out the best in our teammates.
- We continuously learn, develop, and refine ourselves.
- We create a positive experience for every retailer and customer, no matter what it takes.

Diversity and inclusion are key components of our culture and are fundamental to achieving our strategic priorities and future vision. At Traeger, inclusion, equity and diversity mean welcoming everyone to our table, and we believe the collective sum of our individual differences creates the unmistakable Traeger community and enables innovation.

We are a "Great Place to Work" certified employer and have a strong track record of selectivity and retention. We believe that we are among the most attractive employers in the Salt Lake City and the greater Mountain West areas. Many of our employees live the Traeger lifestyle at home with their own grills and at our office, with its outdoor barbecue deck and test kitchen.

As of December 31, 2021, we had approximately 875 employees, of which approximately 850 were full-time. We also retain consultants, independent contractors and temporary and part-time workers. Our employees are located in 37 states and 10 countries, with approximately 725 located in the United States. Our employees are divided across several core functions, including sales and marketing, supply chain management, product development, wood pellet manufacturing, and culinary and

talent management. None of our employees are currently covered by a collective bargaining agreement, and we have had no labor-related work stoppages.

Our people are essential to our success, and we expect headcount to grow for the foreseeable future as we focus on recruiting employees with experience to continue to bolster various functions related to our operations as a publicly traded company and to support our expected growth.

Manufacturing, Supply Chain, and Logistics

We have developed an efficient and scalable global supply chain with a continued focus on improving products and services while reducing costs. The supply chain organization includes global planning, retail operations, third party manufacturing and logistics providers, vertically integrated wood pellet manufacturing, program management and customer experience teams. Our internal supply chain management team oversees our global supply chain and includes personnel in the United States and China. Our operations in China are dedicated to quality control, product engineering and supply chain logistics, and includes employees that monitor the production quality of our manufacturers and suppliers. This team in China also works to identify new manufacturing capacity as needed, and manages the transfer of technology between suppliers to manage our supply chain risk. Our internal supply chain management team supports product introductions and evolving channel strategies, researches materials and equipment, qualifies suppliers and potential manufacturers, directs internal demand and production planning, manages product purchasing plans and oversees product transportation. Our personnel also work with our third-party manufacturers to monitor product quality and manufacturing process efficiency.

We utilize third-party manufacturers to manufacture and supply our grills and accessories. Our grills are manufactured by three manufacturers located in China and one manufacturer located in Vietnam, and we outsource the production of our accessories and apparel to a global network of suppliers. The raw materials and components used in our grills are sourced either directly by us or on our behalf by our manufacturers from a variety of suppliers. Similarly, the raw materials for our hardwood pellets are sourced directly by us, and from local sources wherever possible. Our supply chain management team coordinates the relationships and commercial terms between our manufacturers and the suppliers of raw material and components that we have sourced directly. We regularly review our existing manufacturers and suppliers globally, and evaluate new manufacturers and suppliers, to ensure that we can scale our manufacturing base and strategically position our operations to mitigate risk related to geopolitical and macroeconomic pressures as we grow. For additional discussion relating to the availability of raw materials used for our business, please see Part I, Item 1A. “Risk Factors—Significant increases in the cost of raw materials for our wood pellet facilities or our suppliers suffering from operating or financial difficulties could adversely impact revenue and our ability to satisfy customer demand" and "Risk Factors—Fluctuations in the cost and availability as well as delays of raw materials, equipment, labor, and transportation could cause manufacturing delays or increase our costs."

We generally purchase from our primary manufacturers on a purchase order basis. Pursuant to our internal policies and terms with such parties, our manufacturers must follow our established product design specifications, quality assurance programs, and manufacturing standards. We have developed preferred relationships with our manufacturers to maintain access to the resources needed to scale and ensure our manufacturers have the requisite experience to produce our grills and related accessories, and work closely with our manufacturers to improve their yields and efficiency. We pay for and own certain tooling and equipment that is specifically required to manufacture our products in order to have control of supply and component pipelines. We have purchase commitments based on our purchase orders for certain amounts of goods, work-in-progress, and components.

We produce our wood pellets through a vertically integrated network of seven wood pellet production facilities and a select number of contract manufacturers capable of meeting our specifications in the United States. This network includes an owned and operated facility in New York and leased facilities in Oregon, Georgia, Texas, and Virginia. Our facilities are strategically located across the United States near hardwood inputs and key customer distribution centers. We believe operating these facilities gives us greater control over production and supply, and we pay for and own certain tooling and equipment at these facilities in order to maintain product quality and supply requirements, including the specific moisture content of our wood pellets. We are committed to continuous improvement in our wood pellet production operations. We have implemented a quality management system designed to ensure delivery of consistent, high-quality wood pellets, especially as our production volumes have increased.

We utilize multiple third-party logistics providers for a significant portion of our distribution and fulfillment operations, which include warehousing and shipping. Our third-party logistics providers have warehouses in California, Georgia, Texas and Washington, with warehouses dedicated to specific, high-volume single channel products and DTC sales. Our wood pellet production facilities have the capacity to store batches of finished wood pellets on site, and send finished goods to our third-party providers for further warehousing and distribution to our customers. Our inventory is managed by these third-party

logistics providers, which interface with our material resources planning, or MRP, system to enable us to maintain visibility and control over inventory levels and customer shipments. We maintain a third-party logistics providers in the Netherlands and Canada to support our international growth. We believe our providers have sufficient expansion capacity to meet our future needs, and that our distribution and fulfillment strategy has improved the efficiency and scalability of our operations.

We manage inventory through a third-party MRP system. We forecast demand based on market inputs and generate SKU and rolling 18-month forecasts. The MRP system incorporates our forecasts, existing inventory levels, inbound purchase orders, and agreed lead times for product deliveries, and generates purchase recommendations to support inventory and service level metrics and targets.

Information Systems

Over the past five years, we have invested heavily in our technology infrastructure with the goal of improving our scalability, performance, reliability, business continuity, and data security. We utilize leading software solutions for key aspects of our information systems, including Epicor for our ERP system, which covers sales order fulfillment, inventory management, and financial reporting, and Salesforce.com as our customer relationship management system, which covers customer interaction and information and field sales enablement.

Our digital technology footprint consists of a suite of enterprise-grade platforms that enable us to provide a leading customer experience. These platforms include Salesforce Commerce Cloud as our e-commerce platform, Amazon Web Services, or AWS, as the backbone for our connected grill technology, Salesforce B2B Commerce for online dealer commerce, as well as a host of other specialized software solutions for targeted purposes. In addition, we have modernized our system integrations, leveraging an event-bus and service-oriented architecture to help ensure accuracy, monitoring, and self-healing processes for data movement between our enterprise systems. Our ERP interfaces with the e-commerce platform, as well as the management systems utilized at our outsourced warehousing and distribution centers, allowing us to effectively manage our global network of manufacturers and distributors and our expanding customer base.

In early 2020, we finished migrating all of our core business applications from an on-premise hosting infrastructure to the Microsoft Azure cloud. This has helped us achieve secure, redundant, and highly available business-critical applications. All other applications employed at Traeger are either SaaS-based or hosted on the cloud via AWS to achieve flexibility and accessibility to support the distributed nature of our global business. We believe our planned systems infrastructure will be sufficient to support our expected growth for the foreseeable future.

Intellectual Property

The protection of our brand, technology and intellectual property is an important aspect of our business. In particular, we believe the Traeger brand is significant to the success of our business. We protect our intellectual property, including our brand, through a combination of trademarks, patents, copyrights, contractual provisions, confidentiality procedures and non-disclosure agreements. For example, we generally enter into confidentiality agreements and invention or work product assignment agreements with our employees and consultants to control access to, and clarify ownership of, our proprietary information. We protect our intellectual property rights in the United States and certain international jurisdictions. We believe these intellectual property rights, combined with our innovation and distinctive product design, performance, and brand name and reputation, contribute to our competitive position and success of our business.

The original patent for the wood pellet grill, which was filed by Joe Traeger in 1986, expired in 2006. As of December 31, 2021, we had approximately 491 trademark registrations and 248 issued patents and pending patent applications in the United States and other countries. As of December 31, 2021, we had approximately 49 issued U.S. patents and 23 U.S. patent applications pending. Our material U.S. patents for our current products generally expire between March 2026 and May 2039, and cover rights related to our WiFIRE technology, D2 Direct Drive, and Super Smoke, among others. We also had approximately 126 issued foreign patents and 76 foreign patent applications pending.

We have a proactive online marketplace monitoring and seller/listing termination program to disrupt any online counterfeit offerings. In addition, we work to shut down counterfeit stand-alone sites through litigation and administrative procedures.

We aggressively pursue and defend our intellectual property rights to protect our brand, designs, and inventions. We have processes and procedures in place to identify, protect, and optimize our intellectual property assets on a global basis. In the future, we intend to continue to seek intellectual property protection for our new products, technologies and processes that we believe are innovative, and will prosecute those who infringe on these valuable assets.

Competition

We operate in the highly competitive outdoor cooking market. Numerous other companies offer a wide variety of products, including traditional gas, charcoal and electric grills, that compete with our grills, accessories and other products.

We compete with established, well-known, and legacy grill brands, including Weber and Pit Boss, among others, as well as numerous other brands and grill manufacturers that offer competing products. These competitors offer a broad array of grills at different price points, including traditional gas, charcoal and electric grill offerings, as well as a significant number of wood pellet grills. We also compete against other wood pellet grill brands, such as Dansons. Moreover, the outdoor cooking market is expanding to include alternatives beyond traditional grills, and we also compete against companies that manufacture griddles, such as Blackstone, and companies that manufacture pizza ovens, such as Ooni. We have experienced an increase in competitors and competing offerings of gas and charcoal grills, wood pellet grills and other outdoor cooking devices in recent years.

Competition in the outdoor cooking market is based on a number of factors, including product quality, performance, ease of use, durability, styling, brand image and recognition, safety, and price, as well as the perceived taste and satisfaction to be attained in using a particular grill or cooking methodology. Our competitors may be able to develop and market high-quality products that compete with our products, sell their products for lower prices, adapt to changes in customer needs and preferences more quickly, devote greater resources to the design, sourcing, distribution, marketing, and sale of their products, or generate greater brand recognition than us, including on social media and other internet platforms. These competitors may have significant competitive advantages, including longer operating histories, ability to leverage their sales efforts and marketing expenditures across a broader portfolio of products, global product distribution, larger and broader retailer bases (including online retailers), more established relationships with a larger number of suppliers and manufacturers, greater brand recognition, larger or more effective ambassador and endorsement relationships, greater financial strength, larger research and development teams, larger marketing budgets, and more distribution and other resources than we do.

We also compete with providers of wood pellets for use in grilling, including well-known brands like Weber, Kingsford and Dansons, among others, whose pellets may be used with our grills. These competitors offer a broad array of pellet types and flavors. Similar to our experience regarding competition for our wood pellet grills, we have experienced an increase in competitors and competing offerings of wood pellets in recent years.

In July 2021, we acquired Apption Labs and began selling the MEATER smart thermometer. We compete in this space with brands such as Weber, Thermoworks and ThermoPro, among others.

In November 2021, we entered the direct-to-consumer meal kit market with our Traeger Provisions product line. We compete with well-known brands like Blue Apron, Hello Fresh and Freshly, among others. We offer a limited selection of premium frozen meal kits, consisting of high-quality ingredients, supplies and easy-to-follow instructions for our customer to prepare a meal using our grills, while these competitors offer a large selection of meal kits at various price points that are prepared using various cooking methodologies.

Sustainability

We are committed to preventing adverse environmental impacts in our operations, supply chain and product lifecycles. To reinforce our commitment to our stakeholders, we launched sustainability initiatives across our organization to address our potential and actual environmental impacts. The wood pellet industry has received increased scrutiny from civil society groups and the media for environmental impacts associated with wood sourcing and pellet burning. To address these stakeholder concerns, we have committed to reducing the environmental impact of our wood pellet business. For example, our Sustainable Wood Sourcing Policy requires that all upstream harvesting activities be conducted legally and in alignment with sustainable forestry best practices.

Our position in the value chain enables us to source our wood fiber as pre- and post-industrial byproduct from the lumber and furniture industries. We are increasingly focused on sourcing wood fiber with sustainability chain-of-custody verification through the Forest Stewardship Council ("FSC").

Seasonality

We have typically experienced moderately higher levels of sales of our grills in the first and second quarters of the year as our retailers purchase inventory in advance of warmer weather, when demand for outdoor cooking products is the highest across our key markets. Higher sales also coincide with social events and national holidays, which occur during the same

timeframe. Although our products can be used year-round, unusually adverse weather conditions can negatively impact the timing of the sales of certain of our products, causing reduced sales and negatively impacting profitability when such conditions exist. Prolonged adverse weather conditions could significantly reduce our sales in one or more periods. These conditions may shift sales to subsequent reporting periods, cause our results of operations to fluctuate on a quarterly basis or decrease overall sales. Please see Part I, Item 1A. “Risk Factors—Our business may fluctuate as a result of seasonality and changes in weather conditions.”

Environmental Matters

Certain of our operations, properties and products are subject to stringent and comprehensive federal, state and local laws and regulations governing matters including environmental protection, occupational health and safety and the release or discharge of materials into the environment, including air emissions and wastewater discharges. These laws and regulations, among other matters, govern activities and operations that may have adverse environmental effects, such as discharges to air, soil and water, and establish standards for the handling of hazardous and toxic substances and the handling and disposal of solid and hazardous wastes. Failure to comply with these laws and regulations may result in the assessment of administrative, civil and criminal penalties, the imposition of investigatory and remedial obligations and the issuance of orders enjoining some or all of our operations in affected areas.

The trend in environmental regulation is towards increasingly stringent and broader requirements for activities that may affect the environment. Any changes in environmental laws and regulations or re-interpretation of enforcement policies that result in more stringent and costly requirements could have a material adverse effect on our operations and products, particularly with respect to our wood pellet production facilities, and financial position. Although we monitor environmental requirements closely and budget for the expected costs, actual future expenditures may be different from the amounts we currently anticipate spending. Moreover, certain environmental laws impose joint and several strict liability for costs to clean up and restore sites where pollutants have been disposed or otherwise spilled or released. We cannot assure you that we will not incur significant costs and liabilities for remediation or damage to property, natural resources or persons as a result of spills or releases from our operations or those of a third party. We may choose not to, or may be otherwise unable to, pass on any increased costs to our customers. Although we believe that we are in substantial compliance with existing environmental laws and regulations and that continued compliance with existing requirements will not materially affect us, there is no assurance that the current level of regulation will continue in the future.

We are also subject to permitting, registration, and other government approval requirements under environmental, health and safety laws and regulations applicable in the jurisdictions in which we operate. Those requirements obligate us to obtain permits, registrations, and other government approvals from one or more governmental agencies in order to conduct our operations and sell our products. The requirements vary depending on the location where our regulated activities are conducted. As with all governmental processes, there is a degree of uncertainty as to whether a permit, registration, or approval will be granted, the time it will take for a permit, registration, or approval to be issued and the conditions that may be imposed in connection with the granting of the permit, registration, or approval.

The following summarizes some of the more significant existing environmental laws and regulations applicable to our operations and our wood pellet production facilities in particular.

Air Emissions

The federal Clean Air Act, as amended ("CAA"), and state and local laws and implementing regulations, regulate the emission of air pollutants from our facilities. The CAA and state and local laws and regulations impose significant monitoring, testing, recordkeeping and reporting requirements for these emissions. These laws and regulations require us to obtain pre-approval for the construction or modification of certain projects or facilities expected to produce or significantly increase air emissions, obtain and strictly comply with stringent air permit emission limits, and in certain cases utilize specific equipment or technologies to control and measure emissions. Obtaining these permits can be both costly and time intensive and has the potential to delay opening of new facilities or significant expansion of existing facilities; moreover, complying with these permits, including satisfying testing requirements, can be costly and time-intensive. Failure to comply with these laws, regulations and permit requirements may cause us to face fines, penalties or injunctive orders in connection with air pollutant emissions from our operations.

The CAA requires that we obtain various construction and operating permits, including, in some cases, Title V air operating permits. In certain cases, the CAA requires us to incur capital expenditures to install air pollution control devices at our facilities. We have incurred, and expect to continue to incur, substantial administrative and capital expenditures to maintain compliance with CAA requirements that have been promulgated or may be promulgated or revised in the future.

Climate Change and Greenhouse Gases

Climate change continues to attract considerable attention globally. Numerous proposals have been made and could continue to be made at the international, national, regional, state and local levels of government to monitor and limit existing emissions of greenhouse gases ("GHGs") as well as to restrict or eliminate future emissions. In January 2021, the Biden administration issued an executive order that, among other things, established an Interagency Working Group on the Social Cost of Greenhouse Gases, or Working Group, which is called on to, among other things, develop methodologies for calculating the "social cost of carbon." The social cost of carbon assigns a dollar value on a metric ton of greenhouse gas emissions and is used in rulemakings to determine the potential benefits of controlling releases of carbon dioxide, methane and nitrous oxide. The Working Group set interim estimates consistent with the estimates developed by the Obama administration, in February 2021, and was tasked with producing final recommendations no later than January 2022. The Working Group has not yet released its final recommendations. However, in February 2022, a federal judge of the U.S. District Court for the Western District of Louisiana issued a preliminary injunction preventing federal agencies from using the social cost of carbon after finding that the metric's application had increased regulatory costs. The Biden administration has appealed the decision, and the outcome of the litigation is uncertain at this time. The Biden administration also issued an executive order in January 2021 focused on addressing climate change. As a result of these recent developments, our operations could be subject to a series of regulatory, litigation and financial risks associated with the production, transportation and sale of our products. The potential effects of GHG emission limits on our business are subject to significant uncertainties based on, among other things, the timing of the implementation of any new requirements, the required levels of emission reductions, and the nature of any market-based or tax-based mechanisms adopted to facilitate reductions. Compliance with changes in laws and regulations relating to climate change could increase our costs of operating and could require us to make significant financial expenditures that cannot be predicted with certainty at this time. For more information, see Part I, Item 1A. "Risk Factors—Climate change legislation, regulatory initiatives and litigation could result in increased operating costs or, in some instances, adversely impact demand for our products."

Finally, scientists have concluded that increasing concentrations of GHGs in the earth's atmosphere may produce climate changes that have significant physical effects, such as sea-level rise, increased frequency and severity of storms, floods and other climatic events, including forest fires. If any such effects were to occur, they could have an adverse effect on our operations.

Water Discharges

The Federal Water Pollution Control Act, as amended ("Clean Water Act"), as well as state laws and implementing regulations, restrict the discharge of pollutants into waters of the United States. Any such discharge of pollutants must be performed in accordance with the terms of a permit issued by the U.S. EPA or the implementing state agency. In addition, the Clean Water Act and implementing state laws and regulations require individual permits or coverage under general permits for discharges of storm water runoff from certain types of facilities. Federal and state regulatory agencies can impose administrative, civil and criminal penalties for non-compliance with discharge permits or other requirements of the Clean Water Act and analogous state laws and regulations. Although our facilities are presently in compliance with these requirements, changes to the terms and conditions of our permits in future renewals or new or modified regulations could require us to incur additional capital or operating expenditures which may be material.

Endangered Species Act

The federal Endangered Species Act, as amended ("ESA"), restricts activities that may affect endangered and threatened species or their habitats. We believe that we are in substantial compliance with the ESA. However, the designation of previously unidentified endangered or threatened species or habitat could cause us to incur additional costs or become subject to operating restrictions or bans in the affected areas, which could have an adverse impact on the availability or price of raw materials. In particular, such developments could have the effect of reducing forestry operations in areas where we procure our raw materials and, in turn, the availability of raw materials required for our operations and the production of our wood pellets.

Waste Handling

The Resource Conservation and Recovery Act, as amended ("RCRA"), and comparable state statutes and regulations promulgated thereunder, affect our operations by imposing requirements regarding the generation, transportation, treatment, storage, disposal and cleanup of hazardous and non-hazardous wastes. With federal approval, the individual states administer some or all of the provisions of RCRA, sometimes in conjunction with their own more stringent requirements. While most wasted generated by our operations are exempt from regulation as hazardous wastes under RCRA, these wastes typically constitute "solid wastes" that are subject to less stringent non-hazardous waste requirements. However, it is possible that RCRA

could be amended or the EPA or state environmental agencies could adopt policies to subject such wastes to more stringent waste handling requirements. Any changes in the laws and regulations could have a material adverse effect on our capital expenditures and operating expenses.

Remediation of Hazardous Substances

The Comprehensive Environmental Response, Compensation and Liability Act, as amended ("CERCLA"), also known as the "Superfund" law, and analogous state laws, generally impose strict and joint and several liability, without regard to fault or legality of the original conduct, on classes of persons who are considered to be responsible for the release of a "hazardous substance" into the environment. These persons include the current owner or operator of a contaminated facility, a former owner or operator of the facility at the time of contamination, and those persons that disposed or arranged for the disposal of the hazardous substance at the facility. Under CERCLA and comparable state statutes, persons deemed "responsible parties" may be subject to strict and joint and several liability for the costs of removing or remediating previously disposed wastes (including wastes disposed of or released by prior owners or operators) or property contamination (including groundwater contamination), for damages to natural resources and for the costs of certain health studies. In addition, it is not uncommon for neighboring landowners and other third parties to file claims for personal injury and property damage allegedly caused by the hazardous substances released into the environment. Our facilities are located on sites that have been used for manufacturing activities for an extended period of time, which increases the possibility of contamination being present. In addition, claims for damages to persons or property, including natural resources, may result from the environmental, health and safety impacts of our operations, including accidental spills or releases in the course of our operations or those of a third party. Although we are not presently aware of any material contamination on our properties or any material remediation liabilities, we cannot assure you that we will not be exposes to significant remediation obligations or liabilities in the future. Liability for any contamination under these laws could require us to make significant expenditures to investigate and remediate such contamination or attain and maintain compliance with such laws and could otherwise have a material adverse effect on our results of operations, competitive position or financial condition.

Health and Safety Matters

We are subject to federal, state and local laws and regulations, including the federal Occupational Safety and Health Act, as amended ("OSHA"), and comparable state statutes, whose purpose is to protect the health and safety of workers. OSHA regulations impose various requirements, including with respect to training, policies and procedures and maintenance. In addition, the OSHA hazard communication standards in the Emergency Planning and Community Right-to-Know Act and comparable state statutes require that information be maintained concerning hazardous materials used or produced in our operations and that this information be provided to employees, state and local governmental authorities and citizens. National Fire Protection Association standards for combustible dust require our facilities to incorporate pollution control equipment such as cyclones, baghouses and electrostatic precipitators to minimize regulated emissions. We continually strive to maintain compliance with applicable safety, health, air, solid waste and wastewater regulations; nevertheless, we cannot guarantee that serious accidents will not occur in the future.

Additional Information

Our website is www.traeger.com. At our Investor Relations website, investors.traeger.com, we make available free of charge a variety of information for investors, including our annual report on Form 10-K, quarterly reports on Form 10-Q, current reports on Form 8-K and any amendments to those reports, as soon as reasonably practicable after we electronically file that material with or furnish it to the Securities and Exchange Commission (“SEC”). The information found on our website is not part of this or any other report we file with, or furnish to, the SEC.

Item 1A. Risk Factors.

Our business involves significant risks, some of which are described below. You should carefully consider the risks and uncertainties described below, together with all of the other information in this Annual Report on Form 10-K. The risks and uncertainties described below are not the only ones we face. Additional risk and uncertainties that are we unaware of or that we deem immaterial may also become important factors that adversely affect our business. The realization of any of these risks and uncertainties could have a material adverse effect on our reputation, business, financial condition, results of operations, growth and future prospects, as well as our ability to accomplish our strategic objectives. In that event, the market price of our common stock could decline, and you could lose all of your investment.

We have incurred operating losses in the past, may incur operating losses in the future, and may not achieve or maintain profitability in the future.

We have incurred operating losses in the past and may continue to incur net losses in the future. For the year ended December 31, 2021, we had a net loss of $88.8 million. As of December 31, 2021, we had an accumulated deficit of $184.8 million. We expect our operating expenses to increase in the future as we continue our sales and marketing efforts, expand our operating and retail infrastructure, add content and software features to our platform, expand into new geographies, develop new products, and in connection with legal, accounting, and other expenses related to operating as a new public company. These efforts and additional expenses may be more costly than we expect, and we cannot guarantee that we will be able to increase our revenue to offset our operating expenses. Our revenue growth may slow or our revenue may decline for a number of other reasons, including reduced demand for our products, increased competition, a decrease in the growth or reduction in size of our overall market, the impacts to our business from the COVID-19 pandemic, or if we cannot capitalize on growth opportunities. If our revenue does not grow at a greater rate than our operating expenses, we will not be able to achieve and maintain profitability.

Our recent growth rates may not be sustainable or indicative of future growth and we expect our growth rate to slow.

We have experienced significant growth since our change of ownership in 2013. Our historical rate of growth may not be sustainable or indicative of our future rate of growth. We have also experienced increased demand for our products due to the impact that the COVID-19 pandemic has had on consumer behavior as a result of various stay-at-home orders and restrictions on dining options and restaurant closures. We cannot predict the extent to which or the length that such restrictions will remain in place or if and when consumer behavior will return to pre-pandemic levels. We believe that our continued revenue growth, as well as our ability to improve or maintain margins and profitability, will depend upon, among other factors, our ability to address the challenges, risks, and difficulties described elsewhere in this report and the extent to which our various products grow and contribute to our results of operations. We cannot provide assurance that we will be able to successfully manage any such challenges or risks to our future growth. In addition, our number of customers and markets may not continue to grow or may decline due to a variety of possible risks, including increased competition and the maturation of our business. Any of these factors could cause our revenue growth to decline and may adversely affect our margins and profitability. Failure to continue our revenue growth or improve margins would have a material adverse effect on our business, financial condition, and results of operations. You should not rely on our historical rate of revenue growth as an indication of our future performance.

We may be unable to manage our future growth effectively, which could make it difficult to execute our business strategy.

We have experienced rapid growth in our business operations and the scope and complexity of our business have increased substantially over the past several years. As a result, the number of our full-time employees increased from approximately 450 as of December 31, 2018 to approximately 850 as of December 31, 2021, and we have expanded our operations to include additional wood pellet production facilities and additional manufacturing and supply sources. We have only a limited history of operating our business at its current scale. We have made and expect to continue to make significant investments in our research and development efforts and in our sales and marketing organizations, including with respect to future product offerings, consumables, accessories, and services, and to expand our operations and infrastructure both domestically and internationally. This growth has placed, and may continue to place, significant demands on our management and our operational and financial infrastructure. For example, our customers increasingly rely on our support services to resolve any issues related to the use of our products and smart features. Providing a high-quality customer experience is vital to our success in generating word-of-mouth referrals to drive sales, maintain, and expand our brand recognition and retain existing customers. The importance of high-quality support will increase as we expand our business and introduce new and/or enhanced products and offerings, especially if we face limited brand recognition in certain markets that leads to non-acceptance or delayed acceptance of our products and services by consumers. Our ability to manage our growth effectively and to integrate new employees, technologies and acquisitions into our existing business will require us to continue to expand our operational and financial infrastructure and to continue to retain, attract, train, motivate, and manage employees. Continued growth could strain our ability to develop and improve our operational, financial and management controls, enhance our reporting systems and procedures, recruit, train, and retain highly skilled personnel and maintain customer satisfaction. Additionally, if we do not effectively manage the growth of our business and operations, the quality of our products and content could suffer, which could negatively affect our reputation and brand, business, financial condition, and results of operations, and our corporate culture may be harmed.

Our growth depends, in part, on our continued penetration and expansion into additional markets, and we may not be successful in doing so.

We believe that our future growth depends not only on continuing to reach our current core demographic, but also continuing to penetrate and broaden our retailer, customer, and distribution bases, including through online sales channels and our website, in the United States and international markets. In these markets, we have faced and may continue to face challenges that are different from those we currently encounter, including competitive, merchandising, distribution, hiring, legal and regulatory, and other difficulties, such as understanding and accurately predicting the demographics, preferences, and purchasing habits of consumers in these new geographic markets. We may encounter problems in our logistical operations, including our fulfillment and shipping functions, related to an increased demand from online sales channels. We have also encountered and may continue to encounter difficulties in attracting customers due to a lack of familiarity with or acceptance of our brand, or a resistance to paying for our premium products, particularly in international markets. We continue to evaluate marketing efforts and other strategies to expand our retailer, customer, and distribution bases. In addition, although we are continuing to invest in sales and marketing activities to further penetrate newer regions, we cannot assure you that we will be successful. If we are not successful, our business, financial condition, and results of operations may be harmed.

Our business depends on maintaining and strengthening our brand to generate and maintain ongoing demand for our products, and a significant reduction in such demand could harm our results of operations.

The Traeger name and premium brand image are integral to the growth of our business, as well as to the implementation of our strategies for expanding our business. Our success depends on the value and reputation of our brand, which, in turn, depends on factors such as the quality, market fit, design, performance, and functionality of our physical and digital products, our communication and marketing activities, including live and digital advertising, social media, online content, and public relations, the image of our retailers' floor spaces and e-commerce platform, and our management of the customer experience, including direct interfaces through customer service. Maintaining, promoting, and positioning our brand are important to expanding our customer base and will depend largely on the success of our marketing and merchandising efforts and our ability to provide consistent, high-quality customer experiences. We intend to continue making substantial investments in these areas in order to maintain and enhance our brand, and such investments may not be successful. Ineffective marketing, negative publicity, product diversion to unauthorized distribution channels, product or manufacturing defects, including defects that may cause fires or explosions, counterfeit products, unfair labor practices, and failure to protect the intellectual property rights in our brand are some of the potential threats to the strength of our brand, and those and other factors could rapidly and severely diminish customer confidence in us. Furthermore, these factors could cause our customers to lose the personal connection they feel with the Traeger brand. Moreover, the growing use of social and digital media by us, our customers and third parties increases the speed and extent that information or misinformation and opinions can be shared. We believe that maintaining and enhancing our brand image in our current markets and in new markets where we have limited brand recognition is important to expanding our customer base. If we are unable to maintain or enhance our brand in current or new markets, our growth strategy and results of operations could be harmed.

If we fail to cost-effectively attract new customers or retain our existing customers, we may not be able to increase sales.

Our success depends on our ability to cost-effectively attract customers to our products and to retain our existing customers and encourage our customers to continue to utilize our products and content for their cooking needs. We must also increase general public awareness of our products, wood pellet grills, and the related cooking methodologies and techniques. For example, in order to increase customer awareness and expand our customer base, we must appeal to and attract customers who have historically associated grilling and outdoor cooking with traditional gas, charcoal, and electric grills and may have extensive experience in cooking with such devices. To effectively market our products, we must educate these customers about the various benefits of using our products and about cooking with wood pellet grills generally. We cannot assure you that we will be successful in changing customer behavior or cooking habits or that we will achieve broad market education or awareness. Even if we are able to raise awareness, customers may be slow in changing their habits and may be hesitant to use our products for a variety of reasons, including lack of experience with our products or cooking with wood pellet grills, price, competition and negative selling efforts from competitors and the perceptions regarding the time and complexity of using our products or learning new cooking techniques. Moreover, because our grills require sufficient outdoor space and ventilation to safely operate, even if we are successful in influencing customer behavior or cooking habits, many individuals may not be able to purchase our grills due to space constraints, particularly in high-density and non-suburban markets where residential outdoor space is limited.

We have made, and we expect that we will continue to make, significant investments in attracting new customers, including through the use of corporate partnerships, traditional, digital, and social media, and participation in, and sponsorship of, community events. Marketing campaigns can be expensive and may not result in the cost-effective acquisition of customers. We cannot assure you that any increase in our customer acquisition costs will result in any revenue growth. Further, as our brand becomes more widely known, future marketing campaigns may not attract new customers at the same rate as past campaigns. We believe that our paid and non-paid marketing initiatives have been critical in promoting customer awareness of

our products and wood pellet grills, which in turn has driven demand for our products and increased the extent to which new and existing customers utilize our online content for cooking related information and resources. Any decrease in the success of our non-paid marketing initiatives, which primarily consist of customer advocacy and word-of-mouth referrals, may cause an increase in both our marketing and customer acquisition costs.

Our paid marketing initiatives include television, search engine marketing, mail to consumers, email, display and dedicated in-store arrangements, radio, and magazine advertising and social media marketing. For example, we actively market our products through television and buy search advertising through search engines, such as Google and Bing, major mobile application stores and social media platforms such as Facebook and Instagram, and use internal analytics and external vendors for bid optimization and channel strategy. Our non-paid advertising efforts include search engine optimization, non-paid social media and e-mail marketing. Search engines frequently modify their search algorithms and these changes can cause our websites to receive less favorable placements, which could reduce the number of customers who visit our website or are directed to information about our products. The costs associated with advertising through search engines can also vary significantly from period to period, and have generally increased over time. We may be unable to modify our strategies in response to any future search algorithm changes made by the search engines, which could require a change in the strategy we use to generate customer traffic and drive customer interactions. In addition, our website must comply with search engine guidelines and policies, which are complex and may change at any time. If we fail to follow such guidelines and policies properly, search engines may rank our content lower in search results, penalize us or could remove our content altogether from their indices. Further, changes to third-party policies that limit our ability to deliver, target or measure the effectiveness of advertising, including changes by mobile operating system and browser providers such as Apple and Google, could reduce the effectiveness of our marketing.

If we are unable to attract new customers, or fail to do so in a cost-effective manner, our growth could be slower than we expect and our business will be harmed.

Our business could be adversely affected if we fail to maintain product quality and product performance at an acceptable cost.

In order to maintain and increase revenue, we must produce high quality products at acceptable costs. If we are unable to maintain the quality and performance of our products at acceptable costs, our brand, the market acceptance of our products and our results of operations would suffer. As we periodically update our product lines and introduce changes to manufacturing processes or incorporate new materials and technologies, we may encounter unanticipated issues with product quality and product consistency or production and supply delays. For example, we have recently introduced products that incorporate smart features, including our WiFIRE technology, a cloud based, Wi-Fi controller that connects our grills to our Traeger app, enabling users to automate recipe steps and control and monitor their grill remotely. We also recently introduced D2 Direct Drive, an integrated, software-driven system that maintains grill temperature through variable speed fans and DC auger control. While we engage in product testing in an effort to identify and address any product quality issues before we introduce products to market, unanticipated product quality or performance issues may be identified after a product has been introduced and sold. From time to time, we execute "over-the-air" updates to address such issues and to update products and introduce product enhancements. As we continue to introduce new products and product enhancements, we expect the costs associated with such products and enhancements will continue to increase.

We may be subject to product liability and warranty claims and product recalls that could result in significant direct or indirect costs, or we could experience greater product returns than expected, either of which could harm our reputation or brand and have an adverse effect on our business, financial condition, and results of operations.

We face the risk of exposure to product liability or other claims, including class action lawsuits, in the event our products are, or are alleged to be, defective or have resulted in harm to persons, including death, or to property as a result of product malfunction, fires, explosions or other causes. For example, we are aware of several situations in which our grills were investigated as the cause of a fire. Our grills may cause fires if not properly used or maintained, including fires caused by buildup of fats or grease, or if there are quality, manufacturing or design defects. Although we label our grills to warn of such risks, our sales could be reduced if our grills are considered dangerous to use or if they are implicated in causing personal injury, death or property damage. Additionally, we may experience food safety or food-borne illness incidents with our rubs or sauces. We may in the future incur significant liabilities if product liability lawsuits or regulatory enforcement actions against us are successful. We may also have to recall and/or replace defective products or parts, which could result loss of sales and increased costs related to such recall or replacement efforts, which could be material. Any losses not covered by insurance could have a material adverse effect on our business, financial condition, and results of operations. Real or perceived quality issues, including those arising in connection with product liability lawsuits, warranty claims or recalls, could also result in

adverse publicity, which could harm our brand and reputation and cause our sales to decline. In addition, any such issues may be seized on by competitors in efforts to increase their market share.

We generally provide a minimum three-year limited warranty on our grills. The occurrence of any material defects in our grills could result in an increase in returns or make us liable for damages and warranty claims in excess of our current reserves, which could result in an adverse effect on our business prospects, liquidity, financial condition, and cash flows if returns or warranty claims were to materially exceed anticipated levels. In addition, we could incur significant costs to correct any defects, warranty claims, or other problems, including costs related to product recalls, and such costs may not be covered by insurance and could have a material adverse effect on our business, financial condition, and results of operations. Any negative publicity related to the perceived quality and safety of our products could affect our brand image, decrease consumer confidence and demand, and adversely affect our financial condition and results of operations. Also, while our warranty is limited to part replacement and returns, warranty claims may result in litigation, the occurrence of which could have an adverse effect on our business, financial condition, and results of operations.

In addition to warranties supplied by us, we may also offer the option for customers to purchase third-party extended warranty and services contracts in some markets, which creates an ongoing performance obligation over the warranty period. Extended warranties are regulated in the United States on a state level and are treated differently state by state. Outside the United States, regulations for extended warranties vary from country to country. Changes in interpretation of the insurance regulations or other laws and regulations concerning extended warranties on a federal, state, local, or international level may cause us to incur costs or have additional regulatory requirements to meet in the future. Our failure to comply with past, present, and future similar laws could result in reduced sales of our products, reputational damage, penalties, and other sanctions, which could have an adverse effect on our business, financial condition, and results of operations.

We operate in a highly competitive market, and we may be unable to compete successfully against existing and future competitors.

We operate in a highly competitive business market, and compete with multiple companies in the outdoor cooking market within brick-and-mortar and online sales channels. Numerous other companies offer a wide variety of products, including traditional gas, charcoal and electric grills, consumables, and accessories, that compete with our grills, consumables, and accessories, including wood pellets that can be used with our grills. For example, we compete with established, well-known, and legacy grill brands, including Weber and Pit Boss, among others, as well as numerous other companies that offer competing products. These competitors offer a broad array of grills at different price points, including traditional gas, charcoal and electric grill offerings, as well as a significant number of wood pellet grills. We also compete against other wood pellet grill brands, such as Dansons. Moreover, the outdoor cooking market is expanding to include alternatives beyond traditional grills, and we also compete against companies that manufacture griddles, such as Blackstone, and companies that manufacture pizza ovens, such as Ooni. We have experienced an increase in competitors and competing offerings of gas and charcoal grills, wood pellet grills, and other outdoor cooking devices in recent years.

Competition in our market is based on a number of factors including product quality, performance, durability, styling, brand image and recognition, and price, as well as the perceived taste and satisfaction to be attained in using a particular grill or cooking methodology.

We believe that we have been able to compete successfully largely on the basis of our premium brand, superior design capabilities, product development, product performance, ease of use, and on the breadth of our independent, regional, and national retailers, our growing online presence and our DTC channel. Our competitors may be able to develop and market high quality products that compete with our products, sell their products for lower prices, adapt to changes in customer needs and preferences more quickly, devote greater resources to the design, sourcing, distribution, marketing, and sale of their products, or generate greater brand recognition than us. In addition, as we expand into new product categories, we have faced, and will continue to face, different and, in some cases, more formidable competition. Many of our competitors and potential competitors have significant competitive advantages, including longer operating histories, the ability to leverage their sales efforts and marketing expenditures across a broader portfolio of products, global product distribution, larger and broader retailer bases, more established relationships with a larger number of suppliers and manufacturers, greater brand recognition, larger or more effective brand ambassador and endorsement relationships, greater online presence and appearing more prominently in internet search results, greater financial strength, larger research and development teams, larger marketing budgets, and more distribution and other resources than we do. Some of our competitors may aggressively discount their products or offer other attractive sales terms in order to gain market share, which could result in pricing pressures, reduced margins, or lost market share.

We also compete with providers of wood pellets for use in grilling, including well-known brands like Weber, Kingsford and Dansons, among others. These competitors offer a broad array of pellet types and flavors that can be used in our wood pellet grills. Similar to our experience regarding competition for our wood pellet grills, we have experienced an increase in competitors and competing offerings of wood pellets in recent years.

In July 2021, we acquired Apption Labs Limited and its subsidiaries (collectively "Apption Labs") and began selling the MEATER smart thermometer. We compete in this space with brands such as Weber, Thermoworks and ThermoPro, among others.

In November 2021, we entered the direct-to-consumer meal kit market with our Traeger Provisions product line. We compete with well-known brands like Blue Apron, Hello Fresh and Omaha Steaks, among others. We offer a limited selection of premium frozen meal kits, consisting of high-quality ingredients, supplies and easy-to-follow instructions for our customer to prepare a meal using our grills, while these competitors offer a large selection of meal kits at various price points that are prepared using various cooking methodologies.

If we are not able to overcome these potential competitive challenges, effectively market our current and future products, and otherwise compete effectively against our current or potential competitors, our prospects, financial condition, and results of operations could be harmed.

Use of social media and community ambassadors may materially and adversely affect our reputation or subject us to fines or other penalties.

We use third-party social media platforms as marketing tools, among other things. For example, we maintain Instagram, Facebook, Twitter, YouTube, and Pinterest accounts, as well as our own content on our website and Traeger app. We maintain relationships with many community ambassadors, which others may refer to as influencers, and engage in sponsorship initiatives. As existing e-commerce and social media platforms continue to rapidly evolve and new platforms develop, we must continue to maintain a presence on these platforms and establish presences on new or emerging popular social media platforms. If we are unable to cost-effectively use social media platforms as marketing tools or if the social media platforms we use do not evolve quickly enough for us to fully optimize such platforms, our ability to acquire new consumers and our financial condition may suffer. Furthermore, as laws and regulations rapidly evolve to govern the use of these platforms and devices, the failure by us, our employees, our network of community ambassadors, our sponsors or third parties acting at our direction (including retailers) to abide by applicable laws and regulations in the use of these platforms and devices or otherwise could subject us to regulatory investigations, class action lawsuits, liability, fines or other penalties and have a material adverse effect on our business, financial condition and results of operations.

In addition, an increase in the use of social media for marketing may cause an increase in the burden on us to monitor compliance of such materials, and increase the risk that such materials could contain problematic product or marketing claims in violation of applicable regulations. For example, in some cases, the Federal Trade Commission, or the FTC, has sought enforcement action where an endorsement has failed to clearly and conspicuously disclose a material relationship between a community ambassador and an advertiser. While we ask community ambassadors to comply with the FTC regulations and our guidelines, we do not regularly monitor what our community ambassadors post, and if we were held responsible for the content of their posts, we could be forced to alter our practices, which could have material adverse effect on our business, financial condition, and results of operations.

Negative commentary regarding us, our products or community ambassadors, and other third parties who are affiliated with us may also be posted on social media platforms and may be adverse to our reputation or business. Community ambassadors with whom we maintain relationships could engage in behavior or use their platforms to communicate directly with our customers in a manner that reflects poorly on our brand and may be attributed to us or otherwise adversely affect us. It is not possible to prevent such behavior, and the precautions we take to detect this activity may not be effective in all cases. The harm may be immediate, without affording us an opportunity for redress or correction.

We derive a significant majority of our revenue from sales of our wood pellet grills. A decline in sales of our grills would negatively affect our future revenue and results of operations.

Our wood pellet grills are sold in highly competitive markets with limited barriers to entry. Introduction by competitors of comparable grills at lower price points, a decline in consumer spending, or other factors could result in a decline in our revenue derived from our grills, which may have a material adverse effect on our business, financial condition, and results of operations. Because we derive a significant majority of our revenue from the sales of our wood pellet grills, any material decline in sales of our grills would have a pronounced impact on our revenue and results of operations.

A significant portion of our revenue is generated from sales of our products to retailers, and we derive a majority of our revenue from three retailers. A decline in demand from these retailers or failure by these retailers to perform their contractual obligations would cause our customer base, results of operations and business to suffer.

We generate a significant portion of our revenue through our retail channel, which includes sales to brick-and-mortar retailers, e-commerce platforms, and multichannel retailers, who, in turn, sell our products to their end consumers. In addition, we depend on a limited number of major retailers for a majority of our revenue. For example, in the year ended December 31, 2021, our three largest retailers accounted for 20%, 17%, and 16% of our revenue, respectively, with no other customer accounting for greater than 10% of our revenue for the year. Although we generally do not have long-term contracts or purchase agreements with our retailers, we expect these major retailers to continue to make up a large portion of our revenue in the foreseeable future.

Our retailers may decide to emphasize products from our competitors, to redeploy their retail floor space or digital placement to other product categories, or to take other actions that reduce their purchases of our products. Our financial performance depends in part on our ability to maintain our relationships with our retailers, particularly our major retailers, and drive end customers to their stores. The loss of all or a substantial portion of our sales to retailers, and our major retailers in particular, could have a material adverse effect on our business, financial condition, results of operations and cash flows by reducing cash flows and by limiting our ability to spread our fixed costs over a larger revenue base. We may make fewer sales to our retailers for a variety of reasons, including, but not limited to:

- failure to accurately identify the needs of our retailers;
- a lack of acceptance of new products, consumables, accessories, or services;
- failure to obtain shelf space or prominent digital placement from our retailers;
- loss of business relationships, including due to brand or reputational harm;
- breaches of contracts with retailers, or our failure to enter into or renew our contracts or purchase orders with major retailers;
- consolidation within the retail industry among retailers and retail chains;
- reduced, delayed or material changes to the business requirements or operations of our retailers;
- failure to fulfil orders from our retailers in full or on a timely basis;
- strikes or other work stoppages affecting sales and inventory of our major retailers;
- increasing competition by our competitors or the competitors of our major retailers that do not offer or sell our products;
- store closures, decreased foot traffic, recession or other adverse effects resulting from public health crises such as the current COVID-19 pandemic (or other future pandemics or epidemics); or
- general failure or bankruptcy of any of our major retailers.

Furthermore, in depressed market conditions, retailers that we have entered into contracts with may not be able to perform their obligations under our contracts and/or may no longer need the amount of our products they have contracted for or may be able to obtain comparable products at a lower price. If economic, political, regulatory or financial market conditions deteriorate and/or our retailers experience a significant downturn in their business or financial condition, they may attempt to renegotiate, reject or declare force majeure under our contracts. Should any counterparty fail to honor its obligations under a contract with us, we could sustain losses, which could have a material adverse effect on our business, financial condition and results of operations. We may also decide to renegotiate our existing contracts on less favorable terms and/or at reduced volumes in order to preserve our relationships with our retailers.

Upon the expiration of contracts, retailers may decide not to recontract on terms as favorable to us as our current contracts, or at all. For example, our current customers may acquire wood pellet grills from other providers that offer more competitive pricing.

We cannot assure you that our retailers will continue to carry our current products or carry any new products that we develop. If these risks occur, they could harm our brand as well as our results of operations and financial condition. Some retailers may decide to stop selling wood pellet grills. Any reduction in the amount of wood pellet grills or other products purchased by our retailers, or our inability to renegotiate or replace our existing contracts on economically acceptable terms, could have a material adverse effect on our results of operations, business, and financial position.

If we are unable to anticipate customer preferences and successfully develop new, innovative, and updated products, services, and features, or if we fail to effectively manage the introduction of new products, services, and features, our business will suffer.

The market for our products is characterized by new product and service introductions, frequent enhancements to existing products, and changing customer demands, needs, and preferences. Our success depends on our ability to identify and originate trends and to anticipate and react to changing customer demands, needs, and preferences in a timely manner. Changes in customer preferences cannot be predicted with certainty. If we are unable to introduce new or enhanced products, services or features in a timely manner, or our new or enhanced products, services, and features are not widely accepted by customers, our competitors may introduce similar concepts faster than us, which could negatively affect our sales and growth. Moreover, new products, services, and features may not be accepted by customers, as preferences could shift rapidly to different types of cooking methodologies and techniques or away from our offerings altogether, and our future success depends in part on our ability to anticipate and respond to such changes. For instance, a shift in consumer tastes, dietary habits, and nutritional values, concerns regarding the health effects of foods typically cooked on our grills and shifts in preference from animal-based protein to plant-based protein products could reduce our sales or our market share, which would harm our business and financial condition. Similarly, a shift in consumer tastes regarding the flavors of our wood pellets or other consumables could impact our ability to drive recurring sales from such items, which could have an adverse impact on our growth and revenue. In addition, we may not be successful at introducing the Traeger experience into other categories in the food-at-home market, such as the direct-to-consumer meal kit market, which we entered in November 2021 with our Traeger Provisions product line.

Failure to anticipate and respond in a timely manner to changing customer preferences could lead to, among other things, lower sales, pricing pressure, lower margins, discounting of our existing products and excess inventory levels. Even if we are successful in initiating or anticipating such preferences, our ability to adequately address or react to them will partially depend upon our continued ability to develop, introduce, and market innovative, high-quality products, services, and features. Development of new or enhanced products, services, accessories, and features may require significant time and financial resources, which could result in increased costs and a reduction in our margins. We may be unable to recoup the amount of such investments if our new or improved offerings do not gain widespread market acceptance. Moreover, we have experienced and may continue to experience delays in the development and introduction of new or enhanced products, services, accessories and features due to the effects of the current COVID-19 pandemic.

Moreover, we must successfully manage introductions of new or enhanced products, services, and features, which could adversely impact the sales of our existing products. For instance, customers may choose to forgo purchasing existing products in advance of new product launches and we may experience higher returns from customers following the announcement of new products and features. As we introduce new or enhanced products, services and features, we may face additional challenges meeting regulatory and other compliance standards and managing a more complex supply chain and manufacturing process, including the time and cost associated with onboarding and overseeing additional suppliers, contract manufacturers, and logistics providers, among others. We may also face challenges managing the inventory of new or existing products, which could lead to excess inventory and discounting of such products. In addition, new or enhanced products and services may have varying selling prices and costs, including in comparison to legacy products, which could negatively impact our gross margins and results of operations.

Our passion and focus on delivering a high-quality and engaging experience for our customers may not maximize short-term financial results, which may yield results that conflict with the market's expectations and could result in our stock price being negatively affected.

We are passionate about continually enhancing the Traeger experience and community, with a focus on driving long-term customer engagement through innovation, immersive content, technologically advanced products, and community support, which may not necessarily maximize short-term financial results. We frequently make business decisions that may reduce our short-term financial results if we believe that the decisions are consistent with our goals to improve the Traeger experience and community, which we believe will improve our financial results over the long term. These decisions may not be consistent with the short-term expectations of our stockholders and may not produce the long-term benefits that we expect, in which case our customer engagement and our business, financial condition, and results of operations could be harmed.

The market for wood pellet grills is still in the early stages of growth and if it does not continue to grow, grows more slowly than we expect, or fails to grow as large as we expect, our business may be adversely affected.

While wood pellet grills have been sold commercially since the 1980s, the market for wood pellet grills remained relatively small and niche until recently. The current broader market for wood pellet grills is relatively new and rapidly growing, and it is uncertain whether it will sustain high levels of demand and achieve wide market acceptance. Our success

depends substantially on the willingness of customers to widely adopt the cooking methodologies and techniques associated with our products. To be successful, we must continue to educate customers about our products, and the related cooking methodologies and techniques, through significant investment and high-quality content that is superior to the content and cooking experiences provided by our competitors. Additionally, the market for grills and other cooking devices at large is heavily saturated, and the demand for and market acceptance of new products in the market is uncertain. It is difficult to predict the future growth rates, if any, and size of our market. We cannot assure you that our market will develop as expected, that broad public interest in wood pellet grills will continue, or that our products will be widely adopted. Furthermore, our grills require sufficient outdoor space and ventilation to safely operate, which limits our ability to sell or expand our presence in high-density, non-suburban markets. If the market for wood pellet grills does not develop, develops more slowly than expected, or becomes saturated with competitors, or if our products do not achieve market acceptance, our business, financial condition, and results of operations could be adversely affected.

The COVID-19 pandemic could adversely affect certain aspects of our business and negatively impact ability to access capital in the future.

Since being reported in December 2019, COVID-19 has spread globally, including to every state in the United States, and has been declared a pandemic by the World Health Organization. The COVID-19 pandemic and preventative measures taken to contain or mitigate such have caused, and are continuing to cause, business slowdowns or shutdowns in affected areas and significant disruption in the financial markets both globally and in the United States, which could lead to a decline in discretionary spending by consumers, and in turn impact our business, sales, financial condition, and results of operations. The impacts include, but are not limited to:

- the possibility of renewed retail store closures or reduced operating hours and/or decreased retail traffic;
- disruption to our distribution centers and our third-party manufacturers and other vendors, including the effects of facility closures as a result of outbreaks of COVID-19 or measures taken by federal, state or local governments to reduce its spread, reductions in operating hours, labor shortages, and real time changes in operating procedures, including for additional cleaning and disinfection procedures;
- difficulty in forecasting demand resulting in inventory constraints; and
- significant disruption of global financial markets, which could have a negative impact on our ability to access capital in the future.

The COVID-19 pandemic has significantly impacted the global supply chain, with restrictions and limitations on related activities causing disruption and delay, along with increased raw material, storage and shipping costs. These disruptions and delays have strained domestic and international supply chains, which have affected and could continue to negatively affect the flow or availability of certain products. Furthermore, significantly increased demand from online sales channels, including our website, has impacted our logistical operations, including our fulfillment and shipping functions, which has resulted in periodic delays in the delivery of our products. The further spread of COVID-19, and the requirements to take action to help limit the spread of the illness, could impact our ability to carry out our business as usual and may materially adversely impact global economic conditions, our business, results of operations, cash flows, and financial condition. For example, travel restrictions imposed as a result of the COVID-19 pandemic negatively impacted certain of our product development initiatives, as we were unable to visit certain third-party manufacturers to review processes and procedures for new products and product enhancements. The extent of the impact of COVID-19 on our business and financial results will depend on future developments, including the duration and severity of the outbreak (including the severity and transmission rates of new variants of the coronavirus) within the markets in which we and our manufacturers and suppliers operate, the timing, distribution, and efficacy of vaccines and other treatments, the related impact on consumer confidence and spending, and the effect of governmental regulations imposed in response to the pandemic, all of which are highly uncertain and ever-changing. While we have experienced an increase in demand for our products due to the impact that the COVID-19 pandemic has had on consumer behaviors, including due to various stay-at-home orders and restrictions on dining options and restaurant closures, this increased demand may not be sustained following the pandemic, or if economic conditions worsen, which would negatively impact consumer spending.

The sweeping nature of the COVID-19 pandemic makes it extremely difficult to predict how our business and operations will be affected over the long term. However, the likely overall economic impact of the pandemic is generally viewed as highly negative to the general economy. Any of the foregoing factors, or other cascading effects of the coronavirus pandemic, could materially increase our costs, negatively impact our sales and damage our results of operations and liquidity, possibly to a significant degree. The duration of any such impacts or likelihood of any similar future pandemics cannot be predicted.

Our estimated addressable market is subject to inherent challenges and uncertainties. If we have overestimated the size of our addressable market, our future growth opportunities may be limited.

Our U.S. total addressable market ("TAM"), as estimated in our Prospectus, is calculated based on an estimated percentage of households in the United States that have a grill, which is estimated based on internal and third-party market research, historical surveys, and interviews with market participants. Our U.S. serviceable addressable market ("SAM"), as estimated in our Prospectus, is based on internal survey analysis from a survey we conducted in March 2021 with approximately 4,200 consumers across the United States, Canada, the United Kingdom, and Germany, including 2,600 consumers in the United States, including 157 recent Traeger purchasers. As a result, each of our U.S. TAM and U.S. SAM is subject to significant uncertainty and is based on assumptions that may not prove to be accurate. Our estimates are based, in part, on third-party reports and are subject to significant assumptions and estimates. These estimates and forecasts relating to the size and expected growth of the markets in which we operate, and our penetration of those markets, may change or prove to be inaccurate. While we believe the information on which we base our U.S. TAM and U.S. SAM is generally reliable, such information is inherently imprecise. In addition, our expectations, assumptions and estimates of future opportunities are necessarily subject to a high degree of uncertainty and risk due to a variety of factors, including those described herein. If third-party or internally generated data prove to be inaccurate or we make errors in our assumptions based on that data, our future growth opportunities may be affected. If our addressable market, or the size of any of the various ancillary markets in which we operate, proves to be inaccurate, our future growth opportunities may be limited and there could be a material adverse effect on our prospects, business, financial condition, and results of operations.

Competitors have imitated and attempted to imitate, and will likely continue to imitate or attempt to imitate, our products, and technology. If we are unable to protect or preserve our brand image and proprietary rights, our business may be harmed.

As our business continues to expand, our competitors have imitated or attempted to imitate, and will likely continue to imitate or attempt to imitate, our product designs, functionality, and branding, which could harm our business and results of operations. Only a portion of the intellectual property used in the manufacture and design of our products is patented, and we therefore rely on other forms of protection, including trade and service marks, trade dress, trade secrets, and the strength of our brand. For example, the original patent for pellet grills, which was filed by Joe Traeger in 1986, expired in 2006. Following expiration of this patent, competitors introduced competing products with similar designs and technologies, and there are currently a significant number of wood pellet grills available from a variety of competitors, including Weber and Dansons, among others. We regard our patents, trade dress, trademarks, copyrights, trade secrets, and similar proprietary rights as critical to our success. We also rely on trade secret protection and confidentiality agreements with our employees, consultants, suppliers, manufacturers, and others to protect our proprietary rights. Nevertheless, the steps we take to protect our proprietary rights against infringement or other violation may be inadequate, and we may experience difficulty in effectively limiting the unauthorized use of our patents, trademarks, trade dress, and other intellectual property and proprietary rights worldwide. We also cannot guarantee that others will not independently develop technology with the same or similar function to any proprietary technology we rely on to conduct our business and differentiate ourselves from our competitors. As we continue to grow our business and strengthen our brand, we expect to experience increased counterfeiting of our products, including, among others, imitation and look-alike products and fraudulent website and distributors. Unauthorized use or invalidation of our patents, trademarks, copyrights, trade dress, trade secrets, or other intellectual property or proprietary rights may cause significant damage to our brand and harm our results of operations.

While we actively develop and protect our intellectual property rights, there can be no assurance that we will be adequately protected in all countries in which we conduct our business or that we will prevail when defending our patent, trademark, and proprietary rights. Additionally, we could incur significant costs and management distraction in pursuing claims to enforce our intellectual property rights through litigation and defending any alleged counterclaims. If we are unable to protect or preserve the value of our patents, trade dress, trademarks, copyrights, or other intellectual property rights for any reason, or if we fail to maintain our brand image due to actual or perceived product or service quality issues, adverse publicity, governmental investigations or litigation, or other reasons, our brand and reputation could be damaged, and our business may be harmed.

Our revenue and profits depend on the level of customer spending for discretionary items, which is sensitive to general economic conditions and other factors.

Demand for our premium products is significantly influenced by a number of economic factors affecting our customers and trends in customer spending. For example, demand for our grills is particularly sensitive to consumer spending levels as our grills can represent expensive purchases for consumers. There are a number of factors that influence consumer spending, including actual and perceived economic conditions, consumer confidence, disposable income, credit availability,

unemployment, and tax rates in the markets where we sell our products. Consumers also have discretion as to where to spend their disposable income and may choose to purchase other items if we do not continue to provide authentic, compelling, and high-quality products at appropriate price points. As global economic conditions continue to be volatile and economic uncertainty remains, trends in discretionary spending also remain unpredictable and subject to declines. Any of these factors could harm discretionary spending, resulting in a reduction in demand for our products, decreased prices, and harm to our business and results of operations. Moreover, purchases of discretionary items, such as our premium products, tend to decline during recessionary periods when disposable income is lower or during other periods of economic instability or uncertainty, which may slow our growth more than we anticipate. A downturn in the economies in markets in which we sell our products, particularly in the United States, may materially harm our sales, profitability, and financial condition.

Our results of operations may suffer if we do not accurately forecast demand for our products or successfully manage our inventory to match customer demand.

To ensure adequate inventory supply, we must forecast inventory needs and place orders with our manufacturers before firm orders are placed by our customers. If we fail to accurately forecast customer demand, we may experience excess inventory levels or a shortage of product to deliver to our customers. Factors that could affect our ability to accurately forecast demand for our products include: (a) an increase or decrease in demand for our products; (b) our failure to accurately forecast customer acceptance for our new products; (c) product introductions by competitors; (d) unanticipated changes in general market conditions or other factors, which may result in cancellations of orders or a reduction or increase in the rate of reorders or at-once orders placed by retailers; (e) the impact of unseasonable weather conditions; (f) weakening of economic conditions or consumer confidence in future economic conditions, which could reduce demand for discretionary items, such as our products; and (g) terrorism or acts of war, or the threat thereof, or political or labor instability or unrest, riots, public health crises such as the current COVID-19 pandemic (or other future pandemics or epidemics), which could adversely affect consumer confidence and spending or interrupt production and distribution of product and raw materials.

Inventory levels in excess of customer demand may result in inventory write-downs or write-offs and the sale of excess inventory at discounted prices or in less preferred distribution channels, which could impair our brand image and harm our margins. In addition, if we underestimate the demand for our products, our manufacturers may not be able to produce products to meet our requirements, and this could result in delays in the shipment of our products, lost sales, and damage to our reputation and retailer and distributor relationships. For example, late in the first quarter of 2020, we reduced inventory purchase orders as a precautionary measure against the unknown impact of the COVID-19 pandemic on the economy and our business and to improve financial flexibility. These actions, coupled with the overall strong demand during 2020, ultimately contributed to lower than expected inventory levels throughout the second half of 2020 and, in turn, resulted in inventory constraints in the second half of 2020 continuing into early 2021. Inventory constraints due to COVID-19 lessened in the third quarter of 2021 and are now primarily attributable to widely reported global supply chain constraints.

Such difficulty in forecasting demand, which we have encountered and may continue to encounter as a result of the COVID-19 pandemic, also makes it difficult to estimate our future results of operations and financial condition from period to period. A failure to accurately predict the level of demand for our products could adversely impact our profitability or cause us not to achieve our expected financial results.

Our business may fluctuate as a result of seasonality and changes in weather conditions.

We have typically experienced moderately higher levels of sales of our grills in the first and second quarters of the year as our retailers purchase inventory in advance of warmer weather, when demand for outdoor cooking products is the highest across our key markets. Higher sales also coincide with social events and national holidays, which occur during the same timeframe. Although our products can be used year-round, unusually adverse weather conditions can negatively impact the timing of the sales of certain of our products, causing reduced sales and negatively impacting profitability when such conditions exist. Prolonged adverse weather conditions could significantly reduce our sales in one or more periods. These conditions may shift sales to subsequent reporting periods, cause our results of operations to fluctuate on a quarterly basis, or decrease overall sales. Further, our quarterly results of operations in future fiscal years may fluctuate or otherwise be significantly affected as a result of the COVID-19 pandemic and widely reported global supply chain constraints, including the resulting increased freight rates and logistics costs. The effect of the pandemic and global supply chain constraints may exceed the quarterly changes in our results of operations that we have typically experienced from seasonality and weather conditions.

If our plan to increase sales through our direct to customer channel is not successful, our business and results of operations could be harmed.

Part of our growth strategy involves increasing our DTC sales through our website and Traeger app. However, we have limited operating and compliance experience executing the retail component of this strategy, and our competitors may have a greater online presence and a more developed e-commerce platform than us. The level of customer traffic and volume of customer purchases through our websites or other e-commerce initiatives are substantially dependent on our ability to provide a content-rich and user-friendly website, a hassle-free customer experience, sufficient product availability, and reliable, timely delivery of our products. If we are unable to maintain and increase customers' safe and effective use of our website or Traeger app, allocate sufficient product to our website or Traeger app, adequately protect our customers from fraudulent activity online, including third parties impersonating our products, and increase any sales through our DTC channel, our business, and results of operations could be harmed. Moreover, any failure or perceived failure by us to comply with applicable laws and regulations, including those associated with our website or the Traeger app, may result in governmental investigations or enforcement actions, litigation, claims or public statements against us by consumer advocacy groups or others.

As we expand our e-commerce platform across the geographies in which we sell our products, we may encounter different and evolving laws governing the operation and marketing of e-commerce websites, as well as the collection, storage, and use of information on customers interacting with those websites. We may incur additional costs and operational challenges in complying with these laws and regulations, and differences in these laws and regulations may cause us to operate our business differently, and less effectively, in different territories. If so, we may incur additional costs and may not fully realize the investment in our geographic expansion.

We have significant international operations and are exposed to risks associated with doing business globally.

We sell and distribute our products in many key international markets in Europe, North America, and elsewhere around the world. These activities have resulted and will continue to result in investments in inventory, accounts receivable, employees, corporate infrastructure and facilities. In addition, we source most of our products through manufacturing relationships involving suppliers and vendors located outside of the United States. The operation of foreign distribution in our international markets, as well as the management of relationships with manufacturers and foreign suppliers, will continue to require the dedication of management and other resources.

As a result of this international business, we are exposed to increased risks inherent in conducting business outside of the United States. These risks include the following:

- adverse changes in foreign currency exchange rates can have a significant effect upon our results of operations, financial condition and cash flows;
- increased difficulty in protecting our intellectual property rights and trade secrets, including litigation costs and the outcome of such litigation;
- increased exposure to events that could impair our ability to operate internationally with third parties such as problems with such third parties' operations, finances, insolvency, labor relations, manufacturing capabilities, costs, insurance, natural disasters or other catastrophic events;
- unexpected legal or government action or changes in legal or regulatory requirements;
- social, economic or political instability, including the conflict between Russia and Ukraine;
- potential negative consequences from changes to taxation or tariff policies;
- the effects of any anti-American sentiments on our brands or sales of our products;
- increased difficulty in ensuring compliance by employees, agents and contractors with our policies as well as with the laws of multiple jurisdictions, including but not limited to the U.S. Foreign Corrupt Practices Act and the U.K. Bribery Act 2010, international environmental, health, and safety laws, and increasingly complex regulations relating to the conduct of international commerce, including import/export laws and regulations, economic sanctions laws and regulations and trade controls;
- increased difficulty in controlling and monitoring foreign operations from the United States, including increased difficulty in identifying and recruiting qualified personnel for our foreign operations; and
- increased exposure to interruptions in land, air carrier, or vessel shipping services.

We have limited experience with international regulatory environments and market practices and may not be able to penetrate or successfully operate in any foreign markets we choose to enter. In addition, we may incur significant expenses as a result of our continued international expansion, and we may not be successful. We may face limited brand recognition in certain parts of the world that could lead to non-acceptance or delayed acceptance of our products and services by consumers in new

markets. We may also face challenges to acceptance of our products and content in new markets. Our failure to successfully manage these risks could harm our international operations and have an adverse effect on our business, financial condition, and results of operations.

We are subject to governmental export and import controls, customs, and economic sanction laws that could subject us to liability and impair our ability to compete in international markets.

The United States and various foreign governments have imposed controls, export license requirements, and restrictions on the import or export of certain technologies, as well as customs and other import regulatory requirements. Our products may be subject to U.S. export controls. Compliance with applicable regulatory requirements regarding the import and export of our products may create delays in the introduction of our products in international markets, and, in some cases, prevent the export of our products to some countries altogether.

Furthermore, U.S. export control laws and economic sanctions prohibit the provision of products and services to countries, governments, and persons targeted by U.S. sanctions. Even though we take precautions to prevent our products from being provided to targets of U.S. sanctions, our products could be provided to those targets or provided by our customers. Any such provision could have negative consequences, including government investigations, penalties, and reputational harm. Our failure to obtain required import or export approval for our products, or to comply with applicable laws and regulations with regard to our import and export activity, could harm our international and domestic sales and adversely affect our revenue.

We could be subject to future enforcement action with respect to compliance with governmental export and import controls, customs laws, and economic sanctions laws that result in penalties, costs, and restrictions on export privileges that could have an adverse effect on our business, financial condition, and results of operations.

Failure to comply with anti-corruption and anti-money laundering laws, including the FCPA and similar laws associated with our activities outside of the United States, could subject us to penalties and other adverse consequences.

We operate a global business and may have direct or indirect interactions with officials and employees of government agencies or state-owned or government controlled entities. We are subject to the U.S. Foreign Corrupt Practices Act ("FCPA"), the U.S. domestic bribery statute contained in 18 U.S.C. § 201, the U.S. Travel Act, the USA PATRIOT Act, the U.K. Bribery Act, and possibly other anti-bribery and anti-money laundering laws in countries in which we conduct activities. These laws generally prohibit companies and their employees and third-party intermediaries from corruptly promising, authorizing, offering, or providing, directly or indirectly, improper payments of anything of value to government officials, political parties, and private-sector recipients for the purpose of obtaining or retaining business, directing business to any person, or securing any improper advantage. Certain laws, including the U.K. Bribery Act, also prohibit soliciting or receiving bribes or improper payments. In addition, U.S. public companies are required to maintain records that accurately and fairly represent their transactions and have an adequate system of internal accounting controls. In many foreign countries, including countries in which we may conduct business, it may be a local custom that businesses engage in practices that are prohibited by the FCPA or other applicable laws and regulations. We face significant risks if we or any of our directors, officers, employees, agents or other partners or representatives fail to comply with these laws and governmental authorities in the United States and elsewhere could seek to impose substantial civil and/or criminal fines and penalties which could have a material adverse effect on our business, reputation, results of operations, and financial condition.

We have implemented an anti-corruption compliance program and policies, procedures and training designed to foster compliance with these laws. However, our employees, contractors, and agents, and companies to which we outsource certain of our business operations, may take actions in violation of our policies or applicable law. Any such violation could have an adverse effect on our reputation, business, results of operations, and prospects.

Any violation of the FCPA, other applicable anti-corruption laws, or anti-money laundering laws could result in whistleblower complaints, adverse media coverage, investigations, loss of export privileges, severe criminal or civil sanctions and, in the case of the FCPA, suspension or debarment from U.S. government contracts, any of which could have a materially adverse effect on our reputation, business, results of operations, and prospects. In addition, responding to any enforcement action may result in a significant diversion of management’s attention and resources and significant defense costs and other professional fees.

Our business could be adversely affected from an accident, safety incident, or workforce disruption. Our internal manufacturing processes and related activities, as well as our in-house warehousing and last-mile logistics activities, could expose us to significant personal injury claims that could subject us to substantial liability.

The COVID-19 pandemic increases our exposure to these risks; for example, various local government orders have been implemented in areas where we operate that require us to secure personal protective equipment, such as face masks and gloves, for our delivery teams, and to implement new methods of monitoring employee health, such as temperature checks. As these government orders have come down, a global shortage of personal protective equipment has resulted, and we have experienced delays and increased costs in obtaining these materials for our teams. Our inability to timely adapt to changing norms and requirements around maintaining a safe workplace during the COVID-19 pandemic could cause employee illness, accidents, or team discontent if it is perceived that we are failing to protect the health and safety of our employees. While we maintain liability insurance, the amount of such coverage may not be adequate to cover fully all claims, and we may be forced to bear substantial losses from an accident or safety incident resulting from our manufacturing, warehousing, or last-mile activities.

We are subject to payment-related risks that may result in higher operating costs or the inability to process payments, either of which could harm our business, financial condition and results of operations.

For sales through our DTC channel, as well as for sales to certain retailers through our retail channel, we accept a variety of payment methods, including credit cards, debit cards, electronic funds transfers, electronic payment systems, and gift cards, as applicable. Accordingly, we are, and will continue to be, subject to significant and evolving regulations and compliance requirements, including obligations to implement enhanced authentication processes that could result in increased costs and liability, and reduce the ease of use of certain payment methods. For certain payment methods, including credit and debit cards, as well as electronic payment systems, we pay interchange and other fees, which may increase over time. We rely on independent service providers for payment processing, including credit and debit cards. If these independent service providers become unwilling or unable to provide these services to us, or if the cost of using these providers increases, our business could be harmed. We and our payment processing providers are also subject to payment card association operating rules and agreements, including data security rules and agreements, certification requirements, and rules governing electronic funds transfers, which could change or be reinterpreted to make it difficult or impossible for us to comply. If we fail to comply with these rules, agreements or requirements, or if our data security systems are breached or compromised, we may be liable for losses incurred by card issuing banks or customers, subject to fines and higher transaction fees, lose our ability to accept credit or debit card payments from our customers, or process electronic fund transfers or facilitate other types of payments. Any failure to comply could significantly harm our brand, reputation, business, financial condition, and results of operations.

In the future, we may accept bitcoin or other forms of cryptocurrency as a form of payment for our products, subject to applicable laws, which we may or may not liquidate upon receipt. The prices of such assets have been in the past and may continue to be highly volatile, including as a result of various associated risks and uncertainties. If we hold such assets and their values decrease relative to our purchase prices, our financial condition may be harmed.

Our revenue could decline due to changes in credit markets and decisions made by credit providers.

Certain of our customers finance their purchase of our grills through third-party credit providers with whom we have existing relationships. If we are unable to maintain our relationships with our financing partners, there is no guarantee that we will be able to find replacement partners who will provide our customers with financing on similar terms, and our ability to sell our grills may be adversely affected. Further, reductions in consumer lending and the availability of consumer credit could limit the number of customers with the financial means to purchase our grills. Higher interest rates could increase our costs or the monthly payments for grills financed through other sources of consumer financing. In the future, we cannot be assured that third-party financing providers will continue to provide consumers with access to credit or that available credit limits will not be reduced. Such restrictions or reductions in the availability of consumer credit, or the loss of our relationship with our current financing partners, could have an adverse effect on our business, financial conditions, and results of operations.

Customer demand for sustainably produced products could reduce buyers for our products and competition among buyers for our products, which may have a material adverse effect on our business, cash flows, and results of operations.

Some of our customers have expressed a preference that certain of our products be made from raw materials sourced from forests certified to different standards, including standards of the FSC. Additionally, some environmental non-governmental organizations and media organizations have targeted the wood pellet industry as harmful to the environment and encouraged consumers to opt for more environmentally friendly options. If customer demand for sustainably produced products (including FSC-certified sources) increases, there may be reduced demand, and we may only be able to charge lower prices for our products relative to our competitors who can supply products sourced from forests certified to such standards. Furthermore, if we and our competitors seek to comply with sustainability initiatives, including those of the FSC, we could incur materially increased costs for our operations or be required to modify our existing operations, which would have a material adverse effect on our revenue, margins and cash flows. In addition, we may be unable to obtain the raw materials (particularly wood fiber from third parties for use at our wood pellet facilities) required to sustain our growth and satisfy our existing and future

customer contracts without incurring increased costs, including in connection with assisting some of our third party suppliers in their efforts to obtain FSC-certification, which would otherwise be cost-prohibitive. FSC, in particular, employs standards that are geographically variable and could cause a material reduction in our ability to source wood pellets, which would have a material adverse effect on our ability to execute our business plan and our results of operations.

We are subject to risks related to sustainability and environmental, social and governance ("ESG") issues.

Our business faces increasing scrutiny related to ESG issues, including renewable resources, environmental stewardship, supply chain management, climate change, safety, diversity and inclusion, workplace conduct, human rights, philanthropy and support for local communities. If we fail to meet applicable standards or expectations with respect to these issues across all of our services and in all of our operations and activities, including the expectations we set for ourselves, our reputation and brand image could be damaged, and our business, financial condition and results of operations could be adversely impacted.

Moreover, while we may create and publish voluntary disclosures regarding ESG matters from time to time, many of the statements in those voluntary disclosures are based on hypothetical expectations and assumptions that may or may not be representative of current or actual risks or events or forecasts of expected risks or events, including the costs associated therewith. Such expectations and assumptions are necessarily uncertain and may be prone to error or subject to misinterpretation given the long timelines involved and measuring and reporting on many ESG matters.

Certain organizations that provide corporate governance and other corporate risk information to investors and shareholders have developed, and others may in the future develop, scores and ratings to evaluate companies and investment funds based on ESG or sustainability metrics. Many investment funds focus on positive ESG business practices and sustainability scores when making investments and may consider a company's ESG or sustainability scores as a reputational or other factor in making an investment decision. In addition, investors, particularly institutional investors, use these scores to benchmark companies against their peers and if a company is perceived as lagging, these investors may engage with such companies to improve ESG disclosure or performance and may also make voting decisions, or take other actions, to hold these companies and their boards of directors accountable.

Significant increases in the cost of raw materials for our wood pellet facilities or our suppliers suffering from operating or financial difficulties could adversely impact revenue and our ability to satisfy customer demand.

We purchase wood fiber from third parties for use at our wood pellet facilities. Our reliance on third parties to secure wood fiber exposes us to potential price volatility and unavailability of such raw materials, and the associated costs may exceed our ability to pass through such price increases to customers, which could adversely affect our gross margins. For example, the price of lumber has significantly increased in recent years. Further, delays or disruptions in obtaining wood fiber may result from a number of factors affecting our suppliers, including extreme weather or forest fires, production or delivery disruptions, inadequate logging capacity, labor disputes, impaired financial condition of a particular supplier, the inability of suppliers to comply with regulatory or sustainability requirements (including increased sustainability standards, such as the FSC) or decreased availability of raw materials. In addition, other companies, whether or not in our industry, could procure wood fiber within our procurement areas and adversely change regional market dynamics, resulting in insufficient quantities of raw material or higher prices. Any of these events or the impact on the availability of wood fiber could increase our operating costs or prevent us from selling our wood pellets in quantities that satisfy customer demand, and thereby could have a material adverse effect on our brand, reputation, business, financial condition, and results of operations.

Our revenues, net income, and cash flow from operations are dependent to a significant extent on the pricing of our products and our continued ability to secure raw materials at adequate levels and acceptable prices. Therefore, if we are restricted from securing a sufficient amount of raw materials from third parties for a prolonged period of time, or if material damage to a significant portion of such third-party landowners' standing timber were to occur, we could suffer materially adverse effects to our results of operations. Any interruption or delay in the supply of wood fiber, or our inability to obtain wood fiber at acceptable prices in a timely manner, could impair our ability to meet the demands of our customers, which could have a material adverse effect on our brand, reputation, business, financial condition, and results of operations.

Failure to implement effective quality control systems at our wood pellet facilities could have a material adverse effect on our business and operations.

The performance and quality of our wood pellet products are important to the success of our business and can significantly impact the cooking experience of our grills and the taste of food cooked with our grills. To ensure consistent product quality, we must develop and implement improved quality control systems and quality training programs, and must otherwise promote and enforce employee adherence to our quality control policies and guidelines. We must also update such policies and guidelines and may be required to hire additional personnel and quality control specialists. We have a limited

history in operating wood pellet manufacturing facilities at both our existing and planned scale and may experience challenges in implementing improvements to our processes and operations that are necessary to support future business needs, which further increases our risk with respect to quality controls. Any significant failure involving the development, implementation or maintenance of quality control systems and related programs could have a negative impact on our product quality and consistency, which could have a material adverse effect on our business, financial condition, results of operations and reputation.

An increase in the price or a significant interruption in the supply of electricity could have a material adverse effect on our results of operations.

Our wood pellet facilities use a substantial amount of electricity. The price and supply of electricity are unpredictable and can fluctuate significantly based on international, political and economic circumstances, as well as other events outside our control, such as changes in supply and demand due to weather conditions, regional production patterns and environmental concerns. In addition, potential climate change regulations or carbon or emissions taxes could result in higher production costs for electricity, which may be passed on to us in whole or in part and we may not have the ability to pass such costs through to the customer, which could adversely affect our gross margins. A significant increase in the price of electricity or an extended interruption in the supply of electricity to our production plants could have a material adverse effect on our results of operations and cash flows.

Increases in labor costs, potential labor disputes, and work stoppages or an inability to hire skilled manufacturing, sales, and other personnel could adversely affect our business.

An increase in labor costs, work stoppages or disruptions at our facilities or those of our suppliers or transportation service providers, or other labor disruptions, could decrease our sales and increase our expenses. In addition, although our employees are not represented by a union, our labor force may become subject to labor union organizing efforts, which could cause us to incur additional labor costs and increase the related risks that we now face. It is also possible that a union seeking to organize one subset of our employee population, such as the employees in our manufacturing facility, could also mount a corporate campaign, resulting in negative publicity or other actions that require attention by our management team and our employees. Negative publicity, work stoppages, or strikes by unions could have an adverse effect on our business, prospects, financial condition, and results of operations.

The competition for skilled manufacturing, sales and other personnel can be intense in the regions in which our wood pellet facilities are located. A significant increase in the salaries and wages paid in these regions or by competing employers could result in a reduction of our labor force, increases in the salaries and wages that we must pay or both. If we are unable to hire skilled manufacturing, sales, and other personnel, our ability to execute our business plan, and our results of operations, would suffer.

Our wood pellet production operations are subject to operational hazards and downtimes or interruptions, which may have a material adverse effect on our business and results of operations.

Our wood pellets are combustible products. Fires and explosions have occurred at manufacturing facilities similar to ours, and fires have previously occurred at or near our wood pellet production facilities. As a result, our business could be adversely affected by these and other operational hazards and could suffer catastrophic loss due to unanticipated events such as explosions, fires, natural disasters or severe weather conditions. Severe weather, such as floods, earthquakes, hurricanes, forest fires or other catastrophes, or climatic phenomena, such as drought, may impact our operations by causing weather-related damage to our wood pellet facilities and equipment. Such events may become more frequent and more severe as a result of climate change. Severe weather and other climate phenomena may also adversely affect the ability of our suppliers to provide us with the raw materials we require or the ability of vessels to load, transport, and unload our wood pellet products. In addition, our wood pellet facilities are subject to the risk of unexpected equipment failures. At our wood pellet facilities plants, our manufacturing processes are dependent upon critical pieces of equipment, and such equipment may, on occasion, be out of service as a result of such failures. As a result, we may experience material facility shutdowns or periods of reduced production, which could have a material adverse effect on our business and results of operations. Any interference with or curtailment of our wood pellet facilities and related production operations could result in a loss of productivity, an increase in our operating costs and decrease in revenue, which may have a material adverse effect on our business and results of operations.

In addition, we may not be fully insured against all risks incident to our wood pellet production operations, including the risk of our operations being interrupted due to severe weather and natural disasters. Furthermore, we may be unable to maintain or obtain insurance of the type and amount we desire at reasonable rates. As a result of market conditions, premiums and deductibles for certain of our insurance policies could escalate. In some instances, insurance could become unavailable or

available only for reduced amounts of coverage. If we were to incur a significant liability for which we are not fully insured, it could have a material adverse effect on our financial condition and results of operations.

Our wood pellet production operations are subject to stringent environmental and occupational health and safety laws and regulations that may expose us to significant costs and liabilities.

Our wood pellet production operations are subject to stringent federal, regional, state, and local environmental, health and safety laws and regulations. These laws and regulations govern environmental protection, occupational health and safety, the release or discharge of materials into the environment, air emissions, wastewater discharges, the investigation and remediation of contaminated sites and allocation of liability for cleanup of such sites. These laws and regulations may restrict or impact our business in many ways, including by requiring us to acquire permits or other approvals to conduct regulated activities; limiting our air emissions or wastewater discharges or requiring us to install costly equipment to control, reduce or treat such emissions or discharges; imposing requirements on the handling or disposal of wastes; impacting our ability to modify or expand our operations (for example, by limiting or prohibiting construction and operating activities in environmentally sensitive areas); and imposing health and safety requirements for worker protection. We may be required to make significant capital and operating expenditures to comply with these laws and regulations. Failure to comply with these laws and regulations may result in the assessment of administrative, civil, and criminal penalties, imposition of investigatory or remedial obligations, suspension or revocation of permits and the issuance of orders limiting or prohibiting some or all of our operations. Adoption of new or modified environmental laws and regulations may impair the operation of our wood pellet production operations, delay or prevent expansion of existing facilities or construction of new facilities and otherwise result in increased costs and liabilities, which may be material.

Certain environmental laws, including the CERCLA, and analogous state laws, impose strict as well as joint and several liability upon statutorily defined parties without regard to comparative fault. Under these laws, we may be required to remediate contaminated properties currently or formerly operated by us, or facilities of third parties that received waste generated by our wood pellet production operations. Such remediation obligations may be imposed regardless of whether such contamination resulted in whole or in part from the conduct of others and whether such contamination resulted from actions (by us or third parties) that complied with all applicable laws in effect at the time of those actions. Our facilities are located on sites that have been used for manufacturing activities for an extended period of time, which increases the possibility of contamination being present. In addition, claims for damages to persons or property, including natural resources, may result from the environmental, health, and safety impacts of our operations, including accidental spills or releases in the course of our operations or those of a third party. Although we are not presently aware of any material contamination on our properties or any material remediation liabilities, we cannot assure you that we will not be exposed to significant remediation obligations or liabilities in the future.

As a producer and distributor of a variety of consumer products, we must comply with various federal, state, provincial, local and foreign laws relating to the materials, production, packaging, quality, labeling and distribution of our products, including various environmental and health and safety laws and regulations. For example, the electronic components of our products may be subject to restrictions regarding the raw materials used and end of life requirements such as the collection, recycling and recovery of wastes. Our food products must meet U.S. Food and Drug Administration ("FDA"), or parallel foreign requirements of safety for human consumption, labeling, processing and distribution under sanitary conditions and production in accordance with FDA “good manufacturing practices.” Should our products fail to comply with such laws and regulations or the interpretation or enforcement of such laws and regulations becomes more stringent, our costs could increase and changes to our products or operations could be required, which may have an adverse effect on our business, financial condition, results of operations or prospects.

Climate change legislation, regulatory initiatives and litigation could result in increased operating costs or, in some instances, adversely impact demand for our products.

Many nations have agreed to limit emissions of greenhouse gases pursuant to the United Nations Framework Convention on Climate Change, also known as the “Kyoto Protocol,” and other initiatives. In December 2015, the United States and 194 other countries adopted the Paris Agreement, committing to work towards addressing climate change and agreeing to a monitoring and review process for greenhouse gas emissions. Although the United States withdrew from the Paris Agreement in November 2020, the United States officially rejoined the Paris Agreement in February 2021 following the change in Presidential administrations, and may in the future choose to join other international agreements targeting greenhouse gas emissions. In April 2021, President Biden announced a goal of reducing the United States' emissions by 50-52% below 2005 levels by 2030. In November 2021, the international community gathered again in Glasgow at the 26th Conference to the Parties on the UN Framework Convention on Climate Change, during which multiple announcements were made, including a call for parties to eliminate certain fossil fuel subsidies and pursue further action on non-carbon dioxide greenhouse gases.

In addition, in January 2021, President Biden issued an executive order directing all federal agencies to review and take action to address any federal regulations, orders, guidance documents, policies, and any similar agency actions promulgated during the prior administration that may be inconsistent with the current administration's policies and to confront the climate crisis. President Biden also issued an executive order solely targeting climate change. The adoption of legislation or regulatory programs at the federal level, or other government action to reduce emissions of greenhouse gases, could require us to incur increased operating costs, such as costs to purchase and operate emissions control systems, to acquire emissions allowances or to comply with new regulatory or reporting requirements.

Moreover, many U.S. states, either individually or through multi-state regional initiatives, have begun to address greenhouse gas emissions, primarily through the planned development of greenhouse gas emission inventories and/or regional greenhouse gas cap-and-trade programs. Certain states where our wood pellet facilities are located, including New York, have implemented climate change regulations and committed to reducing greenhouse gases. For example, New York recently implemented the Climate Leadership and Community Protection Act, which aims to reduce greenhouse gas emissions 40% below 1990 levels by 2030 and 85% below 1990 levels by 2050. Such regulations may increase the cost of operating such facilities or otherwise restrict the operations of such facilities, which could have an adverse impact on our business and operations.

Further, our markets may be affected by legislative initiatives and policies that promote or do not promote devices that have or share similar traits to our wood pellet grills, such as wood burning stoves and similar appliances. Certain jurisdictions have adopted or proposed local ordinances or policies restricting the use of a wide range of devices, which may encompass or cover the cooking mechanism utilized by our wood pellet grills. It remains uncertain whether or to what extent such restrictions could impact demand for our products or the ability of customers to use our grills in states or other jurisdictions that have adopted or may in the future adopt or implement such restrictions. The U.S. Environmental Protection Agency has issued matter limits for certain wood-burning appliances that people use to heat their home. While these limits are not applicable to cook stoves such as wood-fired grills, the regulations impose labeling requirements that may be applicable and such regulations may be broadened in the future. These restrictions and the applicable requirements for permits or exemptions may vary significantly by location, and we may be unable to track or monitor all such restrictions in the markets in which we sell our products. Future changes to laws or policies relating to these or similar matters could reduce demand for our products and have a material adverse effect on our business, financial condition and results of operations.

Federal, state, and local legislative and regulatory initiatives relating to forestry products and the potential for related litigation could result in increased costs, additional operating restrictions or delays for our suppliers, which could negatively impact our business, financial condition, and results of operations.

Commercial forestry is regulated by complex regulatory frameworks at each of the federal, state, and local levels. Among other federal laws, the Clean Water Act and Endangered Species Act have been applied to commercial forestry operations through agency regulations and court decisions, as well as through the delegation to states to implement and monitor compliance with such laws. State forestry laws, as well as land use regulations and zoning ordinances at the local level, are also used to manage forests in the United States, as well as other regions from which we may need to source raw materials in the future. Any new or modified laws or regulations at any of these levels could have the effect of reducing forestry operations in areas where we procure our raw materials, and consequently may prevent us from purchasing raw materials in an economic manner, or at all. In addition, future regulation of, or litigation concerning, the use of timberlands, the protection of threatened or endangered species or their habitats, the promotion of forest biodiversity, and the response to and prevention of wildfires, as well as litigation, campaigns or other measures advanced by environmental activist groups, could also reduce the availability of the raw materials required for our operations and the production of our wood pellets.

Regulatory authorities in the United States, European Union and elsewhere are increasingly regulating hazardous materials and other substances, and those regulations could affect sales of our products.

Legislation and regulations concerning hazardous materials and other substances can restrict the sale of products and/or increase the cost of producing them. Some of our products are subject to restrictions under laws or regulations such as California's Proposition 65 and the EU's chemical substances directive. The EU "REACH" registration system requires us to perform studies of some of the materials used in our products and to register the information in a central database, increasing the cost of these products. As a result of such regulations, our ability to sell certain products may be curtailed and customers may avoid purchasing some products in favor of less regulated, less hazardous or less costly alternatives. It may be impractical for us to continue manufacturing heavily regulated products, and we may incur costs to shut down or transition such operations to alternative products. These circumstances could adversely affect our business, including our revenue and results of operations.

In addition, the European Commission has announced a proposal for a revised Regulation concerning batteries, which would be applicable to our MEATER smart thermometer business. The regulation has not yet been approved by the EU legislature, but if enacted as proposed, then it would introduce additional requirements in relation to batteries used in our MEATER smart thermometer and charger. These requirements would include minimum electrochemical performance and durability requirements for the batteries (applying from 2027) used in our chargers, additional labelling requirements in relation to certain characteristics of batteries and a requirement that our MEATER smart thermometers are designed in a way that enables end-users or independent operators to remove and replace the battery. If these measures are introduced as currently proposed, they may adversely impact our MEATER thermometer business, by requiring a re-design of the product or increasing the cost of batteries to us and our consumers, reducing demand and adversely affecting our revenue and results of operations.

Risks Related to Our Reliance on Third Parties

We rely on a limited number of third-party manufacturers, and problems with, or loss of, our suppliers or an inability to obtain raw materials could harm our business and results of operations.

Our grills are produced by a limited number of third-party manufacturers. We face the risk that these third-party manufacturers may not produce and deliver our products on a timely basis or at all. Our reliance on a limited number of manufacturers for our products increases our risks, since we do not currently have alternative or replacement manufacturers for certain of our products beyond our existing manufacturers. In the event of interruption from our manufacturers or suppliers, we may not be able to increase capacity from other sources or develop alternate or secondary sources without incurring material additional costs and substantial delays, and we do not maintain sufficient inventory levels to mitigate the impact of such costs and delays. Further, certain of these manufacturers have developed specific processes and manufacturing procedures for certain of our products, and such processes and procedures may not be easily transferred to other manufacturers, if at all. Furthermore, we expect that as we continue to introduce new products and product enhancements, our manufacturing costs will grow increasingly more complex and the cost will continue to increase. We have experienced, and will likely continue to experience, certain operational difficulties with our manufacturers. These difficulties include reductions in the availability of production capacity, errors in complying with product specifications, insufficient quality control, failures to meet production deadlines, failure to achieve our product quality standards, increases in costs of materials, and manufacturing or other business interruptions. The ability of our manufacturers to effectively satisfy our production requirements could also be impacted by manufacturer financial difficulty or damage to their operations caused by fire, terrorist attack, riots, natural disaster, public health issues such as the current COVID-19 pandemic (or other future pandemics or epidemics), or other events. In particular, the current COVID-19 outbreak has caused, and may continue to cause, interruptions in the development, manufacturing (including the sourcing of key components), and shipment of our products, which could adversely impact our revenue and results of operations. Such interruptions may be due to, among other things, temporary closures of manufacturing facilities, and other vendors and distributors in our supply chain, restrictions on travel or the import/export of goods and services from certain ports that we use, and local quarantines. The failure of any manufacturer or distributor to perform to our expectations could result in supply shortages or delays for certain products and harm our business.

If we experience significantly increased demand, or if we need to replace an existing manufacturer due to lack of performance, we may be unable to supplement or replace manufacturing capacity on a timely basis or on terms that are acceptable to us, which may increase our costs, reduce our margins, and harm our ability to deliver our products on time. For certain of our products, it may take a significant amount of time to identify and qualify a manufacturer that has the capability and resources to produce our products to our specifications in sufficient volume and satisfy our service and quality control standards. Accordingly, a loss of any of our significant manufacturers, suppliers or distributors could have an adverse effect on our business, financial condition, and results of operations.

The capacity of our manufacturers to produce our products is also dependent upon the availability of raw materials. Our manufacturers may not be able to obtain sufficient supply of raw materials, which could result in delays in deliveries of our products by our manufacturers or increased costs. Any shortage of raw materials or inability of a manufacturer to produce or ship our products in a timely manner, or at all, could impair our ability to ship orders of our products in a cost-efficient, timely manner and could cause us to miss the delivery requirements of our customers. As a result, we could experience cancellations of orders, refusals to accept deliveries, or reductions in our prices and margins, any of which could harm our financial performance, reputation, and results of operations.

If we fail to timely and effectively obtain shipments of products from our manufacturers and deliver products to our customers, including our retailers, our business, and results of operations could be harmed.

Our business depends on our ability to source and distribute products in a timely manner. However, we cannot control all of the factors that might affect the timely and effective procurement of our products from our third-party manufacturers and the delivery of our products to our customers, including to retailers through our retail channel.

Our third-party contract manufacturers ship most of our products to our third-party logistics providers, who have warehouses in California, Georgia, Texas and Washington, as well as operations in the Netherlands and Canada. The limited geographical scope of our distribution and fulfillment centers makes us vulnerable to natural disasters, weather-related disruptions, accidents, system failures, public health issues such as the current COVID-19 pandemic (or other future pandemics or epidemics), or other unforeseen events that could delay or impair our ability to fulfill orders to retail channel customers and/or ship products to DTC customers, which could harm our sales. We import our products, and we are also vulnerable to risks associated with products manufactured abroad, including, among other things: (a) risks of damage, destruction, or confiscation of products while in transit to our distribution centers; and (b) transportation and other delays in shipments, including as a result of heightened security screening, port congestion, and inspection processes or other port-of-entry limitations or restrictions in the United States. Failure to procure our products from our third-party manufacturers and deliver such products to our customers in a timely, effective, and economically viable manner could reduce our sales and gross margins, damage our brand, and harm our business.

We also rely on the timely and free flow of goods through open and operational ports from our suppliers and manufacturers. Labor disputes or disruptions at ports, our common carriers, or our suppliers or manufacturers could create significant risks for our business, particularly if these disputes result in work slowdowns, lockouts, strikes, or other disruptions during periods of significant importing or manufacturing, potentially resulting in delayed or canceled orders by customers, unanticipated inventory accumulation or shortages, and harm to our business, results of operations, and financial condition. In addition, we rely upon independent freight carriers for product shipments from our distribution centers to our customers. We may not be able to obtain sufficient freight capacity on a timely basis or at favorable shipping rates and, therefore, may not be able to receive products from suppliers or deliver products to customers in a timely and cost-effective manner.

Accordingly, we are subject to the risks, including labor disputes, union organizing activity, inclement weather, public health crises such as the current COVID-19 pandemic (or other future pandemics or epidemics), and increased transportation costs, associated with our third-party manufacturers' and carriers' ability to provide products and services to meet our requirements. In addition, if the cost of fuel rises, the cost to deliver products may rise, which could harm our profitability.

Fluctuations in the cost and availability as well as delays of raw materials, equipment, labor, and transportation could cause manufacturing delays or increase our costs.

The price and availability of raw materials and key components used to manufacture our products, including electronic components, such as integrated circuits, processors and system on chips, components built into our unique specifications or that are single sourced, as well as manufacturing equipment, tooling, and wood fibers, may fluctuate significantly. In addition, the cost of labor at our third-party manufacturers could increase significantly. For example, manufacturers in China have experienced increased costs in recent years due to shortages of labor and fluctuations of the Chinese yuan in relation to the U.S. dollar. Additionally, the cost of logistics and transportation fluctuates in large part due to the price of oil, global demand and other geopolitical factors. Any fluctuations in the cost and availability of any of our raw materials or other sourcing or transportation costs related to our raw materials or products could harm our gross margins (as was the case in 2021 due to increased freight rates and logistics costs) and our ability to meet customer demand. For example, disruptions to or increases in the cost of local, regional domestic or international transportation services for our products and other forms of infrastructure, such as electricity, due to shortages of vessels, barges, railcars or trucks, weather-related problems, flooding, droughts, accidents, mechanical difficulties, bankruptcy, strikes, lockouts, bottlenecks (such as the recent blockage of the Suez Canal in March 2021) or other events could increase our costs, temporarily impair our ability to deliver products to our customers on time or at all and might, in certain circumstances, constitute a force majeure event under our customer contracts, permitting our customers to suspend taking delivery of and paying for our products or resulting in a charge to us for our customers' lost profits as a result of our failure to timely deliver our products. Relatedly, some of our contracts with our large retail customers subject us to financial penalties if we fail to ship an order that is on time or in full. If we are unable to successfully mitigate a significant portion of these product cost increases, fluctuations or delays, our results of operations could be harmed.

In addition, persistent disruptions in our access to infrastructure may force us to halt production as we reach storage capacity at our facilities. Accordingly, if the primary transportation services we use to transport our products are disrupted, and we are unable to find alternative transportation providers, it could have a material adverse effect on our results of operations, business, and financial position.

Many of our products are manufactured by third parties outside of the United States, and our business may be harmed by legal, regulatory, economic, political, and public health risks associated with international trade and those markets.

Many of our primary products are manufactured by entities located in China. In addition, we have a third-party manufacturer in Vietnam. Our reliance on suppliers and manufacturers in foreign markets creates risks inherent in doing business in foreign jurisdictions, including: (a) the burdens of complying with a variety of foreign laws and regulations, including trade and labor restrictions and laws relating to the importation and taxation of goods; (b) changes in the U.S. or international regulations requiring the enactment of more restrictive environmental regulations in markets where we manufacture our products, including China and/or Vietnam; (c) weaker protection for intellectual property and other legal rights than in the United States, and practical difficulties in enforcing intellectual property and other rights outside of the United States; (d) compliance with U.S. and foreign laws relating to foreign operations and business activities, including the FCPA and the UK Bribery Act (which generally prohibit U.S. companies from making improper payments to foreign officials for the purpose of obtaining or retaining business), regulations of the U.S. Office of Foreign Assets Control ("OFAC") (which generally restrict U.S. companies from operating in certain countries, or maintaining business relationships with certain restricted parties), U.S. anti-money laundering regulations, and similar laws that prohibit engaging in other corrupt and illegal practices; (e) economic and political instability and acts of terrorism in the countries where our suppliers are located; (f) public health crises, such as pandemics and epidemics, in the countries where our suppliers and manufacturers are located; (g) transportation interruptions or increases in transportation costs; and (h) the imposition of tariffs or non-tariff barriers on components and products that we import into the United States or other markets. For example, the ongoing COVID-19 pandemic has resulted in increased travel restrictions, supply chain disruptions, and extended shutdown of certain businesses around the globe. This public health crises or any further political developments or health concerns in markets in which our products are manufactured could result in social, economic, and labor instability, adversely affecting the supply of our products and, in turn, our business, financial condition, and results of operations. Further, we cannot assure you that our directors, officers, employees, representatives, manufacturers, or suppliers have not engaged and will not engage in conduct for which we may be held responsible, nor can we assure you that our manufacturers, suppliers, or other business partners have not engaged and will not engage in conduct that could materially harm their ability to perform their contractual obligations to us or even result in our being held liable for such conduct. Violations of the FCPA, the UK Bribery Act, OFAC regulations, or other export control, anti-corruption, anti-money laundering, and anti-terrorism laws or regulations may result in severe criminal or civil penalties, and we may be subject to other related liabilities, which could harm our business, financial condition, cash flows, and results of operations.

Changes to United States trade policies that restrict imports or increase import tariffs may have a material adverse effect on our business.

There have been significant changes and proposed changes in recent years to U.S. trade policies, tariffs, and treaties affecting imports. For example, the United States has imposed supplemental tariffs of up to 25% on certain imports from China, as well as increased tariffs and import restrictions on products imported from various other countries. In response, China and other countries have imposed or proposed additional tariffs on certain exports from the United States. The United States is also investigating certain trade-related practices by Vietnam that could affect U.S. imports from that country, and has recently renegotiated the multilateral trading relationship between the United States, Canada, and Mexico, resulting in the replacement of the North American Free Trade Agreement ("NAFTA") with a new U.S.-Mexico-Canada Agreement ("USMCA").

A significant proportion of our products are manufactured in China, Vietnam, and other regions outside of the United States. Accordingly, such U.S. policy changes have made it and may continue to make it difficult or more expensive for us to obtain certain products manufactured outside the United States, which could affect our revenue and profitability. Further tariff increases could require us to increase our prices, which could decrease customer demand for our products. Retaliatory tariff and trade measures imposed by other countries could affect our ability to export products and therefore adversely affect our revenue. Any of these factors could depress economic activity and restrict our access to suppliers or customers, and could have a material adverse effect on our business, financial condition, and results of operations and affect our strategy in China, Vietnam, and elsewhere around the world.

We depend on our retailers to display and present our products to customers, and our failure to maintain and further develop our relationships with our retailers could harm our business.

Through our retail channel, we sell a significant amount of our products through knowledgeable national, regional, and independent retailers. These retailers service customers by stocking and displaying our products, explaining our product attributes and capabilities, and sharing our brand story. Our relationships with these retailers are important to the authenticity of our brand and the marketing programs we continue to deploy. Our failure to maintain relationships with retailers and brand ambassadors at retailers, or financial difficulties experienced by these retailers, could harm our business.

Because we are a premium brand, our sales depend, in part, on retailers effectively displaying our products, including providing attractive space and point of purchase displays in their stores and e-commerce platforms, and training their sales personnel to sell our products. If retailers reduce or terminate those activities, we may experience reduced sales of our products, resulting in lower gross margins, which would harm our results of operations.

Insolvency, credit problems or other financial difficulties that could confront our retailers or distributors could expose us to financial risk.

We sell to the large majority of retail channel customers on open account terms and do not require collateral or a security interest in the inventory we sell them. Consequently, our accounts receivable for our retail channel customers are unsecured. We also rely on third-party distributors to distribute our products to our retail channel and DTC customers. Insolvency, credit problems, or other financial difficulties confronting our retailers or distributors could expose us to financial risk. These actions could expose us to risks if our distributors are unable to distribute our products to our customers and/or if our retail channel customers are unable to pay for the products they purchase from us in a timely matter or at all. Financial difficulties of our retailers could also cause them to reduce their sales staff, use of attractive displays, number or size of stores, and the amount of floor space dedicated to our products. Any reduction in sales by, or loss of, our current retailers or customer demand, or credit risks associated with our retailers or distributors, could harm our business, results of operations, and financial condition.

If our independent suppliers and manufacturers do not comply with ethical business practices or with applicable laws and regulations, our reputation, business, and results of operations could be harmed.

Our reputation and our customers' willingness to purchase our products depend in part on our suppliers', manufacturers', and retailers' compliance with ethical employment practices, such as with respect to child labor, wages and benefits, forced labor, discrimination, safe and healthy working conditions, and with all legal and regulatory requirements relating to the conduct of their businesses. We do not exercise control over our suppliers, manufacturers, and retailers and cannot guarantee their compliance with ethical and lawful business practices. If our suppliers, manufacturers, or retailers fail to comply with applicable laws, regulations, safety codes, employment practices, human rights standards, quality standards, environmental standards, production practices, or other obligations, norms, or ethical standards, our reputation and brand image could be harmed, and we could be exposed to litigation and additional costs that would harm our business, reputation, and results of operations.

Risks Related to our Capital Structure, Indebtedness and Capital Requirements

We depend on cash generated from our operations to support our growth, and we may need to raise additional capital, which may not be available on terms acceptable to us or at all.

We primarily rely on cash flow generated from our sales to fund our current operations and our growth initiatives. As we expand our business, we will need significant cash from operations to purchase inventory, increase our product development, expand our manufacturer and supplier relationships, pay personnel, pay for the increased costs associated with operating as a public company, expand internationally, and further invest in our sales and marketing efforts. If our business does not generate sufficient cash flow from operations to fund these activities and sufficient funds are not otherwise available from our current or future credit facility, we may need additional equity or debt financing. If such financing is not available to us on satisfactory terms, our ability to operate and expand our business or to respond to competitive pressures could be harmed. Moreover, if we raise additional capital by issuing equity securities or securities convertible into equity securities, the ownership of our existing stockholders may be diluted. The holders of new securities may also have rights, preferences or privileges which are senior to those of existing holders of common stock. In addition, any indebtedness we incur may subject us to covenants that restrict our operations and will require interest and principal payments that could create additional cash demands and financial risk for us.

Our ability to use our net operating loss carryforwards and certain other tax attributes may be limited.

As of December 31, 2021, we have net operating loss carryforwards ("NOLs") of approximately $79.4 million for U.S. federal income tax purposes, which will be available to offset future taxable income. Due to recent tax legislation, approximately $53.4 million of these NOLs are eligible for indefinite carryforward, limited by certain taxable income. Due to cumulative losses, we have recorded a full valuation allowance against our net deferred tax assets as of December 31, 2021, 2020, and 2019, respectively. Utilization of our NOLs and certain other tax attributes depends on many factors, including our future income, which cannot be assured. Section 382 of the Internal Revenue Code of 1986, as amended ("Section 382"), generally imposes an annual limitation on the amount of taxable income that may be offset by NOLs and certain other tax attributes when a corporation has undergone an "ownership change" (generally, if the percentage of its stock owned by its "5-percent shareholders," as defined in Section 382, increases by more than 50 percentage points (by value) over a three-year

period). We are not aware of any existing restrictions or limitations on the use of our NOLs or other tax attributes under Section 382. However, we may undergo an ownership change in the future, including as a result of the combined effect of this and future offerings, which would result in an annual limitation under Section 382. The limitations arising from any ownership change may prevent utilization of our NOLs and certain other tax attributes.

U.S. federal NOLs generated in taxable years beginning on or before December 31, 2017, or pre-2017 NOLs, are subject to expiration while U.S. federal and certain state NOLs generated in taxable years beginning after December 31, 2017, or post- 2017 NOLs, are not subject to expiration. Additionally, for taxable years beginning after December 31, 2020, the deductibility of federal post-2017 NOLs is limited to 80% of our taxable income in such year, where taxable income is determined without regard to the NOL for such post-2017 NOLs. For these and other reasons, we may not be able to realize a tax benefit from the use of our NOLs.

To the extent we are not able to offset our future taxable income with our NOLs or other tax attributes, this could adversely affect our operating results and cash flows.

Changes in our effective tax rate or exposure to additional income tax liabilities could adversely affect our financial results.

Taxation and tax policy changes, tax rate changes, new tax laws, revised tax law interpretations, and changes in accounting standards and guidance related to tax matters may cause fluctuations in our effective tax rate. For example, the Biden administration has proposed to increase the U.S. corporate income tax rate to 28% from 21%, increase the U.S. taxation of international business operations and impose a global minimum tax. Our effective tax rate may also be impacted by changes in the geographic mix of our earnings.

Our substantial indebtedness could materially adversely affect our financial condition.

As of December 31, 2021, we had cash and cash equivalents of $16.7 million, $125.0 million borrowing capacity under the New Revolving Credit Facility and up to $100.0 million borrowing capacity under the Receivables Financing Agreement. As of December 31, 2021, we had drawn down $9.0 million on the New Revolving Credit Facility and $41.1 million under the Receivables Financing Agreement. As of December 31, 2021, the total principal amount outstanding under our New First Lien Term Loan Facility was $388.2 million and the aggregate principal amount of indebtedness outstanding under our New Credit Facilities was $429.3 million. Our substantial indebtedness could have important consequences to the holders of our common stock, including the following:

- making it more difficult for us to satisfy our obligations with respect to our other debt;
- limiting our ability to obtain additional financing to fund future working capital, capital expenditures, acquisitions or other general corporate requirements;
- requiring us to dedicate a substantial portion of our cash flows to debt service payments instead of other purposes, thereby reducing the amount of cash flows available for working capital, capital expenditures, acquisitions, and other general corporate purposes;
- increasing our vulnerability to general adverse economic and industry conditions;
- limiting our flexibility in planning for and reacting to changes in the industry in which we compete;
- placing us at a disadvantage compared to other, less leveraged competitors; and
- increasing our cost of borrowing.

As of December 31, 2021, our substantial indebtedness also could have exposed us to the risk of increased interest rates, as our borrowings under our New First Lien Term Loan Facility and New Revolving Credit Facility are at variable rates of interest. However, in February 2022, to reduce this interest rate risk, we entered into an interest rate hedge contract as described in further detail in Note 22 - *Subsequent Events* to the accompanying consolidated financial statements.

The New First Lien Term Loan Facility and New Revolving Credit Facility will mature on June 2028 and June 2026, respectively. We may need to refinance all or a portion of our indebtedness on or before the maturity thereof. We may not be able to obtain such financing on commercially reasonable terms or at all. Failure to refinance our indebtedness could have a material adverse effect on us.

The terms of our New First Lien Credit Agreement may restrict our current and future operations, including our ability to respond to changes or to take certain actions.

Our New First Lien Credit Agreement contains a number of restrictive covenants that impose significant operating and financial restrictions on us and may limit our ability to engage in certain acts including, but not limited to, our ability to incur additional indebtedness or liens (with certain exceptions), make certain investments, engage in fundamental changes or transactions including changes of control, transfer or dispose of certain assets, make restricted payments (including dividends), engage in new lines of business, make certain prepayments and engage in certain affiliate transactions. See Part II, Item 7. "Management's Discussion and Analysis of Financial Condition and Results of Operations—Liquidity and Capital Resources—Credit Facilities." As a result of these restrictions, we may be limited in how we conduct our business, unable to raise additional debt or equity financing to operate during general economic or business downturns, or unable to compete effectively or to take advantage of new business opportunities.

A breach of the covenants or restrictions under our New First Lien Credit Agreement could result in a default or an event of default. Such a default may allow the creditors to accelerate the related debt and may result in the acceleration of any other debt to which a cross-acceleration or cross-default provision applies. In addition, an event of default would permit the lenders to terminate all commitments to extend further credit under such facility. Furthermore, if we were unable to repay the amounts due and payable, those lenders under each facility could proceed against the collateral granted to them to secure that indebtedness. In the event our lenders were to accelerate the repayment of our indebtedness, we and our subsidiaries may not have sufficient assets to repay that indebtedness. In exacerbated or prolonged circumstances, one or more of these events could result in our bankruptcy or liquidation.

Our debt may be downgraded, which could have a material adverse effect on our business, financial condition, and results of operations.

A reduction in the ratings that rating agencies assign to our short- and long-term debt may negatively impact our access to the debt capital markets and increase our cost of borrowing, which could have a material adverse effect on our business, financial condition, and results of operations.

Risks Related to Intellectual Property, Information Technology, and Data Privacy

Recent changes to patent laws in the United States and in foreign jurisdictions may limit our ability to obtain, defend, and/or enforce our patents.

The U.S. Supreme Court has ruled on several patent cases in recent years, either narrowing the scope of patent protection available in certain circumstances or weakening the rights of patent owners in certain situations. In addition to increasing uncertainty with regard to our ability to obtain patents in the future, this combination of events has created uncertainty with respect to the value of patents, once obtained. Depending on actions by the U.S. Congress, the U.S. federal courts, and the United States Patent and Trademark Office, the laws and regulations governing patents could change in unpredictable ways that could weaken our ability to obtain new patents or to enforce patents that we have licensed or that we might obtain in the future. Similarly, changes in patent laws or regulations in other countries or jurisdictions, changes in the governmental bodies that enact them or changes in how the relevant governmental authority enforces patent laws or regulations may weaken our ability to obtain new patents or to enforce patents that we have licensed or that we may obtain in the future.

If our trademarks and trade names are not adequately protected, we may not be able to build name recognition in our markets of interest.

If our trademarks and trade names are not adequately protected, we may not be able to build name recognition and our business may be adversely affected. At times, competitors may adopt trade names or trademarks similar to ours, thereby impeding our ability to build brand name recognition, possibly leading to market confusion and potentially requiring us to pursue legal action, which could be time consuming and costly. In addition, there could be potential trade name or trademark infringement claims brought by owners of other registered trademarks or trademarks that incorporate variations of our unregistered trademarks or trade names, which could be time consuming and costly to litigate. If we are unable to successfully register our trademarks and trade names and establish brand name recognition based on our trademarks and trade names, then we may not be able to compete effectively and our business may be adversely affected. Our efforts to enforce or protect our proprietary rights related to trademarks, domain names, copyrights, or other intellectual property may be ineffective and could result in substantial costs and diversion of resources and could adversely impact our financial condition or results of operations.

Our success depends in part on our ability to operate without infringing on or misappropriating the proprietary rights of others, and if we are unable to do so we may be liable for damages.

We cannot be certain that United States or foreign patents or patent applications of other companies do not exist or will not be issued that would prevent us from commercializing our products. Third parties may sue us for allegedly infringing or misappropriating their patent or other intellectual property rights. Intellectual property litigation is time consuming and costly. If we do not prevail in litigation, depending on the litigant, in addition to any damages we might have to pay, we could be required to cease the infringing activity or obtain a license requiring us to make royalty payments. It is possible that a required license may not be available to us on commercially acceptable terms, if at all. In addition, a required license may be non-exclusive, and therefore our competitors may have access to the same intellectual property rights licensed to us. If we fail to obtain a required license or are unable to design around a third party's patent, we may be unable to make use of some of the affected products, or their features, which could reduce our revenues and adversely affect our business.

The defense costs and settlements for patent infringement lawsuits are not covered by insurance. Patent infringement lawsuits are costly and can take years to resolve. If we are not successful in our defenses or are not successful in obtaining dismissals of any such lawsuit and/or subsequent appeals, legal fees or settlement costs could have a material adverse effect on our results of operations and financial condition.

We rely significantly on information technology, and any failure, inadequacy or interruption of that technology could harm our ability to effectively operate our business.

Our business relies on information technology. Our ability to effectively manage and maintain our inventory and internal reports, and to ship products to customers and invoice them on a timely basis, depends significantly on our enterprise resource planning, warehouse management, and other information systems, including those operated by certain of our third-party partners. We also heavily rely on information systems to process financial and accounting information for financial reporting purposes. Any of these information systems could fail or experience a service interruption for a number of reasons, including computer viruses, programming errors, hacking or other unlawful activities, disasters or our failure to properly maintain system redundancy or protect, repair, maintain or upgrade our systems. The failure of our or our third-party partners' information systems to operate effectively or to integrate with other systems, or a breach in security of these systems, could cause delays in product fulfillment and reduced efficiency of our operations, which could negatively impact our financial results. If we experienced any significant disruption to our financial information systems that we are unable to mitigate, our ability to timely report our financial results could be impacted, which could negatively impact our stock price. We also communicate electronically throughout the world with our employees and with third parties, such as customers, suppliers, vendors and consumers. A service interruption or shutdown could have a materially adverse impact on our operating activities and could result in reputational, competitive, and business harm. Remediation and repair of any failure, problem or breach of our key information systems could require significant capital investments.

Cyber attacks or data breaches could adversely affect our business, disrupt our operations, and negatively impact our business.

Threats to network and data security are increasingly diverse and sophisticated. Despite our efforts and processes to prevent cyber-attacks and data breaches, our products and services, as well as our servers, computer and information systems, and those of third parties that we use in our operations are vulnerable to cybersecurity risks, including cyber-attacks such as viruses and worms, ransomware attacks, phishing attacks, denial-of-service attacks, physical or electronic break-ins, third-party or employee theft or misuse, and similar disruptions from unauthorized tampering with our servers and computer systems or those of third parties that we use in our operations, which could lead to interruptions, delays, loss of critical data, unauthorized access to customer and employee personal data, and loss of customer confidence. In addition, we may be the target of email scams that attempt to acquire personal information or company assets.

Despite our efforts to implement security barriers to such threats, the techniques used by cyber threat actors change frequently and may be difficult to anticipate and detect. As a result, we may not be able to entirely mitigate these threats. As a result of the COVID-19 pandemic, remote work and remote access to our systems has increased significantly, which has also increased our cybersecurity attack surface. Accordingly, we could experience an increase in cyberattack volume, frequency and sophistication driven by the global enablement of remote workforces. Our products and services are potentially vulnerable to additional known or unknown threats. Any cyber-attack that attempts to obtain our or our customers' data and assets, disrupt our service, or otherwise access our systems, or those of third parties we use, if successful, could adversely affect our business, financial condition, and results of operations, be expensive to remedy, and damage our reputation. In addition, any such breaches may result in negative publicity, litigation and regulatory action or fines and adversely affect our brand, impacting demand for our products and services, and could have an adverse effect on our business, financial condition, and results of operations. The costs of mitigating cybersecurity risks are significant and are likely to increase in the future. These costs include, but are not limited to, retaining the services of cybersecurity providers; compliance costs arising out of existing and

future cybersecurity, data protection and privacy laws and regulations; and costs related to maintaining redundant networks, data backups and other damage-mitigation measures.

Certain aspects of the business, particularly our website, heavily depend on consumers entrusting personal financial information to be transmitted securely over public networks. We have experienced increasing e-commerce sales over the past several years, which increases our exposure to cybersecurity risks. We invest considerable resources in protecting the personal information of our customers but are still subject to the risks of security breaches and cyber incidents resulting in unauthorized access to stored personal information. Any breach of our cybersecurity measures could result in violation of privacy, security, and data protection laws and regulations, potential litigation, and a loss of confidence in our security measures, all of which could have a negative impact on our financial results and our reputation. In addition, a privacy breach could cause us to incur significant costs to restore the integrity of our system and could result in significant costs in government or regulator penalties and private litigation.

While our insurance policies include liability coverage for certain of these matters, our insurance is subject to certain exclusions and exceptions, as well as retention amounts that could be substantial. If we experience a significant security incident, we could be subject to liability or other damages that exceed our insurance coverage and we cannot be certain that such insurance policies will continue to be available to us on economically reasonable terms, or at all, or that any insurer will not deny coverage as to any future claim. The successful assertion of one or more large claims against us that exceed available insurance coverage, or the occurrence of changes in our insurance policies, including premium increases or the imposition of sublimits, large deductible or co-insurance requirements, could have a material adverse effect on our results of operations, financial condition and cash flows.

Any material disruption or breach of our information technology systems or those of third-party partners could materially damage our customer and business partner relationships and subject us to significant reputational, financial, legal, and operational consequences.

We depend on our information technology systems, as well as those of third parties, to design and develop new products, operate our website, host and manage our services, store data, process transactions, respond to user inquiries, and manage inventory and our supply chain as well as to conduct and manage other activities. Any material disruption or slowdown of our systems or those of third parties that we depend upon, including a disruption or slowdown caused by our or their failure to successfully manage significant increases in user volume or successfully upgrade our or their systems, system failures, viruses, ransomware, security breaches, or other causes, could cause information, including data related to orders, to be lost or delayed, which could result in delays in the delivery of products to retailers and customers or lost sales, which could reduce demand for our products, harm our brand and reputation, and cause our sales to decline. If changes in technology cause our information systems, or those of third parties that we depend upon, to become obsolete, or if our or their information systems are inadequate to handle our growth, particularly as we increase sales through our website, we could damage our customer and business partner relationships and our business and results of operations could be harmed.

We interact with many of our consumers through our e-commerce platforms, and these systems face similar risks of interruption or attack. Consumers increasingly utilize these services to purchase our products and to engage with our brand. If we are unable to continue to provide consumers a user-friendly experience and evolve our platform to satisfy consumer preferences, the growth of our e-commerce business and our net revenues may be negatively impacted. If this software contains errors, bugs or other vulnerabilities which impede or halt service, this could result in damage to our reputation and brand, loss of users, or loss of revenue.

We collect, process, store, and use personal information and data, which subjects us to governmental regulation and other legal obligations related to privacy and security and our actual or perceived failure to comply with such obligations could harm our business.

We regularly collect, obtain, and transmit personal information about customers, employees, suppliers, and vendors in the course of conducting our business through our website, our app, and information technology systems. As such, we are subject to numerous federal, state, and international data privacy and security laws, rules, and regulations governing the collection, use, disclosure, retention, security, transfer, storage, and other processing of personal data.

In the United States, the FTC and many state attorneys general are interpreting federal and state consumer protection laws to impose standards for the online collection, use, dissemination, and security of data. Such standards require us to publish statements that describe how we handle personal data and choices individuals may have about the way we handle their personal data. If such information that we publish is considered untrue or inaccurate, we may be subject to government claims of unfair

or deceptive trade practices, which could lead to significant liabilities and consequences. Moreover, according to the FTC, violating consumers' privacy rights or failing to take appropriate steps to keep consumers' personal data secure may constitute unfair acts or practices in or affecting commerce in violation of Section 5(a) of the Federal Trade Commission Act. State consumer protection laws provide similar causes of action for unfair or deceptive practices.

In addition, various federal and state legislative and regulatory bodies, or self-regulatory organizations, may expand current laws or regulations, enact new laws or regulations or issue revised rules or guidance regarding privacy, data protection, consumer protection, and advertising, and as the regulatory environment related to information security, data collection and use, and privacy becomes increasingly rigorous, there are new and changing requirements applicable to our business. For example, the California Consumer Privacy Act ("CCPA") requires covered companies to provide new disclosures to California consumers and provide such consumers certain data protection and privacy rights, including the ability to opt-out of certain sales of personal information. The CCPA provides for civil penalties for violations, as well as a private right of action for certain data breaches. This private right of action may increase the likelihood of, and risks associated with, data breach litigation. A ballot initiative from privacy rights advocates intended to augment and expand the CCPA called the California Privacy Rights Act ("CPRA") was passed in November 2020 and will take effect in January 2023 (with a look back to January 2022). The CPRA will significantly modify the CCPA, including by expanding consumers' rights with respect to certain sensitive personal information. The CPRA also creates a new state agency that will be vested with authority to implement and enforce the CCPA and the CPRA. The Virginia Consumer Data Protection Act ("VCDPA"), which will go into effect in 2023, gives new data protection rights to Virginia residents and imposes additional obligations on controllers and processors of personal data. The Colorado Privacy Act closely resembles the VCDPA and will also take effect in 2023, although the two differ in many ways. New legislation proposed or enacted in a number of U.S. states imposes, or has the potential to impose additional obligations on companies that collect, store, use, retain, disclose, transfer and otherwise process confidential, sensitive and personal information, and will continue to shape the data privacy environment nationally. State laws are changing rapidly and there is discussion in Congress of a new federal data protection and privacy law to which we would become subject if it is enacted. Such legislation may add additional complexity, variation in requirements, restrictions and potential legal risk, and require additional investment in resources to compliance programs, could impact strategies and availability of previously useful data and could result in increased compliance costs and changes in business practices and policies.

We are also subject to laws, regulations, and standards in many jurisdictions outside of the United States, which apply broadly to the collection, use, retention, security, disclosure, transfer and other processing of personal information. For example, in the European Economic Area, or EEA, the General Data Protection Regulation ("GDPR") imposes stringent operational requirements for entities processing personal information and significant penalties for non-compliance. In particular, under the GDPR, fines of up to 20 million Euros or up to 4% of the annual global revenue of the noncompliant company, whichever is greater, could be imposed for violations of certain of the GDPR's requirements. Such penalties are in addition to any civil litigation claims by data subjects and other regulatory actions that may be taken by competent authorities. As of January 1, 2021, we are also subject to the UK GDPR and UK Data Protection Act of 2018, which retains the GDPR in the United Kingdom's national law and mirrors the fines under the GDPR.

In addition, we are subject to evolving EU and UK privacy laws on cookies and e-marketing. In the EU and the UK, regulators are increasingly focusing on compliance with current national laws that implement the ePrivacy Directive, and which are likely to be replaced by an EU regulation known as the ePrivacy Regulation, which will significantly increase fines for non-compliance. In the EU and the UK, informed consent is required for the placement of certain cookies or similar technologies on a customer's or user's device and for direct electronic marketing. The UK GDPR and the GDPR also impose conditions on obtaining valid consent, such as a prohibition on pre-checked consents and a requirement to ensure separate consents are sought for each type of cookie or similar technology. While the text of the ePrivacy Regulation is still under development, a recent European court decision and regulators' recent guidance are driving increased attention to cookies and tracking technologies. If regulators start to enforce the strict approach in recent guidance, this could lead to substantial costs, require significant systems changes, limit the effectiveness of our marketing activities, divert the attention of our technology personnel, adversely affect our margins, increase costs and subject us to additional liabilities. Regulation of cookies and similar technologies, and any decline of cookies or similar online tracking technologies as a means to identify and potentially target customers and users, may lead to broader restrictions and impairments on our marketing and personalization activities and may negatively impact our efforts to understand our customers and users.

The above mentioned privacy laws also contain onerous requirements relating to data security. Although we rely on a variety of security measures to provide security for our processing, transmission, and storage of personal information and other confidential information, we are unable to assure that we will not experience future security breaches, given the increasingly sophisticated tools used by hackers, data thieves, and cyber criminals. Any breach of our network or vendor systems may result in the loss of confidential business and financial data or misappropriation of personal information, which could have a material

adverse effect on our business, including unwanted media attention, damage to our reputation, litigation, fines, significant legal and remediation expenses, or regulatory action.

We make public statements about our use and disclosure of personal information through our privacy policy, information provided on our website and press statements. Although we endeavor to ensure that our public statements are complete, accurate and fully implemented, we may at times fail to do so or be alleged to have failed to do so. We may be subject to potential regulatory or other legal action if such policies or statements are found to be deceptive, unfair or misrepresentative of our actual practices. In addition, from time to time, concerns may be expressed about whether our products and services compromise the privacy of our users and others. Any concerns about our data privacy and security practices (even if unfounded), or any failure, real or perceived, by us to comply with our posted privacy policies or with any legal or regulatory requirements, standards, certifications or orders or other privacy or consumer protection-related laws and regulations applicable to us, could cause our users to reduce their use of our products and services.

While we believe that we comply with industry standards and applicable laws and industry codes of conduct relating to privacy, security, and data protection in all material respects, there is no assurance that we will not be subject to claims that we have violated applicable laws or codes of conduct, that we will be able to successfully defend against such claims or that we will not be subject to significant fines and penalties in the event of non-compliance. Additionally, in the United States, to the extent multiple state-level laws are introduced with inconsistent or conflicting standards and there is no federal law to preempt such laws, compliance with such laws could be difficult and costly to achieve and we could be subject to fines and penalties in the event of non-compliance. Any failure or perceived failure by us to comply with applicable privacy, security, and data protection laws, rules, regulations, and standards, or with other obligations to which we may be or may become subject, may result in actions against us by governmental entities, private claims and litigations, fines, penalties, or other liabilities or result in orders or consent decrees forcing us to modify our business practices. As a result, we may incur significant costs to comply with laws regarding the protection and unauthorized disclosure of personal information, which could also negatively impact our operations, resulting in a material adverse effect on our business, financial condition and results of operations. Any such action could be expensive to defend, damage our reputation and adversely affect our business, results of operations, and financial condition.

We rely on operating system providers and app stores to support some of our products and services, including our app, and any disruption, deterioration or change in their services, policies, practices, guidelines and/or terms of service could have a material adverse effect on our reputation, business, financial condition and results of operations.

The success of some of our products and services depend upon the effective operation of certain mobile operating systems, networks and standards that are run by operating system providers and app stores (Providers). We do not control these Providers and as a result, we are subject to risks and uncertainties related to the actions taken, or not taken, by these Providers. We largely utilize Android-based and iOS-based technology for our Traeger app.

The Providers that control these operating systems frequently introduce new technology, and from time to time, they may introduce new operating systems or modify existing ones. Further, we are also subject to the policies, practices, guidelines, certifications and terms of service of Providers' platforms on which we publish our Traeger app and content. These policies, guidelines and terms of service govern the promotion, distribution, content and operation generally of applications and content available through such Providers. Each Provider has broad discretion to change and interpret its terms of service, guidelines and policies, and those changes may have an adverse effect on our or our customers' or users' ability to use our products and services. A Provider may also change its fee structure, add fees associated with access to and use of its platform or app store, limit the use of personal information and other data for advertising purposes or restrict how users can share information on their platform or across other platforms. If we or our customers or users were to violate a Provider's terms of service, guidelines, certifications or policies, or if a Provider believes that we or our customers or users have violated, its terms of service, guidelines, certifications or policies, then that Provider could limit or discontinue our or our customers' or users' access to its platform or app store. In some cases, these requirements may not be clear and our interpretation of the requirements may not align with the interpretation of the Provider, which could lead to inconsistent enforcement of these terms of service or policies against us or our customers or users and could also result in the Provider limiting or discontinuing access to its platform or app store. If our products and services were unable to work effectively on or with these operating systems, either because of technological or operational constraints or because the Provider impairs our ability to operate on their platform, this could have a material adverse effect on our business, financial condition and results of operations.

If any Providers, including either Google (for Android) or Apple (for iOS) stop providing us with access to their platform or infrastructure, fail to provide reliable access, cease operations, modify or introduce new systems or otherwise terminate services, the delay caused by qualifying and switching to other operating systems could be time consuming and costly and could materially and adversely affect our business, financial condition and results of operations. Any limitation on or

discontinuation of our or our customers' or users' access to any Provider's platform or app store could materially and adversely affect our business, financial condition, results of operations or otherwise require us to change the way we conduct our business.

Risks Related to Our Common Stock

Our stock price may be volatile or may decline regardless of our operating performance, resulting in substantial losses for investors.

The market price of our common stock may fluctuate significantly in response to numerous factors, many of which are beyond our control, including:

- actual or anticipated fluctuations in our results of operations;
- the financial projections we may provide to the public, any changes in these projections, or our failure to meet these projections;
- failure of securities analysts to initiate or maintain coverage of us, changes in financial estimates or ratings by any securities analysts who follow us or our failure to meet these estimates or the expectations of investors;
- announcements by us or our competitors of significant technical innovations, acquisitions, strategic partnerships, joint ventures, results of operations, or capital commitments;
- changes in operating performance and stock market valuations of other retail companies generally, or those in our industry in particular;
- price and volume fluctuations in the overall stock market, including as a result of the COVID-19 pandemic and trends in the economy as a whole;
- changes in our board of directors or management;
- sales of large blocks of our common stock, including sales by our principal stockholders, executive officers or directors;
- lawsuits threatened or filed against us;
- changes in laws or regulations applicable to our business;
- changes in our capital structure, such as future issuances of debt or equity securities;
- short sales, hedging, and other derivative transactions involving our capital stock;
- general economic conditions in the United States;
- other events or factors, including those resulting from war, incidents of terrorism, pandemics, or other public health emergencies or responses to these events; and
- the other factors described in this Part I, Item 1A. "Risk Factors."

Anti-takeover provisions in our charter documents and under Delaware law could make an acquisition of us more difficult, limit attempts by our stockholders to replace or remove our current management and limit the market price of our common stock.

Provisions in our certificate of incorporation and bylaws may have the effect of delaying or preventing a change of control or changes in our management, including the following:

- amendments to certain provisions of our certificate of incorporation or amendments to our bylaws will generally require the approval of at least two-thirds of the voting power of our outstanding capital stock;
- our staggered board;
- at any time when the parties to our Stockholders Agreement beneficially own, in the aggregate, at least a majority of the voting power of our outstanding capital stock, our stockholders may take action by consent without a meeting, and at any time when the parties to our Stockholders Agreement beneficially own, in the aggregate, less than the majority of the voting power of our outstanding capital stock, our stockholders may not take action by written consent, but may only take action at a meeting of stockholders;
- our certificate of incorporation does not provide for cumulative voting;

- vacancies on our board of directors are able to be filled only by our board of directors and not by stockholders, subject to the rights granted pursuant to the New Stockholders Agreements;
- a special meeting of our stockholders may only be called by the chairperson of our board of directors, our Chief Executive Officer or a majority of our board of directors;
- our certificate of incorporation restricts the forum for certain litigation against us to Delaware or the federal courts, as applicable, unless we otherwise consent in writing;
- our board of directors has the authority to issue shares of undesignated preferred stock, the terms of which may be established and shares of which may be issued without further action by our stockholders; and
- advance notice procedures apply for stockholders (other than the parties to our New Stockholders Agreements for nominations made pursuant to the terms of the New Stockholders Agreements) to nominate candidates for election as directors or to bring matters before an annual meeting of stockholders.

In addition, we have opted out of Section 203 of the Delaware General Corporation Law, but our certificate of incorporation provides that engaging in any of a broad range of business combinations with any "interested stockholder" (generally defined as any person who, together with that person's affiliates and associates, owns, 15% or more of our outstanding voting stock) for a period of three years following the date on which the stockholder became an "interested stockholder" is prohibited, provided, however, that, under our certificate of incorporation, the parties to our Stockholders Agreement and their respective affiliates are not be deemed to be interested stockholders regardless of the percentage of our outstanding voting stock owned by them, and accordingly are not be subject to such restrictions.

These provisions may frustrate or prevent any attempts by our stockholders to replace or remove our current management by making it more difficult for stockholders to replace members of our board of directors, which is responsible for appointing the members of our management. As a result, these provisions may adversely affect the market price and market for our common stock if they are viewed as limiting the liquidity of our stock or as discouraging takeover attempts in the future.

A limited number of stockholders hold a substantial portion of our outstanding common stock, and their interests may conflict with our interests and the interests of other stockholders.

As of March 22, 2022, funds or entities affiliated with each of AEA Investors (the "AEA Fund"), Ontario Teachers' Pension Plan Board ("OTPP") and Trilantic Capital Partners ("TCP") owned approximately 64.5% of the voting power of our common stock. In addition, pursuant to the Stockholders Agreement between us and these investors, we agreed to nominate to our board of directors individuals designated by each of the AEA Fund, OTPP and TCP and each such investor has the right to designate directors for so long as they each beneficially own at least 5% of the aggregate number of shares of common stock outstanding immediately following our IPO. In addition, for so long as the AEA Fund, OTPP and TCP collectively beneficially own at least 30% of the aggregate number of shares of common stock outstanding immediately following the IPO, certain actions by us or any of our subsidiaries will require the prior written consent of each of the AEA Fund, OTPP and TCP so long as such stockholder is entitled to designate at least two directors for nomination to our board of directors. The actions that will require prior written consent include: (i) change in control transactions, (ii) acquiring or disposing of assets or any business enterprise or division thereof for consideration excess of $250.0 million in any single transaction or series of transactions, (iii) increasing or decreasing the size of our board of directors, (iv) terminating the employment of our chief executive officer or hiring a new chief executive officer, (v) initiating any liquidation, dissolution, bankruptcy or other insolvency proceeding involving us or any of our significant subsidiaries, and (vi) any transfer, issue, issuance, sale or disposition of any shares of common stock, other equity securities, equity-linked securities or securities that are convertible into equity securities of us or our subsidiaries to any person or entity that is a non-strategic financial investor in a private placement transaction or series of transactions.

Even when the parties to our Stockholders Agreement cease to own shares of our stock representing a majority of the total voting power, for so long as such parties continue to own a significant percentage of our stock, they will still be able to significantly influence or effectively control the composition of our board of directors and the approval of actions requiring stockholder approval through their voting power. Accordingly, for such period of time, the parties to our Stockholders Agreement will have significant influence with respect to our management, business plans and policies. For instance, for so long as the AEA Fund, OTPP and TCP continue to own a significant percentage of our common stock, they may be able to cause or prevent a change of control of the Company or a change in the composition of our board of directors, and could preclude any unsolicited acquisition of the Company. The concentration of ownership could deprive us of what we perceive as an attractive business combination opportunity, or investors of an opportunity to receive a premium for their shares of common stock as part of a sale of the Company and ultimately may affect the market price of our common stock.

Further, our certificate of incorporation provides that the doctrine of "corporate opportunity" does not apply with respect to certain parties to our Stockholders Agreement or their affiliates (other than us and our subsidiaries), and any of their respective principals, members, directors, partners, stockholders, officers, employees or other representatives (other than any such person who is also our employee or an employee of our subsidiaries), or any director or stockholder who is not employed by us or our subsidiaries.

Future sales of shares by existing stockholders, including our principal stockholders, officers or directors, could cause our stock price to decline.

If our existing stockholders sell, or indicate an intention to sell, substantial amounts of our common stock in the public market, the trading price of our common stock could decline. As of March 22, 2022, our officers, directors and principal stockholders (greater than 5% stockholders) collectively owned approximately 73% of our issued and outstanding common stock. Subsequent sales of our shares by these stockholders could have the effect of lowering our stock price. The perceived risk associated with the possible sale of a large number of shares by these stockholders, or the adoption of significant short positions by hedge funds or other significant investors, could cause some of our stockholders to sell their stock, thus causing the price of our stock to decline. In addition, actual or anticipated downward pressure on our stock price due to actual or anticipated sales of stock by our directors or officers could cause other institutions or individuals to engage in short sales of our common stock, which may further cause the price of our stock to decline.

From time to time our directors and executive officers may sell shares of our common stock on the open market. These sales will be publicly disclosed in filings made with the SEC. In the future, our directors and executive officers may sell a significant number of shares for a variety of reasons unrelated to the performance of our business. Our stockholders may perceive these sales as a reflection on management's view of the business and result in some stockholders selling their shares of our common stock. These sales could cause the price of our stock to drop.

Our certificate of incorporation provides that the doctrine of "corporate opportunity" does not apply with respect to certain parties to our New Stockholders Agreements and any director or stockholder who is not employed by us or our subsidiaries.

The doctrine of corporate opportunity generally provides that a corporate fiduciary may not develop an opportunity using corporate resources, acquire an interest adverse to that of the corporation or acquire property that is reasonably incident to the present or prospective business of the corporation or in which the corporation has a present or expectancy interest, unless that opportunity is first presented to the corporation and the corporation chooses not to pursue that opportunity. The doctrine of corporate opportunity is intended to preclude officers or directors or other fiduciaries from personally benefiting from opportunities that belong to the corporation. Pursuant to our certificate of incorporation we renounced, to the fullest extent permitted by law and in accordance with Section 122(17) of the Delaware General Corporation Law, all interest and expectancy that we otherwise would be entitled to have in, and all rights to be offered an opportunity to participate in, any opportunity that may be presented to the AEA Fund, OTPP and TCP or their affiliates (other than us and our subsidiaries), and any of their respective principals, members, directors, partners, stockholders, officers, employees or other representatives (other than any such person who is also our employee or an employee of our subsidiaries), or any director or stockholder who is not employed by the AEA Fund, OTPP and TCP or their affiliates and any director or stockholder who is not employed by us or our subsidiaries, therefore, have no duty to communicate or present corporate opportunities to us, and have the right to either hold any corporate opportunity for their (and their affiliates') own account and benefit or to recommend, assign or otherwise transfer such corporate opportunity to persons other than us, including to any director or stockholder who is not employed by us or our subsidiaries. As a result, certain of our stockholders, directors and their respective affiliates are not prohibited from operating or investing in competing businesses. We, therefore, may find ourselves in competition with certain of our stockholders, directors or their respective affiliates, and we may not have knowledge of, or be able to pursue, transactions that could potentially be beneficial to us. Accordingly, we may lose a corporate opportunity or suffer competitive harm, which could negatively impact our business, operating results and financial condition.

The provision of our certificate of incorporation requiring exclusive forum in certain courts in the State of Delaware or the federal district courts of the United States for certain types of lawsuits may have the effect of discouraging lawsuits against our directors and officers.

Our certificate of incorporation provides that, unless we otherwise consent in writing, (A) (i) any derivative action or proceeding brought on our behalf, (ii) any action asserting a claim of breach of a fiduciary duty owed by any current or former director, officer, other employee or stockholder of us to the us or the our stockholders, (iii) any action asserting a claim arising pursuant to any provision of the Delaware General Corporation Law, our certificate of incorporation or our bylaws (as either may be amended or restated) or as to which the Delaware General Corporation Law confers exclusive jurisdiction on the Court of Chancery of the State of Delaware or (iv) any action asserting a claim governed by the internal affairs doctrine of the law of

the State of Delaware shall, to the fullest extent permitted by law, be exclusively brought in the Court of Chancery of the State of Delaware or, if such court does not have subject matter jurisdiction thereof, the federal district court of the State of Delaware; and (B) the federal district courts of the United States shall be the exclusive forum for the resolution of any complaint asserting a cause of action arising under the Securities Act; however, there is uncertainty as to whether a court would enforce such provision, and investors cannot waive compliance with federal securities laws and the rules and regulations thereunder. Notwithstanding the foregoing, the exclusive forum provision does not apply to claims seeking to enforce any liability or duty created by the Exchange Act or any other claim for which the federal courts of the United States have exclusive jurisdiction. The choice of forum provision may limit a stockholder's ability to bring a claim in a judicial forum that it finds favorable for disputes with us or our directors, officers or other employees, which may discourage such lawsuits against us and our directors, officers, and other employees, although our stockholders will not be deemed to have waived our compliance with federal securities laws and the rules and regulations thereunder. Alternatively, if a court were to find the choice of forum provision contained in our certificate of incorporation to be inapplicable or unenforceable in an action, we may incur additional costs associated with resolving such action in other jurisdictions, which could harm our business, results of operations, and financial condition. Any person or entity purchasing or otherwise acquiring or holding any interest in shares of our capital stock shall be deemed to have notice of and consented to the forum provisions in our certificate of incorporation.

We are obligated to develop and maintain proper and effective internal control over financial reporting, and if we fail to develop and maintain an effective system of disclosure controls and internal control over financial reporting, our ability to produce timely and accurate financial statements or comply with applicable laws and regulations could be impaired.

As a public company, we are or will become subject to the reporting requirements of the Exchange Act, the Sarbanes-Oxley Act of 2002, or the Sarbanes-Oxley Act, the Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010, the listing requirements of the New York Stock Exchange, and other applicable securities rules and regulations. Compliance with these rules and regulations will increase our legal and financial compliance costs, make some activities more difficult, time consuming, or costly, and increase demand on our systems and resources, particularly after we are no longer an emerging growth company. The Exchange Act requires, among other things, that we file annual, quarterly, and current reports with respect to our business and results of operations. The Sarbanes-Oxley Act requires, among other things, that we maintain effective disclosure controls and procedures and internal control over financial reporting. It may require significant resources and management oversight to maintain and, if necessary, improve our disclosure controls and procedures and internal control over financial reporting to meet this standard. As a result, management's attention may be diverted from other business concerns, which could adversely affect our business and results of operations. Although we have already hired additional employees to comply with these requirements, we may need to hire more employees in the future or engage outside consultants, which would increase our costs and expenses

As a public company, we are also required, pursuant to Section 404 of the Sarbanes-Oxley Act, to furnish a report by management on, among other things, the effectiveness of our internal control over financial reporting commencing with our second annual report on Form 10-K. Effective internal control over financial reporting is necessary for us to provide reliable financial reports and, together with adequate disclosure controls and procedures, are designed to prevent fraud. Any failure to implement required new or improved controls, or difficulties encountered in their implementation, could cause us to fail to meet our reporting obligations. Ineffective internal controls could also cause investors to lose confidence in our reported financial information, which could have a negative effect on the trading price of our common stock.

This assessment will need to include disclosure of any material weaknesses identified by our management in our internal control over financial reporting, as well as a statement that our independent registered public accounting firm has issued an opinion on the effectiveness of our internal control over financial reporting, provided that our independent registered public accounting firm will not be required to attest to the effectiveness of our internal control over financial reporting until our first annual report required to be filed with the SEC following the later of the date we are deemed to be an "accelerated filer" or a "large accelerated filer," each as defined in the Exchange Act, or the date we are no longer an emerging growth company, as defined in the JOBS Act. An independent assessment of the effectiveness of our internal controls could detect problems that our management's assessment might not. Undetected material weaknesses in our internal controls could lead to financial statement restatements and require us to incur the expense of remediation. We may need to undertake various actions to ensure compliance with applicable rules and regulations, such as implementing new or additional internal controls and procedures and hiring accounting or internal audit staff.

We are in the early stages of the costly and challenging process of compiling the system and processing documentation necessary to perform the evaluation needed to comply with Section 404. We may not be able to complete our evaluation, testing, and any required remediation in a timely fashion. During the evaluation and testing process, if we identify material weaknesses in our internal control over financial reporting, we will be unable to assert that our internal control over financial reporting is effective.

If we are unable to assert that our internal control over financial reporting is effective, or if our independent registered public accounting firm is unable to express an opinion on the effectiveness of our internal control, including as a result of the material weakness described above, we could lose investor confidence in the accuracy and completeness of our financial reports, which could cause the price of our common stock to decline, and we may be subject to investigation or sanctions by the SEC. In addition, if we are unable to continue to meet these requirements, we may not be able to remain listed on the New York Stock Exchange.

In addition, as we continue to scale and improve our operations, including our internal systems and processes, we are currently implementing, and in the future may seek to implement, a variety of critical systems, such as billing, human resource information systems and accounting systems. We cannot assure you that new systems, including any increases in scale or related improvements, will be successfully implemented or that appropriate personnel will be available to facilitate and manage these processes. Failure to implement necessary systems and procedures, transition to new systems and processes or hire the necessary personnel could result in higher costs, compromised internal reporting and processes and system errors or failures. For example, we are in the process of implementing a new product lifecycle management system, or PLM system, as a development tool to help us compile and analyze data related to the lifecycle of our products. The implementation and transition to any new critical system, including our new PLM system, or enhancements to existing systems, may be costly, require significant attention of many employees who would otherwise be focused on other aspects of our business and disruptive to our business if they do not work as planned or if we experience issues related to such implementation or transition, which could have a material adverse effect on our operations.

We anticipate incurring substantial stock-based compensation expense and incurring substantial obligations related to the vesting and settlement of RSUs granted in connection with the completion of our IPO, which may have an adverse effect on our financial condition and results of operations and may result in substantial dilution.

In light of the 7,782,957 RSUs subject to the Chief Executive Officer Award and the 4,380,285 RSUs subject to the IPO RSUs granted in connection with our IPO, we anticipate that we will incur substantial stock-based compensation expenses and may expend substantial funds to satisfy tax withholding and remittance obligations related to these RSUs. The 7,782,957 RSUs subject to the Chief Executive Officer Award received by Jeremy Andrus, our Chief Executive Officer, will vest based on (i) the achievement of performance goals, which we refer to as the "PSU CEO Awards" and (ii) time-based RSUs, which we refer to as the "Time-Based RSU CEO Awards" and, together with the PSU CEO Awards, the "Chief Executive Officer Award". The vesting of these awards is subject to the respective continued service or employment of Mr. Andrus through the applicable vesting date. The PSU CEO Awards granted to Mr. Andrus will become earned based on the achievement of stock price goals (measured as a volume-weighted stock price over 60 days) at any time until the tenth anniversary of the closing of our IPO. Mr. Andrus's PSU CEO Award is divided into five tranches, with the first tranche having a stock price goal of 125% of the initial public offering price, and each of the next four stock prices goals equal to 125% of the immediately preceding stock price goal. To the extent earned, the PSU CEO Awards will vest if certain time-based vesting conditions are also met. The Time-Based RSU CEO Awards granted to Mr. Andrus will vest as to 20% of the underlying shares on each of the first, second, third, fourth and fifth anniversaries of the closing of the IPO, subject to Mr. Andrus's continued service as our chief executive officer or executive chairman of our board of directors.

We will record substantial stock-compensation expense for the IPO RSUs, the PSU CEO Awards and the Time-Based RSU CEO Awards. The grant date fair value of the PSU CEO Awards and the Time-Based RSU CEO Awards was estimated to be approximately $116.5 million, which we estimated would be recognized as compensation expense over a weighted average period of 4.07 years, though could be earlier if the stock price goals are achieved earlier than we estimated. The grant date fair value of the IPO RSUs was estimated to be approximately $74.2 million, which we estimated would be recognized as compensation expense over a weighted average period of 3.58 years. We expect the stock-based compensation expense relating to these awards to adversely impact our future financial results.

We are a "controlled company" within the meaning of the corporate governance standards of the New York Stock Exchange. As a result, we qualify for, and intend to rely on, exemptions from certain corporate governance standards. You will not have the same protections afforded to stockholders of companies that are subject to such requirements.

The AEA Fund, OTPP and TCP collectively control a majority of the voting power of shares eligible to vote in the election of our directors. Because more than 50% of the voting power in the election of our directors is held by an individual, group, or another company, we are a "controlled company" within the meaning of the corporate governance standards of the New York Stock Exchange. As a controlled company, we may elect not to comply with certain corporate governance requirements, including the requirements that, within one year of the date of the listing of our common stock:

- a majority of our board of directors consists of "independent directors," as defined under the rules of such exchange;

- our board of directors has a compensation committee that is composed entirely of independent directors with a written charter addressing the committee's purpose and responsibilities; and
- our board of directors has a nominating and corporate governance committee that is composed entirely of independent directors with a written charter addressing the committee's purpose and responsibilities.

We do not intend to rely on these exemptions, except for the exemption from the requirement that our compensation committee be composed entirely of independent directors. However, as long as we remain a "controlled company," we may elect in the future to take advantage of any of these exemptions. As a result of any such election, our board of directors would not have a majority of independent directors, our compensation committee would not consist entirely of independent directors and our directors would not be nominated or selected by independent directors. Accordingly, you will not have the same protections afforded to stockholders of companies that are subject to all of the corporate governance requirements of the New York Stock Exchange rules.

We are an "emerging growth company" and are availing ourselves of reduced disclosure requirements applicable to emerging growth companies, which could make our common stock less attractive to investors.

We are an emerging growth company, as defined in the JOBS Act, and we are taking advantage of and may continue to take advantage of, for as long as five years following the completion of our IPO, certain exemptions from various reporting requirements that are applicable to other public companies that are not emerging growth companies, including not being required to comply with the auditor attestation requirements of Section 404(b) of the Sarbanes-Oxley Act, reduced disclosure obligations regarding executive compensation in our periodic reports and proxy statements and exemptions from the requirements of holding a nonbinding advisory vote on executive compensation and stockholder approval of any golden parachute payments not previously approved. In addition, under the JOBS Act, emerging growth companies can delay the adoption of certain new or revised accounting standards until those standards would otherwise apply to private companies.

We have elected to avail ourselves of this exemption from new or revised accounting standards and, therefore, we are not and will continue not to be subject to the same new or revised accounting standards as other public companies that are not emerging growth companies or that have opted out of using such extended transition period, which may make comparison of our financial statements with those of other public companies more difficult. We cannot predict if investors will find our common stock less attractive because we are relying on these exemptions. If some investors find our common stock less attractive as a result, there may be a less active trading market for our common stock and our stock price may be more volatile.

If securities or industry analysts do not publish research or reports about our business, or they publish negative reports about our business, our share price, and trading volume could decline.

The trading market for our common stock depends in part on the research and reports that securities or industry analysts publish about us or our business, our market, and our competitors. We do not have any control over these analysts. If one or more of the analysts who cover us downgrade our shares or change their opinion of our shares, our share price would likely decline. If one or more of these analysts cease coverage of us or fail to regularly publish reports on us, we could lose visibility in the financial markets, which could cause our share price or trading volume to decline.

We do not intend to pay dividends for the foreseeable future.

We currently intend to retain any future earnings to finance the operation and expansion of our business, and we do not expect to declare or pay any dividends in the foreseeable future. As a result, stockholders must rely on sales of their common stock after price appreciation as the only way to realize any future gains on their investment.

General Risks

We may engage in merger and acquisition activities, which could require significant management attention, disrupt our business, dilute stockholder value, and adversely affect our results of operations.

As part of our business strategy, we have made and may in the future make investments in businesses, new technologies, services and other assets and strategic investments that complement our business. For example, on July 1, 2021 we acquired all of the equity interests of Apption Labs, which specializes in the manufacture and design of hardware and software related to small kitchen appliances, including the MEATER smart thermometer and related technology. We may not be able to find suitable acquisition candidates and we may not be able to complete acquisitions on favorable terms, if at all, in the future. If we do complete acquisitions, we may not ultimately strengthen our competitive position or achieve our goals, and any acquisitions we complete could be viewed negatively by our customers or investors. Moreover, an acquisition, investment, or business

relationship may result in unforeseen operating difficulties and expenditures, including disrupting our ongoing operations, diverting management from their primary responsibilities, subjecting us to additional liabilities, increasing our expenses, and adversely impacting our business, financial condition, and results of operations. Moreover, we may be exposed to unknown liabilities and the anticipated benefits of any acquisition, investment, or business relationship may not be realized, if, for example, we fail to successfully integrate such acquisitions, or the technologies associated with such acquisitions, into our company.

To pay for any such acquisitions, we would have to use cash, incur debt, or issue equity securities, each of which may affect our financial condition or the value of our capital stock and could result in dilution to our stockholders. If we incur more debt it would result in increased fixed obligations and could also subject us to covenants or other restrictions that would impede our ability to manage our operations. Additionally, we may receive indications of interest from other parties interested in acquiring some or all of our business. The time required to evaluate such indications of interest could require significant attention from management, disrupt the ordinary functioning of our business, and could have an adverse effect on our business, financial condition, and results of operations.

From time to time, we may be subject to legal proceedings, regulatory disputes, and governmental inquiries that could cause us to incur significant expenses, divert our management's attention, and materially harm our business, financial condition, and results of operations.

From time to time, we may be subject to claims, lawsuits, government investigations, and other proceedings involving products liability, competition, and antitrust, intellectual property, privacy, consumer protection, securities, tax, labor and employment, commercial disputes, and other matters that could adversely affect our business operations and financial condition. As we have grown, we have seen a rise in the number and significance of these disputes and inquiries, and we may face increased exposure to securities litigation as a public company. Litigation and regulatory proceedings that we are currently facing or could face, may be protracted and expensive, and the results are difficult to predict. Certain of these matters include speculative claims for substantial or indeterminate amounts of damages and include claims for injunctive relief. Additionally, our litigation costs could be significant. Adverse outcomes with respect to litigation or any of these legal proceedings may result in significant settlement costs or judgments, penalties, and fines, or require us to modify our products or services, make content unavailable, or require us to stop offering certain features, all of which could negatively affect our business, financial condition, and results of operations.

The results of litigation, investigations, claims, and regulatory proceedings cannot be predicted with certainty, and determining reserves for pending litigation and other legal and regulatory matters requires significant judgment. There can be no assurance that our expectations will prove correct, and even if these matters are resolved in our favor or without significant cash settlements, these matters, and the time and resources necessary to litigate or resolve them, could harm our business, financial condition, and results of operations.

Our financial results and future growth could be harmed by currency exchange rate fluctuations.

As our international business grows, our results of operations could be adversely impacted by changes in foreign currency exchange rates, such as the British Pound and the Canadian Dollar, and we may transact in more foreign currencies in the future. Revenues and certain expenses in markets outside of the United States are recognized in local foreign currencies, and we are exposed to potential gains or losses from the translation of those amounts into U.S. dollars for consolidation into our financial statements. Similarly, we are exposed to gains and losses resulting from currency exchange rate fluctuations on transactions generated by our foreign subsidiaries in currencies other than their local currencies. In addition, the business of our independent manufacturers in China and Vietnam may also be disrupted by currency exchange rate fluctuations by making their purchases of raw materials more expensive and more difficult to finance. Changes in the value of foreign currencies relative to the U.S. dollar can affect our revenue and results of operations. As we increase the extent of our international operations, such foreign currency exchange rate fluctuations could make it more difficult to detect underlying trends in our business and results of operations, such as our margins and cash flows. From time to time, we use hedging strategies to reduce our exposure to currency fluctuations and may continue to use derivative instruments, such as foreign currency forward and option contracts, to hedge certain exposures to fluctuations in foreign currency exchange rates. Given the volatility of exchange rates, there can be no assurance that we will be able to effectively manage our currency transaction risks. The use of such hedging activities may not offset any or more than a portion of the adverse financial effects of unfavorable movements in foreign exchange rates over the limited time the hedges are in place and may introduce additional risks if we are unable to structure effective hedges with such instruments.

Our future success depends on the continuing efforts of our management and key employees, and on our ability to attract and retain highly skilled personnel and senior management.

We depend on the talents and continued efforts of our senior management and key employees. The loss of members of our management or key employees may disrupt our business and harm our results of operations. Furthermore, our ability to manage further expansion will require us to continue to attract, motivate, and retain additional qualified personnel. Competition for this type of personnel is intense, and we may not be successful in attracting, integrating, and retaining the personnel required to grow and operate our business effectively. There can be no assurance that our current management team or any new members of our management team will be able to successfully execute our business and operating strategies.

If our estimates or judgments relating to our critical accounting policies prove to be incorrect or change significantly, our results of operations could be harmed.

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the amounts reported in the consolidated financial statements and accompanying notes. We base our estimates on historical experience and on various other assumptions that we believe to be reasonable under the circumstances. These estimates form the basis for making judgments about the carrying values of assets, liabilities, and equity and the amount of sales and expenses that are not readily apparent from other sources. Our results of operations may be harmed if our assumptions change or if actual circumstances differ from those in our assumptions, which could cause our results of operations to fall below the expectations of securities analysts and investors and could result in a decline in our stock price.

Our business is subject to the risk of earthquakes, fires, explosions, power outages, floods, forest fires, and other catastrophic events, and to interruption by problems such as terrorism, public health crises, cyberattacks, or failure of key information technology systems.

Our business is vulnerable to damage or interruption from earthquakes, fires, explosions, floods, power losses, telecommunications failures, terrorist attacks, acts of war, riots, public health crises, human errors, criminal acts, and similar events. For example, a significant natural disaster or adverse weather event, such as an earthquake, fire, or flood, could harm our business, results of operations, and financial condition, and our insurance coverage may be insufficient to compensate us for losses that may occur. Our wood pellet production facility in New York is located in a flood zone and has experienced flooding and other damage in connection with adverse weather events, such as hurricanes and tropical storms. Most recently, this facility incurred damage as a result of a tropical storm, and we continue to assess the extent of the damage to operations. In addition, the facilities of our suppliers and where our manufacturers produce our products are located in parts of Asia that frequently experience typhoons and earthquakes. Acts of terrorism and public health crises, such as the current COVID-19 pandemic (or other future pandemics or epidemics), could also cause disruptions in our or our suppliers', manufacturers', and logistics providers' businesses or the economy as a whole. The COVID-19 pandemic has significantly impacted the global supply chain, with restrictions and limitations on related activities causing disruption and delay, and the likely overall impact of the COVID-19 pandemic is viewed as highly negative to the general economy. These disruptions and delays have strained certain domestic and international supply chains, which have affected and could continue to negatively affect the flow or availability of certain of our products. We may not have sufficient protection or recovery plans in some circumstances, such as natural disasters affecting locations where we have operations and equipment or store significant inventory. Our servers may also be vulnerable to computer viruses, criminal acts, denial-of-service attacks, ransomware, and similar disruptions from unauthorized tampering with our computer systems, which could lead to interruptions, delays, or loss of critical data. As we rely heavily on our information technology and communications systems and the Internet to conduct our business and provide high-quality customer service, these disruptions could harm our ability to run our business and either directly or indirectly disrupt our suppliers' or manufacturers' businesses, which could harm our business, results of operations, and financial condition.

We are subject to many hazards and operational risks that can disrupt our business, some of which may not be insured or fully covered by insurance.

Our operations are subject to many hazards and operational risks inherent to our business, including: (a) general business risks; (b) product liability; (c) product recall; and (d) damage to third parties, our infrastructure, or properties caused by fires, explosions, floods, and other natural disasters, power losses, telecommunications failures, terrorist attacks, riots, public health crises such as the current COVID-19 pandemic (and other future pandemics or epidemics), human errors, and similar events.

Our insurance coverage may be inadequate to cover our liabilities related to such hazards or operational risks. For example, our insurance coverage does not cover us for business interruptions as they relate to the COVID-19 pandemic. In addition, we may not be able to maintain adequate insurance in the future at rates we consider reasonable and commercially justifiable, and insurance may not continue to be available on terms as favorable as our current arrangements. The occurrence of

a significant uninsured claim or a claim in excess of the insurance coverage limits maintained by us could harm our business, results of operations, and financial condition.

Item 1B. Unresolved Staff Comments.

None.

Item 2. Properties.

Our headquarters is located in Salt Lake City, Utah, where we lease approximately 80,000 square feet of space under a lease that expires in 2026. We have plans to move to a new approximately 94,000 square foot facility in Salt Lake City, Utah in late 2022 or early 2023, with the lease expected to expire in 2037. Accordingly, we have agreed to sublease our current headquarters in three phases until the lease expires in 2026. Our headquarters are used for accounting and finance, sales and marketing, customer support, product development and supply chain management functions. We also lease facilities in Shanghai, China, which are primarily used for local quality assurance, product development and supply chain management with our third party manufacturers and suppliers in Asia.

We produce our wood pellets at wood pellet production facilities in Tuscarora, New York; Molalla, Oregon; Redmond, Oregon; Sweet Home, Oregon; Menlo, Georgia; Jasper, Texas; and Rural Retreat, Virginia. We own the land and buildings at facilities in Tuscarora, New York and lease the land and buildings at the other facilities. The table below provides an overview of our wood pellet production facilities as of December 31, 2021.

	Tuscarora, NY	Molalla, OR	Redmond, OR	Sweet Home, OR	Menlo, GA	Jasper, TX	Rural Retreat, VA
Raw Material Storage (sq. ft.)	5,000	12,000	n/a	6,000	n/a	8,000	10,400
Manufacturing Size (sq. ft.)	3,750	5,280	20,000	5,000	6,000	8,400	12,000
Warehousing Size (sq. ft.)	36,000	12,800	45,000	15,000	47,000	34,000	21,600
Average Production (tons of wood pellets per year) (1)	25,301	12,520	21,574	17,567	22,663	14,974	5,476
Maximum Production (tons of wood pellets per year)	54,338	19,924	39,848	19,924	39,848	19,924	54,338
Ownership	Owned	Leased	Leased	Leased	Leased	Leased	Leased
Lease End	—	2,027	2,022	2,026	2,026	2,035	2,025
Average headcount (2)	18	11	10	13	15	10	15

(1) Based on actual production for the fiscal year-ended December 31, 2021.
(2) Average headcount for the fiscal year-ended December 31, 2021.

Item 3. Legal Proceedings.

We are from time to time subject to various legal proceedings, claims, and governmental inspections, audits, or investigations that arise in the ordinary course of our business. We believe that the ultimate resolution of these matters would not be expected to have a material adverse effect on our business, financial condition, or operating results.

Item 4. Mine Safety Disclosures.

Not applicable.

PART II

Item 5. Market for Registrant's Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities.

Market Information

On July 29, 2021, our common stock began trading on the New York Stock Exchange under the symbol “COOK.” Prior to that time, there was no public market for our common stock.

Holders

As of March 22, 2022, there were 25 holders of record of our common stock.

Dividend Policy

We currently intend to retain all available funds and any future earnings to fund the development and growth of our business and to potentially repay any indebtedness and, therefore, we do not anticipate declaring or paying any cash dividends in the foreseeable future. Any future determination as to the declaration and payment of dividends, if any, will be at the discretion of our board of directors, subject to compliance with contractual restrictions and covenants in the agreements governing our current and future indebtedness. Any such determination will also depend upon our business prospects, results of operations, financial condition, cash requirements and availability and other factors that our board of directors may deem relevant.

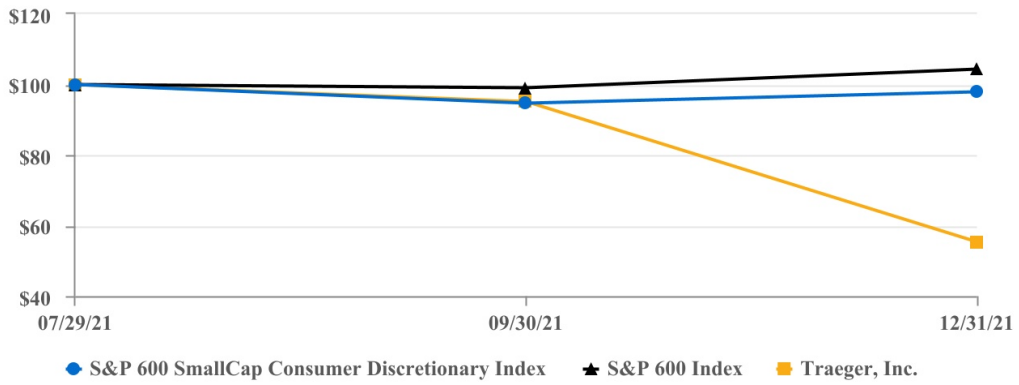
Recent Sales of Unregistered Securities; Purchases of Equity Securities by the Issuer or Affiliated Purchaser

None.

Performance Graph

The following graph and table illustrate the total return from July 29, 2021 through December 31, 2021, for (i) our common stock, (ii) the Standard and Poor's SmallCap 600 Stock Index ("S&P 600 Index") and (iii) the Standard and Poor's SmallCap 600 Consumer Discretionary Index. The graph and the table assume that $100 was invested on July 29, 2021 in each of our common stock, the S&P 600 Index, and Standard and Poor's SmallCap 600 Consumer Discretionary Index, and that any dividends were reinvested. The comparisons reflected in the graph and table are not intended to forecast the future performance of our stock and may not be indicative of our future performance.

Comparison of Cumulative Total Return Since July 29, 2021
Assumes Initial Investment of $100



Use of Proceeds

On August 2, 2021, we completed our IPO in which we issued and sold 8,823,529 shares of common stock at a public offering price of $18.00 per share. All shares sold were registered pursuant to a registration statement on Form S-1 (File No. 333-257714), as amended (the "Registration Statement"), declared effective by the SEC on July 28, 2021.

We used approximately $130.8 million of the net proceeds to us from the IPO to prepay amounts outstanding under our New First Lien Term Loan Facility. There has been no material change in the expected use of the net proceeds from our IPO as described in our Prospectus.

Item 6. [Reserved].

Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations.

You should read the following discussion and analysis of our financial condition and results of operations together with our audited consolidated financial statements and related notes included elsewhere in this Annual Report on Form 10-K. This discussion contains forward-looking statements based upon current plans, expectations and beliefs involving risks and uncertainties. Our actual results may differ materially from those anticipated in these forward-looking statements as a result of various factors, including those set forth under "Risk Factors" and in other parts of this Annual Report on Form 10-K. A discussion of the year ended December 31, 2020 compared to the year ended December 31, 2019 has been reported previously in our final prospectus (the "Prospectus") filed pursuant to Rule 424(b)(4) (File No. 333-257714), filed with the SEC on July 30, 2021, under the heading "Management's Discussion and Analysis of Financial Condition and Results of Operations."

Overview

Traeger is the creator and category leader of the wood pellet grill, an outdoor cooking system that ignites all-natural hardwoods to grill, smoke, bake, roast, braise, and barbecue. Our grills are versatile and easy to use, empowering cooks of all skill sets to create delicious meals with a wood-fired flavor that cannot be replicated with gas, charcoal, or electric grills. Grills are at the core of our platform and are complemented by Traeger wood pellets, rubs, sauces, premium frozen meal kits and accessories.

Our marketing strategy has been instrumental in building our brand and driving customer advocacy and revenue. We have disrupted the outdoor cooking market and created a passionate community, the Traegerhood, which includes foodies, pitmasters, backyard heroes, moms and dads, professional athletes, outdoorsmen and outdoorswomen, and world-class chefs. This community, together with our various marketing initiatives, has helped to promote our brand and products to the wider consumer population and supported our efforts to redefine outdoor cooking as an experience accessible to everyone. We have an active online and social media presence and a content-rich website that drives significant customer engagement and brings our Traegerhood together. We also directly engage with our current and target customers by sponsoring and participating in a variety of events, including live shows, outdoor festivals, rodeos, music and film festivals, barbecue competitions, fishing tournaments, and retailer events. We believe the style and authenticity of our customer engagement reinforces our brand and drives new and existing customer interest in our products and community.

Our revenue is primarily generated through the sale of our wood pellet grills, consumables and accessories. We currently offer three series of grills – Pro, Ironwood and Timberline – as well as a selection of smaller, portable grills. Our grills are available in a number of different sizes and can be upgraded through a variety of accessories. A growing number of our grills feature WiFIRE technology, which allows users to monitor and adjust their grills remotely using our Traeger app. Our consumables include our wood pellets, which are made from natural, virgin hardwood and are available in a variety of flavors, as well as rubs, sauces and our premium frozen meal kits consisting of high-quality ingredients, supplies and easy-to-follow instructions. Our accessories include grill covers, liners, tools, MEATER smart thermometers, apparel and other ancillary items.

We sell our grills using an omnichannel distribution strategy that consists primarily of retail and direct to consumer ("DTC") channels. Our retail channel covers brick-and-mortar retailers, e-commerce platforms, and multichannel retailers, who, in turn, sell our grills to their end customers. Our retailers include Ace Hardware, Amazon.com, Costco, The Home Depot, and William Sonoma, among others, as well as a significant number of independent retailers that cater to local communities and specific categories, such as hardware, camping, outdoor, farm, ranch, barbecue and other categories. Our DTC channel covers sales directly to customers through our website and Traeger app, as well as certain country- and region-specific Traeger or distributor websites. Our consumables and accessories are available through the same channels as our grills, except that our Traeger Provisions product line is only available through our DTC channel.

Over the last several years, we have made significant investments in our supply chain and manufacturing operations. Our supply chain includes third party manufacturers for our grills and accessories and pellet production facilities for our wood pellets that we own or lease. We work closely with our manufacturers to evolve on design, manufacturing process and product quality. Our grills are currently manufactured in China and Vietnam, and our wood pellets are produced at facilities located in New York, Oregon, Georgia, Virginia, and Texas. We have entered into manufacturing agreements covering the supply of substantially all of our grills and accessories, pursuant to which we make purchases on a purchase order basis. We rely on several third-party suppliers for the components used in our grills, including integrated circuits, processors, and system on chips.

We believe that our financial results have reflected our growth. Our revenue increased by 43.9% for the year ended December 31, 2021 as compared to the year ended December 31, 2020, and reached $785.5 million for the year ended December 31, 2021, up from $545.8 million for the year ended December 31, 2020. We recorded a net loss of $88.8 million for

the year ended December 31, 2021, compared to net income of $31.6 million for the year ended December 31, 2020. Our Adjusted EBITDA was $109.0 million for the year ended December 31, 2021, down from $116.1 million for the year ended December 31, 2020. Our Adjusted Net Income was $66.9 million for the year ended December 31, 2021, down from $73.3 million for the year ended December 31, 2020. Adjusted EBITDA and Adjusted Net Income (Loss) are non-GAAP financial measures. For a reconciliation of Adjusted EBITDA and Adjusted Net Income (Loss) to the most directly comparable GAAP financial measure, information about why we consider Adjusted EBITDA and Adjusted Net Income (Loss) useful and a discussion of the material risks and limitations of this measure, please see “non-GAAP Financial Measures” below.

Corporate Conversion and Initial Public Offering

Immediately prior to the effectiveness of our IPO registration statement on July 28, 2021, TGPX Holdings I LLC converted from a Delaware limited liability company into a Delaware corporation, and changed its name to Traeger, Inc.
Pursuant to the statutory corporate conversion (the "Corporate Conversion"), all of the outstanding limited liability company interests of TGPX Holdings I LLC were converted into shares of common stock of Traeger, Inc., and TGP Holdings LP (the “Partnership”) became the holder of such shares of common stock of Traeger, Inc. In connection with the Corporate Conversion, the Partnership liquidated and distributed these shares of common stock to the holders of partnership interests in the Partnership in direct proportion to their respective interests in the Partnership based upon the value of Traeger, Inc. at the time of the IPO, with a value implied by the initial public offering price of the shares of common stock sold in the IPO. Based on the IPO price of $18.00 per share, following the Partnership’s liquidation and distribution, including the elimination of any fractional shares resulting therefrom, and the Corporate Conversion, we had 108,724,387 shares of common stock outstanding immediately prior to the IPO.

On August 2, 2021, we completed our IPO in which we issued and sold 8,823,529 shares of common stock at a public offering price of $18.00 per share, generating aggregate gross proceeds of $158.8 million before underwriter discounts and commissions, fees and expenses totaling $20.3 million. Additionally, certain selling stockholders sold an aggregate of 18,235,293 shares (including 3,529,411 shares pursuant to the underwriters' exercise of their option to purchase additional shares).

Key Factors Affecting Our Performance

We believe that our financial condition and results of operations have been, and will continue to be, affected by a number of factors that present significant opportunities for us but also pose risks and challenges. For a discussion of these factors, please see "Key Factors Affecting Our Performance" in the Management's Discussion and Analysis section of our prospectus, dated July 28, 2021, and in Part I, Item 1A. "Risk Factors" of this Annual Report on Form 10-K.

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 and Adjusted Net Income is a key performance measure 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 income (loss) to each such measure, 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 and Adjusted Net Income is 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 and Adjusted Net Income help our management identify additional trends in our financial results that may not be shown solely by period-to-period comparisons of net income or income from continuing operations. In addition, we may use Adjusted EBITDA in the incentive compensation programs applicable to some of our employees. Each of Adjusted EBITDA and Adjusted Net Income has inherent limitations because of the excluded items and may not be directly comparable to similarly titled metrics used by other companies.

We calculate Adjusted EBITDA as net income (loss) adjusted to exclude provision for income taxes, other (income) expense, interest expense, depreciation and amortization, equity-based compensation, non-routine legal expenses, non-routine start-up costs, non-routine acquisition expenses, change in fair value of contingent consideration, offering related expenses, non-routine refinancing expenses, and other adjustment items. Other (income) expense are gains (losses) on disposal of property, plant and equipment, impairments of long-term assets, unrealized gains (losses) from derivatives, and the loss on extinguishment of debt upon refinancing and early repayment. Non-routine legal expenses are primarily external legal expenses for litigation, patent and trademark defense, and legal costs related to an acquisition. Non-routine start-up costs represent investments in Traeger Provisions. Non-routine acquisition expenses are primarily for consulting and legal costs incurred in connection with the acquisition of Apption Labs. Change in fair value of contingent consideration results from changes in the fair value of the contingent consideration associated with the acquisition of Apption Labs due to changes in discount periods and rates, and changes in probability assumptions with respect to the likelihood of achieving the performance targets. Offering related expenses are primarily for a one-time bonus paid to certain employees, including certain of our executive officers, as well as legal and consulting costs incurred in connection with our IPO process. Non-routine refinancing expenses are primarily for consulting and legal costs incurred to refinance our credit facilities. Other adjustment items include inventory write-offs and restoration of our wood pellet production facility due to flood damage sustained as a result of a tropical storm and costs to establish our China warehouse. Adjusted EBITDA Margin represents Adjusted EBITDA as a percentage of revenue. Adjusted EBITDA and Adjusted EBITDA Margin should be viewed as measures of operating performance that are supplements to, and not substitutes for, operating income or loss, net earnings or loss and other U.S. GAAP measures of income (loss). The following table presents a reconciliation of net income (loss), the most directly comparable financial measure calculated in accordance with U.S. GAAP, to Adjusted EBITDA on a consolidated basis.

	Year-ended December 31,	
	2021	2020
	(dollars in thousands)	
Net income (loss)	$ (88,821)	$ 31,602
Adjusted to exclude the following:		
Provision for income taxes	1,489	749
Other (income) expense	10,518	(5,947)
Interest expense	26,646	34,073
Depreciation and amortization	47,499	40,968
Equity-based compensation	81,112	12,810
Non-routine legal expenses	6,343	1,820
Non-routine start-up costs	8,901	—
Non-routine acquisition expenses	2,624	—
Change in fair value of contingent consideration	3,800	—
Offering related expenses	3,725	—
Non-routine refinancing expenses	3,895	—
Other adjustment items[1]	1,276	—
Adjusted EBITDA	$ 109,007	$ 116,075
Revenue	785,545	545,772
Net (loss) income as a percentage of revenue	(11.3)%	5.8 %
Adjusted EBITDA Margin	13.9 %	21.3 %

[1] Includes $1.2 million of inventory write-offs and restoration of our wood pellet production facility due to flood damage sustained as a result of a tropical storm and $0.1 million of costs to establish our China warehouse as significant adjustments.

We calculate Adjusted Net Income as net income (loss) adjusted to exclude other (income) expense, equity-based compensation, non-routine legal expenses, amortization of acquisition intangibles, non-routine start-up costs, non-routine acquisition expenses, change in fair value of contingent consideration, offering related expenses, non-routine refinancing expenses, other adjustment items, and tax impact of adjusting items. Amortization of acquisition intangibles includes amortization expense associated with intangible assets recorded in connection with the 2017 corporate reorganization and acquisition of Traeger Pellet Grills Holdings LLC. Tax impact of adjusting items for the quarter is adjusted for a 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 below.

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. Adjusted Net Income should be viewed as a measure of operating performance that is a supplement to, and not a substitute for, operating income or loss, net earnings or loss and other U.S. GAAP measures of income (loss). The following table presents a reconciliation of net (loss) income, the most directly comparable financial measure calculated in accordance with U.S. GAAP, to Adjusted Net Income on a consolidated basis.

	Year-ended December 31,	
	2021	2020
	(in thousands)	
Net income (loss)	$ (88,821)	$ 31,602
Adjusted to exclude the following:		
Other expense (income)	10,518	(5,947)
Equity-based compensation	81,112	12,811
Non-routine legal expenses	6,343	1,821
Amortization of acquisition intangibles	33,014	33,014
Non-routine start-up costs	8,901	—
Non-routine acquisition expenses	2,624	—
Change in fair value of contingent consideration	3,800	—
Offering related expenses	3,725	—
Non-routine refinancing expenses	3,895	—
Other adjustment items [2]	1,276	—
Tax impact of adjusting items	477	—
Adjusted net income	$ 66,864	$ 73,301

[2] Includes $1.2 million of inventory write-offs and restoration of our wood pellet production facility due to flood damage sustained as a result of a tropical storm and $0.1 million of costs to establish our China warehouse.

Impact of COVID-19

The COVID-19 pandemic has caused various elements of disruption to economies, businesses, markets and communities around the globe. In the interest of public health, many governments closed physical stores and business locations deemed to be non-essential, which drove higher unemployment levels and resulted in the closure of certain businesses. The COVID-19 pandemic has had a variety of impacts to the businesses of our retailers and suppliers, as well as customer behavior and discretionary spending. Although we cannot predict when the United States and global economy will fully recover from the COVID-19 pandemic, we believe that our business is well positioned to attract new customers, capitalize on existing and growing trends in our industry and benefit from the revival of the economy and discretionary spending. Nevertheless, we do not have certainty that a full economic recovery will happen in the near future, and it is possible that the prolonging of the COVID-19 pandemic could have certain adverse effects on our business, financial condition, and results of operations. Furthermore, our growth in the past year may obscure the extent to which seasonality and other trends have affected our business and may continue to affect our business. For more information regarding the potential impact of the COVID-19 pandemic on our business, refer to Part 1, Item 1A. “Risk Factors” in this Annual Report on Form 10-K.

In response to the COVID-19 pandemic, we quickly developed a plan of action that focused first on the health and safety of our employees. In March 2020, we implemented a work-from-home policy and began to establish safety measures at our wood pellet production facilities. Next, we took immediate action to protect our liquidity. These actions included reductions in discretionary spending and capital expenditures, a temporary hiring freeze, employee furloughs, and a reduction in our inventory purchase plan. At the end of the first quarter of 2020, we drew down the available capacity under our revolving credit facility to increase cash to sustain our operations. We also focused on business continuity across our value chain and operations, and made strategic pivots and reprioritized key initiatives to focus on our immediate response to the COVID-19 pandemic and maintain a nimble approach to our long-term strategy as we continued to monitor the situation. We have returned much of our remote workforce to physical locations, with a hybrid approach of splitting at-home and in-office time for our corporate employees. Only a small number of employees remain working fully remotely, and we do not believe remote operations or our

cost reduction initiatives have significantly impacted the productivity of our workforce or operations, or resulted in meaningful disruption to our sales activities or ongoing revenue generation.

The sale of our grills, consumables and accessories experienced considerable growth following the onset of the COVID-19 pandemic as people invested in recreational activities based around the home during periods of quarantine and limited public activities. At the beginning of the second quarter of 2020 as the impact of governmental pandemic-related measures on business activity took hold, we experienced sustained demand for our products as many of our specialty and hardware retailers were deemed essential by state and local governments and thus remained open to customers. In addition, consumer purchase behavior shifted to online retail, including our own website, which offset the impact of select store closures and stay-at-home orders. As the second quarter of 2020 progressed, we began experiencing significant demand across our distribution channels as customer interest in our products increased, retail stores began to reopen and online retail continued to benefit from favorable shifts in consumer purchase behavior. This strong demand continued throughout the second half of 2020, and we believe that this was a primary driver of our revenue growth during 2020. Together with the increased demand for our products, we experienced higher costs and supply chain delays as a result of restrictions or disruptions of transportation as a result of the pandemic. Late in the first quarter of 2020, we reduced inventory purchase orders as a precautionary measure against the unknown impact of the COVID-19 pandemic on the economy and our business and to improve financial flexibility. These actions, coupled with the overall strong demand during 2020, ultimately contributed to lower than expected inventory levels throughout the second half of 2020 and, in turn, resulted in inventory constraints in the second half of 2020 and in the first half of 2021. Inventory constraints due to COVID-19 lessened in the third quarter of 2021 and are now primarily attributable to widely reported global supply chain constraints.

Components of Results of Operations

Revenue

We derive substantially all of our revenue from the sale of grills, consumables and accessories in North America, which includes the United States and Canada. We recognize revenue, net of product returns, for our grills, consumables and accessories generally at the time of delivery to retailers through our retail channel and to customers through our DTC channel. Estimated product returns are recorded as a reduction of revenue at the time of recognition and are calculated based on product returns history, observable changes in return behavior, and expected returns based on sales volume and mix. We also have certain contractual programs that can give rise to elements of variable consideration, such as volume incentive rebates, with estimated amounts of credits recorded as a reduction to revenue.

Although we experience demand for our products throughout the year, we believe there can be certain seasonal fluctuations in our revenue. We have typically experienced moderately higher levels of sales of our grills in the first and second quarters of the year as our retailers purchase inventory in advance of warmer weather, when demand for outdoor cooking products is the highest across our key markets. Higher sales also coincide with social events and national holidays, which occur during the same warm weather timeframe.

Gross Profit

Gross profit reflects revenue less cost of revenue. Cost of revenue consists of product costs, including the costs of components, costs of products from our third-party manufacturers, direct and indirect manufacturing costs across all products, packaging, inbound freight and duties, warehousing and fulfillment, warranty costs, product quality testing and inspection costs, excess and obsolete inventory write-downs, cloud-hosting costs for our WiFIRE connected grills, depreciation of tooling and manufacturing equipment, amortization of internal use software and patented technology, and certain employee-related expenses.

We calculate gross margin as gross profit divided by revenue. Gross margin can be impacted by several factors, including, in particular, product mix and sales channel mix. For example, gross margin on sales through our DTC channel is generally higher than gross margin on sales through our retail channel. If our DTC sales grow faster than sales from our retail channel, and if we are able to realize greater economies of scale or product cost improvements through engineering and sourcing, we would expect a favorable impact to overall gross margin over time. Additionally, gross margin on sales of certain of our products is higher than for others. If revenue from sales of wood pellets increased as a percentage of total revenue, we would expect to see an increase in overall gross margin. These favorable anticipated gross margin impacts may not be realized, or may be offset by other unfavorable gross margin factors. Additionally, any new products that we develop, or our planned expansion into new geographies, may impact our future gross margin. External factors beyond our control, such as duties and tariffs and costs of doing business in certain geographies can also impact gross margin.

Sales and Marketing

Sales and marketing expense consists primarily of the costs associated with advertising and marketing of our products and employee-related expenses, including salaries, benefits, and equity-based compensation expense, as well as sales incentives and professional services. These costs can include print, internet and television advertising, travel-related expenses, direct customer acquisition costs, costs related to conferences and events, and broker commissions. We expect our sales and marketing expense to increase on an absolute dollar basis for the foreseeable future as we continue to increase the scope of outreach to potential new customers to drive our revenue growth. We also anticipate that sales and marketing expense as a percentage of revenue will fluctuate from period to period based on revenue for such period and the timing of the expansion of our sales and marketing functions, as these activities may vary in scope and scale over future periods.

General and Administrative

General and administrative expense consists primarily of employee-related expenses and facilities for our executive, finance, accounting, legal, human resources, information technology and other administrative functions. General and administrative expense also includes fees for professional services, such as external legal, accounting, and information and technology services, and insurance.

In addition, general and administrative expense includes research and development expenses incurred to develop and improve our future products and processes, which primarily consist of employee and facilities-related expenses, including salaries, benefits and equity-based compensation expense, as well as fees for professional services, costs related to prototype tooling and materials, and software platform costs. Research and development expense was $18.8 million and $6.8 million for the year ended December 31, 2021 and 2020, respectively.

We expect general and administrative expense, including our research and development expenses and external legal and accounting expenses, to increase on an absolute dollar basis for the foreseeable future as we continue to increase investments to support our growth and develop new and enhance existing products and interactive software. We also anticipate increased administrative and compliance costs as a result of being a public company. We anticipate that general and administrative expense as a percentage of revenue will vary from period to period, but we expect to leverage these expenses over time as we grow our revenue.

Amortization of Intangible Assets

Amortization of intangible assets primarily consists of amortization of identified finite-lived customer relationships, distributor relationships, non-compete arrangements and trademark assets that were allocated a considerable portion of the purchase price from the corporate reorganization and acquisition of our business in 2017, as well as the July 2021 acquisition of Apption Labs. These costs are amortized on a straight-line basis over 2.5 to 25 year useful lives and, as a result, amortization expense on these assets is expected to remain stable over the coming years. Future business acquisitions may result in incremental amortization of intangible assets acquired in any such transactions.

Change in Fair Value of Contingent Consideration

The fair values of our contingent consideration earn out obligation associated with the Apption Labs business combination is estimated based on probability adjusted present values of the consideration expected to be transferred using significant inputs. At each reporting date, we revalue the contingent consideration obligation to its fair value and records increases and decreases in fair value in the general and administrative expenses in our condensed consolidated statements of operations and comprehensive income (loss). Changes in the fair value of the contingent consideration obligation results from changes in discount periods and rates, and changes in probability assumptions with respect to the likelihood of achieving the performance targets.

Total Other Income (Expense), Net

Total other income (expense), net consists of interest expense and other income (expense). Interest expense includes interest and other fees associated with our credit facilities and receivables financing agreement. Other income (expense) also consists of any gains (losses) on the sale of long-lived assets and from the foreign currency contracts that we use to manage our exposure to foreign currency exchange rate risk related to our purchases and international operations.

Results of Operations

The following tables summarize key components of our results of operations for the periods presented. The period-to-period comparisons of our historical results are not necessarily indicative of the results that may be expected in the future.

	Year-ended December 31,		Change	
	2021	2020	Amount	%
	(dollars in thousands)			
Revenue	$ 785,545	$ 545,772	$ 239,773	43.9 %
Cost of revenue	481,834	310,408	171,426	55.2 %
Gross profit	303,711	235,364	68,347	29.0 %
Operating expense:				
Sales and marketing	165,180	93,690	71,490	76.3 %
General and administrative	158,555	50,243	108,312	215.6 %
Amortization of intangible assets	34,379	32,533	1,846	5.7 %
Change in fair value of contingent consideration	3,800	—	3,800	100.0 %
Total operating expense	361,914	176,466	185,448	105.1 %
Income (loss) from operations	(58,203)	58,898	(117,101)	(198.8)%
Other income (expense):				
Interest expense	(26,646)	(34,073)	(7,427)	(21.8)%
Loss on extinguishment of debt	(5,185)	—	5,185	100.0 %
Other income	2,702	7,526	(4,824)	(64.1)%
Total other expense	(29,129)	(26,547)	2,582	9.7 %
Income (loss) before provision for income taxes	(87,332)	32,351	(119,683)	(370.0)%
Provision for income taxes	1,489	749	740	98.8 %
Net income (loss)	$ (88,821)	$ 31,602	$ (120,423)	(381.1)%

Comparison of the Year Ended December 31, 2021 and 2020

Revenue

	Year-ended December 31,		Change	
	2021	2020	Amount	%
	(dollars in thousands)			
Revenue:				
Grills	$ 544,200	$ 391,047	$ 153,153	39.2 %
Consumables	136,216	120,247	15,969	13.3 %
Accessories	105,129	34,478	70,651	204.9 %
Total Revenue	$ 785,545	$ 545,772	$ 239,773	43.9 %

Revenue increased by $239.8 million, or 43.9%, to $785.5 million for the year ended December 31, 2021 compared to $545.8 million for the year ended December 31, 2020. This increase was driven primarily by higher demand for our grills and growth in accessories revenue due to sales of the MEATER smart thermometers following the acquisition of Apption Labs.

Revenue from our grills grew by $153.2 million, or 39.2%, to $544.2 million for the year ended December 31, 2021 compared to $391.0 million for the year ended December 31, 2020. The increase was driven primarily by higher unit volume relative to the prior period in addition to an increased average selling price.

Revenue from our consumables grew by $16.0 million, or 13.3%, to $136.2 million for the year ended December 31, 2021 compared to $120.2 million for the year ended December 31, 2020. The increase was driven primarily by repeating sales of wood pellets and other consumables from our installed base of grills, as well as increased unit volume associated with the expansion of our installed base of grills.

Revenue from our accessories grew by $70.7 million, or 204.9%, to $105.1 million for the year ended December 31, 2021 compared to $34.5 million for the year ended December 31, 2020. This increase was driven primarily by sales of the MEATER smart thermometers following the acquisition of Apption Labs and strong consumer demand for Traeger-branded accessories.

Gross Profit

	Year-ended December 31,		Change	
	2021	2020	Amount	%
	(dollars in thousands)			
Gross profit	$ 303,711	$ 235,364	$ 68,347	29.0 %
Gross margin (Gross profit as a percentage of revenue)	38.7 %	43.1 %		

Gross profit increased by $68.3 million, or 29.0%, to $303.7 million for the year ended December 31, 2021 compared to $235.4 million for the year ended December 31, 2020. Gross profit as a percentage of revenue decreased to 38.7% for the year ended December 31, 2021 from 43.1% for the year ended December 31, 2020. The decrease in gross margin was driven primarily by increased freight rates and logistics costs, the appreciation of the Chinese Renminbi relative to the U.S. Dollar, increased commodity and other product costs, and the amortization of acquired intangible assets. Gross profit was also pressured by equity-based compensation expense related to the IPO and the write-off of inventory due to an adverse weather event at one of our wood pellet production facilities.

Sales and Marketing

	Year-ended December 31,		Change	
	2021	2020	Amount	%
	(dollars in thousands)			
Sales and marketing	$ 165,180	$ 93,690	$ 71,490	76.3 %
As a percentage of revenue	21.0 %	17.2 %		

Sales and marketing expense increased by $71.5 million, or 76.3%, to $165.2 million for the year ended December 31, 2021 compared to $93.7 million for the year ended December 31, 2020. As a percentage of revenue, sales and marketing expense increased to 21.0% for the year ended December 31, 2021 from 17.2% for the year ended December 31, 2020. The increase in sales and marketing expense was driven primarily by higher equity-based compensation expense of $10.2 million due to the acceleration of vesting of all unvested and outstanding Class B unit awards upon completion of the IPO. Additionally, advertising costs increased to drive brand awareness, including the newly acquired Apption Labs business, higher professional fees, as well as higher personnel-related expenses associated with an increase in headcount in our marketing, customer experience and sales functions.

General and Administrative

	Year-ended December 31,		Change	
	2021	2020	Amount	%
	(dollars in thousands)			
General and administrative	$ 158,555	$ 50,243	$ 108,312	215.6 %
As a percentage of revenue	20.2 %	9.2 %		

General and administrative expense increased by $108.3 million, or 215.6%, to $158.6 million for the year ended December 31, 2021 compared to $50.2 million for the year ended December 31, 2020. As a percentage of revenue, general and administrative expense increased to 20.2% for the year ended December 31, 2021 from 9.2% for the year ended December 31, 2020. The increase in general and administrative expense was driven primarily by higher equity-based compensation expense of $36.9 million due to the acceleration of vesting of all unvested and outstanding Class B unit awards upon completion of the IPO and $24.9 million due to the issuance of restricted stock units ("RSUs") under the Traeger, Inc. 2021 Incentive Award Plan (the "2021 Plan"), increased professional services fees related to third party costs incurred for non-routine start-up costs for Traeger

Provisions, one-time costs related to the debt refinancing, non-routine legal expenses, and higher personnel-related expenses associated with investments to build a team to support our current and future growth.

Amortization of Intangible Assets

	Year-ended December 31,		Change	
	2021	2020	Amount	%
	(dollars in thousands)			
Amortization of intangible assets	$ 34,379	$ 32,533	$ 1,846	5.7 %
As a percentage of revenue	4.4 %	6.0 %		

Amortization of intangible assets, substantially attributable to the 2017 corporate reorganization and acquisition of the Company and the July 2021 acquisition of Apption Labs, increased $1.8 million, or 5.7%, to $34.4 million for the year ended December 31, 2021 compared to $32.5 million for the year ended December 31, 2020.

Change in Fair Value of Contingent Consideration

	Year-ended December 31,		Change	
	2021	2020	Amount	%
	(dollars in thousands)			
Change in fair value of contingent consideration	$ 3,800	$ —	$ 3,800	100.0 %
As a percentage of revenue	0.5 %	— %		

Change in fair value of contingent consideration, attributable to the revalued earn out obligation associated with the Apption Labs business combination, increased $3.8 million, or 100.0%, to $3.8 million for the year ended December 31, 2021 compared to $0 for the year ended December 31, 2020. The change in fair value of contingent consideration was driven primarily by the increase in the likelihood of achieving the revenue performance targets.

Other Expense

	Year-ended December 31,		Change	
	2021	2020	Amount	%
	(dollars in thousands)			
Interest expense	$ (26,646)	$ (34,073)	$ (7,427)	(21.8)%
Loss on extinguishment of debt	(5,185)	—	5,185	100.0 %
Other income	2,702	7,526	(4,824)	(64.1)%
Total other expense	$ (29,129)	$ (26,547)	$ 2,582	9.7 %
As a percentage of revenue	(3.7)%	(4.9)%		

Total other expense, net increased by $2.6 million, or 9.7%, to $29.1 million for the year ended December 31, 2021 compared to $26.5 million for the year ended December 31, 2020. This increase was due primarily to one-time expenses related to the refinancing and voluntary prepayment of our long-term debt, as well as a decrease in the gains recognized on derivative instruments as compared to gains recognized in the prior period. The increase was partially offset by a lower applicable interest rate on our first lien term loan as a result of refinancing our long-term debt in June 2021.

Liquidity and Capital Resources

Historically, our cash requirements have principally been for working capital purposes, capital expenditures, and debt service payments. We have funded our operations through cash flows from operating activities, cash on hand, and borrowings under our credit facilities and receivables financing agreement.

As of December 31, 2021, we had cash and cash equivalents of $16.7 million, $125.0 million borrowing capacity under our New Revolving Credit Facility (as defined below) and up to $100.0 million borrowing capacity under our Receivables Financing Agreement (as defined below). As of December 31, 2021, we had drawn down $9.0 million on the New Revolving

Credit Facility and $41.1 million under the Receivables Financing Agreement. As of December 31, 2021, the total principal amount outstanding under our New First Lien Term Loan Facility (as defined below) was $388.2 million, and the total principal amount of indebtedness outstanding under the New Credit Facilities (as defined below) was $429.3 million. We believe that our existing cash and cash equivalents, availability under our New Revolving Credit Facility and Receivables Financing Agreement, and our cash flows from operating activities will be sufficient to fund our working capital requirements and planned capital expenditures, and to service our debt obligations, for at least the next 12 months. However, our future working capital requirements will depend on many factors, including our rate of revenue growth and profitability, the timing and size of future acquisitions, and the timing of introductions of new products and investments in our supply chain and implementation of technologies.

We may from time to time seek to raise additional equity or debt financing to support our growth or in connection with the acquisition of complementary businesses. Any equity financing we may undertake could be dilutive to our existing stockholders, and any additional debt financing we may undertake could require debt service and financial and operational requirements that could adversely affect our business. There is no assurance we would be able to obtain future financing on acceptable terms or at all. In particular, the widespread COVID-19 pandemic has resulted in, and may continue to result in, significant disruption of global financial markets, reducing our ability to access capital. See Part I, Item 1A.“Risk Factors.”

In connection with the IPO, we granted RSUs. Specifically, 7,782,957 shares of our common stock are issuable in connection with the vesting of RSUs granted to our Chief Executive Officer (the “Chief Executive Officer Award“) under the 2021 Plan, which awards became effective in connection with the IPO. In addition, 4,380,285 shares of our common stock are issuable in connection with the vesting of RSUs granted to others (the “IPO RSUs” and, together with the Chief Executive Officer Award, the “IPO Awards”) under the 2021 Plan, including to our Chief Financial Officer and certain of our directors, which awards became effective in connection with the IPO. In light of the large number of RSUs subject to the IPO Awards, we anticipate that we will incur substantial equity-based compensation expenses and may expend substantial funds to satisfy tax withholding and remittance obligations related to these RSUs. The grant date fair value of the Chief Executive Officer Award was estimated to be approximately $116.5 million, which we estimated would be recognized as compensation expense over a weighted average period of 4.07 years, though recognition of such value could be earlier if the stock price goals are achieved earlier than we estimated. The grant date fair value of the IPO RSUs was estimated to be approximately $74.2 million, which we estimated would be recognized as compensation expense over a weighted average period of 3.58 years. We expect the equity-based compensation expense relating to these awards to adversely impact our future financial results.

In addition, in connection with the completion of the Company’s IPO, Class B Units that were outstanding and vested were, as part of the Corporate Conversion, converted into shares of common stock of the Company. The Company recorded equity compensation expense of approximately $47.4 million as a result of the acceleration of vesting of the unvested Class B Units based on the IPO price of $18.00. Given the proximity of the modification to the IPO, the expense recorded by the Company was based on the actual conversion of the Class B Unit into common stock and the valuation of the Company at time of the IPO.

Cash Flows

The following table sets forth cash flow data for the periods indicated therein (in thousands):

	Year-ended December 31,	
	2021	2020
Net cash provided by (used in) operating activities	$ (28,427)	$ 46,597
Net cash used in investing activities	(79,897)	(27,341)
Net cash provided by (used in) financing activities	113,508	(14,777)
Net increase in cash and cash equivalents	$ 5,184	$ 4,479

Cash Flow from Operating Activities

During the year ended December 31, 2021, net cash used in operating activities consisted of a net loss of $88.8 million and net non-cash adjustments to net loss of $145.7 million, partially offset by net changes in operating assets and liabilities of $85.3 million. Non-cash adjustments consisted of depreciation of property, plant, and equipment of $9.2 million, amortization of intangible assets of $38.4 million, equity-based compensation of $81.1 million, and unrealized gains on foreign currency contracts of $4.8 million. The decrease in net cash from net changes in operating assets and liabilities during the year ended

December 31, 2021 was primarily due to an increase in accounts receivable of $26.4 million and an increase in inventories of $70.8 million, partially offset by an increase in accounts payable and accrued expenses of $19.2 million.

During the year ended December 31, 2020, net cash provided by operating activities consisted of net income of $31.6 million and net non-cash adjustments to net income of $50.6 million, partially offset by net changes in operating assets and liabilities of $35.6 million. Non-cash adjustments consisted of depreciation of property, plant, and equipment of $7.8 million, amortization of intangible assets of $33.2 million, equity-based compensation of $12.8 million, and unrealized gains on foreign currency contracts of $6.1 million. The decrease in net cash from net changes in operating assets and liabilities during the year ended December 31, 2020 was primarily due to an increase in accounts receivable of $30.2 million and an increase in inventories of $29.5 million, offset in part by an increase in accounts payable and accrued expenses of $28.4 million.

Cash Flow from Investing Activities

During the year ended December 31, 2021, net cash used in investing activities was $79.9 million. The cash flow used was driven primarily by the acquisition of Apption Labs in July 2021, net of cash acquired, of $56.9 million, as well as the purchase of property, plant, and equipment of $22.5 million primarily related to the purchase of tooling equipment, the purchase of wood pellet production equipment, and internal-use software and website developments costs.

During the year ended December 31, 2020, net cash used in investing activities was $27.3 million. The cash flow used was driven by the purchase of property, plant, and equipment of $14.1 million primarily related to the purchase of wood pellet production equipment, tooling, and internal-use software and website developments costs. In addition, the cash used was driven by the acquisition of subsidiaries of $12.7 million related to the purchase of a wood pellet production facility and the purchase of intangible assets associated with the termination of distributor relationships.

Cash Flow from Financing Activities

During the year ended December 31, 2021, net cash provided by financing activities was $113.5 million. The cash flow provided was driven primarily by $142.3 million of proceeds from the issuance of our common stock upon the IPO, net of offering costs, as well as net proceeds from our New First Lien Term Loan Facility of $510.0 million partially offset by the repayment of the First Lien Credit Agreement and Second Lien Credit Agreement of $446.4 million and the repayment of $130.8 million on the New First Lien Term Loan Facility using proceeds from the IPO.

During the year ended December 31, 2020, net cash used in financing activities was $14.8 million. The cash flow used was driven primarily by net repayments during the year of $10.0 million related to our revolving line of credit and principal repayments under our first lien term loan of $3.4 million.

Credit Facilities

On September 25, 2017, we entered into (i) a first lien credit agreement with various lenders, or the First Lien Credit Agreement and (ii) a second lien credit agreement with various lenders, or the Second Lien Credit Agreement and together with the First Lien Credit Agreement, the Credit Agreements. On June 29, 2021, we refinanced our existing Credit Facilities and entered into a new first lien credit agreement (the "New First Lien Credit Agreement"). The New First Lien Credit Agreement provides for a senior secured term loan facility (the "New First Lien Term Loan Facility"), and a revolving credit facility (the "New Revolving Credit Facility" and, together with the New First Lien Term Loan Facility, the "New Credit Facilities").

New First Lien Credit Agreement

On June 29, 2021, we entered into a new first lien credit facility (the "New First Lien Credit Facility"). The New First Lien Credit Facility provides for a $560.0 million New First Lien Term Loan Facility (including a $50.0 million delayed draw term loan) and a $125.0 million New Revolving Credit Facility.

The New First Lien Term Loan Facility accrues interest at a rate per annum that considers both fixed and floating components. Following completion of our IPO in July 2021, the fixed component ranges from 3.00% to 3.25% per annum based on our Public Debt Rating (as defined in the New First Lien Credit Agreement). The floating component is based on the Eurocurrency Base Rate (as defined in the New First Lien Credit Agreement) for the relevant interest period. The New First Lien Term Loan Facility requires quarterly principal payments from December 2021 through June 2028, with any remaining unpaid principal and any accrued and unpaid interest due on the maturity date of June 29, 2028. The delayed draw term loan includes a variable commitment fee, which is based on the fixed interest rate and ranges from 0% to the Applicable Rate (as defined in the New First Lien Credit Agreement). As of December 31, 2021, the total principal amount outstanding on the New First Lien Term Loan Facility was $379.2 million.

Loans under the New Revolving Credit Facility accrue interest at a rate per annum that considers both fixed and floating components. Following completion of our IPO in July 2021, the fixed component ranges from 2.75% to 3.25% per annum based on our most recently determined First Lien Net Leverage Ratio (as defined in the New First Lien Credit Agreement). The floating component is based on the Eurocurrency Base Rate for the relevant interest period. The New Revolving Credit Facility also has a variable commitment fee, which is based on our most recently determined First Lien Net Leverage Ratio and ranges from 0.25% to 0.50% per annum on undrawn amounts. Letters of credit may be issued under the New Revolving Credit Facility in an amount not to exceed $15.0 million which, when issued, lower the overall borrowing capacity of the facility. The Revolving Credit Facility expires on June 29, 2026 and no principal payments are due before such date. As of December 31, 2021, the total outstanding principal balance under the New Revolving Credit Facility was $9.0 million.

Except as noted below, the New Credit Facilities are collateralized by substantially all of the assets of TGP Holdings III LLC, TGPX Holdings II LLC, Traeger Pellet Grills Holdings LLC and certain subsidiaries of Traeger Pellet Grills Holdings LLC, including intellectual property, mortgages and the equity interest of each of these respective entities. The assets of Traeger SPE LLC, substantively consisting of our accounts receivable, collateralize the receivables financing agreement discussed below and do not collateralize the New Credit Facilities. There are no guarantees from parent entities above Traeger, Inc.

The New First Lien Credit agreement contains certain affirmative and negative covenants that limit our ability to, among other things, incur additional indebtedness or liens (with certain exceptions), make certain investments, engage in fundamental changes or transactions including changes of control, transfer or dispose of certain assets, make restricted payments (including dividends), engage in new lines of business, make certain prepayments and engage in certain affiliate transactions. In addition, we are subject to a financial covenant whereby we are required to maintain a First Lien Net Leverage Ratio (as defined in the New First Lien Credit Agreement) not to exceed 6.20 to 1.00. As of December 31, 2021, we were in compliance with the covenants under the New Credit Facilities.

Accounts Receivable Credit Facility

On November 2, 2020, we entered into a receivables financing agreement, as amended, or the Receivables Financing Agreement. Pursuant to the Receivables Financing Agreement, we participate in a trade receivables securitization program administered by MUFG Bank Ltd. Through this arrangement, we have secured short-term capital requirements financing using outstanding accounts receivable balances as collateral, which have been contributed by us to a wholly owned subsidiary, Traeger SPE LLC. As a special purpose entity (the "SPE"), Traeger SPE LLC has been structured such that its assets (substantively the accounts receivable contributed by us to the SPE) are outside the reach of other creditors, including the lenders under our New First Lien Credit Agreement. While we provide services to the SPE through continuing involvement in the aspects of collection and cash application of the receivables, the receivables are owned by the SPE once contributed to it by us. We are the primary beneficiary and hold all equity interests of the SPE, thus we consolidate the SPE without any significant judgments.

On June 29, 2021, we entered into Amendment No. 1 to the Receivables Financing Agreement and increased the net borrowing capacity from the prior range of $30.0 million to $45.0 million up to $100.0 million. As of December 31, 2021, we have drawn down $41.1 million under this facility for general corporate and working capital purposes. Absent any cash advances that exceed the SPE's available cash, the SPE collects proceeds from the receivables and transfers available cash to us on a regular basis. We are required to pay an annual upfront fee for the facility, along with interest on outstanding cash advances of approximately 1.7%, and an unused capacity charge that ranges from 0.25% to 0.50%. The facility is set to terminate on June 29, 2024.

On February 18, 2022, we entered into Amendment No. 2 to the Receivables Financing Agreement, which is described further in Note 13 - *Receivables Financing Agreement* to the accompanying consolidated financial statements.

Contractual Obligations

As of December 31, 2021, significant contractual obligations related to debt were $379.2 million of principal borrowings and $98.5 million of related interest, which will become due on the maturity date of June 29, 2028. Projected interest costs on variable rate instruments were calculated using market rates at December 31, 2021. See Note 12 - *Notes Payable* to the accompanying consolidated financial statements for additional information regarding our New Credit Facilities.

We lease certain facilities including real property, equipment, fleet vehicles, office equipment and other assets that expire at various dates through July 2037. As of December 31, 2021, the future minimum rental payments under non-cancelable leases was $58.8 million. See Note 14 - *Commitments and Contingencies* to the accompanying consolidated financial statements for additional information regarding our non-cancellable leases.

We also have purchase obligations consisting of agreements to purchase goods and services entered into in the ordinary course of business. As of December 31, 2021, the future minimum value of our non-cancellable unconditional purchase obligations was $7.1 million. See Note 14 - *Commitments and Contingencies* to the accompanying consolidated financial statements for additional information regarding our purchase obligations.

Critical Accounting Policies and Estimates

Our consolidated financial statements are prepared in accordance with U.S. GAAP. The preparation of our financial statements in conformity with U.S. GAAP requires us to make estimates and assumptions that affect certain reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenue and expenses during the reporting period.

While our significant accounting policies are described in further detail in Note 2 - *Summary of Significant Accounting Policies* to the accompanying consolidated financial statements included in this Annual Report on Form 10-K, we believe that the following critical accounting policies reflect our more significant judgments and estimates used that management believes are particularly important in the preparation of our consolidated financial statements and that require the use of estimates, assumptions and judgments to determine matters that are inherently uncertain.

Revenue Recognition

As discussed in the "Revenue Recognition and Sales Returns and Allowances" section in Note 2 - *Summary of Significant Accounting Policies* to the accompanying consolidated financial statements, we adopted the new revenue recognition standard, ASC 606, *Revenue from Contracts with Customers*, at the beginning of 2019.

We determine revenue recognition through the following steps in accordance with ASC 606:

- identification of the contract, or contracts, with a customer;
- identification of the performance obligations in the contract;
- determination of the transaction price;
- allocation of the transaction price to the performance obligations in the contract; and
- recognition of revenue when, or as, we satisfy a performance obligation.

We derive substantially all of our revenue from the sale of grills, consumables, and accessories as well as associated shipping charges billed to customers. We recognize revenue at the amount to which we expect to be entitled when a contract exists with a customer that specifies the goods and services to be provided at an agreed upon sales price and when the performance obligation is satisfied. The performance obligation for most of our sales transactions are considered complete when control transfers, which is determined when products are shipped or delivered to the customer depending on the terms of the contract. Sales are made on normal and customary short-term credit terms or upon delivery of point-of-sale transactions.

Shipping charges billed to customers are included in net sales and related shipping costs are included in cost of sales. We elected to account for shipping and handling activities performed after control has been transferred to the customer as a fulfillment cost.

We enter into contractual arrangements with customers in the form of individual customer orders which specify the goods, quantity, pricing, and associated order terms. We do not have long-term contracts that are satisfied over time. Due to the nature of the contracts, no significant judgment exists in relation to the identification of the customer contract or satisfaction of the performance obligation. We expense incremental costs of obtaining a contract due to the short-term nature of the contracts.

We have various contractual programs and practices with customers that give rise to elements of variable consideration such as customer cooperative advertising and volume incentive rebates. We estimate the variable consideration using the most likely amount method based on sales and contractual rates with each customer and record the estimated amount of credits for these programs as a reduction to revenue. Actual credits and their impact on reported revenue could differ from our estimates and could materially affect our results of operations.

We have entered into contracts with some customers that allow for credits to be claimed for certain matters of operational compliance or for returns to the retail customer from its end consumers. Credits that will be issued associated with these items are estimated using the expected value method and are based on actual historical experience and are recorded as a reduction of

revenue at the time of recognition or when circumstances change resulting in a change in estimated returns. Actual credits and their respective impacts on reported revenue could differ from our estimates and could materially affect our results of operations.

Valuation of Goodwill and Acquired Intangible Assets

Intangible Assets

Finite-lived intangible assets are initially recorded at fair value and presented net of accumulated amortization. Intangible assets are amortized on a straight-line basis over their estimated useful lives. We are currently amortizing acquired intangible assets, including customer relationships, distributor relationships, non-compete arrangements, business trademarks, technology and other intangible assets over periods ranging between 2.5 years and 25 years. These assets were recognized in the purchase price allocation when we underwent a corporate restructuring and acquisition in 2017, as well as when we acquired Apption Labs in July 2021. We assess the impairment of intangible assets whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

An impairment loss on intangible assets exists when the estimated undiscounted cash flows expected to result from the use of the asset and its eventual disposition are less than its carrying amount. If the carrying amount exceeds the sum of the undiscounted cash flows, an impairment charge is recognized based on the amount by which the carrying amount of the assets exceeds the estimated fair value of the assets.

Goodwill

Goodwill represents the excess of consideration transferred over the fair value of tangible and identifiable intangible net assets acquired and the liabilities assumed in a business combination. Substantively all of our goodwill was recognized in the purchase price allocation when we were acquired in 2017 in connection with our corporate restructuring, with incremental amounts recognized in subsequent business combinations. Goodwill is not amortized, but is subject to an annual impairment test. In conducting our annual impairment test, we first review qualitative factors to determine whether it is more likely than not that the fair value of the reporting unit is less than its carrying amount. If factors indicate that the fair value of the reporting unit is less than its carrying amount, we perform a quantitative assessment, analyzing the expected present value of future cash flows to quantify the amount of impairment, if any. We review goodwill for impairment annually during the fourth quarter of each fiscal year or whenever events or changes in circumstances indicate that an impairment may exist. We performed qualitative assessments of goodwill and determined that it was more likely than not that the fair value of goodwill was greater than its carrying value, therefore the quantitative impairment test was not performed. Therefore, no impairment of goodwill was recorded for the years ended December 31, 2021 and 2020, respectively.

If actual results differ from our estimates and assumptions, an impairment charge of goodwill could occur, which could materially affect our results of operations.

Equity-Based Compensation

We record equity-based compensation expense related to Class B incentive units awards issued by TGP Holdings LP, formerly our parent company, consistent with the compensation expense associated with the holder of the incentive units. The units granted by TGP Holdings LP have been issued for services performed on behalf of us. Therefore, the expense associated with these awards is pushed down to us.

The incentive unit grants are measured for expensing purposes at the grant date based on the fair value of the award. The incentive unit grants consist of time-based vesting units, ordinary performance vesting units, and extraordinary performance vesting units. In connection with the completion of our IPO, we recorded equity-based compensation as a result of the acceleration of vesting of all unvested and outstanding Class B Units.

In addition, we award equity-based compensation to employees and directors under the 2021 Plan. We measure compensation expense for time-based and performance-based RSU awards on a straight-line basis over the vesting schedule and on an accelerated attribution basis over the tranche's requisite service period, respectively. In addition, we recognize forfeitures as they occur, however, when an award is forfeited prior to the vesting date, we will recognize an adjustment for the previously recognized expense in the period of the forfeiture, with the exception of performance-based awards for which the requisite service period has been provided.

We use the Monte Carlo pricing model to estimate the fair value of our performance-based RSU awards as of the grant date, and use various simulations of future stock prices through the Stochastic model to estimate the fair value over the remaining term of the performance period as of the grant date

Item 7A. Quantitative and Qualitative Disclosures About Market Risk.

We are exposed to market risk in the ordinary course of business. Market risk represents the risk of loss that may impact our financial position due to adverse changes in financial market prices and rates. Our market risk exposure is primarily a result of fluctuations in interest rates, foreign currency exchange risk and commodity price risk. We do not hold or issue financial instruments for speculative or trading purposes.

Interest Rate Risk

We had cash and cash equivalents of $16.7 million and $11.6 million as of December 31, 2021 and 2020, respectively. We hold cash and cash equivalents for working capital purposes. We do not have material exposure to market risk with respect to investments. We had $388.2 million and $446.4 million of outstanding debt as of December 31, 2021 and 2020, respectively. Certain amounts under our New Credit Facilities accrue interest at a floating interest rate. Based on the outstanding balance of the New Credit Facilities as of December 31, 2021, for every 100 basis point increase in the interest rates, we would incur approximately $3.9 million of additional annual interest expense. As of December 31, 2021, we did not hedge interest rate exposure, however in February 2022, we entered into an interest rate hedge contract as described in further detail in Note 22 - *Subsequent Events* to the accompanying consolidated financial statements, and we may in the future use swaps, caps, collars, structured collars or other common derivative financial instruments to further reduce interest rate risk. It is difficult to predict the effect that future hedging activities would have on our operating results.

Foreign Currency Exchange Risk

We have foreign currency risks related to certain of our foreign subsidiaries. The operating expenses of these subsidiaries are recorded in the currency of the countries where these subsidiaries are located. However, we believe that the exposure to foreign currency fluctuation from operating expenses is relatively minor at this time as the related costs do not constitute a significant portion of our total expenses.

In addition, our manufacturers and suppliers may incur costs, including labor costs, in other currencies. To the extent that exchange rates move unfavorably for our manufacturers and suppliers, they may seek to pass these additional costs on to us, which could have a material impact on our gross margin. In addition, a strengthening of the U.S. Dollar may increase the cost of our products to our customers outside of the United States. Our results of operations and cash flows are, therefore, subject to fluctuations due to changes in foreign currency exchange rates.

Our primary foreign currency exchange risk relates to the purchase of inventory from manufacturers denominated in Chinese Renminbi. We utilize foreign currency contracts to manage foreign currency risk in purchasing inventory and capital equipment, and future settlement of foreign denominated assets and liabilities. The volume of our foreign currency contract activity is limited by the amount of transaction exposure in each foreign currency and our election as to whether to hedge the respective transactions. We had outstanding foreign currency contracts as of December 31, 2021 and 2020 but did not elect hedge accounting for any of these contracts. All outstanding contracts are with the same counterparty, and thus the fair market value of the contracts in an asset position are offset by the fair market value of the contracts in a liability position to reach a net position. For periods where the net position is an asset balance, the balance is recorded within prepaid expenses and other current assets on our consolidated balance sheet, and for periods where the net position is a liability balance, the balance is recorded within derivative liabilities on the consolidated balance sheet. Changes in the net fair value of contracts are recorded in other income (expense), net in the consolidated statements of operations. At December 31, 2021 and 2020, the net asset fair value of our foreign currency contract positions was $1.4 million and $6.3 million, respectively. Net gains from these foreign currency contract positions were $3.4 million and $7.6 million for the year ended December 31, 2021 and 2020, respectively. At December 31, 2021, a 10% favorable or unfavorable exchange rate movement in the Chinese Renminbi in our portfolio of foreign currency contracts would have resulted in an incremental unrealized gain of approximately $6.8 million or loss of approximately $5.6 million, respectively.

Commodity Price Risk

We are exposed to commodity price fluctuations primarily as a result of the cost of steel that is used by our manufacturers. For example, steel is the primary raw material used in manufacturing of our grills. Under our current agreements

with our primary contract manufacturers, we have the ability to periodically fix the cost of our grills so that the manufacturers bear the risk of steel price fluctuation for a period of time. During such periods, increases in the price of steel would not impact our costs. However, our business can be affected by sustained dramatic movements in steel prices.

Inflation Risk

We are exposed to inflationary factors such as increases in the costs of our products and overhead costs that may adversely affect our operating results. Although we do not believe that inflation has had a material impact on our financial position or results of operations to date, a high rate of inflation in the future may have an adverse effect on our ability to maintain current levels of gross margin and operating expenses, if the selling prices of our products do not increase with these increased costs.

Item 8. Financial Statements and Supplementary Data.

The financial statements required to be filed pursuant to this Item 8 are appended to this report. An index of those financial statements is found in Item 15 of Part IV of this Annual Report on Form 10-K.

Item 9. Changes in and Disagreements with Accountants on Accounting and Financial Disclosures.

None.

Item 9A. Controls and Procedures.

Limitations on effectiveness of controls and procedures

In designing and evaluating our disclosure controls and procedures, management recognizes that any controls and procedures, no matter how well designed and operated, can provide only reasonable assurance of achieving the desired control objectives. In addition, the design of disclosure controls and procedures must reflect the fact that there are resource constraints and that management is required to apply judgment in evaluating the benefits of possible controls and procedures relative to their costs.

Evaluation of disclosure controls and procedures

Our management, with the participation of our principal executive officer and principal financial officer, evaluated, as of the end of the period covered by this Annual Report on Form 10-K, the effectiveness of our disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) under the Exchange Act). Based on that evaluation, our Chief Executive Officer and Chief Financial Officer concluded that, as of December 31, 2021, our disclosure controls and procedures were effective at the reasonable assurance level.

Management's annual report on internal control over financial reporting

This Annual Report on Form 10-K does not include a report of management’s assessment regarding our internal control over financial reporting (as defined in Rules 13a-15(f) and 15d-15(f) under the Exchange Act) or an attestation report of our independent registered accounting firm due to a transition period established by rules of the SEC for newly public companies.

Changes in Internal Control over Financial Reporting

There were no changes in our internal control over financial reporting (as defined in Rules 13a-15(f) and 15d-15(f) under the Exchange Act) during the quarter ended December 31, 2021 that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

Item 9B. Other Information.

None.

Item 9C. Disclosure Regarding Foreign Jurisdictions that Prevent Inspections.

Not applicable.

PART III

Item 10. Directors, Executive Officers and Corporate Governance.

The following table provides information regarding our executive officers and members of our board of directors (ages as of the date of this Annual Report on Form 10-K):

Name	Age	Position
Executive Officers		
Jeremy Andrus	50	Chief Executive Officer, Chairman of the Board and Director
Dominic Blosil	40	Chief Financial Officer
Jim Hardy	62	Chief Supply Chain Officer
Non-Employee Directors		
Raul Alvarez	66	Lead Independent Director
Wendy A. Beck	57	Director
Martin Eltrich	49	Director
James Ho	44	Director
Daniel James	57	Director
Elizabeth C. Lempres	61	Director
James Manges	45	Director
Wayne Marino	61	Director
Harjit Shoan	47	Director

Executive Officers

Jeremy Andrus has served as our Chief Executive Officer and a member of our board of directors since January 2014 and as the chairman of our board of directors since July 2021. Prior to joining us, Mr. Andrus served as the President and Chief Executive Officer of Skullcandy, Inc. Mr. Andrus received a B.S. in International Relations from Brigham Young University and an M.B.A. from Harvard Business School. We believe Mr. Andrus is qualified to serve on our board of directors because of his perspective and experience as our Chief Executive Officer and his extensive experience in corporate strategy, brand leadership, general management processes, and operational leadership.

Dominic Blosil has served as our Chief Financial Officer since January 2018. Prior to that, Mr. Blosil served as our Vice President of Strategy and Finance from February 2014 to December 2017. From November 2010 to January 2014, Mr. Blosil served as Director of Strategy and Finance at Skullcandy, Inc. Mr. Blosil received a B.S. in Business Management, Finance from Brigham Young University.

Jim Hardy has served as our Chief Supply Chain Officer since March 2021. Mr. Hardy has over 35 years of supply chain experience, most recently serving as Chief Operating Officer of Fanatics, Inc. from November 2017 to December 2019 and as Executive Vice President Global Operations of Under Armour, Inc. from March 2012 to March 2017. Mr. Hardy has also served on the board of directors of several private companies. Mr. Hardy received a B.S. in Industrial Engineering from the University of Florida.

Non-Employee Directors

Raul Alvarez has served as a member of our board of directors since May 2018 and as our lead independent director since July 2021. Mr. Alvarez is an Operating Partner of Advent International Corporation, a position he has held since July 2017. Mr. Alvarez has served on the board of directors of Eli Lilly and Company since 2009 and of Lowe's Companies, Inc. since 2010, and he has served on the board of directors of First Watch Restaurant Group, Inc. since August 2017 and as its chairman since December 2019. Mr. Alvarez also serves on the board of directors of several private companies. Mr. Alvarez previously served on the board of directors of Dunkin' Brands Group, Inc., McDonalds Corporation, KeyCorp, Skylark Co., Ltd, and Realogy Holdings Corp. Mr. Alvarez received a B.B.A. in Accounting from the University of Miami. We believe Mr. Alvarez is qualified to serve on our board of directors because of his extensive leadership experience, strong business acumen and public company board experience.

Wendy A. Beck has served as a member of our board of directors since July 2021. Ms. Beck most recently served as Executive Vice President and Chief Financial Officer for Norwegian Cruise Line Holdings, Inc. from 2010 until March 2018. Prior to that, Ms. Beck served as Executive Vice President and Chief Financial Officer of Domino's Pizza Inc. from 2008 to 2010, as Senior Vice President, Chief Financial Officer and Treasurer of Whataburger Restaurants, LP from 2004 through 2008 and as their Vice President and Chief Accounting Officer from 2001 through 2004, and as Vice President, Chief Financial Officer and Treasurer of Checkers Drive-In Restaurants, Inc. from 2000 through 2001 and previously served in other financial positions since 1993. Ms. Beck joined the board of directors of Academy Sports and Outdoors, Inc., or ASO, in December 2020 and serves on the audit committee and as chair of the nominating and corporate governance committee of ASO. She has also served on the board of directors and the compensation committee of Bloomin' Brands, Inc. since February 2018, and she previously served on the board of directors and chaired the audit committee of At Home Group Inc. from September 2014 to July 2021. Ms. Beck received her B.S. in Accounting from the University of South Florida and has been a Certified Public Accountant since 1992. We believe Ms. Beck is qualified to serve on our board of directors because of her executive leadership and her extensive financial and public company executive and board experience.

Martin Eltrich has served as a member of our board of directors since September 2017. Mr. Eltrich is a Partner with AEA Investors, which he joined in June 2001, and leads its consumer/retail investment practice. Mr. Eltrich served on the board of directors of At Home Group Inc. from October 2011 to October 2020. He currently serves on the board of directors of several private companies, including Jack's Family Restaurants, Melissa & Doug, and ThreeSixty. Mr. Eltrich received a Bachelor of Science in Economics from the University of Pennsylvania. We believe Mr. Eltrich is qualified to serve on our board of directors because of his extensive knowledge and understanding of our business, corporate finance, strategic planning, and investments.

James Ho has served as a member of our board of directors since September 2017. Mr. Ho is a Partner at AEA Investors, which he joined in August 2001, and focuses on AEA's investments in the consumer and services sectors. Currently, Mr. Ho serves on the board of directors of several private companies, including Melissa & Doug, and ThreeSixty. Mr. Ho received a B.A. in Economics and MMSS from Northwestern University. We believe Mr. Ho is qualified to serve on our board of directors because of his extensive knowledge and understanding of our business, consumer businesses, corporate strategy, corporate finance, and governance.

Daniel James has served as a member of our board of directors since 2014. Mr. James is a Managing Partner and President of Trilantic North America, which he joined in 2009. Currently, Mr. James serves on the board of directors of several private companies, including Ortholite and Sunrise Strategic Partners. Mr. James received a B.A. in Chemistry from the College of the Holy Cross. We believe Mr. James is qualified to serve on our board of directors because of his knowledge of our business and his extensive experience in corporate finance and investing.

Elizabeth C. Lempres has served as a member of our board of directors since July 2021. Most recently, Ms. Lempres served as Senior Partner at McKinsey & Company, a management consulting firm, until her retirement in August 2017. Ms. Lempres has served on the board of directors of General Mills, Inc. since June 2019, Great-West Lifeco. Inc. since May 2018 and Axalta Coating Systems Ltd. since April 2017. Ms. Lempres also serves on the board of directors of several private companies. Ms. Lempres received an A.B. from Dartmouth College, a B.S. from Dartmouth College Thayer School of Engineering and an M.B.A. from Harvard Business School. We believe Ms. Lempres is qualified to serve on our board of directors because of her extensive leadership experience, strong business acumen and public company board experience.

James Manges has served as a member of our board of directors since 2013. Mr. Manges is a Partner and Head of Consumer at Trilantic North America, which he joined in 2009. Currently, Mr. Manges serves on the board of directors of several private companies, including Gorilla Commerce, Ortholite, Orva, Rarebreed Veterinary Partners, Taymax, and Sunrise Strategic Partners. Mr. Manges received a B.A. from Yale University and an M.B.A. from Columbia Business School. We believe Mr. Manges is qualified to serve on our board of directors because of his extensive knowledge of consumer businesses and his experience in corporate finance and investing.

Wayne Marino has served as a member of our board of directors since July 2014. Mr. Marino currently serves on the board of directors of several private companies. Mr. Marino previously served as Chief Financial Officer and Chief Operating Officer of Under Armour, Inc. from 2004 to 2012. Mr. Marino received a B.B.A. in Accounting from Iona College. We believe Mr. Marino is qualified to serve on our board of directors because of his extensive leadership experience, financial knowledge, and executive experience with public companies.

Harjit Shoan has served as a member of our board of directors since September 2017. Mr. Shoan is a Managing Director at OTPP, which he joined in June 2014. Currently, Mr. Shoan serves on the board of directors of several private companies, including Arterra Wines Canada and Koru. Mr. Shoan received a B.B.A. from Wilfrid Laurier University and an M.B.A. from

the University of Oxford. Mr. Shoan is a CFA charterholder. We believe Mr. Shoan is qualified to serve on our board of directors because of his extensive experience in investing and corporate finance and his knowledge of consumer retail businesses.

Code of Business Conduct and Ethics

We have adopted a written code of business conduct and ethics that applies to our directors, officers and employees, including our principal executive officers, principal financial officer, principal accounting officer or controller, or persons performing similar functions. A current copy of the code is posted on our investor relations website under the Governance tab, available at *investors.traeger.com*. In addition, we intend to post on our website all disclosures that are required by law or the NYSE listing standards concerning any amendments to, or waivers from, any provision of our Code of Business Conduct and Ethics. The information contained on our website is not incorporated by reference into this Annual Report on Form 10-K.

The remaining information required by this item will be included in our definitive proxy statement for our 2022 Annual Meeting of Stockholders, and such required information is incorporated herein by reference.

Item 11. Executive Compensation.

The information required by this item will be included in our definitive proxy statement for our 2022 Annual Meeting of Stockholders, and such information is incorporated herein by reference.

Item 12. Security Ownership of Certain Beneficial Owner and Management and Related Stockholder Matters.

Securities Authorized for Issuance Under Equity Compensation Plans (as of December 31, 2021)

Plan category	Number of Securities to be Issued Upon Exercise of Outstanding Options, Warrants, and Rights	Weighted-Average Exercise Price of Outstanding Options, Warrants, and Rights	Number of Securities Available for Future Issuance Under Equity Compensation Plans (excludes securities reflected in first column)
Equity compensation plans approved by security holders (1)	12,208,496 (2)	—	1,897,254 (3)
Equity compensation plans not approved by security holders	—	—	—
Total	12,208,496	—	1,897,254

(1) Consists of the 2021 Plan.
(2) Consists of 12,208,496 outstanding RSUs under the 2021 Plan.
(3) The number of shares of our common stock available for issuance under the 2021 Plan increases annually on the first day of each calendar year, beginning on and including January 1, 2022 and ending on and including January 1, 2031, equal to the lesser of (i) 5% of the aggregate number of shares of common stock outstanding on the final day of the immediately preceding calendar year and (ii) such smaller number of shares of common stock as is determined by our board of directors.

The remaining information required by this item will be included in our definitive proxy statement for our 2022 Annual Meeting of Stockholders, and such required information is incorporated herein by reference.

Item 13. Certain Relationships and Related Transactions, and Director Independence.

The information required by this item will be included in our definitive proxy statement for our 2022 Annual Meeting of Stockholders, and such information is incorporated herein by reference.

Item 14. Principal Accounting Fees and Services.

The information required by this item will be included in our definitive proxy statement for our 2022 Annual Meeting of Stockholders, and such information is incorporated herein by reference.

PART IV

Item 15. Exhibits and Financial Statement Schedules.

(a)(1) Financial Statements.

The following documents are included on pages F-1 through F-32 attached hereto and are filed as part of this Annual Report on Form 10-K.

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(a)(2) Financial Statement Schedules.

Financial statement schedules have been omitted because they are not required, not applicable, not present in amounts sufficient to require submission of the schedule, or the required information is shown in the Consolidated Financial Statements or Notes thereto.

(a)(3) Exhibits.

The following is a list of exhibits filed as part of this Annual Report on Form 10-K.

Exhibit No.	Exhibit Description	Incorporated by Reference			Filed/Furnished Herewith
		Form	Date	Number	
3.1	Amended and Restated Certificate of Incorporation of Traeger, Inc.	8-K	08/03/21	3.1	
3.2	Bylaws of Traeger, Inc.	8-K	08/03/21	3.2	
4.1	Form of Certificate of Common Stock	S-1/A	07/21/21	4.1	
4.2	Stockholders Agreement	8-K	08/03/21	10.2	
4.3	Management Stockholders Agreement	8-K	08/03/21	10.3	
4.4	Registration Rights Agreement	8-K	08/03/21	10.1	
4.5	Description of Securities				*
10.1†	Form of Indemnification Agreement between Traeger, Inc. and its directors and officers	S-1	07/06/21	10.1	
10.2†	Traeger, Inc. 2021 Incentive Award Plan				*
10.3†	Form of Performance-Vesting Restricted Stock Unit Award Agreement (Andrus IPO Award) under 2021 Incentive Award Plan	S-1/A	07/21/21	10.9	
10.4†	Form of Restricted Stock Unit Award Agreement (Andrus IPO Award) under 2021 Incentive Award Plan	S-1/A	07/21/21	10.10	
10.5†	Form of Performance-Vesting Restricted Stock Unit Award Agreement (IPO Awards) under 2021 Incentive Award Plan	S-1/A	07/21/21	10.11	
10.6†	Form of Restricted Stock Unit Award Agreement under 2021 Incentive Award Plan	S-1/A	07/21/21	10.12	
10.7†	Traeger, Inc. Deferred Compensation Plan	S-1/A	07/21/21	10.13	

10.8†	Form of Restricted Stock Unit Award Agreement (Deferred RSUs) under 2021 Incentive Award Plan	S-1/A	07/21/21	10.14	
10.9†	Form of Option Award Agreement under 2021 Incentive Award Plan	S-1/A	07/21/21	10.15	
10.10†	Traeger, Inc. Non-Employee Director Compensation Program	S-1/A	07/21/21	10.3	
10.11†	Amended and Restated Employment Agreement, by and between Jeremy Andrus and Traeger Pellet Grills LLC, dated September 25, 2017.	S-1	07/06/21	10.4	
10.12†	Letter Agreement, by and between Jeremy Andrus and Traeger, Inc., dated August 2, 2021.	10-Q	9/10/21	10.11	
10.13†	Offer of Employment Letter, by and between Dominic Blosil and Traeger Pellet Grills LLC, dated January 28, 2014.	S-1	07/06/21	10.5	
10.14†	Offer of Employment Letter, by and between Jim Hardy and Traeger Pellet Grills LLC, dated February 25, 2021.				*
10.15	First Lien Credit Agreement by and among TGP Holdings III LLC, Traeger Pellet Grills Holdings LLC, TGPX Holdings II LLC, Credit Suisse AG, as administrative agent, and the lenders party thereto, dated June 29, 2021.	S-1	07/06/21	10.14	
10.16	Amendment to First Lien Credit Agreement by and among TGP Holdings III LLC, Traeger Pellet Grills Holdings LLC, TGPX Holdings II LLC, Credit Suisse AG, as administrative agent, and the lenders party thereto, dated August 18, 2021.	10-Q	9/10/21	10.10	
10.17	Receivables Financing Agreement, by and among Traeger SPE LLC, MUFG Bank, Ltd., Traeger Pellet Grills LLC and the lenders party thereto, dated November 2, 2020.	S-1	07/06/21	10.16	
10.18	Amendment No. 1 to the Receivables Financing Agreement, by and among Traeger SPE LLC, MUFG Bank, Ltd., Traeger Pellet Grills LLC and the lenders party thereto, dated June 29, 2021.	S-1	07/06/21	10.17	
10.19	Amendment No. 2 to the Receivables Financing Agreement, by and among Traeger SPE LLC, MUFG Bank, Ltd., Traeger Pellet Grills LLC and the lenders party thereto, dated February 18, 2022.				*
10.20	Purchase and Contribution Agreement, by and among Traeger SPE LLC, MUFG Bank, Ltd., Traeger Pellet Grills LLC and the lenders party thereto, dated November 2, 2020.	S-1	07/06/21	10.18	
10.21	Current Office Lease dated January 23, 2015, as amended April 1, 2015, February 8, 2016, November 22, 2016, December 4, 2017, and August 28, 2018.	S-1	07/06/21	10.19	
10.22	Sublease, dated as of October 29, 2021, by and between Traeger Pellet Grills LLC and Verkada, Inc.	8-K	01/19/21	10.1	
10.23^	Planned Office Lease, dated November 4, 2020, as amended February 8, 2021.				*
10.24^	Second Amendment to Planned Office Lease, dated September 1, 2021.				*

21.1	List of Subsidiaries	*
23.1	Consent of Ernst & Young LLP, Independent Registered Public Accounting Firm	*
31.1	Certificate of Chief Executive Officer pursuant to Rule 13a-14(a)/15d-14(a)	*
31.2	Certificate of Chief Financial Officer pursuant to Rule 13a-14(a)/15d-14(a)	*
32.1	Certificate of Chief Executive Officer pursuant to 18 U.S.C. Section 1350	**
32.2	Certificate of Chief Financial Officer pursuant to 18 U.S.C. Section 1350	**
101.INS	Inline XBRL Instance Document – the instance document does not appear in the Interactive Data File because its XBRL tags are embedded within the Inline XBRL document.	*
101.SCH	Inline XBRL Taxonomy Extension Schema Document	*
101.CAL	Inline XBRL Taxonomy Extension Calculation Linkbase Document	*
101.DEF	Inline XBRL Taxonomy Extension Definition Linkbase Document	*
101.LAB	Inline XBRL Taxonomy Extension Label Linkbase Document	*
101.PRE	Inline XBRL Taxonomy Extension Presentation Linkbase Document	*
104	Cover Page Interactive Data File (formatted as Inline XBRL and contained in Exhibit 101)	*

* Filed herewith.
** Furnished herewith.
† Indicates management contract or compensatory plan.
^ Certain portions of this exhibit have been redacted pursuant to Regulation S-K, Item 601(b)(10)(iv).

Item 16. Form 10-K Summary.

None.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

TRAEGER, INC.

Date: March 28, 2022

By: /s/ Jeremy Andrus
Jeremy Andrus
Chief Executive Officer
(Principal Executive Officer)

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the registrant and in the capacities and on the dates indicated.

Name	Title	Date
/s/ Jeremy Andrus **Jeremy Andrus**	Chief Executive Officer, Chairman of the Board and Director *(Principal Executive Officer)*	March 28, 2022
/s/ Dominic Blosil **Dominic Blosil**	Chief Financial Officer *(Principal Financial and Accounting Officer)*	March 28, 2022
/s/ Raul Alvarez **Raul Alvarez**	Director	March 28, 2022
/s/ Wendy A. Beck **Wendy A. Beck**	Director	March 28, 2022
/s/ Martin Eltrich **Martin Eltrich**	Director	March 28, 2022
/s/ James Ho **James Ho**	Director	March 28, 2022
/s/ Daniel James **Daniel James**	Director	March 28, 2022
/s/ Elizabeth C. Lempres **Elizabeth C. Lempres**	Director	March 28, 2022
/s/ James Manges **James Manges**	Director	March 28, 2022
/s/ Wayne Marino **Wayne Marino**	Director	March 28, 2022

/s/ Harjit Shoan **Harjit Shoan**	Director	March 28, 2022

TRAEGER, INC.
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Report of Independent Registered Public Accounting Firm

To the Stockholders and the Board of Directors of Traeger, Inc.

Opinion on the Financial Statements

We have audited the accompanying consolidated balance sheets of Traeger, Inc. (the Company) as of December 31, 2021 and 2020, the related consolidated statements of operations and comprehensive income (loss), changes in member's and shareholders' equity and cash flows for each of the three years in the period ended December 31, 2021, and the related notes (collectively referred to as the "consolidated financial statements"). In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Company at December 31, 2021 and 2020, and the results of its operations and its cash flows for each of the three years in the period ended December 31, 2021, in conformity with U.S. generally accepted accounting principles.

Basis for Opinion

These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on the Company's financial statements based on our audits. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) (PCAOB) and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether due to error or fraud. The Company is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. As part of our audits we are required to obtain an understanding of internal control over financial reporting but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control over financial reporting. Accordingly, we express no such opinion.

Our audits included performing procedures to assess the risks of material misstatement of the financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that our audits provide a reasonable basis for our opinion.

/s/ Ernst & Young LLP

We have served as the Company's auditor since 2017.
Salt Lake City, Utah
March 28, 2022

TRAEGER, INC.
CONSOLIDATED BALANCE SHEETS
(in thousands, except unit, share and per share amounts)

	December 31, 2021	December 31, 2020
ASSETS		
Current Assets		
Cash and cash equivalents	$ 16,740	$ 11,556
Accounts receivable, net	92,927	64,840
Inventories	145,038	68,835
Prepaid expenses and other current assets	15,036	13,776
Total current assets	269,741	159,007
Property, plant, and equipment, net	55,477	32,404
Goodwill	297,047	256,838
Intangible assets, net	555,151	539,841
Other long-term assets	3,608	1,491
Total assets	$ 1,181,024	$ 989,581
LIABILITIES, MEMBER'S, AND STOCKHOLDERS' EQUITY		
Current Liabilities		
Accounts payable	$ 42,694	$ 21,673
Accrued expenses	69,773	54,697
Line of credit	41,138	—
Current portion of notes payable	—	3,407
Current portion of capital leases	420	296
Current portion of contingent consideration	12,200	—
Total current liabilities	166,225	80,073
Notes payable	379,395	433,605
Capital leases, net of current portion	677	536
Contingent consideration, net of current portion	13,100	—
Deferred tax liability	11,673	—
Other long-term liabilities	434	327
Total liabilities	571,504	514,541
Commitments and contingencies (see Note 14)		
Member's and stockholders' equity		
0 and 108,724,422 member’s capital common units authorized, issued, and outstanding as of December 31, 2021 and 2020	—	—
Preferred stock, $0.0001 par value; 25,000,000 shares authorized and no shares issued or outstanding as of December 31, 2021 and 2020	—	—
Common stock, $0.0001 par value; 1,000,000,000 shares authorized		
Issued shares - 117,547,916 and 0 as of December 31, 2021 and 2020		
Outstanding shares - 117,547,916 and 0 as of December 31, 2021 and 2020	12	—
Member’s capital	—	571,038
Additional paid-in capital	794,413	—
Accumulated deficit	(184,819)	(95,998)
Accumulated other comprehensive loss	(86)	—
Total member's and stockholders' equity	609,520	475,040
Total liabilities, member's, and stockholders' equity	$ 1,181,024	$ 989,581

The accompanying notes are an integral part of these consolidated financial statements

TRAEGER, INC.
CONSOLIDATED STATEMENTS OF OPERATIONS AND COMPREHENSIVE INCOME (LOSS)
(in thousands, except share and per share amounts)

	Year-ended December 31,		
	2021	2020	2019
Revenue	$ 785,545	$ 545,772	$ 363,319
Cost of revenue	481,834	310,408	207,539
Gross profit	303,711	235,364	155,780
Operating expense:			
Sales and marketing	165,180	93,690	66,921
General and administrative	158,555	50,243	45,304
Amortization of intangible assets	34,379	32,533	33,100
Change in fair value of contingent consideration	3,800	—	—
Total operating expense	361,914	176,466	145,325
Income (loss) from operations	(58,203)	58,898	10,455
Other income (expense):			
Interest expense	(26,646)	(34,073)	(39,462)
Loss on extinguishment of debt	(5,185)	—	—
Other income (expense)	2,702	7,526	(462)
Total other expense	(29,129)	(26,547)	(39,924)
Income (loss) before provision for income taxes	(87,332)	32,351	(29,469)
Provision for income taxes	1,489	749	124
Net income (loss)	$ (88,821)	$ 31,602	$ (29,593)
Net income (loss) per share, basic and diluted	$ (0.79)	$ 0.29	$ (0.27)
Weighted-average common shares outstanding, basic and diluted	112,374,669	108,724,387	108,724,387
Other comprehensive loss:			
Foreign currency translation adjustments	$ (86)	$ —	$ —
Total other comprehensive loss	(86)	—	—
Comprehensive income (loss)	$ (88,907)	$ 31,602	$ (29,593)

The accompanying notes are an integral part of these consolidated financial statements

TRAEGER, INC.
CONSOLIDATED STATEMENTS OF CHANGES IN MEMBER'S AND SHAREHOLDERS' EQUITY
(in thousands, except unit, share, and per share amounts)

	Common Units		Common Stock					Accumulated Other Comprehensive Loss	Total Member's and Stockholders' Equity
	Units	No Par Value	Shares	Amount	Member's Capital	Additional Paid-in Capital	Accumulated Deficit		
Balance at January 1, 2019	108,724,422	$ —	—	$ —	$ 556,206	$ —	$ (98,413)	$ —	$ 457,793
Cumulative adjustment for adoption of ASC 606	—	—	—	—	—	—	406	—	406
Distributions	—	—	—	—	(80)	—	—	—	(80)
Equity-based compensation	—	—	—	—	2,352	—	—	—	2,352
Net loss	—	—	—	—	—	—	(29,593)	—	(29,593)
Balance at December 31, 2019	108,724,422	$ —	—	$ —	$ 558,478	$ —	$ (127,600)	$ —	$ 430,878
Distributions	—	—	—	—	(250)	—	—	—	(250)
Equity-based compensation	—	—	—	—	12,810	—	—	—	12,810
Net income	—	—	—	—	—	—	31,602	—	31,602
Balance at December 31, 2020	108,724,422	$ —	—	$ —	$ 571,038	$ —	$ (95,998)	$ —	$ 475,040
Effect of reorganization transaction	(108,724,422)	—	108,724,387	11	(571,038)	571,027	—	—	—
Issuance of common shares in IPO, net of issuance costs	—	—	8,823,529	1	—	142,274	—	—	142,275
Equity-based compensation	—	—	—	—	—	81,112	—	—	81,112
Net loss	—	—	—	—	—	—	(88,821)	—	(88,821)
Other comprehensive loss	—	—	—	—	—	—	—	(86)	(86)
Balance at December 31, 2021	—	$ —	117,547,916	$ 12	$ —	$ 794,413	$ (184,819)	$ (86)	$ 609,520

The accompanying notes are an integral part of these consolidated financial statements

TRAEGER, INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS
(in thousands)

	Year-ended December 31,		
	2021	2020	2019
CASH FLOWS FROM OPERATING ACTIVITIES			
Net income (loss)	$ (88,821)	$ 31,602	$ (29,593)
Adjustments to reconcile net income (loss) to net cash provided by (used in) operating activities:			
Depreciation of property, plant, and equipment	9,150	7,762	6,057
Amortization of intangible assets	38,350	33,206	33,100
Amortization of deferred financing costs	2,523	2,762	2,640
Loss on disposal of property, plant, and equipment	274	186	618
Loss on extinguishment of debt	5,185	—	—
Equity-based compensation expense	81,112	12,810	2,352
Bad debt expense	468	—	206
Unrealized loss (gain) on derivative contracts	4,821	(6,087)	(581)
Change in fair value of contingent consideration	3,800	—	—
Change in operating assets and liabilities:			
Accounts receivable	(26,365)	(30,170)	(8,494)
Inventories, net	(70,772)	(29,531)	(4,949)
Prepaid expenses and other current assets	(5,787)	(4,311)	(49)
Other long-term assets	(681)	—	—
Accounts payable and accrued expenses	19,182	28,351	17,052
Deferred rent	(866)	17	127
Net cash provided by (used in) operating activities	(28,427)	46,597	18,486
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property, plant, and equipment	(22,479)	(14,127)	(7,501)
Capitalization of patent costs	(563)	(511)	(503)
Proceeds from notes receivable	—	21	48
Business combination, net of cash acquired	(56,855)	(12,724)	(1,141)
Net cash used in investing activities	(79,897)	(27,341)	(8,997)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from line of credit	118,000	57,000	34,500
Repayments on line of credit	(67,862)	(67,000)	(40,000)
Proceeds from long-term debt	510,000	—	—
Payment of deferred financing costs	(8,601)	(810)	—
Repayments of long-term debt	(579,921)	(3,407)	(3,407)
Principal payments on capital lease obligations	(382)	(310)	(273)
Distribution to members	—	(250)	(80)
Proceeds from initial public offering, net of issuance costs	142,274	—	—
Net cash provided by (used in) financing activities	113,508	(14,777)	(9,260)
Net increase in cash	5,184	4,479	229
Cash at beginning of period	11,556	7,077	6,848
CASH AT END OF PERIOD	$ 16,740	$ 11,556	$ 7,077

The accompanying notes are an integral part of these consolidated financial statements

TRAEGER, INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS
(in thousands)

(Continued)

	Year-ended December 31,		
	2021	2020	2019
SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION:			
Cash paid during the period for interest	$ 23,444	$ 31,327	$ 36,791
Cash paid for income taxes	$ 1,654	$ 76	$ 124
NON-CASH FINANCING AND INVESTING ACTIVITIES			
Equipment purchased under capital leases	$ 645	$ 393	$ 350
Property, plant, and equipment included in accounts payable and accrued expenses	$ 8,586	$ 576	$ 318
Unpaid amount for acquisition of subsidiaries included in accrued expenses	$ —	$ 2,414	$ —

The accompanying notes are an integral part of these consolidated financial statements

Notes to Consolidated Financial Statements

1 – DESCRIPTION OF BUSINESS AND BASIS OF PRESENTATION

Nature of Operations – Traeger, Inc. and its wholly owned Subsidiaries (collectively "Traeger" or the "Company") design, source, sell, and support wood pellet fueled barbecue grills sold to retailers, distributors, and direct to consumers. The Company produces and sells the pellets used to fire the grills and also sells Traeger-branded rubs, spices, sauces and premium frozen meal kits, as well as grill accessories (including covers, barbecue tools, trays, liners, MEATER smart thermometers and merchandise). A significant portion of the Company's sales are generated from customers throughout the United States ("U.S."), and the Company continues to develop distribution in Canada and Europe. The Company's headquarters are in Salt Lake City, Utah.

In July 2021, the Company effected a forward split of its 10 common units into 108,724,422 common units. All unit, per unit and related information presented in the accompanying consolidated financial statements have been retroactively adjusted, where applicable, to reflect the impact of the split of common units.

Immediately prior to the effectiveness of the registration statement pertaining to the Company's initial public offering ("IPO") on July 28, 2021, the Company converted from a Delaware limited liability company into a Delaware corporation, and changed its name from TGPX Holdings I LLC to Traeger, Inc. Pursuant to the statutory corporate conversion (the "Corporate Conversion"), all of the outstanding limited liability company interests of TGPX Holdings I LLC were converted into shares of common stock of Traeger, Inc., and TGP Holdings LP (the "Partnership") became the holder of such shares of common stock of Traeger, Inc. In connection with the Corporate Conversion, the Partnership liquidated and distributed these shares of common stock to the holders of partnership interests in the Partnership in direct proportion to their respective interests in the Partnership based upon the value of Traeger, Inc. at the time of the IPO, with a value implied by the initial public offering price of the shares of common stock sold in the IPO. Based on the IPO price of $18.00 per share, following the Partnership's liquidation and distribution, including the elimination of any fractional shares resulting therefrom, and the Corporate Conversion, the Company had 108,724,387 shares of common stock outstanding immediately prior to the IPO.

Basis of Presentation and Principles of Consolidation – The accompanying consolidated financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP). The accompanying consolidated financial statements include the accounts of the Company and its wholly owned subsidiaries. All intercompany balances and transactions have been eliminated in consolidation.

2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Use of Estimates – The preparation of consolidated financial statements in accordance with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. The most significant estimates and assumptions made by management that present the greatest amount of estimation uncertainty include business combination accounting for the fair value of assets acquired, liabilities assumed, and contingent consideration, customer credits and returns, valuation and impairment of intangible assets including goodwill, unrealized positions on foreign currency derivatives and reserves for warranty. Actual results could differ from these estimates.

Cash and Cash Equivalents – The Company considers cash on deposit and short-term investments with remaining maturities at acquisition of three months or less to be cash and cash equivalents.

Concentrations – Financial instruments that potentially subject the Company to concentrations of credit risk consist of cash in banks, trade accounts receivable and foreign currency contracts. Credit is extended to customers based on an evaluation of the customer's financial condition and collateral is not generally required in the Company's sales transactions. Three customers that accounted for a significant portion of net sales are as follows for the fiscal periods indicated:

	December 31,		
	2021	2020	2019
Customer A	20 %	20 %	16 %
Customer B	17 %	18 %	16 %
Customer C	16 %	16 %	22 %

As of December 31, 2021, customers A, B, and C accounted for a significant portion of trade accounts receivable of 45%, 13%, and 13%, compared to 18%, 21%, and 19% as of December 31, 2020. Concentrations of credit risk exist to the extent credit terms are extended with these three large customers. A business failure on the part of any one the three customers could result in a material amount of exposure to the Company. No other single customer accounted for greater than 10% of the Company's net sales for the years ended December 31, 2021, 2020 and 2019. Additionally, no other single customer accounted for greater than 10% of the Company's trade accounts receivable as of December 31, 2021 and 2020.

The Company's sales to dealers and distributors located outside the United States are generally denominated in U.S. dollars. The Company does have sales to certain dealers located in the European Union, the United Kingdom and Canada which are denominated in Euros, British Pounds and Canadian Dollars, respectively.

The Company relies on a limited number of suppliers for its contract manufacturing of grills and accessories. A significant disruption in the operations of certain of these manufacturers, or in the transportation of parts and accessories would impact the production of the Company's products for a substantial period of time, which could have a material adverse effect on the Company's business, financial condition and results of operations.

Accounts Receivable, Net – The Company reports its accounts receivable based on the amount that is expected to be collected from its sales to customers. The accounts receivable balance is comprised of the amounts invoiced to customers and reduced by an allowance for doubtful accounts, accrued sales discounts and a credit reserve for sales returns and allowances. The Company performs on-going credit evaluations of its customers and in certain instances may deploy third-party collection efforts. Generally, the Company does not require collateral in its transactions with customers. The Company determines its allowance for doubtful accounts and credit reserve for sales returns and allowances based on management's evaluation of the accounts receivable aging, past credit and collection history, and product returns and discounts history. Adjustments to the allowance for doubtful accounts for amounts related to known credit events that would affect a customer's ability to pay are charged to bad debt expense, otherwise any adjustment is recorded as a reduction to net sales. Interest is not accrued on outstanding accounts receivable balances.

Inventories – Inventories consist of finished goods, work-in-process and raw materials. Inventories are stated at the lower of cost or net realizable value, with cost for raw materials and finished goods stated as an approximate cost determined on the first-in first-out basis. Net realizable value is defined as estimated selling prices in the ordinary course of business, less reasonably predictable costs of completion, disposal and transportation. Assessments to value the inventory at the lower of the average cost to purchase the inventory, or the net realizable value of the inventory, are based upon assumptions about future demand, physical deterioration, changes in price levels and market conditions. As a result of the Company's assessments, when the net realizable value of inventory is less than the carrying value, the inventory cost is written down to the net realizable value and the write down is recorded as a charge to cost of revenue. Inventories include indirect acquisition and production costs that are incurred to bring the inventories to their present condition and location. Inventories are recorded net of reserves for obsolescence. Once established, the original cost of the inventory less the related inventory reserve represents the new cost basis of such products.

Derivative Instruments – The Company uses derivative contracts (foreign exchange option contracts) for the purpose of economically hedging exposure to changes in currency fluctuations between the U.S. Dollar and the Chinese Renminbi. The Company accounts for these contracts in accordance with FASB ASC 815, *Derivatives and Hedging*, which requires that all derivatives be recognized at fair value in the consolidated balance sheets, and that corresponding gains and losses are recognized in other income (expense) in the consolidated statements of operations and comprehensive income (loss). The Company does not apply hedge accounting to these instruments.

Property, Plant, and Equipment – Property, plant, and equipment is stated at cost less accumulated depreciation and amortization. Additions and betterments to property, plant, and equipment that improve economic performance, extend the useful life, or improve the quality of units or services produced of the component asset are capitalized.

The Company does not depreciate amounts recorded for land. Depreciation and amortization on individual components of property is computed using the straight-line method over the estimated useful lives of the assets as follows:

	Years
Buildings	15
Machinery and equipment	5-20
Leasehold improvements	Shorter of useful lives or lease term
Office equipment and fixtures	2-10
Vehicles	2-10
Computer hardware and software	3-5

When assets are sold or otherwise disposed of, the cost and related accumulated depreciation or amortization are derecognized from the respective accounts, and any remaining carrying value is included in depreciation expense in the consolidated statements of operations if retired, or if sold, the resulting gain or loss is recognized in other income in the consolidated statements of operations and comprehensive income (loss). The cost of maintenance and repairs are expensed as incurred.

The Company capitalizes costs for internal-use software incurred during the application development stage. Software costs related to preliminary project activities and post implementation activities are expensed as incurred. The Company capitalizes costs incurred for software purchases and certain costs related to website development. Capitalized costs related to internal-use software, software purchases and website development are amortized on a straight-line basis over the estimated useful life of the software, not to exceed three years. Capitalized costs less accumulated amortization are included within property, plant, and equipment, net on the consolidated balance sheets.

In November 2020, the Company entered into a lease agreement to rent an office building consisting of approximately 85,771 square feet in Salt Lake City, UT, which is expected to become the new corporate headquarters. In accordance with Accounting Standards Codification 840 *Leases*, for build-to-suit lease arrangements where the Company is involved in the construction of structural improvements prior to the commencement of the lease or take some level of construction risk, the Company is considered the owner of the assets and land during the construction period. Accordingly, upon commencement of construction activities, the Company recorded a construction in progress asset and a corresponding financing liability. Once the construction is completed, if the lease meets certain "sale-leaseback" criteria, the asset and related financial obligation will be removed from the balance sheet and the building lease will be treated as an operating lease. If upon completion of construction, the project does not meet the "sale-leaseback" criteria, the leased property will be treated as a capital lease and included in building and building improvements.

For accounting purposes only, the Company is deemed to be the owner of the entire project including the building shell, even though it is not the legal owner. In connection with the Company's accounting for this transaction, the Company capitalized $4.3 million as a build-to-suit asset recognized in property within property and equipment, net, and a corresponding build-to-suit lease obligation for the same amount recognized in accrued expense in the consolidated balance sheets. Refer to Note 14 – *Commitments and Contingencies* for the lease agreement terms.

Deferred Financing Costs – Costs incurred in connection with long-term debt financing are deferred and reflected net of notes payable and are amortized to interest expense utilizing the effective-interest method over the term of the related financing. Costs incurred in connection with the refinancing to the delayed draw, revolving credit facility and the amendments to the Receivables Financing Agreement are capitalized and recorded as other assets on the consolidated balance sheets. These costs are being amortized to interest expense on a straight-line basis over the term of each respective credit facility.

Deferred Rent – Deferred rent expense represents the difference between rent paid and the amounts expensed for operating leases as well as certain tenant improvement allowances and incentives provided by landlords. Certain leases have scheduled rent increases, and certain leases include an initial period of free or reduced rent as an inducement to enter into the lease agreement ("rent holidays"). The Company includes these changes in the calculation of recognized rent expense on a straight-line basis over the term of the underlying leases, without regard to when rent payments are made.

Intangible Assets – Finite-lived intangible assets are initially recorded at fair value and presented net of accumulated amortization. Intangible assets are amortized on a straight-line basis over their estimated useful lives. The Company is currently amortizing acquired intangible assets, including customer relationships, distributor relationships, non-compete arrangements, business trademarks and technology, over periods ranging between 2.5 years and 25 years. Amortization related acquired patent technology and capitalized patent costs are recorded as a component of cost of revenue and amortization related to acquired

business trademarks, customer relationships, distributor relationships, and non-compete arrangements are recorded in amortization of intangible assets in the consolidated statement of operations and comprehensive income (loss).

Goodwill – Goodwill represents the excess of consideration transferred over the fair value of tangible and identifiable intangible net assets acquired and the liabilities assumed in a business combination. Substantively all of the Company's goodwill was recognized in the purchase price allocation when the Company was acquired in 2017, with smaller incremental amounts recognized in subsequent business combinations. Goodwill is not amortized, but is subject to an annual impairment test. In conducting its annual impairment test, the Company first reviews qualitative factors to determine whether it is more likely than not that the fair value of the reporting unit is less than its carrying amount. If factors indicate that the fair value of the reporting unit is less than its carrying amount, the Company performs a quantitative assessment, analyzing the expected present value of future cash flows to quantify the amount of impairment, if any.

The Company conducts annual goodwill impairment tests in the fourth quarter of each fiscal year or whenever an indicator of impairment exists. For the annual impairment tests conducted in the fourth quarters of 2021 and 2020, the Company performed qualitative assessments of goodwill and determined that it was more likely than not that the fair value of goodwill was greater than its carrying value, therefore the quantitative impairment test was not performed. Therefore, no impairment of goodwill was recorded for the years ended December 31, 2021 and 2020, respectively.

Impairment of Assets – Long-lived assets, including property, plant, and equipment and finite-lived intangible assets subject to amortization, are evaluated for impairment whenever events or changes in circumstances indicate that the carrying value of an asset or asset group may not be recoverable. An impairment is considered to exist if the total estimated future cash flows on an undiscounted basis are less than the carrying amount of the asset or asset group. If impairment exists, the impairment loss is measured and recorded based on discounted estimated future cash flows. In estimating future cash flows, assets are grouped at the lowest levels for which there are identifiable cash flows that are largely independent of cash flows from other asset groups. The Company concluded there were no indicators of impairment identified at December 31, 2021 and 2020.

Fair Value of Financial Instruments – The Company estimates the fair value of its financial assets and liabilities, except for foreign currency option contracts and contingent consideration obligations, based upon existing interest rates related to such assets and liabilities compared to the current market rates of interest for instruments of similar nature and degree of risk. The carrying value reflected in the consolidated balance sheets for such financial assets and liabilities, (such as receivables, payables, and contingent liabilities) approximates fair value.

Cash and cash equivalents, accounts receivable, prepaid expenses and other current assets, accounts payable, accrued expenses, obligations under capital leases, and customer deposits are recorded at cost, which approximates fair value due to the current nature of these items. The fair values of the notes payable are determined using recent trades between private parties which are not observable inputs. The fair values of the foreign currency option contracts are estimated based on quoted market prices and the fair values of the contingent consideration obligations are estimated based on probability assessments with respect to the likelihood of achieving the performance targets and discount rates consistent with the level of risk of achievement.

Based on the underlying inputs, each fair value measurement in its entirety is reported in one of the three levels in the fair value hierarchy, which evaluates the inputs used in measuring fair value. Refer to Note 9 – *Fair Value Measurements* for definitions of the fair value hierarchy.

Contingent Consideration – The purchase consideration associated with the acquisition of Apption Labs Limited (together with its subsidiaries, "Apption Labs") includes contingent cash consideration payable to the sellers based on achievement of certain revenue thresholds for fiscal years 2021 and 2022. The fair value of contingent consideration obligation is estimated based on the probability assessments with respect to the likelihood of achieving the performance targets and discount rates consistent with the level of risk of achievement. The Company includes the fair value of this contingent obligation in current and long-term contingent consideration in the consolidated balance sheets.

At each reporting period, the Company revalues the contingent consideration obligation to its fair value and records increases and decreases in fair value in the change in fair value of contingent consideration in the consolidated statements of operations and comprehensive income (loss). Changes in the fair value of the contingent consideration obligation results from changes in discount periods and rates, and changes in probability assumptions with respect to the likelihood of achieving the performance targets.

Revenue Recognition and Sales Returns and Allowances – On January 1, 2019, the Company adopted ASU 2014-09 *Revenue from Contracts with Customers* and all subsequent related amendments to the ASU (collectively "ASC 606") using the modified retrospective method applied to contracts that were not completed as of January 1, 2020. Under the modified

retrospective method, the company recognized the cumulative effect of initially applying the new revenue standard as a decrease to the opening balance of accumulated deficit.

The Company recognizes revenue at the amount to which it expects to be entitled when a contract exists with a customer that specifies the goods and services to be provided at an agreed upon sales price and when the performance obligation is satisfied. The performance obligation for most of the Company's sales transactions is considered complete when control transfers, which is determined when products are shipped or delivered to the customer depending on the terms of the contract. Sales are made on normal and customary short-term credit terms or upon delivery of point-of-sale transactions.

Shipping charges billed to customers are included in net sales and related shipping costs are included in cost of sales. The company has elected to account for shipping and handling activities performed after control has been transferred to the customer as a fulfillment cost.

The Company enters into contractual arrangements with customers in the form of individual customer orders which specify the goods, quantity, pricing, and associated order terms. The Company does not have long-term contracts that are satisfied over time. Due to the nature of the contracts, no significant judgment exists in relation to the identification of the customer contract or satisfaction of the performance obligation. The Company expenses incremental costs of obtaining a contract due to the short-term nature of the contracts.

The Company has certain contractual programs and practices with customers that can give rise to elements of variable consideration such as customer cooperative advertising and volume incentive rebates. The company estimates the variable consideration using the most likely amount method based on sales and contractual rates with each customer and records the estimated amount of credits for these programs as a reduction to net sales.

The Company has entered into contracts with some customers that allow for credits to be claimed for certain matters of operational compliance or for returns to the retail customer from end consumers. Credits that will be issued associated with these items are estimated using the expected value method and are based on actual historical experience and are recorded as a reduction of revenue at the time of recognition or when circumstances change resulting in a change in estimated returns. Revenue is recognized net of any taxes collected from customers, which are subsequently remitted to governmental authorities.

The Company also offers assurance-type warranties relating to its products sold to end customers that are accounted for under ASC Topic 460, *Guarantees*. See *Warranty Costs* below.

Cost of Revenue – Cost of revenue consists of product costs, including costs of components, costs of products from third-party contract manufacturers of grills, consumables, and accessories, direct and indirect manufacturing costs of wood pellet production, packaging, inbound freight and duties, warehousing and fulfillment, warranty costs, product quality testing and inspection costs, excess and obsolete inventory write-downs, cloud-hosting costs for connected devices, depreciation of tooling and manufacturing equipment, amortization of internal use software and patented technology, and certain employee related expenses.

Warranty Costs – The Company generally provides its customers with a three-year limited warranty on residential model pellet grills and a one-year warranty on accessories for defects in material and workmanship under normal use and maintenance. Warranty liabilities are recorded on the basis of grills and accessories sold and reflect management's estimate of warranty related costs expected to be incurred during the respective unexpired warranty periods. Management's estimates of warranty costs are based on historical as well as current product replacement and related delivery costs incurred and warranty policies.
Warranty claims expense is included in cost of revenue on the accompanying consolidated statements of operations and comprehensive income (loss).

Sales and Marketing – Sales and marketing expenses consist primarily of the advertising and marketing of its products and personnel-related expenses, including salaries, benefits and equity-based compensation expense, as well as sales incentives and professional services. These costs are included in selling and marketing expenses within operating expenses in the consolidated statements of operations and comprehensive income (loss).

Advertising Costs – The Company incurs non-direct response advertising costs which are expensed as incurred. Advertising expense was $58.4 million and $30.3 million for the years ended December 31, 2021 and 2020, respectively, and is included in selling and marketing expense on the accompanying consolidated statements of operations and comprehensive income (loss).

General and Administrative – General and administrative expense consist primarily of personnel-related expenses, including salaries, benefits and equity based compensation and facilities for executive, finance, accounting, legal, human resources, and

information technology functions. General and administrative expense also includes fees for professional services principally comprised of legal, audit, tax and accounting services, and insurance. These costs are included in general and administrative expenses within operating expenses in the consolidated statements of operations and comprehensive income (loss).

Research and Development – Research and development expenses consist primarily of personnel-related expenses, including salaries, benefits and equity-based compensation expense, as well as professional services, prototype materials and software platform costs. Research and development expense was $18.8 million and $6.8 million for the years ended December 31, 2021 and 2020, respectively, and is included in general and administrative expenses on the accompanying consolidated statements of operations and comprehensive income (loss).

Income Taxes – The Company accounts for income taxes using the asset and liability method. The asset and liability method requires recognition of deferred tax assets and liabilities for expected future tax consequences of temporary differences that currently exist between tax bases and financial reporting bases of the Company's assets and liabilities. Deferred income tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in income in the period that includes the enactment date. A valuation allowance is established on deferred tax assets if it is determined by management that it is more-likely-than-not that such deferred tax assets will not be realized.

Income and loss for tax purposes may differ from the financial statement amounts and may be allocated to the members on a different basis for tax purposes than for financial statement purposes.

The preparation of consolidated financial statements in conformity with ASC 740, *Income Taxes*, requires the Company to report information regarding its exposure to various tax positions taken by the Company. The Company has determined whether any tax positions have met the recognition threshold and has measured the Company's exposure to those tax positions. Management believes that the Company has adequately addressed all relevant tax positions and that there are no uncertain tax positions that would require adjustment to the consolidated financial statements to comply with the provisions of the guidance. The Company has elected to record any interest and penalties related to uncertain tax positions within interest expense on the accompanying consolidated statements of operations. No interest and penalties related to uncertain tax positions were recorded for either the year-ended December 31, 2021 or 2020, respectively.

The Company has recorded research and development tax credits that are available for developing new or improved or innovative products, processes, software or inventions.

Equity-Based Compensation – The Company recorded equity-based compensation expense related to Class B incentive units awards issued by TGP Holdings LP consistent with the compensation expense associated with the holder of the incentive units. The units granted by TGP Holdings LP have been issued for services performed on behalf of the Company. Therefore, the expense associated with these awards is pushed down to the Company.

The incentive unit grants are measured for expensing purposes at the grant date based on the fair value of the award. The incentive unit grants consisted of time-based vesting units, ordinary performance vesting units, and extraordinary performance vesting units. In connection with the completion of the Company's IPO, the Company recorded equity-based compensation as a result of the acceleration of vesting of all unvested and outstanding Class B Units.

In addition, the Company awards equity-based compensation to employees and directors under the Traeger, Inc. 2021 Incentive Award Plan (the "2021 Plan"), which is described in Note 17 – *Equity Based Compensation*. The Company measures compensation expense for time-based and performance-based restricted stock unit ("RSU") awards on a straight-line basis over the vesting schedule and on an accelerated attribution basis over the tranche's requisite service period, respectively. In addition, the Company recognizes forfeitures as they occur, however, when an award is forfeited prior to the vesting date, the Company will recognize an adjustment for the previously recognized expense in the period of the forfeiture, with the exception of performance-based awards for which the requisite service period has been provided.

The Company uses the Monte Carlo pricing model to estimate the fair value of its performance-based RSU awards as of the grant date, and uses various simulations of future stock prices through the Stochastic model to estimate the fair value over the remaining term of the performance period as of the grant date.

Comprehensive Income (Loss) – The Company's comprehensive income (loss) is determined based on net income adjusted for gains and losses on foreign currency translation adjustments.

Foreign Currency – The Company has foreign subsidiaries for which the net sales generated, as well as most of the related expenses directly incurred from those operations, are denominated in local functional currencies. The functional currency of these foreign subsidiaries that either operate or support these operations are generally the same as the local currency. Results of operations for the Company's consolidated foreign subsidiaries are remeasured from the local currency to the U.S. dollar using average exchange rates during the period, while monetary assets and liabilities are remeasured at the exchange rate in effect at the reporting date. Non-monetary assets and liabilities and equity accounts of consolidated foreign subsidiaries are carried at historical values. Resulting gains or losses from remeasuring foreign currency financial statements are recorded in other income (expense) in the accompanying consolidated statements of operations and comprehensive income (loss).

Foreign currency transaction gains and losses resulting from exchange rate fluctuations on transactions denominated in a currency other than the U.S. Dollar are included in other income expense in the accompanying consolidated statements of operations and comprehensive income (loss). The Company recorded a net foreign exchange loss of $1.4 million and $0.2 million for the years ended December 31, 2021 and 2020, respectively.

Recently Issued Accounting Standards

As an "emerging growth company," the Jumpstart Our Business Startups Act ("JOBS Act"), allows the Company to delay adoption of new or revised accounting pronouncements applicable to public companies until such pronouncements are made applicable to private companies. The Company has elected to use this extended transition period under the JOBS Act. The adoption dates discussed below reflect this election.

In February 2016, the FASB issued ASU 2016-02, *Leases (Topic 842)* and the FASB has also certain subsequent related ASUs that supplement and amend Topic 842. The guidance in Topic 842 replaces the leasing guidance in *Topic 840, Leases*. Under the new guidance, lessees are required to recognize right of use assets related to the leases and lease liabilities on the balance sheet. For leases with terms of 12 months or less, the lessee is permitted to make an accounting policy election by class of underlying asset not to recognize lease assets and lease liabilities. Leases will be classified as either finance or operating, with classification affecting the pattern of expense recognition in the income statement. The new standard is effective for fiscal years beginning after December 15, 2021 and for interim periods within fiscal years beginning after December 15, 2022.

The Company has adopted this guidance effective January 1, 2022 and will present the impact of the new guidance in its annual statements as of December 31, 2022 and its interim statements thereafter. Management is currently in the process of evaluating its existing portfolio of operating leases for right of use assets and lease liabilities that would need be recognized upon implementation and the impact of this guidance on its consolidated financial statements and related disclosures.

In June 2016, the FASB issued ASU 2016-13, *Financial Instruments – Credit Losses (Topic 326)*, which modifies the measurement of expected credit losses of certain financial instruments requiring entities to estimate an expected lifetime credit loss on financial assets. The guidance is effective for fiscal years and interim periods for fiscal years beginning after December 15, 2022, with early adoption permitted. The Company does not believe the adoption of ASU 2016-13 will have a material impact on its consolidated financial statements.

In January 2017, the FASB issued ASU 2017-04, *Intangibles – Goodwill and Other (Topic 350)*. The guidance simplifies the accounting for impairment by eliminating the requirement to calculate the implied fair value of goodwill. An entity will still be able to perform today's optional qualitative goodwill impairment assessment before determining whether to proceed to Step 1.

The guidance is effective for annual impairment tests beginning after December 15, 2021; however early adoption is permitted. The Company elected to early adopt this guidance on January 1, 2020 with no significant impact to the consolidated financial statements.

In August 2018, the FASB issued ASU 2018-15, *Intangibles – Goodwill and Other – Internal-Use Software (Subtopic 350-40) Customer's Accounting for Implementation Costs Incurred in a Cloud Computing Arrangement That is a Service Contract*. The guidance requires customers in a cloud computing arrangement that is a service contract to follow the internal-use software guidance in ASU 350-40 to determine which implementation costs to defer and recognize as an asset. The guidance is effective for annual periods beginning after December 15, 2020, and all interim periods beginning after December 15, 2021. The Company adopted this ASU effective January 1, 2021, using the prospective approach. The adoption of this ASU did not have a material impact on the Company's consolidated financial statements.

3 – REVENUE

The following table disaggregates revenue by product category, geography, and sales channel for the fiscal periods indicated (in thousands):

	Year-ended December 31,		
Revenue by product category	**2021**	**2020**	**2019**
Grills	$ 544,200	$ 391,047	$ 268,227
Consumables	136,216	120,247	72,118
Accessories	105,129	34,478	22,974
Total revenue	$ 785,545	$ 545,772	$ 363,319

	Year-ended December 31,		
Revenue by geography	**2021**	**2020**	**2019**
North America	$ 737,402	$ 529,983	$ 354,660
Rest of world	48,143	15,789	8,659
Total revenue	$ 785,545	$ 545,772	$ 363,319

	Year-ended December 31,		
Revenue by sales channel	**2021**	**2020**	**2019**
Retail	$ 689,437	$ 506,786	$ 330,245
Direct to consumer	96,108	38,986	33,074
Total revenue	$ 785,545	$ 545,772	$ 363,319

4 – BUSINESS COMBINATION

On July 1, 2021 (the "Acquisition Date"), pursuant to a share purchase agreement (the "Share Purchase Agreement"), the Company acquired all outstanding shares of Apption Labs, a technology company that specializes in the manufacture and design of innovative hardware and software related to small kitchen appliances, including the MEATER smart thermometer and related technology. The total purchase consideration was approximately $78.3 million, net of cash acquired, which is comprised of cash paid, contingent consideration, net working capital adjustments, and escrow consideration. The acquisition of Apption Labs will help facilitate the Company's entry into the adjacent accessories markets with a highly complementary product that the Company believes will bolster our existing portfolio, create efficiencies for consumers and expose the Company to new growth channels.

The purchase consideration includes contingent cash consideration payable to the sellers based on achievement of certain revenue thresholds for fiscal years 2021 and 2022 as detailed in the Share Purchase Agreement. The acquisition date fair value of contingent consideration obligation of $21.5 million is estimated based on the probability assessments with respect to the likelihood of achieving the performance targets and discount rates consistent with the level of risk of achievement. The range of the undiscounted amounts the Company may be required to pay under the contingent consideration arrangement is between approximately $10 million and $40 million. The Company updated the contingent cash consideration payable range as the likelihood of achieving the performance targets improved based upon the fiscal year 2021 revenue results. See Note 9 – *Fair Value Measurement* for subsequent measurements of this contingent liability.

The Company recognized $1.8 million of acquisition-related costs that were expensed as incurred during the year-ended December 31, 2021. These costs are recorded in general and administrative expense in the consolidated statements of operations and comprehensive income (loss).

The operating results of Apption Labs have been included in the Company's consolidated statements of operations and comprehensive income (loss) since the acquisition date. Actual and pro forma revenue and results of operations for the acquisition have not been presented because they do not have a material impact to the consolidated revenue and results of operations, either individually or in the aggregate.

Determination and allocation of the consideration transferred to net tangible and intangible assets is based upon preliminary estimates. These preliminary estimates and assumptions could change significantly during the measurement period as the Company finalizes the valuations of the net tangible and intangible assets acquired and liabilities assumed. Balances subject to adjustments include, but are not limited to, the valuation of contingent consideration, net working capital adjustments, fair value

of acquired inventory, net, fair value of identified intangible assets, goodwill, and the associated deferred tax implications. During the measurement period, the Company may record adjustments to the provisional amounts recognized in the Company's initial accounting for the acquisition. The Company expects the allocation of the consideration transferred to be final within the measurement period (up to one year from the acquisition date). Any change could result in variances between our future financial results and the amounts recognized in the financial information presented below, including variances in fair values recorded, as well as expenses associated with these items.

The acquisition was accounted for under the acquisition method in accordance with ASC 805. The following table summarizes the preliminary estimated fair values of the consideration transferred, assets acquired and liabilities assumed as of the date of the Apption Labs acquisition (in thousands):

Consideration Transferred	Fair Value
Cash paid, net of cash acquired	$ 36,957
Contingent consideration	21,500
Other closing consideration	19,890
Total purchase consideration, net of cash acquired	$ 78,347
Assets acquired	
Accounts receivable, net	$ 2,190
Inventory, net	5,431
Prepaid and other current assets	293
Property and equipment	1,357
Intangible Assets	53,100
Goodwill	40,200
Total assets acquired	102,571
Liabilities assumed	
Accounts payable and accrued liabilities	8,474
Deferred tax liability	12,646
Other current liabilities	344
Other non-current liabilities	2,760
Total liabilities assumed	24,224
Total net assets, net of cash acquired	$ 78,347

The excess purchase consideration over the fair value of net tangible and identifiable intangible assets acquired was recorded as goodwill, none of which is expected to be deductible for tax purposes. The goodwill generated from these transactions is attributable to the expected synergies to be achieved upon consummation of the business combinations and the assembled workforce values.

The following table details the identifiable intangible assets acquired at their fair value and their corresponding useful lives at the Acquisition Date (amounts in thousands):

Identifiable Intangible Assets	Fair Value	Estimated Useful Life (in years)
Technology	$ 32,300	5
Trademarks	17,700	10
Distributor relationships	2,400	8
Non-compete arrangements	700	2.5
	$ 53,100	

Identifiable intangible assets acquired include technology, trademarks, distributor relationship, and non-compete arrangements. The fair value of technology acquired in the acquisition was determined using the excess earnings model, the trademarks acquired was determined using a relief from royalty model, the distributor relationships acquired was determined using the distributor model, and the non-compete arrangements acquired were determined using the with and without model. These models utilize certain unobservable inputs, including discounted cash flows, historical and projected financial information, royalty rates, distributor attrition rates, and technology obsolescence rates, classified as Level 3 measurements as defined by Fair Value Measurement (Topic 820). Amortization of technology is recorded in cost of revenue and amortization of

trademarks, distributor relationships and non-compete arrangements are recorded in amortization of intangible assets in the consolidated statements of operations and comprehensive income (loss).

5 – ACCOUNTS RECEIVABLES, NET

Accounts receivables, net consists of the following (in thousands):

	December 31,	
	2021	2020
Trade accounts receivable	$ 108,620	$ 77,574
Allowance for doubtful accounts	(1,090)	(652)
Reserve for returns, discounts and allowances	(14,603)	(12,082)
Total accounts receivable, net	$ 92,927	$ 64,840

6 – INVENTORIES

Inventories consisted of the following (in thousands):

	December 31,	
	2021	2020
Raw materials	$ 3,106	$ 1,161
Work in process	11,523	6,087
Finished goods	130,409	61,587
Inventories	$ 145,038	$ 68,835

Included within inventories are adjustments of $0.7 million and $0.8 million for the years-ended December 31, 2021 and 2020, respectively, to record inventory to net realizable value.

7 – ACCRUED EXPENSES

Accrued expenses consisted of the following (in thousands):

	December 31,	
	2021	2020
Accrual for inventories in-transit	$ 28,536	$ 27,012
Warranty accrual	8,326	6,728
Accrued compensation and bonus	7,025	6,179
Other	25,886	14,778
Accrued expenses	$ 69,773	$ 54,697

The changes in the Company's warranty accrual, included in accrued expenses on the accompanying consolidated balance sheets, were as follows for the fiscal periods indicated (in thousands):

	December 31,		
	2021	2020	2019
Warranty accrual, beginning of period	$ 6,728	$ 4,798	$ 3,279
Warranty claims	(7,693)	(6,773)	(5,730)
Warranty costs accrued	9,291	8,703	7,249
Warranty accrual, end of period	$ 8,326	$ 6,728	$ 4,798

8 – DERIVATIVES

The Company is exposed to foreign currency exchange rate risk related to its purchases and international operations. The Company utilizes foreign currency contracts to manage foreign currency risk in purchasing inventory and capital equipment, and future settlement of foreign denominated assets and liabilities. The volume of the Company's foreign currency contract

activity is limited by the amount of transaction exposure in each foreign currency and the Company's election as to whether to hedge the transactions. There are no derivative instruments entered into for speculative purposes.

The Company had outstanding foreign currency contracts as of December 31, 2021 and 2020. The Company did not elect hedge accounting for any of these contracts. All outstanding contracts are with the same counterparty and thus the fair market value of the contracts in an asset position are offset by the fair market value of the contracts in a liability position to reach a net position. For periods where the net position is an asset balance, the balance is recorded within prepaid expenses and other current assets on the consolidated balance sheets and for periods where the net position is a liability balance, the balance is recorded within derivative liabilities on the consolidated balance sheets. Changes in the net fair value of contracts are recorded in other expense, net in the consolidated statements of operations.

The Company's only derivative transactions were foreign currency contracts. Gross and net balances from foreign currency contract positions were as follows (in thousands):

	December 31,	
	2021	2020
Gross Asset Fair Value	$ 1,439	$ 6,259
Gross Liability Fair Value	—	—
Net Asset Fair Value	$ 1,439	$ 6,259

Gains (losses) from foreign currency contracts were recorded in other income (expense), net within the accompanying consolidated statements of operations and comprehensive income (loss) as follows for the fiscal periods indicated (in thousands):

	December 31,		
	2021	2020	2019
Realized gain (loss)	$ 8,199	$ 1,512	$ (484)
Unrealized gain (loss)	(4,821)	6,087	581
Total gains	$ 3,378	$ 7,599	$ 97

9 – FAIR VALUE MEASUREMENTS

Financial assets and liabilities valued using Level 1 inputs are based on unadjusted quoted market prices within active markets. Financial assets and liabilities valued using Level 2 inputs are based primarily on observable trades and/or prices for similar assets or liabilities in active or inactive markets. Financial assets and liabilities valued using Level 3 inputs are primarily valued using management's assumptions about the assumptions market participants would utilize in pricing the asset or liability.

The following table presents information about the fair value measurement of the Company's financial instruments (in thousands):

		As of December 31,	
Financial Instruments Recorded at Fair Value on a Recurring Basis:	Fair Value Measurement Level	2021	2020
Assets:			
Derivative assets—foreign currency contracts (1)	2	$ 1,439	$ 6,259
Total assets		$ 1,439	$ 6,259
Liabilities:			
Contingent consideration—earn out (2)	3	$ 25,300	$ —
Total liabilities		$ 25,300	$ —

(1) Included in prepaid expenses and other current assets in the consolidated balance sheets
(2) Included in current and long-term contingent consideration in the consolidated balance sheets

Transfers of assets and liabilities among Level 1, Level 2 and Level 3 are recorded as of the actual date of the events or change in circumstances that caused the transfer. For the years ended December 31, 2021 and 2020, there were no transfers between levels of the fair value hierarchy of the Company's assets or liabilities measured at fair value.

The fair value of the Company's derivative assets through its foreign currency contracts is based upon observable market-based inputs that reflect the present values of the differences between estimated future foreign currency rates versus fixed future settlement prices per the contracts, and therefore, are classified within Level 2.

The fair values of the Company's contingent consideration earn out obligation associated with the Apption Labs business combination is estimated using a Monte Carlo model. Key assumptions used in these estimates include probability assessments with respect to the likelihood of achieving the performance targets and discount rates of 8.02% and 8.27% for each respective earn out period, consistent with the level of risk of achievement. As these are significant unobservable inputs, the contingent consideration earn out obligation is included in Level 3 inputs.

At each reporting date, the Company revalues the contingent consideration obligation to its fair value and records increases and decreases in fair value in the change in fair value of contingent consideration in our accompanying consolidated statements of operations and comprehensive income (loss). Changes in the fair value of the contingent consideration obligation results from changes in discount periods and rates, and changes in probability assumptions with respect to the likelihood of achieving the performance targets.

The following table presents the fair value contingent consideration (in thousands):

Balance at December 31, 2020	$ —
Fair value of contingent consideration recognized at Acquisition Date	21,500
Payments of contingent consideration	—
Adjustments to fair value of contingent consideration	3,800
Balance at December 31, 2021	$ 25,300

The following financial instruments are recorded at their carrying amount (in thousands):

	As of December 31, 2021		As of December 31, 2020	
Financial Instruments Recorded at Carrying Amount:	**Carrying Amount**	**Estimated Fair Value**	**Carrying Amount**	**Estimated Fair Value**
Liabilities:				
Debt—First Lien (1)	$ 388,195	$ 386,139	$ —	$ —
Debt—First Lien and Second Lien (2)	—	—	446,355	439,253
Total liabilities	$ 388,195	$ 386,139	$ 446,355	$ 439,253

(1) Included in notes payable in the consolidated balance sheets. Due to the unobservable nature of the inputs these financial instruments are considered to be Level 3 instruments in the fair value hierarchy
(2) The First Lien and Second Lien were refinanced and repaid on June 29, 2021

10 – PROPERTY, PLANT, AND EQUIPMENT

Property, plant, and equipment consisted of the following (in thousands):

	December 31,	
	2021	**2020**
Land and buildings	$ 1,472	$ 1,472
Machinery and equipment	19,227	15,433
Leasehold improvements	7,891	6,050
Office equipment and fixtures	9,400	7,592
Vehicles	2,876	1,889
Computer software and hardware	13,473	9,295
	54,339	41,731
Plus construction in progress	27,359	8,205
Less accumulated depreciation	(26,221)	(17,532)
Property, plant, and equipment, net	$ 55,477	$ 32,404

The Company leases fleet vehicles, forklifts, and office equipment that are accounted for as capital leases and are included in property, plant, and equipment and accumulated depreciation. The total carrying amount of capital leases was $1.1 million and $0.8 million as of December 31, 2021 and 2020, respectively.

Depreciation expense related to property, plant, and equipment recorded in cost of sales was $4.0 million and $3.4 million for the years ended December 31, 2021 and 2020, respectively. Depreciation expense related to property, plant, and equipment recorded in general and administrative expense was $5.2 million and $4.4 million for the years ended December 31, 2021 and 2020, respectively.

11 – GOODWILL AND INTANGIBLES

Goodwill was $297.0 million and $256.8 million as of December 31, 2021 and 2020, respectively. The amount of goodwill is primarily attributable to the allocation of the purchase price from the Transaction on September 25, 2017. Incremental additions to goodwill arising from recent business combinations are disclosed in Note 4 – *Business Combination*.

Intangible assets consisted of the following at the dates indicated below (amounts in thousands):

	December 31, 2021			
	Weighted Average Life (in years)	Gross Carrying Amount	Accumulated Amortization	Net Book Value
Customer relationships	17	$ 378,394	$ (94,251)	$ 284,143
Trademark	24	281,700	(45,941)	235,759
Technology	5	36,300	(5,668)	30,632
Distributor relationships	8	2,400	(150)	2,250
Non-compete arrangements	2.5	700	(140)	560
Favorable lease position	8	51	(29)	22
Other intangible assets	11	2,089	(304)	1,785
Total		$ 701,634	$ (146,483)	$ 555,151

	December 31, 2020			
	Weighted Average Life (in years)	Gross Carrying Amount	Accumulated Amortization	Net Book Value
Customer relationships	17	$ 378,394	$ (71,645)	$ 306,748
Trademark	25	264,000	(34,496)	229,504
Technology	7	4,000	(1,867)	2,133
Favorable lease position	8	51	(22)	29
Other intangible assets	12	1,635	(209)	1,427
Total		$ 648,080	$ (108,239)	$ 539,841

The preponderance of the customer relationships and trademark were pushed down from the purchase accounting in the Transaction in 2017 disclosed in Note 1 – *Description of Business and Basis of Presentation*.

Estimated annual amortization expense for the next five years and thereafter for the years ending December 31, (in thousands):

2022	$ 42,705
2023	42,694
2024	42,251
2025	41,795
2026	38,549
Thereafter	346,496
	$ 554,490

Amortization expense related to intangible assets recorded in cost of sales was $4.0 million and $0.7 million for the years ended December 31, 2021 and 2020, respectively. Amortization expense related to intangible assets recorded in amortization of intangible assets was $34.4 million and $32.5 million for the years ended December 31, 2021 and 2020, respectively.

12 – NOTES PAYABLE

Notes payable refers to the corporate level debt facilities that were refinanced on June 29, 2021. The Company's corporate debt is incurred and guaranteed by certain of its operating subsidiaries, but it is not guaranteed by the Company or any parent entities above the borrower and guarantors in the ownership structure.

The Company's corporate level consolidated outstanding debt is as follows (in thousands except for rates):

	December 31,		Interest rate as of December 31, 2021
	2021	2020	
First lien credit agreements:			
New first lien term loan facility, matures June 2028	$ 379,195	$ —	4.0 %
First lien term loans, matures September 2025	—	331,355	— %
New revolving credit facility, matures June 2026	9,000	—	3.5 %
Total first lien notes payable	388,195	331,355	
Second lien credit agreement:			
Second lien term loan, matures September 2026	—	115,000	— %
Total notes payable	388,195	446,355	
Less: unamortized deferred financing costs	(8,800)	(9,343)	
Less: current maturities	—	(3,407)	
Notes payable, net of current portion	$ 379,395	$ 433,605	

New First Lien Credit Agreement

On June 29, 2021 the Company refinanced its existing credit facilities and entered into a new First Lien Credit Agreement, as borrower, with Credit Suisse AG, Cayman Islands Branch, as administrative agent and collateral agent, and other lenders party thereto as joint lead arrangers and joint bookrunners (the "New First Lien Credit Agreement"). The New First Lien Credit Agreement provides for (i) a $560.0 million senior secured term loan facility (the "New First Lien Term Loan Facility"), which includes a $50.0 million delayed draw term loan and (ii) a $125.0 million revolving credit facility (the "New Revolving Credit Facility" and, together with the New First Lien Term Loan Facility, the "New Credit Facilities").

The New First Lien Term Loan Facility accrues interest at a rate per annum that considers both fixed and floating components. Following the completion of the Company's IPO in July 2021, the fixed component ranges from 3.00% to 3.25% per annum based on the Company's Public Debt Rating (as defined in the New First Lien Credit Agreement). The floating component is based on the Eurocurrency Base Rate (as defined in the New First Lien Credit Agreement) for the relevant interest period. The New First Lien Term Loan Facility requires quarterly principal payments from December 2021 through June 2028, with any remaining unpaid principal and any accrued and unpaid interest due on the maturity date of June 29, 2028. The delayed draw term loan includes a variable commitment fee, which is based on the fixed interest rate and ranges from 0% to the Applicable Rate (as defined in the New First Lien Credit Agreement).

Loans under the New Revolving Credit Facility, accrue interest at a rate per annum that considers both fixed and floating components. Following the completion of the Company's IPO in July 2021, the fixed component ranges from 2.75% to 3.25% per annum based on the Company's most recently determined First Lien Net Leverage Ratio (as defined in the New First Lien Credit Agreement). The floating component is based on the Eurocurrency Base Rate for the relevant interest period. The New Revolving Credit Facility also has a variable commitment fee, which is based on the Company's most recently determined First Lien Net Leverage Ratio and ranges from 0.25% to 0.50% per annum on undrawn amounts. Letters of credit may be issued under the New Revolving Credit Facility in an amount not to exceed $15.0 million which, when issued, lower the overall borrowing capacity of the facility. The New Revolving Credit Facility expires on June 29, 2026, and no principal payments are due before such date.

The Company performed an analysis on a creditor-by-creditor basis for debt modifications and extinguishments to determine if repurchased debt was substantially different than debt issued to determine the appropriate accounting treatment of associated

issuance costs. In connection with the refinancing, the Company recorded a $2.0 million loss from early extinguishment of debt in the accompanying consolidated statements of operations and comprehensive income (loss).

In connection with the New First Lien Credit Agreement, the Company paid financing costs totaling $8.4 million, of which $6.7 million related to the New First Lien Term Loan Facility and $1.7 million related to the New Revolving Credit Facility. The total financing costs included an original issue discount of $2.8 million. Costs incurred in connection with New First Lien Term Loan Facility were deferred and reflected net of notes payable and are amortized to interest expense utilizing the effective-interest method over the term of the loan. Costs incurred in connection with the delayed draw term loan and the New Revolving Credit Facility were deferred and recorded as other assets. These costs are being amortized to interest expense on a straight-line basis over the term of respective credit facility.

On August 11, 2021 the Company utilized net proceeds received in connection with the IPO and made a voluntary prepayment of $130.8 million of its outstanding principle under the New First Lien Term Loan. In connection with the voluntary prepayment, the Company expensed $3.2 million of previously unamortized deferred financing costs as a loss on extinguishment of debt in the accompanying consolidated statements of operations and comprehensive income (loss).

Except as noted below, the New Credit Facilities are collateralized by substantially all of the assets of TGP Holdings III LLC, TGPX Holdings II LLC, Traeger Pellet Grills Holdings LLC and certain subsidiaries of Traeger Pellet Grills Holdings LLC, including intellectual property, mortgages and the equity interest of each of these respective entities. The assets of Traeger SPE LLC, substantially consisting of the Company's accounts receivable, collateralize the receivables financing agreement discussed below and do not collateralize the New Credit Facilities. There are no guarantees from parent entities above Traeger, Inc.

The New First Lien Credit Agreement contains certain affirmative and negative covenants that limit the Company's ability to, among other things, incur additional indebtedness or liens (with certain exceptions), make certain investments, engage in fundamental changes or transactions including changes of control, transfer or dispose of certain assets, make restricted payments (including dividends), engage in new lines of business, make certain prepayments and engage in certain affiliate transactions. In addition, the Company is subject to a financial covenant and is required to maintain a First Lien Net Leverage Ratio (as defined in the New First Lien Credit Agreement) not to exceed 6.20 to 1.00. The Company was in compliance with the covenants under the New Credit Facilities as of December 31, 2021.

Future maturities of the notes payable are as follows as of December 31, (in thousands):

2022	$	—
2023		—
2024		—
2025		—
2026		9,000
Thereafter		379,195
	$	388,195

13 – RECEIVABLES FINANCING AGREEMENT

On November 2, 2020, the Company entered into a receivables financing agreement (the “Receivables Financing Agreement”). Through the Receivables Financing Agreement, the Company participates in a trade receivables securitization program administered on its behalf by MUFG Bank Ltd. ("MUFG") Through this arrangement, the Company has secured short-term capital requirements financing using outstanding accounts receivable balances as collateral, which have been contributed by the Company to a wholly owned subsidiary, Traeger SPE LLC. As a special purpose entity (the “SPE”), Traeger SPE LLC has been structured so that its assets (substantively the accounts receivable contributed by the Company to the SPE) are outside the reach of other creditors, including the lenders under the Company's New First Lien Credit Agreement. While the Company provides services to the SPE through continuing involvement in the aspects of collection and cash application of the receivables, the receivables are owned by the SPE once contributed to it by the Company. The Company is the primary beneficiary and holds all equity interests of the SPE, thus the Company consolidates the SPE without any significant judgments.

On June 29, 2021, the Company entered into Amendment No. 1 to the Receivables Financing Agreement (the "Amended Receivables Financing Agreement") and increased the net borrowing capacity from the prior range of $30.0 million to $45.0 million up to $100.0 million. Absent any cash advances that exceed the SPE’s available cash, the SPE collects proceeds from the receivables and transfers available cash to the Company on a regular basis. The Company is required to pay an annual

upfront fee for the facility, along with interest on outstanding cash advances of approximately 1.7%, and an unused capacity charge that ranges from 0.25% to 0.50%. The facility is set to terminate on June 29, 2024.

The Company was not in compliance with the covenants under the Receivables Financing Agreement as of December 31, 2021 due to aged accounts receivable that resulted from a new payment program implemented by one of the Company's large customers. Such non-compliance did not result in the acceleration or increase of a direct financial obligation or an obligation under an off-balance sheet arrangement. The Company obtained a waiver for the breach of compliance to the covenants for December 31, 2021 and amended the covenants under the Receivables Financing Agreement with MUFG for the month of January 2022. By February 1, 2022, the Company had collected the majority of the aged accounts receivable balance and was in compliance with the covenants under the Receivables Financing Agreement. As of December 31, 2021, the Company has drawn down on its accounts receivable facility in the amount of $41.1 million for general corporate and working capital purposes.

14 – COMMITMENTS AND CONTINGENCIES

Leases

The Company leases various real property and equipment under operating lease agreements with various expiration dates through July 2037.

Several of the real property leases include escalations and options to extend, ranging from one to five additional years. Rental expense is reflected in general and administrative expense and selling and marketing expense. Total rent expense for the years ended December 31, 2021 and 2020 was $3.6 million and $2.9 million, respectively.

The Company leases fleet vehicles, and office equipment that are accounted for as capital leases and are included in property, plant, and equipment. Furthermore, capitalized lease amortization is included with property, plant, and equipment depreciation.

Future minimum rental payments under non-cancelable leases are as follows as of December 31, (in thousands):

	Operating Leases	Capital Leases
2022	$ 7,225	$ 474
2023	5,541	340
2024	4,505	229
2025	4,120	156
2026	3,117	—
Thereafter	33,256	—
Total minimum lease payments	$ 57,765	$ 1,199
Less: amount representing interest		(117)
Net minimum lease payments		$ 1,081

In November 2020, the Company entered into a lease agreement to rent an office building consisting of approximately 85,771 square feet in Salt Lake City, UT, which is expected to become the new corporate headquarters. The Company expects to move into the building in late 2022 or early 2023. The term of the lease continues for 16 years and 6 months following the commencement date. The landlord has granted 100% rent abatement for the first 6 months following commencement date and 50% abatement on rent for the 7-18 months following commencement date. The Company will then pay scheduled basic annual rent in monthly installments afterwards. The minimum payments associated with this lease are included in the table above.

Unconditional purchase commitments

The Company has unconditional purchase commitments for cloud-hosting costs, software licenses, and other professional fees. Future minimum payments under these unconditional purchase commitments are as follows as of December 31, (in thousands):

2022	$	3,972
2023		2,784
2024		366
2025		—
2026		—
Thereafter		—
Total future minimum payments	$	7,122

Legal Matters

The Company is subject to various claims, complaints and legal actions in the normal course of business. The Company does not believe it has any currently pending litigation of which the outcome will have a material adverse effect on its operations or financial position.

15 – RETIREMENT PLAN

The Company maintains a defined contribution retirement plan ("401(k) plan") for all full-time employees in the United States. This 401(k) plan allows employees to contribute a portion of their eligible compensation up to the certain maximum dollar limits set by the Internal Revenue Service. The Company made matching contributions to the 401(k) plan of $1.6 million and $1.2 million for the years ended December 31, 2021 and 2020, respectively. The expenses are recorded consistent with the payroll expense associated to each individual employee to whom the matching contributions pertains.

16 – CAPITAL STOCK

On August 2, 2021, the Company completed an IPO in which the Company issued and sold 8,823,529 shares of common stock at a public offering price of $18.00 per share, generating aggregate gross proceeds of $158.8 million before underwriter discounts and commissions, fees and expenses totaling $20.3 million, of which the Company recorded $3.7 million in general and administrative expenses in the accompanying consolidated statements of operations and comprehensive income (loss). Additionally, certain selling stockholders sold an aggregate of 18,235,293 shares (including 3,529,411 shares pursuant to the underwriters' exercise of their option to purchase additional shares).

Immediately prior to the completion of the IPO, the Company converted to a Delaware corporation, from a limited liability company. The Company's certificate of incorporation provides for one class of common stock and authorizes shares of undesignated preferred stock, the rights, preferences and privileges of which may be designated from time to time by the board of directors. The Company is authorized to issue up to 1,000,000,000 authorized shares of common stock with a par value of $0.0001 per share and 25,000,000 shares of preferred stock with a par value of $0.0001 per share. Holders of our common stock are entitled to one vote for each share held on all matters submitted to a vote of stockholders, do not have cumulative voting rights and are entitled to receive proportionately any dividends as may be declared by our board of directors, subject to any preferential dividend rights of any series of preferred stock that we may designate and issue in the future. The Company's common stock is traded on the New York Stock Exchange under the symbol "COOK."

In conjunction with the Corporate Conversion and prior to the closing of the IPO, the Company effected a forward split of its 10 common units into 108,724,422 common units. Concurrently with the Corporate Conversion, the units were converted to an aggregate of 108,724,387 shares of common stock, including the elimination of any fractional shares resulting therefrom. In addition, the Partnership liquidated and distributed these shares of common stock to the holders of partnership interests in the Partnership in direct proportion to their respective interests in the Partnership based upon the value of Traeger, Inc. at the time of IPO, with a value implied by the initial public offering price of the shares of common stock sold in the IPO.

At December 31, 2021, the amount of issued and outstanding common stock was 117,547,916. The Company has not issued any shares of preferred stock.

17 – EQUITY-BASED COMPENSATION

Incentive Units

On September 25, 2017, AEA Investors LP, TCP Traeger Holdings SPV LLC, Ontario Limited, and other management and limited partners purchased a 100% equity stake (the "Transaction") in Traeger Pellet Grills Holdings LLC through a merger

agreement in which TGP Holdings LP was formed. In connection with the Transaction, TGP Holdings LP established a management incentive equity pool, authorizing a maximum of 99,389 total units, or 15% of the total authorized units, for purposes of issuing compensatory awards to employees and certain directors of the Company, and its subsidiaries. Pursuant to the Amended and Restated Limited Partnership Agreement of TGP Holdings LP, dated as of September 25, 2017, eligible management employees and directors were granted a certain number of Class B Units of TGP Holdings LP which were intended to be treated as profit interests for tax purposes. The participation threshold of the Class B Units was historically established for each grant based on the fair market value of TGP Holdings LP membership units at the date of the grant.

The Class B unit grants are measured at the grant date based on the fair value of the awards. The estimated grant date fair values of the incentive units granted during 2021 and 2020, were derived using option pricing models.

The range of assumptions used in estimating the grant date fair value of the units awarded were as follows:

	For the year-ended December 31,	
	2021	2020
Volatility	65.0%	50.3% - 69.0%
Risk-free rate	0.4%	0.2% - 0.7%
Dividend yield	None	None
Marketability discount	7.1%	18.6% - 23.9%
Expected term	3	3

The expected volatility has been estimated based on the volatilities using a weighted peer group of companies that are deemed to be similar to the Company. The risk-free rate has been determined on yields for U.S. Treasury securities for a period approximating the expected term. The dividend yield is zero as the Company has never declared or paid cash dividends and has no current plans to do so in the foreseeable future. The Finnerty model and the Asian Protective Put Model methods were used to estimate the discount for lack of marketability inherent to the awards. For the expected term, due to a lack of historical information, the estimate is developed based on the investment time horizon expectation of the investors.

On July 12, 2021, the board of directors of TGP Holdings GP Corp, a Delaware corporation and the then-general partner of TGP Holdings LP, approved the acceleration of vesting of all unvested and outstanding Class B Units, subject to the successful completion of the Company's IPO. The approval for the acceleration of vesting was determined to be a modification. As a result, the Company evaluated each of the modified awards to determine the necessary accounting. At the time of the IPO, awards where vesting was probable prior to and after the modification, resulted in an acceleration of the remaining expense based on the original grant date fair value and awards where vesting was not probable, resulted in recognition of the fair value of the modified awards as of the modification date.

In connection with the completion of the Company’s IPO, Class B Units that were outstanding and vested were, as part of the Corporate Conversion, converted into shares of common stock of the Company. The Company recorded equity compensation expense of approximately $47.4 million as a result of the acceleration of vesting of the unvested Class B Units based on the IPO price of $18.00. Given the proximity of the modification to the IPO, the expense recorded by the Company was based on the actual conversion of the Class B Unit into common stock and the valuation of the Company at time of the IPO.

The following table summarizes the Class B unit activity for the years ended December 31, 2021 and 2020:

	Number of Units	Aggregate Intrinsic Value
Outstanding balance at December 31, 2019	89,024	
Granted	8,589	
Redeemed	(1,002)	
Forfeited or cancelled	(2,752)	
Outstanding balance at December 31, 2020	93,859	
Granted	1,603	
Redeemed	—	
Forfeited or cancelled	—	
Converted to common shares on August 2, 2021	(95,462)	
Outstanding balance at December 31, 2021	—	$ —
Vested balance at December 31, 2021	—	$ —

The number and weighted-average grant date fair value for unvested Class B units are as follows:

	Number of Unvested Units	Weighted-Average Fair Value of Units
Balance at December 31, 2019	72,271	$ 235.86
Granted	8,589	508.01
(Vested)	(36,663)	296.43
(Forfeited)	(2,752)	230.76
Balance at December 31, 2020	41,445	$ 240.53
Granted	1,603	1,087.36
(Vested)	(43,048)	272.11
(Forfeited)	—	0.00
Converted to common shares on August 2, 2021	—	—
Balance at December 31, 2021	—	$ —

Restricted Stock Unit Awards

The 2021 Plan, became effective as of July 28, 2021, the day prior to the first public trading date of our common stock. The 2021 Plan provides for the grant of stock options, including incentive stock options, and nonqualified stock options, restricted stock, dividend equivalents, restricted stock units, stock appreciation rights, and other stock or cash awards to the Company's employees and consultants and directors of the Company and its subsidiaries. Subject to the adjustment described in the following sentence, the initial number of shares of our common stock available for issuance under awards granted pursuant to the 2021 Plan is equal to 14,105,750 shares, which shares may be authorized but unissued shares, treasury shares, or shares purchased in the open market. Notwithstanding anything to the contrary in the 2021 Plan, no more than 100,000,000 shares of our common stock may be issued pursuant to the exercise of incentive stock options under the 2021 Plan.

On July 20, 2021, the board of directors approved grants of restricted stock units ("RSUs") covering 12,163,242 shares of common stock that became effective in connection with the completion of the Company's IPO, which include RSUs covering 7,782,957 shares granted to the Company's Chief Executive Officer ("CEO") and RSUs covering 4,380,285 shares granted to other employees, directors, and certain non-employees.

CEO Awards

The awards include a combination of time-based and performance-based awards. Specifically, time-based RSUs covering 2,594,319 shares ("RSU CEO Award") and performance-based RSUs ("PSUs") covering 5,188,638 shares ("PSU CEO Award") were granted to the CEO.

RSU CEO Award

The RSU CEO Award will vest as to 20% of the underlying shares on each of the first, second, third, fourth and fifth anniversaries of the closing of the IPO, subject to continued service with the Company as its CEO or executive chairman of its board of directors.

Upon a termination of the CEO's service by the Company without cause, by the CEO for good reason, or due to the CEO's disability (each as defined in his award agreement) or due to his death (each, a "CEO Qualifying Termination"), then, subject to the CEO's (or his estate's) timely execution and non-revocation of a general release of claims and continued compliance with the restrictive covenants to which the CEO is bound through the effective date of the general release of claims, any unvested portion of the RSU CEO Award will vest. To the extent any of the RSU CEO Award vests, the CEO must hold the vested and settled shares for two years following their vesting date, subject to certain exceptions set forth in the award agreement.

PSU CEO Award

The PSU CEO Awards will become earned based on the achievement of stock price goals (measured as a volume-weighted stock price over 60 consecutive trading days) at any time until the tenth anniversary of the closing of the IPO. The PSU CEO Award is divided into five tranches, with the first tranche having a stock price goal of 125% of the IPO price, and each of the next four stock prices goals equal to 125% of the immediately preceding stock price goal. As of December 31, 2021, the first vesting tranche of the PSU CEO Award has been earned based upon achievement of the applicable stock price goal and will vest based on the table below. The PSU CEO Award will vest on the applicable vesting date described in the following table or, if later, the date on which the applicable stock price goal is achieved, subject to the CEO's continued service as our CEO or executive chairman of our board of directors:

Earned PSUs' Vesting Tranche	Vesting Date
First Vesting Tranche	50% on the first anniversary and 50% on the second anniversary of the closing of the IPO
Second Vesting Tranche	50% on the second anniversary and 50% on the third anniversary of the closing of the IPO
Third Vesting Tranche	50% on the third anniversary and 50% on the fourth anniversary of the closing of the IPO
Fourth Vesting Tranche	50% on the fourth anniversary and 50% on the fifth anniversary of the closing of the IPO
Fifth Vesting Tranche	50% on the fifth anniversary and 50% on the sixth anniversary of the closing of the IPO

Upon a CEO Qualifying Termination, then, subject to the CEO's (or his estate's) timely execution and non-revocation of a general release of claims and continued compliance with the restrictive covenants to which the CEO is bound, any previously earned PSUs subject to the CEO PSU Award will vest, and any remaining PSUs that were not previously earned will be forfeited and terminated without consideration. To the extent any of the PSUs subject to the CEO PSU Award vest, the CEO must hold such vested shares for two years following their vesting date, subject to certain exceptions set forth in the award agreement. If the CEO experiences a termination of service other than a CEO Qualifying Termination, all PSUs (including earned PSUs) subject to the PSU CEO Award which have not become vested will be automatically forfeited and terminated as of the termination date without consideration.

In the event the Company incurs a change in control, then any previously-earned PSUs will vest and any remaining PSUs will vest based on the price per share received by or payable with respect to the common stockholders in connection with the transaction, pro-rated to reflect a price per share that falls between two stock price goals.

PSUs that remain unvested as of the expiration date automatically will be forfeited and terminated without consideration.

Other IPO Awards

The RSUs granted to other employees, directors, and certain non-employees, included 3,635,287 time-based RSUs ("IPO RSUs") and 744,998 performance-based RSUs ("IPO PSUs") granted to certain senior-level executives of the Company.

IPO RSUs

The IPO RSUs vest based on certain time-based conditions set forth in the applicable award agreement. IPO RSUs granted to certain senior executives of the Company vest as to 50% of the underlying shares on each of the third and fourth anniversaries of the closing of the IPO, subject to continued employment with the Company or one of its subsidiaries.

IPO PSUs

The IPO PSUs consist of two equal tranches, with the first tranche having a stock price goal of 200% of the IPO price and the second tranche having a stock price goal of 300% of the IPO price. Once earned, the applicable IPO PSU will vest as to (i) 50% of the earned PSUs upon the later of the first anniversary of the closing of the IPO or the achievement of the applicable stock price goal and (ii) 50% of the earned PSUs upon the later of the second anniversary of the closing of the IPO or the first anniversary of when the respective stock price goal is achieved with respect to the applicable vesting tranche, in each case, subject to continued employment with the Company or one of its subsidiaries.

Upon a termination of employment due to an executive's disability (each defined in the applicable award agreement) or due to his or her death, then, subject to such executive's (or his or her estate's) timely execution and non-revocation of a general release of claims and continued compliance with the restrictive covenants to which such executive is bound, any previously earned PSUs subject to the IPO PSUs will vest, and any remaining PSUs subject to the IPO PSU award that were not previously earned will be automatically forfeited and terminated as of the termination date without consideration.

In the event the Company incurs a change in control, then any previously-earned PSUs will vest and any remaining PSUs will vest based on the price per share received by or payable with respect to the common stockholders in connection with the transaction, pro-rated to reflect a price per share that falls between two stock price goals.

PSUs that remain unvested as of the expiration date automatically will be forfeited and terminated without consideration.

For RSUs and PSUs, the compensation expense is recognized on a straight-line basis over the vesting schedule and on an accelerated basis over the tranche's requisite service period, respectively. In addition, when an award is forfeited prior to the vesting date, the Company will recognize an adjustment for the previously recognized expense in the period of the forfeiture, with the exception of performance-based awards for which the requisite service period has been provided.

The Company uses the Monte Carlo pricing model to estimate the fair value of its PSUs as of the grant date, and uses various simulations of future stock prices through the Stochastic model to estimate the fair value over the remaining term of the performance period as of the grant date.

A summary of the time-based restricted stock unit activity for the year-ended December 31, 2021 was as follows:

	Units	Weighted Average Grant Date Fair Value
Outstanding at December 31, 2020	—	$ —
Granted at fair value	6,463,688	18.08
Vested	—	—
Forfeited	(188,828)	18.00
Outstanding at December 31, 2021	6,274,860	$ 18.08

As of December 31, 2021, the Company had $94.2 million of unrecognized equity-based compensation expense related to unvested time-based restricted stock units that is expected to be recognized over a weighted-average period of 3.98 years.

A summary of the performance-based restricted stock unit activity during the year-ended December 31, 2021 was as follows:

	Units	Weighted Average Grant Date Fair Value
Outstanding at December 31, 2020	—	$ —
Granted at fair value	5,933,636	13.25
Vested	—	—
Forfeited	—	—
Outstanding at December 31, 2021	5,933,636	$ 13.25

As of December 31, 2021, the Company had $66.8 million of unrecognized equity-based compensation expense related to unvested performance-based units that is expected to be recognized over a weighted-average period of 3.64 years.

Summary of Equity-Based Compensation

The Company's equity-based compensation was classified as follows in the accompanying consolidated statements of operations and comprehensive income (loss) for the fiscal periods indicated (in thousands):

	Year-ended December 31,		
	2021	2020	2019
Cost of revenue	$ 947	$ 88	$ 18
Sales and marketing	16,401	2,575	316
General and administrative	63,764	10,147	2,018
Total equity-based compensation	$ 81,112	$ 12,810	$ 2,352

18 – INCOME TAXES

Deferred income taxes reflect the net tax effects of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for income tax purposes.

The components of income (loss) before income taxes were as follows for the fiscal periods indicated (in thousands):

	Year-ended December 31,		
	2021	2020	2019
Domestic	$ (80,226)	$ 31,440	$ (29,469)
Foreign	(7,106)	911	—
Income (loss) before provision for income taxes	$ (87,332)	$ 32,351	$ (29,469)

Provision for income taxes consisted of the following components for the fiscal periods indicated (in thousands):

	Year-ended December 31,		
	2021	2020	2019
Current:			
Federal	$ 124	$ —	$ —
State	208	678	124
Foreign	2,095	121	—
Total current tax expense	$ 2,427	$ 799	$ 124
Deferred expense:			
Federal	$ 1	$ —	$ —
State	—	—	—
Foreign	(939)	(50)	—
Total deferred tax benefit	$ (938)	$ (50)	$ —
Provision for income taxes	$ 1,489	$ 749	$ 124

Reconciliations of the differences between the effective and statutory income tax rates are as follows for the fiscal periods indicated:

	Year-ended December 31,		
	2021	2020	2019
Federal statutory rate	21.0 %	21.0 %	21.0 %
State income taxes, net of federal benefit	3.7	3.3	3.3
Foreign rate differential	(2.0)	0.2	—
Equity-based compensation	(14.3)	9.9	(1.9)
Global intangible low-taxed income	(1.6)	—	—
Non-deductible items	(1.1)	0.5	(1.2)
Research and development credits	0.6	(0.7)	0.9
Change in partnership investment	(3.0)	—	—
Changes in valuation allowance	(5.4)	(33.9)	(26.7)
Changes in tax rates	(0.7)	(0.5)	(0.3)
Other	1.0	2.6	4.5
	(1.7)%	2.4 %	(0.4)%

The differences between the U.S. statutory rate and the Company's effective tax rate for the years ended December 31, 2021, 2020, and 2019 are primarily due to the changes in valuation allowance, state taxes, and equity-based compensation.

The amounts that comprised deferred income tax assets, net are as follows for the fiscal periods indicated (in thousands):

	Year-ended December 31,		
	2021	2020	2019
Deferred tax assets:			
Net operating loss carryforwards	$ 19,483	$ 16,807	$ 17,583
Sec. 163(j) interest	3,342	2,998	10,503
Tax credits	1,206	725	568
Equity-based compensation	68	—	—
Deferred compensation	722	—	—
Other	340	34	2,381
Less: valuation allowance	(25,092)	(20,384)	(31,035)
Total deferred tax assets	$ 69	$ 180	$ —
Deferred tax liabilities:			
Property and equipment	$ (229)	$ —	$ —
Intangible assets	(11,513)	—	—
Investments	—	(146)	—
Total deferred tax liabilities	$ (11,742)	$ (146)	$ —
Net deferred tax asset (liability)	$ (11,673)	$ 34	$ —

As of December 31, 2021, the Company has net operating loss carryforwards of approximately $79.4 million for federal income tax purposes, which will be available to offset future taxable income. Due to recent tax legislation, approximately $53.4 million of these net operating losses are eligible for indefinite carryforward, limited by certain taxable income limitations. The Company is not aware of any restrictions or limitations on use of the net operating losses under Internal Revenue Code Section 382. Due to cumulative losses, the Company has recorded a full valuation allowance against its net deferred tax assets as of December 31, 2021 and 2020 respectively.

The Company also had federal research and development tax credit carryforwards for tax return purposes of $1.5 million, which begin to expire in 2038 if not utilized.

On December 22, 2017, tax reform legislation referred to as the Tax Cuts and Jobs Act (the "Tax Act") was enacted in the United States. The Tax Act significantly revised U.S. federal income tax law, including by lowering the corporate income tax rate to 21%, limiting the deductibility of interest expense, implementing a modified territorial tax system and imposing a one-time repatriation tax on deemed repatriated untaxed earnings and profits of U.S.-owned foreign subsidiaries. The Tax Act also enacted provisions for the taxation of Global Intangible Low-Taxed Income ("GILTI"). In 2018, the Company adopted an accounting policy to recognize GILTI as an expense in the period incurred. As such, the Company will not provide for any deferred tax assets or liabilities related to GILTI.

The Company annually conducts an analysis of its tax positions and does not recognize certain tax benefits from uncertain tax positions within the provision for income taxes. A tax benefit is recognized only if it is more likely than not that the tax position will be sustained on examination by taxing authorities based on the technical merits of the position. For such positions, the largest benefit that has a greater than 50% likelihood of being realized upon settlement is recognized in the financial statements.

The following summarizes activity related to unrecognized tax benefits for the fiscal periods indicated (in thousands):

	Year-ended December 31,		
	2021	2020	2019
Unrecognized benefit—beginning of the year	$ —	$ —	$ —
Gross increases—current period positions	908	—	—
Unrecognized benefit—end of the year	$ 908	$ —	$ —

The Company does not expect any significant change in its unrecognized tax benefits within the next 12 months. At December 31, 2021, the Company had $0.9 million of total unrecognized tax benefits recorded against research and development tax credit carryforwards, all of which would impact the effective tax rate if recognized.

The Company has elected to recognize interest and penalties related to uncertain tax positions as a component of interest expense from continuing operations in the accompanying consolidated statements of operations and comprehensive income (loss). No interest or penalties have been recorded through the year ended December 31, 2021.

The Company files tax returns in the United States and in various foreign and state jurisdictions. All of the Company's tax years remain open to examination by major taxing jurisdictions to which the Company is subject, as carryforward attributes generated in past years may still be adjusted upon examination by the Internal Revenue Service or state and foreign tax authorities if they have or will be used in future periods. The Company is not under examination by any jurisdiction as of December 31, 2021. With few exceptions, the Company is no longer subject to U.S. federal, state, or local income tax examinations by tax authorities for years before 2018.

19 – RELATED PARTY TRANSACTIONS

The Company outsources a portion of its customer service and support through a third party who is an affiliate of the Company through common ownership. The total amount of expenses the Company recorded associated with such services totaled $10.1 million and $6.5 million for the years ended December 31, 2021 and 2020, respectively. Amounts payable to the third party at December 31, 2021 and 2020 was $1.2 million and $0.7 million, respectively.

20 – SEGMENT INFORMATION

The Company concluded that its business is a single reportable segment. The Company operates solely as a consumer products business. This is supported by the Company's operational structure, which includes sales, design, operations, marketing, and administrative functions focused on the entire product suite rather than individual product categories. The Company's chief operating decision maker does not regularly review financial information below a level of consolidated Company results to determine resource allocation or to assess performance.

Revenue related to customers outside the United States represents less than 10% of the Company's consolidated revenue. Assets outside of the United States were also less than 10% of the Company's consolidated assets as of December 31, 2021 and 2020.

21 – EARNINGS (LOSS) PER SHARE

The Company computes basic earnings (loss) per share ("EPS") attributable to common stockholders by dividing net income (loss) attributable to common stockholders by the weighted-average number of shares of common stock outstanding during the period. Diluted EPS is calculated by adjusting weighted average shares outstanding for the dilutive effect of potential common shares, determined using the treasury-stock method. For purposes of the diluted EPS calculation, restricted stock units are considered to be potential common shares.

The following table sets forth the computation of the Company's basic and diluted EPS attributable to common stockholders for the fiscal periods indicated (in thousands, except share and per share amounts):

	Year-ended December 31,		
	2021	2020	2019
Net income (loss)	$ (88,821)	$ 31,602	$ (29,593)
Weighted-average common shares outstanding—basic (1)	112,374,669	108,724,387	108,724,387
Effect of dilutive securities:			
Restricted stock units	—	—	—
Weighted-average common shares outstanding—diluted (1)	112,374,669	108,724,387	108,724,387
Earnings (loss) per share			
Basic	$ (0.79)	$ 0.29	$ (0.27)
Diluted	$ (0.79)	$ 0.29	$ (0.27)

(1) For the years ended December 31, 2020 and 2019, the Company retrospectively applied shares of common stock outstanding upon the Corporate Conversion, immediately prior to the IPO. Refer to Note 1 – *Description of Business and Basis of Presentation* for a description of the Corporate Conversion.

The following table includes the number of units that may be dilutive common shares in the future, and were not included in the computation of diluted earnings (loss) per share because the effect was anti-dilutive for the fiscal periods indicated:

	Year-ended December 31,		
	2021	2020	2019
Restricted stock units	12,208,496	—	—

22 – Subsequent Events

In February 2022, the Company entered into a $379.2 million notional amount interest rate swap agreement to hedge or otherwise protect against Eurodollar interest rate fluctuations on a portion of our variable rate debt. The agreement provides for a fixed rate of 2.08% and a term through March 29, 2026. This agreement was designated as a cash flow hedge on the exposure of the variability of future cash flows subject to the variable quarterly interest rates on $379.2 million of the term loan portion of the New First Lien Term Loan Facility.

DESCRIPTION OF THE REGISTRANT'S SECURITIES REGISTERED PURSUANT TO SECTION 12 OF THE SECURITIES EXCHANGE ACT OF 1934, AS AMENDED

The following description of the capital stock of Traeger, Inc. (the "Company," "we," "us," and "our") and certain provisions of our amended and restated certificate of incorporation, as amended from time to time (the "certificate of incorporation") and bylaws, as amended and restated from time to time (the "bylaws") is a summary and is qualified in its entirety by reference to the full text of our amended and restated certificate of incorporation and bylaws and applicable provisions of the General Corporation Law of the State of Delaware (the "DGCL"). Our amended and restated certificate of incorporation authorizes capital stock consisting of:

- 1,000,000,000 shares of Common Stock, par value $0.0001 per share (the "Common Stock"); and
- 25,000,000 shares of Preferred Stock, par value $0.0001 per share (the "Preferred Stock").

We have no shares of preferred stock issued and outstanding. The following summary describes the material provisions of our capital stock.

Common Stock

Holders of our common stock are entitled to one vote for each share held on all matters submitted to a vote of stockholders and do not have cumulative voting rights. An election of directors by our stockholders shall be determined by a plurality of the votes cast by the stockholders entitled to vote on the election. Holders of common stock are entitled to receive proportionately any dividends as may be declared by our board of directors, subject to any preferential dividend rights of any series of preferred stock that we may designate and issue in the future.

In the event of our liquidation, dissolution, or winding up, the holders of common stock are entitled to receive proportionately our net assets available for distribution to stockholders after the payment in full of all debts and other liabilities and subject to the prior rights of any outstanding preferred stock. Holders of common stock have no preemptive, subscription, redemption or conversion rights. There are no sinking fund provisions applicable to our common stock. The rights, preferences and privileges of holders of common stock are subject to and may be adversely affected by the rights of the holders of shares of any series of preferred stock that we may designate and issue in the future.

Preferred Stock

Under the terms of our certificate of incorporation, our board of directors is authorized to direct us to issue shares of preferred stock in one or more series without stockholder approval. Our board of directors has the discretion to determine the rights, preferences, privileges and restrictions, including voting rights, dividend rights, conversion rights, redemption privileges and liquidation preferences, of each series of preferred stock.

The purpose of authorizing our board of directors to issue preferred stock and determine its rights and preferences is to eliminate delays associated with a stockholder vote on specific issuances. The issuance of preferred stock, while providing flexibility in connection with possible acquisitions, future financings and other corporate purposes, could have the effect of making it more difficult for a third party to acquire, or could discourage a third party from seeking to acquire, a majority of our outstanding voting stock. We have no present plans to issue any shares of preferred stock.

Dividends

The DGCL permits a corporation to declare and pay dividends out of "surplus" or, if there is no "surplus," out of its net profits for the fiscal year in which the dividend is declared or the preceding fiscal year. "Surplus" is defined as the excess of the net assets of the corporation over the amount determined to be the capital of the corporation by the board of directors. The capital of the corporation is typically calculated to be (and cannot be less than) the aggregate par value of all issued shares of capital stock. Net assets equal the fair value of the total assets minus total liabilities. The DGCL also provides that dividends may not be paid out of net profits if, after the payment of the dividend, capital is less than the capital represented by the outstanding stock of all classes having a preference upon the distribution of assets.

Declaration and payment of any dividend are subject to the discretion of our board of directors. The time and amount of dividends will depend upon our financial condition, operations, cash requirements and availability, debt repayment obligations, capital expenditure needs, restrictions in our debt instruments, industry trends, the provisions

of Delaware law affecting the payment of distributions to stockholders and any other factors our board of directors may consider relevant.

Any decision to declare and pay dividends in the future will be made at the sole discretion of our board of directors and will depend on, among other things, our results of operations, cash requirements, financial condition, contractual restrictions and other factors that our board of directors may deem relevant. Our ability to pay dividends is limited by covenants in our existing indebtedness and may be limited by the agreements governing other indebtedness that we or our subsidiaries incur in the future.

Authorized but Unissued Shares

The authorized but unissued shares of our common stock and our preferred stock are available for future issuance without stockholder approval, subject to any limitations imposed by the listing standards of the New York Stock Exchange. These additional shares may be used for a variety of corporate finance transactions, acquisitions and employee benefit plans. The existence of authorized but unissued and unreserved common stock and preferred stock could make more difficult or discourage an attempt to obtain control of us by means of a proxy contest, tender offer, merger or otherwise.

Registration Rights

In connection with the closing of our initial public offering ("IPO"), we, certain investors and certain other stockholders entered into a registration rights agreement, dated as of July 28, 2021 (the "Registration Rights Agreement"), pursuant to which such holders of our common stock have registration rights. Registration of these shares under the Securities Act of 1933 (the "Securities Act") would result in these shares becoming fully tradable without restriction under the Securities Act immediately upon the effectiveness of the registration, except for shares purchased by affiliates. Shares covered by a registration statement will be eligible for sale in the public market upon the expiration or release from the terms of any lock-up agreement entered into by any holders party to the Registration Rights Agreement for the benefit of the underwriters in an offering. Under the Registration Rights Agreement, we will generally be required to pay all expenses (other than underwriting discounts and commissions and certain other expenses) related to any registration, whether or not such registration becomes effective or the offering is consummated. The Registration Rights Agreement also contains customary indemnification and procedural terms.

Demand Registration Rights

Subject to certain limitations, we are obligated to effect (i) an unlimited amount of such demands from the private equity fund managed by AEA Investors (the "AEA Fund"), and (ii) up to two (2) demands from each of Ontario Teachers' Pension Plan Board (the "OTPP") and certain private equity funds managed by Trilantic North America (collectively "TCP" and, together with OTPP and the AEA Fund, the "Investors"), subject to certain ownership limitations and restrictions for each of OTPP and TCP. Following any demand request, we will notify other holders with such rights as to the requested registration at least five (5) business days prior to the filing of any registration statement and, as expeditiously as possible, but in any event no later than forty-five (45) days from our receipt of such demand, effect such registration. If we determine that it would be detrimental to us and our stockholders to effect a requested registration due to a valid business reason, we may postpone such registration and file the registration statement within five (5) business days after such valid business reason no longer exists but in no event more than forty-five (45) days after such valid business reason has been determined to exist. In connection with any demand registration, the AEA Fund shall have the right to designate the lead managing underwriter pursuant to an underwritten offering.

The foregoing demand registration rights are subject to a number of additional exceptions and limitations.

Piggyback Registration Rights

In the event that we propose to register any of our securities under the Securities Act, either for our own account or for the account of other stockholders, certain of our stockholders, including the Investors, will be entitled to certain "piggyback" registration rights, entitling them to notice of the registration and allowing them to include their registrable securities in such registration. These rights will apply whenever we propose to file a registration statement under the Securities Act other than with respect to (i) a registration related to the sale of securities to employees pursuant to a stock option, stock purchase or similar plan or (ii) a registration relating to a corporate reorganization or other transaction covered by Rule 145 promulgated under the Securities Act.

S-3 Registration Rights

One or more holders of these shares may request that we register the offer and sale of their shares on a registration statement on Form S-3 if we are eligible to file a registration statement on Form S-3, so long as the request covers securities the anticipated aggregate public offering price of which is at least the lesser of (i) 20.0 million or (ii) the market value of the remaining registrable securities held by such holder requesting the Form S-3 registration. Following such a request, we will notify the other holders with such rights as to the requested registration and, as expeditiously as possible, but in any event within 20 days, effect such shelf underwriting request. Certain holders may make an unlimited number of requests for registration on Form S-3; however, for certain other holders, we will not be required to effect such a registration on Form S-3 if another registration was requested by such holders within the six-month period preceding the date of the request.

In each case described above, if we determine that it would be detrimental to us and our stockholders to effect a requested registration due to a valid business reason, we may postpone such registration and file the registration statement within five (5) business days after such valid business reason no longer exists but in no event more than forty-five (45) days after such valid business reason has been determined to exist.

Exclusive Venue

Our certificate of incorporation requires, to the fullest extent permitted by law, that (i) any derivative action or proceeding brought on our behalf, (ii) any action asserting a claim of breach of a fiduciary duty owed by any of our directors, officers or other employees to us or our stockholders, (iii) any action asserting a claim against us arising pursuant to any provision of the DGCL or our certificate of incorporation or our bylaws, or (iv) any action asserting a claim against us governed by the internal affairs doctrine be brought only in the Court of Chancery in the State of Delaware (or the federal district court for the District of Delaware or other state courts of the State of Delaware if the Court of Chancery in the State of Delaware does not have jurisdiction). The certificate of incorporation also requires that the federal district courts of the United States of America be the exclusive forum for the resolution of any complaint asserting a cause of action arising under the Securities Act; however, there is uncertainty as to whether a court would enforce such provision, and investors cannot waive compliance with federal securities laws and the rules and regulations thereunder. Although we believe these provisions benefit us by providing increased consistency in the application of applicable law in the types of lawsuits to which they apply, the provisions may have the effect of discouraging lawsuits against our directors and officers. These provisions would not apply to any suits brought to enforce any liability or duty created by the Securities Exchange Act of 1934, as amended, or any other claim for which the federal courts of the United States have exclusive jurisdiction.

Conflicts of Interest

Delaware law permits corporations to adopt provisions renouncing any interest or expectancy in certain opportunities that are presented to the corporation or its officers, directors or stockholders. Our certificate of incorporation, to the maximum extent permitted from time to time by Delaware law, renounces any interest or expectancy that we have in, or right to be offered an opportunity to participate in, specified business opportunities that are from time to time presented to the AEA Fund, OTPP and TCP or their affiliates (other than us and our subsidiaries), and any of their respective principals, members, directors, partners, stockholders, officers, employees or other representatives (other than any such person who is also our employee or an employee of our subsidiaries), or any director or stockholder who is not employed by us or our subsidiaries (each such person, an "exempt person"). Our certificate of incorporation provides that, to the fullest extent permitted by law, no exempt person will have any duty to refrain from (i) engaging in a corporate opportunity in the same or similar lines of business in which we or our affiliates now engage or propose to engage or (ii) otherwise competing with us or our affiliates. In addition, to the fullest extent permitted by law, in the event that an exempt person acquires knowledge of a potential transaction or other business opportunity which may be a corporate opportunity for itself or themselves or its or their affiliates or for us or our affiliates, such exempt person will have no duty to communicate or offer such transaction or business opportunity to us or any of our affiliates and they may take any such opportunity for themselves or offer it to another person or entity. To the fullest extent permitted by law, no business opportunity will be deemed to be a potential corporate opportunity for us unless we would be permitted to undertake the opportunity under our certificate of incorporation, we have sufficient financial resources to undertake the opportunity, we have an interest or expectancy in such opportunity and the opportunity would be in line with our business.

Limitations on Liability and Indemnification of Officers and Directors

The DGCL authorizes corporations to limit or eliminate the personal liability of directors to corporations and their stockholders for monetary damages for breaches of directors' fiduciary duties, subject to certain exceptions. Our certificate of incorporation includes a provision that eliminates the personal liability of directors for monetary damages for any breach of fiduciary duty as a director, except to the extent such exemption from liability or limitation thereof is not permitted under the DGCL. The effect of these provisions is to eliminate the rights of us and our stockholders, through stockholders' derivative suits on our behalf, to recover monetary damages from a director

for breach of fiduciary duty as a director, including breaches resulting from grossly negligent behavior. However, exculpation does not apply to any director if the director has breached his or her duty of loyalty, failed to act in good faith, knowingly or intentionally violated the law, authorized illegal dividends or redemptions or derived an improper personal benefit from his or her actions as a director.

Our bylaws provide that we must indemnify and advance expenses to our directors and officers to the fullest extent authorized by the DGCL. We also are expressly authorized to carry directors' and officers' liability insurance providing indemnification for our directors, officers and certain employees for some liabilities. We believe that these indemnification and advancement provisions and insurance are useful to attract and retain qualified directors and executive officers.

The limitation of liability, indemnification and advancement provisions in our certificate of incorporation and bylaws may discourage stockholders from bringing a lawsuit against directors for breach of their fiduciary duty. These provisions also may have the effect of reducing the likelihood of derivative litigation against directors and officers, even though such an action, if successful, might otherwise benefit us and our stockholders. In addition, your investment may be adversely affected to the extent we pay the costs of settlement and damage awards against directors and officers pursuant to these indemnification provisions.

Anti-Takeover Effects of Provisions of Our Certificate of Incorporation, Our Bylaws and Delaware Law

Certain provisions of Delaware law and our certificate of incorporation and bylaws contain provisions that may delay, defer or discourage another party from acquiring control of us. We expect that these provisions, which are summarized below, will discourage coercive takeover practices or inadequate takeover bids. These provisions are also designed to encourage persons seeking to acquire control of us to first negotiate with our board of directors, which we believe may result in an improvement of the terms of any such acquisition in favor of our stockholders. However, they also give our board of directors the power to discourage acquisitions that some stockholders may favor.

Classified Board of Directors

Our certificate of incorporation provides that our board of directors is divided into three classes, with each class serving three-year staggered terms. As a result, approximately one-third of our directors are expected to be elected each year. Our certificate of incorporation provides that directors may be removed at any time with or without cause upon the affirmative vote of the holders of capital stock representing a majority of the voting power of our outstanding shares of capital stock entitled to vote thereon; provided, however, that at any time when the AEA Fund, OTPP and TCP beneficially own, in the aggregate, less than the majority of the voting power of our outstanding shares of capital stock entitled to vote generally in the election of directors, directors may only be removed for cause and only upon the affirmative vote of a majority of the holders of capital stock representing the voting power of our outstanding shares of capital stock entitled to vote thereon. These provisions may have the effect of deferring, delaying or discouraging hostile takeovers, or changes in control of us or our management.

Board of Directors Vacancies: Size of the Board

Our certificate of incorporation provides that, subject to the rights of the holders of any series of preferred stock to elect directors and the terms of the two stockholders agreements we entered into in connection with the closing of the IPO (collectively, the "Stockholders Agreements"), vacant directorships, including newly created seats, shall be filled solely by the affirmative vote of a majority of the total number of directors then in office, even if less than a quorum, or by a sole remaining director. Our certificate of incorporation provides that, subject to the rights of the holders of any series of preferred stock to elect directors and the rights granted pursuant to any of the Stockholders Agreements, the number of directors constituting our board of directors is permitted to be set only by a resolution adopted by our board of directors. These provisions would prevent a stockholder from increasing the size of our board of directors and then gaining control of our board of directors by filling the resulting vacancies with its own nominees. This makes it more difficult to change the composition of our board of directors and promotes continuity of management.

Requirements for Advance Notification of Stockholder Meetings, Nominations and Proposals

Our bylaws provide advance notice procedures for stockholders seeking to bring business before our annual meeting of stockholders or to nominate candidates for election as directors at our annual meeting of stockholders. Our bylaws also specify certain requirements regarding the timing, form and content of a stockholder's notice. These provisions do not apply to the parties to each of our Stockholders Agreements so long as each such agreement remains in effect. These provisions might preclude our stockholders from bringing matters before our annual meeting of stockholders or from making nominations for directors at our annual meeting of stockholders if the proper procedures are not

followed. We expect that these provisions may also discourage or deter a potential acquirer from conducting a solicitation of proxies to elect the acquirer's own slate of directors or otherwise attempting to obtain control of our company.

Stockholder Action by Written Consent; Special Meeting of Stockholders

Our certificate of incorporation provides that, at any time when the Investors party to our Stockholders Agreement beneficially own, in the aggregate, at least a majority of the voting power of our outstanding capital stock, our stockholders may take action by consent without a meeting, and at any time when the Investors party to our Stockholders Agreement beneficially own, in the aggregate, less than the majority of the voting power of our outstanding capital stock, our stockholders may not take action by written consent, but may only take action at a meeting of stockholders. As a result, following the time when the Investors beneficially own, in the aggregate, less than the majority of the voting power of our outstanding capital stock, a holder controlling a majority of our capital stock would not be able to amend our bylaws or remove directors without holding a meeting of our stockholders called in accordance with our bylaws. Our certificate of incorporation provides that special meetings of our stockholders may be called only by a majority of our board of directors, the chairperson of our board of directors, or our Chief Executive Officer, as applicable, thus prohibiting a stockholder from calling a special meeting. These provisions might delay the ability of our stockholders to force consideration of a proposal or for stockholders controlling a majority of our capital stock to take any action, including the removal of directors.

No Cumulative Voting

The DGCL provides that stockholders are not entitled to cumulate votes in the election of directors unless a corporation's certificate of incorporation provides otherwise. Our certificate of incorporation does not provide for cumulative voting.

Amendment of Certificate of Incorporation and Bylaws Provisions

Amendments to certain provisions of our certificate of incorporation require the approval of two-thirds of the voting power of our outstanding capital stock. Our bylaws provide that approval of stockholders holding two-thirds of the voting power of our outstanding capital stock, is required for stockholders to amend or adopt any provision of our bylaws.

Issuance of Undesignated Preferred Stock

Our board of directors has the authority, without further action by our stockholders, to issue shares of undesignated preferred stock with rights and preferences, including voting rights, designated from time to time by our board of directors. The existence of authorized but unissued shares of preferred stock would enable our board of directors to render more difficult or to discourage an attempt to obtain control of us by means of a merger, tender offer, proxy contest or other means.

Section 203 of the DGCL

Our certificate of incorporation contains a provision opting out of Section 203 of the DGCL. However, our certificate of incorporation contains provisions that are similar to Section 203. Specifically, our certificate of incorporation provides that, subject to certain exceptions, we are not able to engage in a "business combination" with any "interested stockholder" for three years following the date that the person became an interested stockholder, unless:

- prior to such time, our board of directors approved either the business combination or the transaction that resulted in the stockholder becoming an interested stockholder;
- upon consummation of the transaction that resulted in the stockholder becoming an interested stockholder, the interested stockholder owned at least 85% of our voting stock outstanding at the time the transaction commenced, excluding certain shares; or
- at or subsequent to that time, the business combination is approved by our board of directors and by the affirmative vote of holders of at least two-thirds of our outstanding voting stock that is not owned by the interested stockholder.

Generally, a "business combination" includes a merger, asset, or stock sale or other transaction resulting in a financial benefit to the interested stockholder. Subject to certain exceptions, an "interested stockholder" is a person who, together with that person's affiliates and associates, owns 15% or more of our outstanding voting stock. For purposes of this section only, "voting stock" has the meaning given to it in the certificate of incorporation.

Under certain circumstances, this provision makes it more difficult for a person who would be an "interested stockholder" to effect various business combinations with us for a three-year period. This provision may encourage companies interested in acquiring us to negotiate in advance with our board of directors because the stockholder approval requirement would be avoided if our board of directors approves either the business combination or the transaction which results in the stockholder becoming an interested stockholder. These provisions also may have the effect of preventing changes in our board of directors and may make it more difficult to accomplish transactions which stockholders may otherwise deem to be in their best interests.

Our certificate of incorporation provides that the Investors and any of their respective affiliates, and any group as to which such persons are a party, are not deemed to be "interested stockholders" for purposes of this provision.

Transfer Agent and Registrar

The transfer agent and registrar for our common stock is American Stock Transfer & Trust Company, LLC.

Stock Exchange Listing

Our common stock has been approved for listing on the New York Stock Exchange under the symbol "COOK."

TRAEGER, INC.

2021 INCENTIVE AWARD PLAN

ARTICLE I.
PURPOSE

The Plan's purpose is to enhance the Company's ability to attract, retain and motivate persons who make (or are expected to make) important contributions to the Company by providing these individuals with equity ownership opportunities and/or equity-linked compensatory opportunities. Capitalized terms used in the Plan are defined in Article XI.

ARTICLE II.
ELIGIBILITY

Service Providers are eligible to be granted Awards under the Plan, subject to the limitations described herein.

ARTICLE III.
ADMINISTRATION AND DELEGATION

3.1 Administration. The Plan is administered by the Administrator. The Administrator has authority to determine which Service Providers receive Awards, grant Awards and set Award terms and conditions, subject to the conditions and limitations in the Plan. The Administrator also has the authority to take all actions and make all determinations under the Plan, to interpret the Plan and Award Agreements and to adopt, amend and repeal Plan administrative rules, guidelines and practices as it deems advisable. The Administrator may correct defects and ambiguities, supply omissions and reconcile inconsistencies in the Plan or any Award Agreement as it deems necessary or appropriate to administer the Plan and any Awards. The Administrator's determinations under the Plan are in its sole discretion and will be final and binding on all persons having or claiming any interest in the Plan or any Award.

3.2 Appointment of Committees. To the extent Applicable Laws permit, the Board or the Administrator may delegate any or all of its powers under the Plan to one or more Committees or committees of officers of the Company or any of its Subsidiaries. The Board or the Administrator, as applicable, may rescind any such delegation, abolish any such committee or Committee and/or re-vest in itself any previously delegated authority at any time.

ARTICLE IV.
STOCK AVAILABLE FOR AWARDS

4.1 Number of Shares. Subject to adjustment under Article VIII and the terms of this Article IV, the maximum number of Shares that may be issued pursuant to Awards under the Plan shall be equal to the Overall Share Limit. Shares issued under the Plan may consist of authorized but unissued Shares, Shares purchased on the open market or treasury Shares.

4.2 Share Recycling. If all or any part of an Award expires, lapses or is terminated, exchanged for or settled in cash, surrendered, repurchased, canceled without having been fully exercised/settled or forfeited, in any case, in a manner that results in the Company acquiring Shares covered by the Award at a price not greater than the price (as adjusted to reflect any Equity Restructuring) paid by the Participant for such Shares or not issuing any Shares covered by the Award, the unused Shares covered by the Award will, as applicable, become or again be available for Award grants under the Plan. Further, Shares delivered (either by actual delivery or attestation) to the Company by a Participant to satisfy the applicable exercise or purchase price of an Award and/or to satisfy any applicable tax withholding obligation with respect to an Award (including Shares retained by the Company from the Award being exercised or purchased and/or creating the tax obligation) will, as applicable, become or again be available for Award grants under the Plan. The payment of Dividend Equivalents in cash in conjunction with any outstanding Awards shall not count against the Overall Share Limit. Notwithstanding anything

to the contrary contained herein, the following Shares shall not be added to the Shares authorized for grant under Section 4.1 and shall not be available for future grants of Awards: (a) Shares subject to a Stock Appreciation Right that are not issued in connection with the stock settlement of the Stock Appreciation Right on exercise thereof; and (b) Shares purchased on the open market with the cash proceeds from the exercise of Options.

4.3 Incentive Stock Option Limitations. Notwithstanding anything to the contrary herein, no more than 100,000,000 Shares may be issued pursuant to the exercise of Incentive Stock Options.

4.4 Substitute Awards. In connection with an entity's merger or consolidation with the Company or any Subsidiary or the Company's or any Subsidiary's acquisition of an entity's property or stock, the Administrator may grant Awards in substitution for any options or other stock or stock-based awards granted before such merger or consolidation by such entity or its affiliate. Substitute Awards may be granted on such terms as the Administrator deems appropriate, notwithstanding limitations on Awards in the Plan. Substitute Awards will not count against the Overall Share Limit (nor shall Shares subject to a Substitute Award be added to the Shares available for Awards under the Plan as provided above), except that Shares acquired by exercise of substitute Incentive Stock Options will count against the maximum number of Shares that may be issued pursuant to the exercise of Incentive Stock Options under the Plan. Additionally, in the event that a company acquired by the Company or any Subsidiary or with which the Company or any Subsidiary combines has shares available under a pre-existing plan approved by stockholders and not adopted in contemplation of such acquisition or combination, the shares available for grant pursuant to the terms of such pre-existing plan (as adjusted, to the extent appropriate, using the exchange ratio or other adjustment or valuation ratio or formula used in such acquisition or combination to determine the consideration payable to the holders of common stock of the entities party to such acquisition or combination) may be used for Awards under the Plan and shall not reduce the Shares authorized for grant under the Plan (and Shares subject to such Awards shall not be added to the Shares available for Awards under the Plan as provided above); provided that Awards using such available shares shall not be made after the date awards or grants could have been made under the terms of the pre-existing plan, absent the acquisition or combination, and shall only be made to individuals who were not Service Providers prior to such acquisition or combination.

4.5 Non-Employee Director Compensation. Notwithstanding any provision to the contrary in the Plan, the Administrator may establish compensation for non-employee Directors from time to time, subject to the limitations in the Plan. The Administrator will from time to time determine the terms, conditions and amounts of all such non-employee Director compensation in its discretion and pursuant to the exercise of its business judgment, taking into account such factors, circumstances and considerations as it shall deem relevant from time to time; provided that, commencing with the calendar year following the calendar year in which the Effective Date occurs, the sum of any cash compensation, or other compensation, and the value (determined as of the grant date in accordance with Financial Accounting Standards Board Accounting Standards Codification Topic 718, or any successor thereto) of Awards granted to a non-employee Director as compensation for services as a non-employee Director with respect to any fiscal year of the Company may not exceed $750,000 (which limit shall not apply to the compensation for any non-employee Director of the Company who serves in any capacity in addition to that of a non-employee Director for which he or she receives additional compensation).

ARTICLE V.
STOCK OPTIONS AND STOCK APPRECIATION RIGHTS

5.1 General. The Administrator may grant Options or Stock Appreciation Rights to Service Providers subject to the limitations in the Plan, including any limitations in the Plan that apply to Incentive Stock Options. The Administrator will determine the number of Shares covered by each Option and Stock Appreciation Right, the exercise price of each Option and Stock Appreciation Right and the conditions and limitations applicable to the exercise of each Option and Stock Appreciation Right. A Stock Appreciation Right will entitle the Participant (or other person entitled to exercise the Stock Appreciation Right) to receive from the Company upon exercise of the exercisable portion of the Stock Appreciation Right an amount determined by multiplying the excess, if any, of the Fair Market Value of one Share on the date of exercise over the exercise price per Share of the Stock Appreciation Right by the number of Shares with respect to which the Stock Appreciation Right is exercised. Such amount shall be

subject to any limitations of the Plan or that the Administrator may impose and payable in cash, Shares valued at Fair Market Value or a combination of the two as the Administrator may determine or provide in the Award Agreement.

5.2 Exercise Price. The Administrator will establish each Option's and Stock Appreciation Right's exercise price and specify the exercise price in the Award Agreement. The exercise price will not be less than 100% of the Fair Market Value on the grant date of the Option (subject to Section 5.6) or Stock Appreciation Right. Notwithstanding the foregoing, in the case of an Option or a Stock Appreciation Right that is a Substitute Award, the exercise price per share of the Shares subject to such Option or Stock Appreciation Right, as applicable, may be less than the Fair Market Value per share on the date of grant; provided that the exercise price of any Substitute Award shall be determined in accordance with the applicable requirements of Sections 424 and 409A of the Code.

5.3 Duration. Each Option or Stock Appreciation Right will be exercisable at such times and as specified in the Award Agreement, provided that the term of an Option or Stock Appreciation Right will not exceed ten years. Notwithstanding the foregoing and unless determined otherwise by the Company, in the event that on the last business day of the term of an Option or Stock Appreciation Right (other than an Incentive Stock Option) (i) the exercise of the Option or Stock Appreciation Right is prohibited by Applicable Law, as determined by the Company, or (ii) Shares may not be purchased or sold by the applicable Participant due to any Company insider trading policy (including blackout periods) or a "lock-up" agreement undertaken in connection with an issuance of securities by the Company, the term of the Option or Stock Appreciation Right shall be extended until the date that is 30 days after the end of the legal prohibition, black-out period or lock-up agreement, as determined by the Company; provided, however, in no event shall the extension last beyond the ten year term of the applicable Option or Stock Appreciation Right. Notwithstanding the foregoing, to the extent permitted under Applicable Laws, if the Participant, prior to the end of the term of an Option or Stock Appreciation Right, violates the non-competition, non-solicitation, confidentiality or other similar restrictive covenant provisions of any employment contract, confidentiality and nondisclosure agreement or other agreement between the Participant and the Company or any of its Subsidiaries, the right of the Participant and the Participant's transferees to exercise any Option or Stock Appreciation Right issued to the Participant shall terminate immediately upon such violation, unless the Company otherwise determines.

5.4 Exercise. Options and Stock Appreciation Rights may be exercised by delivering to the Company a written notice of exercise, in a form the Administrator approves (which may be electronic), signed by the person authorized to exercise the Option or Stock Appreciation Right, together with, as applicable, payment in full (i) as specified in Section 5.5 for the number of Shares for which the Award is exercised and (ii) as specified in Section 9.5 for any applicable taxes. Unless the Administrator otherwise determines, an Option or Stock Appreciation Right may not be exercised for a fraction of a Share.

5.5 Payment Upon Exercise. Subject to Section 10.8, any Company insider trading policy (including blackout periods) and Applicable Laws, the exercise price of an Option must be paid by:

(a) cash, wire transfer of immediately available funds or by check payable to the order of the Company, provided that the Company may limit the use of one of the foregoing payment forms if one or more of the payment forms below is permitted;

(b) if there is a public market for Shares at the time of exercise, unless the Administrator otherwise determines, (i) delivery (including electronically or telephonically to the extent permitted by the Administrator) of an irrevocable and unconditional undertaking by a broker acceptable to the Administrator to deliver promptly to the Company sufficient funds to pay the exercise price, or (ii) the Participant's delivery to the Company of a copy of irrevocable and unconditional instructions to a broker acceptable to the Administrator to deliver promptly to the Company cash or a check sufficient to pay the exercise price; provided that such amount is paid to the Company at such time as may be required by the Administrator;

(c) to the extent permitted by the Administrator, delivery (either by actual delivery or attestation) of Shares owned by the Participant valued at their Fair Market Value;

(d) to the extent permitted by the Administrator, surrendering Shares then issuable upon the Option's exercise valued at their Fair Market Value on the exercise date;

(e) to the extent permitted by the Administrator, delivery of a promissory note or any other property that the Administrator determines is good and valuable consideration; or

(f) to the extent permitted by the Company, any combination of the above payment forms approved by the Administrator.

5.6 Additional Terms of Incentive Stock Options. The Administrator may grant Incentive Stock Options only to employees of the Company, any of its present or future parent or subsidiary corporations, as defined in Sections 424(e) or (f) of the Code, respectively, and any other entities the employees of which are eligible to receive Incentive Stock Options under the Code. If an Incentive Stock Option is granted to a Greater Than 10% Stockholder, the exercise price will not be less than 110% of the Fair Market Value on the Option's grant date, and the term of the Option will not exceed five years. All Incentive Stock Options will be subject to and construed consistently with Section 422 of the Code. By accepting an Incentive Stock Option, the Participant agrees to give prompt notice to the Company of dispositions or other transfers (other than in connection with a Change in Control) of Shares acquired under the Option made within (i) two years from the grant date of the Option or (ii) one year after the transfer of such Shares to the Participant, specifying the date of the disposition or other transfer and the amount the Participant realized, in cash, other property, assumption of indebtedness or other consideration, in such disposition or other transfer. Neither the Company nor the Administrator will be liable to a Participant, or any other party, if an Incentive Stock Option fails or ceases to qualify as an "incentive stock option" under Section 422 of the Code. Any Incentive Stock Option or portion thereof that fails to qualify as an "incentive stock option" under Section 422 of the Code for any reason, including becoming exercisable with respect to Shares having a fair market value exceeding the $100,000 limitation under Treasury Regulation Section 1.422-4, will be a Non-Qualified Stock Option.

ARTICLE VI.
RESTRICTED STOCK; RESTRICTED STOCK UNITS; DIVIDEND EQUIVALENTS

6.1 General. The Administrator may grant Restricted Stock, or the right to purchase Restricted Stock, to any Service Provider, subject to the Company's right to repurchase all or part of such shares at their issue price or other stated or formula price from the Participant (or to require forfeiture of such shares) if conditions the Administrator specifies in the Award Agreement are not satisfied before the end of the applicable restriction period or periods that the Administrator establishes for such Award. In addition, the Administrator may grant to Service Providers Restricted Stock Units, which may be subject to vesting and forfeiture conditions during the applicable restriction period or periods, as set forth in an Award Agreement.

6.2 Restricted Stock.

(a) Dividends. Participants holding shares of Restricted Stock will be entitled to all ordinary cash dividends paid with respect to such Shares, unless the Administrator provides otherwise in the Award Agreement. In addition, unless the Administrator provides otherwise, if any dividends or distributions are paid in Shares, or consist of a dividend or distribution to holders of Common Stock of property other than an ordinary cash dividend, the Shares or other property will be subject to the same restrictions on transferability and forfeitability as the shares of Restricted Stock with respect to which they were paid.

(b) Stock Certificates. The Company may require that the Participant deposit in escrow with the Company (or its designee) any stock certificates issued in respect of shares of Restricted Stock, together with a stock power endorsed in blank.

6.3 Restricted Stock Units.

(a) Settlement. The Administrator may provide that settlement of Restricted Stock Units will occur upon or as soon as reasonably practicable after the Restricted Stock Units vest or will

instead be deferred, on a mandatory basis or at the Participant's election, in a manner intended to comply with Section 409A.

(b) Stockholder Rights. A Participant will have no rights of a stockholder with respect to Shares subject to any Restricted Stock Unit unless and until the Shares are delivered in settlement of the Restricted Stock Unit.

6.4 Dividend Equivalents. If the Administrator provides, a grant of Restricted Stock Units or Other Stock or Cash Based Award may provide a Participant with the right to receive Dividend Equivalents, and no Dividend Equivalents shall be payable with respect to Options or Stock Appreciation Rights. Dividend Equivalents may be paid currently or credited to an account for the Participant, settled in cash or Shares and subject to the same restrictions on transferability and forfeitability as the Restricted Stock Units with respect to which the Dividend Equivalents are granted and subject to other terms and conditions as set forth in the Award Agreement.

ARTICLE VII.
OTHER STOCK OR CASH BASED AWARDS

Other Stock or Cash Based Awards may be granted to Participants, including Awards entitling Participants to receive Shares to be delivered in the future and including annual or other periodic or long-term cash bonus awards (whether based on specified Performance Criteria or otherwise), in each case subject to any conditions and limitations in the Plan. Such Other Stock or Cash Based Awards will also be available as a payment form in the settlement of other Awards, as standalone payments and as payment in lieu of compensation to which a Participant is otherwise entitled. Other Stock or Cash Based Awards may be paid in Shares, cash or other property, as the Administrator determines.

ARTICLE VIII.
ADJUSTMENTS FOR CHANGES IN COMMON STOCK AND CERTAIN OTHER EVENTS

8.1 Equity Restructuring. In connection with any Equity Restructuring, notwithstanding anything to the contrary in this Article VIII, the Administrator will equitably adjust each outstanding Award as it deems appropriate to reflect the Equity Restructuring, which may include adjusting the number and type of securities subject to each outstanding Award and/or the Award's exercise price or grant price (if applicable), granting new Awards to Participants, and/or making a cash payment to Participants. The adjustments provided under this Section 8.1 will be nondiscretionary and final and binding on the affected Participant and the Company; provided that the Administrator will determine whether an adjustment is equitable.

8.2 Corporate Transactions. In the event of any dividend or other distribution (whether in the form of cash, Common Stock, other securities, or other property), reorganization, merger, consolidation, combination, amalgamation, repurchase, recapitalization, liquidation, dissolution, or sale, transfer, exchange or other disposition of all or substantially all of the assets of the Company, or sale or exchange of Common Stock or other securities of the Company, Change in Control, issuance of warrants or other rights to purchase Common Stock or other securities of the Company, other similar corporate transaction or event, other unusual or nonrecurring transaction or event affecting the Company or its financial statements or any change in any Applicable Laws or accounting principles, the Administrator, on such terms and conditions as it deems appropriate, either by the terms of the Award or by action taken prior to the occurrence of such transaction or event (except that action to give effect to a change in Applicable Law or accounting principles may be made within a reasonable period of time after such change) is hereby authorized to take any one or more of the following actions whenever the Administrator determines that such action is appropriate in order to (x) prevent dilution or enlargement of the benefits or potential benefits intended by the Company to be made available under the Plan or with respect to any Award granted or issued under the Plan, (y) to facilitate such transaction or event or (z) give effect to such changes in Applicable Laws or accounting principles:

(a) To provide for the cancellation of any such Award in exchange for either an amount of cash or other property with a value equal to the amount that could have been obtained upon the

exercise or settlement of the vested portion of such Award or realization of the Participant's rights under the vested portion of such Award, as applicable; provided that, if the amount that could have been obtained upon the exercise or settlement of the vested portion of such Award or realization of the Participant's rights, in any case, is equal to or less than zero, then the Award may be terminated without payment; provided, further, that Awards held by members of the Board will be settled in Shares on or immediately prior to the applicable event if the Administrator takes action under this clause (a);

(b) To provide that such Award shall vest and, to the extent applicable, be exercisable as to all Shares covered thereby, notwithstanding anything to the contrary in the Plan or the provisions of such Award;

(c) To provide that such Award be assumed by the successor or survivor corporation, or a parent or subsidiary thereof, or shall be substituted for by awards covering the stock of the successor or survivor corporation, or a parent or subsidiary thereof, with appropriate adjustments as to the number and kind of shares and/or applicable exercise or purchase price, in all cases, as determined by the Administrator;

(d) To make adjustments in the number and type of Shares (or other securities or property) subject to outstanding Awards and/or with respect to which Awards may be granted under the Plan (including, but not limited to, adjustments of the limitations in Article IV on the maximum number and kind of shares which may be issued) and/or in the terms and conditions of (including the grant or exercise price or applicable performance goals), and the criteria included in, outstanding Awards;

(e) To replace such Award with other rights or property selected by the Administrator; and/or

(f) To provide that the Award will terminate and cannot vest, be exercised or become payable after the applicable event.

8.3 Effect of Non-Assumption in a Change in Control. Notwithstanding the provisions of Section 8.2, if a Change in Control occurs and a Participant's Awards are not continued, converted, assumed, or replaced with a substantially similar award by (a) the Company, or (b) a successor entity or its parent or subsidiary (an "***Assumption***"), and provided that the Participant has not had a Termination of Service, then, immediately prior to the Change in Control, such Awards shall become fully vested, exercisable and/or payable, as applicable, and all forfeiture, repurchase and other restrictions on such Awards shall lapse, in which case, such Awards shall be canceled upon the consummation of the Change in Control in exchange for the right to receive the Change in Control consideration payable to other holders of Common Stock (i) which may be on such terms and conditions as apply generally to holders of Common Stock under the Change in Control documents (including, without limitation, any escrow, earn-out or other deferred consideration provisions) or such other terms and conditions as the Administrator may provide, and (ii) determined by reference to the number of shares subject to such Awards and net of any applicable exercise price; provided that to the extent that any Awards constitute "nonqualified deferred compensation" that may not be paid upon the Change in Control under Section 409A without the imposition of taxes thereon under Section 409A, the timing of such payments shall be governed by the applicable Award Agreement (subject to any deferred consideration provisions applicable under the Change in Control documents); and provided, further, that if the amount to which a Participant would be entitled upon the settlement or exercise of such Award at the time of the Change in Control is equal to or less than zero, then such Award may be terminated without payment. The Administrator shall determine whether an Assumption of an Award has occurred in connection with a Change in Control.

8.4 Administrative Stand Still. In the event of any pending stock dividend, stock split, combination or exchange of shares, merger, consolidation or other distribution (other than normal cash dividends) of Company assets to stockholders, or any other extraordinary transaction or change affecting the Shares or the share price of Common Stock, including any Equity Restructuring or any securities offering or other similar transaction, for administrative convenience, the Administrator may refuse to permit the exercise of any Award for up to 60 days before or after such transaction.

8.5 General. Except as expressly provided in the Plan or the Administrator's action under the Plan, no Participant will have any rights due to any subdivision or consolidation of Shares of any class, dividend payment, increase or decrease in the number of Shares of any class or dissolution, liquidation, merger, or consolidation of the Company or other corporation. Except as expressly provided with respect to an Equity Restructuring under Section 8.1 or the Administrator's action under the Plan, no issuance by the Company of Shares of any class, or securities convertible into Shares of any class, will affect, and no adjustment will be made regarding, the number of Shares subject to an Award or the Award's grant or exercise price. The existence of the Plan, any Award Agreements and the Awards granted hereunder will not affect or restrict in any way the Company's right or power to make or authorize (i) any adjustment, recapitalization, reorganization or other change in the Company's capital structure or its business, (ii) any merger, consolidation dissolution or liquidation of the Company or sale of Company assets or (iii) any sale or issuance of securities, including securities with rights superior to those of the Shares or securities convertible into or exchangeable for Shares. The Administrator may treat Participants and Awards (or portions thereof) differently under this Article VIII.

ARTICLE IX.
GENERAL PROVISIONS APPLICABLE TO AWARDS

9.1 Transferability. Except as the Administrator may determine or provide in an Award Agreement or otherwise for Awards other than Incentive Stock Options, Awards may not be sold, assigned, transferred, pledged or otherwise encumbered, either voluntarily or by operation of law, except by will or the laws of descent and distribution, or, subject to the Administrator's consent, pursuant to a domestic relations order, and, during the life of the Participant, will be exercisable only by the Participant. Any permitted transfer of an Award hereunder shall be without consideration, except as required by Applicable Law. References to a Participant, to the extent relevant in the context, will include references to a Participant's authorized transferee that the Administrator specifically approves.

9.2 Documentation. Each Award will be evidenced in an Award Agreement, which may be written or electronic, as the Administrator determines. The Award Agreement will contain the terms and conditions applicable to an Award. Each Award may contain terms and conditions in addition to those set forth in the Plan.

9.3 Discretion. Except as the Plan otherwise provides, each Award may be made alone or in addition or in relation to any other Award. The terms of each Award to a Participant need not be identical, and the Administrator need not treat Participants or Awards (or portions thereof) uniformly.

9.4 Termination of Status. The Administrator will determine how the disability, death, retirement, authorized leave of absence or any other change or purported change in a Participant's Service Provider status affects an Award and the extent to which, and the period during which, the Participant, the Participant's legal representative, conservator, guardian or Designated Beneficiary may exercise rights under the Award, if applicable.

9.5 Withholding. Each Participant must pay the Company, or make provision satisfactory to the Administrator for payment of, any taxes required by Applicable Law to be withheld in connection with such Participant's Awards by the date of the event creating the tax liability. The Company or one of its Subsidiaries may deduct an amount sufficient to satisfy such tax obligations based on the applicable statutory withholding rates (or such other rate as may be determined by the Company after considering any accounting consequences or costs) from any payment of any kind otherwise due to a Participant. In the absence of a contrary determination by the Company (or, with respect to withholding pursuant to clause (ii) below with respect to Awards held by individuals subject to Section 16 of the Exchange Act, a contrary determination by the Administrator), all tax withholding obligations will be calculated based on the minimum applicable statutory withholding rates. Subject to Section 10.8 and any Company insider trading policy (including blackout periods), Participants may satisfy such tax obligations (i) in cash by wire transfer of immediately available funds, by check made payable to the order of the Company, provided that the Company may limit the use of the foregoing payment forms if one or more of the payment forms is permitted, (ii) to the extent permitted by the Administrator, in whole or in part by delivery of Shares, including Shares delivered by attestation and Shares retained from the Award creating the tax obligation, valued at their fair market value on the date of delivery, (iii) if there is a public market

for Shares at the time the tax obligations are satisfied, unless the Administrator otherwise determines, (A) delivery (including electronically or telephonically to the extent permitted by the Administrator) of an irrevocable and unconditional undertaking by a broker acceptable to the Administrator to deliver promptly to the Company sufficient funds to satisfy the tax obligations, or (B) delivery by the Participant to the Company of a copy of irrevocable and unconditional instructions to a broker acceptable to the Administrator to deliver promptly to the Company cash or a check sufficient to satisfy the tax withholding; provided that such amount is paid to the Company at such time as may be required by the Administrator, or (iv) to the extent permitted by the Administrator, any combination of the foregoing payment forms approved by the Administrator. Notwithstanding any other provision of the Plan, the number of Shares which may be so delivered or retained pursuant to clause (ii) of the immediately preceding sentence shall be limited to the number of Shares which have a fair market value on the date of delivery or retention no greater than the aggregate amount of such liabilities based on the maximum individual statutory tax rate in the applicable jurisdiction at the time of such withholding (or such other rate as may be required to avoid the liability classification of the applicable award under generally accepted accounting principles in the United States of America). If any tax withholding obligation will be satisfied under clause (ii) above by the Company's retention of Shares from the Award creating the tax obligation and there is a public market for Shares at the time the tax obligation is satisfied, the Company may elect to instruct any brokerage firm determined acceptable to the Company for such purpose to sell on the applicable Participant's behalf some or all of the Shares retained and to remit the proceeds of the sale to the Company or its designee, and each Participant's acceptance of an Award under the Plan will constitute the Participant's authorization to the Company and instruction and authorization to such brokerage firm to complete the transactions described in this sentence.

9.6 Amendment of Award; Repricing. The Administrator may amend, modify or terminate any outstanding Award, including by substituting another Award of the same or a different type, changing the exercise or settlement date, and converting an Incentive Stock Option to a Non-Qualified Stock Option. The Participant's consent to such action will be required unless (i) the action, taking into account any related action, does not materially and adversely affect the Participant's rights under the Award, or (ii) the change is permitted under Article VIII or pursuant to Section 10.6. Notwithstanding the foregoing or anything in the Plan to the contrary, the Administrator may, without the approval of the stockholders of the Company, reduce the exercise price per share of outstanding Options or Stock Appreciation Rights or cancel outstanding Options or Stock Appreciation Rights in exchange for cash, other Awards or Options or Stock Appreciation Rights with an exercise price per share that is less than the exercise price per share of the original Options or Stock Appreciation Rights.

9.7 Conditions on Delivery of Stock. The Company will not be obligated to deliver any Shares under the Plan or remove restrictions from Shares previously delivered under the Plan until (i) all Award conditions have been met or removed to the Company's satisfaction, (ii) as determined by the Company, all other legal matters regarding the issuance and delivery of such Shares have been satisfied, including any applicable securities laws and stock exchange or stock market rules and regulations, and (iii) the Participant has executed and delivered to the Company such representations or agreements as the Administrator deems necessary or appropriate to satisfy any Applicable Laws. The Company's inability to obtain authority from any regulatory body having jurisdiction, which the Administrator determines is necessary to the lawful issuance and sale of any securities, will relieve the Company of any liability for failing to issue or sell such Shares as to which such requisite authority has not been obtained.

9.8 Acceleration. The Administrator may at any time provide that any Award will become immediately vested and fully or partially exercisable, free of some or all restrictions or conditions, or otherwise fully or partially realizable.

9.9 Cash Settlement. Without limiting the generality of any other provision of the Plan, the Administrator may provide, in an Award Agreement or subsequent to the grant of an Award, in its discretion, that any Award may be settled in cash, Shares or a combination thereof.

ARTICLE X.
MISCELLANEOUS

10.1 No Right to Employment or Other Status. No person will have any claim or right to be granted an Award, and the grant of an Award will not be construed as giving a Participant the right to continued employment or any other relationship with the Company or any of its Subsidiaries. The Company and its Subsidiaries expressly reserve the right at any time to dismiss or otherwise terminate their respective relationships with a Participant free from any liability or claim under the Plan or any Award, except as expressly provided in an Award Agreement or in the Plan.

10.2 No Rights as Stockholder; Certificates. Subject to the Award Agreement, no Participant or Designated Beneficiary will have any rights as a stockholder with respect to any Shares to be distributed under an Award until becoming the record holder of such Shares. Notwithstanding any other provision of the Plan, unless the Administrator otherwise determines or Applicable Laws require, the Company will not be required to deliver to any Participant certificates evidencing Shares issued in connection with any Award and instead such Shares may be recorded in the books of the Company (or, as applicable, its transfer agent or stock plan administrator). The Company may place legends on stock certificates issued under the Plan that the Administrator deems necessary or appropriate to comply with Applicable Laws.

10.3 Effective Date and Term of Plan. Unless earlier terminated by the Board, the Plan will become effective on the day prior to the Public Trading Date and will remain in effect until the tenth anniversary of earlier of (i) the date the Board adopted the Plan or (ii) the date the Company's stockholders approved the Plan, but Awards previously granted may extend beyond that date in accordance with the Plan. Notwithstanding anything to the contrary in the Plan, an Incentive Stock Option may not be granted under the Plan after 10 years from the earlier of (i) the date the Board adopted the Plan or (ii) the date the Company's stockholders approved the Plan. If the Plan is not approved by the Company's stockholders, the Plan will not become effective and no Awards will be granted under the Plan will continue in full force and effect in accordance with its terms.

10.4 Amendment of Plan. The Administrator may amend, suspend or terminate the Plan at any time; provided that no amendment, other than an increase to the Overall Share Limit, may materially and adversely affect any Award outstanding at the time of such amendment without the affected Participant's consent. No Awards may be granted under the Plan during any suspension period or after the Plan's termination. Awards outstanding at the time of any Plan suspension or termination will continue to be governed by the Plan and the Award Agreement, as in effect before such suspension or termination. The Board will obtain stockholder approval of any Plan amendment to the extent necessary to comply with Applicable Laws.

10.5 Provisions for Foreign Participants. The Administrator may modify Awards granted to Participants who are foreign nationals or employed outside the United States or establish subplans or procedures under the Plan to address differences in laws, rules, regulations or customs of such foreign jurisdictions with respect to tax, securities, currency, employee benefit or other matters.

10.6 Section 409A.

(a) General. The Company intends that all Awards be structured to comply with, or be exempt from, Section 409A, such that no adverse tax consequences, interest, or penalties under Section 409A apply. Notwithstanding anything in the Plan or any Award Agreement to the contrary, the Administrator may, without a Participant's consent, amend this Plan or Awards, adopt policies and procedures, or take any other actions (including amendments, policies, procedures and retroactive actions) as are necessary or appropriate to preserve the intended tax treatment of Awards, including any such actions intended to (A) exempt this Plan or any Award from Section 409A, or (B) comply with Section 409A, including regulations, guidance, compliance programs and other interpretative authority that may be issued after an Award's grant date. The Company makes no representations or warranties as to an Award's tax treatment under Section 409A or otherwise. The Company will have no obligation under this Section 10.6 or otherwise to avoid the taxes, penalties or interest under Section 409A with respect to any Award and will have no liability to any Participant or any other person if any Award, compensation or other benefits under the Plan are determined to constitute noncompliant "nonqualified deferred compensation" subject to taxes, penalties or interest under Section 409A.

(b) Separation from Service. If an Award constitutes "nonqualified deferred compensation" under Section 409A, any payment or settlement of such Award upon a termination of a Participant's Service Provider relationship will, to the extent necessary to avoid taxes under Section 409A, be made only upon the Participant's "separation from service" (within the meaning of Section 409A), whether such "separation from service" occurs upon or after the termination of the Participant's Service Provider relationship. For purposes of this Plan or any Award Agreement relating to any such payments or benefits, references to a "termination," "termination of employment" or like terms means a "separation from service."

(c) Payments to Specified Employees. Notwithstanding any contrary provision in the Plan or any Award Agreement, any payment(s) of "nonqualified deferred compensation" required to be made under an Award to a "specified employee" (as defined under Section 409A and as the Administrator determines) due to his or her "separation from service" will, to the extent necessary to avoid taxes under Section 409A(a)(2)(B)(i) of the Code, be delayed for the six-month period immediately following such "separation from service" (or, if earlier, until the specified employee's death) and will instead be paid (as set forth in the Award Agreement) on the day immediately following such six-month period or as soon as administratively practicable thereafter (without interest). Any payments of "nonqualified deferred compensation" under such Award payable more than six months following the Participant's "separation from service" will be paid at the time or times the payments are otherwise scheduled to be made. Furthermore, notwithstanding any contrary provision of the Plan or any Award Agreement, any payment of "nonqualified deferred compensation" under the Plan that may be made in installments shall be treated as a right to receive a series of separate and distinct payments.

10.7 Limitations on Liability. Notwithstanding any other provisions of the Plan, no individual acting as a director, officer, other employee or agent of the Company or any Subsidiary will be liable to any Participant, former Participant, spouse, beneficiary, or any other person for any claim, loss, liability, or expense incurred in connection with the Plan or any Award, and such individual will not be personally liable with respect to the Plan because of any contract or other instrument executed in his or her capacity as an Administrator, director, officer, other employee or agent of the Company or any Subsidiary. The Company will indemnify and hold harmless each director, officer, other employee and agent of the Company or any Subsidiary that has been or will be granted or delegated any duty or power relating to the Plan's administration or interpretation, against any cost or expense (including attorneys' fees) or liability (including any sum paid in settlement of a claim with the Administrator's approval) arising from any act or omission concerning this Plan unless arising from such person's own fraud or bad faith.

10.8 Lock-Up Period. The Company may, at the request of any underwriter representative or otherwise, in connection with registering the offering of any Company securities under the Securities Act, prohibit Participants from, directly or indirectly, selling or otherwise transferring any Shares or other Company securities during a period of up to 180 days following the effective date of a Company registration statement filed under the Securities Act, or such longer period as determined by the underwriter.

10.9 Data Privacy. As a condition for receiving any Award, each Participant explicitly and unambiguously consents to the collection, use and transfer, in electronic or other form, of personal data as described in this section by and among the Company and its Subsidiaries and affiliates exclusively for implementing, administering and managing the Participant's participation in the Plan. The Company and its Subsidiaries and affiliates may hold certain personal information about a Participant, including the Participant's name, address and telephone number; birthdate; social security number, insurance number or other identification number; salary; nationality; job title(s); any Shares held in the Company or its Subsidiaries and affiliates; and Award details, to implement, manage and administer the Plan and Awards (the "***Data***"). The Company and its Subsidiaries and affiliates may transfer the Data amongst themselves as necessary to implement, administer and manage a Participant's participation in the Plan, and the Company and its Subsidiaries and affiliates may transfer the Data to third parties assisting the Company with Plan implementation, administration and management. These recipients may be located in the Participant's country, or elsewhere, and the Participant's country may have different data privacy laws and protections than the recipients' country. By accepting an Award, each Participant authorizes such recipients to receive, possess, use, retain and transfer the Data, in electronic or other form, to implement, administer and manage the Participant's participation in the Plan, including any required Data transfer to

a broker or other third party with whom the Company or the Participant may elect to deposit any Shares. The Data related to a Participant will be held only as long as necessary to implement, administer, and manage the Participant's participation in the Plan. A Participant may, at any time, view the Data that the Company and its Subsidiaries hold regarding such Participant, request additional information about the storage and processing of the Data regarding such Participant, recommend any necessary corrections to the Data regarding the Participant or refuse or withdraw the consents in this Section 10.9 in writing, without cost, by contacting the local human resources representative. The Company may cancel Participant's ability to participate in the Plan and, in the Administrator's discretion, the Participant may forfeit any outstanding Awards if the Participant refuses or withdraws the consents in this Section 10.9. For more information on the consequences of refusing or withdrawing consent, Participants may contact their local human resources representative.

10.10 Severability. If any portion of the Plan or any action taken under it is held illegal or invalid for any reason, the illegality or invalidity will not affect the remaining parts of the Plan, and the Plan will be construed and enforced as if the illegal or invalid provisions had been excluded, and the illegal or invalid action will be null and void.

10.11 Governing Documents. If any contradiction occurs between the Plan and any Award Agreement or other written agreement between a Participant and the Company (or any Subsidiary) that the Administrator has approved, the Plan will govern, unless it is expressly specified in such Award Agreement or other written document that a specific provision of the Plan will not apply.

10.12 Governing Law. The Plan and all Awards will be governed by and interpreted in accordance with the laws of the State of Delaware, disregarding any state's choice-of-law principles requiring the application of a jurisdiction's laws other than the State of Delaware.

10.13 Claw-back Provisions. All Awards (including, without limitation, any proceeds, gains or other economic benefit actually or constructively received by a Participant upon any receipt or exercise of any Award or upon the receipt or resale of any Shares underlying the Award) shall be subject to the provisions of any claw-back policy implemented by the Company, including, without limitation, any claw-back policy adopted to comply with Applicable Laws (including the Dodd-Frank Wall Street Reform and Consumer Protection Act and any rules or regulations promulgated thereunder), as and to the extent set forth in such claw-back policy or the Award Agreement.

10.14 Titles and Headings. The titles and headings in the Plan are for convenience of reference only and, if any conflict, the Plan's text, rather than such titles or headings, will control.

10.15 Conformity to Securities Laws. Participant acknowledges that the Plan is intended to conform to the extent necessary with Applicable Laws. Notwithstanding anything herein to the contrary, the Plan and all Awards will be administered only in conformance with Applicable Laws. To the extent Applicable Laws permit, the Plan and all Award Agreements will be deemed amended as necessary to conform to Applicable Laws.

10.16 Relationship to Other Benefits. No payment under the Plan will be taken into account in determining any benefits under any pension, retirement, savings, profit sharing, group insurance, welfare or other benefit plan of the Company or any Subsidiary except as expressly provided in writing in such other plan or an agreement thereunder.

10.17 Broker-Assisted Sales. In the event of a broker-assisted sale of Shares in connection with the payment of amounts owed by a Participant under or with respect to the Plan or Awards, including amounts to be paid under the final sentence of Section 9.5: (a) any Shares to be sold through the broker-assisted sale will be sold on the day the payment first becomes due, or as soon thereafter as practicable; (b) such Shares may be sold as part of a block trade with other Participants in the Plan in which all participants receive an average price; (c) the applicable Participant will be responsible for all broker's fees and other costs of sale, and by accepting an Award, each Participant agrees to indemnify and hold the Company and its Subsidiaries harmless from any losses, costs, damages, or expenses relating to any such sale; (d) to the extent the Company, its Subsidiaries or their designee receives proceeds of such sale that exceed the amount owed, the Company or its Subsidiary will pay such excess in cash to the applicable

Participant as soon as reasonably practicable; (e) the Company, its Subsidiaries and their designees are under no obligation to arrange for such sale at any particular price; and (f) in the event the proceeds of such sale are insufficient to satisfy the Participant's applicable obligation, the Participant may be required to pay immediately upon demand to the Company or its designee an amount in cash sufficient to satisfy any remaining portion of the Participant's obligation.

ARTICLE XI.
DEFINITIONS

As used in the Plan, the following words and phrases will have the following meanings:

11.1 "***Administrator***" means the Board or a Committee to the extent that the Board's powers or authority under the Plan have been delegated to such Committee.

11.2 "***Applicable Laws***" means the requirements relating to the administration of equity incentive plans under U.S. federal and state securities, tax and other applicable laws, rules and regulations, the applicable rules of any stock exchange or quotation system on which the Common Stock is listed or quoted and the applicable laws and rules of any foreign country or other jurisdiction where Awards are granted.

11.3 "***Award***" means, individually or collectively, a grant under the Plan of Options, Stock Appreciation Rights, Restricted Stock, Restricted Stock Units, Dividend Equivalents, or Other Stock or Cash Based Awards.

11.4 "***Award Agreement***" means a written agreement evidencing an Award, which may be electronic, that contains such terms and conditions as the Administrator determines, consistent with and subject to the terms and conditions of the Plan.

11.5 "***Board***" means the Board of Directors of the Company.

11.6 "***Cause***" means, except as may otherwise be provided in Participant's employment or service agreement to the extent such agreement is in effect at the relevant time, any of the following events:

(a) Participant's willful failure substantially to perform his or her duties and responsibilities to the Company (other than any such failure resulting from Participant's incapacity due to physical or mental illness) or carry out or comply with a lawful and reasonable directive of the Company, in each case, after a written demand for performance is delivered to Participant by the Administrator, which demand specifically identifies the manner in which the Administrator believes that Participant has not performed his or her duties;

(b) Participant's deliberate violation of a Company policy;

(c) Participant's commission of, including any entry by Participant of a guilty or no contest plea to, any felony under any state, federal or foreign law or any crime involving moral turpitude, or Participant's commission of unlawful harassment or discrimination;

(d) Participant's commission of any act of fraud, embezzlement, dishonesty or any other willful misconduct that has caused or is reasonably expected to result in material reputational, economic or financial injury to the Company;

(e) Participant's unlawful use (including being under the influence) or possession of illegal drugs on the Company's (or any affiliate's) premises or while performing Participant's duties and responsibilities;

(f) Participant's willful misconduct or gross negligence with respect to any material aspect of the Company's business or a material breach by Participant of his or her fiduciary duty to the Company;

(g) unauthorized use or disclosure by Participant of any proprietary information or trade secrets of the Company or any other party to whom Participant owes an obligation of nondisclosure as a result of his or her relationship with the Company; or

(h) Participant's willful breach of any of his or her obligations under any written agreement or covenant with the Company.

11.7 "***Change in Control***" means and includes each of the following:

(a) A transaction or series of transactions (other than an offering of Common Stock to the general public through a registration statement filed with the Securities and Exchange Commission or a transaction or series of transactions that meets the requirements of clauses (i) and (ii) of subsection (c) below) whereby any "person" or related "group" of "persons" (as such terms are used in Sections 13(d) and 14(d)(2) of the Exchange Act) (other than the Company, any of its Subsidiaries, any Permitted Holder, an employee benefit plan maintained by the Company or any of its Subsidiaries or a "person" that, prior to such transaction, directly or indirectly controls, is controlled by, or is under common control with, the Company) directly or indirectly acquires beneficial ownership (within the meaning of Rule 13d-3 under the Exchange Act) of securities of the Company possessing more than 50% of the total combined voting power of the Company's securities outstanding immediately after such acquisition; or

(b) During any period of two consecutive years, individuals who, at the beginning of such period, constitute the Board together with any new Director(s) (other than a Director designated by a person who shall have entered into an agreement with the Company to effect a transaction described in subsections (a) or (c)) whose election by the Board or nomination for election by the Company's stockholders was approved by a vote of at least two-thirds of the Directors then still in office who either were Directors at the beginning of the two-year period or whose election or nomination for election was previously so approved, cease for any reason to constitute a majority thereof (a "***Non-Transactional Change in Control***"); or

(c) The consummation by the Company (whether directly involving the Company or indirectly involving the Company through one or more intermediaries) of (x) a merger, consolidation, reorganization, or business combination or (y) a sale or other disposition of all or substantially all of the Company's assets in any single transaction or series of related transactions or (z) the acquisition of assets or stock of another entity, in each case other than a transaction:

(i) which results in the Company's voting securities outstanding immediately before the transaction continuing to represent (either by remaining outstanding or by being converted into voting securities of the Company or the person that, as a result of the transaction, controls, directly or indirectly, the Company or owns, directly or indirectly, all or substantially all of the Company's assets or otherwise succeeds to the business of the Company (the Company or such person, the "***Successor Entity***")) directly or indirectly, at least a majority of the combined voting power of the Successor Entity's outstanding voting securities immediately after the transaction, and

(ii) after which no person or group beneficially owns voting securities representing 50% or more of the combined voting power of the Successor Entity; provided, however, that no person or group shall be treated for purposes of this clause (ii) as beneficially owning 50% or more of the combined voting power of the Successor Entity solely as a result of the voting power held in the Company prior to the consummation of the transaction.

Notwithstanding the foregoing, if a Change in Control constitutes a payment event with respect to any Award (or portion of any Award) that provides for the deferral of compensation that is subject to Section 409A, to the extent required to avoid the imposition of additional taxes under Section 409A, the transaction or event described in subsection (a), (b) or (c) with respect to such Award (or portion thereof)

shall only constitute a Change in Control for purposes of the payment timing of such Award if such transaction also constitutes a "change in control event," as defined in Treasury Regulation Section 1.409A-3(i)(5).

The Administrator shall have full and final authority, which shall be exercised in its discretion, to determine conclusively whether a Change in Control has occurred pursuant to the above definition, the date of the occurrence of such Change in Control and any incidental matters relating thereto; provided that any exercise of authority in conjunction with a determination of whether a Change in Control is a "change in control event" as defined in Treasury Regulation Section 1.409A-3(i)(5) shall be consistent with such regulation.

11.8 "***Closing Date***" means the date on which the Company's initial public offering closes.

11.9 "***Code***" means the Internal Revenue Code of 1986, as amended, and the regulations issued thereunder.

11.10 "***Committee***" means one or more committees or subcommittees of the Board, which may include one or more Company directors or executive officers, to the extent Applicable Laws permit. To the extent required to comply with the provisions of Rule 16b-3, it is intended that each member of the Committee will be, at the time the Committee takes any action with respect to an Award that is subject to Rule 16b-3, a "non-employee director" within the meaning of Rule 16b-3; however, a Committee member's failure to qualify as a "non-employee director" within the meaning of Rule 16b-3 will not invalidate any Award granted by the Committee that is otherwise validly granted under the Plan.

11.11 "***Common Stock***" means the common stock of the Company, par value of $0.0001 per share.

11.12 "***Company***" means Traeger, Inc., a Delaware corporation, or any successor.

11.13 "***Consultant***" means any consultant, advisor or other person or entity that is not an Employee, in each case, that can be granted an Award that is eligible to be registered on a Form S-8 Registration Statement.

11.14 "***Designated Beneficiary***" means the beneficiary or beneficiaries the Participant designates, in a manner the Administrator determines, to receive amounts due or exercise the Participant's rights if the Participant dies or becomes incapacitated. Without a Participant's effective designation, "Designated Beneficiary" will mean the Participant's estate.

11.15 "***Director***" means a Board member.

11.16 "***Disability***" means a permanent and total disability under Section 22(e)(3) of the Code, as amended.

11.17 "***Dividend Equivalents***" means a right granted to a Participant under the Plan to receive the equivalent value (in cash or Shares) of dividends paid on Shares.

11.18 "***Employee***" means any employee of the Company or its Subsidiaries.

11.19 "***Equity Restructuring***" means, as determined by the Administrator, a non-reciprocal transaction between the Company and its stockholders, such as a stock dividend, stock split, spin-off or recapitalization through a large, nonrecurring cash dividend, or other large, nonrecurring cash dividend, that affects the shares of Common Stock (or other securities of the Company) or the share price of Common Stock (or other securities of the Company) and causes a change in the per share value of the Common Stock underlying outstanding Awards.

11.20 "***Exchange Act***" means the Securities Exchange Act of 1934, as amended.

11.21 "***Fair Market Value***" means, as of any date, the value of a Share determined as follows: (a) if the Common Stock is listed on any established stock exchange, its Fair Market Value will be the closing sales price for such Common Stock as quoted on such exchange for such date, or if no sale occurred on such date, the last day preceding such date during which a sale occurred, as reported in The Wall Street Journal or another source the Administrator deems reliable; (b) if the Common Stock is not traded on a stock exchange but is quoted on a national market or other quotation system, the closing sales price on such date, or if no sales occurred on such date, then on the last date preceding such date during which a sale occurred, as reported in The Wall Street Journal or another source the Administrator deems reliable; or (c) without an established market for the Common Stock, the Administrator will determine the Fair Market Value in its discretion.

Notwithstanding the foregoing, with respect to any Award granted on the pricing date of the Company's initial public offering, the Fair Market Value shall mean the initial public offering price of a Share as set forth in the Company's final prospectus relating to its initial public offering filed with the Securities and Exchange Commission.

11.22 "***Greater Than 10% Stockholder***" means an individual then owning (within the meaning of Section 424(d) of the Code) more than 10% of the total combined voting power of all classes of stock of the Company or its parent or subsidiary corporation, as defined in Section 424(e) and (f) of the Code, respectively.

11.23 "***Incentive Stock Option***" means an Option intended to qualify as an "incentive stock option" as defined in Section 422 of the Code.

11.24 "***Non-Qualified Stock Option***" means an Option, or portion thereof, not intended or not qualifying as an Incentive Stock Option.

11.25 "***Option***" means an option to purchase Shares, which will either be an Incentive Stock option or a Non-Qualified Stock Option.

11.26 "***Other Stock or Cash Based Awards***" means cash awards, awards of Shares, and other awards valued wholly or partially by referring to, or are otherwise based on, Shares or other property awarded to a Participant under Article VII.

11.27 "***Overall Share Limit***" means 14,105,750 Shares. In addition, on the first day of each calendar year beginning on and including January 1, 2022 and ending on and including January 1, 2031, the Overall Share Limit shall be increased by (i) 5% of the aggregate number of Shares outstanding on the final day of the immediately preceding calendar year, or (ii) such smaller number of Shares as is determined by the Board.

11.28 "***Participant***" means a Service Provider who has been granted an Award.

11.29 "***Performance Criteria***" means the criteria (and adjustments) that the Administrator may select for an Award to establish performance goals for a performance period, which may include (but is not limited to) the following: net earnings or losses (either before or after one or more of interest, taxes, depreciation, amortization, and non-cash equity-based compensation expense); gross or net sales or revenue or sales or revenue growth; net income (either before or after taxes) or adjusted net income; profits (including but not limited to gross profits, net profits, profit growth, net operation profit or economic profit), profit return ratios or operating margin; budget or operating earnings (either before or after taxes or before or after allocation of corporate overhead and bonus); cash flow (including operating cash flow and free cash flow or cash flow return on capital); return on assets; return on capital or invested capital; cost of capital; return on stockholders' equity; total stockholder return; return on sales; costs, reductions in costs and cost control measures; expenses; working capital; earnings or loss per share; adjusted earnings or loss per share; price per share or dividends per share (or appreciation in or maintenance of such price or dividends); regulatory achievements or compliance; implementation, completion or attainment of objectives relating to research, development, regulatory, commercial, or strategic milestones or developments; market share; economic value or economic value added models; division, group or corporate financial goals; customer satisfaction/growth; customer service; employee

satisfaction; recruitment and maintenance of personnel; human capital management (including diversity and inclusion); supervision of litigation and other legal matters; strategic partnerships and transactions; financial ratios (including those measuring liquidity, activity, profitability or leverage); debt levels or reductions; sales-related goals; financing and other capital raising transactions; cash on hand; acquisition activity; investment sourcing activity; and marketing initiatives, any of which may be measured in absolute terms or as compared to any incremental increase or decrease. Such performance goals also may be based solely by reference to the Company's performance or the performance of a Subsidiary, division, business segment or business unit of the Company or a Subsidiary, or based upon performance relative to performance of other companies or upon comparisons of any of the indicators of performance relative to performance of other companies.

11.30 "***Permitted Holder***" means each of the Stockholder Group, any member of the Stockholder Group, Jeremy Andrus or any of their respective affiliates.

11.31 "***Plan***" means this 2021 Incentive Award Plan.

11.32 "***Public Trading Date***" means the first date upon which the Common Stock is listed (or approved for listing) upon notice of issuance on any securities exchange or designated (or approved for designation) upon notice of issuance as a national market security on an interdealer quotation system.

11.33 "***Restricted Stock***" means Shares awarded to a Participant under Article VI subject to certain vesting conditions and other restrictions.

11.34 "***Restricted Stock Unit***" means an unfunded, unsecured right to receive, on the applicable settlement date, one Share or an amount in cash or other consideration determined by the Administrator to be of equal value as of such settlement date awarded to a Participant under Article VI subject to certain vesting conditions and other restrictions.

11.35 "***Rule 16b-3***" means Rule 16b-3 promulgated under the Exchange Act.

11.36 "***Section 409A***" means Section 409A of the Code and all regulations, guidance, compliance programs and other interpretative authority thereunder.

11.37 "***Securities Act***" means the Securities Act of 1933, as amended.

11.38 "***Service Provider***" means an Employee, Consultant or Director.

11.39 "***Share***" means a share of Common Stock.

11.40 "***Stock Appreciation Right***" means a stock appreciation right granted under Article V.

11.41 "***Stockholder Group***" means the "group" (as such term is used in Section 13(d) of the Exchange Act) consisting of AEA TGP Holdco LP. 2594868 Ontario Limited, Trilantic Capital Partners V (North America) L.P. and Trilantic Capital Partners V (North America) Fund A L.P., in each case together with their affiliates.

11.42 "***Subsidiary***" means any entity (other than the Company), whether domestic or foreign, in an unbroken chain of entities beginning with the Company if each of the entities other than the last entity in the unbroken chain beneficially owns, at the time of the determination, securities or interests representing at least 50% of the total combined voting power of all classes of securities or interests in one of the other entities in such chain.

11.43 "***Substitute Awards***" means Awards granted or Shares issued by the Company in assumption of, or in substitution or exchange for, awards previously granted, or the right or obligation to make future awards, in each case by a company acquired by the Company or any Subsidiary or with which the Company or any Subsidiary combines.

11.44 "***Termination of Service***" means the date the Participant ceases to be a Service Provider.

* * * * *

Traeger Pellet Grills, LLC
1215 E Wilmington Ave. Suite 200, Salt Lake City, Utah 84106
801-701-7180 | www.traegergrills.com

TRAEGER
WOOD FIRED GRILLS

February 25, 2021

James H. Hardy, Jr.

Dear James,

Congratulations! We are excited to offer you the position of Chief Supply Chain Officer at Traeger Pellet Grills, LLC ("Traeger" or the "Company"). This letter will confirm certain terms and conditions of our offer of employment.

In this role, you will report to Jeremy Andrus, CEO and your primary responsibility will be ownership of the long-term Operations, Manufacturing, Logistics, Sourcing and related strategies for Traeger's offerings.

This role is based at our Headquarters in Salt Lake City and our expectation is that you will relocate prior to August 1, 2021. We will offer relocation assistance, the details of which are described below.

Compensation

Base Salary: You will receive an annual salary of $425,000, subject to applicable deductions.

Management Incentive Grant: You will receive a grant of 128 incentive units. An overview the incentive unit plan will be provided to you separately. The timing of the grant will coincide with formal approval by the Compensation Committee.

Discretionary Bonus: Incentive compensation has been considered in the preparation of your Management Incentive Grant above. As such, you will not be eligible to receive an annual discretionary bonus.

Benefits and Perks

Medical and Retirement: You will be eligible to participate in a wide variety of employee benefit plans, including the Company's matching 401(k) savings investment plan, health insurance, and much more. Details regarding benefit programs, including the timing of eligibility, are available in the Benefits Guide provided separately.

Vacation and Time Off: Traeger offers a flex-time policy that allows you to take the time you need (within reason) instead of providing a set number of times off. As such, you will not accrue vacation time to be used or paid out.

Learning to "Traeger": Grilling is a core part of the Traeger culture, and because we, as a team, represent the best version of our core consumer, we will also set you up with one of our grills to get you started. On your first day, HR will work with you to place your order. We also extend discounts on products through our employee purchase program (subject to certain limitations). On occasion, you will have the opportunity to learn to cook on your new Traeger from one of our chefs or influencers.

Relocation Assistance: Traeger will offer you financial assistance and coordination services to support you in making the move to Salt Lake City. To begin coordination of these benefits, please reach out to our Travel Manager, Melissa Adamson (madamson@traegergrills.com). This assistance includes:

1) a look-see trip (round trip flights, hotel) for you and your partner to visit Utah as you begin the home search
2) transportation of household goods arranged through Traeger's travel department
3) transportation for self and household members, with a choice of air or ground transportation
4) up to $5,000 total in temporary housing arrangements or storage of household goods to be used before September 1, 2021. Reimbursement should be coordinated with our Payroll Manager Alisha Alva (aalva@traegergrills.com)

Conditions of This Offer

Non-Competition, Confidentiality, Non-solicitation Agreement: You will be required to sign and return a non-competition, Confidentiality, Non-Solicitation Agreement before your first day of employment. A copy of that agreement has been provided to you separately.

Additionally, our offer is made on the understanding that you are not subject to any obligation which would restrict you from performing the duties required of this role (e.g. a non-compete). If you have any existing agreements, please provide those to Jane Walters, VP of People and Culture (jwalters@traegergrills.com) and Tom Burton, General Counsel (tburton@traegergrills.com) upon acceptance of this offer.

Pre-Employment Background Check: This offer is contingent upon satisfactory results of a background check. You will receive an email notification from our third-party vendor to authorize the background check. Please complete and submit this authorization within two days of receiving the notification.

Employment Eligibility and Work Authorization: This offer is contingent on your eligibility to work in the United States. You must have appropriate work authorization to commence employment and you must provide documentation establishing this authorization upon hire. Traeger reserves the right to withdraw this offer in the event that it determines, in it its sole discretion, that your work authorization status could interfere with your ability to perform the job for which you are being hired. Although we cannot guarantee any particular result, Traeger may assist you in obtaining appropriate work authorization in the U.S. if such assistance is required. If you require

assistance or know that you will require future sponsorship for an employment visa, please contact Jane Walters (jwalters@traegergrills.com) immediately upon acceptance of your offer.

Employment Status: Traeger Pellet Grills, LLC is an at-will employer, and as such we maintain that Traeger Pellet Grills, LLC or the employee can sever the employment relationship at any time, with or without notice, and with or without cause. You acknowledge that this offer letter, along with the final form of any referenced documents, represents the entire agreement between you and the Company and that no verbal or written agreements, promises or representations that are not specifically state in their offer, are or will be binding upon the Company.

Offer Acceptance and Start Date: Your signature on this letter and its return to us will indicate your acceptance of our offer and understanding of the terms and conditions on which our offer is based.

At this time, we anticipate your start date will be between March 8 and March 15, 2021. Your start date will be confirmed upon completion of appropriate pre-employment screening(s).

We hope you are as excited to join the team as we are to welcome you to the Traeger family. If you have any questions, you can reach out to me or Jane Walters, VP of People and Culture (jwalters@traegergrills.com).

Jeremy Andrus
CEO
Traeger Pellet Grills, LLC

/s/ James H. Hardy, Jr. February 25, 2021
Candidate Signature Date of Acceptance

Exhibit 10.19

EXECUTION VERSION

AMENDMENT NO. 2 TO
RECEIVABLES FINANCING AGREEMENT

This AMENDMENT NO. 2 TO RECEIVABLES FINANCING AGREEMENT, dated as of February 18, 2022 (this "Amendment"), among TRAEGER SPE LLC, a Delaware limited liability company (the "Borrower"), TRAEGER PELLET GRILLS LLC, a Delaware limited liability company (in such capacity, the "Servicer"), as initial Servicer, the Persons identified as such on the signature pages hereto as Lenders and Group Agents and MUFG BANK, LTD. ("MUFG"), as a Committed Lender, as a Group Agent and as Administrative Agent.

W I T N E S S E T H:

WHEREAS, the parties hereto have heretofore entered into that certain Receivables Financing Agreement, dated as of November 2, 2020, and as amended by that certain Amendment No. 1 to Receivables Financing Agreement dated as of June 29, 2021 (the "Original Receivables Financing Agreement", as amended, restated, supplemented, assigned or otherwise modified from time to time, and, as further modified by this Amendment, the "Amended Receivables Financing Agreement");

WHEREAS, the Borrower has notified the Aministrative Agent that the average Delinquency Ratio for the three consecutive Fiscal Months ending December 2021 exceeded 10.00%, which constitutes an Event of Default under clause 9.01(h) of the Original Receivables Financing Agreement (the "Subject Event of Default");

WHEREAS, the Borrower has requested that the Adminstrative Agent, the Lenders and the Group Agents (collectively, the "Waiving Parties") waive the occurrence of the Subject Event of Default and any and all breaches of representation, covenants and reporting obligations under the Original Receivables Financing Agreement arising from the Subject Event of Default (the "Subject Waiver Events"), on the terms and subject to the conditions set forth herein; and

WHEREAS, the parties hereto seek to (a) waive the Subject Waiver Events and (b) modify the Original Receivables Financing Agreement pursuant to Section 13.01, in each case, upon the terms hereof.

NOW, THEREFORE, in exchange for good and valuable consideration (the receipt and sufficiency of which are hereby acknowledged and confirmed), each of the parties hereto agree as follows:

A G R E E M E N T:

1. Definitions. Unless otherwise defined or provided herein, capitalized terms used herein have the meanings attributed thereto in (or by reference in) Section 1.01 of the Amended Receivables Financing Agreement.

2. Waiver; Limitations; Certain Agreements.

(a) On the terms and subject to the conditions set forth herein, the Waiving Parties hereby waive the Subject Waiver Events.

(b) Notwithstanding anything to the contrary herein or in any Transaction Document, by executing this Waiver, none of the Waiving Parties is now waiving, nor

has any Waiving Party agreed to waive in the future, any Event of Default or the breach of (or any rights and remedies related to the breach of) any provisioins of the Agreement of any other Transaction Document other than the Subject Waiver Events, as strictly described herein. Each of the Waiving Parties hereby specifically reserves any and all rights, remedies and claims it has with respect to any other Event of Default or Unmatured Event of Default (other than the Subject Event of Default and any and all breaches of representations, covenants and reporting obligaitons under the Original Receivables Financing Agreement arising from the Subject Event of Default as strictly described here) that may occur at any time. Each Waiving Party expressly reserves any and all rights, claims and remedies that it has or may have against the Borrower, the Servicer or any other Person under the Agreement, any other Transaction Document or any applicable law or otherwise.

(c) Without limiting the generality of the foregoing and for the avoidance of doubt, none of the Waiving Parties is hereby waiving or releasing, nor have they agreed to waive or release in the future, any right or claim to indemnification or reimbursement by, or damages from, the Borrower, the Servicer or any other Person under any Transaction Document, including without limitation, for any liability, obligation, loss, damage, penalty, judgment, settlement, cost, expense or disbursement resulting or arising directly or indirectly from the Subject Waiver Events or otherwise.

3. Amendments to the Original Receivables Financing Agreement. Effective as of the date hereof, the Original Receivables Financing Agreement is hereby amended as follows:

(a) Section 1.01 of the Original Receivables Financing Agreement is amended by adding the following new defined term in alphabetical order:

> "Subject Receivable" means any Receivable for which the related Obligor is The Home Depot, Inc. or any Subsidiary or Affiliate thereof, which Receivable was an outstanding Delinquent Receivable during the January 2022 Fiscal Month.

(b) The definition of "Delinquency Ratio" set forth in Section 1.01 of the Original Receivables Financing Agreement is amended by adding the following provisio at the end thereof:

> ; provided, however that, with respect to the Monthly Report delivered in connection with the January 2022 Fiscal Month, no Subject Receivable shall be used in the calculation of the "Delinquency Ratio".

(c) The definition of "Loss Ratio" set forth in Section 1.01 of the Original Receivables Financing Agreement is amended by adding the following provisio at the end thereof:

> ; provided, however that, with respect to the Monthly Report delivered in connection with the January 2022 Fiscal Month, no Subject Receivable for which payment has been received prior to the delivery of such Monthly Report shall be used in the calculation of the "Loss Ratio".

4. Conditions to Effectiveness. This Amendment shall be effective as of the date hereof upon satisfaction of the condition precedent that the Administrative Agent shall have received a counterpart of this Amendment duly executed by each of the other parties hereto.

5. Certain Representations and Warranties. Each of the Servicer and the Borrower represents and warrants to each Credit Party as of the date hereof, as follows:

(a) Representations and Warranties. Both before and immediately after giving effect to this Amendment and the transactions contemplated hereby, all of its respective representations and warranties contained in the Amended Receivables Financing Agreement and each other Transaction Document to which it is a party are true and correct.

(b) Power and Authority; Due Authorization. That it has all necessary limited liability company power, and authority (as applicable) to (i) execute and deliver this Amendment and the transactions contemplated hereby and (ii) perform its obligations under this Amendment, the Amended Receivables Financing Agreement and each of the other Transaction Documents to which it is a party and the execution, delivery and performance of, and the consummation of the transactions provided for in, this Amendment, the Amended Receivables Financing Agreement and the other Transaction Documents to which it is a party have been duly authorized by all necessary corporate or limited liability company action, as applicable.

(c) Binding Obligations. This Amendment, the Amended Receivables Financing Agreement and each of the other Transaction Documents to which it is a party constitute the legal, valid and binding obligations of such Person enforceable against such Person in accordance with their respective terms, except as enforceability may be limited by applicable bankruptcy, insolvency, reorganization, moratorium or similar laws affecting the enforcement of creditors' rights generally and by general equitable principles.

(d) No Event of Default or Termination Events. No Event of Default, Unmatured Event of Default, Termination Event or Unmatured Termination Event has occurred and is continuing, and no Event of Default, Unmatured Event of Default, Termination Event or Unmatured Termination Event would result from this Amendment or the transactions contemplated hereby.

6. Reference to and Effect on the Original Receivables Financing Agreement and the Other Transaction Documents.

(a) From and after the effectiveness of this Amendment, each reference in the Original Receivables Financing Agreement to "this Agreement", "hereof", "herein", "hereunder" or words of like import, and each reference in each of the other Transaction Documents to the "Receivables Financing Agreement", "thereunder", "thereof" or words of like import, in each case referring to the Original Receivables Financing Agreement, shall mean and be, a reference to the Amended Receivables Financing Agreement.

(b) The Original Receivables Financing Agreement (except as specifically amended herein) and the other Transaction Documents are hereby ratified and confirmed in all respects by each of the parties hereto and shall remain in full force and effect in accordance with its respective terms.

(c) The execution, delivery and effectiveness of this Amendment shall not, except as expressly provided herein, operate as a waiver of or amendment to, any right, power or remedy of the Administrative Agent or any other Credit Party under, nor constitute a waiver of or amendment to, any other provision or condition under, the Original Receivables Financing Agreement or any other Transaction Document.

7. Costs and Expenses. The Borrower agrees to pay on demand all reasonable and documented out-of-pocket costs and expenses of the Administrative Agent and the other Credit Parties in connection with the preparation, negotiation, execution and delivery of this Amendment and the transactions contemplated hereby.

8. GOVERNING LAW. THIS AMENDMENT, INCLUDING THE RIGHTS AND DUTIES OF THE PARTIES HERETO, SHALL BE GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH, THE LAWS OF THE STATE OF NEW YORK (INCLUDING SECTIONS 5-1401 AND 5-1402 OF THE GENERAL OBLIGATIONS LAW OF THE STATE OF NEW YORK, BUT WITHOUT REGARD TO ANY OTHER CONFLICT OF LAWS PROVISIONS THEREOF).

9. Transaction Documents. This Amendment is a Transaction Document executed pursuant to the Original Receivables Financing Agreement and shall be construed, administered and applied in accordance with the terms and provisions thereof.

10. Integration. This Amendment, the Amended Receivables Financing Agreement and the other Transaction Documents contain the final and complete integration of all prior expressions by the parties hereto with respect to the subject matter hereof and shall constitute the entire agreement among the parties hereto with respect to the subject matter hereof superseding all prior oral or written understandings.

11. Severability. Any provisions of this Amendment that are prohibited or unenforceable in any jurisdiction shall, as to such jurisdiction, be ineffective to the extent of such prohibition or unenforceability without invalidating the remaining provisions hereof, and any such prohibition or unenforceability in any jurisdiction shall not invalidate or render unenforceable such provision in any other jurisdiction.

12. Counterparts. This Amendment may be executed in any number of counterparts, each of which when so executed shall be deemed to be an original and all of which when taken together shall constitute one and the same agreement. Delivery of an executed signature page of this Amendment by facsimile transmission, emailed pdf. or any other electronic means that reproduces an image of the actual executed signature page shall be effective as delivery of an original executed counterpart hereof or any other electronic means as provided in the immediately following sentence. The words "execution," "signed," "signature," "delivery," and words of like import in or relating to any document to be signed in connection with this Amendment and the transactions contemplated hereby shall be deemed to include an electronic sound, symbol, or process attached to, or associated with, a contract or other record and adopted by a Person with the intent to sign, authenticate or accept such contract or record, deliveries or the keeping of records in electronic form, each of which shall be of the same legal effect, validity or enforceability as a manually executed signature, physical delivery thereof or the use of a paper-based recordkeeping system, as the case may be, to the extent and as provided for in any applicable law, including the Federal Electronic Signatures in Global and National Commerce Act, the New York State Electronic Signatures and Records Act, or any other similar state laws based on the Uniform Electronic Transactions Act.

13. Mutual Negotiations. This Amendment is the product of mutual negotiations by the parties hereto and their counsel, and no party shall be deemed the draftsperson of this Amendment or any provision hereof or to have provided the same. Accordingly, in the event of any inconsistency or ambiguity of any provision of this Amendment, such inconsistency or ambiguity shall not be interpreted against any party because of such party's involvement in the drafting thereof.

14. Headings. The captions and headings of this Amendment are included herein for convenience of reference only and shall not affect the interpretation of this Amendment.

15. Reaffirmation of Performance Guaranty. By executing a counterpart to this Amendment, the Performance Guarantor hereby unconditionally reaffirms its obligations under the Performance Guaranty and acknowledges and agrees that such obligations continue in full force and effect (including, without limitation, with respect to the Guaranteed Obligations, as defined in the Performance Guaranty), and the Performance Guaranty is hereby ratified and confirmed.

[THE REMAINDER OF THIS PAGE INTENTIONALLY LEFT BLANK]

IN WITNESS WHEREOF, the parties hereto have caused this Amendment to be executed by their respective officers thereunto duly authorized, as of the date first above written.

TRAEGER SPE LLC

By: /s/ Dominic Blosil
Name: Dominic Blosil
Title: CFO

TRAEGER PELLET GRILLS LLC,
as the Servicer

By: /s/ Dominic Blosil
Name: Dominic Blosil
Title: CFO

TRAEGER PELLET GRILLS HOLDINGS LLC,
as the Performance Guarantor

By: /s/ Dominic Blosil
Name: Dominic Blosil
Title: CFO

MUFG BANK, LTD.,
as Administrative Agent

By: /s/ Eric Williams
Name: Eric Williams
Title: Managing Director

MUFG BANK, LTD.,
as Group Agent for the MUFG Group

By: /s/ Eric Williams
Name: Eric Williams
Title: Managing Director

MUFG BANK, LTD.,
as a Committed Lender

By: /s/ Eric Williams
Name: Eric Williams
Title: Managing Director

GOTHAM FUNDING CORPORATION,
as a Conduit Lender

By:
Name:
Title:

GOTHAM FUNDING CORPORATION,
as a Conduit Lender

By: /s/ Kevin J. Corrigan
Name: Kevin J. Corrigan
Title: Vice President

Exhibit 10.23

[***] Certain information in this document has been excluded pursuant to Regulation S-K, Item 601(b)(10). Such excluded information is not material and is the type that the registrant treats as private or confidential.

LEASE AGREEMENT

By and Between:

Bridge BLOQ NAC, LLC
a Delaware limited liability company

as **LANDLORD**

and

Traeger Pellet Grills, LLC
a Delaware limited liability company
as **TENANT**

November 4, 2020

Address
548 South Gale Street
Salt Lake City, UT 84101

LEASE AGREEMENT

SUMMARY OF BASIC LEASE TERMS

Capitalized terms, first appearing in quotations in this Summary of Basic Lease Terms, elsewhere in the Lease or any Exhibits, are definitions of such terms as used in the Lease and Exhibits and shall have the defined meaning whenever used.

1) "**Effective Date**": November 4, 2020

2) "**Commencement Date**": Upon the earlier to occur of (i) the date of completion of the Tenant Improvements (as that term is defined in the Work Letter attached as **Exhibit C** hereto), or (ii) May 1, 2022; provided, however, that if the Tenant Improvements are completed prior to January 1, 2022, the Commencement Date shall be January 1, 2022

3) "**Expiration Date**": Sixteen (16) whole calendar years following the Commencement Date plus any partial month in which the Commencement Date occurs

4) "**Lease Term**": Sixteen (16) years and (6) calendar months following the Commencement Date plus any partial month in which the Commencement Date occurs ([***]).

5) **"Building Address"**: 548 South Gale Street, Salt Lake City, UT 84101

6) "**Landlord**": Bridge BLOQ NAC, LLC, a Delaware limited liability company, and/or its assigns

7) "**Landlord's Address**": [***]

8) "**Landlord's Improvements**": Any work required to be performed by Landlord to address pre-existing conditions, as detailed in the Work Letter attached to this Lease as **Exhibit C**.

9) "**Tenant**": Traeger Pellet Grills, LLC, a Delaware limited liability company

10) "**Tenant's Address**": [***]

11) "**Tenant's Improvements**": The work to be performed by Tenant as detailed in the Work Letter attached to this Lease as **Exhibit C**.

12) "**Tenant Allowance**": A tenant improvement allowance in an amount set forth in the Work Letter, which shall be allocated according to the terms of the Work Letter, and shall be provided by Landlord to Tenant for the costs relating to the initial design and construction of Tenant's Improvements, all subject to the terms of the Work Letter.

13) "**Building**": Building commonly known as the Newspaper Agency Corporation (NAC) building.

14) "**Land**": The land legally described and depicted on **Exhibit A** attached hereto, upon which the Building is situated.

15) "**Project**": The Building is part of a larger mixed-use development known as The Post District, which Project is depicted on **Exhibit A** attached hereto.

16) "**Security Deposit**": $[***] due upon Tenant's execution of the Lease

17) "**Leased Premises**": Approximately 85,771 rentable square feet, as depicted on the floor plan attached as **Exhibit B** hereto, which shall comprise all of the Building, including the mezzanine level. The square footage of the Leased Premises shall be certified per as-built architectural drawings and memorialized in the Commencement Date, Premises Area Measurement and Base Rent Confirmation Certificate as depicted in **Exhibit D** of the Lease.

18) "**Base Rent**": Tenant shall pay monthly Base Rent in accordance with the following schedule. The monthly and annual Base Rent shall be certified per as-built architectural drawings and memorialized in the Commencement Date, Premises Area Measurement and Base Rent Confirmation Certificate as depicted in **Exhibit D** of the Lease by multiplying the Base Rent PSF by the final, certified area (Base Rent PSF as set forth in the schedule below shall not change).

Lease Year	Lease Months Beginning on Commencement Date	Base Rent Rate	Estimated Leased Premises Annual RSF	Estimated Monthly Base Rent	Estimated Annual Base Rent
[***]	[***]	$[***] PSF	[***]	[***]	[***]
	[***]	$[***] PSF	[***]	$[***]	$[***]
[***]	[***]	$[***] PSF	[***]	$[***]	$[***]
[***]	[***]	$[***] PSF	[***]	$[***]	$[***]
[***]	[***]	$[***] PSF	[***]	$[***]	$[***]
[***]	[***]	$[***] PSF	[***]	$[***]	$[***]
[***]	[***]	$[***] PSF	[***]	$[***]	$[***]
[***]	[***]	$[***]	[***]	[***]	[***]
[***]	[***]	[***]	[***]	[***]	[***]

If for any reason the Commencement Date occurs pursuant to the terms of this Lease on a day other than the first day of a calendar month, the period commencing on the Commencement Date and ending on the last day of the calendar month in which the Commencement Date occurs shall

be an initial stub period which shall be added to the Lease Term and Tenant shall pay all rent and other charges with respect to such stub period, on a prorated basis at the same rate applicable to the first full calendar month of this Lease [***].

[***].

19) "**Permitted Use**": General office use with a retail showroom, commercial kitchen and restaurant, events, product research, development and production (including testing of wood burning grills), warehouse, and product distribution, and uses ancillary to the foregoing, all in compliance with applicable laws and ordinances, including all zoning ordinances, affecting the Building and subject to the limitations set forth in this Lease.

20) "**Permitted Exceptions**": The encumbrances affecting the Leased Premises identified on **Exhibit F**.

LEASE AGREEMENT

THIS LEASE AGREEMENT ("**Lease**") is dated as of the Effective Date, by and between Landlord and Tenant. The foregoing summary of Basic Lease Terms are hereby incorporated with the same force and effect as though fully set forth herein. Landlord and Tenant for themselves and their successors and assigns, hereby agree as follows:

1. **Leased Premises**. Landlord, in consideration of the rents to be paid and the covenants and agreements to be performed by Tenant as hereinafter set forth, hereby leases to Tenant, and Tenant hereby leases from Landlord, the Leased Premises for the exclusive use of the Tenant in the Building for the Lease Term and upon the conditions and agreements hereinafter set forth below. Landlord and Tenant stipulate that the rentable square footage of the Leased Premises is approximately as set forth in the Summary of Basic Lease Terms, subject to change pursuant to as-built architectural drawings as set forth in the Basic Lease Terms to be certified to Landlord and Tenant upon completion of the Tenant's Improvements and as memorialized as provided in **Exhibit D**. Notwithstanding the foregoing, Landlord reserves the right from time to time to re-measure the Leased Premises in accordance with the commonly used or current or revised standards promulgated from time to time by the Building Owners and Managers Association (BOMA) or other generally accepted measurement standards utilized by Landlord and reasonably acceptable to Tenant. Following receipt of written notice from Landlord of such re-measurement, the Base Rent, Tenant's Proportionate Share, and all other future amounts payable by Tenant hereunder based upon the rentable or useable area of the Leased Premises shall be adjusted in accordance with the revised measurement of the Leased Premises.

This Lease shall constitute a binding agreement between the parties effective as of the Effective Date. In addition to the use of Leased Premises, Tenant shall have use of all of the driveways, parking areas, plazas, walkways and public and private streets and drive aisles as depicted on **Exhibit A-1**, and all other areas on the Project that are provided from time to time by Landlord for the general nonexclusive use by Tenant and other tenants of the Project or the general public (the "**Common Area**"). Notwithstanding the above, Common Areas may also include a portion of areas that are reserved for a particular tenant's use (such as for reserved parking) but maintained by Landlord with the Common Areas for administrative convenience and efficiency. Access to the portion of the Common Area labeled "**North Lot Restricted Area**" on **Exhibit A-1** shall be made available for the non-exclusive use of Tenant and its employees, customers and invitees, but shall be controlled during Tenant's customary business hours through a method (such as controlled access gates, parking passes, stickers, etc.) that is reasonably determined by Landlord and are reasonably acceptable to Tenant to ensure Tenant has access to the parking stalls required under Sections 14(a) and 14(b). If reasonably agreed to by Landlord and Tenant, such control shall also include the provision for and/or designation of visitor spaces for the Leased Premises. Provisions regarding the remodeling or construction of Tenant's Improvements within the Leased Premises or the completion of the Landlord's Improvements are set forth in the Work Letter. Except as set forth in the Work Letter, Landlord has no obligation for the completion of any finish work or remodeling of the Leased Premises, other than being delivered in broom clean condition.

Tenant understands and agrees that except as otherwise provided in this Lease, the Leased Premises shall be leased by Tenant in its as-is condition without any improvements or alterations by Landlord unless Landlord has expressly agreed to make such improvements or alterations in the Work Letter. Landlord shall deliver the Leased Premises to Tenant following Landlord's approval of the Approved Working Drawings (as defined in the Work Letter) and subject to Landlord's receipt of the Security Deposit and all of the terms and conditions of this Lease (including, but not limited to, the insurance provisions in the Lease and Work Letter). Except as otherwise expressly provided herein, Landlord shall not be deemed to have made any

representations or warranties with respect to the suitability of the Leased Premises for Tenant's use, or otherwise, and shall have no other obligation for the completion of the Leased Premises. By taking possession of the Leased Premises and acceptance of Landlord's Improvements as contemplated in the Work Letter, Tenant shall be deemed to have agreed that the same is in good order, repair, and condition.

Landlord represents, warrants and covenants to Tenant that as of the Effective Date: (a) Landlord has the full right and power to execute and perform under this Lease; (b) Landlord is the sole fee simple owner of the Building, subject only to the Permitted Exceptions; (d) Landlord is not in default under such mortgage or any loan document encumbering the Leased Premises or the Project. The term "**Mortgage**" as used in this Lease will be deemed to include deeds of trust, security assignments, and any other similar encumbrances, and to all renewals, extensions, modifications, consolidations and replacements thereof, and any reference to the "**lienholder**" of a mortgage will be deemed to include the beneficiary under a Mortgage.

On or before the Effective Date, Tenant has applied for certain tax incentive programs with the Utah Governor's Office of Economic Development (the "**GOED Tax Incentives**"). If Tenant has not received approval of the GOED Tax Incentives by November 12, 2020 ("**GOED Deadline**"), Tenant may elect to terminate this Lease by written notice given to Landlord within one (1) business day following the GOED Deadline. Failure by Tenant to deliver the aforementioned termination notice within the period set forth above shall be deemed a waiver of such termination right. In the event Tenant timely exercises the foregoing termination right, this Lease shall automatically terminate and be of no further force or effect, except for any provisions which expressly survive the termination of this Lease, and Landlord shall return the Security Deposit to Tenant, less any amounts necessary to reimburse Landlord for expenses and cost incurred under the Work Letter up to and including the termination date.

2. **Term**.

(a) Lease Term. The term of this Lease shall be for the Lease Term, beginning at 12:00 midnight on the Commencement Date and expiring at 11:59 p.m. on the Expiration Date. Tenant shall promptly notify Landlord following the completion of Tenant's Improvements, and within ten (10) business days following completion of Tenant's Improvements, Landlord and Tenant shall execute a Commencement Date Certificate in the form attached as **Exhibit D** hereto setting forth the exact date of the Commencement Date and the Expiration Date of the Lease Term.

Except as set forth in the Work Letter, Landlord shall not be liable for any damage or loss incurred by Tenant for Landlord's failure for whatever cause to deliver possession of the Leased Premises by any particular date, nor shall this Lease be void or voidable on account of such failure to timely deliver possession of the Premises to Tenant with the Landlord's Improvements substantially completed.

(b) [***].

(c) [***].

(d) [***].

3. **Base Rent**.

(a) Base Rent. The Base Rent shall be payable in monthly installments as set forth in Paragraph 18 of the Summary of Basic Lease Terms, in advance without notice, demand,

setoff or deduction except as expressly provided in this Lease. Tenant shall make the first payment of monthly Base Rent on the Effective Date, [***]. Thereafter the monthly installments shall be due on the 1st day of each month, [***]. All other sums or charges as are required to be paid by Tenant under this Lease in addition to Base Rent, including without limitation Operating Expenses (both as defined and determined below), shall be referred to as "**Additional Rent**" and shall be payable in the manner provided for herein and recoverable by Landlord as Rent. The Base Rent and Additional Rent are collectively referred to herein as "**Rent**", and shall be paid to Landlord without notice or demand, deduction or offset except as expressly provided in this Lease to Landlord's Address or to such other person or place as Landlord may from time to time designate in writing.

(b) Fair Market Rental Value. The Base Rent for the sixth (6^{th}) lease year as described in Paragraph 18 of the Summary of Basic Lease Terms (calendar months seventy-nine (79) through ninety (90) or the Lease Term) shall be the greater of (i) the Fair Market Rental Value of the Leased Premises, and (ii) a three percent (3%) increase over the Base Rent owing immediately prior to the sixth (6^{th}) lease year, which Base Rent shall increase by three percent (3%) each lease year thereafter during the Lease Term. Not less than six (6) months prior to the Termination Notice Deadline (which Termination Notice Deadline will be extended for one day for each day that Landlord is late in providing Landlord's Good Faith Determination), Landlord shall provide Tenant with Landlord's good faith determination of the Fair Market Rental Value for the sixth (6^{th}) lease year ("**Landlord's Good Faith Determination**"). If Landlord determines that the Fair Market Rental Value for the sixth (6^{th}) lease year is less than an amount equal to a three percent (3%) increase over the Base Rent owing immediately prior to the sixth (6^{th}) lease year, the Base Rent for the sixth (6^{th}) lease year shall be an amount equal to a three percent (3%) increase over the Base Rent owing immediately prior to the sixth (6^{th}) lease year. If Landlord determines that the Fair Market Rental Value for the sixth (6^{th}) Lease Year is greater than an amount equal to a three percent (3%) increase over the Base Rent owing immediately prior to the sixth (6^{th}) lease year, within thirty (30) days after Tenant's receipt of Landlord's Good Faith Determination, Tenant shall notify Landlord whether Tenant accepts or rejects Landlord's determination. If Tenant fails to notify Landlord within such thirty (30) day period, Tenant shall be deemed to have rejected such determination. If Tenant delivers to Landlord timely notice of its objection to such determination or fails to deliver its approval or objection to Landlord's Good Faith Determination, Landlord and Tenant shall use good faith efforts to agree upon the Fair Market Rental Value within fifteen (15) business days following Landlord's receipt of Tenant's notice of objection (the "**Outside Agreement Date**"). If Landlord and Tenant are unable to so agree by the Outside Agreement Date, the parties shall appoint brokers and the brokers shall determine the Fair Market Rental Value in accordance with the following procedure:

(i) Within fifteen (15) business days following the Outside Agreement Date, Landlord and Tenant shall each appoint a broker who shall be a licensed real estate broker having significant experience in leasing similar office space in the Salt Lake City metropolitan area for at least the immediately preceding ten (10) years prior to such appointment. The two brokers so appointed shall jointly attempt to agree upon the Fair Market Rental Value. If the brokers are unable to agree within thirty (30) days after appointment of the last appointed broker, then within ten (10) business days after expiration of such thirty (30) day period, the brokers shall meet and concurrently deliver to each other their respective written determinations of the Fair Market Rental Value for the sixth (6^{th}) lease year supported by the reasons therefor, and promptly deliver copies of their determinations to Landlord and Tenant. If the higher of such determinations is not more than one hundred five percent (105%) of the lower, then the Fair Market Rental Value shall be the average of the two determinations. Otherwise, the Fair Market Rental Value shall be determined by a third broker as set forth below.

(ii) The two brokers shall appoint a third broker, having the qualifications stated above, and shall notify the parties of the identity of such third broker. If the two brokers are unable to agree upon a third broker within twenty (20) days, either party may, upon not less than five (5) days' written notice to the other party, apply to the American Arbitration Association for the appointment of a third broker meeting the qualifications stated above.

(iii) Within thirty (30) days after submission of the matter to the third broker, the third broker shall select the determination by either Landlord's broker or Tenant's broker as the Fair Market Rental Value and shall notify Landlord and Tenant thereof. The third broker, if he or she so elects, may conduct a hearing, at which Landlord and Tenant and their respective brokers may make supplemental oral and/or written presentations, with an opportunity for rebuttal by the other party and its representatives and for questioning by the third broker. No ex parte communications shall be permitted between the third broker and Landlord or Tenant until after the third broker has made his or her determination. The third broker shall be limited solely to the issue of whether the determination by Landlord's broker or Tenant's broker is closest to the actual Fair Market Rental Value and shall have no right to propose a middle ground or to modify either of the two determinations or the provisions of this Lease. The decision of the third broker shall be final and binding upon Landlord and Tenant, and may be enforced in accordance with the provisions of Utah law.

(iv) If either Landlord or Tenant fails to appoint an broker within the time period specified hereinabove, the broker appointed by one of them shall reach a decision, notify Landlord and Tenant thereof, and such broker's decision shall be binding upon Landlord and Tenant. In the event of the failure, refusal or inability of an broker to act, a successor shall be appointed in the same manner as the original broker.

(v) Each party shall pay the costs and fees of the broker appointed by such party. The costs and fees of the third broker, if applicable, shall be paid one-half by Landlord and one-half by Tenant.

(c) Fair Market Rental Value. The term "Fair Market Rental Value" shall mean the price that a ready and willing tenant would then pay as monthly rent to a ready and willing landlord of property comparable to the Leased Premises if such property were exposed for lease on the open market for a reasonable period of time and taking into account all of the purposes for which such property may be used.

4. **Other Charges Payable by Tenant**.

(a) Additional Rent.

(i) Operating Expenses. In addition to Base Rent, Tenant shall pay all expenses, costs and disbursements of every kind and nature, including appropriate reserves, which Landlord shall pay or become obligated to pay because of or in connection with the ownership, operation and maintenance of the Building and the Common Area, including but not limited to those described in Subsection 4(b) below ("**Operating Expenses**").

(ii) Operating Expenses are the following:

(1) reasonable wages and salaries actually paid to all employees, to the extent such employees are directly and actually engaged in the operation, repair, replacement, maintenance or security of the Building or Common Area, including taxes, insurance and other benefits actually owing to such employees;

(2) all actual out of pocket expenses for supplies and materials used in the operation and maintenance of the Building or Common Area;

(3) costs of all utilities and maintenance of utility systems for the Building or Common Area, including but not limited to the cost of water, sewer and trash disposal, except for those costs billed directly to Tenant by its suppliers (which under this Lease may include gas and electricity, which, at Tenant's election, shall be separately metered to the Building and Common Area, and which case Tenant shall pay directly to the appropriate supplier);

(4) costs of all third party maintenance and service agreements for the Building and Common Area, including, but not limited to, alarm service, janitorial service, window cleaning, security service, elevator maintenance, grounds maintenance and heating, ventilating and air conditioning systems to the extent such agreements are not separately billed to Tenant;

(5) costs of all insurance relating to the Building and Common Area, as more thoroughly described in Subsection 10(e) below;

(6) costs of any repairs and general maintenance to the Building and Common Area, or any part thereof and the equipment therein (excluding repairs and general maintenance paid by proceeds of insurance, by Tenant or by other third parties, and alterations attributable solely to Tenant);

(7) capital investment items (amortized over the useful life of such item) which are replacements or modifications of structural or nonstructural items located in the Building or the Common Area required to keep the Building or Common Area in good order or condition, or which reduce other Operating Expenses or which are required by any governmental order, including the cost of compliance with any laws affecting the Building or Common Area, excluding costs of the original construction of the Building or performance of the Landlord's Improvements;

(8) professional management fees to manage the Building and Common Area, limited to four percent (4%) of Base Rent and Operating Expenses;

(9) accounting, inspection, legal and other consultation fees or expenses incurred in the ordinary course of operating the Building including, without limitation, fees charged by consultants retained by Landlord for services that are intended to produce a reduction in Operating Expenses, reduce the rate of increase in Operating Expenses, or reasonably improve the operation, maintenance, or state of repair of the Operating Expenses, and any dues or other assessments charged or imposed as a result of the inclusion of the Building in any metropolitan district or property owners association or sub-association;

(10) costs incurred by Landlord, or its agents, in engaging experts or other consultants to assist them in making the computations required hereunder;

(11) costs for lighting, heating and cooling, painting and cleaning the Building to the extent not directly paid by Tenant;

(12) costs of maintenance, lighting, sanding, paving repairs, restriping and general maintenance of parking areas, snow and ice removal, rubbish removal and landscaping;

(13) costs of licensing, permits, service and usage charges, costs of compliance with all rules and regulations and orders of governmental authorities pertaining to the Building and Common Area; including those related to engineering and environmental issues, air pollution control and monitoring air quality to the extent such costs are incurred or owning due to the occupancy or use of the Leased Premises; and

(14) costs of all association dues or any other fees, payments or dues owed under in any covenants, conditions or restrictions ("**CC&Rs**") applicable to the Building and/or Common Area. Tenant acknowledges that such costs shall include Tenant's Proportionate Share of costs to maintain the North Lot, Gale Street and all other shared access drives in the Project. After Project Stabilization, "**Tenant's Proportionate Share**" of such costs shall be a percentage equal to a fraction, the numerator of which is the rentable square footage of the Building and denominator of which is the rentable square footage of all buildings in the Project for which a certificate of occupancy has been issued, subject to change from time to time; provided that following Project Stabilization, in no event shall Tenant's Proportionate Share be greater than thirty percent (30%).

Notwithstanding anything to the contrary in this Section 4, until a certificate of occupancy has been issued for at least 300,000 square feet of improvements in the Project and the owner of such improvements is required to contribute of Common Area expenses under any CC&Rs applicable to the Project (which occurrence is hereinafter referred to as "**Project Stabilization**"), Tenant's Proportionate Share shall equal, and Tenant shall be required to pay, all Operating Expenses which Landlord shall pay or become obligated to pay because of or in connection with the ownership, operation and maintenance of the North Lot, but Tenant shall not be required to contribute to such costs for any portion of the Common Area other than the North Lot until Project Stabilization is achieved.

(iii) Operating Expenses shall not include (i) replacement of or structural repairs to the roof, exterior walls or foundations of the Building, except as described in Section 4(a)(ii)(7) above; (ii) repairs to the extent covered by insurance proceeds, or paid by Tenant or other third parties; (iii) marketing expenses; (iv) any refunds received by Landlord that would reduce the net effective Operating Expenses payable by Landlord; and (v) any cost or expense associated with compliance with any Applicable Laws or Environmental Laws regarding any condition existing in the Leased Premises or Common Areas if such condition existed prior to the Commencement Date, including, but not limited to removal of any and all Hazardous Substances located in the Premises prior to the Commencement Date.

Landlord shall use reasonable commercial efforts to not pay more than market rates and otherwise minimize Operating Expenses.

(iv) Payment of Operating Expenses. For each calendar year during the Lease Term, Landlord shall provide Tenant with Landlord's reasonable estimate of the Operating Expenses for the following calendar year (the "**Estimate Statement**"). Tenant shall thereafter pay in advance in monthly installments, with the Base Rent, the estimated amount of the Operating Expenses. Such Estimate Statement may be revised from time to time by Landlord, but no more than one time for every calendar quarter under the Lease. Landlord shall within the period of 120 calendar days (or as soon thereafter as possible) after the close of each calendar year give Tenant a statement of such year's actual Operating Expenses and, together with a reconciliation statement comparing the actual costs with the costs set forth in the Estimate Statement (an "**Expense Reconciliation**"). In the event such reconciliation statement reveals an underpayment by Tenant, Tenant shall, within thirty (30) days, pay to Landlord the amount of such underpayment. If, on the other hand, the reconciliation statement reveals an overpayment Landlord shall promptly refund to Tenant the amount of such overpayment or, at Landlord's election, credit such amount to the succeeding monthly installments of Additional Rent;

provided, however, no refunds of Additional Rent, or amounts escrowed hereunder, shall be paid to Tenant until Tenant has cured any default of any of its obligations under the Lease. The failure of Landlord to submit statements provided for herein shall not relieve Tenant of its obligation to pay the Operating Expenses.

(v) Cap on Operating Expense Increases. Notwithstanding anything to the contrary contained in this Section 4, the aggregate "Controllable Expenses" (as hereinafter defined) included in Operating Expenses in any calendar year after the first year following the Commencement Date shall not increase by more than [***] on a cumulative, compounded annual basis, over the actual aggregate Controllable Expenses included in Operating Expenses for any preceding calendar year. For purposes of this Subsection, "**Controllable Expenses**" shall mean all Operating Expenses except: (i) insurance carried by Landlord with respect to the Building and Land and/or the operation thereof; (ii) costs of capital expenditures which constitute Operating Expenses; (iii) utility expenses relating to the Building or Common Areas; (iv) taxes and assessments; (v) expenses relating to licensing, permits, service and usage charges and costs of compliance with governmental rules and regulations relating to the Building or Common Areas; and (vi) snow removal costs.

(b) Property Taxes.

(i) Real Estate Taxes. Tenant shall pay all real estate taxes and assessments (including any fees, taxes or assessments against, or as a result of, any tenant improvements installed on the Land by or for the benefit of Tenant), including without limitation an amortized portion of any special assessments, imposed upon the Land and Building by any governmental bodies or authorities, and all charges specifically imposed in lieu of such taxes and any costs incurred in connection with appealing or contesting such assessments (the "**Real Property Taxes**"). Subject to Section 4(d) below, such payment shall be made at least ten (10) days prior to the delinquency date of such taxes. Within such ten (10)-day period, Tenant shall furnish Landlord with satisfactory evidence that the Real Property Taxes have been paid. Landlord shall reimburse Tenant for any Real Property Taxes paid by Tenant covering any period of time before or after the Lease Term. Alternatively, Landlord may elect to bill Tenant in advance for such taxes and Tenant shall pay Landlord the amount of such taxes, as Additional Rent, at least ten (10) days prior to the delinquency date of such taxes. Landlord shall pay such taxes prior to such delinquency date, provided Tenant has timely made payment to Landlord. Any penalty caused by Tenant's failure to timely make such payments shall also be Additional Rent owed by Tenant immediately upon demand. Real Property Taxes shall not include state, local or federal personal and corporate income taxes measured by the income of Landlord; estate and inheritance taxes, franchise, succession and transfer taxes; and ad valorem taxes on Landlord's personal furniture and furnishings.

(ii) Personal Property Taxes.

(1) Tenant shall pay all taxes charged against trade fixtures, furnishings, equipment or any other personal property belonging to Tenant. Tenant shall diligently pursue the separate assessment of such personal property, so that it is taxed separately from the Property.

(2) If any of Tenant's personal property is taxed with the Property, Tenant shall pay Landlord the taxes for the personal property within fifteen (15) business days after Tenant receives a written statement from Landlord for such personal property taxes.

(c) Tenant Audit Right. If Tenant disputes the amount of Operating Expenses set forth in a given Expense Reconciliation, Tenant shall have the right, at Tenant's sole expense,

to cause Landlord's books and records with respect to the particular Expense Reconciliation to be audited (the "**Audit**"), provided Tenant (i) has not defaulted under this Lease and failed to cure such default within the time period specified in this Lease and (ii) delivers written notice (an "**Audit Notice**") to Landlord on or prior to the date that is ninety (90) days after Landlord delivers the Expense Reconciliation in question to Tenant (such 90-day period, the "**Response Period**"). If Tenant fails to timely deliver an Audit Notice with respect to a given Expense Reconciliation, then Tenant's right to undertake an Audit with respect to that Expense Reconciliation shall automatically and irrevocably be waived. Any Expense Reconciliation shall be final and binding upon Tenant and shall, as between the parties, be conclusively deemed correct, at the end of the applicable Response Period, unless prior thereto, Tenant timely delivers an Audit Notice with respect to the then-applicable Expense Reconciliation. If Tenant timely delivers an Audit Notice, Tenant must commence such Audit within sixty (60) days after the Audit Notice is delivered to Landlord, and the Audit must be completed within thirty (30) days of the date on which it is begun. If Tenant fails, for any reason, to commence and complete the Audit within such periods, the Expense Reconciliation that Tenant elected to Audit shall be deemed final and binding upon Tenant and shall, as between the parties, be conclusively deemed correct. The Audit shall take place at the offices of Landlord where its books and records are located, at a mutually convenient time during Landlord's regular business hours. Tenant hereby covenants and agrees that any person or entity engaged by Tenant to conduct the Audit shall be compensated on an hourly basis and shall not be compensated based upon a commission or contingency fee basis. Accordingly, any representative of Tenant conducting, assisting, or having any involvement with the audit shall not be permitted to have a financial stake in the outcome of the audit and Landlord shall be entitled to receive credible evidence of the same and Landlord may refuse to allow the audit in the absence of such evidence. Additionally, any representative of Tenant conducting an audit shall first sign a confidentiality agreement that provides that it will not disclose the audit, its conclusions or any information obtained in the course of conducting the audit to anyone other than Tenant and Landlord.

If the results of the Audit reveal that the Tenant's ultimate liability for Operating Expenses does not equal the amount set forth in the Expense Reconciliation with respect to the Expense Reconciliation that is the subject of the Audit, the appropriate adjustment shall be made between Landlord and Tenant, and any payment required to be made by Tenant to Landlord shall be made within thirty (30) days after the date of the Audit, and any amount owing by Landlord to Tenant shall be credited against the next maturing installments due from Tenant to Landlord for Tenant's Proportionate Share of Operating Expenses. Notwithstanding the foregoing, Landlord shall have the right to challenge Tenant's Audit, in which event the matter shall be submitted to an independent certified public accountant mutually acceptable to both parties, whose certification as to the proper amount shall be final and binding as between Landlord and Tenant. Tenant shall pay the cost of such certification unless such certification determines that Tenant was overbilled by at least 2% in which event Landlord shall pay the cost of such certification. Pending resolution of the matter, Tenant shall pay the amounts as determined by Landlord, subject to retroactive adjustment after the matter is resolved. Tenant shall keep the results of all Tenant audits confidential. In no event shall this Lease be terminable nor shall Landlord be liable for damages based upon any disagreement regarding an adjustment of Operating Expenses; provided, in the event that the Audit it undisputed by Landlord and reveals that any of the Operating Expenses are overstated by four percent (4%) or more in any Expense Reconciliation, Landlord shall be responsible to reimburse Tenant the reasonable cost of the Audit within thirty (30) days after the date of the Audit. Tenant agrees that the results of any Audit shall be kept strictly confidential by Tenant and shall not be disclosed to any other person or entity.

(d) Impounds for Real Property Taxes. If requested by any Mortgage lienholder to whom Landlord has granted a security interest in the Land or Building, or if Tenant is more than ten (10) days late in the payment of Rent more than once in any consecutive twelve (12) month period, Tenant shall pay Landlord a sum equal to one-twelfth (l/12) of the annual

Real Property Taxes payable by Tenant under this Lease, together with each payment of Base Rent. Landlord shall hold such payments in a non-interest bearing impound account. If unknown, Landlord shall reasonably estimate the amount of Real Property Taxes. Tenant shall pay any deficiency of funds in the impound account to Landlord upon written request. If Tenant defaults under this Lease, Landlord may apply any funds in the impound account to any obligation then due under this Lease.

5. **Security Deposit**. On the Effective Date, Tenant shall deposit with Landlord the Security Deposit as set forth in Paragraph 16 of the Summary of Basic Lease Terms as security for the full and faithful performance by Tenant of all Tenant's obligations hereunder. No interest shall be paid upon the Security Deposit nor shall Landlord be required to maintain the deposit in a segregated account. The Security Deposit shall not be construed as prepaid Rent. In the event that Tenant shall fail to cure a default under this Lease within the time allowed for cure, then Landlord may retain the Security Deposit, or a portion thereof, and apply it toward any damages sustained by Landlord, including but not limited to actual damages sustained by the Landlord by reason of the default of Tenant, including any past due Rent. Upon each such application, Tenant shall, on demand, pay to Landlord the sum so applied, which shall be added to the Security Deposit so that the same shall be restored to the amount first set forth above. In the event of bankruptcy or other debtor-creditor proceedings, either voluntarily or involuntarily instituted by or against Tenant, the Security Deposit shall be deemed to be applied in the following order: to actual damages caused by Tenant beyond ordinary wear and tear, obligations and other charges, including any damages sustained by Landlord, other than unpaid Rent, due to Landlord for all periods prior to the filing of such proceedings; to accrued and unpaid Rent prior to the filing of such proceeding, and thereafter to actual damages, obligations, other charges and damages sustained by Landlord and Rent due the Landlord for all periods subsequent to such filing. In the event of a sale of the Building, Landlord shall have the right to transfer the Security Deposit to the buyer, and, assuming the buyer assumes all of Landlord's obligations under this Lease and with respect to the Security Deposit, Landlord shall have no further obligation regarding the Security Deposit. If Tenant is not then in default under this Lease, the Security Deposit or any balance thereof shall be returned to Tenant within forty-five (45) days after expiration of the Lease Term or forty-five (45) days after the final day Tenant occupies the Leased Premises.

6. **Project Development.**

Tenant acknowledges there may be noise and interruptions on account of Landlord building out improvements for other tenants in the Project. Landlord shall use commercially reasonable efforts to mitigate inconveniences to all tenants during the period following opening of the Building– but shall not be liable to Tenant for occasional noise.

7. **Use of Leased Premises**.

(a) The Leased Premises shall be used for the Permitted Use and for no other purpose without the prior written consent of Landlord, in its reasonable discretion. In the event that Tenant determines to alter any locks or install any new or additional lock or bolt on any door of the Building or change the entry system for the Building, Tenant will provide Landlord with a key for any such new or altered lock or means to access the Building through such entry system. Notwithstanding the foregoing, but only following receipt of Landlord's written consent, which will not be unreasonably withheld, Tenant shall be entitled to create limited secure areas within the Leased Premises that access is only available to Tenant. On the termination of the Lease, Tenant will deliver all keys and access cards to any locks or doors in the Building which have been obtained by Tenant. Tenant shall have access to the Building 24 hours per day, 7 days per week.

(b) Landlord may not, without Tenant's prior written consent (not to be unreasonably withheld, conditioned or delayed), amend the zoning of the Building or the Project or record any declaration encumbering the Building or Project, which materially interferes with Tenant's Permitted Use, materially increases Tenant's obligations under this Lease or decreases Tenant's rights under this Lease, or violates any provision in this Lease in a material manner, and Landlord shall provide a copy of such agreement to Tenant; provided, however, that Landlord shall be permitted to record any declaration irrespective of the foregoing impact so long as Tenant's non-compliance shall be permitted as to the portions of any such provisions that cause the aforementioned material interference.

(c) Tenant shall act in accordance with and not violate any restrictions or covenants of record affecting the Leased Premises or the Building which have been recorded against the Building and/or the Project in compliance with Section 7(b) above and of which Tenant has been provided written notice (which notice shall include a copy of such restriction or covenant). Tenant shall not use or occupy the Leased Premises or Common Area in violation of any applicable law, code, regulation or ordinance, and shall immediately discontinue any use of the Leased Premises or Common Area which is a violation of any such law, code, regulation or ordinance.

(d) Except for the Permitted Uses, Tenant shall not do nor permit to be done anything which will increase the cost of any casualty and extended coverage insurance policy covering the Building and/or property located therein and shall comply with all rules, orders, regulations and requirements of the appropriate Fire Rating Bureau or any other organization performing a similar function. Tenant shall not do nor permit to be done anything which will invalidate any casualty and extended coverage insurance policy covering the Building and/or property located therein. Tenant shall promptly upon written demand and a reasonable opportunity to cure any problem which results in an invalidation or increase in the cost of any casualty and extended coverage insurance policy, reimburse Landlord, as Additional Rent, for any additional premium charged for such policy by reason of Tenant's failure to comply with the provisions of this Section 7. Except for the Permitted Uses, Tenant shall not do or permit anything to be done in, on or about the Leased Premises or Common Area which would in any way obstruct or interfere with the rights of other tenants of Landlord, or use or allow the Leased Premises or Common Area to be used for any immoral, unlawful or objectionable purpose, nor shall Tenant maintain or permit any nuisance or commit or suffer to be committed any waste in, on or about the Building or Common Area.

8. **Building Services, Maintenance**.

(a) Landlord shall maintain in good repair the Building and Common Area, and any structural (including the foundation, footings, roof, gutters, flashings, downspouts, floor slab, columns, beams, shafts and walls) mechanical, plumbing and electrical systems serving the Building and Common Area (the cost of which may be included in the Operating Expenses as described in Subsection 4(b) above). In the event Tenant elects to have Landlord provide janitorial services for the Leased Premises, Tenant shall remain responsible for its own janitorial services in the Leased Premises beyond the normal cleaning services provided by Landlord. With respect to any work performed by or on behalf of Landlord pursuant to this Section 8, Landlord shall be liable to Tenant only for damage caused to Tenant's personal property located within the Premises to the extent such damage is caused by Landlord's or its property manager's willful misconduct or gross negligence. In no event shall Landlord have any liability to Tenant for any other damages, or for any inconvenience or interference with the use of the Leased Premises by Tenant, or for any consequential damages, including lost profits, as a result of performing any such work. Landlord reserves the right to interrupt any or all utility services in case of accident or breakdown, or for the purpose of making alterations, repairs or improvements, and shall not be liable for the failure to furnish or delay in furnishing any or all of

such services when same is caused by a Force Majeure Event (as defined in Subsection 24(t) below); and the failure to furnish any of such services in such event shall not be deemed or construed as an eviction or relieve Tenant from the performance of any of the obligations imposed upon Tenant by this Lease. Whenever possible, Landlord shall provide reasonable advance notice to Tenant in the event of Landlord's stopping any or all utility services, or otherwise Landlord shall coordinate repairs to such utility services with Tenant. Notwithstanding any other provision of this Lease, in no event shall Landlord have any liability for loss of business (including, without limitation, lost profits) by Tenant. Tenant shall be solely responsible for and shall promptly pay all charges for IT, telephone, internet and other communication services attributable to Tenant's Permitted Use.

(b) Tenant shall maintain the Leased Premises in good repair and condition and shall make all repairs and perform all maintenance necessary to keep the Leased Premises in good condition, damage by casualty and reasonable wear and tear excepted; provided that Landlord shall be responsible for repairing, replacing and maintaining the structural components of the Building (including the foundation, roof, and walls) as described in Subsection 8(a) above. In addition, Tenant shall promptly repair, in a good and workmanlike manner, any damage to the Leased Premises or other part of the Building caused by any breach by Tenant of this Lease, including Tenant's maintenance obligations set forth herein, or by any act or omission of Tenant, or of any employee, agent or invitee of Tenant. If Tenant fails to do so, after written notice thereof by Landlord, and an opportunity to cure or make repairs within ten (10) calendar days, Landlord shall have the right to repair any such damage and Tenant shall pay Landlord for the cost of all such repairs, plus interest at the Interest Rate (as defined below).

(c) Tenant shall not permit undue accumulations of garbage, trash, rubbish or other refuse within the Leased Premises or Common Area and shall keep all refuse in proper containers until disposal of such refuse.

9. **Alterations**. After completion of the Tenant's Improvements pursuant to the terms of the Work Letter, Tenant shall not make any changes, additions, alterations, improvements or additions (collectively, "**Alterations**") to the Leased Premises or attach or affix any articles thereto without Landlord's prior written consent, which consent shall not be unreasonably withheld, conditioned or delayed, except for non-structural interior alterations that (i) do not exceed [***] in cost; (ii) are not visible from the outside of the Building; and (iii) do not alter or penetrate the floor slab or the roof membrane. Landlord may require Tenant to provide demolition and/or lien and completion bonds in form and amount satisfactory to Landlord. Tenant shall promptly remove any Tenant's Alterations constructed in violation of this Section 9 upon Landlord's written request. Prior to making any Alteration that requires Landlord's prior written consent, Tenant shall send Landlord a written notice, pursuant to the terms of Section 23 below, together with all plans for such Alterations reasonably required by Landlord, requesting Landlord's approval of such plans (each a "**Tenant Alteration Request**"). If Landlord fails to respond to Tenant's Alteration Request within fifteen (15) business days after Landlord's receipt of such Tenant Alteration Request, then Landlord shall be deemed to have agreed to permit Tenant to make such Alterations described in Tenant's Alteration Request. All Alterations shall be done only by Landlord or contractors or mechanics reasonably approved by Landlord, and shall be subject to all other terms and conditions described in this Section 9 and done at Tenant's sole expense. Any mechanics or materialman's lien for which Landlord has received a notice of intent to file or which has been filed against the Leased Premises, Building or Common Areas arising out of work done for, or materials furnished to or on behalf of Tenant, its contractors or subcontractors shall be discharged, bonded over, or otherwise satisfied by Tenant within ten (10) calendar days following the earlier of the date Landlord receives (a) notice of intent to file a lien or (b) notice that the lien has been filed. If Tenant fails to discharge, bond over, or otherwise satisfy any such lien, Landlord may do so at Tenant's expense, and the amount expended by Landlord, including reasonable attorneys' fees, shall be paid by Tenant

within ten (10) calendar days following Tenant's receipt of a bill from Landlord. All Alterations, whether temporary or permanent in character, made by Landlord or Tenant in or upon the Leased Premises shall become Landlord's property and shall remain upon the Leased Premises at the termination of this Lease by lapse of time or otherwise, without compensation to Tenant (excepting only the following defined "**Tenant's Property**": Tenant's movable office furniture, machinery and tooling (regardless of whether attached to the Building), trade fixtures, office and professional equipment (regardless of whether attached to the Building), and any network-powered broadband, communication and/or coaxial cables installed by or for the benefit of Tenant, hereunder "cabling"). All of Tenant's Property and, notwithstanding the foregoing, at Landlord's election, any such other alteration, improvement, or addition made by Tenant which is designated for Tenant's removal pursuant to a written notice thereof from Landlord shall, at Tenant's sole cost be removed upon the termination of this Lease. Tenant shall also, at Tenant's sole cost, repair any damage caused to the Leased Premises or the Building as a result of any such removal and restore the Leased Premises to its condition prior to the installation of Tenant's Property or any other such other alteration, improvement or addition, reasonable wear and tear excepted. In the event Tenant fails to perform the repairs required hereunder, Landlord shall be entitled to perform the same and recover from Tenant all costs and expenses thereof, including attorney fees. In the event that Landlord incurs any expenses in the removal of trash, or the cleaning of elevators, public corridors, or loading areas as a result of Tenant's contractors' work, then Tenant agrees it shall reimburse Landlord within ten (10) calendar days of the date of billing.

10. **Liability Insurance; Indemnity**.

(a) Tenant shall and hereby does indemnify and hold Landlord harmless from and against any and all claims brought against Landlord by a third party arising from: (i) Tenant's use of the Leased Premises or the conduct of Tenant's business or profession; (ii) any activity, work, or thing done, permitted or suffered by the Tenant in or about the Building or Common Area; (iii) any breach or default in the performance of any obligation on Tenant's part to be performed under the terms of this Lease; or (iv) any negligent acts or omissions of Tenant, or of Tenant's agents, employees or contractors. Tenant shall and hereby does further indemnify, defend and hold Landlord harmless from and against all costs, attorney fees, expenses and liabilities incurred in connection with any such claim or any action or proceeding brought thereon. In case any action or proceeding is brought against Landlord by reason of any such claim, Tenant upon notice from Landlord, shall defend same at Tenant's expense by counsel reasonably satisfactory to Landlord. Tenant, as a material part of the consideration to Landlord, hereby assumes all risk of damage to property or injury to persons in, upon or about the Leased Premises from any cause other than the gross negligence or intentional misconduct of Landlord or its representatives, employees or agents. Landlord shall and hereby does indemnify and hold Tenant harmless from and against any and all claims and costs, reasonable attorneys' fees or other liabilities incurred as a direct result of any claim or action or proceedings by a third party and directly arising from the following, exception to the extent of Tenant's acts or omissions: (i) any breach or default in the performance of any obligation on Landlord's part to be performed under the terms of this Lease; or (ii) any grossly negligent or willful acts or omissions of Landlord. In case any action or proceeding is brought against Tenant by reason of any such claim, Landlord upon notice from Tenant, shall defend same at Landlord's expense by counsel reasonably satisfactory to Tenant. The indemnities herein shall survive the termination of this Lease and shall continue in effect until any and all claims, actions or causes of action with respect to any of the matters indemnified against are fully and finally barred by the applicable statute of limitations. In no event shall any of the insurance provisions set forth in this Lease be construed as a limitation on the scope of indemnification set forth herein.

(b) Tenant, at Tenant's expense, agrees to keep in force during the Lease Term:

(i) Commercial general liability insurance shall be maintained on an occurrence basis, which insures against claims for premises/operations, bodily injury including death, personal and advertising injury and mental anguish, property damage, products-completed operations, tenant's legal liability and contractual liability, based upon, involving, or arising out of the Tenant's use, occupancy, or maintenance of the Premises and the Property. Such insurance shall afford, at a minimum, the following limits:

Each Occurrence $1,000,000
General Aggregate $2,000,000
Products/Completed Operations Aggregate $2,000,000
Personal and Advertising Injury Liability $1,000,000
Fire Damage Legal Liability $100,000
Medical Payments $5,000

Any general aggregate limit shall apply on a per-location basis. Tenant's commercial general liability insurance shall include Landlord (including its trustees, lenders, officers, directors, members, agents, and employees) and Landlord's mortgagees as additional insureds on a primary and non-contributory basis, without privity of contract requirement, for claims arising out of Tenant's use or occupancy in and about the Premises. This coverage shall be written on the most current ISO CGL form (or its equivalent), shall include contractual liability, premises-operations and products-completed operations and shall contain an exception to any pollution exclusion which insures damage or injury arising out of heat, smoke, or fumes from a hostile fire. Such insurance shall a standard separation of insureds provision.

(ii) Business automobile liability insurance covering any and all vehicles with minimum limits of $1,000,000 combined single limit per occurrence/per accident covering all owned, hired and non-owned automobiles naming Landlord and its entities as additional insured on a primary and noncontributory basis covering all owned, hired and non-owned vehicles.

(iii) Employer's liability insurance in an amount not less than $1,000,000 each accident and $1,000,000 bodily injury by disease per employee, and $1,000,000 bodily injury by disease policy limit, or such other limit as is acceptable to Tenant's umbrella/excess carrier.

(iv) Workers' compensation insurance in accordance with Utah law.

(v) Umbrella/excess liability insurance, on a per occurrence basis and in the aggregate on a per location basis, that applies excess of the required commercial general liability, business automobile liability, and employer's liability policies with forms no more restrictive than the underlying policies and with the following minimum limits:

Each Occurrence $5,000,000
Annual Aggregate $5,000,000

Umbrella/Excess liability policies shall contain an endorsement stating that any entity qualifying as an additional insured on the insurance stated in the Schedule of Underlying Insurance shall be an additional insured on the umbrella/excess liability policies or that coverage is specifically follow form and no more restrictive than the underlying policies, and that they apply immediately upon exhaustion of the insurance stated in the Schedule of Underlying Insurance as respects the coverage afforded to any additional insured. The umbrella/excess liability policies shall also provide that they apply before any other insurance, whether primary, excess, contingent or on any other basis, available to an additional insured on which the additional

insured is a named insured (which shall include any self-insurance), and that the insurer will not seek contribution from such insurance.

(vi) Other insurance shall be maintained as Landlord may reasonably require from time to time as is standard and reasonable for such assets located in similar geographic locations with similar operations and exposures.

(vii) Coverage under blanket or master policies may be approved by Landlord, provided coverage applies on the same basis as if the coverage was written outside of a blanket program and does not affect or lessen coverage available to the Premises herein, and otherwise meets the requirements set forth in this agreement unless otherwise approved by Landlord.

(viii) Property insurance "the equivalent of causes of loss – special form" including flood, earthquake, windstorm, theft, sprinkler leakage and boiler and machinery coverage on all of Tenant's trade fixtures, furniture, inventory and other personal property in the Leased Premises, and on any alterations, additions, or improvements made by Tenant upon the Leased Premises all for the full replacement cost thereof. Tenant shall use the proceeds from such insurance for the replacement of trade fixtures, furniture, inventory and other personal property and for the restoration of Tenant's improvements, alterations, and additions to the Leased Premises. Landlord shall be named as loss payee as its interests may appear with respect to alterations, additions, or improvements of the Leased Premises where Tenant cannot remove at the end of the Lease Term wherein ownership then reverts to Landlord.

(ix) Property insurance required herein shall include business income and extra expense insurance with limits not less than 100% of all income and charges payable by Tenant under this Lease for a period of twelve (12) months.

(c) All policies required to be carried by Tenant hereunder shall be issued by an insurance company licensed or authorized to do business in Utah with a rating of at least "A-: VIII" or better as set forth in the most current issue of Best's Insurance Reports, unless otherwise approved by Landlord. Tenant shall not do or permit anything to be done that would invalidate the insurance policies required herein. Liability insurance maintained by Tenant shall name Landlord and Landlord's Mortgagee as Additional Insured with no privity of contract requirement and be primary coverage on behalf of Landlord, its trustees, officers, directors, members, agents, and employees, Landlord's mortgagees, and Landlord's representatives and any policies of Landlord, its trustees, officers, directors, members, agents, and employees, Landlord's mortgagees, and Landlord's representatives shall be non-contributory. A waiver of subrogation, in favor of Landlord and Landlord's Mortgagee, shall apply. Certificates of insurance, acceptable to Landlord, evidencing the existence and amount of each insurance policy required hereunder shall be delivered to Landlord prior to delivery or possession of the Premises and ten (10) days following each renewal date. Certificates of insurance shall evidence that Landlord and Landlord's mortgagees are included as additional insureds on liability policies and that Landlord is included as loss payee on the property insurance as stated in Subsection 10(b)(vi) above. Further, each policy shall contain provisions giving Landlord and each of the other additional insureds at least thirty (30) days' prior written notice of cancellation, non-renewal or material change in coverage. In the event that Tenant fails to provide evidence of insurance required to be provided by Tenant in this Lease, prior to the Commencement Date and thereafter during the Term, within ten (10) days following Landlord's request thereof, and thirty (30) days prior to the expiration of any such coverage, Landlord shall be authorized (but not required) to procure such coverage in the amount stated with all costs thereof to be chargeable to Tenant and payable upon written invoice thereof. The limits of insurance required by this Lease, or as carried by Tenant, shall not limit the liability of Tenant or relieve Tenant of any obligation thereunder, except to the extent otherwise provided for herein. Any deductibles selected by

Tenant shall be the sole responsibility of Tenant. Tenant insurance requirements stipulated in this Section 10 are based upon current industry standards and shall be reasonably adjusted or supplemented from time to time, upon Landlord's request, to conform to then-current industry standards. In addition to the insurance Tenant is required to carry under this Lease, should Tenant engage the services of any contractor or subcontractor of any type or tier to perform work in the Premises, Tenant shall ensure, via written and executed contract, that such party complies with the requirements of this Section 10 and carries commercial general liability, business automobile liability, umbrella/excess liability, worker's compensation and employer's liability coverages in substantially the same forms as required of the Tenant under this Lease and in amounts approved by landlord and/or landlord's property manager. Umbrella coverage shall be commensurate with their scope of risk and work performed but in no case less than $1,000,000 per occurrence. Contractor policies shall have zero restrictions for injuries to employees, or for the scope of work contemplated within their agreement. Certificates of insurance shall be made available to Landlord prior to work commencing on site evidencing all insurances as required herein, and include Tenant, Landlord and Landlord entities as additional insured for ongoing and completed operations on a primary and non-contributory basis. The required limits listed above are minimum limits established by Landlord and nothing contained herein shall be construed to mean the required limits are adequate or appropriate to protect Tenant or contractors of any type from greater loss.

(d) Landlord shall procure and maintain the following, the cost of which shall be included in the Operating Expenses:

(i) Property insurance with insured limits no less than 100% of the current replacement cost of the Building, including Landlord Furnished Tenant Improvements, on the "All Risk" or Special Form, and any other perils which Landlord or Landlord's lender deems reasonably necessary, including Loss of Rental Income coverage. Landlord shall not be obligated to insure any of Tenant's furniture, equipment, trade fixtures, machinery, stock, inventory, goods or supplies which Tenant may keep or maintain in or upon the Leased Premises or any alteration, addition, or improvement which Tenant may make to the Leased Premises.

(ii) Commercial general liability insurance, which shall be in addition to, and not in lieu of, insurance required to be maintained by Tenant. Tenant shall not be included as an additional insured on any policy of liability insurance maintained by Landlord.

(e) Landlord waives any and all rights of recovery against Tenant for or arising out of damage to, or destruction of the Leased Premises to the extent that Landlord's property insurance policies then in force insure or the policies required by this Lease, whichever is broader, insure against such damage or destruction and permit such waiver. Tenant waives any and all rights of recovery against Landlord for or arising out of damage to or destruction of any property of Tenant to the extent that Tenant's property insurance policies then in force or the policies required by this Lease, whichever is broader, insure against such damage or destruction and permit such waiver.

(f) Neither Landlord nor its agents shall be responsible for or liable to Tenant for any loss or damage that may be occasioned by or through the acts or omissions of persons occupying adjoining premises or any part of the premises adjacent to or connected with the Leased Premises or any part of the Building, nor shall Landlord or its agents be liable for any damage to property entrusted to employees of the Building, nor for loss of or damage to any property by theft or otherwise, nor for any injury or damage to persons or property resulting from fire, explosion, falling plaster, steam, gas, electricity, water or rain which may leak from any part of the Building or from the pipes, appliances or plumbing works therein or from the roof, street or subsurface, or from any other place or resulting from dampness or any other cause whatsoever, except as a result of the intentional misconduct of Landlord, its agents, servants or

employees. Neither of Landlord or Tenant will be liable under any circumstances to the other party for any incidental or consequential damages. Tenant shall give prompt notice to Landlord in case of fire or accident in the Leased Premises or in the Building or of defects therein or in the fixtures or equipment.

(g) Any and all "the equivalent of causes of loss – special form" insurance which is required to be carried by Tenant or Landlord shall be endorsed with a subrogation clause, substantially as follows: "This insurance shall not be invalidated should the insured waive, in writing, prior to a loss, any and all right of recovery against any party for loss occurring to the property described herein"; and each of Tenant and Landlord waives all claims for recovery from the other party, its officers, agents or employees for any loss or damage (whether or not such loss or damage is caused by negligence of the other party, its officers, agents or employees, and notwithstanding any provisions contained in this Lease to the contrary) to any of its real or personal property insured under valid and collectible insurance policies to the extent of the collectible recovery under such insurance.

11. **Damage or Destruction**. In the event the Leased Premises or the Building are damaged by fire or other insured casualty, the insurance proceeds shall be made available therefor by the holder or holders of any Mortgage covering the Building and the damage shall be repaired by and at the expense of Landlord to the extent of such insurance proceeds available therefor, provided such repairs can, in Landlord's reasonable opinion, be completed within 180 calendar days after the occurrence of such damage, without the payment of overtime or other premiums. Notwithstanding the foregoing, in the event that as a condition to obtaining construction or permanent financing, and notwithstanding the reasonable commercial efforts of Landlord to provide otherwise, the holder of any first priority Mortgage requires that such Mortgage (or its related documents governing such loan) govern the disposition of insurance proceeds in the event of an fire or insured casualty, Tenant shall acknowledge in an SNDA (defined below) that such Mortgage (or its related documents governing such loan) shall control such disposition instead of this Lease. Until such repairs are completed, the Rent shall be abated in proportion to the part of the Leased Premises which is unusable by Tenant in the conduct of its business; provided, however, if the damage is due to a material default by Tenant under this Lease or the gross negligence of Tenant or its employees, agents, or invitees, there shall be no abatement of Rent. If repairs cannot, in Landlord's reasonable opinion, be made within said 180 calendar day period, Landlord shall notify Tenant within thirty (30) calendar days of the date of occurrence of such damage as to whether or not Landlord shall have elected to make such repairs. If Landlord elects not to make such repairs which cannot be completed within 180 calendar days, then either party may, by written notice to the other, terminate this Lease effective as of the date of the occurrence of such damage; provided, however, Tenant shall not have the right to terminate this Lease if the damage is due to a material default by Tenant under this Lease or the gross negligence of Tenant or its employees, agents or invitees. If Landlord has maintained the insurance required to be maintained by Landlord under this Lease and insurance proceeds are insufficient or unavailable to repair the damage, Landlord may, at its sole option, terminate this Lease by written notice to Tenant given not more than thirty (30) days after the occurrence of the damage. Except as provided in this Section 11, there shall be no abatement of Rent and no liability of Landlord by reason of any injury, inconvenience, temporary limitation of access or interference to or with Tenant's business or property arising from the making of any necessary repairs, or any alterations or improvements in or to any portion of the Building or the Leased Premises, or in or to fixtures, appurtenances, and equipment therein, in each event to the extent necessitated by such damage.

12. **Eminent Domain**. If the Building or a material part thereof, or more than thirty percent (30%) of the Parking Spaces that Landlord is obligated to make available to Tenant in the North Lot pursuant to Section 14 below, be taken by any authorized entity by eminent domain or by negotiated purchase under threat thereof, so that the Leased Premises shall become

totally untenantable, this Lease shall terminate as of the earlier of the date when title or possession thereof is acquired or taken by the condemning authority. Tenant waives any claim to any part of the award payable to Landlord by the condemning authority for such taking and all rights of Tenant in this Lease shall immediately cease and terminate. If allowed under applicable law, Tenant may separately pursue a claim against the condemnor for (a) the value of Tenant's Property; (b) Tenant's moving costs; and/or (c) Tenant's loss of business; so long as such claims do not reduce the amount of the condemnation award otherwise payable to Landlord. If fifteen percent (15%) or more of the Building shall be taken such that the Leased Premises becomes only partially untenantable, or such partial condemnation materially impairs Tenant's ability to use the Leased Premises for the Permitted Uses, Tenant may upon thirty (30) days' notice to Landlord terminate this Lease. Absent such termination, this Lease shall continue in full force and effect as to the portion of the Leased Premises which is not taken and Base Rent shall be proportionately abated. Landlord may without any obligation or liability to Tenant stipulate with any condemning authority for a judgment of condemnation without the necessity of a formal suit or judgment of condemnation, and the date of taking under this clause shall then be deemed the date agreed to under the terms of such agreement or stipulation; provided, however, that Landlord will promptly notify Tenant of any condemnation threatened to Landlord in writing and allow Tenant to participate in such negotiations if it is customary in such jurisdiction. In the event that less than thirty percent (30%) of the Parking Spaces that Landlord is obligated to make available to Tenant in the North Lot pursuant to Section 14 below are taken by any authorized entity by eminent domain or by negotiated purchase under threat thereof, Landlord may replace such Parking Spaces by providing surface or structured parking located within one (1) city block of the block of the Building in the amount of the taken Parking Spaces. In the event Landlord is unable to provide alternative parking arrangements replacing all or substantially all of the taken Parking Spaces, Tenant shall have the option to terminate this Lease as of the earlier of the date when title or possession thereof is acquired or taken by the condemning authority.

13. **Assignment and Subletting**.

(a) Tenant shall not, either voluntarily or by operation of law, directly or indirectly, sell, assign or transfer this Lease, in whole or in part, or sublet the Leased Premises or any part thereof, or permit the Leased Premises or Common Area or any part thereof to be occupied by any person, corporation, partnership, or other entity except Tenant or Tenant's employees (all of the foregoing are hereinafter sometimes referred to collectively as "**Transfers**"), without the prior written consent of Landlord in each instance, which consent shall not be unreasonably withheld, delayed or conditioned.

(b) Notwithstanding anything to the contrary in Section 13(a) above, the consent of Landlord shall not be required in the event of an assignment by Tenant to (i) any entity directly or indirectly through one or more intermediaries that is controlling, controlled by, or under common control with Tenant and of equal or better financial strength (and Landlord may require the delivery of financial statements and any other information concerning such proposed assignment or sublease which Landlord may reasonably request) (an "**Affiliated Entity**"); (ii) any entity resulting from the merger or consolidation of or with Tenant or an Affiliated Entity; (iii) any person or entity that acquires all (or substantially all) of the assets, stock or membership interests of Tenant or an Affiliated Entity; or (iv) any successor of Tenant or an Affiliated Entity by reason of a public offering (each of the scenarios described in clauses (i)–(iv) above, a "**Tenant Affiliate**"); (collectively, "**Permitted Transferees**"). Any sale, assignment, mortgage, transfer or subletting of this Lease or the Leased Premises or Common Area which is not to a Permitted Transferee or not otherwise in compliance with the provision of this Section 13 shall be void. The consent by Landlord to any assignment or subletting shall not relieve Tenant from the obligation to obtain the express prior written consent of Landlord to any further assignment or subletting, or relieve Tenant from any liability or obligation hereunder, whether or not then accrued. The terms of this Section 13(b) are only applicable provided that:

(i) Tenant immediately notifies Landlord of any such Transfer; (ii) promptly supplies Landlord with any documents or information reasonably requested by Landlord regarding such Transfer; (iii) if reasonably requested by Landlord as a result of the financial status of the Tenant Affiliate assuming Tenant's obligations under the Lease, have an affiliate of such Tenant Affiliate guarantee this Lease using Landlord's standard guaranty form; (iv) if such Transfer is an assignment, Tenant Affiliate assumes in writing all of Tenant's obligations under this Lease; and (v) such Transfer is not a subterfuge by Tenant to avoid its obligations under this Lease. "**Control**," as used herein, shall mean the ownership, directly or indirectly, of at least fifty-one percent (51%) of the voting securities of, or possession of the right to vote, in the ordinary direction of its affairs, of at least fifty-one percent (51%) of the voting interest in, any person or entity.

(c) If Landlord consents to any assignment or sublease by Tenant, Tenant shall not be relieved of its obligations under this Lease and Tenant shall remain liable, jointly and severally and as a principal, and not as a guarantor or surety, under this Lease, to the same extent as though no assignment or sublease by Tenant had been made.

(d) Every sublease approved by Landlord or otherwise permitted under the terms of this Lease shall be evidenced by a written sublease (the "**Sublease**") between Tenant and the subtenant ("**Subtenant**"). The Sublease shall comply with the following requirements: (i) the Sublease shall be subject to, and shall incorporate by reference, all of the terms and conditions of this Lease, except those terms and conditions relating to Base Rent, Additional Rent, and any other amount due under this Lease, and Subtenant shall acknowledge in the Sublease that it has reviewed and agreed to all of the terms and conditions of this Lease; (ii) Subtenant shall agree in the Sublease not to do, or fail to do, anything that would cause Tenant to violate any of its obligations under this Lease; (iii) Subtenant shall have no right to exercise any option to extend the Lease Term or any right of first refusal (or similar right) granted to Tenant in this Lease or any amendment hereto, and the Sublease shall require Tenant to agree that it shall neither exercise on behalf of, nor assign to, Subtenant any such option or right; (iv) the Subtenant shall be subject to any rules and regulations that affect this Lease, and shall not be permitted to use the Premises for any purpose not permitted by applicable law or which would subject the Property to increased risk of damage to property, injury to persons, or exposure to Hazardous Materials in, on or about the Leased Premises; and (v) the Sublease shall prohibit a sub-subletting of the Property or the assignment of the Sublease by Subtenant, without first obtaining Landlord's consent, which consent may be granted or withheld in Landlord's sole and absolute discretion. Any sub-Sublease shall also be subject to the provisions of this Section 13.

(e) Other than an assignment to a Permitted Transferee pursuant to the terms of Section 13(b) above (in which event, this subparagraph (e) shall not be applicable), if an assignment or sublease is consented to by Landlord and the rental due and payable by an assignee or subtenant (or a combination of rent payable thereunder plus any other consideration directly or indirectly incident to the assignment or sublease) exceeds the Rent payable under this Lease, then Tenant shall pay to Landlord, as Additional Rent, 100% of such excess rental within ten (10) days following receipt thereof by Tenant from the assignee or subtenant, as the case may be. In such event, any rent received by Tenant from an assignee or subtenant and due to Landlord under this Subsection shall be held by Tenant in trust for Landlord, to be forwarded immediately to Landlord without offset or reduction at any time, and, upon election by Landlord, such rental shall be paid directly to Landlord and credited to any amounts owed by Tenant hereunder.

(f) If Tenant assigns or subleases this Lease, any option to renew this Lease or right to extend the Lease Term shall automatically terminate unless otherwise agreed to in writing by Landlord. Any request for an assignment or sublease shall be accompanied by a minimum fee of [***] for Landlord's administrative costs in connection with the processing of

the request. In addition, Tenant shall pay to Landlord, within ten (10) days after demand by Landlord, the reasonable out-of-pocket costs and expenses incurred by Landlord in connection with any request by Tenant for consent to an assignment or sublease by Tenant, including reasonable attorney fees, regardless of whether consent of Landlord is given to the assignment or sublease by Tenant.

14. **Parking**. Beginning on the Commencement Date and continuing until the expiration of the Lease Term, Tenant shall be entitled to 210 parking stalls (the "**Parking Spaces**"), 24 hours per day, 7 days per week, allocated as follows:

(a) Initial Parking Spaces. Beginning on the Commencement Date and continuing until the completion of the Parking Structure (as defined below), the Parking Spaces will be allocated as follows: Landlord shall make available to Tenant [***] parking stalls in the surface parking lot to the north of the Building (the "**North Lot**"), and [***] parking stalls in the North Lot and/or on surface parking lots located within one (1) city block of the block the Building is located on.

(b) Structured Parking. Landlord plans to build a parking structure adjacent to the Building in the location depicted on **Exhibit E** attached hereto (the "**Parking Structure**"). Subject to extension for delays caused by Force Majeure Event, Landlord shall commence construction of the Parking Structure no later than October 1, 2020, and shall substantially complete the Parking Structure (to a condition to allow use of the same by Tenant and its employees) no later than December 31, 2022 (the "**Parking Structure Outside Delivery Date**"). Upon completion of the Parking Structure, Landlord shall make available to Tenant (i) 130 parking stalls in the Parking Structure, [***], and for the remainder of the Lease Term at a monthly rate of [***] for such stalls (such rate shall increase to the full market rate for such stall during any extension of the Lease Term); and (ii) [***] parking stalls in the North Lot at [***] during the initial Lease Term or any extension thereof.

(c) Parking Terms and Conditions. Tenant agrees to comply with such reasonable rules and regulations as may be made by Landlord from time to time in order to insure the proper operation of the Parking Structure and surface parking lots (collectively, the "**parking facilities**"), provided, that such rules and regulations shall be enforced in a non-discriminatory manner. Tenant agrees to cooperate with Landlord and other neighboring tenants in the use of parking facilities. Landlord shall use commercially reasonable efforts to mark or otherwise ensure that Tenant has access to, and availability of, during Normal Business Hours, the parking stalls to which Tenant is entitled under this Lease. All vehicles parked in the parking facilities and the personal property therein shall be at the sole risk of Tenant, Tenant's employees, agents, contractors, invitees and the users of such spaces and Landlord shall not be responsible for any injuries to any person nor any damage to any automobile, vehicle or other property that occurs in or about the parking areas. In addition to all other rights and remedies of Landlord hereunder in the event of a default by Tenant, Landlord shall have the right to take such steps necessary to correct any failure to comply with the rules and regulations or the terms of this Section 14, including but not limited to policing and towing, and if Tenant, its agents, officers, employees, contractors, licensees or invitees are deemed by Landlord to be in breach of this Section 14 or such applicable rules and regulations set by Landlord in accordance with this Section 14, to charge to Tenant as Additional Rent that portion of the cost thereof which Landlord reasonably determines to be caused thereby. Notwithstanding the foregoing, the rights granted to Tenant to use any parking spaces is a license only and Landlord's inability to make spaces available at any time due to a Force Majeure Event (so long as Landlord is using commercially reasonable efforts to remedy such Force Majeure Event) is not a breach by Landlord of its obligations hereunder.

(d) Failure to Deliver Parking Structure, In the event that Landlord fails to substantially complete and make the Parking Structure available to Tenant for Tenant's use on or before the Parking Structure Outside Deliver Date (which shall be extended in the event of a Force Majeure Event), Tenant, as Tenant's sole and exclusive remedy, shall be entitled to an abatement of Base Rent in an amount equal to the sum of [***] of monthly Base Rent due for each subsequent month thereafter until the Parking Structure is substantially completed and made available to Tenant for Tenant's use (so, for example, if Tenant substantially completes and makes the Parking Structure available to Tenant for Tenant's use on February 10, 2022, Tenant shall be entitled to abate [***] of the Base Rent due the months of January and February, 2022). In addition, during any such period of delay in substantially completing and making the Parking Structure available to Tenant for Tenant's use, Landlord shall continue to provide Tenant with parking at no expense to Tenant in accordance with Section 14(a).

15. **Default**.

(a) The occurrence of any of the following shall constitute a material default and breach of the Lease by Tenant:

(i) the abandonment of the Leased Premises by Tenant for a period of thirty (30) consecutive days (other than as a result of a Force Majeure Event or a remodel of the Leased Premises, which shall not exceed ninety (90) days every five (5) years);

(ii) any failure by Tenant to pay Rent or to make any other payment required to be made by Tenant hereunder, if the failure continues for five (5) days after written notice to Tenant, provided Landlord shall not be required to provide such notice more than one (1) time in any consecutive 12-month period;

(iii) any failure of Tenant to maintain the insurance as required in this Lease;

(iv) any failure to provide any document or instrument described in Section 22 of this Lease within the time period set forth in such Section;

(v) Tenant shall cause or allow any lien or other encumbrance of title to be filed or recorded against the Building and such lien or encumbrance is not removed or bonded within ten (10) days after Landlord has delivered written notice to Tenant of such lien or encumbrance;

(vi) any other failure by Tenant to observe and perform any other obligation under this Lease to be observed or performed by Tenant, other than payment of any Rent, within thirty (30) days after written notice by Landlord to Tenant specifying wherein Tenant has failed to perform such obligation; provided, however, if the nature of the failure is such that more than thirty (30) days are reasonably required for its cure, Tenant shall not be deemed to be in default if Tenant commences the cure within said period and diligently and continuously prosecutes such cure to completion; or

(vii) the making by Tenant or any guarantor of this Lease of any general assignment for the benefit of creditors; the filing by or against Tenant or such guarantor of a petition to have Tenant or such guarantor adjudged a bankrupt or the filing of a petition for reorganization or arrangement under any law relating to bankruptcy (unless, in the case of a petition filed against Tenant or such guarantor, the same is dismissed within sixty (60) days); the appointment of a trustee or receiver to take possession of substantially all of Tenant's assets located at the Leased Premises or of Tenant's interest in this Lease, where possession is not restored to Tenant within thirty (30) days; or the attachment, execution or other judicial seizure

of substantially all of Tenant's assets located at the Leased Premises or of Tenant's interest in this Lease, where such seizure is not discharged within thirty (30) days.

(b) Landlord shall not be deemed to be in default in the performance of any obligation required to be performed by it hereunder unless and until it has failed to perform such obligation within thirty (30) days after written notice by Tenant to Landlord specifying wherein Landlord has failed to perform such obligation (provided, however, that if the nature of Landlord's obligation is such that more than thirty (30) days are required for its performance, then Landlord shall not be deemed to be in default if it shall commence such performance within such 30 day period and thereafter diligently prosecute the same to completion).

(c) Notwithstanding any term or provision herein to the contrary, if (i) Tenant is not in default material default of this Lease beyond any applicable cure period, (ii) Tenant strictly complies with the terms of this Section, and (iii) except in the event of actions required to be undertaken by Tenant in an emergency situation relating to Tenant's business operations within the Leased Premises or that otherwise presents an immediate threat to the health or safety of Tenant or its employees or occupants, in which event no cure period shall exist, such default has not been cured by Landlord (or Landlord has not commenced the cure) within the time specified in Section 15 above (following the initial written notice from Tenant) or within fifteen (15) business days following a second written notice from Tenant to Landlord specifying the nature of the default, then Tenant shall have the right, at any time thereafter, to cure such default for the account of the Landlord, and Landlord shall reimburse Tenant within thirty (30) days of receipt of Tenant's invoice for any and all actual, reasonable and necessary out-of-pocket expenses paid to cure such default. If the above conditions are satisfied, in the event of emergencies (i.e., where necessary to prevent injury to persons or material damage to property or to mitigate damages), Tenant may cure a default by Landlord before the expiration of the waiting period, but only after giving such written notice to Landlord (including notice by e-mail) as is practical under all of the circumstances. Notwithstanding the above, in the event Tenant has entered into a Subordination, Non-Disturbance and Attornment Agreement (or like instrument) (the "**SNDA**") with the holder of a mortgage or deed of trust encumbering the Property, Tenant shall not exercise any self-help right or any of the other remedies provided above without first providing to such holder notice and an opportunity to cure as provided in the SNDA.

16. **Remedies**. In the event Tenant commits an act of default as set forth in Subsection 15(a) above beyond any applicable cure period, Landlord may exercise one or more of the following described remedies, in addition to all other rights and remedies available at law or in equity, whether or not stated in this Lease.

(a) Landlord may continue this Lease in full force and effect and shall have the right to collect Rent when due. During the period Tenant is in default, Landlord may re-enter the Leased Premises with or without legal process and relet them, or any part of them, to third parties for Tenant's account, and Tenant hereby expressly waives any and all claims for damages by reason of such re-entry, as well as any and all claims for damages by reason of any distress warrants or proceedings by way of sequestration which Landlord may employ to recover said Rents. Tenant shall be liable immediately to Landlord for any brokers' commissions, expenses of repairing and/or the cost of tenant improvements to the Leased Premises required by the reletting, attorney fees and costs and like costs. Reletting can be for a period shorter or longer than the remaining Lease Term, and in no event shall Landlord be under any obligation to relet the Leased Premises; provided that Landlord shall use commercially reasonable efforts to do so. On the dates such Rent is due, Tenant shall pay to Landlord a sum equal to the Rent due under this Lease, less the rent Landlord receives from any reletting. No act by Landlord allowed by this Section 16 shall terminate the Lease unless Landlord notifies Tenant in writing that Landlord elects to terminate this Lease.

(b) Landlord may terminate this Lease. Upon termination, Landlord shall have the right to collect an amount equal to: reasonable attorney fees and costs in connection with recovering the Leased Premises; all reasonable costs and charges for the care of the Leased Premises while vacant; all repair and tenant improvement costs incurred in connection with the preparation of the Leased Premises for a new tenant; all past due Rent which is unpaid, plus interest thereon at the Interest Rate (as defined below) [***]. Notwithstanding any provision of this Lease to the contrary, Tenant's sole remedy for a default of this Lease by Landlord shall be an action for damages, injunction or specific performance; Tenant shall have no right to terminate this Lease on account of any breach or default by Landlord.

Landlord may avail itself of these as well as any other remedies or damages allowed by law. All rights, options and remedies of Landlord provided herein or elsewhere by law or in equity shall be deemed cumulative and not exclusive of one another. Should any of these remedies, or any portion thereof, not be permitted by applicable law, then such remedy or portion thereof shall be considered deleted and unenforceable, and the remaining remedies or portions thereof shall be and remain in full force and effect.

17. **Rules and Regulations**. Tenant shall observe faithfully and comply with the rules and regulations set forth on **Addendum "A"** attached to this Lease and made a part hereof, and such other rules and regulations as Landlord may from time to time reasonably adopt, provided that all such rules and regulations shall apply equally to all similarly situated tenants and enforced in a non-discriminatory manner. By the signing of this Lease, Tenant acknowledges that Tenant has read and has agreed to comply with such rules and regulations.

18. **Right of Access**. Subject to Section 7(a) above, Landlord and its agents shall, upon reasonable advance notice to Tenant, have free access to the Leased Premises during all reasonable hours for the purpose of inspection, to make reasonable repairs as required hereunder (provided, however, Landlord shall have no obligation as a result of such examination to make any repairs other than expressly set forth herein), and to exhibit the same to prospective purchasers, lenders, investors or during the last nine (9) month of the Lease Term, other prospective tenants.

19. **End of Term**.

(a) At the termination or expiration of the Lease Term, Tenant shall surrender the Leased Premises to Landlord in as good condition and repair as at the Commencement Date, reasonable wear and tear excepted, and will leave the Leased Premises broom-clean.

(b) If Tenant remains in possession of the Leased Premises after the expiration of this Lease without the written permission of Landlord, such holding over shall be construed to be a tenancy at sufferance, and shall not constitute a renewal hereof or an extension for any further term, and in such case Tenant shall pay Landlord Base Rent for the period of its old over in an amount equal to 125% of Base Rent in effect immediately prior to the expiration of this Lease together with Additional Rent. Such tenancy at sufferance shall be subject to every other term, covenant and agreement contained herein; provided, however, in no event shall any renewal or expansion option, option to purchase, or other similar right or option contained in this Lease or any amendment hereto be deemed applicable to any such tenancy at sufferance. Nothing contained in this Section 19(b) shall be construed as consent by Landlord to any holding over by Tenant, and Landlord expressly reserves the right to require Tenant to surrender possession of the Leased Premises to Landlord as provided in this Lease upon the expiration or other termination of this Lease. The provisions of this Section 19(c) shall not be deemed to limit or constitute a waiver of any other rights or remedies of Landlord provided herein or at law. If Tenant fails to surrender the Leased Premises upon the termination or expiration of this Lease, in addition to any other liabilities to Landlord accruing therefrom, Tenant shall protect, defend,

indemnify and hold Landlord harmless from all loss, costs (including reasonable attorney fees) and liability resulting from such failure, including, without limiting the generality of the foregoing, any claims made by any succeeding tenant founded upon such failure to surrender, and any lost profits to Landlord resulting therefrom.

20. **Transfer of Landlord's Interest.** In the event of any transfer or transfers of Landlord's interest in the Leased Premises or in the real property of which the Leased Premises are a part, the transferor shall be automatically relieved of any and all obligations and liabilities on the part of Landlord accruing from and after the date of such transfer.

21. **Estoppel Certificates; Attornment and Non-Disturbance**.

(a) Within fifteen (15) business days following receipt of Landlord's written request, Tenant shall deliver, executed in recordable form, a declaration to any person designated by Landlord stating the Commencement Date and Expiration Date of this Lease and certifying that (i) this Lease is in full force and effect and has not been assigned, modified, supplemented or amended (except by such writings as shall be stated); (ii) all conditions under this Lease to be performed by Landlord have been satisfied (stating exceptions, if any); (iii) no defenses, credits or offsets against the enforcement of this Lease by Landlord exist (or stating those claimed); (iv) the sum of advance Rent, if any, paid by Tenant; (v) the date to which Rent has been paid; (vi) the amount of the Security Deposit held by Landlord; and (vii) such other information as Landlord reasonably requires. Persons receiving such statements of Tenant shall be entitled to rely upon them. If Tenant does not deliver such statement to Landlord within such fifteen (15) business day period, Landlord, and any prospective purchaser or encumbrancer, may conclusively presume and rely upon the following facts: (i) that the terms and provisions of this Lease have not been changed except as otherwise represented by Landlord; (ii) that this Lease has not been canceled or terminated except as otherwise represented by Landlord; (iii) that not more than one month's Base Rent or other charges have been paid in advance; and (iv) that Landlord is not in default under this Lease. In such event, Tenant shall be estopped from denying the truth of such facts.

(b) This Lease is and shall continue to be subordinate to any Mortgage now existing or hereafter placed on the Landlord's interest in the Property by a lienholder; provided, however, such subordination is subject to and conditioned upon Landlord delivering an SNDA to Tenant. Within fifteen (15) business days of a request from Landlord, Tenant shall execute an SNDA in form and substance reasonably acceptable to Tenant and the holder of the Mortgage, from time to time, in favor of such holder of the Mortgage. If elected by the holder of a Mortgage, this Lease shall be superior to such Mortgage, in which case Tenant shall execute and deliver an instrument confirming the same. Tenant's obligation to subordinate this Lease to the lien of any future loan or ground lease will be conditioned on receipt of an SNDA.

(c) Any sale, assignment, or transfer of Landlord's interest under this Lease or in the Premises including any such disposition resulting from Landlord's default under a Mortgage, shall be subject to this Lease. Tenant shall attorn to Landlord's successor and assigns, including a lender or its nominee, and shall recognize such successor or assigns as Landlord under this Lease, regardless of any rule of law to the contrary or absence of privity of contract.

(d) In the event of any act or omission by Landlord under this Lease which would give Tenant the right to terminate this Lease or to claim a partial or total eviction, if any, Tenant will not exercise any such right until: (A) it has given written notice (by United States certified or registered mail, postage prepaid) of such act or omission to the holder of any mortgage or deed of trust on the Land (whose names and addresses Landlord agrees will be furnished to Tenant on request); and (B) any such holder of any mortgage or deed of trust on

the Property shall, following the giving of such notice, have failed with reasonable diligence to commence and to pursue reasonable action to remedy such act or omission.

22. **Notices**. Any notice required or permitted to be given hereunder shall be in writing and may be given by: (1) hand delivery and shall be deemed given on the date of delivery; (2) registered or certified mail and shall be deemed given the third day following the date of mailing; or (3) overnight delivery by a nationally recognized courier service and shall be deemed given the following day. All notices to Tenant shall be addressed to Tenant at the Leased Premises, with a copy to the following:

Traeger Pellet Grills, LLC
Attn: General Counsel
1215 E Wilmington Ave
Salt Lake City, UT 84106
[***]

Jones Waldo
170 S. Main Street, Suite 1500
Salt Lake City, Utah 84101
Attn: [***]
[***]

All notices to Landlord shall be addressed to Landlord's Address; provided that all notices to Landlord pursuant to Section 9 shall be sent to Landlord's Address, with a copy to the following:

[***]

[***]

[***]

[***]

Either party may change its address by notice given in accordance with this Section 22.

23. **Environmental Covenants**.

(a) Definitions.

(i) As used in this Lease, the term "**Hazardous Materials**" means (i) any substance or material that is included within the definitions of "hazardous substances," "hazardous materials," "toxic substances," "pollutant," "contaminant," "hazardous waste," or "solid waste" in any Environmental Law; (ii) petroleum or petroleum derivatives, including crude oil or any fraction thereof, all forms of natural gas, and petroleum products or by-products or waste; (iii) polychlorinated biphenyls (PCB's); (iv) asbestos and asbestos containing materials (whether friable or non-friable); (v) lead and lead based paint or other lead containing materials (whether friable or non-friable); (vi) urea formaldehyde; (vii) microbiological pollutants; (viii) batteries or liquid solvents or similar chemicals; (ix) radon gas; and (x) mildew, fungus, mold, bacteria and/or other organic spore material.

(ii) As used in this Lease, the term "**Environmental Laws**" means all statutes, terms, conditions, limitations, restrictions, standards, prohibitions, obligations,

schedules, plans and timetables that are contained in or promulgated pursuant to any federal, state or local laws (including rules, regulations, ordinances, codes, judgments, orders, decrees, contracts, permits, stipulations, injunctions, the common law, court opinions, and demand or notice letters issued, entered, promulgated or approved thereunder), relating to pollution or the protection of the environment, including laws relating to emissions, discharges, releases or threatened releases of Hazardous Materials into ambient air, surface water, ground water or lands or otherwise relating to the manufacture, processing, distribution, use, treatment, storage, disposal, transport or handling of Hazardous Materials, including, but not limited to, the: Comprehensive Environmental Response Compensation and Liability Act of 1980 (CERCLA), as amended by the Superfund Amendments and Reauthorization Act of 1986 (SARA), 42 U.S.C. 9601 et seq.; Solid Waste Disposal Act, as amended by the Resource Conservation and Recovery Act of 1976 (RCRA), 42 U.S.C. 6901 et seq.; Federal Water Pollution Control Act, 33 U.S.C. 1251 et seq.; Toxic Substances Control Act, 15 U.S.C. 2601 et seq.; Clean Air Act, 42 U.S.C. 7401 et seq.; and the Safe Drinking Water Act, 42 U.S.C. § 300f et seq. "Environmental Laws" shall include any statutory or common law that has developed or develops in the future regarding mold, fungus, microbiological pollutants, mildew, bacteria and/or other organic spore material. "Environmental Laws" shall not include laws relating to industrial hygiene or worker safety, except to the extent that such laws address asbestos and asbestos containing materials (whether friable or non-friable) or lead and lead based paint or other lead containing materials.

(b) Tenant will not permit Hazardous Materials to be present in, on or about the Leased Premises or Project, except for normal quantities of cleaning and other business supplies customarily used and stored in an office and will comply with all Environmental Laws relating to the use, storage or disposal of any such Hazardous Materials. Landlord acknowledges and agrees that so long as the same complies with all applicable laws, codes, regulations or ordinances, including, without limitation, all Environmental Laws, Tenant's testing of products, including wood fired grills and resulting smoke emissions therefrom, will not constitute a violation of this Section or this Lease. Notwithstanding anything to the contrary in this Lease, in the event Landlord or Tenant receive reasonable complaints from other tenants or occupants of the Project concerning Tenant's product testing, including, without limitation, the smoke emissions, noise or other consequences thereof, Tenant agrees to take commercially reasonable steps to address such complaints, including, without limitation, coordinating future product testing with Landlord in an effort to address such complaints and minimize any nuisance resulting from such product testing. Landlord shall have no duty or obligation to remove any hazardous substances, wastes or materials brought into the Leased Premises by Tenant. If Tenant breaches the foregoing, Tenant shall give Landlord written notice of such breach and shall immediately, at Tenant's sole cost and expense, undertake remedial action in accordance with all Environmental Laws; provided, however, Landlord may properly require its consent to the selection of the contractors and other professionals involved in the inspection, testing and removal or remediation activities, the manner and method for performance of such activities and such other matters as may be reasonably required or requested by Landlord for the safety of and continued use of the Building and the visitors thereof.

(c) If Tenant's use of Hazardous Materials in, on or about the Leased Premises or Common Area results in a release, discharge or disposal of Hazardous Materials in, on, at, under, or emanating from, the Building or Common Area, Tenant shall promptly investigate, clean up, remove or remediate such Hazardous Materials in full compliance with the requirements of (A) all Environmental Laws and (B) any governmental agency or authority responsible for the enforcement of any Environmental Laws.

(d) Upon reasonable notice to Tenant, Landlord may enter the Leased Premises for the purposes of inspection and testing to determine whether there exists on the Leased Premises any Hazardous Materials or other condition or activity that is in violation of the requirements of this Lease or of any Environmental Laws. The right granted to Landlord herein

shall not create a duty on Landlord's part to inspect the Leased Premises, or liability on the part of Landlord for Tenant's use, storage or disposal of Hazardous Materials, it being understood that Tenant shall be solely responsible for all liability in connection therewith.

(e) Tenant shall surrender the Leased Premises to Landlord upon the expiration or earlier termination of this Lease free of Hazardous Materials due to Tenant's use of the Leased Premises. Tenant's obligations and liabilities pursuant to this Section 23 shall be in addition to any other surrender requirements in this Lease and shall survive the expiration or earlier termination of this Lease. If Landlord determines that the condition of all or any portion of the Building is not in compliance with this Section 23 at the expiration or earlier termination of this Lease due to the business or activities of Tenant, or Tenant's agents, then, at Landlord's election, Landlord may require Tenant to hold over possession of the Leased Premises until Tenant has satisfied its obligations pursuant to this Section 23. The burden of proof hereunder shall be upon Tenant. For purposes hereof, the term "normal wear and tear" shall not include any deterioration in the condition or diminution in value of any portion of the Leased Premises or the Building in any manner whatsoever related directly or indirectly, to Hazardous Materials. Any such holdover by Tenant will not be terminable by Tenant prior to Landlord's determination that Tenant has satisfied its obligations pursuant to this Section 23.

(f) Tenant shall indemnify and hold harmless Landlord from and against any and all claims, damages, fines, judgments, penalties, costs, losses (including loss in value of the Leased Premises, Building or Common Area, damages due to loss or restriction of rentable or usable space, and damages due to any adverse impact on marketing of the Leased Premises or the Building, and any and all sums paid for settlement of claims), liabilities and expenses (including, but not limited to, attorneys', consultants', and experts' fees) incurred by Landlord during or after the Lease Term and attributable to (i) any Hazardous Materials introduced, in, on, under or about the Leased Premises, Building or Common Area by Tenant or Tenant's agents, or (ii) Tenant's breach of any provision of this Section 23. This indemnification includes, without limitation, any and all costs incurred by Landlord due to any investigation of the site or any cleanup, removal or restoration mandated by a federal, state or local agency or political subdivision.

(g) Landlord represents and warrants to Tenant that upon the delivery of the Leased Premises to Tenant with Landlord's Improvements completed, to Landlord's then actual knowledge, the Leased Premises will be free of any Hazardous Materials. For purposes of this Lease, "Landlord's actual knowledge" shall be deemed to mean the actual knowledge (as opposed to implied, constructive or imputed) of the officers of Landlord having direct operational responsibility for the Project, with the express limitations and qualifications that the knowledge of any contractor or consultant shall not be imputed to Landlord and none of such officers has made any special investigation or inquiry, and none of such officers has any duty or obligation of diligent investigations or inquiry, or any other duty or obligation, to acquire or to attempt to acquire information beyond or in addition to the current actual knowledge of such persons.

(h) Landlord shall indemnify and hold harmless Tenant from and against any and all claims, damages, fines, judgments, penalties, costs, losses (including any and all sums paid for settlement of claims), liabilities and expenses (including, but not limited to, attorneys', consultants', and experts' fees) incurred by Tenant during or after the Lease Term as a result (directly or indirectly) of any breach of Landlord's representation set forth in Section 23(g) above. This indemnity shall include, without limitation, the cost of any required or necessary repair, cleanup or detoxification, and the preparation and implementation of any closure, monitoring or other required plans, whether such action is required or necessary prior to or following the termination of this Lease.

(i) Notwithstanding anything to the contrary in this Section, Tenant shall have no liability of any kind to Landlord (including any remediation costs) for (a) any pre-existing Hazardous Materials located at the Leased Premises as of the date of this Lease (a "**Pre-Existing Environmental Condition**"), and (b) Hazardous Materials at the Leased Premises resulting from the activities or negligence of Landlord or its successors, assigns, officers, members, managers, employees, agents, contractors, or other parties under the supervision or control of Landlord (collectively, the "**Landlord Group**") during the Lease Term.

(j) The provisions of this Section 23 shall survive the expiration or earlier termination of this Lease.

24. **Miscellaneous Provisions**.

(a) As the operation and creation of the Building and Landlord's business model contains significant intellectual property and because the ongoing methods of Landlord's operation are not typical, it is crucial that all parties adhere to a strict policy of non-disclosure and confidentiality. Furthermore, it is understood that terms of leases differ based on need, use, etc. As such, Tenant agrees to keep confidential the terms of this Lease, and shall not disclose such confidential information to any person or entity other than its financial, legal and space planning consultants and any proposed lenders, assignees or subtenants, provided that Tenant shall inform such persons of the confidentiality of the terms of this Lease and shall obtain their agreement to abide by the confidentiality provisions of this Section prior to such disclosure. This includes, but is not limited to the Lease Term, Base Rent rates, special provisions, practices, allowances, etc.

(b) This Lease shall be subject and subordinate to any and all future covenants, conditions or restrictions currently or hereafter recorded against the property by Landlord or its successors or assigns.

(c) In the event of any legal proceeding between Tenant and Landlord to enforce any provision of this Lease or any right of either party hereto, the unsuccessful party to such legal proceeding shall pay to the successful party all costs and expenses, including reasonable attorney fees, incurred therein. To the extent permitted by law, Landlord and Tenant hereby waive the right to a jury trial in any legal action or proceeding relating to this Lease.

(d) Time is of the essence with respect to the performance of every provision of this Lease.

(e) The captions contained in this Lease are for convenience only and shall not be considered in the construction or interpretation of any provision hereof. The word "Landlord" means the owner of the Building from time to time, and in the event of any sale, conveyance or lease of the Building, the transferring Landlord shall be released from all covenants and conditions as Landlord hereunder and without further agreement between the parties.

(f) This Lease, any Addenda and the Exhibits attached hereto and incorporated herein contain all of the agreements of the parties hereto with respect to any matter covered or mentioned in this Lease, and no prior agreement or understanding pertaining to any such matter shall be effective for any purpose. No provision of this Lease may be amended or added to except by an agreement in writing signed by the parties hereto or their respective successors in interest.

(g) So long as Tenant is not in default under this Lease after the expiration of any notice and cure period provided in this Lease, Tenant shall have quiet possession of the

Leased Premises for the entire Lease Term hereof, subject to all the provisions of this Lease, as against persons claiming by, through, or under Landlord.

(h) No waiver by a party of any provision of this Lease shall be deemed to be a waiver of any other provision hereof or of any subsequent breach by a party of the same or any other provision. Landlord's consent to or approval of any act by Tenant requiring Landlord's consent or approval shall not be deemed to render unnecessary the obtaining of Landlord's consent to or approval of any subsequent act of Tenant, whether or not similar to the act so consented to or approved. No act or thing done by Landlord or Landlord's agents during the Lease Term shall be deemed an acceptance of a surrender of the Leased Premises, and no agreement to accept such a surrender shall be valid unless in writing and signed by Landlord. The subsequent acceptance of Rent shall not be deemed a waiver of any preceding breach by Tenant of any term, covenant or condition of the Lease, other than the failure of Tenant to pay the particular Rent so accepted.

(i) If any monthly installment of Base Rent or any payment of Additional Rent is not paid by the fifth (5^{th}) day of the month in which it is due, Tenant shall, upon demand, pay Landlord a late charge of five percent (5%) of the amount of such installment or payment. Such late charge is to defray the administrative costs and inconvenience and other expenses which Landlord will incur on account of such delinquency. In addition, any amounts payable to Landlord under this Lease, if not paid in full on or before the due date thereof, shall bear interest on the unpaid balance at an interest rate (the "**Interest Ra**te") equal to the lesser of (a) the maximum interest rate permitted by law or (b) five percent (5%) above the rate publicly announced by Wells Fargo Bank, N.A. (or if Wells Fargo Bank, N.A. ceases to exist, the largest bank, by deposit, with branch operations in the State of Utah) ("Bank") as its "Reference Rate". If the use of the announced Reference Rate is discontinued by the Bank, then the term Reference Rate shall mean the announced rate charged by the Bank which is, from time to time, substituted for the Reference Rate. Landlord shall execute a 'zero tolerance' policy and recommends early payment or payment by regularly scheduled electronic method to avoid such situations.

(j) No consent of Tenant shall be required in the event of any such sale, conveyance, or lease of the Building or Land which is made subject to this Lease, or to any sale or conveyance of the Building or Land pursuant to which Landlord leases the Building back from such purchaser or other transferee, in which case this Lease shall remain in full force and effect as a sublease between Landlord, as sublessor and Tenant, as sublessee.

(k) This Lease shall be binding upon, and inure to the benefit of the parties hereto, their heirs, successors, assigns, executors and administrators.

(l) This Lease shall be governed by the laws of the state of Utah.

(m) Tenant shall not operate on the Leased Premises, and shall not permit any other person to operate on the Leased Premises, any trade or business consisting (1) the operation of any private or commercial golf course, country club, massage parlor, hot tub facility, suntan facility, racetrack or other facility used for gambling, or any store the principal business of which is the sale of alcoholic beverages for consumption off premises, or (2) farming, as that term is defined in Section 2032A(e)(5)(A) or (B) and Section 45D of the Internal Revenue Code, nor shall it enter into any sublease with a tenant which intends to operate any such trade or business on the Leased Premises. Further, no recreational or medical marijuana may be grown or consumed on the Leased Premises or in the Building by Tenant or its employees, guests or invitees.

(n) If Tenant is a corporation or other legal entity, each individual executing this Lease on behalf of said entity represents and warrants that (i) he/she is duly authorized to

execute and deliver this Lease on behalf of said entity in accordance with its bylaws or operating agreements; (ii) this Lease is binding upon said corporation or entity; and (iii) a resolution to that effect in a form reasonably acceptable to Landlord shall be provided promptly upon request.

(o) Landlord's partners, shareholders, or members, as the case may be, shall have no personal liability with respect to any provision of this Lease, or any obligation or liability arising in connection therewith. Tenant shall look solely to Landlord's equity in the Building and Land in which the Leased Premises is located, for the satisfaction of any remedies of Tenant in the event of a breach by the Landlord of any of its obligations.

(p) Tenant shall be solely responsible for the cost of installation and maintenance of any high speed cable or fiber optic that Tenant requires in the Leased Premises; provided, however, that Tenant shall be entitled to use the Tenant Allowance towards the cost of the same. Landlord shall provide reasonable access to the Building's electrical lines, feeders, risers, wiring and other machinery to enable Tenant to install high speed cable or fiber optic to serve its intended purpose, if any. All such cabling installed by Tenant shall be subject to Landlord's prior written approval and shall be tagged by Tenant at their point of entry into the Building, at the terminal end of the cable and in the riser closet indicating the type of cable, the Tenant's name and the service provided. Installation of cabling and/or low voltage wiring shall be performed by vendors reasonably approved by Landlord in advance of working in the Building. Tenant shall be responsible for the removal of such cabling and fiber optic at the termination or expiration of the Lease Term or the early termination of the Tenant's right to occupy the Leased Premises. In the event Tenant fails to remove such cabling as set forth herein, Landlord may, but shall not be obligated to, remove such cabling, all at Tenant's sole cost and expense.

(q) [***]

(r) Within fifteen (15) business days after Landlord's request (but not more often than once per each calendar year except in the event of a refinance or sale of the Building), Tenant shall deliver to Landlord the then-current financial statements of Tenant (including interim periods following the end of the last fiscal year for which annual statements are available), including a balance sheet and profit and loss statement for the most recent prior year, all prepared in accordance with generally accepted accounting principles consistently applied, except as otherwise specifically noted in such financial statements.

(s) Whenever a period of time is herein prescribed for action to be taken by Landlord or Tenant, Landlord or Tenant, as the case may be, shall not be liable or responsible for, and there shall be excluded from the computation of any such period of time, any delays due to any of the following (each, a "**Force Majeure Event**"): strikes, labor disputes, fuel or material scarcity, riots, acts of God, war, governmental laws, regulations or restrictions, shortages of labor or materials, or other non-financial causes beyond the reasonable control of Landlord or Tenant, including, without limitation, inclement climatic conditions and governmental actions or inaction (including, without limitation, delay in issuance of permits and approvals) and action or inaction by the other party or any party claiming by, through or under such other party. The preceding sentence shall not excuse the failure of Tenant to pay Rent or other sums payable hereunder. It is expressly agreed that the party claiming a Force Majeure Event shall use commercially practicable efforts to eliminate or reduce the effect of such adverse condition on the covenants of such party contained herein.

25. **Landlord Reservations**. Landlord reserves the following rights, exercisable without notice and without liability to Tenant for damage or injury to property, person, or business, and without effecting an eviction, constructive or actual, or disturbance of Tenant's use or possession, or giving rise to any claim for set off or abatement of Rent:

(a) to change the Building's name or street address;

(b) to install, affix, and maintain sign(s) on the exterior of the Building or the Land identifying the name of the Building;

(c) to designate and approve, prior to installation, all types of window shades, blinds, drapes, awnings, window ventilators, and other similar equipment, and to control all internal lighting that may be visible from the exterior of the Building;

(d) to retain at all times, and to use in appropriate instances, keys to all doors within and into the Leased Premises. No locks or bolts shall be altered, changed, or added without the prior written consent of Landlord;

(e) to make repairs or improvements, whether structural or otherwise, in and about the Building not otherwise inconsistent with Tenant's rights under this Lease with respect to use of the Building and the Leased Premises, or any part thereof, and for such purposes to enter upon the Leased Premises, and during the continuance of said work to temporarily close doors, entryways, public spaces, and corridors in the Building, and to interrupt or temporarily suspend Building services and facilities, Landlord to use reasonable efforts to minimize any interruption or interference with Tenant's use or occupancy of the Leased Premises when performing such work;

(f) to have and retain a paramount title to the Leased Premises, free and clear of any act of Tenant; and

(g) to approve the weight, size, and location of safes and other heavy equipment and articles in and about the Leased Premises and the Building. Movement of Tenant's property into or out of the Building, and within the Building is solely at the risk and responsibility of Tenant.

26. **Brokerage**. Landlord and Tenant each warrant to the other that they have had no dealings with any real estate broker or agent in connection with the negotiation of this Lease. Each party agrees to indemnify the other party against any loss, expense (including reasonable attorney fees), cost or liability incurred by the other party as a result of a claim by any broker or finder against the indemnifying party.

27. **Security**. Landlord, in the exercise of its reasonable discretion, shall provide one (1) or more of the following security measures for the Building, Common Area or Project: a security system involving any one (1) or a combination of cameras on the exterior of the Building and on Common Areas, monitoring devices, or guards; (ii) electro-magnetic locks on all exterior doors to the Building to be controlled by readers and an fob access for Tenant and its employees at Landlord's sole cost. In addition, until Project Stabilization is achieved, Landlord shall provide an on-site Project security presence (such a guard or similar security person) with a contact number available to Tenant's employees and invitees every non-holiday business day during the hours from 5 p.m. to midnight, the cost of which shall be included in Operating Expenses for the Project and allocated on among Tenant and other buildings in the Project for which a certificate of occupancy has been issued on a pro-rata basis, which pro-rata share shall be a percentage equal to a fraction, the numerator of which is the rentable square footage of the Building and denominator of which is the rentable square footage of all buildings in the Project for which a certificate of occupancy has been issued. Except as expressly stated herein, Landlord may, but is not obligated to, provide any security services with respect to the Leased Premises or Common Area and Landlord shall not be liable to Tenant for, and Tenant waives any claim against Landlord with respect to, any bodily injury, loss by theft or any other damage suffered or incurred by Tenant or Tenant's agents in connection with any unauthorized entry into the Leased

Premises or any other breach of security with respect to the Leased Premises or the Building. With Landlord's prior written consent, Tenant may provide its own security system for the Leased Premises, subject to the terms of this Lease.

28. **Patriot Act Certification**. Tenant certifies that neither Tenant, nor any of its constituent partners, managers, members or shareholders, nor any beneficial owner of Tenant or any such partner, manager, member or shareholder, nor any other representative or affiliate of Tenant is a "Prohibited Person," defined as (a) a person, entity or nation named as a terrorist, "Specially Designated National or Blocked Person," or other banned or blocked person pursuant to any law, order, rule or regulation that is enforced or administered by the U.S. Treasury Department's Office of Foreign Assets Control ("OFAC"), including, but not limited to, Executive Order No. 13224 on Terrorist Financing, effective September 24, 2001 (the "Executive Order"), and the Uniting and Strengthening America by Providing Appropriate Tools Required to Intercept and Obstruct Terrorism Act of 2001 (Public Law 107-56, the "Patriot Act"); (b) a person, entity or nation owned or controlled by, or acting on behalf of, any person, entity or nation named as a terrorist, "Specially Designated National or Blocked Person," or other banned or blocked person pursuant to any law, order, rule or regulation that is enforced or administered by OFAC, including, but not limited to, the Executive Order and the Patriot Act; (c) a person, entity or nation engaged directly or indirectly in any activity prohibited by any law, order, rule or regulation that is enforced or administered by OFAC, including, but not limited to, the Executive Order and the Patriot Act; (d) a person, entity or nation with whom the Landlord is prohibited from dealing or otherwise engaging in any transaction pursuant to any terrorism or money laundering law, including, but not limited to, the Executive Order and the Patriot Act; (e) a person, entity or nation that has been convicted, pleaded nolo contendere, indicted, arraigned or custodially detained on charges involving money laundering or predicate crimes to money laundering; or (f) a person, entity or nation who is affiliated with any person, entity or nation who is described above in Subsections (a) through (e) above. Tenant agrees to indemnify and save Landlord, Landlord's representatives and Landlord's managing agent and mortgagee harmless against and from any and all claims, damages, losses, risks, liabilities and expenses, including attorney fees and costs, arising from or related to any breach of the foregoing certification.

29. **Signage**. Tenant, at Tenant's sole cost and expense, shall have the right to install such signage on the exterior of the Building in locations approved in writing by Landlord, such consent not to be unreasonably withheld, conditioned or delayed, and in accordance with the criteria set forth by Landlord, and subject to approval by local governmental authorities and compliance with zoning ordinances affecting the Building. Except as otherwise stated in this Section 29, Tenant shall not place or permit to be placed in, upon, or about the Building any exterior lights, or any decorations, balloons, flags, pennants, banners, advertisements or notices, without obtaining Landlord's prior written consent. Notwithstanding the foregoing, Tenant may temporarily affix customary banners and decorations on the exterior of the Building in conjunction with events held at the Leased Premises, provided such banners and decorations comply with sign criteria set by Landlord for the Project from time to time and all applicable laws and regulations, and are tastefully and professionally done and in keeping with the quality and appearance of the Project as a whole. Tenant shall remove any sign, advertisement or notice placed on the Leased Premises or the Building by Tenant upon the expiration of the Lease Term or sooner termination of this Lease, and Tenant shall repair any damage or injury to the Leased Premises or the Building caused thereby, all at Tenant's expense. If any signs are not removed, or necessary repairs not made, Landlord shall have the right to remove the signs and repair any damage or injury to the Leased Premises or the Building at Tenant's sole cost and expense. In addition to any other rights or remedies available to Landlord, in the event that Tenant erects or installs any sign in violation of this Section 29, and Tenant fails to remove same within ten (10) business days after notice from Landlord or erects or installs a similar sign in the future, Landlord shall have the right to charge Tenant a signage fee equal to One Hundred Dollars

($100.00) per day for each day thereafter that such sign is not removed or a similar sign is installed or erected in the future. Landlord's election to charge such fee shall not be deemed consent by Landlord to such sign and Tenant shall remain obligated to remove such sign in accordance with Landlord's notice. Tenant shall be solely responsible for any cleanup, damage or other mishaps that may occur during the installation or removal of the signage or other items described in this Section 29 by Tenant and agrees to fully indemnify Landlord for any and all injuries to persons or damage to property related thereto.

30. **Fitness Center**. [***]

[Signature Page Follows]

IN WITNESS WHEREOF, the parties have duly executed this Lease the day and year first above written.

LANDLORD:

BRIDGE BLOQ NAC LLC, a Delaware limited liability company

By: Bridge BLOQ Qualified Opportunity Zone Business, LLC, its sole member

By: BLOQ Opportunity Zone Fund I, LLC, its operating member

By: BLOQ Development Partners, LLC, its manager

By: BCG BLOQ Management LLC, its manager

By: /s/ Brandon Blaser
Brandon Blaser
Authorized Signatory

TENANT:

TRAEGER PELLET GRILLS, LLC, a Delaware limited liability company

By: /s/ Jeremy Andrus
Name: Jeremy Andrus
Title: CEO

By: /s/ Dominic Blosil
Name: Dominic Blosil
Title: CFO

EXHIBIT A

LEGAL DESCRIPTION OF LAND

The following described real property located in Salt Lake County, State of Utah:

BEGINNING AT A POINT ON THE WEST LINE OF BLOCK 30, PLAT "A", SALT LAKE CITY SURVEY, SAID POINT BEING SOUTH 89°59'18" WEST ALONG THE SOUTH LINE OF SAID BLOCK 30 A DISTANCE OF 660.13 FEET TO THE SOUTHWEST CORNER OF SAID BLOCK 30 AND NORTH 0°00'59" WEST ALONG THE WEST LINE OF SAID BLOCK 30 A DISTANCE OF 247.62 FEET FROM THE SOUTHEAST CORNER OF SAID BLOCK 30, AND RUNNING THENCE NORTH 0°00'59" WEST ALONG SAID WEST LINE 412.71 FEET TO THE NORTHWEST CORNER OF SAID BLOCK 30; THENCE NORTH 89°57'22" EAST ALONG THE NORTH LINE OF SAID BLOCK 30 A DISTANCE OF 329.06 FEET; THENCE SOUTH 412.80 FEET; THENCE SOUTH 89°58'20" WEST 328.94 FEET TO THE POINT OF BEGINNING.

EXHIBIT A (CONT'D)

DEPICTION OF LAND

(*as approximately outlined in blue*)

EXHIBIT A-1

DEPICTION OF COMMON AREA AND NORTH LOT AREA

(Approximate Common Area highlighted in yellow; Approximate North Lot bordered in blue)

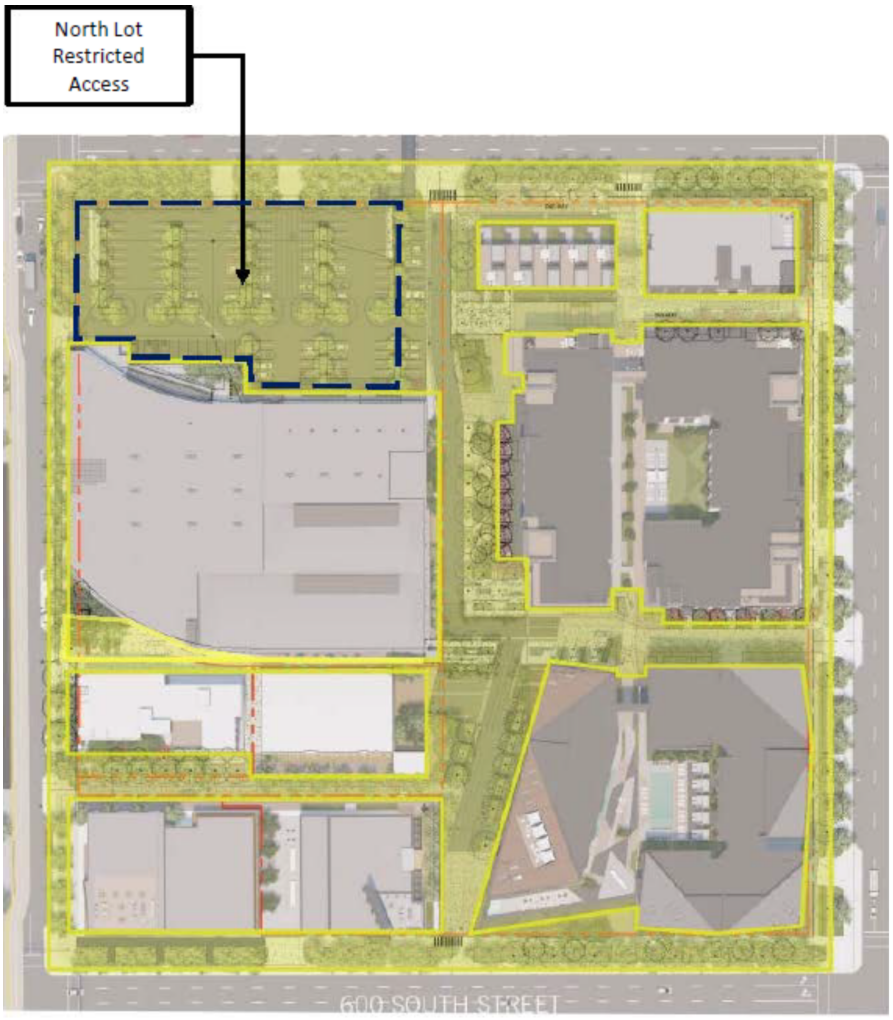
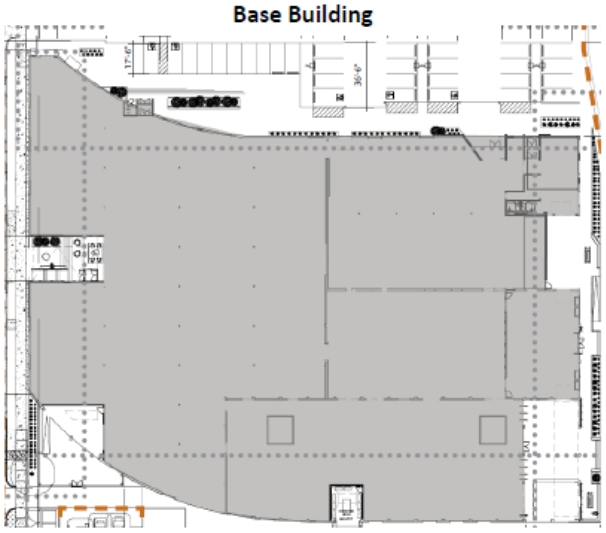


EXHIBIT B

DEPICTION OF LEASED PREMISES / FLOOR PLAN

Base Building



2nd Floor / Mezzanine

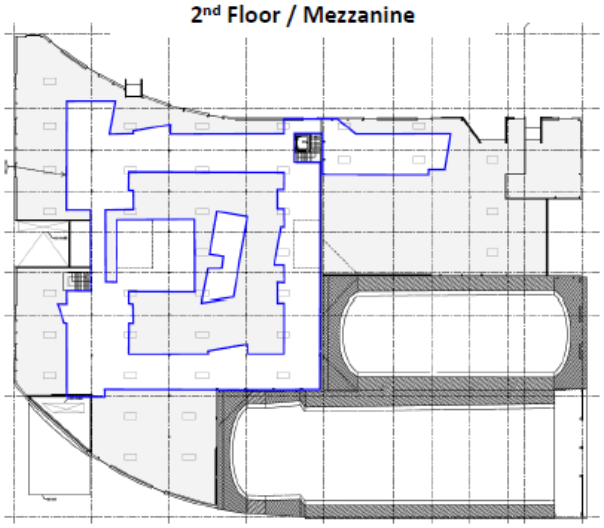


EXHIBIT C

TENANT WORK LETTER

This Tenant Work Letter shall set forth the terms and conditions relating to the construction of the Tenant Improvements (defined below). All references in this Tenant Work Letter to the "Lease" shall mean the relevant portions of that certain Lease Agreement to which this Tenant Work Letter is attached as Exhibit "C", and all references in this Tenant Work Letter to Sections of "this Tenant Work Letter" shall mean the relevant portions of this Tenant Work Letter. As used in this Tenant Work Letter, the "**Tenant Improvements**" shall be those improvements to the Property described in the Construction Drawings (as defined in Section 3.1 of this Tenant Work Letter) approved by Landlord pursuant to Section 3 of this Tenant Work Letter. As used in this Tenant Work Letter, "**Tenant's Work**" refers to the construction of the Tenant Improvements.

SECTION 1

DELIVERY OF THE PROPERTY

Tenant acknowledges that Tenant has thoroughly examined or has had the opportunity to thoroughly examine the Building and the North Lot as defined in the Lease (collectively, the "**Property**"). Upon the full execution and delivery of this Lease by Landlord and Tenant and satisfaction of the conditions set forth in Section 1 of this Lease, Landlord shall deliver the Property to Tenant with all wet and dry utilities stubbed to the existing building on the Property, and except as stated in the Lease and as provided in Section 4.2.8 below, Tenant shall accept the Property from Landlord in its presently existing "as-is" condition as of the date of this Lease, and Landlord shall have no liability or obligation to make improvements of any kind in or about the Property. Except as specifically provided otherwise in the Lease, Tenant shall assume all risk of loss to Tenant's personal property.

SECTION 2

IMPROVEMENT ALLOWANCE

2.1. Improvement Allowance. Tenant shall be entitled to an improvement allowance in the amount of [***] (the "**Improvement Allowance**") for the costs relating to the initial design and construction of the Tenant Improvements. In no event shall Landlord be obligated to make disbursements pursuant to this Work Letter in a total amount which exceeds the Improvement Allowance.

2.2. Use of the Improvement Allowance.

2.2.1. Permissible Improvement Allowance Items. Except as otherwise set forth in this Tenant Work Letter, the Improvement Allowance shall be disbursed by Landlord only for the following items and costs (collectively the "**Improvement Allowance Items**"):

2.2.1.1. Payment of the fees of the "Architect" and the "Engineers," as those terms are defined in Section 3.1 of this Tenant Work Letter, and payment of the fees incurred by, and the cost of documents and materials supplied by, Landlord and Landlord's consultants in connection with (i) the review of the Construction Drawings; and (ii) the supervision of Tenant's Work, in an amount equal to two percent (2%) of the total cost of Tenant's Work ("**Landlord's Supervision Fee**");

2.2.1.2. The payment of plan check, permit and license fees relating to construction of the Tenant Improvements;

2.2.1.3. The cost of construction of the Tenant Improvements, including, without limitation, testing and inspection costs, trash removal costs, after-hours utilities usage, and contractors' fees and general conditions;

2.2.1.4. The cost of any changes in the base building components of the Property when such changes are required by the Construction Drawings or required to comply with applicable governmental regulations or building codes (collectively, the "**Code**"), including all direct architectural and/or engineering fees and expenses incurred in connection therewith;

2.2.1.5. The cost of any changes to the Construction Drawings or Tenant Improvements required by the Code;

2.2.1.6. Sales and use taxes;

2.2.1.7. The cost of cable and other communications lines installed as part of the Tenant Improvements, including any costs in connection with the installation of Tenant's telephone, data, or other communications services; and

2.2.1.8. All other costs approved by Landlord in connection with the construction of the Tenant Improvements.

2.2.2. Disbursement of Improvement Allowance. During the construction of the Tenant Improvements, Landlord shall make monthly disbursements of the Improvement Allowance for Improvement Allowance Items for the benefit of Tenant follows.

2.2.2.1. Monthly Disbursements. On or before the occurrence of a uniform date designated by Landlord (the "**Submittal Date**") for each calendar month during the construction of the Tenant Improvements (or such other date as Landlord may designate), Tenant shall deliver to Landlord: (i) a request for payment of the "Contractor," as that term is defined in Section 4.1 of this Tenant Work Letter, approved by Tenant, in a form to be provided by Landlord, showing the schedule, by trade, of percentage of completion of the Tenant Improvements, detailing the portion of Tenant's Work completed and the portion not completed and demonstrating that the relationship between the cost of Tenant's Work completed and the cost of Tenant's Work to be completed complies with the terms of the "Final Costs," as that term is defined in Section 4.2.1 of this Tenant Work Letter; (ii) invoices from all of "Tenant's Agents," as that term is defined in Section 4.2.2.1 of this Tenant Work Letter, for labor rendered and materials delivered to the Property; (iii) executed mechanic's lien releases from all of Tenant's Agents performing or providing services or materials, which shall comply with the appropriate provisions, as reasonably determined by Landlord, of applicable Utah law; provided, in the event Tenant fails to obtain an executed mechanic's lien release from any of Tenant's Agents providing services or materials with a cost of $50,000 or less (each, a "**Missing Lien Release**"), Landlord will pay such draw request less the amount of the any such Missing Lien Releases; and (iv) all other information reasonably requested by Landlord. Tenant's request for payment shall be deemed Tenant's acceptance and approval of Tenant's Work furnished and/or the materials supplied as set forth in Tenant's payment request. On or before the date occurring thirty (30) days after the Submittal Date, and assuming Landlord receives all of the information described in items (i) through (iv), above, Landlord shall deliver a check to Tenant made jointly payable to Contractor and Tenant in payment of the lesser of: (A) the amounts so requested by Tenant, as set forth in this Section 2.2.2.1, above, less a five percent (5%) retention (the aggregate amount of such retentions to be known as the "**Final Retention**"), and (B) the balance of any remaining available portion of the Improvement Allowance (not including the Final Retention), provided that Landlord does not dispute any request for payment based on non-compliance of any work with the "Approved Working Drawings," as that term is defined in Section 3.4 below, or due to any substandard work, or for any other reasons. Landlord's payment of such amounts shall not be deemed Landlord's approval or acceptance of the work furnished or materials supplied as set forth in Tenant's payment request.

2.2.2.2. Final Retention. Subject to the provisions of this Tenant Work Letter, a check for the Final Retention payable jointly to Tenant and Contractor shall be delivered by Landlord to Tenant following the completion of construction of the Tenant Improvements in a good and workmanlike manner in full compliance with the terms and conditions of this Tenant Work Letter, provided that (i) Tenant delivers to Landlord properly executed mechanics lien releases from all of Tenant's Agents performing or providing services or materials in compliance with applicable Utah law; provided, in the event any Missing Lien Releases exist as of such date, Landlord will pay the Final Retention less an amount equal to two hundred percent (200%) of the amount claimed in relation to such Missing Lien Releases, (ii) Landlord has determined that no substandard work exists which adversely affects the mechanical, electrical, plumbing, heating, ventilating and air conditioning, life-safety or other systems of the Property, or the structure or exterior appearance of the Property and that the Tenant Improvements have otherwise been constructed in substantial compliance with the Approved Working Drawings (defined below), (iii) final inspection by the governmental authority having jurisdiction shall have been completed and a certificate of occupancy (if required) shall have been obtained, and (iv) Tenant's fulfillment of the "Tenant's Completion Requirements," as that term is defined in Section 4.3 of this Tenant Work Letter.

2.2.2.3. Other Terms. Landlord shall only be obligated to make disbursements from the Improvement Allowance to the extent costs are incurred by Tenant for Improvement Allowance Items. All Tenant Improvements incorporated into the Property for which the Improvement Allowance has been made available shall be deemed Landlord's property under the terms of the Lease. If the total cost of the Improvement Allowance Items (including Landlord's Supervision Fee) is less than the amount of the Improvement Allowance, any such excess may be applied by Tenant to an abatement of Base Rent (as defined in the Lease), in the full amount of such excess.

2.3 Finishes**.** The Tenant Improvements shall incorporate building materials and construction standards as described in the Construction Drawings and shall be performed substantially in accordance with the Construction Drawings.

SECTION 3

CONSTRUCTION DRAWINGS

3.1. Selection of Architect/Construction Drawings. Tenant shall retain Method Studio, Inc. ("**Architect**") and ARW Engineers, a Utah corporation ("**Engineer**") to prepare the plans and drawings for the Tenant Improvements. On behalf of Tenant, Architect shall prepare all plans and working drawings relating to the structural and architectural elements of the Tenant Improvements, and Engineer and other approved sub-consultants and professionally licensed subcontractors shall prepare all plans and engineering working drawings relating to mechanical, electrical, plumbing, HVAC, life safety, and interior sprinkler work with respect to the Tenant Improvements, to the extent such work is not part of the existing base building. The plans and drawings to be prepared by Architect and Engineer, whether preliminary or working and including the Final Space Plan (defined below) and the Final Working Drawings (defined below), are sometimes collectively referred to below as the "**Construction Drawings**." All Construction Drawings shall comply with Landlord's drawing format and specifications, and shall be subject to Landlord's approval, which approval shall not be unreasonably withheld or delayed. Tenant and Architect shall verify, in the field, the dimensions and conditions as shown on the relevant portions of the base building plans, and Tenant and Architect (and not Landlord) shall be solely responsible for such verification. Landlord's review or approval of the Construction Drawings, as set forth in this Section 3, shall be for its sole purpose and shall not be deemed or imply Landlord's review or approval of the same, or otherwise obligate Landlord to review or approve the same, for adequacy, fitness for a particular purpose, quality, design, Code compliance or other like matters. Moreover, Landlord's review shall not make Landlord responsible for any construction means, methods, techniques, sequences, or procedures, or of any safety methods or precautions, all of which shall remain solely Tenant's responsibility. Accordingly, notwithstanding that any Construction Drawings are reviewed and approved by Landlord or its space planner, architect, engineers and consultants, and notwithstanding any advice or assistance which may be rendered to Tenant by Landlord or Landlord's space planner, architect, engineers, and consultants, Landlord shall have no liability whatsoever in connection therewith and shall not be responsible for any omissions or errors contained in the Construction Drawings, and Tenant's waiver and indemnity set forth in the Lease shall specifically apply to the Construction Drawings.

3.2. Final Space Plan. Tenant shall supply Landlord with an electronic copy and two (2) hard copies signed by Tenant of its final space plan for the Tenant Improvements (the "**Final Space Plan**") for Landlord's review. The Final Space Plan shall include a layout and designation of all offices, rooms and other partitioning, their intended use, and equipment to be contained therein. Landlord may request clarification or more specific drawings for special use items not included in the Final Space Plan. Landlord shall advise Tenant within ten (10) business days after Landlord's receipt of the Final Space Plan (and any supplemental information requested by Landlord) for the Tenant Improvements if the same is unsatisfactory or incomplete in any respect (and therefore disapproved). If Tenant is so advised, Tenant shall promptly cause the Final Space Plan to be revised to correct any deficiencies or address other matters Landlord may reasonably require. The Final Space Plan must be approved by Landlord, which approval shall not be unreasonably withheld or delayed, before Tenant prepares any architectural working drawings or engineering drawings.

3.3. Final Working Drawings. Upon written approval of the Final Space Plan by Landlord, Tenant shall promptly cause Architect and Engineers to complete the architectural and engineering drawings for the Tenant Improvements, and Architect shall compile a fully coordinated set of architectural, structural, mechanical, electrical and plumbing working drawings in a form which is complete to allow subcontractors to bid on Tenant's Work and to obtain all applicable building permits (collectively, the "**Final Working Drawings**") and shall submit the same to Landlord for Landlord's approval, which approval shall not be unreasonably withheld or delayed. Tenant shall supply Landlord with an electronic copy and two (2) hard copies signed by Tenant of such Final Working Drawings. Landlord shall advise Tenant within five (5) business days after Landlord's receipt of the Final Working Drawings if the same are unsatisfactory or incomplete in any respect and therefore disapproved. If Tenant is so advised, Tenant shall immediately revise the Final Working Drawings in accordance with such review and any disapproval of Landlord.

3.4. Approved Working Drawings. The Final Working Drawings shall be approved by Landlord prior to the commencement of construction of the Tenant Improvements by Tenant. After approval by Landlord of the Final Working Drawings they shall be known as the "**Approved Working Drawings**," and Architect shall submit them and all other required documents to the applicable governmental authority for all applicable permits, submittals, authorizations and approvals applicable to the Approved Working Drawings and Tenant Improvements (the "Approvals"). Tenant hereby agrees that neither Landlord nor Landlord's consultants shall be responsible for

obtaining any Approvals, including, without limitation, any building permit or certificate of occupancy for the Property, and that obtaining the same shall be Tenant's sole responsibility; provided, however, that Landlord shall cooperate with Tenant in executing permit applications and performing other ministerial acts reasonably necessary to enable Tenant to obtain any such permit or certificate of occupancy. No changes, modifications or alterations in the Approved Working Drawings may be made without the prior written consent of Landlord, which consent shall not be unreasonably withheld or delayed.

3.5. Change Orders. If Tenant desires any changes, revisions or substitutions to the Tenant Improvements set forth in the Approved Working Drawings ("**Change Orders**"), Tenant shall submit to Landlord's representative the plans and specifications for such Change Orders. In the event such Change Order results in an increase of the Final Costs which is in excess of the Improvement Allowance, Tenant shall supply to Landlord the direct costs of plan revisions, permits, and the net costs of construction resulting from such Change Orders together with its request for a change order ("**Change Order Payment**"), which shall be treated as part of the Over-Allowance Amount, and Landlord's representative will approve or disapprove (and, in case of disapproval, request revisions to the Change Order) a Change Order within three (3) business days following receipt of the required documentation. Landlord's disapproval and request for revisions to Tenant's proposed Change Order may be based on whether the Change Order: (i) affects or is not consistent with the base structural components or systems of the Building, (ii) is visible from outside the Property, (iii) affects safety, (iv) has or could have the effect of increasing the Building's operating expenses, or (v) in Landlord's reasonable judgment, is not consistent with the quality or character of the Building or the Property. If Landlord disapproves the proposed Change Order, it shall promptly return the Change Order Payment to Tenant.

SECTION 4

CONSTRUCTION OF THE TENANT IMPROVEMENTS

4.1. Tenant's Selection of Contractor. Tenant shall retain Layton Construction to construct the Tenant Improvements ("**Contractor**"). Contractor and all subcontractors engaged by Contractor shall be duly licensed in accordance with applicable Utah law. Tenant shall provide Landlord with copies of all written agreements between Tenant and Contractor pertaining to Tenant's Work.

4.2. Construction of Tenant Improvements by Tenant's Agents.

4.2.1. Construction Contract; Final Costs. Prior to Tenant's execution of the proposed construction contract and general conditions with Contractor (the "**Construction Contract**"), Tenant shall submit the Construction Contract to Landlord for its approval, which approval shall not be unreasonably withheld or delayed. Before commencing Tenant's Work and after Tenant or Contractor has accepted all bids for the Tenant Improvements, Tenant shall provide Landlord with a detailed schedule of values or cost breakdown, by trade, of the final costs to be incurred in connection with the design and construction of the Tenant Improvements, which shall include Landlord's Supervision Fee (the "**Final Costs**"). Except as provided in Section 4.2.9 below, Tenant shall be solely responsible to pay for all costs to complete the Tenant Improvements if the amount of the Final Costs exceeds the Improvement Allowance.

4.2.2. Tenant's Agents.

4.2.2.1. Landlord's General Conditions for Tenant's Agents and Tenant's Work. Tenant, Contractor, all subcontractors of any tier, laborers, materialmen, and suppliers used by Tenant (such Contractor, subcontractors, laborers, materialmen, and suppliers, and Contractor (but specifically excluding Tenant) to be known collectively as "**Tenant's Agents**"), in the performance of Tenant's Work shall comply with the following: (i) the Tenant Improvements shall be constructed in substantial conformance with the Approved Working Drawings; (ii) Tenant and Tenant's Agents shall not, in any way, unreasonably interfere with, unreasonably obstruct, or unreasonably delay, the work of Landlord with respect to any other work in the Project (as defined in the Lease) (iii) Tenant's Agents shall submit and coordinate schedules pertaining to Tenant's Work to Contractor and Contractor shall, within five (5) business days of receipt thereof, inform Tenant's Agents of any changes which are deemed necessary thereto, and Tenant's Agents shall adhere to such corrected schedule; and (iv) Tenant's Agents shall abide by all rules made by Landlord's property manager in connection with this Tenant Work Letter, including, without limitation, the performance of Tenant's Work.

4.1.1.2. Indemnity. To the fullest extent of the law, Tenant's indemnity of Landlord as set forth in Section 10(a) to the Lease shall also apply with respect to any and all claims, costs, losses, damages, injuries and liabilities, including attorneys' fees, arising out of or relating in any way to the Tenant Improvements and attributable, in whole or in part, to any negligent act or omission of Tenant or Tenant's Agents, or any architect, engineer, consultant, representative or agent of any of them, or anyone directly or indirectly employed by any of them, or in connection with Tenant's non-payment of any amount arising out of or relating to the Tenant

Improvements and/or Tenant's disapproval of all or any portion of any request for payment. Such indemnity by Tenant shall also apply with respect to any and all costs, losses, damages, injuries and liabilities related in any way to Landlord's performance of any ministerial acts reasonably necessary (i) to permit Tenant to complete the Tenant Improvements, and (ii) to enable Tenant to obtain any building permit or certificate of occupancy for the Property.

4.2.2.3. Requirements of Tenant's Agents. The Construction Contract shall guarantee to Tenant and for the benefit of Landlord that the Tenant Improvements shall be free from any defects in workmanship and materials for a period of not less than one (1) year from the date of completion thereof. All such warranties or guaranties as to materials or workmanship of or with respect to the Tenant Improvements shall be contained in the Construction Contract and shall be written such that such guaranties or warranties shall inure to the benefit of both Landlord and Tenant, as their respective interests may appear, and can be directly enforced by either. At Landlord's request, Tenant shall provide Landlord with any written assignment or other assurances which may be necessary or desirable to provide for such right of direct enforcement.

4.2.2.4. Insurance Requirements.

4.2.2.4.1. General Coverages. Landlord will purchase and maintain, or cause to be maintained, the cost of which will be paid for out of the Improvement Allowance, the following insurance coverage for the Property including Tenant Improvements (the "**Owner's Project Policies**") for the benefit of itself, who will be the First Named Insured, and General Contractor, who will be included as an Additional Named Insured. Unless otherwise specified below, coverage will not apply to any work or operations away from the project site. Tenant shall be included as additional named insured. Owner's Project Policies will provide the following coverage and are intended to be the primary coverage for the Project.

4.2.2.4.1.1. Commercial General Liability insurance. Owner shall maintain coverage written on a current ISO occurrence form, with a combined "per project" limit for bodily injury, personal injury and property damage of no less than One Million Dollars ($1,000,000) per occurrence, Two Million Dollars ($2,000,000) general aggregate, and Two Million Dollars ($2,000,000) products completed operations aggregate. Coverage will include extended products-completed operations for the lesser of the applicable statute of repose of (6) six years or ten (10) years. Coverage shall contain not restrictions or exclusions pertaining to the type of asset nor the type of construction contemplated by this agreement.

4.2.2.4.1.2. Excess Liability / Umbrella insurance. Owner shall maintain coverage consisting of one or more policies with limits of not less than Ten Million Dollars ($10,000,000) each occurrence for bodily injury and property damage, and Ten Million Dollars ($10,000,000) general aggregate and products and completed operations aggregate. Coverage shall be excess and follow form to the underlying commercial general liability coverages.

4.2.2.4.1.3. Property Builders Risk insurance. Owner shall maintain in force and effect, at its sole cost and at all times while the obligations set forth by this agreement remain outstanding, property insurance on an "all risk" form for the building and all equipment and improvements installed per the terms of this agreement including builders risk insurance, with limits and deductibles acceptable to Owner. Such coverage shall list Landlord as Named Insured, and include the interest of the Tenant, General Contractor and subcontractors of every tier. Tenant is responsible for their personal property in accordance with the Lease.

4.2.2.4.1.4. Tenant shall maintain insurance in accordance with the requirements set forth in the Lease, outlined further in Section 10. Liability Insurance; Indemnity.

4.2.2.4.2. General Terms. Certificates of insurance (in form satisfactory to Landlord and Tenant) and endorsements evidencing the insurance required under this Section 4.2.2.4 shall be delivered to Tenant by Landlord before the commencement of construction of the Tenant Improvements and before Contractor's equipment is moved onto the site. All such policies of insurance must contain a provision requiring the insurer to give Tenant thirty (30) days prior written notice of any cancellation or lapse of the effective date or any reduction in the amounts of such insurance. In addition to the insurance Tenant is required to carry under their Lease, should Tenant engage the services of any contractor or subcontractor of any type or tier to perform work in the premises, Tenant shall ensure, via written and executed contract, that such party complies with the requirements of Section 10 of the Lease, including commercial general liability, business automobile liability, umbrella/excess liability, worker's compensation and employer's liability coverages in substantially the same forms as required of the Tenant under the Lease and in amounts approved by landlord and/or landlord's property manager. Umbrella coverage shall be commensurate with their scope of risk and work performed but in no case less than $1,000,000 per occurrence. Contractor policies shall have zero restrictions for injuries to employees, or for the scope of work contemplated within their agreement. Certificates of insurance shall be made available to Landlord prior to work commencing on site evidencing all insurances as required herein, and include Tenant, Landlord and Landlord entities as additional insured for ongoing and completed operations on a primary and non-contributory basis. The

required limits listed above are minimum limits established by Landlord and nothing contained herein shall be construed to mean the required limits are adequate or appropriate to protect Tenant or contractors of any type from greater loss. All of the above required insurance maintained by Tenant's Agents shall preclude subrogation claims by the insurer against Landlord or its agents and employees. All of the above required liability insurance is primary insurance as respects Landlord and any other insurance maintained by Landlord is excess and noncontributing with the above required insurance. The above insurance requirements shall not abrogate or diminish in any way Tenant's indemnification obligations under Section 4.2.2.2 of this Tenant Work Letter. All liability insurance shall be provided on an "occurrence" basis. Landlord may, in its discretion, require Tenant or Contractor to obtain payment and performance bonds in form satisfactory to Landlord, issued by sureties satisfactory to Landlord (and naming Landlord as a co-obligee), and having a penal sum in an amount not less than the amount of the Final Costs, or some alternate form of security satisfactory to Landlord in an amount sufficient to ensure the lien-free completion of the Tenant Improvements. If the foregoing payment and performance bonds are required by Landlord, fifty percent (50%) of the cost of such bonds shall be paid by Landlord, and fifty percent (50%) shall be paid by Tenant.

4.2.3. Governmental Compliance, Etc. The Tenant Improvements shall comply in all respects with the following: (i) the Code and all other applicable laws, regulations and ordinances as each may apply according to the rulings of the controlling public official, agent or other person; (ii) applicable standards of the American Insurance Association (formerly, the National Board of Fire Underwriters) and the National Electrical Code; and (iii) building material manufacturer's specifications.

4.2.4. Inspection by Landlord. Landlord shall have the right to inspect the Tenant Improvements at all times; provided, however, that Landlord's failure to inspect the Tenant Improvements shall in no event constitute a waiver of any of Landlord's rights under this Tenant Work Letter or this Lease, nor shall Landlord's inspection of the Tenant Improvements constitute Landlord's approval of the same. Should Landlord disapprove any portion of the Tenant Improvements, Landlord shall notify Tenant in writing of such disapproval and shall specify the items disapproved. Any defects or deviations in, and/or disapproval by Landlord of, the Tenant Improvements shall be rectified by Tenant at no expense to Landlord within thirty (30) days.

4.2.5. Work Rules. Tenant shall keep the Common Areas (as defined in the Lease) of the Project reasonably free of all construction debris and in a broom clean condition (except within approved construction staging areas, which areas will be maintained by the Contractor in a reasonably clean and slightly condition). Tenant agrees that no work by Tenant's Agents shall unreasonably disrupt or cause a slowdown or stoppage of any work conducted by Landlord at the Project.

4.2.6. Construction Delays. As used in this Tenant Work Letter, "**Construction Delay(s)**" shall mean any actual delay in the performance or completion of all or any portion of the Tenant Improvements attributable to the following:

i. any Force Majeure Event (as defined in the Lease);

ii. any delay caused by governmental authorities in obtaining necessary Approvals after Landlord and Tenant have approved the Approved Working Drawings, despite Tenant's best efforts to obtain such Approvals; or

iii. any delay caused by Pre-existing Defects.

4.2.7. Pre-Existing Property Defects. Notwithstanding anything to the contrary, in no event shall Tenant be responsible for the cost of any "**Pre-existing Defects**" with respect to the existing shell building on the Property, except to the extent exacerbated by Tenant or Tenant's Agents, which costs must be paid for by Tenant. As defined herein, "Pre-existing Defects" shall mean any foundational or structural issues relating to the shell building on the Property that: (i) are not readily apparent and contemplated to be addressed as part of Tenant's Work, including, without limitation, abatement of hazardous materials on the Property or within the existing building structure unless the same were brought onto the Property by Tenant or Tenant's Agents; and (ii) which are discovered during the course of the performance of Tenant's Work. Landlord shall be solely responsible for all costs and expenses to remedy any Pre-existing Defects without any charge against the Improvement Allowance.

4.3. Anti-Lien Provisions; Copy of Updated Approved Working Drawing Plans.

4.3.1. Tenant shall use reasonable commercial efforts to prevent any liens from being recorded against the Property or the Project during the four (4) months following completion of Tenant's Work. Tenant, at its sole cost and expense, shall cause a title insurance company of Landlord's choosing to furnish a preliminary title report or commitment for title insurance to Landlord as of the expiration of such four (4) month period, showing that no mechanic's liens have been recorded against the Property in respect to such work. If any notice of mechanic's liens have been recorded, Landlord may withhold from the Improvement Allowance a sum equal to one hundred

twenty-five percent (125%) of the amount claimed, and place the same in a separate escrow account, to be disbursed as required to meet the claims under the mechanic's liens, and Tenant shall defend the claims or cause the same to bonded off of the Property pursuant to the following section. If foreclosure of the mechanic's liens is denied or such lien is bonded off of the Property pursuant to the following section, the entire amount placed in the separate account, plus interest earned thereon, shall be disbursed to Tenant.

4.3.2. As an alternative to Landlord's withholding of a portion of the Improvement Allowance (provided in Section 4.3.2 above), Tenant shall have the option to bond-off (through the use of a surety bond, for the sole benefit of Landlord, in form and amount reasonably satisfactory to Landlord) or otherwise cause the dissolution, transfer, or satisfaction of any lien, claim, security interest, or encumbrance (an "**Imposition**") recorded by Contractor or other Tenant's Agent or any architect, engineer, or consultant or subcontractor or supplier of any tier, against the Property (so as to release and discharge any such Imposition pursuant to Utah law).

4.3.3. To the fullest extent of the law, Tenant shall defend, indemnify, and hold harmless Landlord from and against any and all liens, claims, claims of lien, security interests, and encumbrance by Contractor or any architect, engineer, consultant, or subcontractor or supplier of any tier that arises out or relates in any way to the Tenant Improvements.

4.3.4. At the conclusion of construction, (i) Tenant shall cause Contractor (A) to update the Approved Working Drawings through annotated changes, as necessary, to reflect all changes made to the Approved Working Drawings during the course of construction pursuant to Change Orders, (B) to certify to the best of Contractor's knowledge that such updated Approved Working Drawings are true and correct, which certification shall survive the expiration or termination of this Lease, (C) to deliver to Landlord an electronic copy and two (2) sets of hard copies of such updated Approved Work Drawings and (D) to deliver to Landlord any permits or similar documents issued by governmental agencies in connection with the construction of the Tenant Improvements, within thirty (30) days following issuance of a certificate of occupancy for the Property, and (ii) Tenant shall deliver to Landlord a copy of all warranties, guaranties, and operating manuals and information relating to the improvements, equipment, and systems in the Property.

4.3.5. Tenant shall have reimbursed Landlord for any cost or expense incurred by Landlord as a result of any damage to Landlord's property caused by Tenant or Tenant's Agents performance of Tenant's Work.

4.3.6. Tenant shall have reimbursed Landlord for any cost or expense incurred by Landlord in defending against any recorded mechanic's liens affecting the Property, including attorney's fees, court costs, and litigation expenses.

Sections 4.3.1, 4.3.2, 4.3.3, 4.3.4, 4.3.5 and 4.3.6 above shall be collectively referred to as "**Tenant's Completion Requirements**."

SECTION 5

MISCELLANEOUS

5.1. Tenant's Representative. Tenant has designated Cole VandenAkker as its sole representative with respect to the matters set forth in this Tenant Work Letter, who shall have full authority and responsibility to act on behalf of Tenant as required in this Tenant Work Letter.

5.2. Landlord's Representative. Landlord has designated Vinny English as its sole representative with respect to the matters set forth in this Tenant Work Letter, who, until further notice to Tenant, shall have full authority and responsibility to act on behalf of Landlord as required in this Tenant Work Letter.

5.3. Time. Unless otherwise indicated, all references herein to a number of days shall mean and refer to calendar days. If any item requiring approval is timely disapproved by Landlord, the procedure for preparation of the document and approval thereof shall be repeated until the document is approved by Landlord.

5.4. Tenant's Lease Default. Notwithstanding any provision to the contrary contained in this Lease, if an event of default as described in this Lease or this Tenant Work Letter has occurred at any time on or before the completion of the Tenant Improvements, then (i) in addition to all other rights and remedies granted to Landlord pursuant to the Lease, Landlord shall have the right to withhold payment of all or any portion of the Improvement Allowance, and (ii) the performance of all other obligations of Landlord under the terms of this Tenant Work Letter shall be excused until such time as such default is cured pursuant to the terms of this Lease (in which case, Tenant shall be responsible for any delay in the completion of the Tenant Improvements caused by such inaction by Landlord).

5.5 Tenant Work Default. If Tenant or Tenant's Contractor does not prosecute Tenant's Work properly in accordance with the Approved Working Drawings and Work Schedule, Landlord, after fifteen (15) days' written notice to Tenant, and without prejudice to any other right or remedy Landlord may have, may remedy the default or make good any deficiencies, and recover the costs incurred therein from Tenant. If Landlord performs any of Tenant's Work hereunder, Tenant shall pay to Landlord the direct cost thereof to Landlord plus ten percent (10%) of such cost in respect of coordination by Landlord not more than thirty (30) days after receipt of invoice therefor, provided that if requested by Landlord, Tenant shall pay to Landlord one hundred twenty percent (120%) of the estimated amount thereof as a deposit against the actual cost to perform such work (with any excess being refunded to Tenant) at the time Landlord commences such work or orders materials or equipment for such work and shall make progress payments to Landlord as the work proceeds in such amounts as Landlord may reasonably require.

EXHIBIT D

FORM
COMMENCEMENT DATE, PREMISES AREA MEASUREMENT
AND BASE RENT CONFIRMATION CERTIFICATE

LANDLORD: _____, a _____

TENANT: _____, a _____

This Lease Commencement Certificate is made by Landlord and Tenant pursuant to that certain Lease (the "Lease") entered into as of _____ ___, 20___, for the premises in the Building known as _____ (the "Leased Premises"). The Premises are confirmed to be _____ rentable square feet.

1. Lease Commencement Date. Landlord and Tenant acknowledge and agree that the Commencement Date, as contemplated by the Summary of Basic Terms of the Lease, is_____, 20__, and the Expiration Date is_____, 20__. Rent as contemplated by the Lease begins accruing to Landlord's benefit as of _____, 20__. All covenants in the Lease contemplated to begin on the Commencement Date shall commence as of the Commencement Date.

Lease Year	Annual Base Rent PSF	Leased Premises Annual RSF	Monthly Base Rent	Annual Base Rent
[insert all]	[insert all]	[insert all]	[insert all]	[insert all]

2. Acceptance of Leased Premises. Tenant has inspected and examined the Leased Premises, and Tenant finds the Leased Premises acceptable and satisfactory in all respects in their current, "as is" condition, except for the "Punchlist Items" attached hereto (if any). [All of Landlord's Improvements has been fully completed and fulfilled.] The attached list of Punchlist Items constitutes all matters which Tenant does not find fully and completely acceptable, and as to which Tenant desires Landlord to perform corrective work.

LANDLORD:	TENANT:
_____, a _____ By: _____ Name: _____ Title: _____	_____, a _____ By: _____ Name: _____ Title: _____

EXHIBIT E

LOCATION OF PARKING STRUCTURE, FITNESS CENTER

1 2 = Covered Parking locations in Buildings 1 & 2

2 = Fitness Center location within Building 2

EXHIBIT F
PERMITTED EXCEPTIONS

10. Taxes for the year 2020 are now due and payable in the amount of $27,240.53, delinquent after November 30, 2020. Tax Serial No. 15-01-378-024.

    Note: New Tax Serial No. 15-01-378-027.

11. Taxes for the year 2020 are now due and payable in the amount of $3,236.49, delinquent after November 30, 2020. Tax Serial No. 15-01-378-025.

    Note: New Tax Serial No. 15-01-378-027.

12. Said property is included within the boundaries of Salt Lake City, and is subject to the charges and assessments thereof.

13. Said property is included within the boundaries of Metropolitan Water District of Salt Lake and Sandy, and is subject to the charges and assessments thereof.

14. Said property is included within the boundaries of Salt Lake City, Utah Special Improvement District No. 103009, and is subject to the charges and assessments thereof.

    Resolution No. 18 of 2000, to create the Salt Lake City, Utah Special Improvement District No. 103009, Recorded March 28, 2000, as Entry No. 7605310, in Book 8351 at Page 2768, of Official Records.

15. Resolution No. 80 of 2000, a Resolution to create Salt Lake City, Utah Central Business Improvement District No. DA-CBID-00, recorded December 12, 2000, as Entry No. 7779133, in Book 8407 at Page 6500, of Official Records.

16. Salt Lake City Ordinance No. 70 of 2005, Adopting the Central Community Master Plan, recorded November 22, 2005 as Entry No. 9560336 in Book 9220 at Page 4101 of Official Records.

17. Pole Line Easement, in favor of Utah Power and Light Company, for electric transmission, distribution and telephone circuits, and incidental rights and purposes thereunder, and the terms and conditions thereof, Recorded March 2, 1962 as Entry No. 1830732 in Book 1895 at Page 471 of official records.

18. Pole Line Easement, in favor of Utah Power and Light Company, for electric transmission, distribution and telephone circuits, and incidental rights and purposes thereunder, and the terms and conditions thereof, Recorded March 2, 1962 as Entry No. 1830733 in Book 1895 at Page 472 of official records.

19. Pole Line Easement, in favor of Utah Power and Light company, for electric transmission, distribution and telephone circuits, and incidental rights and purposes thereunder, and the terms and conditions thereof, Recorded March 2, 1962 as Entry No. 1830738 in Book 1895 at Page 477 of official records.

20. Pole Line Easement, in favor of Utah Power and Light company, for electric transmission, distribution and telephone circuits, and incidental rights and purposes thereunder, and the terms and conditions thereof, Recorded March 2, 1962 as Entry No. 1830739 in Book 1895 at Page 478 of official records.

21. Rights of those utilities entitled thereto, to use for access and utility purposes as to that portion of said land lying within the bounds of the land commonly referred to as Gale Street.

22. Pole Line Easement, in favor of Utah Power and Light company, for electric transmission, distribution and telephone circuits, and incidental rights and purposes thereunder, and the terms and conditions thereof, Recorded November 1, 1965 as Entry No. 2121298 in Book 2393 at Page 649 of official records.

23. Subject to encroachments of improvements located on the land into 400 West Street, as found in that certain Warranty Deed recorded November 8, 1983, as Entry No. 3867000 in Book 5505 at Page 2226 of Official Records.

Agreement between Salt Lake City Corporation, a municipal corporation, owner of the encroached upon area, and William J. Lowenberg, Fern E. Lowenberg, David W. Lowenberg and Susan E. Lowenberg, owners, recorded November 8, 1983, as Entry No. 3866999 in Book 5505 at Page 2215 of official Records, wherein Salt Lake City grants permission and license to occupy and use the property encroached upon until demolition or destruction of the encroaching building, subject to the terms and conditions contained in said agreement.

The interest of "Grantees" under said Agreement was assigned by that certain Assignment and Assumption Agreement, dated November 1, 983, and recorded November 8, 1983, as Entry No. 3867001 of Official Records.

Assignment and Assumption of SLC Agreement, dated March 4, 2019, and recorded March 4, 2019, as Entry No. 12943757 of Official Records.

24. Perpetual Easement Agreement for billboards, by and between Gale Street Properties, LLC, a Utah limited liability company, Third West Properties, LLC, a Utah limited liability company, and Sixth South Properties, LLC, a Utah limited liability company, collectively as grantors, and Gale Holdings, LLC, a Utah limited liability company, as grantee, and the easements, terms, covenants, conditions, restrictions and matters therein, recorded January 19, 2018 as Entry No. 12701474 in Book 10640 at Page 2124 of official records.

Scrivener's Affidavit to correct to correct legal description, recorded october 24, 2018, as Entry No. 12873687, in Book 10724 at Page 5602, of official records.

25. Vehicular access is limited to openings permitted by the Utah State Department of Transportation in accordance with Section 41-6a-714, Utah Code Annotated, as amended 2005.

26. Matters disclosed by that certain ALTA/NSPS Land Title Survey, dated April 10, 2020, last revised April 17, 2002, prepared by McNeil Engineering, as Job No. 18571, certified by David B. Draper, License No. 6861599.

1. Fenceline Discrepancies along the South and West, as shown on survey.
2. Gate encroachment lying outside of the described property along the West, as shown on survey.
3. Power Lines and Power Poles, along the Southwest, North and Northeast , as shown on survey.
4. Telephone Lines located in the Southeast, as shown on survey.
5. TV Lines located in the Northeast are, as shown on survey.
6. Building improvement encroachment along the Southerly boundary, as shown on survey.
7. Stairs and Curb Wall lying outside of the property along the Westerly side, as shown on survey.
8. Storm Drainage Facilities, as shown on survey.
9. Power Lines, Gas Lines, TV Lines, Telephone Lines, and Sewer Lines and their appurtenant facilities, along the East, as shown on survey.
10. "TR" facilities as shown on survey.

27. This Exception has been intentionally deleted.

28. DECLARATION OF COVENANTS, CONDITIONS AND RESTRICTIONS AND GRANT OF EASEMENTS FOR THE POST DISTRICT, but deleting any covenant, condition or restriction indicating a preference, limitation or discrimination based on race, color, religion, sex, handicap, familial status, or national origin to the extent such covenants, conditions, or restrictions violate 42 USC 3604 (c):
Recorded: May 26, 2020
Entry No: 13280043
Book/Page: 10949/5537

Any and all amendments and/or supplements thereto.

Said Enabling Declaration and/or Covenants, Conditions, and Restrictions provide for among other things, the formation of a Owners Association which has the power to assess charges for maintenance.

ADDENDUM "A" TO OFFICE BUILDING LEASE

Rules and Regulations

1. CONDUCT

Tenant shall not conduct its practice or business, or advertise such business, profession or activities of Tenant conducted in the Leased Premises in any manner which violates local, state or federal laws or regulations.

2. HALLWAYS AND STAIRWAYS

Tenant shall not obstruct or use for storage, or for any purpose other than ingress and egress, the sidewalks, entrance, passages, courts, corridors, vestibules, halls, elevators and stairways of the Building.

3. NUISANCES

Except as may result from the Permitted Uses, and subject to Section 23(b) of the Lease, Tenant shall not make or permit any noise, odor or act that is objectionable to other occupants of the Project or to emanate from the Leased Premises, and shall not create or maintain a nuisance thereon. Tenant understands that on occasion there will be a lot of activity and special events being held by the tenants in the neighborhood. These activities and special events must be planned ahead of time and approved by the Landlord with a minimum of seven (7) days' notice given to other tenants in the neighborhood.

4. AUDIO EQUIPMENT, ETC.

Tenant shall not operate any audio equipment or similar instrument in such a manner as to overly disturb and annoy other tenants of the neighborhood. Tenant shall not install any antennae, aerial wires or other equipment outside the Building without the prior written approval of Landlord.

5. INTENTIONALLY DELETED

6. DAMAGE

The toilets and urinals shall not be used for any purpose other than those for which they were intended and constructed, and no rubbish, newspapers or other substance of any kind shall be thrown into them. Waste and excessive or unusual use of water shall not be allowed. Tenant shall not mark, drive nails, screw or drill into, paint, nor in any way deface the walls, ceilings, partitions, floors, wood, stone or iron work. The expense of any breakage, stoppage or damage resulting from a violation of this rule by Tenant shall be borne by Tenant. Tenant shall be permitted to hang pictures on office walls, but it must be done in a workmanlike manner and in such a way as not to damage or deface such walls. Notwithstanding the forgoing, Tenant shall utilize Landlord's preferred vendor for mounting, attaching or painting anything in or on stone, brick or concrete walls.

7. WIRING

Electrical wiring of every kind shall be introduced and connected only as directed by Landlord, and neither boring nor cutting of wires will be allowed except with the consent of the Landlord. The location of the telephone, call boxes, etc., shall be subject to the approval of Landlord.

8. EQUIPMENT, MOVING, FURNITURE, ETC.

Landlord will not be responsible for any loss of or damage to any equipment or property brought into the Building from any cause, and all damage done in the Building by moving or maintaining any such property shall be repaired at the expense of Tenant. All equipment shall be installed as required by law.

9. REQUIREMENTS OF TENANT

The requirements of Tenant will be attended to only upon application at the office of Landlord or its Property Manager. Employees or Landlord or its Property Manager shall not perform any work nor do anything outside their regular duties unless under special instructions from Landlord or its Property Manager. All janitorial services personnel, guards or any outside contractors employed by Tenant shall be subject to the regulations and control of Landlord, but shall not act as an agent or servant of Landlord.

10. ACCESS TO BUILDING

Any person entering or leaving the Building may be questioned by Building security regarding his/her business in the Building and may be required to sign in and out. Anyone who fails to provide a satisfactory reason for being in the Building may be excluded.

11. PETS, REFUSE

Landlord may require Tenant's employees to sign a dog indemnity and behavior agreement if Tenant's employees choose to bring dogs into the Building.

Tenant shall not allow anything to be placed on the outside window ledges of the Leased Premises or to be thrown out of the windows of the Building. Tenant shall not place or permit to be placed any obstruction or refuse in any public part of the Building.

12. EQUIPMENT DEFECTS

Tenant shall give Landlord prompt notice of any accidents to or defects in the water pipes, gas pipes, electric lights and fixtures, heating apparatus, or any other service equipment.

13. PARKING

Unless otherwise specified by Landlord, and subject to the required parking to be provided by Landlord in accordance with the terms and conditions of this Lease, Tenant and its employees may park automobiles only in the designated parking areas provided by Landlord. Parking Permit issued by Landlord must be visible on vehicles parked in designated areas. Tenant agrees that Landlord assumes no responsibility of any kind whatsoever in reference to such automobile parking area or the use thereof by Tenant or its agents or employees. Except as otherwise agreed to between Landlord and Tenant or otherwise provided in the Lease, there shall be no assigned parking spaces in the designated parking areas. Availability of parking is not guaranteed.

14. CONSERVATION AND SECURITY

Tenant will see that all windows and doors are securely locked, and that all faucets and electric light switches are turned off before leaving the Building.

15. SIGNAGE

No sign, advertisement or notice shall be inscribed, painted or affixed on any part of the inside or outside of the Building unless of such color, size and style and in such place upon or in the Building as shall be first designated by Landlord. Landlord shall have the right to remove all non-permitted signs without notice to Tenant and at the expense of Tenant.

16. USE OF COMMON AREAS.

Tenant will not obstruct the Common Areas, and Tenant will not use the Common Areas for any purpose other than ingress and egress to and from the Leased Premises, and parking in connection with its use of the Leased Premises. Landlord reserves the right to control and prevent access to the Common Areas of any person whose presence, in Landlord's opinion, would be prejudicial to the safety, reputation and interest of the Building or the Project and its tenants.

FIRST AMENDMENT TO LEASE AGREEMENT

This FIRST AMENDMENT TO LEASE AGREEMENT (this "**First Amendment**"), dated as of the 8th day of February, 2021, is entered into by and between BRIDGE BLOQ NAC, LLC, a Delaware limited liability company ("**Landlord**"), and TRAEGER PELLET GRILLS, LLC, a Delaware limited liability company ("**Tenant**").

RECITALS

A. Landlord and Tenant are parties to a certain Lease Agreement dated November 4, 2020 (the "**Lease**"), which Lease covers the premises consisting of approximately 85,771 rentable square feet (the "**Premises**") within the building located at 548 South Gale Street, Salt Lake City, Utah (the "**Building**").

B. Landlord and Tenant desire to amend the Lease on the terms and subject to the conditions set forth below in this First Amendment.

C. All undefined capitalized terms used in this First Amendment shall have the same meaning ascribed to such terms in the Lease.

AMENDMENT

NOW THEREFORE, in consideration of the foregoing recitals, the mutual covenants set forth below, and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, Landlord and Tenant hereby agree as follows:

1. Recitals. The above recitals are an integral part of the agreement and understanding of Landlord and Tenant and are incorporated into this First Amendment by reference.

2. Specific Lease Amendments. Effective as of the date of this First Amendment (the "**Effective Date**"), the terms of the Lease are amended as follows:

a. Expansion Space. The Premises shall include an additional approximately 8,113 rentable square feet located within the Building (the "**Expansion Space**"). With the addition of the Expansion Space, the Premises will include a total of approximately 93,884 rentable square feet in the Building.

b. Base Rent. The Base Rent for the Premises payable by Tenant to Landlord shall be as follows (and the Summary of Basic Lease Terms is amended accordingly):

Lease Year	Lease Months Beginning on Commencement Date	Base Rent Rate	Estimated Leased Premises Annual RSF	Estimated Monthly Base Rent	Estimated Annual Base Rent
[***]	[***]	$[***] PSF	[***]	[***]	[***]
	[***]	$[***] PSF	[***]	[***]	$[***]
[***]	[***]	$[***] PSF	[***]	$[***]	$[***]
[***]	[***]	$[***] PSF	[***]	$[***]	$[***]
[***]	[***]	$[***] PSF	[***]	$[***]	$[***]
[***]	[***]	$[***] PSF	[***]	$[***]	$[***]
[***]	[***]	$[***] PSF	[***]	$[***]	$[***]
[***]	[***]	[***]	[***]	[***]	[***]
[***]	[***]	[***]	[***]	[***]	[***]

c. Improvement Allowance. The Improvement Allowance (as defined in Exhibit C attached to the Lease) shall include an additional $[***] ("Additional Allowance"). With the addition of the Additional Allowance, the Improvement Allowance shall be in the amount of $[***].

3. Miscellaneous.

3.1 No Other Changes. Except as otherwise expressly modified by the terms of this First Amendment, the Lease shall remain unchanged and in full force and effect. In the event of a conflict between the terms of the Lease and this First Amendment, this First Amendment shall control. Tenant acknowledges that, as of the date hereof, Landlord is not in default in the performance of any of its obligations under the Lease and that Tenant has no claims or setoffs of any kind. This First Amendment shall not be effective and binding unless and until it is fully-executed and delivered by Landlord and Tenant. Each party hereby represents and warrants to the other that the person or entity signing this First Amendment on behalf of such party is duly authorized to execute and deliver this First Amendment and to legally bind the party on whose behalf this First Amendment is signed to all of the terms, covenants and conditions contained in this First Amendment.

3.2 Counterparts; Electronic Transmission. This First Amendment may be executed in two or more counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument. Executed counterparts of this First Amendment may be delivered by facsimile, PDF file or other electronic file attached to e-mail, or other electronic means. Such delivery shall be conclusive for all purposes.

[Signatures on Next Page.]

IN WITNESS WHEREOF, the parties have caused this First Amendment to be executed as of the above stated date.

LANDLORD:

BRIDGE BLOQ NAC LLC, a Delaware limited liability company

By: Bridge BLOQ Qualified Opportunity Zone Business, LLC, its sole member

By: BLOQ Opportunity Zone Fund I, LLC, its operating member

By: BLOQ Development Partners, LLC, its manager

By: BCG BLOQ Management LLC, its manager

By: /s/ Brandon Blaser
Brandon Blaser
Authorized Signatory

TENANT:

TRAEGER PELLET GRILLS, LLC, a Delaware limited liability company

By: /s/ Jeremy Andrus
Name: Jeremy Andrus
Title: CEO

By: /s/ Dominic Blosil
Name: Dominic Blosil
Title: CFO

[***] Certain information in this document has been excluded pursuant to Regulation S-K, Item 601(b)(10). Such excluded information is not material and is the type that the registrant treats as private or confidential.

SECOND AMENDMENT TO LEASE AGREEMENT

This SECOND AMENDMENT TO LEASE AGREEMENT (this "**Second Amendment**"), dated as of the 1st day of September, 2021, is entered into by and between BRIDGE BLOQ NAC, LLC, a Delaware limited liability company ("**Landlord**"), and TRAEGER PELLET GRILLS, LLC, a Delaware limited liability company ("**Tenant**").

RECITALS

A. Landlord and Tenant are parties to a certain Lease Agreement dated November 4, 2020 (the "**Original Lease**"), as amended by that certain First Amendment to Lease Agreement dated February 8, 2021 (the "**First Amendment**", and collectively with the Original Lease, the "**Lease**"), which Lease covers the premises consisting of approximately 93,884 rentable square feet (the "**Premises**") within the building located at 548 South Gale Street, Salt Lake City, Utah (the "**Building**").

B. Landlord and Tenant desire to amend the Lease on the terms and subject to the conditions set forth below in this Second Amendment.

C. All undefined capitalized terms used in this Second Amendment shall have the same meaning ascribed to such terms in the Lease.

AMENDMENT

NOW THEREFORE, in consideration of the foregoing recitals, the mutual covenants set forth below, and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, Landlord and Tenant hereby agree as follows:

1. Recitals. The above recitals are an integral part of the agreement and understanding of Landlord and Tenant and are incorporated into this Second Amendment by reference.

2. Specific Lease Amendments. Effective as of the date of this Second Amendment (the "**Effective Date**"), the terms of the Lease are amended as follows:

a. Revised Commencement Date. The Commencement Date is hereby amended and shall be the earlier to occur of (i) the date of completion of the Tenant Improvements (as that term is defined in the Work Letter attached to the Original Lease as **Exhibit C**), or (ii) June 1, 2022; provided, however, that if the Tenant Improvements are completed prior to January 1, 2022, the Commencement Date shall be January 1, 2022.

b. Revised Lease Term. The Lease Term is presently scheduled to expire on May 31, 2037. The Term is hereby extended by two (2) months and shall expire on July 31, 2037 (the "**Revised Expiration Date**") [***], unless sooner terminated under the terms of the Lease.

c. Base Rent. The Base Rent for the Premises payable by Tenant to Landlord shall be as follows (and the Summary of Basic Lease Terms is amended accordingly):

Lease Year	Lease Months Beginning on Commencement Date	Base Rent Rate	Estimated Leased Premises Annual RSF	Estimated Monthly Base Rent	Estimated Annual Base Rent
[***]	[***]	$[***] PSF	[***]	[***]	[***]
	[***]	$[***] PSF	[***]	$[***]	$[***]
[***]	[***]	$[***] PSF	[***]	$[***]	$[***]
[***]	[***]	$[***] PSF	[***]	$[***]	$[***]
[***]	[***]	$[***] PSF	[***]	$[***]	$[***]
[***]	[***]	$[***] PSF	[***]	$[***]	$[***]
[***]	[***]	$[***] PSF	[***]	$[***]	$[***]
[***]	[***]	[***]	[***]	[***]	[***]
[***]	[***]	[***]	[***]	[***]	[***]

d. Parking. Upon completion of the Parking Structure, Landlord shall make available to Tenant (i) [***] parking stalls in the Parking Structure, [***], and for the remainder of the Lease Term at a monthly rate of [***] for such stalls (such rate shall increase to the full market rate for such stall during any extension of the Lease Term); and (ii) [***] parking stalls in the North Lot, at [***] during the initial Lease Term or any extension thereof. Section 14(b) of the Original Lease is amended accordingly.

e. Improvement Allowance. The Improvement Allowance (as defined in Exhibit C attached to the Original Lease, and amended by the First Amendment) shall include an additional $[***] ("Additional Allowance"). With the addition of the Additional Allowance, the Improvement Allowance shall be in the amount of $[***].

3. Miscellaneous.

3.1 No Other Changes. Except as otherwise expressly modified by the terms of this Second Amendment, the Lease shall remain unchanged and in full force and effect. In the event of a conflict between the terms of the Lease and this Second Amendment, this Second Amendment shall control. Tenant acknowledges that, as of the date hereof, Landlord is not in default in the performance of any of its obligations under the Lease and that Tenant has no claims or setoffs of any kind. This Second Amendment shall not be effective and binding unless and until it is fully-executed and delivered by Landlord and Tenant. Each party hereby represents and warrants to the other that the person or entity signing this Second Amendment on behalf of such party is duly authorized to execute and deliver this Second Amendment and to legally bind the party on whose behalf this Second Amendment is signed to all of the terms, covenants and conditions contained in this Second Amendment.

3.2 Counterparts; Electronic Transmission. This Second Amendment may be executed in two or more counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument. Executed counterparts of this Second Amendment may be delivered by facsimile, PDF file or other electronic file attached to e-mail, or other electronic means. Such delivery shall be conclusive for all purposes.

[*Signature Page Follows*]

IN WITNESS WHEREOF, the parties have caused this Second Amendment to be executed as of the above stated date.

LANDLORD:

BRIDGE BLOQ NAC LLC, a Delaware limited liability company

By: Bridge BLOQ Qualified Opportunity Zone Business, LLC, its sole member

By: BLOQ Opportunity Zone Fund I, LLC, its operating member

By: BLOQ Development Partners, LLC, its manager

By: BCG BLOQ Management LLC, its manager

By: /s/ Brandon Blaser
Brandon Blaser
Authorized Signatory

TENANT:

TRAEGER PELLET GRILLS, LLC, a Delaware limited liability company

By: /s/ Jeremy Andrus
Name: Jeremy Andrus
Title: CEO

By: /s/ Dominic Blosil
Name: Dominic Blosil
Title: CFO

Exhibit 21.1

LIST OF SUBSIDIARIES

Subsidiaries	Jurisdiction of Incorporation or Organization
TGPX Holdings II LLC	Delaware
TGP Holdings III LLC	Delaware
TCP Traeger Blocker, LP	Delaware
Traeger Pellet Grills Holdings, LLC	Delaware
Traeger Pellet Grills Intermediate Holdings, LLC	Delaware
Traeger Pellet Grills, LLC	Delaware
Traeger SPE LLC	Delaware
Apption Labs, Inc.	California
Traeger Pellet Grills Europe ApS	Denmark
Traeger (Shanghai) Business Information Consultancy Co., Ltd.	China
Intercontinental Supply Chain Management Co. Ltd.	China
Traeger Pellet Grills Canada Inc.	Canada
Traeger Pellet Grills UK Ltd.	England
Apption Labs, Ltd.	England
Traeger Pellet Grills Germany GmbH	Germany
Apption Labs, GmbH	Germany

Exhibit 23.1

Consent of Independent Registered Public Accounting Firm

We consent to the incorporation by reference in the Registration Statement (Form S-8 No. 333-258374) pertaining to the 2021 Incentive Award Plan of Traeger, Inc. of our report dated March 28, 2022, with respect to the consolidated financial statements of Traeger, Inc. included in this Annual Report (Form 10-K) for the year ended December 31, 2021.

/s/ Ernst & Young LLP

Salt Lake City, UT
March 28, 2022

Exhibit 31.1

CERTIFICATION

I, Jeremy Andrus, certify that:

1. I have reviewed this Annual Report on Form 10-K of Traeger, Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) for the registrant and have:

   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   (b) [omitted];

   (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: March 28, 2022

By: /s/ Jeremy Andrus

Jeremy Andrus
Chief Executive Officer
(Principal Executive Officer)

Exhibit 31.2

CERTIFICATION

I, Dominic Blosil, certify that:

1. I have reviewed this Annual Report on Form 10-K of Traeger, Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) for the registrant and have:

   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   (b) [omitted];

   (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: March 28, 2022

By: /s/ Dominic Blosil

Dominic Blosil

Chief Financial Officer

(*Principal Financial Officer and Principal Accounting Officer*)

Exhibit 32.1

CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350, AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Annual Report of Traeger, Inc. (the "Company") on Form 10-K for the year ended December 31, 2021, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Jeremy Andrus, Chief Executive Officer of the Company, certify, pursuant to 18 U.S.C. § 1350, as adopted pursuant to § 906 of the Sarbanes-Oxley Act of 2002, that:

(1) The Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and result of operations of the Company.

Date: March 28, 2022

By: /s/ Jeremy Andrus

Jeremy Andrus

Chief Executive Officer

(Principal Executive Officer)

Exhibit 32.2

CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350, AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Annual Report of Traeger, Inc. (the "Company") on Form 10-K for the year ended December 31, 2021, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Dominic Blosil, Chief Financial Officer of the Company, certify, pursuant to 18 U.S.C. § 1350, as adopted pursuant to § 906 of the Sarbanes-Oxley Act of 2002, that:

(1) The Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and result of operations of the Company.

Date: March 28, 2022

By: /s/ Dominic Blosil

Dominic Blosil

Chief Financial Officer

(*Principal Financial Officer and Principal Accounting Officer*)