UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-Q/A

(Amendment No. 1)

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

For the quarterly period ended March 31, 2023

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 Number)
1215 E Wilmington Ave, Suite 200 **Salt Lake City, Utah**	**84106**
(Address of principal executive offices)	(Zip code)

(801) 701-7180

(Registrants telephone number, including area code)

N/A

(Former name, former address and former fiscal year, if changed since last report)

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, par value $0.0001 per share	COOK	New York Stock Exchange

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 is a shell company (as defined in Rule 12b-2 of the Exchange Act): Yes ☐ No ☒

As of May 5, 2023, there were 123,910,539 shares of the registrant's common stock, par value $0.0001 per share, outstanding.

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EXPLANATORY NOTE

Traeger, Inc. (the “Company”) is filing this Amendment No. 1 on Form 10-Q/A for the quarter ended March 31, 2023 (this “Form 10-Q/A”), that was originally filed with the U.S. Securities and Exchanges Commission (the "SEC") on May 10, 2023 (the "Original Filing"). On August 7, 2023, the Company filed a Current Report on Form 8-K with the SEC disclosing the determination by the audit committee, after considering the recommendations of management and consulting with Ernst & Young LLP (“E&Y”), the Company’s independent registered public accounting firm, that, as a result of the error described below, the Company will restate previously issued unaudited condensed consolidated financial statements and related disclosures as of and for the interim period ended March 31, 2023. Refer to Note 1, *Description of Business and Basis of Presentation* to our unaudited condensed consolidated financial statements included in this Form 10-Q/A for the adjustments to the condensed consolidated financial statements related to this restatement.

In accordance with applicable SEC rules, this Form 10-Q/A also includes new certifications required by Sections 302 and 906 of the Sarbanes-Oxley Act of 2002, as amended, from our Chief Executive Officer (“CEO”) and Chief Financial Officer (“CFO”), dated as of the date of filing this Form 10-Q/A.

The restatement reflects the correction of an error associated with the incorrect application of accounting guidance within ASC 815 *Derivatives and Hedging* related to the treatment of amounts within accumulated other comprehensive income upon cash flow hedge dedesignation of the Company's interest rates swaps. The error resulted in an overstatement to other income of $21.3 million and an overstatement of interest expenses of $2.4 million resulting in an understatement of net loss of $18.9 million within the condensed consolidated statement of operations and comprehensive loss for the three months ended March 31, 2023 as well as and corresponding effects on the condensed consolidated balance sheet, condensed consolidated statement of of changes in stockholders' equity and the condensed consolidated statement of cash flows as of and for the three months ended March 31, 2023 in the Original Filing.

This Form 10-Q/A also amends and restates the Company’s Management’s Discussion and Analysis of Financial Condition and Results of Operations, Risk Factors and other disclosures made in the Original Filing as appropriate to reflect the restatement and revision of the relevant periods. The items amended in the Original Filing are listed under “Items Amended in this Form 10-Q/A" below. Other than the “Items Amended in this Form 10-Q/A,” disclosures in the Original Form 10-Q remain unchanged. However, for the convenience of the reader, this Form 10-Q/A restates in its entirety, as amended, the Company’s Original Filing. The Company has not modified or updated disclosures presented in the Original Filing, except as required to reflect the effects of the restatement. Accordingly, this speaks only as of the date the Original Filing was filed and does not reflect events occurring after the filing of the Original Filing other than as described herein and no attempt has been made in this Form 10-Q/A to modify or update other disclosures as presented in the Original Filing, except as specifically referenced herein. Accordingly, this Form 10-Q/A should be read in conjunction with the Company’s filings with the SEC subsequent to the filing of the Original Filing.

Because these revisions are treated as corrections of errors to our prior period financial results, the revisions are considered to be a "restatement” under U.S. generally accepted accounting principles (“US GAAP”). Accordingly, the revised financial information included in this Form 10-Q/A has been identified as “As Restated.”

The Company’s management has concluded that in light of the error described above, a material weakness exists in the Company’s internal control over financial reporting and that the Company’s disclosure controls and procedures were not effective. For a discussion of management’s consideration of the material weakness identified, see Part I, Item 4, “Controls and Procedures” of this Form 10-Q/A.

Items Amended in this Form 10-Q/A

The following sections in the Original Report are revised in this Form 10-Q/A, solely as a result of, and to reflect the restatement:

- Part I, Item 1: Financial Statements
- Part I, Item 2: Management's Discussion and Analysis of Financial Condition and Results of Operations
- Part I, Item 4: Controls and Procedures
- Part II, Item 1A: Risk Factors
- Part II, Item 6: Exhibits

Except as described above and set forth in this Form 10-Q/A, this Form 10-Q/A does not amend or update any other information contained in the Original Filing. This Form 10-Q/A does not purport to reflect any information or events

subsequent to the Original Filing, except as expressly described herein. Among other things, forward-looking statements made in the Original Filing have not been revised to reflect events, results, or developments that occurred or facts that became known to us after the date of the Original Filing, other than the restatement, and such forward-looking statements should be read in conjunction with our filings with the SEC, including those subsequent to the filing of the Original Filing.

CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS

This Form 10-Q/A 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 Form 10-Q/A 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 Form 10-Q/A include, but are not limited to statements regarding our future results of operations and financial position, general macroeconomic trends, industry and business trends, equity compensation, business strategy, plans, market growth and our objectives for future operations and our ability to remediate the material weakness in our internal control over financial reporting.

The forward-looking statements in this Form 10-Q/A 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, our history of operating losses, our ability to manage our future growth effectively, our ability to expand into additional markets, our ability to maintain and strengthen our brand to generate and maintain ongoing demand for our products, our ability to cost-effectively attract new customers and retain our existing customers, our failure to maintain product quality and product performance at an acceptable cost, the impact of product liability and warranty claims and product recalls, the highly competitive market in which we operate, the use of social media and community ambassadors, a decline in sales of our grills, our dependence on three major retailers, risks associated with our international operations, our reliance on a limited number of third-party manufacturers and problems with (or loss of) our suppliers or an inability to obtain raw materials, and the ability of our stockholders to influence corporate matters and the other important factors discussed in Part I, Item 1A. “Risk Factors” in our Annual Report on Form 10-K for the year ended December 31, 2022, filed with the Securities and Exchange Commission on March 16, 2023, as updated by Part II, Item 1A. "Risk Factors" in this Form 10-Q/A. The forward-looking statements in this Form 10-Q/A are based upon information available to us as of the date of this Form 10-Q/A, 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 Form 10-Q/A and the documents that we reference in this Form 10-Q/A and have filed as exhibits to this Form 10-Q/A with the understanding that our actual future results, 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 Form 10-Q/A. Except as required by applicable law, we do not plan to publicly update or revise any forward-looking statements contained in this Form 10-Q/A, whether as a result of any new information, future events or otherwise.

PART I. FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS

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

	March 31, 2023	December 31, 2022
	(unaudited)	
	(as restated)	
ASSETS		
Current Assets		
Cash and cash equivalents	$ 15,232	$ 39,055
Restricted cash	12,500	12,500
Accounts receivable, net	99,591	42,050
Inventories	132,381	153,471
Prepaid expenses and other current assets	28,034	27,162
Total current assets	287,738	274,238
Property, plant, and equipment, net	49,775	55,510
Operating lease right-of-use assets	12,221	13,854
Goodwill	74,725	74,725
Intangible assets, net	502,290	512,858
Other non-current assets	11,248	15,530
Total assets	$ 937,997	$ 946,715
LIABILITIES AND STOCKHOLDERS’ EQUITY		
Current Liabilities		
Accounts payable	$ 26,244	$ 29,841
Accrued expenses	56,286	52,295
Line of credit	40,909	11,709
Current portion of notes payable	250	250
Current portion of operating lease liabilities	4,491	5,185
Current portion of contingent consideration	12,400	12,157
Other current liabilities	803	1,470
Total current liabilities	141,383	112,907
Notes payable, net of current portion	438,936	468,108
Operating lease liabilities, net of current portion	8,045	9,001
Contingent consideration, net of current portion	11,390	10,590
Deferred tax liability	10,375	10,370
Other non-current liabilities	479	870
Total liabilities	610,608	611,846
Commitments and contingencies—See Note 10		
Stockholders' equity:		
Preferred stock, \$0.0001 par value; 25,000,000 shares authorized and no shares issued or outstanding as of March 31, 2023 and December 31, 2022	—	—
Common stock, \$0.0001 par value; 1,000,000,000 shares authorized		
Issued and outstanding shares - 122,642,599 and 122,624,414 as of March 31, 2023 and December 31, 2022	12	12
Additional paid-in capital	890,012	882,069
Accumulated deficit	(581,405)	(570,475)
Accumulated other comprehensive income	18,770	23,263
Total stockholders' equity	327,389	334,869
Total liabilities and stockholders' equity	$ 937,997	$ 946,715

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

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

	Three Months Ended March 31,	
	2023	2022
	(as restated)	
Revenue	$ 153,161	$ 223,710
Cost of revenue	97,738	141,066
Gross profit	55,423	82,644
Operating expenses:		
Sales and marketing	22,075	34,854
General and administrative	26,679	40,716
Amortization of intangible assets	8,889	8,889
Change in fair value of contingent consideration	1,043	1,700
Total operating expense	58,686	86,159
Loss from operations	(3,263)	(3,515)
Other income (expense):		
Interest expense	(8,081)	(5,837)
Other income, net	578	544
Total other expense	(7,503)	(5,293)
Loss before provision for income taxes	(10,766)	(8,808)
Provision for income taxes	164	152
Net loss	$ (10,930)	$ (8,960)
Net loss per share, basic and diluted	$ (0.09)	$ (0.08)
Weighted average common shares outstanding, basic and diluted	122,699,114	117,889,233
Other comprehensive income (loss):		
Foreign currency translation adjustments	$ (32)	$ (3)
Change in cash flow hedge	(2,088)	6,589
Amortization of dedesignated cash flow hedge	(2,373)	—
Total other comprehensive income (loss)	(4,493)	6,586
Comprehensive loss	$ (15,423)	$ (2,374)

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

TRAEGER, INC.
CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY
(unaudited)
(in thousands, except share amounts)

	Common Stock		Additional Paid-in Capital	Accumulated Deficit	Accumulated Other Comprehensive Income	Total Stockholders' Equity
	Shares	Amount				
Balance at December 31, 2022	122,624,414	$ 12	$ 882,069	$ (570,475)	$ 23,263	$ 334,869
Issuance of common stock under stock plan	18,185	—	—	—	—	—
Stock-based compensation	—	—	7,943	—	—	7,943
Net loss (as restated)	—	—	—	(10,930)	—	(10,930)
Foreign currency translation adjustments	—	—	—	—	(32)	(32)
Change in cash flow hedge (as restated)	—	—	—	—	(2,088)	(2,088)
Amortization of dedesignated cash flow hedge (as restated)	—	—	—	—	(2,373)	(2,373)
Balance at March 31, 2023	122,642,599	$ 12	$ 890,012	$ (581,405)	$ 18,770	$ 327,389

	Common Stock		Additional Paid-in Capital	Accumulated Deficit	Accumulated Other Comprehensive Income (Loss)	Total Stockholders' Equity
	Shares	Amount				
Balance at December 31, 2021	117,547,916	$ 12	$ 794,413	$ (188,317)	$ (86)	$ 606,022
Issuance of common stock under stock plan	529,630	—	—	—	—	—
Stock-based compensation	—	—	15,483	—	—	15,483
Net loss	—	—	—	(8,960)	—	(8,960)
Foreign currency translation adjustments	—	—	—	—	(3)	(3)
Change in cash flow hedge	—	—	—	—	6,589	6,589
Balance at March 31, 2022	118,077,546	$ 12	$ 809,896	$ (197,277)	$ 6,500	$ 619,131

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

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

	Three Months Ended March 31,	
	2023	2022
	(as restated)	
CASH FLOWS FROM OPERATING ACTIVITIES		
Net loss	$ (10,930)	$ (8,960)
Adjustments to reconcile net loss to net cash used in operating activities:		
Depreciation of property, plant and equipment	3,564	2,481
Amortization of intangible assets	10,638	10,645
Amortization of deferred financing costs	534	495
Loss on disposal of property, plant and equipment	1,870	152
Stock-based compensation expense	7,943	15,483
Bad debt expense	56	72
Unrealized loss on derivative contracts	1,698	570
Amortization of dedesignated cash flow hedge	(2,373)	—
Change in fair value of contingent consideration	1,043	1,700
Other non-cash adjustments	(16)	—
Change in operating assets and liabilities:		
Accounts receivable	(57,145)	(70,383)
Inventories	21,090	(18,561)
Prepaid expenses and other current assets	(1,214)	1,741
Other non-current assets	18	4
Accounts payable and accrued expenses	(73)	17,638
Other non-current liabilities	(293)	12
Net cash used in operating activities	(23,590)	(46,911)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property, plant, and equipment	(2,082)	(4,524)
Capitalization of patent costs	(123)	(124)
Proceeds from sale of property, plant, and equipment	2,450	—
Net cash provided by (used in) investing activities	245	(4,648)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds on line of credit	62,200	46,100
Repayments on line of credit	(62,500)	(78)
Repayments of long-term debt	(51)	—
Principal payments on finance lease obligations	(127)	(105)
Net cash provided by (used in) financing activities	(478)	45,917
Net decrease in cash, cash equivalents and restricted cash	(23,823)	(5,642)
Cash, cash equivalents and restricted cash at beginning of period	51,555	16,740
CASH, CASH EQUIVALENTS AND RESTRICTED CASH AT END OF PERIOD	$ 27,732	$ 11,098

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

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

(Continued)	Three Months Ended March 31,	
	2023	2022
	(as restated)	
SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION:		
Cash paid during the period for interest	$ 4,718	$ 4,897
Cash paid for income taxes	$ 470	$ 654
NON-CASH FINANCING AND INVESTING ACTIVITIES		
Equipment purchased under finance leases	$ 72	$ 56
Property, plant, and equipment included in accounts payable and accrued expenses	$ 2,568	$ 7,226

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

TRAEGER, INC.
NOTES TO UNAUDITED CONDENSED 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, and sauces, 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.

Traeger, Inc. was incorporated in July 2021 in connection with the conversion of TGPX Holdings I LLC from a Delaware limited liability company into a Delaware corporation at the time of the Company's initial public offering ("IPO") and has no material assets and liabilities or standalone operations other than its ownership in its consolidated subsidiaries. TGPX Holdings II LLC is the only direct subsidiary of Traeger, Inc. TGPX Holdings II LLC is a holding company with no other operations, cash flows, material assets or liabilities other than the equity interest in TGP Holdings III LLC. 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.

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

The balance sheet as of December 31, 2022 has been derived from the audited consolidated financial statements at that date but does not include all information and footnotes required by U.S. GAAP for complete financial statements. These accompanying unaudited condensed consolidated financial statements should be read in conjunction with the Company's audited consolidated financial statements for the year ended December 31, 2022 included in the Company's Annual Report on Form 10-K, filed with the Securities and Exchange Commission on March 16, 2023 (the "Annual Report on Form 10-K").

In the opinion of management, the accompanying unaudited condensed consolidated financial statements contain all normal and recurring adjustments necessary to fairly present the consolidated financial position, results of operations and cash flows for the interim periods presented. Operating results for the three months ended March 31, 2023 are not necessarily indicative of results that may be expected for any other interim period or for the year ended December 31, 2023.

The accompanying unaudited condensed consolidated financial statements include the accounts of the Company and its wholly owned subsidiaries. All intercompany balances and transactions have been eliminated in consolidation.

Emerging Growth Company Status – The Company is an "emerging growth company" as defined in the Jumpstart Our Business Startups Act of 2012 ("JOBS Act"). Under the JOBS Act, emerging growth companies can delay adopting new or revised financial accounting standards until such time as those standards apply to private companies. The Company has elected to use the extended transition period for complying with the adoption of new or revised accounting standards and as a result of this election, its financial statements may not be comparable to companies that comply with public company effective dates. The Company will remain an emerging growth company until the earliest of (i) the end of the fiscal year in which the market value of its common stock that is held by non-affiliates is at least $700 million as of the last business day of its most recently completed second fiscal quarter, (ii) the end of the fiscal year in which the Company has total annual gross revenues of $1.24 billion or more during such fiscal year, (iii) the date on which the Company issues more than $1.0 billion in non-convertible debt in a three-year period, or (iv) December 31, 2026.

Restatement of Previously Issued Unaudited Condensed Consolidated Financial Statements – The Company is restating its unaudited condensed consolidated financial statements for the three months ended March 31, 2023, included in this Amendment No. 1 on this Quarterly Report on Form 10-Q/A.

The restatement reflects the correction of an error associated with the application of guidance within ASC 815 *Derivatives and Hedging* on the treatment of amounts within accumulated other comprehensive income (loss) upon cash flow hedge dedesignation of the Company's interest rate swaps.

The following tables present the restated amounts, the adjustments made and the previously reported amounts to summarize the effect of the corrections on the previously reported condensed consolidated balance sheets, condensed consolidated statements of operations and comprehensive income (loss) and condensed consolidated statement of cash flows for the three months ended March 31, 2023 (in thousands, except per share amounts):

UNAUDITED CONDENSED CONSOLIDATED BALANCE SHEET:

	As of March 31, 2023		
	As Previously Reported	**Adjustment**	**As Restated**
Stockholders' equity:			
Accumulated deficit	$ (562,457)	$ (18,948)	$ (581,405)
Accumulated other comprehensive income (loss)	(178)	18,948	18,770
Total stockholders' equity	327,389	—	327,389
Total liabilities and stockholders' equity	$ 937,997	$ —	$ 937,997

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF OPERATIONS AND COMPREHENSIVE INCOME (LOSS)

	Three Months Ended March 31, 2023		
	As Previously Reported	**Adjustment**	**As Restated**
Other income (expense):			
Interest expense	$ (10,454)	$ 2,373	$ (8,081)
Other income (expense), net	21,899	(21,321)	578
Total other income (expense)	11,445	(18,948)	(7,503)
Income (loss) before provision for income taxes	8,182	(18,948)	(10,766)
Net income (loss)	$ 8,018	$ (18,948)	$ (10,930)
Net loss per share, basic and diluted	$ 0.07	$ (0.16)	$ (0.09)
Other comprehensive income (loss):			
Change in cash flow hedge	$ —	$ (2,088)	$ (2,088)
Amortization of dedesignated cash flow hedge	—	(2,373)	(2,373)
Total other comprehensive loss	(32)	(4,461)	(4,493)
Comprehensive income (loss)	$ 7,986	$ (23,409)	$ (15,423)

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY

	As Previously Reported		
	Accumulated Deficit	Accumulated Other Comprehensive Income (Loss)	Total Stockholders' Equity
Balance at December 31, 2022	$ (570,475)	$ 23,263	$ 334,869
Net income	8,018	—	8,018
Change in cash flow hedge	—	(23,409)	(23,409)
Amortization of dedesignated cash flow hedge	—	—	—
Balance at March 31, 2023	$ (562,457)	$ (178)	$ 327,389

	Adjustment		
	Accumulated Deficit	Accumulated Other Comprehensive Income (Loss)	Total Stockholders' Equity
Balance at December 31, 2022	$ —	$ —	$ —
Net loss	(18,948)	—	(18,948)
Change in cash flow hedge	—	21,321	21,321
Amortization of dedesignated cash flow hedge	—	(2,373)	(2,373)
Balance at March 31, 2023	$ (18,948)	$ 18,948	$ —

	As Restated		
	Accumulated Deficit	Accumulated Other Comprehensive Income (Loss)	Total Stockholders' Equity
Balance at December 31, 2022	$ (570,475)	$ 23,263	$ 334,869
Net loss	(10,930)	—	(10,930)
Change in cash flow hedge	—	(2,088)	(2,088)
Amortization of dedesignated cash flow hedge	—	(2,373)	(2,373)
Balance at March 31, 2023	$ (581,405)	$ 18,770	$ 327,389

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	Three Months Ended March 31, 2023		
	As Previously Reported	Adjustment	As Restated
Net income (loss)	$ 8,018	$ (18,948)	$ (10,930)
Change in operating assets and liabilities:			
Unrealized loss (gain) on derivative contracts	(19,623)	21,321	1,698
Amortization of dedesignated cash flow hedge	—	(2,373)	(2,373)

In addition to the changes reflected above, amounts were restated in the following Notes as a result of these adjustments:

Note 7, Derivatives
Note 14. Loss Per Share

2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Use of Estimates – The preparation of these 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 financial statements and the reported amounts of revenues and expenses during the reporting period. The most significant estimates and the assumptions made by management that present the greatest amount of estimation uncertainty include the fair value of contingent consideration obligations, customer credits and returns, obsolete inventory reserves, 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.

Restricted Cash – The Company considers cash to be restricted when withdrawal or general use is legally restricted. The restricted cash balance is associated with borrowings from the delayed draw term loan facility which are restricted in use. The Company anticipates utilizing these borrowings to settle the contingent consideration obligation.

Concentrations – Financial instruments that potentially subject the Company to concentrations of credit risk consist of cash in banks, trade accounts receivable, foreign currency contracts, and business activity with certain third-party contract manufacturers of our products. 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 (each large U.S. retailers) that accounted for a significant portion of net sales are as follows:

	Three Months Ended March 31,	
	2023	2022
Customer A	17 %	17 %
Customer B	22 %	23 %
Customer C	12 %	14 %

As of March 31, 2023, customers A, B, and C accounted for a significant portion of trade accounts receivable of 19%, 28%, and 12%, compared to 31%, 20%, and 8% as of December 31, 2022. 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 of 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 three months ended March 31, 2023 and 2022, respectively. Additionally, no other single customer accounted for greater than 10% of trade accounts receivable as of March 31, 2023 and December 31, 2022.

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.

Revenue Recognition and Sales Returns and Allowances – 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.

New Accounting Pronouncements Recently Adopted

In June 2016, the FASB issued ASU 2016-13, Financial Instruments – Credit Losses (Topic 326), which requires entities to measure all expected credit losses for financial instruments held at the reporting date based on historical experience, current conditions and reasonable supportable forecasts. This replaces the existing incurred loss model and is applicable to the measurement of credit losses on financial instruments measured at amortized cost and also applies to some off-balance sheet credit exposures. The Company has adopted this guidance effective January 1, 2023. The adoption of this guidance did not have a material impact on the Company's accompanying condensed consolidated financial statements.

3 – REVENUE

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

	Three Months Ended March 31,	
Revenue by product category	**2023**	**2022**
Grills	$ 89,738	$ 150,431
Consumables	30,045	39,651
Accessories	33,378	33,628
Total revenue	$ 153,161	$ 223,710

	Three Months Ended March 31,	
Revenue by geography	**2023**	**2022**
North America	$ 138,937	$ 207,339
Rest of world	14,224	16,371
Total revenue	$ 153,161	$ 223,710

	Three Months Ended March 31,	
Revenue by sales channel	**2023**	**2022**
Retail	$ 132,610	$ 203,217
Direct to consumer	20,551	20,493
Total revenue	$ 153,161	$ 223,710

4 – ACCOUNTS RECEIVABLES, NET

Accounts receivable consists of the following (in thousands):

	March 31, 2023	December 31, 2022
Trade accounts receivable	$ 114,692	$ 56,822
Allowance for expected credit losses	(860)	(867)
Reserve for returns, discounts and allowances	(14,241)	(13,905)
Total accounts receivable, net	$ 99,591	$ 42,050

5 – INVENTORIES

Inventories consisted of the following (in thousands):

	March 31, 2023	December 31, 2022
Raw materials	$ 6,470	$ 7,110
Work in process	13,028	12,155
Finished goods	112,883	134,206
Inventories	$ 132,381	$ 153,471

Included within inventories are adjustments of $0.5 million and $1.3 million at March 31, 2023 and December 31, 2022, respectively, to record inventory to net realizable value.

6 – ACCRUED EXPENSES

Accrued expenses consisted of the following (in thousands):

	March 31, 2023	December 31, 2022
Accrual for inventories in-transit	$ 7,185	$ 7,987
Warranty accrual	8,693	7,368
Accrued compensation and bonus	5,600	4,499
Other	34,808	32,441
Accrued expenses	$ 56,286	$ 52,295

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

	Three Months Ended March 31,	
	2023	2022
Warranty accrual, beginning of period	$ 7,368	$ 8,326
Warranty claims	(1,472)	(1,484)
Warranty costs accrued	2,797	1,889
Warranty accrual, end of period	$ 8,693	$ 8,731

7 – DERIVATIVES

Interest Rate Swap

On February 25, 2022, the Company entered into a floating-to-fixed interest rate swap agreement to hedge or otherwise protect against the Eurocurrency Base Rate (as defined in the First Lien Credit Agreement) fluctuations on a portion of the Company's variable rate debt. The agreement provides for a notional amount of $379.2 million, fixed rate of 2.08% and a maturity date of February 28, 2026. This agreement was designated as a cash flow hedge on the exposure of the variability of future cash flows subject to the variable monthly interest rates on $379.2 million of the term loan portion under the First Lien Term Loan Facility (as defined below). The Company assessed hedge effectiveness at the time of entering into the agreement, utilizing a regression analysis, and determined the hedge is expected to be highly effective.

As a cash flow hedge, the interest rate swap is revalued at current market rates, with the changes in valuation being recorded in other comprehensive income within the accompanying condensed consolidated statements of operations and comprehensive loss, to the extent that the hedge is effective. The gains or losses on the interest rate swaps are recorded in accumulated other comprehensive income within the accompanying condensed consolidated balance sheets and are reclassified into interest expense in the periods in which the interest rate swap affects earnings. The cash flows related to interest settlements and changes in valuation are classified consistent with the treatment of the hedged monthly interest payments generally as operating activities on the accompanying condensed consolidated statement of cash flows.

The Company evaluates hedge effectiveness of the interest rate swap quarterly, or more frequently if necessary. In January 2023, the Company changed the interest reset period from one month to three months on the term loan portion under the First Lien Term Loan Facility (as defined below). As a result, the Company dedesignated its hedging relationship. At the time of dedesignation the total amount recorded in accumulated other comprehensive income ("AOCI") was $21.3 million which

amount will be amortized into earnings as a reduction of interest expense over the term of the previously hedged interest payments.

The gross and net balances from the interest rate swap contract position were as follows (in thousands):

	March 31, 2023	December 31, 2022
Gross Asset Fair Value	$ 18,959	$ 23,410
Gross Liability Fair Value	—	—
Net Asset Fair Value	$ 18,959	$ 23,410

For the three months ended March 31, 2023, as a result of the discontinued cash flow hedge accounting treatment, realized gain and unrealized loss from the interest rate swap were recorded in other income within the accompanying condensed consolidated statements of operations and comprehensive loss and the amortization of the amounts recorded within AOCI were recorded within interest expense. For the three months ended March 31, 2022, realized loss and unrealized gain from the interest rate swap were recorded in interest expense and other comprehensive income (loss), respectively, within the accompanying condensed consolidated statements of operations and comprehensive loss.

Foreign Currency Contracts

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 March 31, 2023 and December 31, 2022. The Company did not elect hedge accounting for any of these contracts. 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 accompanying condensed consolidated balance sheets and for periods where the net position is a liability balance, the balance is recorded within other current liabilities on the accompanying condensed consolidated balance sheets. Changes in the net fair value of contracts are recorded in other income in the accompanying condensed consolidated statements of operations and comprehensive loss.

The gross and net balances from foreign currency contract positions were as follows (in thousands):

	March 31, 2023	December 31, 2022
Gross Asset Fair Value	$ —	$ —
Gross Liability Fair Value	337	1,001
Net Liability Fair Value	$ 337	$ 1,001

Gains (losses) from foreign currency contracts were recorded in other income within the accompanying condensed consolidated statements of operations and comprehensive loss as follows (in thousands):

	Three Months Ended March 31,	
	2023	2022
Realized gain (loss)	$ (867)	$ 1,165
Unrealized gain (loss)	620	(570)
Total gain (loss)	$ (247)	$ 595

8 – FAIR VALUE MEASUREMENTS

For financial assets and liabilities recorded at fair value on a recurring or non-recurring basis, fair value is the price the Company would receive to sell an asset, or pay to transfer a liability, in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date. In the absence of such data, fair value is estimated using internal information consistent with what market participants would use in a hypothetical transaction.

In determining fair value, observable inputs reflect market data obtained from independent sources, while unobservable inputs reflect market assumptions. These two types of inputs create the following fair value hierarchy:

- Level 1: Quoted prices for identical instruments in active markets.
- Level 2: Quoted prices for similar instruments in active markets; quoted prices for identical or similar instruments in markets that are not active; and model-derived valuations whose inputs are observable or whose significant value drivers are observable.
- Level 3: Significant inputs to the valuation model are unobservable.

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

Financial Instruments Recorded at Fair Value on a Recurring Basis:	**Fair Value Measurement Level**	**As of March 31, 2023**	**As of December 31, 2022**
Assets:			
Derivative assets—interest rate swap contract [1]	2	$ 18,959	$ 23,410
Total assets		$ 18,959	$ 23,410
Liabilities:			
Derivative liability—foreign currency contracts [2]	2	$ 337	$ 1,001
Contingent consideration—earn out [3]	3	23,790	22,747
Total liabilities		$ 24,127	$ 23,748

(1) Included in prepaid expenses and other current assets and other non-current assets in the accompanying condensed consolidated balance sheets
(2) Included in other current liabilities in the accompanying condensed consolidated balance sheets
(3) Included in current and non-current contingent consideration in the accompanying condensed 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. As of March 31, 2023 and December 31, 2022, 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 value of the Company's interest rate swap contracts held with financial institutions are classified as Level 2 financial instruments, which are valued using observable underlying interest rates and market-determined risk premiums at the reporting date.

On November 10, 2022, the Company entered into the second amendment to the share purchase agreement associated with the Apption Labs business combination to extend the earn out period through the end of fiscal year 2023. This amendment also modified the contingent consideration calculation associated with the achievement of certain revenue, earnings, and successful product launch thresholds for fiscal years 2022 and 2023. In April 2023, the Company used the restricted cash balance to pay $12.4 million associated with the contingent cash consideration to the sellers based on the achievement of certain thresholds for fiscal year 2022. The remaining undiscounted amounts the Company may be required to pay under the contingent consideration arrangement is $15.0 million, becoming due during the first half of fiscal year 2024.

The fair values of the Company's contingent consideration earn out obligation is estimated using a Black Scholes model. Key assumptions used in these estimates include the weighted average cost of capital and the probability assessments with respect to the likelihood of achieving the forecasted performance targets 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 revaluation of contingent consideration in our accompanying condensed consolidated statements of operations and comprehensive 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):

	Three Months Ended March 31,	
	2023	2022
Contingent consideration, beginning balance	$ 22,747	$ 25,300
Payments of contingent consideration	—	—
Change in fair value of contingent consideration	1,043	1,700
Contingent consideration, ending balance	$ 23,790	$ 27,000

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

	As of March 31, 2023		As of December 31, 2022	
Financial Instruments Recorded at Carrying Amount:	Carrying Amount	Estimated Fair Value	Carrying Amount	Estimated Fair Value
Liabilities:				
Debt—Credit Facilities [1]	$ 446,508	$ 361,024	$ 476,070	$ 393,236
Total liabilities	$ 446,508	$ 361,024	$ 476,070	$ 393,236

(1) Included in the current portion of notes payable and notes payable, net of current portion in the accompanying condensed 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.

9 – DEBT AND FINANCING ARRANGEMENTS

Notes Payable

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 "First Lien Credit Agreement"). The First Lien Credit Agreement provides for a $560.0 million senior secured term loan facility (the "First Lien Term Loan Facility"), including a $50.0 million delayed draw term loan, and a $125.0 million revolving credit facility (the "Revolving Credit Facility" and, together with the First Lien Term Loan Facility, the "Credit Facilities").

The 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 First Lien Credit Agreement). The floating component is based on the Eurocurrency Base Rate (as defined in the First Lien Credit Agreement) for the relevant interest period. The First Lien Term Loan Facility requires periodic 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 First Lien Credit Agreement). During 2022, the Company borrowed $25.0 million under the delayed draw term loan, for purposes of financing the Company's earn out obligation. The borrowing took place prior to the expiration of the delayed draw term commitment date of December 29, 2022. As of March 31, 2023, the total principal amount outstanding on the First Lien Term Loan Facility was $404.0 million.

Loans under the Revolving Credit Facility accrue interest at a rate per annum that considers both fixed and floating components. Following 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 First Lien Credit Agreement). The floating component is based on the Eurocurrency Base Rate for the relevant interest period. The 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 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 March 31, 2023, the Company had drawn down $42.5 million under the Revolving Credit Facility for general corporate and working capital purposes.

The 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 First Lien Credit Agreement) not to exceed 6.20 to 1.00.

On August 9, 2022, the Company entered into a second amendment (the "Amendment") to the First Lien Credit Agreement to provide for a "Covenant Amendment Period" (as defined therein) through and including the earlier of June 30, 2023 and the date on which the Company, in its sole discretion, delivers written notice to the Administrative Agent of the Company's election to end the Covenant Amendment Period. During that period, the Company's springing First Lien Net Leverage Ratio covenant will be increased from 6.20 : 1.00 to 8.50 : 1.00 and a minimum liquidity covenant of $35.0 million will be in effect. Liquidity will be calculated as the sum of cash on the Company's balance sheet, availability under the Revolving Credit Facility and availability under the Receivables Financing Agreement (as defined below), and the minimum liquidity covenant will be tested only if and when the Company requests borrowings under the Revolving Credit Facility. During the Covenant Amendment Period, the fixed dollar portion of the "Fixed Dollar Amount" definition shall decrease from $127.0 million to $102.0 million, and the use of certain restricted payments baskets will be reduced or eliminated entirely. As of March 31, 2023, the Company was in compliance with these amended covenants under the Amendment.

Accounts Receivable Credit Facility

On November 2, 2020, the Company entered into a receivables financing agreement (as amended, 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"), using outstanding accounts receivable balances as collateral, which have been contributed by the Company to its wholly owned subsidiary and special purpose entity, Traeger SPE LLC (the "SPE"). While the Company provides operational services to the SPE, 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 and increased the net borrowing capacity from the prior range of $30.0 million to $45.0 million up to $100.0 million. The borrowing capacity fluctuates at each month end based upon the amount of eligible outstanding domestic accounts receivables to be used as collateral. The Company is required to pay an annual upfront fee for the facility, along with fixed interest on outstanding cash advances of 1.7%, a floating component based on the CP Rate (as defined in the Receivables Financing Agreement), and an unused capacity charge that ranges from 0.25% to 0.5%. The facility is set to terminate on June 29, 2024. The Company was in compliance with the covenants under the Receivables Financing Agreement as of March 31, 2023.

As of March 31, 2023, the Company had drawn down $40.9 million under this facility for general corporate and working capital purposes.

10 – COMMITMENTS AND CONTINGENCIES

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.

11 – STOCK-BASED COMPENSATION

The Traeger, Inc. 2021 Incentive Award Plan (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 the Company's common stock available for issuance under awards granted pursuant to the 2021 Plan is equal to 19,983,145 shares, which shares may be authorized but unissued shares, treasury shares, or shares purchased in the open market. On January 1, 2023, an additional 6,131,220 shares of common stock became available for issuance under awards granted pursuant to the 2021 Plan, as a result of the operation of an automatic annual increase provision in the 2021 Plan. 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.

The Company's stock-based compensation was classified as follows in the accompanying condensed consolidated statements of operations and comprehensive loss (in thousands):

	Three Months Ended March 31,	
	2023	2022
Cost of revenue	$ 16	$ 138
Sales and marketing	730	1,763
General and administrative	7,197	13,582
Total stock-based compensation	$ 7,943	$ 15,483

On July 20, 2021, the Board of Directors (the "Board") 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.

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 March 31, 2023, the first vesting tranche of the PSU CEO Award has been earned based upon achievement of the applicable stock price goal and has vested in accordance with the Letter Agreement (as described below). Other than the first vesting tranche, 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 the Board:

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.

Letter Agreement

On August 31, 2022, the Board approved a letter agreement between the Company and the Company's CEO (the "Letter Agreement") intended to facilitate a personal tax planning initiative.

The Letter Agreement provided for the accelerated vesting of 2,075,455 unvested shares subject to the RSUs CEO Award and 518,864 earned but unvested shared subject to the PSU CEO Award, and required the CEO to pay the withholding tax associated with the acceleration of the awards by cash or check, rather than by selling vested shares to cover the tax obligation with respect to such accelerated vesting.

In addition, the Letter Agreement imposes certain clawback rights intended to maintain the retention incentives of the RSU CEO Award and the PSU CEO Award by mirroring their former vesting schedule. If the CEO experiences a termination of service, other than due to a qualifying termination (as defined in the applicable award agreements), prior to an original vesting date of an RSU or PSU, the CEO will forfeit and return to the Company that number of shares of the Company's common stock that would not otherwise have vested pursuant to the terms of the original award agreements or, if he has disposed of or transferred such shares, he will deliver to the Company the corresponding value of those shares plus any gain realized in connection with such sale or other transfer.

The approval for the acceleration of vesting was determined to be a modification and therefore, the Company evaluated each of the modified awards to determine the necessary accounting treatment. Vesting of the awards was assessed as probable immediately prior to and after the modification resulting in an acceleration of the remaining expense based on the original grant date fair value. As a result of the modification, the Company recorded approximately $39.4 million of accelerated stock-based compensation for the year ended December 31, 2022.

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 were originally eligible to 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.

Amendments to RSUs

In August 2022, the Board approved an amendment to the vesting schedule applicable to the IPO RSUs held by certain executives and other employees. Pursuant to the amendment, the IPO RSUs are eligible to vest as to one-third of the underlying shares on each of the first, second and third anniversaries of the closing of the IPO, subject to continued employment with the Company or one of its subsidiaries.

In addition, in August 2022, the Board approved an amendment to RSUs previously granted to certain employees impacted by the Company's reduction in workforce. The amendment provided for accelerated vesting of one-third of the RSUs underlying each award then-held by such employees upon any termination of service (as defined in the 2021 Plan), subject to the holder's timely execution and delivery to the Company (and, as applicable, non-revocation) of a general release of claims in favor of the Company.

The approval for the amendment to the vesting schedule was determined to be a modification and therefore, the Company evaluated each of the modified awards to determine the necessary accounting treatment. Awards where vesting was probable prior to and after the modification resulted in an acceleration of a portion of the remaining expense, consistent with the accelerated vesting schedule, based on the original grant date fair value. Awards where vesting was not probable prior to modification resulted in remeasurement of the fair value as of the modification date, which resulted in a decrease in total fair value of awards of approximately $6.7 million due to a decrease in the fair value between the original grant date and the modification date. Due to the decrease in the fair value between the original grant date and modification date, the Company recorded a cumulative-effect adjustment. As a result of the accelerated vesting schedule, net of the cumulative-effect adjustment, the Company recorded $1.1 million of accelerated stock-based compensation for the year ended December 31, 2022.

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 PSU 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 during the three months ended March 31, 2023 was as follows:

	Units	Weighted Average Grant Date Fair Value
Outstanding at December 31, 2022	5,923,835	$ 6.73
Granted	18,821	3.95
Vested	(18,284)	14.30
Forfeited	(134,554)	8.75
Outstanding at March 31, 2023	5,789,818	$ 6.65

As of March 31, 2023, the Company had $26.4 million of unrecognized stock-based compensation expense related to unvested time-based restricted stock units that is expected to be recognized over a weighted-average period of 1.83 years.

A summary of the performance-based restricted stock unit activity during the three months ended March 31, 2023 was as follows:

	Units		Weighted Average Grant Date Fair Value
Outstanding at December 31, 2022	4,714,242	$	12.59
Granted	—		—
Vested	—		—
Forfeited	—		—
Outstanding at March 31, 2023	4,714,242	$	12.59

As of March 31, 2023, the Company had $33.2 million of unrecognized stock-based compensation expense related to unvested performance-based units that is expected to be recognized over a weighted-average period of 3.03 years.

CEO and IPO PSU Cancellations; Performance Shares

On April 13, 2023, following mutual agreement between the Company and each named executive officer, the Board approved the cancellation and termination of the unearned CEO PSUs and IPO PSUs originally granted to the executives on August 2, 2021. As a result, the Company expects to recognized approximately $27.5 million of stock-based compensation expense during the second quarter of 2023 related to the cancellations.

On the same day, the Board approved a grant to the CEO of an award of 1,037,728 performance-based restricted shares (the “Performance Shares”). The Performance Shares were issued under the 2021 Plan and are intended to retain and incentivize the CEO to lead the Company to sustained, long-term superior financial performance.

The Performance Shares are eligible to be earned upon the achievement of an Adjusted EBITDA goal during the fiscal year ending on December 31, 2023. If the Adjusted EBITDA goal is achieved, the earned Performance Shares will vest on March 31, 2024.

If the Adjusted EBITDA goal is not achieved, then the Performance Shares instead will become eligible to be earned based on the achievement of a stock price goal of $18.00 per share (the "Stock Price Goal") for the period beginning on January 1, 2024 and ending on August 2, 2031. If the Stock Price Goal is achieved, the earned Performance Shares will vest on the later of March 31, 2024 and the date on which the Stock Price Goal is achieved.

The vesting of the Performance Shares is in all cases subject to the CEO’s continued service as the Company's Chief Executive Officer or Executive Chairman of our Board.

Upon a termination of the CEO’s service to the Company without cause, by the CEO for good reason, or due to the CEO’s death or disability (each as defined in his award agreement), any previously earned Performance Shares will vest, and any remaining Performance Shares will be forfeited and terminated without consideration as of the date of termination. The vesting of any Performance Shares upon a qualifying termination will be subject to the CEO’s timely execution and non-revocation of a general release of claims, and continued compliance with customary restrictive covenants.

In the event the Company incurs a change in control (as defined in the 2021 Plan), then any previously-earned Performance Shares will vest, and any remaining Performance Shares will vest if the Stock Price Goal is achieved based on the price per share received by or payable to our holders of our common stock in connection with the transaction. Any remaining Performance Shares will be forfeited and terminated without consideration as of immediately prior to the change in control.
The CEO is required to make an election under Section 83(b) of the Internal Revenue Code of 1986, as amended, with respect to the Performance Shares, and to pay the withholding tax associated with the issuance of the Performance Shares. To the extent the Performance Shares vest, the CEO must hold such shares for two years following the applicable vesting date, subject to certain exceptions set forth in the award agreement.

12 – INCOME TAXES

For the three months ended March 31, 2023 and 2022, the Company recorded an income tax expense of $0.2 million and $0.2 million, respectively.

The Company regularly evaluates the realizability of its deferred tax assets and establishes a valuation allowance if it is more likely than not that some or all the deferred tax assets will not be realized. In making such a determination, the Company considers all available positive and negative evidence, including future reversals of existing taxable temporary differences,

projected future taxable income, loss carryback and tax planning strategies. Generally, more weight is given to objectively verifiable evidence, such as the cumulative loss in recent years, as a significant piece of negative evidence to overcome. As of March 31, 2023, the Company's U.S. operations have resulted in losses, and as such, the Company maintains a valuation allowance against substantially all its U.S. deferred tax assets.

13 – 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 $1.0 million and $1.7 million for the three months ended March 31, 2023 and 2022, respectively. Amounts payable to the third party as of March 31, 2023 and December 31, 2022 was $0.7 million and $0.4 million, respectively.

14 – LOSS PER SHARE

The Company computes basic earnings (loss) per share ("EPS") attributable to common stockholders by dividing net 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):

	Three Months Ended March 31,	
	2023	2022
	(as restated)	
Net loss	$ (10,930)	$ (8,960)
Weighted-average common shares outstanding—basic	122,699,114	117,889,233
Effect of dilutive securities:		
Restricted stock units	—	—
Weighted-average common shares outstanding—diluted	122,699,114	117,889,233
Loss per share		
Basic and diluted	$ (0.09)	$ (0.08)

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:

	Three Months Ended March 31,	
	2023	2022
Restricted stock units	10,504,060	11,629,644

15 – RESTRUCTURING PLAN

In July 2022, the Board approved a restructuring plan (the "2022 restructuring plan") as part of its efforts to reduce the Company’s costs and drive long-term operational efficiencies due to challenging macroeconomic pressures. As part of the 2022 restructuring plan, the Company eliminated approximately 14% of its global headcount, suspended operations of Traeger Provisions (the Company's premium frozen meal kit business), and postponed nearshoring efforts to manufacture product in Mexico. These actions were substantially completed in the third quarter of fiscal 2022.

A summary of the activity in the restructuring reserve in connection with the Company's 2022 restructuring plan recorded in accrued expenses within the accompanying condensed consolidated balance sheets as follows (in thousands):

	Employee Related Costs	Contract Exit Costs
Balance at December 31, 2022	$ 135	$ 2,953
Net additions charged to expense	—	—
Cash payments against reserve	(116)	(2,673)
Balance at March 31, 2023	$ 19	$ 280

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following discussion and analysis of financial condition and results of operations should be read together with our consolidated financial statements and the related notes and other financial information included elsewhere in this Form 10-Q/A, as well as our audited consolidated financial statements and the related notes included in our Annual Report on Form 10-K for the year ended December 31, 2022 (our "Annual Report on Form 10-K"), filed with the Securities and Exchange Commission (the "SEC") on March 16, 2023. Some of the information contained in this discussion and analysis or set forth elsewhere in this Form 10-Q/A contains forward-looking statements that involve risks and uncertainties. As a result of many important factors, such as those set forth in Part I, Item 1A. "Risk Factors" of our Annual Report on Form 10-K, our actual results may differ materially from those anticipated in these forward-looking statements. For convenience of presentation, some of the numbers have been rounded in the text below.

Certain items within this Part I, Item 2. "Management's Discussion and Analysis of Financial Condition and Results of Operations" have been updated as a result of the amendment and restatement of this Quarterly Report on Form 10-Q/A, as described in further detail in the "Explanatory Note." For further detail regarding the restatement, also see Note 1 to the accompanying unaudited condensed consolidated financial statements and Part I, Item 4. "Controls and Procedures."

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, 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 six series of grills – Pro (with and without WiFIRE), Ironwood and Timberline – as well as a selection of smaller, portable grills within our Town and Travel Series and a special Club Lineup through targeted channels. 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 and sauces. 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, Costco, The Home Depot, and Best Buy, 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.

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, our wood pellets are produced at facilities located in New York, Oregon, Georgia, and Texas, and our MEATER smart thermometer accessories are currently manufactured in Hong Kong. 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.

Our revenue decreased by 31.5% for the three months ended March 31, 2023 as compared to the three months ended March 31, 2022, and was $153.2 million for the three months ended March 31, 2023, down from $223.7 million for the three months ended March 31, 2022. We recorded net loss of $10.9 million for the three months ended March 31, 2023, compared to net loss of $9.0 million for the three months ended March 31, 2022.

Key Factors Affecting Our Financial Condition and Results of Operations

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, including those below and in Part I, Item 1A. "Risk Factors" of our Annual Report on Form 10-K.

Macroeconomic Conditions

Continuing global economic uncertainty, political conditions and fiscal challenges in the U.S. and abroad could result in adverse macroeconomic conditions, including inflation, slower growth or recession. In particular, in the first quarter of 2023, we continued to experience inflationary pressure and a slowdown in consumer demand. These challenging macroeconomic pressures have resulted in a decline in our revenue in the first quarter of 2023 compared to the prior year period. If these macroeconomic trends continue through the remainder of fiscal year end 2023, we could experience lower revenue and margins as compared to the corresponding prior year period.

Supply chain constraints have led to higher product component and freight costs, which have increased our cost of revenues. If these macroeconomic uncertainties or supply chain challenges persist or worsen in the future, we may observe reduced customer demand for our offerings, increased competition for critical components, challenges fulfilling certain customer orders or continued increases in component and freight costs which could impact our operating results, including our ability to achieve historical levels of revenue

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 stock-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 decrease in the short-term and increase on an absolute dollar basis in the long-term as we continue to reduce our costs to drive operational efficiencies while continuing to increase the scope of outreach to potential new customers to drive long-term 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 stock-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 $2.2 million and $4.9 million for the three months ended March 31, 2023 and 2022, respectively.

As a result of the 2022 restructuring plan, we expect general and administrative expense, including our research and development expenses and external legal and accounting expenses, to normalize as we continue to manage our investments to support our growth and develop new and enhance existing products. 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 Limited and its subsidiaries (collectively, "Apption Labs") pursuant to a share purchase agreement (the "Share Purchase Agreement"). 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 change in fair value of contingent consideration in our accompanying condensed consolidated statements of operations and comprehensive 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 in the Share Purchase Agreement.

Total Other Expense

Total other expense consists of interest expense and other income. Interest expense includes interest and other fees associated with our Credit Facilities and Receivables Financing Agreement (each as defined below) as well as the amortization of amounts recorded within accumulated comprehensive income (loss) prior to the dedesignation of the interest rate swap derivative contracts as a cash flow hedge. Other income also consists of any unrealized gains (losses) from our interest rate swap derivative contract subsequent to the dedesignation of the swap contract from a cash flow hedge, foreign currency realized and unrealized gains and losses resulting from exchange rate fluctuations on transactions denominated in a currency other than the U.S. Dollar 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.

	Three Months Ended March 31,		Change	
	2023	2022	Amount	%
		(unaudited) (dollars in thousands)		
	(as restated)			
Revenue	$ 153,161	$ 223,710	$ (70,549)	(31.5)%
Cost of revenue	97,738	141,066	(43,328)	(30.7)%
Gross profit	55,423	82,644	(27,221)	(32.9)%
Operating expenses:				
Sales and marketing	22,075	34,854	(12,779)	(36.7)%
General and administrative	26,679	40,716	(14,037)	(34.5)%
Amortization of intangible assets	8,889	8,889	—	— %
Change in fair value of contingent consideration	1,043	1,700	(657)	(38.6)%
Total operating expense	58,686	86,159	(27,473)	(31.9)%
Loss from operations	(3,263)	(3,515)	252	(7.2)%
Other income (expense):				
Interest expense	(8,081)	(5,837)	(2,244)	(38.4)%
Other income, net	578	544	34	6.3 %
Total other expense	(7,503)	(5,293)	(2,210)	(41.8)%
Loss before provision for income taxes	(10,766)	(8,808)	(1,958)	22.2 %
Provision for income taxes	164	152	12	7.9 %
Net loss	$ (10,930)	$ (8,960)	$ (1,970)	22.0 %

Comparison of the Three Months Ended March 31, 2023 and 2022

Revenue

	Three Months Ended March 31,		Change	
	2023	2022	Amount	%
		(dollars in thousands)		
Revenue:				
Grills	$ 89,738	$ 150,431	$ (60,693)	(40.3)%
Consumables	30,045	39,651	(9,606)	(24.2)%
Accessories	33,378	33,628	(250)	(0.7)%
Total Revenue	$ 153,161	$ 223,710	$ (70,549)	(31.5)%

Revenue decreased by $70.5 million, or 31.5%, to $153.2 million for the three months ended March 31, 2023 compared to $223.7 million for the three months ended March 31, 2022. The decrease was driven by lower unit volume for grills and consumables, partially offset by higher selling prices.

Revenue from our grills decreased by $60.7 million, or 40.3%, to $89.7 million for the three months ended March 31, 2023 compared to $150.4 million for the three months ended March 31, 2022. The decrease was primarily driven by lower unit volume, partially offset by a higher average selling price resulting from the introduction of new product.

Revenue from our consumables decreased by $9.6 million, or 24.2%, to $30.0 million for the three months ended March 31, 2023 compared to $39.7 million for the three months ended March 31, 2022. The decrease was driven by lower unit volume of wood pellets and other consumables.

Revenue from our accessories decreased by $0.3 million, or 0.7%, to $33.4 million for the three months ended March 31, 2023 compared to $33.6 million for the three months ended March 31, 2022. The decrease was driven primarily by lower unit volume of Traeger-branded accessories, partially offset by increased sales of MEATER smart thermometers.

Gross Profit

	Three Months Ended March 31,		Change	
	2023	2022	Amount	%
	(dollars in thousands)			
Gross profit	$ 55,423	$ 82,644	$ (27,221)	(32.9)%
Gross margin (Gross profit as a percentage of revenue)	36.2 %	36.9 %		

Gross profit decreased by $27.2 million, or 32.9%, to $55.4 million for the three months ended March 31, 2023 compared to $82.6 million for the three months ended March 31, 2022. Gross margin decreased to 36.2% for the three months ended March 31, 2023 from 36.9% for the three months ended March 31, 2022. The decrease in gross margin was driven primarily by the timing of marketplace promotional investments and higher product costs, partially offset by favorable domestic logistic costs, as well as foreign exchange rates.

Sales and Marketing

	Three Months Ended March 31,		Change	
	2023	2022	Amount	%
	(dollars in thousands)			
Sales and marketing	$ 22,075	$ 34,854	$ (12,779)	(36.7)%
As a percentage of revenue	14.4 %	15.6 %		

Sales and marketing expense decreased by $12.8 million, or 36.7%, to $22.1 million for the three months ended March 31, 2023 compared to $34.9 million for the three months ended March 31, 2022. As a percentage of revenue, sales and marketing expense decreased to 14.4% for the three months ended March 31, 2023 from 15.6% for the three months ended March 31, 2022. The decrease in sales and marketing expense was driven by decreases in demand creation costs, employee expenses, professional service fees, and travel and entertainment costs.

General and Administrative

	Three Months Ended March 31,		Change	
	2023	2022	Amount	%
	(dollars in thousands)			
General and administrative	$ 26,679	$ 40,716	$ (14,037)	(34.5)%
As a percentage of revenue	17.4 %	18.2 %		

General and administrative expense decreased by $14.0 million, or 34.5%, to $26.7 million for the three months ended March 31, 2023 compared to $40.7 million for the three months ended March 31, 2022. As a percentage of revenue, general and administrative expense decreased to 17.4% for the three months ended March 31, 2023 from 18.2% for the three months ended March 31, 2022. The decrease in general and administrative expense was driven by lower stock-based compensation expense of $6.4 million, lower professional service fees, and lower employee expenses, partially offset by losses from the sale of property, plant and equipment.

Amortization of Intangible Assets

	Three Months Ended March 31,		Change	
	2023	2022	Amount	%
		(dollars in thousands)		
Amortization of intangible assets	$ 8,889	$ 8,889	$ —	— %
As a percentage of revenue	5.8 %	4.0 %		

Amortization of intangible assets, substantially attributable to the 2017 corporate reorganization and acquisition of the Company and the July 2021 acquisition of Apption Labs, remained flat at $8.9 million for the three months ended March 31, 2023 compared to $8.9 million for the three months ended March 31, 2022.

Change in Fair Value of Contingent Consideration

	Three Months Ended March 31,		Change	
	2023	2022	Amount	%
		(dollars in thousands)		
Change in fair value of contingent consideration	$ 1,043	$ 1,700	$ (657)	(38.6)%
As a percentage of revenue	0.7 %	0.8 %		

Change in fair value of contingent consideration, attributable to the revalued earn out obligation associated with the Apption Labs business combination, decreased $0.7 million, or 38.6%, to $1.0 million for the three months ended March 31, 2023 compared to $1.7 million for the three months ended March 31, 2022. The change in fair value was primarily driven by a shorter discount period.

Total Other Expense

	Three Months Ended March 31,		Change	
	2023	2022	Amount	%
		(dollars in thousands)		
	(as restated)			
Interest expense	$ (8,081)	$ (5,837)	$ (2,244)	(38.4)%
Other income, net	578	544	34	6.3 %
Total other expense	$ (7,503)	$ (5,293)	$ (2,210)	(41.8)%
As a percentage of revenue	(4.9)%	(2.4)%		

Total other expense increased by $2.2 million, or 41.8%, to $7.5 million for the three months ended March 31, 2023 compared to $5.3 million for the three months ended March 31, 2022. This increase was primarily due to increased interest expense driven by an increase in interest rates.

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. The Company maintains the majority of its cash and cash equivalents in accounts with major U.S. and multi-national financial institutions including JPMorgan Chase Bank, HSBC, World First Bank, Handelsbanken, and Stadtsparkasse München, and our deposits at these institutions exceed insured limits. Market conditions can impact the viability of these institutions. In the event of failure of any of the financial institutions where we maintain our cash and cash equivalents, there can be no assurance that we would be able to access uninsured funds in a timely manner or at all. Any inability to access or delay in accessing these funds could adversely affect our business and financial position.

As of March 31, 2023, we had cash and cash equivalents of $15.2 million, restricted cash of $12.5 million, $82.5 million borrowing capacity under our Revolving Credit Facility (as defined below) and $0.1 million borrowing capacity under our Receivables Financing Agreement (as defined below). As of March 31, 2023, we had drawn down $42.5 million on the Revolving Credit Facility and $40.9 million on the Receivables Financing Agreement. As of March 31, 2023, the total principal

amount outstanding under our First Lien Term Loan Facility was $404.0 million. Based on our current business plan and revenue prospects, we continue to believe that our existing cash and cash equivalents, restricted cash, availability under our Revolving Credit Facility and Receivables Financing Agreement, and our anticipated cash flows from operating activities will be sufficient to meet our working capital and operating resource expenditure requirements for at least the next twelve months from the date of this Quarterly Report on Form 10-Q. 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. See Part I, Item 1A. “Risk Factors” in our Annual Report on Form 10-K.

Cash Flows

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

	Three Months Ended March 31,	
	2023	2022
Net cash used in operating activities	$ (23,590)	$ (46,911)
Net cash provided by (used in) investing activities	245	(4,648)
Net cash provided by (used in) financing activities	(478)	45,917
Net decrease in cash, cash equivalents and restricted cash	$ (23,823)	$ (5,642)

Cash Flow from Operating Activities

During the three months ended March 31, 2023, net cash used in operating activities consisted of a net loss of $10.9 million and non-cash adjustments to net loss of $25.0 million, partially offset by net changes in operating assets and liabilities of $37.6 million. Non-cash adjustments consisted of unrealized gains on derivative contracts of $1.7 million, amortization of intangible assets of $10.6 million, stock-based compensation of $7.9 million, and depreciation of property, plant, and equipment of $3.6 million. The decrease in net cash from net changes in operating assets and liabilities during the three months ended March 31, 2023, was primarily due to an increase in accounts receivable of $57.1 million partially offset by a decrease in inventories of $21.1 million.

During the three months ended March 31, 2022, net cash used in operating activities consisted of net loss of $9.0 million and non-cash adjustments to net loss of $31.6 million, partially offset by net changes in operating assets and liabilities of $69.5 million. Non-cash adjustments consisted of depreciation of property, plant, and equipment of $2.5 million, amortization of intangible assets of $10.6 million, stock-based compensation of $15.5 million, and unrealized losses on derivative contracts of $0.6 million. The decrease in net cash from net changes in operating assets and liabilities during the three months ended March 31, 2022, was primarily due to an increase in accounts receivable of $70.4 million and an increase in inventories of $18.6 million, partially offset by an increase in accounts payable and accrued expenses of $17.6 million.

Cash Flow from Investing Activities

During the three months ended March 31, 2023, net cash provided by investing activities was $0.2 million. The cash flow provided was driven primarily from the sale of property, plant, and equipment of $2.5 million, partially offset by the purchase of property, plant, and equipment of $2.1 million primarily related to the purchase of tooling equipment, and internal-use software and website development costs.

During the three months ended March 31, 2022, net cash used in investing activities was $4.6 million. The cash flow used was driven by the purchase of property, plant, and equipment of $4.5 million primarily related the purchase of tooling equipment, the purchase of wood pellet production equipment, and internal-use software and website development costs.

Cash Flow from Financing Activities

During the three months ended March 31, 2023, net cash used in financing activities was $0.5 million. The cash flow used was driven primarily by net repayments on our lines of credit under the Revolving Credit Facility and Receivables Financing Agreement of $0.3 million for general corporate and working capital purposes.

During the three months ended March 31, 2022, net cash provided by financing activities was $45.9 million. The cash flow provided was driven primarily by aggregate net borrowings on our lines of credit under the Revolving Credit Facility and Receivables Financing Agreement of $46.0 million for general corporate and working capital purposes.

Credit Facilities

On June 29, 2021, we refinanced our existing credit facilities and entered into a new first lien credit agreement, as borrower, with Credit Suisse AG, Cayman Islands Branch, as administrative agent (in such capacity, the "Administrative Agent") and collateral agent, and other lenders party thereto as joint lead arrangers and joint bookrunners (the "First Lien Credit Agreement"). The First Lien Credit Agreement provides for a senior secured term loan facility (the "First Lien Term Loan Facility") and a revolving credit facility (the "Revolving Credit Facility" and, together with the First Lien Term Loan Facility, the "Credit Facilities").

First Lien Credit Agreement

The First Lien Credit Agreement provides for a $560.0 million First Lien Term Loan Facility (including a $50.0 million delayed draw term loan) and a $125.0 million Revolving Credit Facility.

The First Lien Term Loan Facility accrues interest at a rate per annum that considers both fixed and floating components. Following the 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 First Lien Credit Agreement). The floating component is based on the Eurocurrency Base Rate (as defined in the First Lien Credit Agreement) for the relevant interest period. The First Lien Term Loan Facility requires periodic 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 First Lien Credit Agreement). During 2022, the Company borrowed $25.0 million under the delayed draw term loan, for purposes of financing the Company's earn out obligation. The borrowing took place prior to the expiration of the delayed draw term commitment date of December 29, 2022. As of March 31, 2023, the total principal amount outstanding on the First Lien Term Loan Facility was $404.0 million.

Loans under the 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 First Lien Credit Agreement). The floating component is based on the Eurocurrency Base Rate for the relevant interest period. The 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 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 March 31, 2023 we had drawn down $42.5 million under the Revolving Credit Facility for general corporate and working capital purposes.

Except as noted below, the 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 Credit Facilities. There are no guarantees from parent entities above Traeger, Inc.

The 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 First Lien Credit Agreement) not to exceed 6.20 to 1.00. As of March 31, 2023, we were in compliance with the covenants under the Credit Facilities.

On August 9, 2022, the Company entered into a second amendment (the "Amendment") to the First Lien Credit Agreement to provide for a "Covenant Amendment Period" (as defined therein) through and including the earlier of June 30, 2023, and the date on which the Company, in its sole discretion, delivers written notice to the Administrative Agent of the Company's election to end the Covenant Amendment Period. During that period, the Company's springing First Lien Net Leverage Ratio covenant will be increased from 6.20 : 1.00 to 8.50 : 1.00 and a minimum liquidity covenant of $35.0 million will be in effect. Liquidity will be calculated as the sum of cash on the Company's balance sheet, availability under the Revolving Credit Facility and availability under the Receivables Financing Agreement (as defined below), and the minimum liquidity covenant will be tested only if and when the Company requests borrowings under the Revolving Credit Facility. During the Covenant Amendment Period, the fixed dollar portion of the "Fixed Dollar Amount" definition shall decrease from $127.0 million to $102.0 million, and the use of certain restricted payments baskets will be reduced or eliminated entirely. As of March 31, 2023, the Company was in compliance with these amended covenants under the Amendment.

Accounts Receivable Credit Facility

On November 2, 2020, we entered into a receivables financing agreement (as amended, the "Receivables Financing Agreement"). Through the Receivables Financing Agreement, we participate in a trade receivables securitization program, administered on our behalf by MUFG Bank Ltd. ("MUFG"), using outstanding accounts receivables balances as collateral, which have been contributed by us to our wholly owned subsidiary, Traeger SPE LLC (the "SPE"). While we provide operational services to the SPE, 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. The borrowing capacity fluctuates at each month end based upon the amount of eligible outstanding domestic accounts receivables to be used as collateral. 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 fixed interest on outstanding cash advances of 1.7%, a floating component based on the CP Rate (as defined in the Receivables Financing Agreement), 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 in compliance with the covenants under the Receivables Financing Agreement as of March 31, 2023.

As of March 31, 2023, the Company had drawn down $40.9 million under this facility for general corporate and working capital purposes.

Contractual Obligations

There have been no material changes to our contractual obligations as of March 31, 2023 from those disclosed in our Annual Report on Form 10-K. Refer to the heading "Management's Discussion and Analysis of Financial Condition and Results of Operations—Liquidity and Capital Resources" included in our Annual Report on Form 10-K for a discussion of our debt and operating lease obligations, respectively.

Critical Accounting Policies and Estimates

Our consolidated financial statements are prepared in accordance with accounting principles generally accepted in the United States of America ("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.

Our critical accounting policies and estimates are described under the heading "Management's Discussion and Analysis of Financial Condition and Results of Operations—Critical Accounting Policies and Estimates" in our Annual Report on Form 10-K, the notes to the consolidated financial statements included therein and Note 2 – *Summary of Significant Accounting Policies* to the accompanying unaudited condensed consolidated financial statements included in Item 1 of this Form 10-Q/A. During the three months ended March 31, 2023, there were no material changes to our critical accounting policies and estimates from those discussed in our Annual Report on Form 10-K.

Recent Accounting Pronouncements

For information regarding recent accounting pronouncements, see Note 2 – *Summary of Significant Accounting Policies* to the accompanying unaudited condensed consolidated financial statements included in Item 1 of this Form 10-Q/A.

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

There have been no material changes to our disclosures regarding our exposure to market risk as described in Part II, Item 7A. "Quantitative and Qualitative Disclosures about Market Risk" of our Annual Report on Form 10-K.

ITEM 4. 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 Quarterly Report on Form 10-Q/A, 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 March 31, 2023, due to the existence of a material weakness in our internal controls over financial reporting described below, our disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) under the Exchange Act) were not effective to provide reasonable assurance that the information required to be disclosed in the reports that we file or submit under the Exchange Act as recorded, processed, summarized and reported within the time periods specified in the SEC's rules and forms, and that such information is accumulated and communicated to management as appropriate to allow timely decisions regarding required disclosure.

Material Weakness in Internal Control Over Financial Reporting

The Company became aware that the unaudited consolidated financial statements for the three months ended March 31, 2023 contained material misstatements related to the assessment, accounting for and presentation of amounts within accumulated other comprehensive income (AOCI) upon cash flow hedge dedesignation of the Company's interest rate swaps as more fully described in Note 1 to the condensed consolidated financial statements. Management of the Company has concluded that because the controls to evaluate the accounting and disclosure of complex financial instruments, such as for derivatives, did not operate effectively and resulted in the failure to detect the misstatement the deficiencies are a material weakness in the Company's internal control over financial reporting. Notwithstanding this material weakness, management has concluded that our unaudited condensed consolidated financial statements included in this Quarterly Report on Form 10-Q/A are fairly stated in all material respects in accordance with U.S. GAAP for each of the periods presented therein.

A material weakness is a deficiency, or a combination of deficiencies, in internal control over financial reporting, such that there is a reasonable possibility that a material misstatement of the Company's annual or interim financial statements will not be prevented or detected on a timely basis.

Our internal controls over evaluating and assessing guidance in accordance with ASC 815 Derivatives and Hedging did not detect the error related to the accounting for and presentation of amounts within AOCI upon cash flow hedge dedesignation during the period ending March 31, 2023. This control deficiencies resulted in the restatement of the Company's unaudited consolidated financial statements contained in its Quarterly Report on Form 10-Q for the quarter ended March 31, 2023 and if not remediated, could result in a material misstatement to future annual or interim consolidated financial statements that would not be prevented or detected. Accordingly, management has determined that these control deficiencies constitutes a material weakness.

Plan of Remediation of Material Weakness

To remediate the material weakness in the Company's internal control over financial reporting, the Company plans to initiate a remediation plan that includes: (i) implementing additional review procedures within our accounting department, (ii)

implementing additional training of accounting personnel and (iii) enhancing our existing process and internal control documentation and financial statement preparation process, specifically including updates to accounting policies for derivatives and hedge instruments, to ensure completion of financial reporting and proper accounting in accordance with U.S. GAAP.

The material weakness cannot be considered remediated until the controls operate for a sufficient period and management has concluded, through testing, that our internal controls are operating effectively. While management believes that the remediation efforts will resolve the identified material weakness, there is no assurance that management's efforts conducted to date will be sufficient or that additional remediation actions will not be necessary or will be sufficient to prevent future material weaknesses from occurring. We also cannot assure you that we have identified all of our existing material weaknesses.

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 March 31, 2023, that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

PART II. OTHER INFORMATION

ITEM 1. 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 1A. RISK FACTORS

Other than the risk factor set forth below, there have been no material changes with respect to the risk factors disclosed in Part I, Item 1A. "Risk Factors" of our Annual Report on Form 10-K.

Risks Related to Our Common Stock

We have identified a material weakness in our internal control over financial reporting, and we cannot provide assurances that the material weakness will be effectively remediated or that additional weaknesses will not occur in the future.

During the preparation of our unaudited condensed consolidated financial statements for the period ended June 30, 2023, we identified and evaluated control deficiencies associated with a misstatement identified related to the accounting and financial reporting treatment of amounts recorded within AOCI upon cash flow dedesignation of interest rate swaps. As part of the restatement process, we have identified a material weakness in our internal controls over financial reporting.

A material weakness is a deficiency, or a combination of deficiencies, in internal control over financial reporting, such that there is a reasonable possibility that a material misstatement of the Company's annual or interim financial statements will not be prevented or detected on a timely basis.

Our internal controls over the evaluation and interpretation of accounting guidance specifically within ASC 815 *Derivatives and Hedging* did not operate effectively, resulting in an incorrect assessment, accounting and presentation of an adjustment to comprehensive income (loss) associated with the change in cash flow hedge during the period ending March 31, 2023. These control deficiencies resulted in the restatement of the Company's unaudited consolidated financial statements contained in its Quarterly Report on Form 10-Q for the quarter ended March 31, 2023 and if not remediated, could result in a material misstatement to future annual or interim consolidated financial statements that would not be prevented or detected. Accordingly, management has determined that this control deficiency constitutes a material weakness.

To remediate the material weakness in the Company's internal control over financial reporting, the Company plans to initiate a remediation plan that includes: (i) implementing additional review procedures within our accounting department, (ii) implementing additional training of accounting personnel, and (iii) enhancing our existing process and internal control documentation and financial statement preparation process, specifically including making updates to accounting policies for derivatives and hedge instruments,. to ensure completion of financial reporting and proper accounting in accordance with U.S. GAAP.

The material weakness cannot be considered remediated until the controls operate for a sufficient period and management has concluded, through testing, that our internal controls are operating effectively. While management believes that the remediation efforts will resolve the identified material weakness, there is no assurance that management's efforts conducted to date will be sufficient or that additional remediation actions will not be necessary to remediate this material weakness or will be sufficient to prevent future material weaknesses from occurring. We also cannot assure you that we have identified all of our existing material weaknesses.

If we are unable to remediate the material weakness, our ability to record, process, and report financial information accurately, and to prepare financial statements within the time periods specified by the rules and forms of the SEC, could be adversely affected which, in turn, to may adversely affect our reputation and business and the market price of our common stock.

ITEM 2. UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS

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

None.

Use of Proceeds

Not applicable.

ITEM 3. DEFAULTS UPON SENIOR SECURITIES

None.

ITEM 4. MINE SAFETY DISCLOSURES

Not applicable.

ITEM 5. OTHER INFORMATION

None.

ITEM 6. EXHIBITS

		Incorporated by Reference			
Exhibit No.	**Exhibit Description**	**Form**	**Date**	**Number**	**Filed/Furnished Herewith**
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.

SIGNATURES

Pursuant to the requirements 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: August 7, 2023

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

Date: August 7, 2023

By:	/s/ Dominic Blosil
Name:	Dominic Blosil
Title:	Chief Financial Officer (*Principal Financial Officer and Principal Accounting Officer*)

Exhibit 31.1

CERTIFICATION

I, Jeremy Andrus, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q/A 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)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) 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) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   (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: August 7, 2023

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 Quarterly Report on Form 10-Q/A 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)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) 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) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   (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: August 7, 2023	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 Quarterly Report of Traeger, Inc. (the "Company") on Form 10-Q/A for the period ended March 31, 2023, 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, as amended; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: August 7, 2023

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 Quarterly Report of Traeger, Inc. (the “Company”) on Form 10-Q/A for the period ended March 31, 2023, 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, as amended; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: August 7, 2023

By: /s/ Dominic Blosil

Dominic Blosil

Chief Financial Officer

(*Principal Financial Officer and*
Principal Accounting Officer)