**Risk Factors Comparison 2024-03-08 to 2023-03-16 Form: 10-K**

**Legend:** **New Text** ~~Removed Text~~ Unchanged Text Moved Text Section

Risks Related to Our Business and Industry We have incurred operating losses in the past, may incur operating losses in the future, and may not achieve or maintain profitability in the future. We have incurred operating losses in the past and may continue to incur net losses in the future. For the year ended December 31, ~~2022~~ **2023** , we had a net loss of $ ~~382~~ **84** . ~~1~~ **4** million. As of December 31, ~~2022~~ **2023** , we had an accumulated deficit of $ ~~570~~ **654** . ~~5~~ **9** million. We expect our operating expenses related to ~~equity~~ **stock** - based compensation and goodwill impairment charges, to decrease in the future, however, we expect an increase in other operating expenses in the long- term as we continue our sales and marketing efforts, expand our operating and retail infrastructure, add content and software features to our platform, expand into new geographies, develop new products, and in connection with legal, accounting, and other expenses related to operating as a public company. These efforts and additional expenses may be more costly than we expect, and we cannot guarantee that we will be able to increase our revenue to offset our operating expenses. Our revenue growth may slow or our revenue may decline for a number of other reasons, including reduced demand for our products, increased competition, a decrease in the growth or reduction in size of our overall market, ~~the impacts to our business from the COVID- 19 pandemic,~~ a challenging macroeconomic environment, or if we cannot capitalize on growth opportunities. For example, during the year ended December 31, ~~2022~~ **2023** , our total revenue decreased by ~~16~~ **7** . ~~5~~ **6** % compared to the year ended December 31, ~~2021~~ **2022** . If our revenue does not grow at a greater rate than our operating expenses, we will not be able to achieve and maintain profitability. Our recent growth rates may not be sustainable or indicative of future growth and we expect our growth rate to slow. We have experienced significant growth since our change of ownership in 2013. Our historical rate of growth may not be sustainable or indicative of our future rate of growth. We have also experienced increased demand for our products **in the past, for example** due to the impact that the COVID- 19 pandemic ~~has~~ had on consumer behavior as a result of various stay- at- home orders and restrictions on dining options and restaurant closures. **In 2023, we saw a relative downtown in consumer demand as compared to demand during the pandemic and a shift towards experiences, services and leisure and away from big- ticket home- related products such as grills.** We cannot predict ~~the extent to which or the length that such restrictions will remain in place or~~ if ~~and~~ **or** when consumer behavior **and demand** will **change** ~~return to pre- pandemic levels~~ . We believe that our revenue, as well as our ability to improve or maintain margins and profitability, will depend upon, among other factors, our ability to address the challenges, risks, and difficulties described elsewhere in this report and the extent to which our various products grow and contribute to our results of operations. We cannot provide assurance that we will be able to successfully manage any such challenges or risks to our future growth. In addition, our number of customers and markets may not continue to grow or may decline due to a variety of possible risks, including increased competition and the maturation of our business. Any of these factors could cause our revenue growth to decline and may adversely affect our margins and profitability. Failure to continue our revenue growth or improve margins would have a material adverse effect on our business, financial condition, and results of operations. You should not rely on our historical rate of revenue growth as an indication of our future performance. We may be unable to manage our future growth effectively, which could make it difficult to execute our business strategy. We have experienced rapid growth in our business operations and the scope and complexity of our business have increased substantially over the past several years. As a result, the number of our full- time employees increased from approximately 450 as of December 31, 2018 to approximately ~~685~~ **641** as of December 31, ~~2022~~ **2023** , and we have expanded our operations to include ~~additional wood pellet production facilities and~~ additional manufacturing and supply sources. We have only a limited history of operating our business at its current scale. We have made and expect to continue to make significant investments in our research and development efforts and in our sales and marketing organizations, including with respect to future product offerings, consumables, accessories, and services, and to expand our operations and infrastructure both domestically and internationally. This growth has placed, and may continue to place, significant demands on our management and our operational and financial **performance and** infrastructure. **In the third fiscal quarter of 2022, we announced a planned reduction in workforce, as part of a plan to reduce our costs and drive long- term operational efficiencies. At the same time, we suspended operations of Traeger Provisions and postponed nearshoring efforts to manufacture product in Mexico. Over the long term, we may not successfully execute** ~~For~~ - **or** ~~example~~ **achieve what were the expected benefits of this reduction in force or incur greater costs than expected. Further, any cost savings that we realize may be offset, in whole or in part, by a reduction in revenues or through increases in other expenses. Additionally** , our customers increasingly rely on our support services to resolve any issues related to the use of our products and smart features. Providing a high- quality customer experience is vital to our success in generating word- of- mouth referrals to drive sales, maintain, and expand our brand recognition and retain existing customers. The importance of high- quality support will increase as we expand our business and introduce new and / or enhanced products and offerings, especially if we face limited brand recognition in certain markets that leads to non- acceptance or delayed acceptance of our products and services by consumers. Our ability to manage our growth effectively and to integrate new employees, technologies and acquisitions into our existing business will require us to continue to expand our operational and financial infrastructure and to continue to retain, attract, train, motivate, and manage employees. Continued growth could strain our ability to develop and improve our operational, financial and management controls, enhance our reporting systems and procedures, recruit, train, and retain highly skilled personnel and maintain customer satisfaction. Additionally, if we do not effectively manage the growth of our business and operations, the quality of our products and content could suffer, which could negatively affect our reputation and brand, business, financial condition, and results of operations, and our corporate culture may be harmed. ~~We may not successfully execute or achieve the expected benefits of our planned reduction in force. In the third fiscal quarter of 2022, we announced a planned reduction in workforce, as part of a plan to reduce our costs and drive long- term operational efficiencies. At the same time, we suspended operations of Traeger Provisions and postponed nearshoring efforts to manufacture product in Mexico. A variety of factors could cause the Company not to realize some or all of the expected benefits or incur greater costs. Further, any cost savings that the Company realizes may be offset, in whole or in part, by a reduction in revenues or through increases in other expenses.~~ Our growth depends, in part, on our continued penetration and expansion into additional markets, and we may not be successful in doing so. We believe that our future growth depends not only on continuing to reach our current core demographic, but also continuing to penetrate and broaden our retailer, customer, and distribution bases, including through online sales channels and our website, in the United States and international markets. In these markets, we have faced and may continue to face challenges that are different from those we currently encounter, including competitive, merchandising, distribution, hiring, legal and regulatory, and other difficulties, such as understanding and accurately predicting the demographics, preferences, and purchasing habits of consumers in these new geographic markets. We may encounter problems in our logistical operations, including our fulfillment and shipping functions, related to an increased demand from online sales channels. We have also encountered and may continue to encounter difficulties in attracting customers due to a lack of familiarity with or acceptance of our brand, or a resistance to paying for our premium products, particularly in international markets. We continue to evaluate marketing efforts and other strategies to expand our retailer, customer, and distribution bases. In addition, although we are continuing to invest in sales and marketing activities to further penetrate newer regions, we cannot assure you that we will be successful. If we are not successful **in any of these efforts** , our business, financial condition, and results of operations may be harmed. Our business depends on maintaining and strengthening our brand to generate and maintain ongoing demand for our products, and a significant reduction in such demand could harm our results of operations. The Traeger name and premium brand image are integral to the growth of our business, as well as to the implementation of our strategies for expanding our business. Our success depends on the value and reputation of our brand, which, in turn, depends on factors such as the quality, market fit, design, performance, and functionality of our physical and digital products, our communication and marketing activities, including live and digital advertising, social media, online content, and public relations, the image of our retailers' floor spaces and e- commerce platform, and our management of the customer experience, including direct interfaces through customer service. Maintaining, promoting, and positioning our brand are important to expanding our customer base and will depend largely on the success of our marketing and merchandising efforts and our ability to provide consistent, high-quality customer experiences. We intend to continue making substantial investments in these areas in order to maintain and enhance our brand, and such investments may not be successful. Ineffective marketing, negative publicity, product diversion to unauthorized distribution channels, product or manufacturing defects, including defects that may cause fires or explosions, counterfeit products, unfair labor practices, and failure to protect the intellectual property rights in our brand are some of the potential threats to the strength of our brand, and those and other factors could rapidly and severely diminish customer confidence in us. Furthermore, these factors could cause our customers to lose the personal connection they feel with the Traeger brand. Moreover, the growing use of social and digital media by us, our customers and third parties increases the speed **at** and extent ~~that~~ **to which** information or misinformation and opinions **, including negative ones,** can be shared. We believe that maintaining and enhancing our brand image in our current markets and in new markets where we have limited brand recognition is important to expanding our customer base. If we are unable to maintain or enhance our brand in current or new markets, our growth strategy and results of operations could be harmed. If we fail to cost- effectively attract new customers or retain our existing customers, we may not be able to increase sales. Our success depends on our ability to cost- effectively attract customers to our products and to retain our existing customers and encourage our customers to continue to utilize our products and content for their cooking needs. We must also increase general public awareness of our products, wood pellet grills, and the related cooking methodologies and techniques. For example, in order to increase customer awareness and expand our customer base, we must appeal to and attract customers who have historically associated grilling and outdoor cooking with traditional gas, charcoal, and electric grills and may have extensive experience in cooking with such devices. To effectively market our products, we must educate these customers about the various benefits of using our products and about cooking with wood pellet grills generally. We cannot assure you that we will be successful in changing customer behavior or cooking habits or that we will achieve broad market education or awareness. Even if we are able to raise awareness, customers may be slow in changing their habits and may be hesitant to use our products for a variety of reasons, including lack of experience with our products or cooking with wood pellet grills, price, competition and negative selling efforts from competitors and the perceptions regarding the time and complexity of using our products or learning new cooking techniques. Moreover, because our grills require sufficient outdoor space and ventilation to safely operate, even if we are successful in influencing customer behavior or cooking habits, many individuals may not be able to purchase our grills due to space constraints, particularly in high- density and non-suburban markets where residential outdoor space is limited. We have made, and we expect that we will continue to make, significant investments in attracting new customers, including through the use of corporate partnerships, traditional, digital, and social media, and participation in, and sponsorship of, community events. Marketing campaigns can be expensive and may not result in the cost- effective acquisition of customers. We cannot assure you that any increase in our customer acquisition costs will result in any revenue growth. Further, as our brand becomes more widely known, future marketing campaigns may not attract new customers at the same rate as past campaigns. We believe that our paid and non- paid marketing initiatives have been critical in promoting customer awareness of our products and wood pellet grills, which in turn has driven demand for our products and increased the extent to which new and existing customers utilize our online content for cooking related information and resources. Any decrease in the success of our non- paid marketing initiatives, which primarily consist of customer advocacy and word- of- mouth referrals, may cause an increase in both our marketing and customer acquisition costs. Our paid marketing initiatives include television, search engine marketing, mail to consumers, email, display and dedicated in- store arrangements, radio, and magazine advertising and social media marketing. For example, we actively market our products through television and buy search advertising through search engines, such as Google and Bing, major mobile application stores and social media platforms such as Facebook and Instagram, and use internal analytics and external vendors for bid optimization and channel strategy. Our non- paid advertising efforts include search engine optimization, non- paid social media and e- mail marketing. Search engines frequently modify their search algorithms and these changes can cause our websites to receive less favorable placements, which could reduce the number of customers who visit our website or are directed to information about our products. The costs associated with advertising through search engines can also vary significantly from period to period, and have generally increased over time. We may be unable to modify our strategies **efficiently or at all** in response to any future search algorithm changes made by the search engines, which could require a change in the strategy we use to generate customer traffic and drive customer interactions. In addition, our website must comply with search engine guidelines and policies, which are complex and may change at any time. If we fail to follow such guidelines and policies properly, search engines may rank our content lower in search results, penalize us or could remove our content altogether from their indices. Further, changes to third- party policies that limit our ability to deliver, target or measure the effectiveness of advertising, including changes by mobile operating system and browser providers such as Apple and Google, could reduce the effectiveness of our marketing. If we are unable to attract new customers, or fail to do so in a cost- effective manner, our growth could be slower than we expect and our business will be harmed. Our business could be adversely affected if we fail to maintain product quality and product performance at an acceptable cost. In order to maintain and increase revenue, we must produce high quality products at acceptable costs. If we are unable to maintain the quality and performance of our products at acceptable costs, our brand, the market acceptance of our products and our results of operations would suffer. As we periodically update our product lines and introduce changes to manufacturing processes or incorporate new materials and technologies, we may encounter unanticipated issues with product quality and product consistency or production and supply delays. For example, in 2017, we have introduced products that incorporate smart features, including our WiFIRE technology, a cloud based, Wi- Fi controller that connects our grills to our Traeger app, enabling users to automate recipe steps and control and monitor their grill remotely. In 2019, we also introduced D2 Direct Drive, an integrated, software- driven system that maintains grill temperature through variable speed fans and DC auger control **. In 2022, we introduced Smart Combustion technology which helps our grills maintain consistent cooking temperatures and a 2- in- 1 EZ Clean grease and ash collection system** . While we engage in product testing in an effort to identify and address any product quality issues before we introduce products to market, unanticipated product quality or performance issues may be identified after a product has been introduced and sold. From time to time, we execute" over- the- air" updates to address such issues and to update products and introduce product enhancements. As we continue to introduce new products and product enhancements, we expect the costs associated with such products and enhancements will continue to increase. We may be subject to product liability and warranty claims and product recalls that could result in significant direct or indirect costs, or we could experience greater product returns than expected, either of which could harm our reputation or brand and have an adverse effect on our business, financial condition, and results of operations. We face the risk of exposure to product liability or other claims, including class action lawsuits, in the event our products are, or are alleged to be, defective or have resulted in harm to persons, including death, or to property as a result of product malfunction, fires, explosions or other causes. For example, we are aware of several situations in which our grills were investigated as the cause of a fire. Our grills may cause fires if not properly used or maintained, including fires caused by buildup of fats or grease, or if there are quality, manufacturing or design defects. Although we label our grills to warn of such risks, our sales could be reduced if our grills are considered dangerous to use or if they are implicated in causing personal injury, death or property damage. Additionally, we may experience food safety or food- borne illness incidents with our rubs or sauces. We may in the future incur significant liabilities if product liability lawsuits or regulatory enforcement actions against us are successful. We may also have to recall and / or replace defective products or parts, which could result loss of sales and increased costs related to such recall or replacement efforts, which could be material. Any losses not covered by insurance could have a material adverse effect on our business, financial condition, and results of operations. Real or perceived quality issues, including those arising in connection with product liability lawsuits, warranty claims or recalls, could also result in adverse publicity, which could harm our brand and reputation and cause our sales to decline. In addition, any such issues may be seized on by competitors in efforts to increase their market share. We generally provide a minimum three- year limited warranty on our grills. The occurrence of any material defects in our grills could result in an increase in returns or make us liable for damages and warranty claims in excess of our current reserves, which could result in an adverse effect on our business prospects, liquidity, financial condition, and cash flows if returns or warranty claims were to materially exceed anticipated levels. In addition, we could incur significant costs to correct any defects, warranty claims, or other problems, including costs related to product recalls, and such costs may not be covered by insurance and could have a material adverse effect on our business, financial condition, and results of operations. Any negative publicity related to the perceived quality and safety of our products could affect our brand image, decrease consumer confidence and demand, and adversely affect our financial condition and results of operations. Also, while our warranty is limited to part replacement and returns, warranty claims may result in litigation, the occurrence of which could have an adverse effect on our business, financial condition, and results of operations. ~~In addition~~ **For example, on December 14, 2023, the Company announced a voluntary recall of its Flatrock flat** ~~to~~ **top** ~~warranties supplied~~ **grill which impacted our operating results** by ~~us~~ **$ 2. 6 million due to estimated product returns** , ~~we may also offer the option~~ **recall charges, inventory- write offs, logistics and rework and estimated legal costs** for **the year** ~~customers to purchase third- party extended~~ --- **ended December 31** ~~warranty and services contracts in some markets~~ , **2023** ~~which creates an ongoing performance obligation over the warranty period~~ . **The occurrence of real** ~~Extended warranties are regulated in the United States on a state level and are treated differently state by state. Outside the United States, regulations for~~ - **or perceived defects** ~~extended warranties vary from country to country. Changes~~ in ~~interpretation~~ **any** of ~~the insurance regulations or~~ **our products** ~~other laws and regulations~~

~~concerning extended warranties on a federal~~ , **now** ~~state, local,~~ or ~~international level may cause us to incur costs or have additional regulatory requirements to meet~~ in the future ~~. Our failure to comply with past~~ , ~~present, and future similar laws~~ could result in ~~reduced sales of~~ **additional negative publicity, regulatory investigations, recalls,** ~~our~~ - **or lawsuits filed against us** ~~products, reputational damage, penalties, and other sanctions, which could have an adverse effect on our business, financial condition, and results of operations~~ . We operate in a highly competitive market, and we may be unable to compete successfully against existing and future competitors. We operate in a highly competitive business market, and compete with multiple companies in the outdoor cooking market within brick- and- mortar and online sales channels. Numerous other companies offer a wide variety of products, including traditional gas, charcoal and electric grills, consumables, and accessories, that compete with our grills, consumables, and accessories, including wood pellets that can be used with our grills. For example, we compete with established, well- known, and legacy grill brands, including Weber and Pit Boss, among others, as well as numerous other companies that offer competing products. These competitors offer a broad array of grills at different price points, including traditional gas, charcoal and electric grill offerings, as well as a significant number of wood pellet grills. We also compete against other wood pellet grill brands, such as Dansons. Moreover, the outdoor cooking market is expanding to include alternatives beyond traditional grills, and we also compete against companies that manufacture griddles, such as Blackstone, and companies that manufacture pizza ovens, such as Ooni. We have experienced an increase in competitors and competing offerings of gas and charcoal grills, wood pellet grills, and other outdoor cooking devices in recent years. Competition in our market is based on a number of factors including product quality, performance, durability, styling, brand image and recognition, and price, as well as the perceived taste and satisfaction to be attained in using a particular grill or cooking methodology. Introduction by competitors of comparable grills at lower price points, a decline in consumer spending, or other factors could result in a decline in our revenue derived from our grills, which may have a material adverse effect on our business, financial condition, and results of operations. Because we derive a significant majority of our revenue from the sales of our wood pellet grills, any material decline in sales of our grills would have a pronounced impact on our revenue and results of operations. Our competitors may be able to develop and market high quality products that compete with our products, sell their products for lower prices, adapt to changes in customer needs and preferences more quickly, devote greater resources to the design, sourcing, distribution, marketing, and sale of their products, or generate greater brand recognition than us. In addition, as we expand into new product categories, we have faced, and will continue to face, different and, in some cases, more formidable competition. Many of our competitors and potential competitors have significant competitive advantages, including longer operating histories, the ability to leverage their sales efforts and marketing expenditures across a broader portfolio of products, global product distribution, larger and broader retailer bases, more established relationships with a larger number of suppliers and manufacturers, greater brand recognition, larger or more effective brand ambassador and endorsement relationships, greater online presence and appearing more prominently in internet search results, greater financial strength, larger research and development teams, larger marketing budgets, and more distribution and other resources than we do. Some of our competitors may aggressively discount their products or offer other attractive sales terms in order to gain market share, which could result in pricing pressures, reduced margins, or lost market share. We also compete with providers of wood pellets for use in grilling, including well- known brands like ~~Weber, Kingsford and~~ Dansons **, Bear Mountain BBQ, and Kirkland** , among others. These competitors offer a broad array of pellet types and flavors that can be used in our wood pellet grills. Similar to our experience regarding competition for our wood pellet grills, we have experienced an increase in competitors and competing offerings of wood pellets in recent years. In July 2021, we acquired Apption Labs Limited and its subsidiaries (collectively" Apption Labs") and began selling the MEATER smart thermometer. We compete in this space with brands such as ~~Weber, Thermoworks~~ **ThermoWorks , OXO,** and ThermoPro, among others. If we are not able to overcome these potential competitive challenges, effectively market our current and future products, and otherwise compete effectively against our current or potential competitors, our prospects, financial condition, and results of operations could be harmed. Use of social media and community ambassadors may materially and adversely affect our reputation or subject us to fines or other penalties. We use third- party social media platforms as marketing tools, among other things. For example, we maintain Instagram, Facebook, ~~Twitter~~ **X** , YouTube **, TikTok** , and Pinterest accounts, as well as our own content on our website and Traeger app. We maintain relationships with many community ambassadors, which others may refer to as influencers, and engage in sponsorship initiatives. As existing e- commerce and social media platforms continue to rapidly evolve and new platforms develop, we must continue to maintain a presence on these platforms and establish presences on new or emerging popular social media platforms. If we are unable to cost- effectively use social media platforms as marketing tools or if the social media platforms we use do not evolve quickly enough for us to fully optimize such platforms, our ability to acquire new consumers and our financial condition may suffer. Furthermore, as laws and regulations rapidly evolve to govern the use of these platforms and devices, the failure by us, our employees, our network of community ambassadors, our sponsors or third parties acting at our direction (including retailers) to abide by applicable laws and regulations in the use of these platforms and devices or otherwise could subject us to regulatory investigations, class action lawsuits, liability, fines or other penalties and have a material adverse effect on our business, financial condition and results of operations. In addition, an increase in the use of social media for marketing may cause an increase in the burden on us to monitor compliance of such materials, and increase the risk that such materials could contain problematic product or marketing claims in violation of applicable regulations. For example, in some cases, the Federal Trade Commission, or the FTC, has sought enforcement action where an endorsement has failed to clearly and conspicuously disclose a material relationship between a community ambassador and an advertiser. While we ask community ambassadors to comply with the FTC regulations and our guidelines, we do not regularly monitor what our community ambassadors post, and if we were held responsible for the content of their posts, we could be forced to alter our practices, which could have material adverse effect on our business, financial condition, and results of operations. Negative commentary regarding us, our products or community ambassadors, and other third parties who are affiliated with us may also be posted on social media platforms and may be adverse to our reputation or business. Community ambassadors with whom we maintain relationships could engage in behavior or use their platforms to communicate directly with our customers in a manner that reflects poorly on our brand and may be attributed to us or otherwise adversely affect us. It is not possible to prevent such behavior, and the precautions we take to detect this activity may not be effective in all cases. The harm may be immediate, without affording us an opportunity for redress or correction. A significant portion of our revenue is generated from sales of our products to retailers, and we derive a majority of our revenue from three retailers. A decline in demand from these retailers or failure by these retailers to perform their contractual obligations would cause our customer base, results of operations and business to suffer. We generate a significant portion of our revenue through our retail channel, which includes sales to brick- and- mortar retailers, e- commerce platforms, and multichannel retailers, who, in turn, sell our products to their end consumers. In addition, we depend on a limited number of major retailers for a majority of our revenue. For example, in the year ended December 31, ~~2022~~ **2023** , our three largest retailers accounted for ~~14~~ **18** %, 16 %, and ~~15~~ **10** % of our revenue, respectively, with no other customer accounting for greater than 10 % of our revenue for the year. Although we generally do not have long- term contracts or purchase agreements with our retailers, we expect these major retailers to continue to make up a large portion of our revenue in the foreseeable future. Our retailers may decide to emphasize products from our competitors, to redeploy their retail floor space or digital placement to other product categories, or to take other actions that reduce their purchases of our products. Our financial performance depends in part on our ability to maintain our relationships with our retailers, particularly our major retailers, and drive end customers to their stores. The loss of all or a substantial portion of our sales to retailers, and our major retailers in particular, could have a material adverse effect on our business, financial condition, results of operations and cash flows by reducing cash flows and by limiting our ability to spread our fixed costs over a larger revenue base. We may make fewer sales to our retailers for a variety of reasons, including, but not limited to: • failure to accurately identify the needs of our retailers; • a lack of acceptance of new products, consumables, accessories, or services; • failure to obtain shelf space or prominent digital placement from our retailers; • loss of business relationships, including due to brand or reputational harm; • breaches of contracts with retailers, or our failure to enter into or renew our contracts or purchase orders with major retailers; • consolidation within the retail industry among retailers and retail chains; • reduced, delayed or material changes to the business requirements or operations of our retailers; • failure to fulfil orders from our retailers in full or on a timely basis; • strikes or other work stoppages affecting sales and inventory of our major retailers; • increasing competition by our competitors or the competitors of our major retailers that do not offer or sell our products; • store closures, decreased foot traffic, recession or other adverse effects resulting from public health crises such as the ~~current~~ COVID- 19 pandemic (or other future pandemics or epidemics); or • general failure or bankruptcy of any of our major retailers. Furthermore, in depressed market conditions, retailers that we have entered into contracts with may not be able to perform their obligations under our contracts and / or may no longer need the amount of our products they have contracted for or may be able to obtain comparable products at a lower price. If economic, political, regulatory or financial market conditions deteriorate and / or our retailers experience a significant downturn in their business or financial condition, they may attempt to renegotiate, reject or declare force majeure under our contracts. Should any counterparty fail to honor its obligations under a contract with us, we could sustain losses, which could have a material adverse effect on our business, financial condition and results of operations. We may also decide to renegotiate our existing contracts on less favorable terms and / or at reduced volumes in order to preserve our relationships with our retailers. Upon the expiration of contracts, retailers may decide not to recontract on terms as favorable to us as our current contracts, or at all. For example, our current customers may acquire wood pellet grills from other providers that offer more competitive pricing. We cannot assure you that our retailers will continue to carry our current products or carry any new products that we develop. If these risks occur, they could harm our brand as well as our results of operations and financial condition. Some retailers may decide to stop selling wood pellet grills. Any reduction in the amount of wood pellet grills or other products purchased by our retailers, or our inability to renegotiate or replace our existing contracts on economically acceptable terms, could have a material adverse effect on our results of operations, business, and financial position. We have ~~recently~~ **in the past** recognized impairment charges for goodwill and we may need to recognize further impairments in the future, which could materially adversely impact our financial condition and results of operations. As of December 31, 2021, the net carrying value of goodwill totaled $ 297. 0 million prior to concluding that a triggering event had occurred during fiscal year 2022 which required interim goodwill impairment assessments. We periodically assess the value of these assets for impairment in accordance with U. S. generally accepted accounting principles (GAAP). Significant negative industry or economic trends, disruptions to our businesses, significant unexpected or planned changes in use of the assets, divestitures and market capitalization declines may result in impairments to goodwill and other long- lived assets. As discussed in Note 11 – Goodwill and Intangibles to the accompanying consolidated financial statements, for the period ended December 31, 2022, we recorded a $ 222. 3 million non- cash goodwill impairment charge, which reflects that the fair value of the reporting unit is less than its carrying amount. This impairment was generally driven by macroeconomic conditions such as inflationary pressures and supply chain disruption, a sustained decrease in our stock price, and the current outlook for sales and projected profitability in the impacted reporting unit. This impairment charge negatively impacted our results of operations for the period ended December 31, 2022 and future impairment charges could have a further adverse effect on our results of operations. If we are unable to anticipate customer preferences and successfully develop new, innovative, and updated products, services, and features, or if we fail to effectively manage the introduction of new products, services, and features, our business will suffer. The market for our products is characterized by new product and service introductions, frequent enhancements to existing products, and changing customer demands, needs, and preferences. Our success depends on our ability to identify and originate trends and to anticipate and react to changing customer demands, needs, and preferences in a timely manner. Changes in customer preferences cannot be predicted with certainty. If we are unable to introduce new or enhanced products, services or features in a timely manner, or our new or enhanced products, services, and features are not widely accepted by customers, our competitors may introduce similar concepts faster than us, which could negatively affect our sales and growth. Moreover, new products, services, and features may not be accepted by customers, as preferences could shift rapidly to different types of cooking methodologies and techniques or away from our offerings altogether, and our future success depends in part on our ability to anticipate and respond to such changes. For instance, a shift in consumer tastes, dietary habits, and nutritional values, concerns regarding the health effects of foods typically cooked on our grills and shifts in preference from animal- based protein to plant- based protein products could reduce our sales or our market share, which would harm our business and financial condition. Similarly, a shift in consumer tastes regarding the flavors of our wood pellets or other consumables could impact our ability to drive recurring sales from such items, which could have an adverse impact on our growth and revenue. For example, in July 2022, we suspended operations of Traeger Provisions, our premium frozen meal kit business, which we launched in November 2021. Failure to anticipate and respond in a timely manner to changing customer preferences could lead to, among other things, lower sales, pricing pressure, lower margins, discounting of our existing products and excess inventory levels. Even if we are successful in initiating or anticipating such preferences, our ability to adequately address or react to them will partially depend upon our continued ability to develop, introduce, and market innovative, high- quality products, services, and features. Development of new or enhanced products, services, accessories, and features may require significant time and financial resources, which could result in increased costs and a reduction in our margins. We may be unable to recoup the amount of such investments if our new or improved offerings do not gain widespread market acceptance. ~~Moreover, we have experienced and may continue to experience delays in the development and introduction of new or enhanced products, services, accessories and features due to the effects of the current COVID- 19 pandemic.~~ We must successfully manage introductions of new or enhanced products, services, and features, which could adversely impact the sales of our existing products. For instance, customers may choose to forgo purchasing existing products in advance of new product launches and we may experience higher returns from customers following the announcement of new products and features. As we introduce new or enhanced products, services and features, we may face additional challenges meeting regulatory and other compliance standards and managing a more complex supply chain and manufacturing process, including the time and cost associated with onboarding and overseeing additional suppliers, contract manufacturers, and logistics providers, among others. We may also face challenges managing the inventory of new or existing products, which could lead to excess inventory and discounting of such products. In addition, new or enhanced products and services may have varying selling prices and costs, including in comparison to legacy products, which could negatively impact our gross margins and results of operations. Our passion and focus on delivering a high- quality and engaging experience for our customers may not maximize short- term financial results, which may yield results that conflict with the market' s expectations and could result in our stock price being negatively affected. We are passionate about continually enhancing the Traeger experience and community, with a focus on driving long- term customer engagement through innovation, immersive content, technologically advanced products, and community support, which may not necessarily maximize short- term financial results. We frequently make business decisions that may reduce our short- term financial results if we believe that the decisions are consistent with our goals to improve the Traeger experience and community, which we believe will improve our financial results over the long term. These decisions may not be consistent with the short- term expectations of our stockholders and may not produce the long- term benefits that we expect, in which case our customer engagement and our business, financial condition, and results of operations could be harmed. The market for wood pellet grills is still in the early stages of growth and if it does not continue to grow, grows more slowly than we expect, or fails to grow as large as we expect, our business may be adversely affected. While wood pellet grills have been sold commercially since the 1980s, the market for wood pellet grills remained relatively small and niche until recently. The current broader market for wood pellet grills is relatively new and rapidly growing, and it is uncertain whether it will sustain high levels of demand and achieve wide market acceptance. Our success depends substantially on the willingness of customers to widely adopt the cooking methodologies and techniques associated with our products. To be successful, we must continue to educate customers about our products, and the related cooking methodologies and techniques, through significant investment and high- quality content that is superior to the content and cooking experiences provided by our competitors. Additionally, the market for grills and other cooking devices at large is heavily saturated, and the demand for and market acceptance of new products in the market is uncertain. It is difficult to predict the future growth rates, if any, and size of our market. We cannot assure you that our market will develop as expected, that broad public interest in wood pellet grills will continue, or that our products will be widely adopted. Furthermore, our grills require sufficient outdoor space and ventilation to safely operate, which limits our ability to sell or expand our presence in high- density, non- suburban markets. If the market for wood pellet grills does not develop, develops more slowly than expected, or becomes saturated with competitors, or if our products do not achieve market acceptance, our business, financial condition, and results of operations could be adversely affected. ~~The COVID- 19 pandemic could adversely affect certain aspects of our business and negatively impact ability to access capital in the future. The COVID- 19 pandemic has significantly impacted the global supply chain, with restrictions and limitations on related activities causing disruption and delay, along with increased raw material, storage and shipping costs. These disruptions and delays have strained domestic and international supply chains, which have affected and could continue to negatively affect the flow or availability of certain products. Furthermore, significantly increased demand from online sales channels, including our website, has impacted our logistical operations, including our fulfillment and shipping functions, which has resulted in periodic delays in the delivery of our products. The extent of the impact of COVID- 19 on our business and financial results will depend on future developments, including the duration and severity of the outbreak (including the severity and transmission rates of new variants of the coronavirus) within the markets in which we and our manufacturers and suppliers operate, the timing, distribution, and efficacy of vaccines and other treatments, the related impact on consumer confidence and spending, and the effect of governmental regulations imposed in response to the pandemic, all of which are highly uncertain and ever- changing. The sweeping nature of the COVID- 19 pandemic makes it extremely difficult to predict how our business and operations will be affected over the long term. However, the likely overall economic impact of the pandemic is generally viewed~~

~~as highly negative to the general economy. Any of the foregoing factors, or other cascading effects of the coronavirus pandemic, could materially increase our costs, negatively impact our sales and damage our results of operations and liquidity, possibly to a significant degree. The duration of any such impacts or likelihood of any similar future pandemics cannot be predicted.~~ Our estimated addressable market is subject to inherent challenges and uncertainties. If we have overestimated the size of our addressable market, our future growth opportunities may be limited. Our U. S. total addressable market (" TAM") is estimated to be 76 million households in the United States, which is calculated based on an estimated number of households in the United States that have a grill, which is estimated based on internal and third- party market research, historical surveys, and interviews with market participants. ~~Our U. S. serviceable addressable market (" SAM"), as estimated in our Prospectus, is based on internal survey analysis from a survey we conducted in March 2021 with approximately 4, 200 consumers across the United States, Canada, the United Kingdom, and Germany, including 2, 600 consumers in the United States, including 157 recent Traeger purchasers.~~ As a result, ~~each of~~ our U. S. TAM ~~and U. S. SAM~~ is subject to significant uncertainty and is based on assumptions that may not prove to be accurate. Our estimates are based, in part, on third- party reports and are subject to significant assumptions and estimates. These estimates and forecasts relating to the size and expected growth of the markets in which we operate, and our penetration of those markets, may change or prove to be inaccurate. While we believe the information on which we base our U. S. TAM ~~and U. S. SAM~~ is generally reliable, such information is inherently imprecise. In addition, our expectations, assumptions and estimates of future opportunities are necessarily subject to a high degree of uncertainty and risk due to a variety of factors, including those described herein. If third- party or internally generated data prove to be inaccurate or we make errors in our assumptions based on that data, our future growth opportunities may be affected. If our addressable market, or the size of any of the various ancillary markets in which we operate, proves to be inaccurate, our future growth opportunities may be limited and there could be a material adverse effect on our prospects, business, financial condition, and results of operations. Competitors have imitated and attempted to imitate, and will likely continue to imitate or attempt to imitate, our products, and technology. If we are unable to protect or preserve our brand image **, intellectual property** and proprietary rights, our business may be harmed. As our business continues to expand, our competitors have imitated or attempted to imitate, and will likely continue to imitate or attempt to imitate, our product designs, functionality, and branding, which could harm our business and results of operations. Only a portion of the intellectual property used in the manufacture and design of our products is patented, and we therefore rely on other forms of protection, including trade and service marks **, copyrights** , trade dress, trade secrets, and the strength of our brand. For example, the original patent for pellet grills, which was filed by Joe Traeger in 1986, expired in 2006. Following expiration of this patent, competitors introduced competing products with similar designs and technologies, and there are currently a significant number of wood pellet grills available from a variety of competitors, including Weber and Dansons, among others. We regard our patents, trade dress, trademarks, copyrights, trade secrets, and ~~similar~~ **other intellectual property and** proprietary rights as critical to our success. We also rely on trade secret protection and confidentiality agreements with our employees, consultants, suppliers, manufacturers, and others to protect our **intellectual property and** proprietary rights. Nevertheless, the steps we take to protect our **intellectual property and** proprietary rights against infringement or other violation may be inadequate, and we may experience difficulty in effectively limiting the unauthorized use of our patents, trademarks, trade dress, **copyrights** and other intellectual property and proprietary rights worldwide. We also cannot guarantee that others will not independently develop technology with the same or similar ~~function~~ **functionality** ~~to any~~ **of the intellectual property and** proprietary technology we rely on to conduct our business and differentiate ourselves from our competitors. As we continue to grow our business and strengthen our brand, we expect to experience increased counterfeiting of our products, including, among others, imitation and look- alike products and fraudulent ~~website~~ **websites** and distributors. Unauthorized use or invalidation of our patents, trademarks, copyrights, trade dress, trade secrets, or other intellectual property or proprietary rights may cause significant damage to our brand and harm our **business and** results of operations. While we actively develop and protect our intellectual property rights, there can be no assurance that we will be adequately protected in all countries in which we conduct our business or that we will prevail when defending our patent, trademark, and **other intellectual property and** proprietary rights. Additionally, we could incur significant costs and management distraction in pursuing claims to enforce our intellectual property rights through litigation and defending any alleged counterclaims. If we are unable to protect or preserve the value of our patents, trade dress, trademarks, copyrights, or other intellectual property **and proprietary** rights for any reason, or if we fail to maintain our brand image due to actual or perceived product or service quality issues, adverse publicity, governmental investigations or litigation, or other reasons, our brand and reputation could be damaged, and our business **and results of our operations** may be harmed. Our revenue and profits depend on the level of customer spending for discretionary items, which is sensitive to general economic conditions and other factors. Demand for our premium products is significantly influenced by a number of economic factors affecting our customers and trends in customer spending. For example, demand for our grills is particularly sensitive to consumer spending levels as our grills can represent expensive purchases for consumers. There are a number of factors that influence consumer spending, including actual and perceived economic conditions, consumer confidence, disposable income, credit availability, unemployment, and tax rates in the markets where we sell our products. Consumers also have discretion as to where to spend their disposable income and may choose to purchase other items if we do not continue to provide authentic, compelling, and high- quality products at appropriate price points **. External factors such as the COVID- 19 pandemic have in the past and could in the future impact the items on which consumers choose to spend their disposable income** . As global economic conditions continue to be volatile and economic uncertainty remains, trends in discretionary spending also remain unpredictable and subject to declines. Any of these factors could harm discretionary spending, resulting in a reduction in demand for our products, decreased prices, and harm to our business and results of operations. Moreover, purchases of discretionary items, such as our premium products, tend to decline during recessionary periods when disposable income is lower or during other periods of economic instability or uncertainty, which may slow our growth more than we anticipate. A downturn in the economies in markets in which we sell our products, particularly in the United States, may materially harm our sales, profitability, and financial condition. Our results of operations may suffer if we do not accurately forecast demand for our products or successfully manage our inventory to match customer demand. To ensure adequate inventory supply, we must forecast inventory needs and place orders with our manufacturers before firm orders are placed by our customers. If we fail to accurately forecast customer demand, we may experience excess inventory levels or a shortage of product to deliver to our customers. Factors that could affect our ability to accurately forecast demand for our products include: (a) an increase or decrease in demand for our products; (b) our failure to accurately forecast customer acceptance for our new products; (c) product introductions by competitors; (d) unanticipated changes in general market conditions or other factors, which may result in cancellations of orders or a reduction or increase in the rate of reorders or at- once orders placed by retailers; (e) the impact of unseasonable weather conditions; (f) weakening of economic conditions or consumer confidence in future economic conditions, which could reduce demand for discretionary items, such as our products; and (g) terrorism or acts of war, or the threat thereof, or political or labor instability or unrest, riots, public health crises such as the ~~current~~ COVID- 19 pandemic (or other future pandemics or epidemics), which could adversely affect consumer confidence and spending or interrupt production and distribution of product and raw materials. Inventory levels in excess of customer demand may result in inventory write- downs or write- offs and the sale of excess inventory at discounted prices or in less preferred distribution channels, which could impair our brand image and harm our margins. In addition, if we underestimate the demand for our products, our manufacturers may not be able to produce products to meet our requirements, and this could result in delays in the shipment of our products, lost sales, and damage to our reputation and retailer and distributor relationships. For example, late in the first quarter of 2020, we reduced inventory purchase orders as a precautionary measure against the unknown impact of the COVID- 19 pandemic on the economy and our business and to improve financial flexibility. These actions, coupled with the overall strong demand during 2020, ultimately contributed to lower than expected inventory levels throughout the second half of 2020 and, in turn, resulted in inventory constraints in the second half of 2020 continuing into early 2021. ~~Inventory constraints due to COVID- 19 have continued to lessen in 2022 and are now primarily attributable to widely reported global supply chain constraints.~~ Such difficulty in forecasting demand, which we have encountered and may continue to encounter ~~as a result of the COVID- 19 pandemic~~ , also makes it difficult to estimate our future results of operations and financial condition from period to period. A failure to accurately predict the level of demand for our products could adversely impact our profitability or cause us not to achieve our expected financial results. Our business may fluctuate as a result of seasonality and changes in weather conditions. We have typically experienced moderately higher levels of sales of our grills in the first and second quarters of the year as our retailers purchase inventory in advance of warmer weather, when demand for outdoor cooking products is the highest across our key markets. Higher sales also coincide with social events and national holidays, which occur during the same timeframe. **Additionally, we have experienced higher sales volume of our accessories during the fourth quarter of the year, due in part to seasonal holiday demand.** Although our products can be used year- round, unusually adverse weather conditions can negatively impact the timing of the sales of certain of our products, causing reduced sales and negatively impacting profitability when such conditions exist. Prolonged adverse weather conditions **, or chronic changes in weather patterns,** could significantly reduce our sales in one or more periods. These conditions may shift sales to subsequent reporting periods, cause our results of operations to fluctuate on a quarterly basis, or decrease overall sales. Further, our quarterly results of operations in future fiscal years may fluctuate or otherwise be significantly affected as a result of **macroeconomic conditions** ~~the COVID- 19 pandemic~~ and widely reported global supply chain constraints, including the resulting increased freight rates and logistics costs. The effect of the ~~pandemic~~ **general macroeconomic conditions** and global supply chain constraints may exceed the quarterly changes in our results of operations that we have typically experienced from seasonality and weather conditions. If our plan to increase sales through our direct to customer channel is not successful, our business and results of operations could be harmed. Part of our growth strategy involves increasing our DTC sales through our website and Traeger app. However, we have limited operating and compliance experience executing the retail component of this strategy, and our competitors may have a greater online presence and a more developed e- commerce platform than us. The level of customer traffic and volume of customer purchases through our websites or other e- commerce initiatives are substantially dependent on our ability to provide a content- rich and user- friendly website, a hassle- free customer experience, sufficient product availability, and reliable, timely delivery of our products. If we are unable to maintain and increase customers' safe and effective use of our website or Traeger app, allocate sufficient product to our website or Traeger app, adequately protect our customers from fraudulent activity online, including third parties impersonating our products, and increase any sales through our DTC channel, our business, and results of operations could be harmed. Moreover, any failure or perceived failure by us to comply with applicable laws and regulations, including those associated with our website or the Traeger app, may result in governmental investigations or enforcement actions, litigation, claims or public statements against us by consumer advocacy groups or others. As we expand our e- commerce platform across the geographies in which we sell our products, we may encounter different and evolving laws governing the operation and marketing of e- commerce websites, as well as the collection, storage, and use of information on customers interacting with those websites. We may incur additional costs and operational challenges in complying with these laws and regulations, and differences in these laws and regulations may cause us to operate our business differently, and less effectively, in different territories. If so, we may incur additional costs and may not fully realize the investment in our geographic expansion. We have significant international operations and are exposed to risks associated with doing business globally. We sell and distribute our products in many key international markets in Europe, North America, and elsewhere around the world. These activities have resulted and will continue to result in investments in inventory, accounts receivable, employees, corporate infrastructure and facilities. In addition, we source most of our products through manufacturing relationships involving suppliers and vendors located outside of the United States. The operation of foreign distribution in our international markets, as well as the management of relationships with manufacturers and foreign suppliers, will continue to require the dedication of management and other resources. As a result of this international business, we are exposed to increased risks inherent in conducting business outside of the United States. These risks include the following: • adverse changes in foreign currency exchange rates can have a significant effect upon our results of operations, financial condition and cash flows; • increased difficulty in protecting our intellectual property rights and trade secrets, including litigation costs and the outcome of such litigation; • increased exposure to events that could impair our ability to operate internationally with third parties such as problems with such third parties' operations, finances, insolvency, labor relations, manufacturing capabilities, costs, insurance, natural disasters or other catastrophic events; • unexpected legal or government action or changes in legal or regulatory requirements; • social, economic or political instability, including the ~~conflict~~ **conflicts** between Russia and Ukraine **and Israel and Hamas** ; • potential negative consequences from changes to taxation or tariff policies; • the effects of any anti- American sentiments on our brands or sales of our products; • increased difficulty in ensuring compliance by employees, agents and contractors with our policies as well as with the laws of multiple jurisdictions, including but not limited to the U. S. Foreign Corrupt Practices Act and the U. K. Bribery Act 2010, international environmental, health, and safety laws, and increasingly complex regulations relating to the conduct of international commerce, including import / export laws and regulations, economic sanctions laws and regulations and trade controls; • increased difficulty in controlling and monitoring foreign operations from the United States, including increased difficulty in identifying and recruiting qualified personnel for our foreign operations; and • increased exposure to interruptions in land, air carrier, or vessel shipping services. We have limited experience with international regulatory environments and market practices and may not be able to penetrate or successfully operate in any foreign markets we choose to enter. In addition, we may incur significant expenses as a result of our continued international expansion, and we may not be successful. We may face limited brand recognition in certain parts of the world that could lead to non- acceptance or delayed acceptance of our products and services by consumers in new markets. We may also face challenges to acceptance of our products and content in new markets. Our failure to successfully manage these risks could harm our international operations and have an adverse effect on our business, financial condition, and results of operations. We are subject to governmental export and import controls, customs, and economic and trade sanctions laws that could subject us to liability and impair our ability to compete in international markets. The United States and various foreign governments have imposed controls, export license requirements, and restrictions on the import or export of certain items and technologies, as well as customs and other import- related regulatory requirements. Our products may be subject to U. S. export controls. Compliance with applicable regulatory requirements regarding the import and export of our products may create delays in the introduction of our products in international markets, and, in some cases, prevent the export of our products to some countries or regions altogether. Furthermore, U. S. export control laws and economic sanctions restrict the provision of products and services to certain countries, regions, governments, and persons targeted by U. S. sanctions. Even though we take precautions to prevent our products from being provided to targets of U. S. sanctions, our products could be provided to those targets or provided by our customers. Any such provision could have negative consequences, including government investigations, penalties, and reputational harm. Our failure to obtain required import or export approval for our products, or to comply with applicable laws and regulations with regard to our import and export activity, could harm our international and domestic sales and adversely affect our revenue. We could be subject to future enforcement action with respect to compliance with governmental export and import controls, customs laws, and economic and trade sanctions laws, and such enforcement could result in penalties, costs, and restrictions on export privileges that could have an adverse effect on our business, financial condition, and results of operations. Failure to comply with anti- corruption and anti- money laundering laws, including the FCPA and similar laws associated with our activities outside of the United States, could subject us to penalties and other adverse consequences. We operate a global business and may have direct or indirect interactions with officials and employees of government agencies or state- owned or government controlled entities. We are subject to the U. S. Foreign Corrupt Practices Act (" FCPA"), the U. S. domestic bribery statute contained in 18 U. S. C. § 201, the U. S. Travel Act, the USA PATRIOT Act, the U. K. Bribery Act, and possibly other anti- bribery and anti- money laundering laws in countries in which we conduct activities. These laws generally prohibit companies and their employees and third- party intermediaries from corruptly promising, authorizing, offering, or providing, directly or indirectly, improper payments of anything of value to government officials, political parties, and private- sector recipients for the purpose of obtaining or retaining business, directing business to any person, or securing any improper advantage. Certain laws, including the U. K. Bribery Act, also prohibit soliciting or receiving bribes or improper payments. In addition, U. S. public companies are required to maintain records that accurately and fairly represent their transactions and have an adequate system of internal accounting controls. In many foreign countries, including countries in which we may conduct business, it may be a local custom that businesses engage in practices that are prohibited by the FCPA or other applicable laws and regulations. We face significant risks if we or any of our directors, officers, employees, agents or other partners or representatives fail to comply with these laws and governmental authorities in the United States and elsewhere could seek to impose substantial civil and / or criminal fines and penalties which could have a material adverse effect on our business, reputation, results of operations, and financial condition. We have implemented an anti- corruption compliance program and policies, procedures and training designed to foster compliance with these laws. However, our employees, contractors, and agents, and companies to which we outsource certain of our business operations, may take actions in violation of our policies or applicable law. Any such violation could have an adverse effect on our reputation, business, results of operations, and prospects. Any violation of the FCPA, other applicable anti- corruption laws, or anti- money laundering laws could result in whistleblower complaints, adverse media coverage, investigations, loss of export privileges, severe criminal or civil sanctions and, in the case of the FCPA, suspension or debarment from U. S. government contracts, any of which could have a materially adverse effect on our reputation, business, results of operations, and prospects. In addition, responding to any enforcement action may result in a significant diversion of management' s attention and resources and significant defense costs and other professional fees. Our business could be adversely affected from an accident, safety incident, or workforce disruption. Our internal manufacturing processes and related activities, as well as our in- house warehousing and last- mile logistics activities, could expose us to significant personal injury claims that could subject us to substantial liability. The ~~COVID- 19 pandemic increases our exposure to these risks; for example, various local government orders have been implemented in areas where we operate that require us to secure personal protective equipment, such as face masks and gloves, for our delivery teams, and to implement new methods of monitoring employee health, such as temperature checks. As these government orders have come down, a global shortage of personal protective equipment has resulted, and we have experienced delays and increased costs in obtaining these materials for our teams. Our~~ inability to timely adapt to changing norms and requirements around maintaining a safe workplace ~~during the COVID- 19 pandemic~~ could cause employee illness, accidents, or team discontent if it is perceived that we are failing to protect the health and safety of our employees. While we maintain liability insurance, the amount of such coverage may not be adequate to cover fully all claims, and we may be forced to bear substantial losses from an accident or safety incident resulting from our manufacturing, warehousing, or last- mile activities. We are subject to payment- related risks that may result in higher operating costs or the inability to process payments, either of which could harm our business, financial condition and results of operations. For sales through our DTC channel, as well as for sales to certain retailers through our retail channel, we accept a variety of payment methods, including credit cards, debit cards, electronic funds transfers, electronic payment systems, and gift cards, as applicable. Accordingly, we are, and will continue to be, subject to significant and evolving regulations and compliance requirements, including obligations to implement enhanced authentication processes that could result in increased costs and liability, and reduce the ease of use of certain payment methods. For certain payment methods, including credit and debit cards, as well as electronic payment systems, we pay interchange and other fees, which may increase over time. We rely on independent service providers for payment processing, including credit and debit cards. If these independent service providers become unwilling or unable to provide these services to us, or if the cost of using these providers increases, our business could be harmed. We and our payment processing providers are also subject to payment card association operating rules and agreements, including data security rules and agreements, certification requirements, and rules governing electronic funds transfers, which could change or be reinterpreted to make it difficult or impossible for us to comply. If we fail to comply with these rules, agreements or requirements, or if our data security systems are breached or compromised, we may be liable for losses incurred by card issuing banks or customers, subject to fines and higher transaction fees, lose our ability to accept credit or debit card payments from our customers, or process electronic fund transfers or facilitate other types of payments. Any failure to comply could significantly harm our brand, reputation, business, financial condition, and results of operations. In the future, we may accept bitcoin or other forms of cryptocurrency as a form of payment for our products, subject to applicable laws, which we may or may not liquidate upon receipt. The prices of such assets have been in the past and may continue to be highly volatile, including as a result of various associated risks and uncertainties. If we hold such assets and their values decrease relative to our purchase prices, our financial condition may be harmed. Our revenue could decline due to changes in credit markets and decisions made by credit providers. Certain of our customers finance their purchase of our grills through third- party credit providers with whom we have existing relationships. If we are unable to maintain our relationships with our financing partners, there is no guarantee that we will be able to find replacement partners who will provide our customers with financing on similar terms, and our ability to sell our grills may be adversely affected. Further, reductions in consumer lending and the availability of consumer credit could limit the number of customers with the financial means to purchase our grills. Higher interest rates could increase our costs or the monthly payments for grills financed through other sources of consumer financing. In the future, we cannot be assured that third- party financing providers will continue to provide consumers with access to credit or that available credit limits will not be reduced. Such restrictions or reductions in the availability of consumer credit, or the loss of our relationship with our current financing partners, could have an adverse effect on our business, financial conditions, and results of operations. Customer demand for sustainably produced products could reduce buyers for our products and competition among buyers for our products, which may have a material adverse effect on our business, cash flows, and results of operations. Some of our customers have expressed a preference that certain of our products be made from raw materials sourced from forests certified to different standards, including standards of the **Forest Stewardship Council (** FSC **)** . Additionally, some environmental non- governmental organizations and media organizations have targeted the wood pellet industry as harmful to the environment and encouraged consumers to opt for more environmentally friendly options **. Such trends may continue to develop as companies are encouraged or mandated by regulators to disclose more sustainability- related information in relation to their operations and supply chains** . If customer demand for sustainably produced products (including FSC- certified sources) increases **and we are unable to meet such demand** , there may be reduced demand, and we may only be able to charge lower prices for our products relative to our competitors who can supply products sourced from forests certified to such standards. Furthermore, if we and our competitors seek to comply with sustainability initiatives, including those of the FSC, we could incur materially increased costs for our operations or be required to modify our existing operations, which would have a material adverse effect on our revenue, margins and cash flows. In addition, we may be unable to obtain the raw materials (particularly wood fiber from third parties for use at our wood pellet facilities) required to sustain our growth and satisfy our existing and future customer contracts without incurring increased costs, including in connection with assisting some of our third party suppliers in their efforts to obtain FSC- certification, which would otherwise be cost- prohibitive. FSC, in particular, employs standards that are geographically variable and could cause a material reduction in our ability to source wood pellets, which would have a material adverse effect on our ability to execute our business plan and our results of operations. Increasing environmental and climate consciousness among customers may impact other aspects of our products, including our grills or non- wood pellet consumables, and developing products that satisfy the market' s evolving expectations for product composition and environmental profiles may require us to incur significant costs. We are subject to risks related to sustainability and ESG issues. Our business faces increasing scrutiny related to ESG issues, including renewable resources, environmental stewardship **(including deforestation)** , supply chain management, climate change, safety, diversity and inclusion, workplace conduct, human rights, philanthropy and support for local communities. If we fail to meet applicable standards or expectations with respect to these issues across all of our services and in all of our operations and activities, including the expectations we set for ourselves, our reputation and brand image could be damaged, and our business, financial condition and results of operations could be adversely impacted. Moreover, while we may at times engage in voluntary initiatives (such as voluntary disclosures, certifications, or goals, among others) to improve the ESG profile of our company and / or products, such initiatives or achievements of such commitments may be costly and may not have the desired effect. Expectations around company' s management of ESG matters ~~For example,~~ continues to evolve rapidly, in many instances due to factors that are out of our control. For example, we may not ultimately be able to complete certain goals or initiatives, either on the timelines originally anticipated or at all, due to technical, cost, or other factors, which may be in or out of our control. Moreover, actions or statements that we may take ~~based on~~ based on expectations, assumptions, or third- party information that we currently believe to be reasonable may subsequently be determined to be erroneous or be subject to misinterpretation **. If we fail to, or are perceived to fail to, comply with or advance certain ESG initiatives (including the timeline and manner in which we complete such initiatives), we may be subject to various adverse impacts, including reputational damage and potential stakeholder engagement and / or litigation, even if such initiatives are currently voluntary. For example, there have been increasing allegations of greenwashing against companies making significant ESG claims due to a variety of perceived deficiencies in actions, statements, or methodology, including as stakeholder perceptions of sustainability continue to evolve**. We may also be required to increase our disclosure of ESG- related information over coming years, whether due to increased stakeholder demand or the development of legislation such as the EU' s Corporate Sustainability Reporting Directive. **Similarly** ~~In addition~~, ~~in March 2022,~~ **several jurisdictions — such as** the SEC ~~in~~ **and** the ~~U. S. proposed new rules relating~~ **State of California — have adopted or are considering adopting requirements for companies** to ~~the~~ **provide significantly expanded** disclosure ~~of~~ **on** climate- related **information** ~~data, risks, and opportunities~~, including financial impacts, physical and transition risks, related governance and strategy, and GHG emissions ~~, for certain public companies. To the extent we are required to report more ESG information, and investors, customers or other stakeholders view this information as lagging, this may have a negative impact on our business, whether from a reputational perspective, through a reduction in interest in purchasing our stock or products, or otherwise~~. In addition, developing ESG- focused regulation in relation to supply chains, particularly in the EU, may require us to conduct additional diligence procedures and collect further information in relation to the ESG performance of the entities in our supply chain. ~~This~~ **In particular, the EU enacted its Deforestation Regulation in June 2023, which will prevent wood products being placed on the EU market without a confirmatory statements that certain ESG- related due diligence procedures had been carried out with respect to the product, and that such due diligence had confirmed that the product had not been connected with deforestation. In addition, the EU reached political agreement on a Corporate Sustainability Due Diligence Directive in December 2023 which, if implemented as agreed, will subject certain companies operating in the EU to ESG due diligence requirements in relation to their supply chains. Regulation such as these** may lead to an increased cost of our raw materials, which may in turn lead to a reduction in our business prospects, and may also lead to risks to our reputation to the extent that we are determined to be using suppliers that do not meet standards of ESG conduct expected by our customers, investors and other stakeholders. **Separately, various** ~~Certain organizations that provide corporate governance and other corporate risk information to investors and shareholders~~ **stakeholders use ESG disclosures** ~~have developed, and others may~~ in ~~the~~ **their** ~~future develop~~ **decision- making. For example**, **various groups produce ESG** scores ~~and~~ **or** ratings ~~to evaluate companies and investment funds~~ based **at least in part** on ~~ESG or sustainability metrics. Many investment funds focus on positive ESG business practices and sustainability scores when making investments and may consider~~ a company' s ESG **disclosures. Certain market participants, including major institutional investors and capital providers, use such ratings to assess companies' ESG profiles in making investment or voting decisions. Unfavorable ESG ratings could result in negative investor or other stakeholder sentiment, which may have a negative impact on** ~~or~~ **our** ~~sustainability scores as~~ **business, whether from** a reputational **perspective, through a reduction in interest in purchasing** ~~or~~ **our stock or products, issues in attracting / retaining employees, customers and business partners, or otherwise. In particular, there is increasing attention by investors and** other ~~factor in making~~ **stakeholders on how forestry products may impact biodiversity** ~~an~~ **and natural capital** ~~investment decision. In addition~~, **which may require** ~~investors, particularly institutional investors, use~~ - **us to incur costs related to various strategic, policy, and / or disclosure efforts on this topic. Simultaneously,** ~~these~~ **there** ~~scores~~ **are efforts by some stakeholders** to ~~benchmark~~ **reduce** companies **' efforts on certain** ~~against their peers and if a company is perceived as lagging, these investors may engage with such companies to improve~~ ESG **- related matters** ~~disclosure or performance and may also make voting decisions, or take other actions, to hold these companies and their boards of directors accountable~~. ~~To the extent~~ **Both advocates and opponents to certain** ESG matters ~~negatively impact our reputation~~ **are increasingly resorting to a range of activism forms, including media campaigns and litigation, to advance their perspectives. To the extent we are subject to such activism**, it may ~~also impede~~ **require us to incur costs** ~~our~~ - **or otherwise** ~~ability to compete as effectively to attract and retain employees, customers, or business partners (including social media and community ambassadors), which may~~ adversely impact our ~~operations~~ **business. This and other stakeholder expectations will likely lead to increased costs as well as scrutiny that could heighten all of the risks identified in this risk factor**. Additionally, many of our suppliers may be subject to similar expectations, which may augment or create additional risks, including risks that may not be known to us. Significant increases in the cost of raw materials for our wood pellet facilities or our suppliers suffering from operating or financial difficulties could adversely impact revenue and our ability to satisfy customer demand. We purchase wood fiber from third parties for use at our wood pellet facilities. Our reliance on third parties to secure wood fiber exposes us to potential price volatility and unavailability of such raw materials, and the associated costs may exceed our ability to pass through such price increases to customers, which could adversely affect our gross margins. For example, the price of lumber has significantly increased in recent years. Further, delays or disruptions in obtaining wood fiber may result from a number of factors affecting our suppliers, including extreme weather or forest fires, production or delivery disruptions, inadequate logging capacity, labor disputes, impaired financial condition of a particular supplier, the inability of suppliers to comply with regulatory or sustainability requirements (including increased sustainability standards, such as the FSC **or the EU Deforestation Regulation** ) or decreased availability of raw materials. In addition, other companies, whether or not in our industry, could procure wood fiber within our procurement areas and adversely change regional market dynamics, resulting in insufficient quantities of raw material or higher prices. Any of these events or the impact on the availability of wood fiber could increase our operating costs or prevent us from selling our wood pellets in quantities that satisfy customer demand, and thereby could have a material adverse effect on our brand, reputation, business, financial condition, and results of operations. Our revenues, net income, and cash flow from operations are dependent to a significant extent on the pricing of our products and our continued ability to secure raw materials at adequate levels and acceptable prices. Therefore, if we are restricted from securing a sufficient amount of raw materials from third parties for a prolonged period of time, or if material damage to a significant portion of such third- party landowners' standing timber were to occur, we could suffer materially adverse effects to our results of operations. Any interruption or delay in the supply of wood fiber, or our inability to obtain wood fiber at acceptable prices in a timely manner, could impair our ability to meet the demands of our customers, which could have a material adverse effect on our brand, reputation, business, financial condition, and results of operations. Failure to implement effective quality control systems at our wood pellet facilities could have a material adverse effect on our business and operations. The performance and quality of our wood pellet products are important to the success of our business and can significantly impact the cooking experience of our grills and the taste of food cooked with our grills. To ensure consistent product quality, we must develop and implement improved quality control systems and quality training programs, and must otherwise promote and enforce employee adherence to our quality control policies and guidelines. We must also update such policies and guidelines and may be required to hire additional personnel and quality control specialists. We have a limited history in operating wood pellet manufacturing facilities at both our existing and planned scale and may experience challenges in implementing improvements to our processes and operations that are necessary to support future business needs, which further increases our risk with respect to quality controls. Any significant failure involving the development, implementation or maintenance of quality control systems and related programs could have a negative impact on our product quality and consistency, which could have a material adverse effect on our business, financial condition, results of operations and reputation. An increase in the price or a significant interruption in the supply of electricity could have a material adverse effect on our results of operations. Our wood pellet facilities use a substantial amount of electricity. The price and supply of electricity are unpredictable and can fluctuate significantly based on international, political and economic circumstances, as well as other events outside our control, such as changes in supply and demand due to weather conditions, regional production patterns and environmental concerns. In addition, potential climate change regulations or carbon or emissions taxes could result in higher production costs for electricity, which may be passed on to us in whole or in part and we may not have the ability to pass such costs through to the customer, which could adversely affect our gross margins. A significant increase in the price of electricity or an extended interruption in the supply of electricity to our production plants could have a material adverse effect on our results of operations and cash flows. Increases in labor costs, potential labor disputes, and work stoppages or an inability to hire skilled manufacturing, sales, and other personnel could adversely affect our business. An increase in labor costs, work stoppages or disruptions at our facilities or those of our suppliers or transportation service providers, or other labor disruptions, could decrease our sales and increase our expenses. In addition, although our employees are not represented by a union, our labor force may become subject to labor union organizing efforts, which could cause us to incur additional labor costs and increase the related risks that we now face. It is also possible that a union seeking to organize one subset of our employee population, such as the employees in our manufacturing facility, could also mount a corporate campaign, resulting in negative publicity or other actions that require attention by our management team and our employees. Negative publicity, work stoppages, or strikes by unions could have an adverse effect on our business, prospects, financial condition, and results of operations. The competition for skilled manufacturing, sales and other personnel can be intense in the regions in which our wood pellet facilities are located. A significant increase in the salaries and wages paid in these regions or by competing employers could result in a reduction of our labor force, increases in the salaries and wages that we must pay or both. If we are unable to hire skilled manufacturing, sales, and other personnel, our ability to execute our business plan, and our results of operations, would suffer. Our wood pellet production operations are subject to operational hazards and downtimes or interruptions, which may have a material adverse effect on our business and results of operations. Our wood pellets are combustible products. Fires and explosions have occurred at manufacturing facilities similar to ours, and fires have previously occurred at or near our wood pellet production facilities. As a result, our business could be adversely affected by these and other operational hazards and could suffer catastrophic loss due to unanticipated events such as explosions, fires, natural disasters or severe weather conditions. Severe weather, such as floods, earthquakes, hurricanes, forest fires or other catastrophes, or climatic phenomena, such as drought, may impact our operations by causing weather- related damage to our wood pellet facilities and equipment. Such events may become more frequent and more severe as a result of climate change. Severe weather and other climate phenomena may also adversely affect the ability of our suppliers to provide us with the raw materials we require or the ability of vessels to load, transport, and unload our wood pellet products. In addition, our wood pellet facilities are subject to the risk of unexpected equipment failures. At our wood pellet facilities plants, our manufacturing processes are dependent upon critical pieces of equipment, and such equipment may, on occasion, be out of service as a result of such failures. As a result, we may experience material facility shutdowns or periods of reduced production, which could have a material adverse effect on our business and results of operations. Any interference with or curtailment of our wood pellet facilities and related production operations could result in a loss of productivity, an increase in our operating costs and decrease in revenue, which may have a material adverse effect on our business and results of operations. In addition, we may not be fully insured against all risks incident to our wood pellet production operations, including the risk of our operations being interrupted due to severe weather and natural disasters. Furthermore, we may be unable to maintain or obtain insurance of the type and amount we desire at reasonable rates. As a result of market conditions, premiums and deductibles for certain of our insurance policies could escalate. In some instances, insurance could become unavailable or available only for reduced amounts of coverage. If we were to incur a significant liability for which we are not fully insured, it could have a material adverse effect on our financial condition and results of operations. Our wood pellet production operations are subject to stringent environmental and occupational health and safety laws and regulations that may expose us to significant costs and liabilities. Our wood pellet production operations are subject to stringent federal, regional, state, and local environmental, health and safety laws and regulations. These laws and regulations govern environmental protection, occupational health and safety, the release or discharge of materials into the environment, air emissions, wastewater discharges, the investigation and remediation of contaminated sites and allocation of liability for cleanup of such sites. These laws and regulations may restrict or impact our business in many ways, including by requiring us to acquire permits or other approvals to conduct regulated activities; limiting our air emissions or wastewater discharges or requiring us to install costly equipment to control, reduce or treat such emissions or discharges; imposing requirements on the handling or disposal of wastes; impacting our ability to modify or expand our operations (for example, by limiting or prohibiting construction and operating activities in environmentally sensitive areas **or impacting the supply and / or demand for raw materials used in certain of our products** ); and imposing health and safety requirements for worker protection. We may be required to make significant capital and operating expenditures to comply with these laws and regulations. Failure to comply with these laws and regulations may result in the assessment of administrative, civil, and criminal penalties, imposition of investigatory or remedial obligations, suspension or revocation of permits and the issuance of orders limiting or prohibiting some or all of our operations. Adoption of new or modified environmental laws and regulations may impair the operation of our wood pellet production operations, delay or prevent expansion of existing facilities or construction of new facilities and otherwise result in increased costs and liabilities, which may be material. Certain environmental laws, including the CERCLA, and analogous state laws, impose strict as well as joint and several liability upon statutorily defined parties without regard to comparative fault. Under these laws, we may be required to remediate contaminated properties currently or formerly operated by us, or facilities of third parties that received waste generated by our wood pellet production operations. Such remediation obligations may be imposed regardless of whether such contamination resulted in whole or in part from the conduct of others and whether such contamination resulted from actions (by us or third parties) that complied with all applicable laws in effect at the time of those actions. Our facilities are located on sites that have been used for manufacturing activities for an extended period of time, which increases the possibility of contamination being present. In addition, claims for damages to persons or property, including natural resources, may result from the environmental, health, and safety impacts of our operations, including accidental spills or releases in the course of our operations or those of a third party. Although we are not presently aware of any material contamination on our properties or any material remediation liabilities, we cannot assure you that we will not be exposed to significant remediation obligations or liabilities in the future. **Moreover, certain substances that have not historically been considered hazardous substances may subsequently be designated as such. For example, there is increased scrutiny on various per- and polyfluoroalkyl substances (" PFAS ") at the federal and state level, and the U. S. EPA has proposed to designate certain PFAS as hazardous substances under CERCLA.** As a producer and distributor of a variety of consumer products, we must comply with various federal, state, provincial, local and foreign laws relating to the materials, production, packaging, quality, labeling and distribution of our products, including various environmental and health and safety laws and regulations. For example, the electronic components of our products may be subject to restrictions regarding the raw materials used and end of life requirements such as the collection, recycling and recovery of wastes. Our food products must meet U. S. Food and Drug Administration (" FDA"), or parallel foreign requirements of safety for human consumption, labeling, processing and distribution under sanitary conditions and production in accordance with FDA " good manufacturing practices. " **Similarly, our marketing practices are subject to regulations by the FTC or foreign equivalents, including regarding environmental marketing claims. The FTC is currently reviewing its guidelines on such claims for potential updates, including potentially initiating rulemaking relating to such claims under its FTC Act authority. Similar laws in other jurisdictions, including various U. S. states, include similar or more stringent regulations on such marketing claims.** Should our products **or practices** fail to comply with such laws and regulations or the interpretation or enforcement of such laws and regulations becomes more stringent, our costs could increase and changes to our products or operations could be required, which may have an adverse effect on our business, financial condition, results of operations or prospects. Climate change legislation, regulatory initiatives and litigation could result in increased operating costs or, in some instances, adversely impact demand for our products. Many nations have agreed to limit emissions of greenhouse gases pursuant to the United Nations Framework Convention on Climate Change, also known **(" UNFCCC")** ~~as the " Kyoto Protocol, "~~ and ~~other initiatives~~ **subsequent agreements** . ~~In~~ **For example, in** December 2015, the United States and 194 other countries adopted the Paris Agreement, committing to work towards addressing climate change and agreeing to a monitoring and review process for greenhouse gas emissions. Although the United States withdrew from the Paris Agreement in November 2020, the United States officially rejoined the Paris Agreement in February 2021 following the change in Presidential administrations, and may in the future choose to join other international agreements targeting greenhouse gas emissions. **At subsequent** ~~In April 2021, President Biden announced a goal of reducing the United States' emissions by 50- 52 % below 2005 levels by 2030. In November 2021, the international community gathered again in Glasgow at the 26th Conference~~ **conferences** ~~to~~ **of** the ~~Parties~~ **parties** ~~on~~ **of** the ~~UN Framework Convention on Climate Change~~ **UNFCCC (" COPs")** , **additional** ~~during which multiple~~ announcements ~~were~~ **have been** made, including ~~a call~~ **calls** for parties to ~~eliminate certain fossil fuel subsidies and~~ pursue further action on non- carbon dioxide greenhouse gases **and further attention to the relationship between natural ecosystems, such as forests, and climate change, which may result in additional scrutiny or**

**regulations for forestry products** . In addition, in January 2021, President Biden issued an executive order directing all federal agencies to review and take action to address any federal regulations, orders, guidance documents, policies, and any similar agency actions promulgated during the prior administration that may be inconsistent with the current administration' s policies and to confront the climate crisis. President Biden also issued an executive order solely targeting climate change. The adoption of legislation or regulatory programs at the federal level, or other government action to reduce emissions of greenhouse gases, could require us to incur increased operating costs, such as costs to purchase and operate emissions control systems, to acquire emissions allowances or to comply with new regulatory or reporting requirements. Moreover, many U. S. states, either individually or through multi- state regional initiatives, have begun to address greenhouse gas emissions, primarily through the planned development of greenhouse gas emission inventories and / or regional greenhouse gas cap- and- trade programs. Certain states where our wood pellet facilities are located, including New York, have implemented climate change regulations and committed to reducing greenhouse gases. For example, New York ~~recently~~ **has** implemented the Climate Leadership and Community Protection Act, which aims to reduce greenhouse gas emissions 40 % below 1990 levels by 2030 and 85 % below 1990 levels by 2050. Such regulations may increase the cost of operating such facilities or otherwise restrict the operations of such facilities, which could have an adverse impact on our business and operations. Further, our markets may be affected by legislative initiatives and policies that promote or do not promote devices that have or share similar traits to our wood pellet grills, such as wood burning stoves and similar appliances. Certain jurisdictions have adopted or proposed local ordinances or policies restricting the use of a wide range of devices, which may encompass or cover the cooking mechanism utilized by our wood pellet grills. It remains uncertain whether or to what extent such restrictions could impact demand for our products or the ability of customers to use our grills in states or other jurisdictions that have adopted or may in the future adopt or implement such restrictions. The U. S. **EPA** ~~Environmental Protection Agency~~ has issued matter limits for certain wood- burning appliances that people use to heat their home. While these limits are not applicable to cook stoves such as wood- fired grills, the regulations impose labeling requirements that may be applicable and such regulations may be broadened in the future. These restrictions and the applicable requirements for permits or exemptions may vary significantly by location, and we may be unable to track or monitor all such restrictions in the markets in which we sell our products. Future changes to laws or policies relating to these or similar matters could reduce demand for our products and have a material adverse effect on our business, financial condition and results of operations. Federal, state, and local legislative and regulatory initiatives relating to forestry products and the potential for related litigation could result in increased costs, additional operating restrictions or delays for our suppliers, which could negatively impact our business, financial condition, and results of operations. Commercial forestry is regulated by complex regulatory frameworks at each of the federal, state, and local levels. Among other federal laws, the Clean Water Act and Endangered Species Act have been applied to commercial forestry operations through agency regulations and court decisions, as well as through the delegation to states to implement and monitor compliance with such laws. State forestry laws, as well as land use regulations and zoning ordinances at the local level, are also used to manage forests in the United States, as well as other regions from which we may need to source raw materials in the future. Any new or modified laws or regulations at any of these levels could have the effect of reducing forestry operations in areas where we procure our raw materials, and consequently may prevent us from purchasing raw materials in an economic manner, or at all. In addition, future regulation of, or litigation concerning, the use of timberlands, the protection of threatened or endangered species or their habitats, the promotion of forest biodiversity, and the response to and prevention of wildfires, as well as litigation, campaigns or other measures advanced by environmental activist groups, could also reduce the availability of the raw materials required for our operations and the production of our wood pellets. For example, the United States has adopted a goal to conserve at least 30 of the country' s land and water by 2030, which may include certain forested areas **. Similar or more stringent regulations of forestry and wood products has also been enacted in other jurisdictions relevant to our operations.** In **particular,** the EU **enacted its** ~~, the European Parliament and European Council reached provisional political agreement in December 2022 on a regulation on deforestation~~ **Deforestation** ~~free~~ **Regulation in June 2023, which will prevent wood** products **being** ~~. While the regulation remains to be formally adopted by the EU, if adopted it would introduce new diligence rules on companies that place~~ **placed** ~~products~~ on the EU market ~~in~~ **without a confirmatory statements that** certain ~~industries, including timber and derived~~ **ESG- related due diligence procedures had been carried out with respect to the** ~~products~~ - **product, and that such due diligence had confirmed that the product had not been connected with deforestation** . Such requirements may adversely impact our business, by requiring us to amend ~~of~~ **our** processes to source wood pellets that we sell on the EU market, increasing the cost of wood pellets to us and our customers, reducing demand and adversely impacting our revenue and results of operations. Regulatory authorities in the United States, European Union and elsewhere are increasingly regulating hazardous materials and other substances, and those regulations could affect sales of our products. Legislation and regulations concerning hazardous materials and other substances can restrict the sale of products and / or increase the cost of producing them. Some of our products are subject to restrictions under laws or regulations such as California' s Proposition 65 and the EU' s chemical substances directive. The EU " REACH " registration system requires us to perform studies of some of the materials used in our products and to register the information in a central database, increasing the cost of these products. As a result of such regulations, our ability to sell certain products may be curtailed and customers may avoid purchasing some products in favor of less regulated, less hazardous or less costly alternatives. It may be impractical for us to continue manufacturing heavily regulated products, and we may incur costs to shut down or transition such operations to alternative products. These circumstances could adversely affect our business, including our revenue and results of operations. In ~~December~~ **August** ~~2022~~ **2023** , ~~the European Parliament and European Council provisionally agreed on~~ a revised **Batteries** ~~regulation~~ **Regulation** ~~concerning batteries sold~~ **entered into force** in the EU, which **is** ~~would be~~ applicable to our MEATER smart thermometer business. **The** ~~While the regulation~~ **Regulation will** ~~remains to be formally adopted by the EU, if adopted it would~~ eventually **, once fully phased in,** require portable batteries to be designed in a way such that consumers can easily remove and replace them, and to carry labels and QR codes with information related to the capacity, performance, durability and chemical composition of the battery. In addition, the Regulation would require many entities selling batteries in the EU to develop and implement due diligence policies to address social and environmental risks linked to the sourcing of batteries, and a number of other requirements such as in relation to minimum levels of recycled minerals. Such requirements may adversely impact our MEATER thermometer business, by requiring a redesign of our products or increasing the cost of batteries to us and our consumers, reducing demand and adversely impacting our revenue and results of operations **. Regulation of certain perfluoroalkyl and polyfluoroalkyl substances in the United States and internationally may affect our product lines. Governments in the United States and internationally have increased their focus on and regulation of a broad group of perfluoroalkyl and polyfluoroalkyl substances, collectively known as " PFAS ", which are utilized by the Company in some of its products. PFAS include several categories and classes of durable chemicals and materials with properties that include water and fire resistance, as well as electrical insulating properties. Developments in these and other global chemical regulatory trends (including relating to PFAS) may require additional actions by the Company, including investigation, remediation, and compliance obligations, or may result in additional litigation and enforcement actions and related costs. Such developments could also result in the Company needing to [ relocate all or part of its manufacturing operations or ] halt sales and purchases of products containing PFAS. For example, in the United States, many states have enacted standards for PFAS contamination in drinking water sources and PFAS used in consumer products. In addition, in March 2023, the U. S. Environmental Protection Agency issued a preliminary proposal to regulate certain PFAS as contaminants under the federal Safe Drinking Water Act. In Europe, in February 2023, the European Chemicals Agency released a proposal for broad restrictions on PFAS pursuant to EU Regulation (EC) No. 1907 / 2006, Registration, Evaluation, Authorisation and Restriction of Chemicals. If implemented without change, the proposed restriction could largely eliminate the production, use, and sale of PFAS in Europe in most applications and manufactured articles. The Company continues to review, control, and plan for the potential elimination of PFAS in its products. The Company' s PFAS plan involve risks, including the actual timing, costs, and financial impact of such plan; the Company' s ability to complete such plan, on the anticipated timing or at all; potential governmental or regulatory actions relating to the Company' s continued PFAS use; the Company' s ability to identify and manufacture acceptable substitutes for PFAS, and the possibility that such substitutes will not achieve the anticipated or desired commercial or operational results; potential litigation relating to the Company' s PFAS plans or handling or use of PFAS; and the possibility that the Company' s PFAS plan will involve greater costs than anticipated, or otherwise have negative impacts on the Company' s relationships with its customers and other counterparties** . Risks Related to Our Reliance on Third Parties We rely on a limited number of third- party manufacturers, and problems with, or loss of, our suppliers or an inability to obtain raw materials could harm our business and results of operations. Our grills are produced by a limited number of third- party manufacturers. We face the risk that these third- party manufacturers may not produce and deliver our products on a timely basis or at all. Our reliance on a limited number of manufacturers for our products increases our risks, since we do not currently have alternative or replacement manufacturers for certain of our products beyond our existing manufacturers. In the event of interruption from our manufacturers or suppliers, we may not be able to increase capacity from other sources or develop alternate or secondary sources without incurring material additional costs and substantial delays, and we do not maintain sufficient inventory levels to mitigate the impact of such costs and delays. Further, certain of these manufacturers have developed specific processes and manufacturing procedures for certain of our products, and such processes and procedures may not be easily transferred to other manufacturers, if at all. Furthermore, we expect that as we continue to introduce new products and product enhancements, our manufacturing costs will grow increasingly more complex and the cost will continue to increase. We have experienced, and will likely continue to experience, certain operational difficulties with our manufacturers. These difficulties include reductions in the availability of production capacity, errors in complying with product specifications, insufficient quality control, failures to meet production deadlines, failure to achieve our product quality standards, increases in costs of materials, and manufacturing or other business interruptions. The ability of our manufacturers to effectively satisfy our production requirements could also be impacted by manufacturer financial difficulty or damage to their operations caused by fire, terrorist attack, riots, natural disaster, public health issues such as the ~~current~~ COVID- 19 pandemic (or other future pandemics or epidemics), or other events ~~. In particular, the current COVID- 19 outbreak has caused, and may continue to cause, interruptions in the development, manufacturing (including the sourcing of key components), and shipment of our products, which could adversely impact our revenue and results of operations. Such interruptions may be due to, among other things, temporary closures of manufacturing facilities, and other vendors and distributors in our supply chain, restrictions on travel or the import / export of goods and services from certain ports that we use, and local quarantines~~ . The failure of any manufacturer or distributor to perform to our expectations could result in supply shortages or delays for certain products and harm our business. In addition, recent years have seen additional focus from stakeholders, including regulators and governments in certain jurisdictions, on ESG consideration in the supply chains of companies. Emerging legislation, including the proposed Corporate Sustainability Due Diligence Directive in the EU, may introduce requirements on us to perform ESG due diligence of the parties operating in our supply chain to determine whether or not our products may lead to adverse ESG consequences. The United States has also adopted legislation restricting the use of certain suppliers, as well as products mined, produced, or manufactured wholly or in part from certain regions, due to ESG considerations. Such legislation may lead to increased costs for our company in sourcing materials for our products, and to the extent parties in our supply chain are seen to not meet certain standards of ESG performance, whether by customers, regulators or otherwise, this may lead to a requirement to change suppliers, reputational impacts to our company, or (in certain cases) import eligibility for certain of our products. If we experience significantly increased demand, or if we need to replace an existing manufacturer due to lack of performance or ESG considerations, we may be unable to supplement or replace manufacturing capacity on a timely basis or on terms that are acceptable to us, which may increase our costs, reduce our margins, and harm our ability to deliver our products on time. For certain of our products, it may take a significant amount of time to identify and qualify a manufacturer that has the capability and resources to produce our products to our specifications in sufficient volume and satisfy our service and quality control standards. Accordingly, a loss of any of our significant manufacturers, suppliers or distributors could have an adverse effect on our business, financial condition, and results of operations. The capacity of our manufacturers to produce our products is also dependent upon the availability of raw materials. Our manufacturers may not be able to obtain sufficient supply of raw materials, which could result in delays in deliveries of our products by our manufacturers or increased costs. Any shortage of raw materials or inability of a manufacturer to produce or ship our products in a timely manner, or at all, could impair our ability to ship orders of our products in a cost-efficient, timely manner and could cause us to miss the delivery requirements of our customers. As a result, we could experience cancellations of orders, refusals to accept deliveries, or reductions in our prices and margins, any of which could harm our financial performance, reputation, and results of operations. If we fail to timely and effectively obtain shipments of products from our manufacturers and deliver products to our customers, including our retailers, our business, and results of operations could be harmed. Our business depends on our ability to source and distribute products in a timely manner. However, we cannot control all of the factors that might affect the timely and effective procurement of our products from our third- party manufacturers and the delivery of our products to our customers, including to retailers through our retail channel. Our third-party contract manufacturers ship most of our products to our third- party logistics providers, who have warehouses in California, Georgia, Texas **, Utah** and Washington, as well as operations in the Netherlands **, United Kingdom, Germany** and Canada. The limited geographical scope of our distribution and fulfillment centers makes us vulnerable to natural disasters, weather- related disruptions, accidents, system failures, public health issues such as the ~~current~~ COVID- 19 pandemic (or other future pandemics or epidemics), or other unforeseen events that could delay or impair our ability to fulfill orders to retail channel customers and / or ship products to DTC customers, which could harm our sales. We import our products, and we are also vulnerable to risks associated with products manufactured abroad, including, among other things: (a) risks of damage, destruction, or confiscation of products while in transit to our distribution centers; and (b) transportation and other delays in shipments, including as a result of heightened security screening, port congestion, and inspection processes or other port- of-entry limitations or restrictions in the United States. Failure to procure our products from our third- party manufacturers and deliver such products to our customers in a timely, effective, and economically viable manner could reduce our sales and gross margins, damage our brand, and harm our business. We also rely on the timely and free flow of goods through open and operational ports from our suppliers and manufacturers. Labor disputes or disruptions at ports, our common carriers, or our suppliers or manufacturers could create significant risks for our business, particularly if these disputes result in work slowdowns, lockouts, strikes, or other disruptions during periods of significant importing or manufacturing, potentially resulting in delayed or canceled orders by customers, unanticipated inventory accumulation or shortages, and harm to our business, results of operations, and financial condition. In addition, we rely upon independent freight carriers for product shipments from our distribution centers to our customers. We may not be able to obtain sufficient freight capacity on a timely basis or at favorable shipping rates and, therefore, may not be able to receive products from suppliers or deliver products to customers in a timely and cost- effective manner. Accordingly, we are subject to the risks, including labor disputes, union organizing activity, inclement weather, public health crises such as the ongoing COVID- 19 pandemic (or other future pandemics or epidemics), and increased transportation costs, associated with our third- party manufacturers' and carriers' ability to provide products and services to meet our requirements. In addition, if the cost of fuel rises, the cost to deliver products may rise, which could harm our profitability. Fluctuations in the cost and availability as well as delays of raw materials, equipment, labor, and transportation could cause manufacturing delays or increase our costs. The price and availability of raw materials and key components used to manufacture our products, including electronic components, such as integrated circuits, processors and system on chips, components built into our unique specifications or that are single sourced, as well as manufacturing equipment, tooling, and wood fibers, may fluctuate significantly. In addition, the cost of labor at our third- party manufacturers could increase significantly. For example, manufacturers in China have experienced increased costs in recent years due to shortages of labor and fluctuations of the Chinese yuan in relation to the U. S. dollar. Additionally, the cost of logistics and transportation fluctuates in large part due to the price of oil, global demand and other geopolitical factors. Any fluctuations in the cost and availability of any of our raw materials or other sourcing or transportation costs related to our raw materials or products could harm our gross margins (as was the case in 2021 due to increased freight rates and logistics costs) and our ability to meet customer demand. For example, disruptions to or increases in the cost of local, regional domestic or international transportation services for our products and other forms of infrastructure, such as electricity, due to shortages of vessels, barges, railcars or trucks, weather- related problems, flooding, droughts, accidents, mechanical difficulties, bankruptcy, strikes, lockouts, bottlenecks (such as the ~~recent~~ blockage of the Suez Canal in March 2021) or other events could increase our costs, temporarily impair our ability to deliver products to our customers on time or at all and might, in certain circumstances, constitute a force majeure event under our customer contracts, permitting our customers to suspend taking delivery of and paying for our products or resulting in a charge to us for our customers' lost profits as a result of our failure to timely deliver our products. Relatedly, some of our contracts with our large retail customers subject us to financial penalties if we fail to ship an order that is on time or in full. If we are unable to successfully mitigate a significant portion of these product cost increases, fluctuations or delays, our results of operations could be harmed. In addition, persistent disruptions in our access to infrastructure may force us to halt production as we reach storage capacity at our facilities. Accordingly, if the primary transportation services we use to transport our products are disrupted, and we are unable to find alternative transportation providers, it could have a material adverse effect on our results of operations, business, and financial position. Many of our products are manufactured by third parties outside of the United States, and our business may be harmed by legal, regulatory, economic, political, and public health risks associated with international trade and those markets. Many of our primary products are manufactured by entities located in China. In addition, we have ~~a~~ third- party

~~manufacturer~~ **manufacturers** in Vietnam **and Taiwan** . Our reliance on suppliers and manufacturers in foreign markets creates risks inherent in doing business in foreign jurisdictions, including: (a) the burdens of complying with a variety of foreign laws and regulations, including trade and labor restrictions and laws relating to the importation and taxation of goods; (b) changes in the U. S. or international regulations requiring the enactment of more restrictive environmental regulations in markets where we manufacture our products, including China **, Vietnam,** and / or ~~Vietnam~~ **Taiwan** ; (c) weaker protection for intellectual property and other legal rights than in the United States, and practical difficulties in enforcing intellectual property and other rights outside of the United States; (d) compliance with U. S. and foreign laws relating to foreign operations and business activities, including the FCPA and the UK Bribery Act (which generally prohibit U. S. companies from making improper payments to foreign officials for the purpose of obtaining or retaining business), regulations of the U. S. Office of Foreign Assets Control (" OFAC") (which generally restrict U. S. companies from operating in certain countries, or maintaining business relationships with certain restricted parties), U. S. anti- money laundering regulations, and similar laws that prohibit engaging in other corrupt and illegal practices; (e) economic and political instability and acts of terrorism in the countries where our suppliers are located; (f) public health crises, such as pandemics and epidemics, in the countries where our suppliers and manufacturers are located; (g) transportation interruptions or increases in transportation costs; and (h) the imposition of tariffs or non- tariff barriers on components and products that we import into the United States or other markets. For example, the ongoing COVID- 19 pandemic has resulted in increased travel restrictions, supply chain disruptions, and extended shutdown of certain businesses around the globe. This public health crises or any further political developments or health concerns in markets in which our products are manufactured could result in social, economic, and labor instability, adversely affecting the supply of our products and, in turn, our business, financial condition, and results of operations. Further, we cannot assure you that our directors, officers, employees, representatives, manufacturers, or suppliers have not engaged and will not engage in conduct for which we may be held responsible, nor can we assure you that our manufacturers, suppliers, or other business partners have not engaged and will not engage in conduct that could materially harm their ability to perform their contractual obligations to us or even result in our being held liable for such conduct. Violations of the FCPA, the UK Bribery Act, OFAC regulations, or other export control, anti- corruption, anti- money laundering, and anti- terrorism laws or regulations may result in severe criminal or civil penalties, and we may be subject to other related liabilities, which could harm our business, financial condition, cash flows, and results of operations. Changes to United States trade policies that restrict imports or increase import tariffs may have a material adverse effect on our business. There have been significant changes and proposed changes in recent years to U. S. trade policies, tariffs, and treaties affecting imports. For example, the United States has imposed supplemental tariffs of up to 25 % on certain imports from China, as well as increased tariffs and import restrictions on products imported from various other countries. In response, China and other countries have imposed or proposed additional tariffs on certain exports from the United States. The United States is also investigating certain trade- related practices by Vietnam that could affect U. S. imports from that country, and has recently renegotiated the multilateral trading relationship between the United States, Canada, and Mexico, resulting in the replacement of the North American Free Trade Agreement (" NAFTA") with a new U. S.- Mexico- Canada Agreement (" USMCA"). A significant proportion of our products are manufactured in China, Vietnam, **Taiwan,** and other regions outside of the United States. Accordingly, such U. S. policy changes have made it and may continue to make it difficult or more expensive for us to obtain certain products manufactured outside the United States, which could affect our revenue and profitability. Further tariff increases could require us to increase our prices, which could decrease customer demand for our products. Retaliatory tariff and trade measures imposed by other countries could affect our ability to export products and therefore adversely affect our revenue. Any of these factors could depress economic activity and restrict our access to suppliers or customers, and could have a material adverse effect on our business, financial condition, and results of operations and affect our strategy in China, Vietnam, **Taiwan,** and elsewhere around the world. We depend on our retailers to display and present our products to customers, and our failure to maintain and further develop our relationships with our retailers could harm our business. Through our retail channel, we sell a significant amount of our products through knowledgeable national, regional, and independent retailers. These retailers service customers by stocking and displaying our products, explaining our product attributes and capabilities, and sharing our brand story. Our relationships with these retailers are important to the authenticity of our brand and the marketing programs we continue to deploy. Our failure to maintain relationships with retailers and brand ambassadors at retailers, or financial difficulties experienced by these retailers, could harm our business. Because we are a premium brand, our sales depend, in part, on retailers effectively displaying our products, including providing attractive space and point of purchase displays in their stores and e- commerce platforms, and training their sales personnel to sell our products. If retailers reduce or terminate those activities, we may experience reduced sales of our products, resulting in lower gross margins, which would harm our results of operations. Insolvency, credit problems or other financial difficulties that could confront our retailers or distributors could expose us to financial risk. We sell to the large majority of retail channel customers on open account terms and do not **always** require collateral or a security interest in the inventory we sell them. Consequently, our accounts receivable for our retail channel customers are **largely** unsecured. We also rely on third- party distributors to distribute our products to our retail channel and DTC customers. Insolvency, credit problems, or other financial difficulties confronting our retailers or distributors could expose us to financial risk. These actions could expose us to risks if our distributors are unable to distribute our products to our customers and / or if our retail channel customers are unable to pay for the products they purchase from us in a timely matter or at all. Financial difficulties of our retailers could also cause them to reduce their sales staff, use of attractive displays, number or size of stores, and the amount of floor space dedicated to our products. Any reduction in sales by, or loss of, our current retailers or customer demand, or credit risks associated with our retailers or distributors, could harm our business, results of operations, and financial condition. If our independent suppliers and manufacturers do not comply with ethical business practices or with applicable laws and regulations, our reputation, business, and results of operations could be harmed. Our reputation and our customers' willingness to purchase our products depend in part on our suppliers', manufacturers', and retailers' compliance with ethical employment practices, such as with respect to child labor, wages and benefits, forced labor, discrimination, safe and healthy working conditions, and with all legal and regulatory requirements relating to the conduct of their businesses. We do not exercise control over our suppliers, manufacturers, and retailers and cannot guarantee their compliance with ethical and lawful business practices. If our suppliers, manufacturers, or retailers fail to comply with applicable laws, regulations, safety codes, employment practices, human rights standards, quality standards, environmental standards, production practices, or other obligations, norms, or ethical standards, our reputation and brand image could be harmed, and we could be exposed to litigation and additional costs that would harm our business, reputation, and results of operations. Risks Related to our Capital Structure, Indebtedness and Capital Requirements We depend on cash generated from our operations to support our growth, and we may need to raise additional capital, which may not be available on terms acceptable to us or at all. We primarily rely on cash flow generated from our sales to fund our current operations and our growth initiatives. As we expand our business, we will need significant cash from operations to purchase inventory, increase our product development, expand our manufacturer and supplier relationships, pay personnel, pay for the increased costs associated with operating as a public company, expand internationally, and further invest in our sales and marketing efforts. If our business does not generate sufficient cash flow from operations to fund these activities and sufficient funds are not otherwise available from our current or future credit facility, we may need additional equity or debt financing. If such financing is not available to us on satisfactory terms, our ability to operate and expand our business or to respond to competitive pressures could be harmed. Moreover, if we raise additional capital by issuing equity securities or securities convertible into equity securities, the ownership of our existing stockholders may be diluted. The holders of new securities may also have rights, preferences or privileges which are senior to those of existing holders of common stock. In addition, any indebtedness we incur may subject us to covenants that restrict our operations and will require interest and principal payments that could create additional cash demands and financial risk for us. Our ability to use our net operating loss carryforwards and certain other tax attributes may be limited. As of December 31, ~~2022~~ **2023**, we have net operating loss carryforwards (" NOLs") of approximately $ ~~121~~ **130**. ~~8~~ **0** million for U. S. federal income tax purposes, which will be available to offset future taxable income. Due to recent tax legislation, approximately $ ~~95~~ **103**. ~~3~~ **5** million of these NOLs are eligible for indefinite carryforward, limited by certain taxable income. Due to cumulative losses, we have recorded a full valuation allowance against our net deferred tax assets as of December 31, **2023,** 2022, **and** 2021 ~~, and 2020~~, respectively. Utilization of our NOLs and certain other tax attributes depends on many factors, including our future income, which cannot be assured. Section 382 of the Internal Revenue Code of 1986, as amended (" Section 382"), generally imposes an annual limitation on the amount of taxable income that may be offset by NOLs and certain other tax attributes when a corporation has undergone an " ownership change " (generally, if the percentage of its stock owned by its " 5- percent shareholders, " as defined in Section 382, increases by more than 50 percentage points (by value) over a three- year period). We are not aware of any existing restrictions or limitations on the use of our NOLs or other tax attributes under Section 382. However, we may undergo an ownership change in the future, including as a result of the combined effect of this and future offerings, which would result in an annual limitation under Section 382. The limitations arising from any ownership change may prevent utilization of our NOLs and certain other tax attributes. U. S. federal NOLs generated in taxable years beginning on or before December 31, 2017, or pre- 2017 NOLs, are subject to expiration while U. S. federal and certain state NOLs generated in taxable years beginning after December 31, 2017, or post- 2017 NOLs, are not subject to expiration. Additionally, for taxable years beginning after December 31, 2020, the deductibility of federal post- 2017 NOLs is limited to 80 % of our taxable income in such year, where taxable income is determined without regard to the NOL for such post- 2017 NOLs. For these and other reasons, we may not be able to realize a tax benefit from the use of our NOLs. To the extent we are not able to offset our future taxable income with our NOLs or other tax attributes, this could adversely affect our operating results and cash flows. Changes in our effective tax rate or exposure to additional income tax liabilities could adversely affect our financial results. Taxation and tax policy changes, tax rate changes, new tax laws, revised tax law interpretations, and changes in accounting standards and guidance related to tax matters may cause fluctuations in our effective tax rate. For example, the Biden administration has proposed to increase the U. S. corporate income tax rate to 28 % from 21 %, increase the U. S. taxation of international business operations and impose a global minimum tax. Our effective tax rate may also be impacted by changes in the geographic mix of our earnings. Our international operations may give rise to potentially adverse tax consequences. We are expanding our international operations and staff to better support our growth into the international markets. Our corporate structure and associated transfer pricing policies anticipate future growth into the international markets. The amount of taxes we pay in different jurisdictions may depend on the application of the tax laws of the various jurisdictions, including the United States, to our international business activities, changes in tax rates, new or revised tax laws or interpretations of existing tax laws and policies and our ability to operate our business in a manner consistent with our corporate structure and intercompany arrangements. The taxing authorities of the jurisdictions in which we operate may challenge our methodologies for pricing intercompany transactions, which are generally required to be computed on an arm' s- length basis pursuant to intercompany arrangements or disagree with our determinations as to the income and expenses attributable to specific jurisdictions. If such a challenge or disagreement were to occur, and our position was not sustained, we could be required to pay additional taxes, interest and penalties, which could result in one- time tax charges, higher effective tax rates, reduced cash flows and lower overall profitability of our operations. Our financial statements could fail to reflect adequate reserves to cover such a contingency. Changes in tax laws or regulations in the various tax jurisdictions we are subject to that are applied adversely to us or our customers could increase the costs of our products and harm our business. New income, sales, use, value- added or other tax laws, statutes, rules, regulations or ordinances could be enacted at any time. Those enactments could harm our domestic and international business operations, and our business and financial performance. Further, existing tax laws, statutes, rules, regulations or ordinances could be interpreted, changed, modified or applied adversely to us. These events could require us or our customers to pay additional tax amounts on a prospective or retroactive basis, as well as require us or our customers to pay fines and / or penalties and interest for past amounts deemed to be due. If we raise our prices to offset the costs of these changes, existing and potential future customers may elect not to purchase our products in the future. Additionally, new, changed, modified or newly interpreted or applied tax laws could increase our customers' and our compliance, operating and other costs, as well as the costs of our products. Further, these events could decrease the capital we have available to operate our business. Any or all of these events could harm our business and financial performance. For example, various legislative and regulatory actions and proposals, such as in the United States, the Organization for Economic Co- operation and Development and the EU, have increasingly focused on future tax reform and contemplate changes to long- standing tax principles, which could adversely affect our liquidity and results of operations. As a multinational organization, we may be subject to taxation in certain jurisdictions around the world with increasingly complex tax laws, the application of which can be uncertain. The amount of taxes we pay in these jurisdictions could increase substantially as a result of changes in the applicable tax principles, including increased tax rates, new tax laws or revised interpretations of existing tax laws and precedents, which could harm our liquidity and results of operations. In addition, the authorities in these jurisdictions could review our tax returns and impose additional tax, interest and penalties, and the authorities could claim that various withholding requirements apply to us or our subsidiaries or assert that benefits of tax treaties are not available to us or our subsidiaries, any of which could harm us and our results of operations. Our substantial indebtedness could materially adversely affect our financial condition, and our capital may not be available on acceptable terms or at all in the future. As of December 31, ~~2022~~ **2023** , we had cash and cash equivalents of $ ~~39~~ **29** . **9** ~~1 million, restricted cash of $ 12. 5~~ million, $ 125. 0 million borrowing capacity under the Revolving Credit Facility and up to $ ~~15~~ **30** . 0 million borrowing capacity under the Receivables Financing Agreement. As of December 31, ~~2022~~ **2023** , we **had no outstanding loan amounts under the Revolving Credit Facility and** had drawn down $ ~~72~~ **28** . **4** ~~0 million on the Revolving Credit Facility and $ 11. 7~~ million under the Receivables Financing Agreement. As of December 31, ~~2022~~ **2023** , the total principal amount outstanding under our First Lien Term Loan Facility was $ ~~404~~ **403** . ~~1~~ **8** million. Our substantial indebtedness could have important consequences to the holders of our common stock, including the following: • making it more difficult for us to satisfy our obligations with respect to our other debt; • limiting our ability to obtain additional financing to fund future working capital, capital expenditures, acquisitions or other general corporate requirements; • requiring us to dedicate a substantial portion of our cash flows to debt service payments instead of other purposes, thereby reducing the amount of cash flows available for working capital, capital expenditures, acquisitions, and other general corporate purposes; • increasing our vulnerability to general adverse economic and industry conditions; • limiting our flexibility in planning for and reacting to changes in the industry in which we compete; • placing us at a disadvantage compared to other, less leveraged competitors; and • increasing our cost of borrowing. As of December 31, ~~2022~~ **2023** , our substantial indebtedness also could have exposed us to the risk of increased interest rates, as our borrowings under our First Lien Term Loan Facility and Revolving Credit Facility are at variable rates of interest. However, in February 2022, to ~~reduce~~ **mitigate** this interest rate risk, we entered into an interest rate ~~hedge~~ **swap** contract as described in further detail in Note 8 – Derivatives to the accompanying consolidated financial statements. The First Lien Term Loan Facility and Revolving Credit Facility will mature on June 2028 and June 2026, respectively. We may need to refinance all or a portion of our indebtedness on or before the maturity thereof. We may not be able to obtain such financing on commercially reasonable terms or at all. Failure to refinance our indebtedness could have a material adverse effect on us. Furthermore, market conditions impacting financial institutions could impact our ability to access some or all of our cash, cash equivalents and marketable securities, and we may be unable to obtain alternative funding when and as needed on acceptable terms, if at all. The terms of our First Lien Credit Agreement may restrict our current and future operations, including our ability to respond to changes or to take certain actions. Our First Lien Credit Agreement contains a number of restrictive covenants that impose significant operating and financial restrictions on us and may limit our ability to engage in certain acts including, but not limited to, our ability to incur additional indebtedness or liens (with certain exceptions), make certain investments, engage in fundamental changes or transactions including changes of control, transfer or dispose of certain assets, make restricted payments (including dividends), engage in new lines of business, make certain prepayments and engage in certain affiliate transactions. See Part II, Item 7. " Management' s Discussion and Analysis of Financial Condition and Results of Operations — Liquidity and Capital Resources — Credit Facilities. " Our First Lien Credit Agreement also contains financial covenants that require us to maintain certain liquidity levels and prohibit us from exceeding certain leverage levels. As a result of these restrictions, we may be limited in how we conduct our business, unable to raise additional debt or equity financing to operate during general economic or business downturns, or unable to compete effectively or to take advantage of new business opportunities. We have obtained modifications of our financial covenants in the past and, depending on our future financial performance, may need to request further modifications in the future. A breach of the covenants, including the financial covenants, or restrictions under our First Lien Credit Agreement could result in a default or an event of default. Such a default may allow the creditors to accelerate the related debt and may result in the acceleration of any other debt to which a cross- acceleration or cross- default provision applies. In addition, an event of default would permit the lenders to terminate all commitments to extend further credit under such facility. Furthermore, if we were unable to repay the amounts due and payable or negotiate other modifications to our debt agreements to secure the cure or wavier of such event of default, those lenders under each facility could proceed against the collateral granted to them to secure that indebtedness. In the event our lenders were to accelerate the repayment of our indebtedness, we and our subsidiaries may not have sufficient assets to repay that indebtedness. In exacerbated or prolonged circumstances, one or more of these events could result in our bankruptcy or liquidation. Our debt has been downgraded and may further be downgraded, which could have a material adverse effect on our business, financial condition, and results of operations. A reduction in the ratings that rating agencies assign to our short- and long- term debt may negatively impact our access to the debt capital markets and increase our cost of borrowing, which could have a material adverse effect on our business, financial condition, and results of operations. For example, in March 2022, Moody' s Investors Service downgraded our First Lien Credit Agreement (as defined below) to B3 from B2, and, in August 2022, changed its outlook on our First Lien Credit Agreement from positive to negative. We cannot provide assurance that our current ratings will be raised or remain in effect for any given period of time, or that a rating will not be downgraded or further downgraded in the future. Risks Related to Intellectual Property, Information Technology, and Data Privacy Recent changes to patent laws in the United States and in foreign jurisdictions may limit our ability to obtain, defend, and / or enforce our patents. The U. S. Supreme Court has ruled on several patent cases in recent years, either narrowing the scope of patent protection available in certain circumstances or weakening the rights of patent owners in certain situations. In addition to increasing uncertainty with regard to our ability to obtain patents in the future, this combination of events has created uncertainty with respect to the value of patents, once obtained. Depending on actions by the U. S. Congress, the U. S. federal courts, and the United States Patent and Trademark Office, the laws and regulations governing patents could change in unpredictable ways that could weaken our ability to obtain new patents or to enforce patents that we have licensed or that we might obtain **or license** in the future. Similarly, changes in patent laws or regulations in other countries or jurisdictions, changes in the governmental bodies that enact them or changes in how the relevant governmental authority enforces patent laws or regulations may weaken our ability to obtain new patents or to enforce patents that we have licensed or that we may obtain **or license** in the future. If our trademarks and trade names are not adequately protected, we may not be able to build name recognition in our markets of interest. If our trademarks and trade names are not adequately protected, we may not be able to build name recognition and our business may be adversely affected. At times, competitors may adopt trade names or trademarks similar to ours, thereby impeding our ability to build brand name recognition, possibly leading to market confusion and potentially requiring us to pursue legal action, which could be time consuming and costly. In addition, there could be potential trade name or trademark infringement claims brought by owners of other registered trademarks or trademarks that incorporate variations of our unregistered trademarks or trade names, which could be time consuming and costly to litigate. If we are unable to successfully register our trademarks and trade names and establish brand name recognition based on our trademarks and trade names, then we may not be able to compete effectively and our business may be adversely affected. Our efforts to enforce or protect our proprietary rights related to trademarks, domain names, copyrights, or other intellectual property may be ineffective and could result in substantial costs and diversion of resources and could adversely impact our financial condition or results of operations. Our success depends in part on our ability to operate without infringing **,** ~~on or~~ misappropriating **or otherwise violating** the **intellectual property and** proprietary rights of others, and if we are unable to do so we may be liable for damages. We cannot be certain that United States or foreign patents or patent applications of other companies do not exist or will not be issued that would prevent us from commercializing our products. Third parties may sue us for allegedly infringing ~~or~~ **,** misappropriating **or otherwise violating** their patent or other intellectual property rights. Intellectual property litigation is time consuming and costly. If we do not prevail in litigation, depending on the litigant, in addition to any damages we might have to pay, we could be required to cease the infringing activity or obtain a license requiring us to make royalty payments **or agree to other ongoing obligations** . It is possible that a required license may not be available to us on commercially acceptable terms, if at all. In addition, a required license may be non- exclusive, and therefore our competitors may have access to the same intellectual property rights licensed to us. If we fail to obtain a required license or are unable to design around a third party' s patent **or other intellectual property rights** , we may be unable to make use of some of the affected products, or their features, which could reduce our revenues and adversely affect our business. The defense costs and settlements for patent infringement ~~lawsuits~~ **litigation** are not covered by insurance. Patent infringement ~~lawsuits are~~ **litigation is** costly and can take years to resolve. If we are not successful in our defenses or are not successful in obtaining dismissals of any such ~~lawsuit~~ **litigation** and / or subsequent appeals, legal fees or settlement costs could have a material adverse effect on our results of operations and financial condition. We rely significantly on information technology, and any failure, inadequacy or interruption of that technology could **materially** harm our ability to effectively operate our business **and financial condition** . Our business relies on ~~information~~ **computer systems, hardware, software,** technology **infrastructure and online sites and networks for both internal and external operations that are critical to our business (collectively, " IT Systems "). We own and manage some of these IT Systems but also rely on third parties for a range of IT Systems and related products and services, including but not limited to cloud computing services** . Our ability to effectively manage and maintain our inventory and internal reports, and to ship products to customers and invoice them on a timely basis, depends significantly on our enterprise resource planning, warehouse management, and other ~~information~~ **IT** ~~systems~~ **Systems** , including those operated by certain of our third- party partners. We also heavily rely on **IT** ~~information technology systems~~ **Systems** to process financial and accounting information for financial reporting purposes. Any of these **IT** ~~systems~~ **Systems** could fail or experience a service interruption for a number of reasons, including **human or technological** ~~computer viruses, programming errors~~ - **error** , ~~hacking~~ **malicious code embedded in open- source software, misconfigurations, " bugs "** or other ~~unlawful activities~~ **vulnerabilities in commercial software that is integrated into our (or our suppliers' or service providers') IT Systems** , **products or services, or** disasters or our failure to properly maintain **IT** ~~system~~ **System** redundancy or protect, repair, maintain or upgrade our **IT** ~~systems~~ **Systems** . The failure of our or our third- party partners' **IT** ~~information technology systems~~ **Systems** to operate effectively or to integrate with other systems, or a breach in security of these **IT** ~~systems~~ **Systems** , could cause delays in product fulfillment and reduced efficiency of our operations, which could **materially** negatively impact our **business, reputation, results of operations, and** financial results. If we or our third- party partners experienced any significant disruption to our **IT** ~~systems~~ **Systems** that we are unable to mitigate, our ability to timely report our financial results could be impacted, which could negatively impact our stock price. We also communicate electronically throughout the world with our employees and with third parties, such as customers, suppliers, vendors and consumers. A service interruption or shutdown could have a materially adverse impact on our operating activities and could result in **material financial,** reputational, competitive, and business harm. **Incident response,** ~~Remediation~~ **remediation** and repair of any failure, problem or breach of our key **IT** ~~information technology systems~~ **Systems or future compliance costs** could require significant capital investments, which could **materially** adversely affect our business. ~~Cyber attacks~~ **If we or** ~~or~~

**our third- party providers fail to protect confidential information and / or experience** data ~~breaches~~ **security incidents, there may be damage to our brand and reputation, material financial penalties, and legal liability, which** could **materially** adversely affect our business, ~~disrupt our~~ **results of** operations, and ~~negatively impact~~ **financial condition. We and certain of** our **third- party providers collect, maintain and process data about customers, employees,** business **partners and others, including personal data, as well as proprietary information belonging to our business such as trade secrets (collectively, " Confidential Information ")** . Threats to ~~network~~ **the confidentiality, integrity** and ~~data security~~ **availability of our IT Systems and Confidential Information** are increasingly diverse and sophisticated ~~. Despite our efforts and processes to prevent cyber- attacks and data breaches~~ , **including from a range** ~~our products and services, as well as our servers, computer and information technology systems, and those~~ of ~~third parties that we use in our operations are vulnerable to~~ cybersecurity risks **and threats** , ~~including cyber- attacks~~ such as viruses and worms, ransomware attacks, **social engineering /** phishing attacks, denial- of- service attacks, physical or electronic break- ins, email scams in an attempt to acquire data or company assets, third- party or employee theft or misuse, and similar disruptions from unauthorized tampering with our servers and computer systems or those of third parties that we use in our operations **. Cyberattacks are expected to accelerate on a global basis in frequency and magnitude as threat actors are becoming increasingly sophisticated in using techniques and tools — including artificial intelligence — that circumvent security controls** , ~~which~~ **evade detection and remove forensic evidence. A cyberattack** could lead to interruptions, delays, loss of critical data, unauthorized access to **Confidential Information** ~~customer and employee personal data~~ , and loss of customer confidence, which could have a material adverse effect on our reputation, business, financial condition, results or operations, growth and future prospects. Despite our efforts to implement security barriers to such threats, **we** ~~the techniques used by cyber threat actors change frequently and~~ may be ~~difficult~~ **unable** to ~~anticipate and~~ detect ~~. As~~ **, investigate, remediate or recover from future attacks or incidents, or to avoid** a **material adverse impact to our IT Systems, Confidential Information or business. There can also be no assurance that our cybersecurity risk management program or processes, policies, controls and / or procedures, will be fully implemented, complied with or effective in protecting our IT Systems and Confidential Information. Further, because we make extensive use of third- party suppliers and service providers, such as cloud services that support our internal and customer- facing operations, successful cyberattacks that disrupt or** result **in unauthorized access** ~~, we may not be able~~ to ~~entirely mitigate these threats~~ **third party IT Systems can materially impact our operations and financial results** . As a result of the COVID- 19 pandemic, remote **and hybrid** work and remote access to our **company' s (and many third- party providers') IT** ~~systems~~ **Systems** has increased significantly, which has also increased our cybersecurity attack surface **due to the challenges associated with managing remote computing assets and security vulnerabilities that are present in many non- corporate and home networks** . Accordingly, we could experience an increase in cyberattack volume, frequency and sophistication driven by the global enablement of remote workforces. **We** ~~Our products~~ and ~~services~~ **certain of our third- party providers regularly experience cyberattacks and other incidents, and we expect such attacks and incidents to continue in varying degrees. While to date no incidents have had a material impact on our operations or financial results, we cannot guarantee that material incidents will not occur in the future. Any adverse impact to the availability, integrity or confidentiality of our Confidential Information or IT Systems, or due to the challenges associated with managing remote computing assets and security vulnerabilities that** are **present in many** ~~potentially vulnerable to additional known~~ -- **non** ~~or unknown threats. Any cyber~~ - **corporate** ~~attack that attempts to obtain our or our customers' data~~ and **home networks** ~~assets, disrupt our service, or otherwise access our systems, or~~ those of third parties we use ~~, if successful~~ , could adversely affect our business, financial condition, and results of operations, be expensive to remedy, and damage our reputation. In addition, any such ~~breaches~~ **incident or attack** may result in negative publicity, ~~litigation and~~ **legal claims or proceedings (such as class actions),** regulatory action ~~or~~ fines **and penalties,** and adversely affect our brand, impacting demand for our products and services, and could have ~~an~~ **a material** adverse effect on our business, financial condition, and results of operations. The costs of mitigating cybersecurity risks are significant and are likely to increase in the future. These costs include, but are not limited to, retaining the services of cybersecurity providers; compliance costs arising out of existing and future cybersecurity, data protection and privacy laws and regulations; and costs related to maintaining redundant networks, data backups and other damage- mitigation measures. Certain aspects of our business, particularly our website, heavily depend on consumers entrusting **Confidential** ~~personal financial information~~ **Information** to be transmitted securely over public networks. We have experienced increasing e- commerce sales over the past several years, which increases our exposure to cybersecurity risks. We invest considerable resources in protecting the personal data of our customers but ~~are still subject~~ **may be unable** to ~~the risks of security breaches and cyber~~ **detect, investigate, remediate or recover from future attacks or** incidents **, or** ~~resulting in unauthorized access~~ to ~~personal data~~ **avoid a material adverse impact our Confidential Information** . Any breach of our cybersecurity measures could result in violation of privacy, security, and data protection laws and regulations, ~~potential litigation~~ **legal claims or proceedings (such as class actions)** , government or regulatory **investigation and enforcement actions, fines and** penalties **,** and a loss of confidence in our security measures, **any or** all of which **materially adversely affect** ~~could have a negative impact on~~ our financial **condition, business,** results **of operations,** and ~~our~~ reputation. In addition, ~~a data breach~~ **an incident or attack** could cause us to incur significant costs, including **significant incident response, system restoration or remediation and future compliance** costs **. Finally** ~~to mitigate such breaches~~ , ~~such~~ **we may be subject to specific data security frameworks and / or laws that require us to maintain a certain level of security. For example, the Federal Trade Commission expects a company' s data security measures to be reasonable and appropriate in light of the sensitivity and volume of consumer information it holds, the size and complexity of its business, and the cost of available tools to improve security and reduce vulnerabilities. Additionally,** as ~~restoring~~ **we accept debit and credit cards for payment, we are subject to** the ~~integrity~~ **Payment Card Industry Data Security Standard (" PCI- DSS "), issued by the Payment Card Industry Security Standards Council. PCI- DSS contains compliance guidelines with regard to our**

**security surrounding the physical and electronic storage, processing and transmission** of **cardholder data. If we** ~~our -~~ **or** ~~system~~ **our service providers are unable to comply with the security standards established by banks and the payment card industry, we may be subject to fines, restrictions and expulsion from card acceptance programs, which could materially and adversely affect our business** . While our insurance policies include liability coverage for certain of these cyber- security or security- related matters, our insurance is subject to certain exclusions and exceptions, as well as retention amounts that could be substantial **. Therefore, we cannot guarantee that any costs and liabilities incurred in relation to an attack or incident will be covered by our existing insurance policies** . If we experience a significant security incident, we could be subject to liability or other damages that exceed our insurance coverage and we cannot be certain that such insurance policies will continue to be available to us on economically reasonable terms, or at all, or that any insurer will not deny coverage as to any future claim. The successful assertion of one or more large claims against us that exceed available insurance coverage, or the occurrence of changes in our insurance policies, including premium increases or the imposition of sublimits, large deductible or co- insurance requirements, could have a material adverse effect on our results of operations, financial condition and cash flows. ~~Any material disruption or breach of our information technology systems or those of third- party partners could materially damage our customer and business partner relationships and subject us to significant reputational, financial, legal, and operational consequences. We depend on our information technology systems, as well as those of third parties, to design and develop new products, operate our website, host and manage our services, store data, process transactions, respond to user inquiries, and manage inventory and our supply chain as well as to conduct and manage other business activities. Any material disruption or slowdown of our systems or those of third parties that we depend upon, including a disruption or slowdown caused by our or their failure to successfully manage significant increases in user volume or successfully upgrade our or their systems, or the occurrence of system failures, viruses, ransomware, security breaches, or other similar incidents, could cause information, including personal data, data related to orders, to be lost or delayed, which could result in delays in the delivery of products to retailers and customers or lost sales, which could reduce demand for our products, harm our brand and reputation, and cause our sales to decline. If changes in technology cause our information systems, or those of third parties that we depend upon, to become obsolete, or if our or their information systems are inadequate to handle our growth, particularly as we increase sales through our website, we could damage our customer and business partner relationships and our business and results of operations could be harmed. We interact with many of our consumers through our e- commerce platforms, and these systems face similar risks of interruption or attack. Consumers increasingly utilize these services to purchase our products and to engage with our brand. If we are unable to continue to provide consumers a user- friendly experience and evolve our platform to satisfy consumer preferences, the growth of our e- commerce business and our net revenues may be negatively impacted. If this software contains errors, bugs or other vulnerabilities which impede or halt service, this could result in damage to our reputation and brand, loss of users, or loss of revenue.~~ We collect, process, store, and use data, including personal data, confidential information, or company data, which subjects us to governmental regulation and other legal obligations related to privacy and security **,** and our **compliance with ever evolving federal, state, and foreign laws relating to the handling of such data involves significant expenditure and resources, and any** actual or perceived failure **by us** to comply with such obligations **may result in significant liability, negative publicity, and / or an erosion of trust, which** could ~~harm~~ **materially adversely affect** our business **, results of operations, and financial conditions** . We regularly collect, obtain, ~~and~~ **store, handle,** transmit ~~personal data~~ **, use and otherwise process business information and information related to individuals, including from and** about **actual and prospective** customers, **as well as our** employees, suppliers, and vendors in the course of conducting our business through our website, our app, and information technology systems. **We also depend on a number of third party vendors in relation to the operation of our business, a number of which process data on our behalf.** As such, we **and our vendors** are subject to numerous federal, state, and international data privacy and security laws, rules, ~~and~~ regulations **, industry standards and other requirements, including those that apply generally to the handling of information about individuals, and those that are specific to certain industries, sectors, contexts, or locations,** governing the collection, use, disclosure, retention, security, transfer, storage, and other processing of personal data. **These requirements, and their application, interpretation and amendment are constantly evolving and developing** In the United States, the FTC and many state **regulators** ~~attorneys general~~ are interpreting **and enforcing** federal and state consumer protection laws to impose standards for the online collection, use, dissemination, and security of data. Such standards require us to publish statements that describe how we handle personal data and choices individuals may have about the way we handle their personal data. If such information that we publish is considered untrue or inaccurate, we may be subject to government claims of unfair or deceptive trade practices, which could lead to significant liabilities and consequences. Moreover, according to the FTC, violating consumers' privacy rights or failing to take appropriate steps to keep consumers' personal data secure may constitute unfair acts or practices in or affecting commerce in violation of Section 5 (a) of the Federal Trade Commission Act. State consumer protection laws provide similar causes of action for unfair or deceptive practices. In addition, various federal and state legislative and regulatory bodies, or self- regulatory organizations, **have (and** may **continue to)** ~~expand~~ **expanded** current laws or regulations, ~~enact~~ **enacted** new laws or regulations or ~~issue~~ **issued** revised rules or guidance regarding privacy, data protection, consumer protection, and advertising, and as the regulatory environment related to information security, data collection and use, and privacy becomes increasingly rigorous, there are new and changing requirements applicable to our business. For example, the California Consumer Privacy Act (" CCPA") requires covered companies to provide disclosures to California consumers and provide such consumers certain data protection and privacy rights, including the ability to opt- out of certain ~~sales~~ **disclosure** of personal ~~information~~ **data** . The CCPA **also** provides for civil penalties for violations, as well as a private right of action for certain data breaches. This private right of action may increase the likelihood of, and risks associated with, data breach litigation. **Moreover,** ~~A ballot initiative from privacy rights advocates intended to augment and expand the CCPA called~~ the California Privacy Rights Act (" CPRA") ~~was passed in November 2020 and~~ took effect on January 1, 2023 **and** ~~(with a look back to January 2022). The~~

~~CPRA~~ significantly modifies the CCPA, including by expanding consumers' rights with respect to certain sensitive personal ~~information~~ **data** . The CPRA also creates a new state agency ~~that will be~~ vested with authority to implement and enforce the CCPA and the CPRA. The **enactment of the CCPA is prompting a wave of** ~~Virginia Consumer Data Protection Act (" VCDPA"), which also took effect on January 1, 2023, gives~~ new ~~data protection rights to Virginia residents and imposes additional obligations on controllers and processors of personal data. The Colorado Privacy Act closely resembles the VCDPA and will also take effect in 2023, although the two differ in many ways. New~~ legislation ~~proposed or enacted~~ in a number of U. S. states **which** imposes, or has the potential to impose additional obligations on companies that collect, store, use, retain, disclose, transfer and otherwise process confidential, sensitive and personal data, and will continue to shape the data privacy environment nationally. **For example, since the CCPA went into effect, comprehensive privacy statutes that share similarities with the CCPA are now in effect and enforceable in Virginia, Colorado, Connecticut, and Utah, and will soon be enforceable in several other states as well.** State laws are changing rapidly and there is discussion in Congress of a new federal data protection and privacy law to which we ~~would~~ **may** become subject if it is enacted. Such legislation may add additional complexity, variation in requirements, restrictions and potential legal risk, and require additional investment in resources to compliance programs, could impact strategies and availability of previously useful data and could result in increased compliance costs and changes in business practices and policies. **Further, in order to comply with the varying state laws around data breaches, we must maintain adequate security measures, which require significant investments in resources and ongoing attention.** We are also subject to laws, regulations, and standards in many jurisdictions outside of the United States, which apply broadly to the collection, use, retention, security, disclosure, transfer and other processing of personal ~~data~~ **information** . For example, in the European Economic Area, or EEA, the General Data Protection Regulation (" GDPR") imposes stringent operational requirements for entities processing personal information and significant penalties for non- compliance. In particular, under the GDPR, fines of up to 20 million Euros or up to 4 % of the annual global revenue of the noncompliant company, whichever is greater, could be imposed for violations of certain of the GDPR' s requirements. Such penalties are in addition to any civil litigation claims by data subjects and other regulatory actions that may be taken by competent authorities. We are also subject to the UK GDPR and UK Data Protection Act of 2018, which retains the GDPR in the United Kingdom' s national law and mirrors the fines under the GDPR. In addition, we are subject to evolving EU and UK privacy laws on cookies and e- marketing. In the EU and the UK, regulators are increasingly focusing on compliance with current national laws that implement the ePrivacy Directive, and which may be replaced by an EU regulation known as the ePrivacy Regulation, which will significantly increase fines for non- compliance. In the EU and the UK, informed consent is required for the placement of certain cookies or similar technologies on a customer' s or user' s device and for direct electronic marketing. The UK GDPR and the GDPR also impose conditions on obtaining valid consent, such as a prohibition on pre-checked consents and a requirement to ensure separate consents are sought for each type of cookie or similar technology. While the text of the ePrivacy Regulation is still under development, recent European court and regulators' decisions are driving increased attention to cookies and tracking technologies. If the trend of increasing enforcement by regulators of the strict approach to opt- in consent for all but essential use cases, this could lead to substantial costs, require significant systems changes, limit the effectiveness of our marketing activities, divert the attention of our technology personnel, adversely affect our margins, increase costs and subject us to additional liabilities. Regulation of cookies and similar technologies, and any decline of cookies or similar online tracking technologies as a means to identify and potentially target customers and users, may also lead to broader restrictions and impairments on our marketing and personalization activities and may ~~negatively~~ **materially adversely** impact our efforts to understand our customers and users **and our business, results of operations, and financial condition** . In addition to the GDPR, we are also subject to laws in China. Under China' s Cybersecurity Law, any collection, use, transfer and storage of personal information of a Chinese citizen through a network by the network operator should be based on the three principles of legitimacy, justification and necessity and requires the consent of the data subject. The rules, purposes, methods and ranges of such collection should also be disclosed to the data subject. China' s data localization requirements are becoming increasingly common in sector- specific regulations. For example, China' s Cybersecurity Law requires operators of critical information infrastructure (" CIIOs ") to store personal information and important data collected and generated from the critical information infrastructure within China. Non- compliance with China' s Cybersecurity Law can result in fines of up to RMB 100, 000 for the relevant entity as well as for the personnel directly responsible. On September 14, 2022, the Cyberspace Administration of China (" CAC "), China' s top cybersecurity regulator, released new amendments to China' s Cybersecurity Law for public consultation and if the amendments are passed, the amended law will increase the penalties for violations of cybersecurity obligations under the Cybersecurity Law to up to RMB 50 million, in line with those under the Data Security Law and PIPL. Building on this, China' s Data Security Law (" Data Security Law ") became effective on September 1, 2021. The primary purpose of the Data Security Law is to regulate data activities, safeguard data security, promote data development and usage, protect individuals and entities' legitimate rights and interests, and safeguard state sovereignty, state security and development interests. The Data Security Law applies extraterritorially, and to a broad range of activities that involve " data " (not only personal or sensitive data). Under the Data Security Law, entities and individuals carrying out data activities must abide by various data security obligations. For example, the Data Security Law proposes to classify and protect data based on the importance of data to the state' s economic development, as well as the degree of harm it will cause to national security, public interests, or legitimate rights and interests of individuals or organizations when such data is tampered with, destroyed, leaked, or illegally acquired or used. The appropriate level of protective measures is required to be taken for each respective class of data. The Data Security Law also echoes the data localization requirement in the Cybersecurity Law and requires important data to be stored locally in China. Such important data may only be transferred outside of China subject to compliance with certain data transfer restrictions, such as passing a security assessment organized by the relevant **authorities.** The Cybersecurity Review Measures, which took effect on February 15, 2022 in China, clarifies when entities must apply for a mandatory cybersecurity review from the Chinese government authorities. These circumstances include when (i) CIIOs purchase network products that may affect national security, (ii) when a network platform operator' s data processing activities may affect national security, or (iii) when a network platform operator holds personal information of more than one million individuals and plans on listing publicly abroad (outside China). Network platform operators are not defined but is understood to be broadly interpreted to include all Internet platform operators or service providers, thus providing for a broad application. A mandatory cybersecurity review is likely to prolong the timeline of any contemplated listing timeline abroad and increase the regulatory compliance burden on entities that are subject to this requirement. Additionally, on August 20, 2021, ~~the People' s Republic of~~ China announced the Personal Information Protection Law (" PIPL "), which took effect on November 1, 2021. The PIPL is intended to clarify the scope of application, the definitions of personal information and sensitive personal information, the legality of personal information processing and the basic requirements of notice and consent, among other things. The PIPL also sets out data localization requirements for CIIOs and personal information processors who process personal information above a certain threshold prescribed by the relevant authorities. The PIPL also includes a list of rules which must be complied with prior to the transfer of personal information outside of China, such as compliance with a security assessment or certification by an agency designated by the relevant authorities or entering into standard form model contracts approved by the relevant authorities with the overseas recipient. On July 7, 2022, the Cyberspace Administration of China (the " CAC ") issued Security Assessment Measures for Outbound Data Transfers, which became effective on September 1, 2022. The Security Assessment Measures for Outbound Data Transfers clarifies the security assessment requirement under the PIPL and requires a data processor to apply for the security assessment organized by the CAC under any of the following circumstances before the information is transferred outbound: (i) where a data processor provides key data overseas, (ii) critical information infrastructure operator and personal information processors who process more than 1 million individuals personal information; (iii) where a data processor has cumulatively provided personal information of over 100, 000 individuals' or sensitive personal information of over 10, 000 individuals in total abroad since January 1 of the previous year. Additionally, on November 18, 2022, the CAC and the State Administration of Market Regulation issued the Implementation Rules for Personal Information Protection Certification which apply with immediate effect and which provide important guidance on obtaining a personal information certification for lawful cross- border transfer of personal information under the PIPL. **The CAC published the Measures on Standard Contract for Cross- border Transfer of Personal Information (effective on June 1, 2023) and the Guidelines on Filing the Standard Contract for the Export of Personal Information on February 24, 2023 and May 30, 2023, respectively – these provide important guidance on relying on the standard contract for transferring personal information out of the People' s Republic of China and on its filing requirement.** Notably, the PIPL, similar to the GDPR, applies extraterritorially. Failure to comply with PIPL can result in fines of up to RMB 50 million or 5 % of the prior year' s total annual revenue for the personal information processor and / or a suspension of services or data processing activities. Other potential penalties include a fine of up to RMB 1 million on the person in charge or directly responsible personnel and, in serious cases, individuals and entities may be exposed to criminal liabilities under other local Chinese law, such as the Criminal Law of the People' s Republic of China. The PIPL also prohibits responsible personnel for violations of the PIPL from holding high level management or data protection officer positions in relevant enterprises. In addition to China' s Cybersecurity Law, the Data Security Law and the PIPL, the relevant government authorities of the People Republic of China promulgated several regulations or released a number of draft regulations for public comments which are designed to provide further implemental guidance in accordance with the laws mentioned above. We cannot predict what impact the new laws and regulations or the increased costs of compliance, if any, will have on our operations in China, in particular the Data Security Law or PIPL, or the increased costs of compliance, if any, will have on our operations in China due to their recent enactment and the limited guidance available, particularly on PIPL, which entities are awaiting further guidance on. It is also generally unclear how the laws will be interpreted and enforced in practice by the relevant government authorities as often the above mentioned laws are drafted broadly and thus leaves great discretion to the relevant government authorities to exercise. **Finally** ~~The above mentioned privacy laws also contain onerous requirements relating to data security. Although we rely on a variety of security measures to provide security for our processing~~ , ~~transmission, and storage of personal information and other confidential information,~~ we ~~are unable to assure that we will not experience future security breaches, given the increasingly sophisticated tools used by hackers, data thieves, and cyber criminals. Any breach of our network or vendor systems may result in the loss of confidential business and financial data or misappropriation of personal information, which could have a material adverse effect on our business, including unwanted media attention, damage to our reputation, litigation, fines, significant legal and remediation expenses, or regulatory action. We~~ make public statements about our use and disclosure of personal information through our privacy policy, information provided on our website and press statements. ~~Although we endeavor~~ **Any failure or perceived failure by us** to ensure that our public statements are complete, accurate and fully implemented, ~~we~~ may **result in** ~~at times fail to do so or be alleged to have failed to do so. We may be subject to potential~~ regulatory **investigations and enforcement, claims or proceedings, fines and penalties, and negative reputational impacts** or other legal action if such policies or statements are found to be deceptive, unfair or misrepresentative of our actual practices. In addition, from time to time, concerns may be expressed about whether our products and services compromise the data privacy of our users and others. Any concerns about our data privacy and security practices (even if unfounded), or any failure, real or perceived, by us to comply with our posted privacy policies or public statements or with any legal or regulatory requirements, standards, certifications or orders or other privacy or consumer protection- related laws and regulations applicable to us, **may result in regulatory investigations and enforcement, claims or proceedings, fines and penalties, and negative reputational impacts and** could cause our users to reduce their use of our products and services. ~~While we believe~~ **Any or all of the foregoing could materially adversely affect our business, results of operations, and financial condition. We may be subject to claims** that we **have violated** ~~comply with industry standards and~~ applicable laws **or** ~~and industry~~ codes of conduct ~~relating to privacy~~ , ~~security,~~ and ~~data protection in~~

~~all material respects,~~ there is no assurance ~~that we will not be subject to claims that we have violated applicable laws or codes of conduct,~~ that we will be able to successfully defend against such claims or that we will not be subject to significant fines and penalties in the event of non- compliance. Additionally, in the United States, to the extent multiple state- level laws are introduced with inconsistent or conflicting standards and there is no federal law to preempt such laws, compliance with such laws could be difficult and costly to achieve and we could be subject to fines and penalties in the event of non- compliance. Any failure or perceived failure by us to comply with applicable privacy, security, and data protection laws, rules, regulations, and standards, or with other obligations to which we may be or may become subject, may result in **proceedings,** investigation **,** or actions against us by **individuals, consumer rights groups** governmental entities or regulators ~~, private~~ **. We could incur significant costs in investigating and defending such** claims and ~~litigations~~ **, if found liable, pay significant damages** , fines, penalties, or other liabilities or result in orders or consent decrees forcing us to modify our business practices. As a result, we may incur significant costs to comply with laws regarding the protection and unauthorized disclosure of personal information, which could also negatively impact our operations, resulting in a material adverse effect on our business, financial condition and results of operations. Any such action could be expensive to defend, damage our reputation and **materially** adversely affect our business, results of operations, and financial condition. We rely on operating system providers and app stores to support some of our products and services, including our app, and any disruption, deterioration or change in their services, policies, practices, guidelines and / or terms of service could have a material adverse effect on our reputation, business, financial condition and results of operations. The success of some of our products and services depend upon the effective operation of certain mobile operating systems, networks and standards that are run by operating system providers and app stores (Providers). We do not control these Providers and as a result, we are subject to risks and uncertainties related to the actions taken, or not taken, by these Providers. We largely utilize Android- based and iOS- based technology for our Traeger app. The Providers that control these operating systems frequently introduce new technology, and from time to time, they may introduce new operating systems or modify existing ones. Further, we are also subject to the policies, practices, guidelines, certifications and terms of service of Providers' platforms on which we publish our Traeger app and content. These policies, guidelines and terms of service govern the promotion, distribution, content and operation generally of applications and content available through such Providers. Each Provider has broad discretion to change and interpret its terms of service, guidelines and policies, and those changes may have an adverse effect on our or our customers' or users' ability to use our products and services. A Provider may also change its fee structure, add fees associated with access to and use of its platform or app store, limit the use of personal data information and other data for advertising purposes or restrict how users can share information on their platform or across other platforms. If we or our customers or users were to violate a Provider' s terms of service, guidelines, certifications or policies, or if a Provider believes that we or our customers or users have violated, its terms of service, guidelines, certifications or policies, then that Provider could limit or discontinue our or our customers' or users' access to its platform or app store. In some cases, these requirements may not be clear and our interpretation of the requirements may not align with the interpretation of the Provider, which could lead to inconsistent enforcement of these terms of service or policies against us or our customers or users and could also result in the Provider limiting or discontinuing access to its platform or app store. If our products and services were unable to work effectively on or with these operating systems, either because of technological or operational constraints or because the Provider impairs our ability to operate on their platform, this could have a material adverse effect on our business, financial condition and results of operations. If any Providers, including either Google (for Android) or Apple (for iOS) stop providing us with access to their platform or infrastructure, fail to provide reliable access, cease operations, modify or introduce new systems or otherwise terminate services, the delay caused by qualifying and switching to other operating systems could be time consuming and costly and could materially and adversely affect our business, financial condition and results of operations. Any limitation on or discontinuation of our or our customers' or users' access to any Provider' s platform or app store could materially and adversely affect our business, financial condition, results of operations or otherwise require us to change the way we conduct our business **. We may integrate AI solutions into our business operations, and the challenges associated with effectively managing its use could result in reputational harm, competitive harm, and legal liability, and adversely affect our results of operations. We may incorporate artificial intelligence (" AI ") solutions into our products, services and features, and these applications may become important in our operations over time. Our competitors or other third parties may incorporate AI into their products more quickly or more successfully than us, which could impair our ability to compete effectively and adversely affect our results of operations. Any integration of AI in our way or any third party' s operations, products or services is expected to pose new or unknown cybersecurity risks and challenges. Additionally, if the content, analyses, or recommendations that AI applications assist in producing are deficient, inaccurate, or biased, our business and results of operations may be adversely affected. The use of AI applications may result in cybersecurity incidents that implicate the personal data of end users of such applications. Any such cybersecurity incidents related to our use of AI applications could adversely affect our reputation and results of operations. AI also presents emerging ethical issues and if our use of AI becomes controversial, we may experience brand or reputational harm, competitive harm, or legal liability. The rapid evolution of AI, including potential government regulation of AI, will require significant resources to develop, test and maintain our platform, offerings, services, and features to help us implement AI ethically in order to minimize unintended, harmful impact** . Risks Related to Our Common Stock Our stock price may be volatile or may decline regardless of our operating performance, resulting in substantial losses for investors. The market price of our common stock may fluctuate significantly in response to numerous factors, many of which are beyond our control, including: • actual or anticipated fluctuations in our results of operations; • the financial projections we may provide to the public, any changes in these projections, or our failure to meet these projections; • failure of securities analysts to initiate or maintain coverage of us, changes in financial estimates or ratings by any securities analysts who follow us or our failure to meet these estimates or the expectations of investors; • announcements by us or our competitors of significant technical innovations, acquisitions, strategic partnerships, joint ventures, results of operations, or capital commitments; • changes in operating performance and stock market valuations of other retail companies generally, or those in our industry in particular; • price and volume fluctuations in the overall stock market, including as a result of the COVID- 19 pandemic and trends in the economy as a whole; • changes in our board of directors or management; • sales of large blocks of our common stock, including sales by our principal stockholders, executive officers or directors; • lawsuits threatened or filed against us; • changes in laws or regulations applicable to our business; • changes in our capital structure, such as future issuances of debt or equity securities; • short sales, hedging, and other derivative transactions involving our capital stock; • general economic conditions in the United States; • other events or factors, including those resulting from war, incidents of terrorism, pandemics, or other public health emergencies or responses to these events; and • the other factors described in this Part I, Item 1A. " Risk Factors. " Anti- takeover provisions in our charter documents and under Delaware law could make an acquisition of us more difficult, limit attempts by our stockholders to replace or remove our current management and limit the market price of our common stock. Provisions in our certificate of incorporation and bylaws may have the effect of delaying or preventing a change of control or changes in our management, including the following: • amendments to certain provisions of our certificate of incorporation or amendments to our bylaws will generally require the approval of at least two- thirds of the voting power of our outstanding capital stock; • our staggered board; • at any time when the parties to our Stockholders Agreement, dated as of July 28, 2021 (the " Stockholders Agreement "), with AEA Investors (the " AEA Fund "), Ontario Teachers' Pension Plan Board (" OTPP ") and Trilantic Capital Partners (" TCP "), beneficially own, in the aggregate, at least a majority of the voting power of our outstanding capital stock, our stockholders may take action by consent without a meeting, and at any time when the parties to our Stockholders Agreement beneficially own, in the aggregate, less than the majority of the voting power of our outstanding capital stock, our stockholders may not take action by written consent, but may only take action at a meeting of stockholders; • our certificate of incorporation does not provide for cumulative voting; • vacancies on our board of directors are able to be filled only by our board of directors and not by stockholders, subject to the rights granted pursuant to the Stockholders Agreement and the Management Stockholders Agreement, dated as of July 28, 2021 (the " Management Stockholders Agreement, and together with the Stockholders Agreement, the" New Stockholders Agreements"), between the Company and Jeremy Andrus; • a special meeting of our stockholders may only be called by the chairperson of our board of directors, our Chief Executive Officer or a majority of our board of directors; • our certificate of incorporation restricts the forum for certain litigation against us to Delaware or the federal courts, as applicable, unless we otherwise consent in writing; • our board of directors has the authority to issue shares of undesignated preferred stock, the terms of which may be established and shares of which may be issued without further action by our stockholders; and • advance notice procedures apply for stockholders (other than the parties to our New Stockholders Agreements for nominations made pursuant to the terms of the New Stockholders Agreements) to nominate candidates for election as directors or to bring matters before an annual meeting of stockholders. In addition, we have opted out of Section 203 of the Delaware General Corporation Law (" DGCL"), but our certificate of incorporation provides that engaging in any of a broad range of business combinations with any " interested stockholder " (generally defined as any person who, together with that person' s affiliates and associates, owns, 15 % or more of our outstanding voting stock) for a period of three years following the date on which the stockholder became an " interested stockholder " is prohibited, provided, however, that, under our certificate of incorporation, the parties to our Stockholders Agreement and their respective affiliates are not be deemed to be interested stockholders regardless of the percentage of our outstanding voting stock owned by them, and accordingly are not be subject to such restrictions. These provisions may frustrate or prevent any attempts by our stockholders to replace or remove our current management by making it more difficult for stockholders to replace members of our board of directors, which is responsible for appointing the members of our management. As a result, these provisions may adversely affect the market price and market for our common stock if they are viewed as limiting the liquidity of our stock or as discouraging takeover attempts in the future. A limited number of stockholders hold a substantial portion of our outstanding common stock, and their interests may conflict with our interests and the interests of other stockholders. As of March ~~9~~ **1** , ~~2023~~ **2024** , funds or entities affiliated with AEA Fund, OTPP, and TCP owned approximately ~~62~~ **60** % of the voting power of our common stock. In addition, pursuant to the Stockholders Agreement between us and these investors, we agreed to nominate to our board of directors individuals designated by each of the AEA Fund, OTPP and TCP and each such investor has the right to designate directors for so long as they each beneficially own at least 5 % of the aggregate number of shares of common stock outstanding immediately following our IPO. In addition, for so long as the AEA Fund, OTPP and TCP collectively beneficially own at least 30 % of the aggregate number of shares of common stock outstanding immediately following the IPO, certain actions by us or any of our subsidiaries will require the prior written consent of each of the AEA Fund, OTPP and TCP so long as such stockholder is entitled to designate at least two directors for nomination to our board of directors. The actions that will require prior written consent include: (i) change in control transactions, (ii) acquiring or disposing of assets or any business enterprise or division thereof for consideration excess of $ 250. 0 million in any single transaction or series of transactions, (iii) increasing or decreasing the size of our board of directors, (iv) terminating the employment of our chief executive officer or hiring a new chief executive officer, (v) initiating any liquidation, dissolution, bankruptcy or other insolvency proceeding involving us or any of our significant subsidiaries, and (vi) any transfer, issue, issuance, sale or disposition of any shares of common stock, other equity securities, equity- linked securities or securities that are convertible into equity securities of us or our subsidiaries to any person or entity that is a non- strategic financial investor in a private placement transaction or series of transactions. Even when the parties to our Stockholders Agreement cease to own shares of our stock representing a majority of the total voting power, for so long as such parties continue to own a significant percentage of our stock, they will still be able to significantly influence or effectively control the composition of our board of directors and the approval of actions requiring stockholder approval through their voting power. Accordingly, for such period of time, the parties to our Stockholders Agreement will have significant influence with respect to our management, business plans and policies. For instance, for so long as the AEA Fund, OTPP and TCP continue to own a significant percentage of our common stock, they may be able to cause or prevent a change of control of the Company or a change in the composition of our board of directors, and could preclude any unsolicited acquisition of the Company. The concentration of ownership could deprive us of what we perceive as an attractive business combination opportunity, or investors of an opportunity to receive a premium for their shares of common stock as part of a sale of the Company and ultimately may affect the market price of our common stock. Further, our certificate of incorporation provides that the doctrine of " corporate opportunity " does not apply with respect to certain parties to our Stockholders Agreement or their affiliates (other than us and our subsidiaries), and any of their respective principals, members, directors, partners, stockholders, officers, employees or other representatives (other than any such person who is also our employee or an employee of our subsidiaries), or any director or stockholder who is not employed by us or our subsidiaries. Future sales of shares by existing stockholders, including our principal stockholders, officers or directors, could cause our stock price to decline. If our existing stockholders sell, or indicate an intention to sell, substantial amounts of our common stock in the public market, the trading price of our common stock could decline. As of the date of this Annual Report on Form 10- K, our officers, directors and principal stockholders (greater than 5 % stockholders) collectively owned the significant majority of our issued and outstanding common stock. Subsequent sales of our shares by these stockholders could have the effect of lowering our stock price. The perceived risk associated with the possible sale of a large number of shares by these stockholders, or the adoption of significant short positions by hedge funds or other significant investors, could cause some of our stockholders to sell their stock, thus causing the price of our stock to decline. In addition, actual or anticipated downward pressure on our stock price due to actual or anticipated sales of stock by our directors or officers could cause other institutions or individuals to engage in short sales of our common stock, which may further cause the price of our stock to decline. **For example, as a public entity, we may be the subject of concerted efforts by short sellers to spread negative information in order to gain a market advantage. In addition, the publication of misinformation may also result in lawsuits, the uncertainty and expense of which could adversely impact our business, financial condition, and reputation. There are no assurances that we will not face short sellers' efforts or similar tactics in the future, and the market price of our common stock may decline as a result of their actions** From time to time our directors and executive officers may sell shares of our common stock on the open market. These sales will be publicly disclosed in filings made with the SEC. In the future, our directors and executive officers may sell a significant number of shares for a variety of reasons unrelated to the performance of our business. Our stockholders may perceive these sales as a reflection on management' s view of the business and result in some stockholders selling their shares of our common stock. These sales could cause the price of our stock to drop. Our certificate of incorporation provides that the doctrine of " corporate opportunity " does not apply with respect to certain parties to our New Stockholders Agreements and any director or stockholder who is not employed by us or our subsidiaries. The doctrine of corporate opportunity generally provides that a corporate fiduciary may not develop an opportunity using corporate resources, acquire an interest adverse to that of the corporation or acquire property that is reasonably incident to the present or prospective business of the corporation or in which the corporation has a present or expectancy interest, unless that opportunity is first presented to the corporation and the corporation chooses not to pursue that opportunity. The doctrine of corporate opportunity is intended to preclude officers or directors or other fiduciaries from personally benefiting from opportunities that belong to the corporation. Pursuant to our certificate of incorporation we renounced, to the fullest extent permitted by law and in accordance with Section 122 (17) of the Delaware General Corporation Law, all interest and expectancy that we otherwise would be entitled to have in, and all rights to be offered an opportunity to participate in, any opportunity that may be presented to the AEA Fund, OTPP and TCP or their affiliates (other than us and our subsidiaries), and any of their respective principals, members, directors, partners, stockholders, officers, employees or other representatives (other than any such person who is also our employee or an employee of our subsidiaries), or any director or stockholder who is not employed by the AEA Fund, OTPP and TCP or their affiliates and any director or stockholder who is not employed by us or our subsidiaries, therefore, have no duty to communicate or present corporate opportunities to us, and have the right to either hold any corporate opportunity for their (and their affiliates') own account and benefit or to recommend, assign or otherwise transfer such corporate opportunity to persons other than us, including to any director or stockholder who is not employed by us or our subsidiaries. As a result, certain of our stockholders, directors and their respective affiliates are not prohibited from operating or investing in competing businesses. We ~~,~~therefore, may find ourselves in competition with certain of our stockholders, directors or their respective affiliates, and we may not have knowledge of, or be able to pursue, transactions that could potentially be beneficial to us. Accordingly, we may lose a corporate opportunity or suffer competitive harm, which could negatively impact our business, operating results and financial condition. The provision of our certificate of incorporation requiring exclusive forum in certain courts in the State of Delaware or the federal district courts of the United States for certain types of lawsuits may have the effect of discouraging lawsuits against our directors and officers. Our certificate of incorporation provides that, unless we otherwise consent in writing, (A) (i) any derivative action or proceeding brought on our behalf, (ii) any action asserting a claim of breach of a fiduciary duty owed by any current or former director, officer, other employee or stockholder of us to the us or the our stockholders, (iii) any action asserting a claim arising pursuant to any provision of the DGCL, our certificate of incorporation or our bylaws (as either may be amended or restated) or as to which the DGCL confers exclusive jurisdiction on the Court of Chancery of the State of Delaware or (iv) any action asserting a claim governed by the internal affairs doctrine of the law of the State of Delaware shall, to the fullest extent permitted by law, be exclusively brought in the Court of Chancery of the State of Delaware or, if such court does not have subject matter jurisdiction thereof, the federal district court of the State of Delaware; and (B) the federal district courts of the United States shall be the exclusive forum for the resolution of any complaint asserting a cause of action arising under the Securities Act; however, there is uncertainty as to whether a court would enforce such provision, and investors cannot waive compliance with federal securities laws and the rules and regulations thereunder. Notwithstanding the foregoing, the exclusive forum provision does not apply to claims seeking to enforce any liability or duty created by the Exchange Act or any other claim for which the federal courts of the United States have exclusive jurisdiction. The choice of forum provision may limit a stockholder' s ability to bring a claim in a judicial forum that it finds favorable for disputes with us or our directors, officers or other employees, which may discourage such lawsuits against us and our directors, officers, and other employees, although our stockholders will not be deemed to have waived our compliance with federal securities laws and the rules and regulations thereunder. Alternatively, if a court were to find the choice of forum provision contained in our certificate of incorporation to be inapplicable or unenforceable in an action, we may incur additional costs associated with resolving such action in other jurisdictions, which could harm our business, results of operations, and financial condition. Any person or entity purchasing or otherwise acquiring or holding any interest in shares of our capital stock shall be deemed to have notice of and consented to the forum provisions in our certificate of incorporation. We are obligated to develop and maintain proper and effective internal control over financial reporting, and if we fail to develop and maintain an effective system of disclosure controls and internal control over financial reporting, our ability to produce timely and accurate financial statements or comply with applicable laws and regulations could be impaired. As a public company, we are subject to the reporting requirements of the Exchange Act, the Sarbanes- Oxley Act of 2002, or the Sarbanes- Oxley Act, the Dodd- Frank Wall Street Reform and Consumer Protection Act of 2010, the listing requirements of the New York Stock Exchange, and other applicable securities rules and regulations. Compliance with these rules and regulations will increase our legal and financial compliance costs, make some activities more difficult, time consuming, or costly, and increase demand on our systems and resources, particularly after we are no longer an emerging growth company. The Exchange Act requires, among other things, that we file annual, quarterly, and current reports with respect to our business and results of operations. The Sarbanes- Oxley Act requires, among other things, that we maintain effective disclosure controls and procedures and internal control over financial reporting. It may require significant resources and management oversight to maintain and, if necessary, improve our disclosure controls and procedures and internal control over financial reporting to meet this standard. As a result, management' s attention may be diverted from other business concerns, which could adversely affect our business and results of operations. Although we have already hired additional employees to comply with these requirements, we may need to hire more employees in the future or engage outside consultants, which would increase our costs and expenses As a public company, we are also required, pursuant to Section 404 of the Sarbanes- Oxley Act, to furnish a report by management on, among other things, the effectiveness of our internal control over financial reporting commencing with this Annual Report on Form 10- K. Effective internal control over financial reporting is necessary for us to provide reliable financial reports and, together with adequate disclosure controls and procedures, are designed to prevent fraud. Any failure to implement required new or improved controls, or difficulties encountered in their implementation, could cause us to fail to meet our reporting obligations. Ineffective internal controls could also cause investors to lose confidence in our reported financial information, which could have a negative effect on the trading price of our common stock. This assessment will need to include disclosure of any material weaknesses identified by our management in our internal control over financial reporting, as well as a statement that our independent registered public accounting firm has issued an opinion on the effectiveness of our internal control over financial reporting, provided that our independent registered public accounting firm will not be required to attest to the effectiveness of our internal control over financial reporting until our first annual report required to be filed with the SEC following the later of the date we are deemed to be an " accelerated filer " or a " large accelerated filer, " each as defined in the Exchange Act, or the date we are no longer an emerging growth company, as defined in the JOBS Act. An independent assessment of the effectiveness of our internal controls could detect problems that our management' s assessment might not. Undetected material weaknesses in our internal controls could lead to financial statement restatements and require us to incur the expense of remediation. We may need to undertake various actions to ensure compliance with applicable rules and regulations, such as implementing new or additional internal controls and procedures and hiring accounting or internal audit staff. If we are unable to assert that our internal control over financial reporting is effective, or if our independent registered public accounting firm is unable to express an opinion on the effectiveness of our internal control, we could lose investor confidence in the accuracy and completeness of our financial reports, which could cause the price of our common stock to decline, and we may be subject to investigation or sanctions by the SEC. In addition, if we are unable to continue to meet these requirements, we may not be able to remain listed on the New York Stock Exchange. **For example, 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 accumulated other comprehensive income (loss) (" 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. To remediate the material weakness in the Company' s internal control over financial reporting, the Company completed a remediation plan that included: (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. We can give no assurance that any additional material weaknesses or restatements of financial results will not arise in the future due to a failure to implement and maintain adequate internal control over financial reporting or circumvention of these controls. In addition, even if we are successful in strengthening our internal control over financial reporting, in the future those controls may not be adequate to prevent or identify irregularities or errors or to facilitate the fair presentation of our consolidated financial statements.** In addition, as we continue to scale and improve our operations, including our internal systems and processes, we are currently implementing, and in the future may seek to implement, a variety of critical systems, such as billing, human resource information systems and accounting systems. We cannot assure you that new systems, including any increases in scale or related improvements, will be successfully implemented or that appropriate personnel will be available to facilitate and manage these processes. Failure to implement necessary systems and procedures, transition to new systems and processes or hire the necessary personnel could result in higher costs, compromised internal reporting and processes and system errors or failures. For example, we are in the process of implementing a new product lifecycle management system, or PLM system, as a development tool to help us compile and analyze data related to the lifecycle of our products. The implementation and transition to any new critical system, including our new PLM system, or enhancements to existing systems, may be costly, require significant attention of many employees who would otherwise be focused on other aspects of our business and disruptive to our business if they do not work as planned or if we experience issues related to such implementation or transition, which could have a material adverse effect on our operations. We have incurred ~~and expect to continue to incur~~ substantial stock- based compensation expense and incurring substantial obligations related to the vesting and settlement of RSUs granted in connection with the completion of our IPO, which may have an adverse effect on our financial condition and results of operations and may result in substantial dilution. In connection with ~~out~~ **our** initial public ~~offereing~~ - **offering** , 7, 782, 957 ~~restricted stock units subject to the awards of time~~ **-** ~~(" RSUs") and performance~~ based restricted stock units ( ~~"~~ **“ RSUs ”) and performance- based restricted stock units (“** PSUs ~~"~~ **”** ) were granted to Jeremy Andrus, our Chief Executive Officer (collectively, the “ CEO Awards ”) **, 744, 998 PSUs were granted to other senior- level executives (collectively, the “ IPO PSUs ”)** and 4, 380, 285 RSUs were granted to other employees ~~in connection with our IPO~~ (collectively, the ~~"~~ **“** IPO RSUs ~~"~~ **”** and, together with the CEO ~~Award~~ **Awards and IPO PSUs** , the ~~"~~ **“** IPO Awards ~~"~~ **”** ). ~~Effective~~ **In** August ~~31,~~ 2022 ~~, of the IPO RSUs~~ , we accelerated the vesting of unvested shares subject to **IPO** RSUs granted to certain employees **, as well as 2, 075, 455 unvested RSUs** and 518, 864 earned but unvested ~~shares~~ **PSUs** subject to ~~PSUs~~ **the CEO Awards** granted to Jeremy Andrus **. In April 2023, the Board approved the cancellation and termination of the unearned CEO PSUs and IPO PSUs originally granted to the executives in connection with our initial public offering** . As a result of the foregoing, we have incurred ~~and expect that we will continue to incur~~ substantial stock- based compensation expenses and may expend substantial funds to satisfy tax withholding and remittance obligations related to these ~~RSUs. 4, 150, 910 restricted stock units subject to the CEO Awards~~ **awards** ~~will vest based on the achievement of performance goals, which we refer to as the" PSU CEO Awards" and RSUs subject to the CEO Awards, which we refer to as the" Time- Based RSU CEO Awards" vested in connection with the August 2022 acceleration. The PSU CEO Awards granted to Mr. Andrus will become earned based on the achievement of stock price goals (measured as a volume- weighted stock price over 60 days) at any time until the tenth anniversary of the closing of our IPO. Mr. Andrus' s PSU CEO Award is divided into five tranches, with the first tranche having a stock price goal of 125 % of the initial public offering price, and each of the next four stock prices goals equal to 125 % of the immediately preceding stock price goal. To the extent earned, the PSU CEO Awards will vest if certain time- based vesting conditions are also met~~ . We have recorded ~~and will continue to record~~ substantial stock- compensation expense for the IPO ~~RSUs, CEO~~ Awards, ~~and and the acceleration~~ **accelerated** ~~of~~ vesting **,** ~~of RSUs~~ and **cancellation and termination** ~~PSUs held by certain~~ of ~~our employees~~ **unearned awards as described above** . The accelerated vesting was determined to be a modification and therefore, we 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, we recorded approximately $ ~~39~~ **40** . ~~4~~ **5** million of accelerated ~~equity~~ **stock** - based compensation for the year ended December 31, 2022 **. As a result of the cancellation and termination of the unearned CEO PSUs and IPO PSUs, we recognized $ 27. 5 million of stock- based compensation for the year ended December 31, 2023** . We are a “ controlled company ” within the meaning of the corporate governance standards of the New York Stock Exchange. As a result, we qualify for, and intend to rely on, exemptions from certain corporate governance standards. You will not have the same protections afforded to stockholders of companies that are subject to such requirements. The AEA Fund, OTPP and TCP collectively control a majority of the voting power of shares eligible to vote in the election of our directors. Because more than 50 % of the voting power in the election of our directors is held by an individual, group, or another company, we are a “ controlled company ” within the meaning of the corporate governance standards of the New York Stock Exchange. As a controlled company, we may elect not to comply with certain corporate governance requirements, including the requirements that ~~, within one year of the date of the listing of our common stock~~ : • a majority of our board of directors consists of “ independent directors, ” as defined under the rules of such exchange; • our board of directors has a compensation committee that is composed entirely of independent directors with a written charter addressing the committee’ s purpose and responsibilities; and • our board of directors has a nominating and corporate governance committee that is composed entirely of independent directors with a written charter addressing the committee’ s purpose and responsibilities. We do not intend to rely on these exemptions ~~, except for the exemption from the requirement that our compensation committee be composed entirely of independent directors~~ . However, as long as we remain a “ controlled company, ” we may elect in the future to take advantage of any of these exemptions. As a result of any such election, our board of directors would not have a majority of independent directors, our compensation committee would not consist entirely of independent directors and our directors would not be nominated or selected by independent directors. Accordingly, you will not have the same protections afforded to stockholders of companies that are subject to all of the corporate governance requirements of the New York Stock Exchange rules. We are an “ emerging growth company ” and are availing ourselves of reduced disclosure requirements applicable to emerging growth companies, which could make our common stock less attractive to investors. We are an emerging growth company, as defined in the JOBS Act, and we are taking advantage of and may continue to take advantage of, for as long as five years following the completion of our IPO, certain exemptions from various reporting requirements that are applicable to other public companies that are not emerging growth companies, including not being required to comply with the auditor attestation requirements of Section 404 (b) of the Sarbanes- Oxley Act, reduced disclosure obligations regarding executive compensation in our periodic reports and proxy statements and exemptions from the requirements of holding a nonbinding advisory vote on executive compensation and stockholder approval of any golden parachute payments not previously approved. In addition, under the JOBS Act, emerging growth companies can delay the adoption of certain new or revised accounting standards until those standards would otherwise apply to private companies. We have elected to avail ourselves of this exemption from new or revised accounting standards and, therefore, we are not and will continue not to be subject to the same new or revised accounting standards as other public companies that are not emerging growth companies or that have opted out of using such extended transition period, which may make comparison of our financial statements with those of other public companies more difficult. We cannot predict if investors will find our common stock less attractive because we are relying on these exemptions. If some investors find our common stock less attractive as a result, there may be a less active trading market for our common stock and our stock price may be more volatile. If securities or industry analysts do not publish research or reports about our business, or they publish negative reports about our business, our share price, and trading volume could decline. The trading market for our common stock depends in part on the research and reports that securities or industry analysts publish about us or our business, our market, and our competitors. We do not have any control over these analysts. If one or more of the analysts who cover us downgrade our shares or change their opinion of our shares, our share price would likely decline. If one or more of these analysts cease coverage of us or fail to regularly publish reports on us, we could lose visibility in the financial markets, which could cause our share price or trading volume to decline. We do not intend to pay dividends for the foreseeable future. We currently intend to retain any future earnings to finance the operation and expansion of our business, and we do not expect to declare or pay any dividends in the foreseeable future. As a result, stockholders must rely on sales of their common stock after price appreciation as the only way to realize any future gains on their investment. General Risks We may engage in merger and acquisition activities, which could require significant management attention, disrupt our business, dilute stockholder value, and adversely affect our results of operations. As part of our business strategy, we have made and may in the future make investments in businesses, new technologies, services and other assets and strategic investments that complement our business. For example, on July 1, 2021 we acquired all of the equity interests of Apption Labs, which specializes in the manufacture and design of hardware and software related to small kitchen appliances, including the MEATER smart thermometer and related technology. We may not be able to find suitable acquisition candidates and we may not be able to complete acquisitions on favorable terms, if at all, in the future. If we do complete acquisitions, we may not ultimately strengthen our competitive position or achieve our goals, and any acquisitions we complete could be viewed negatively by our customers or investors. Moreover, an acquisition, investment, or business relationship may result in unforeseen operating difficulties and expenditures, including disrupting our ongoing operations, diverting management from their primary responsibilities, subjecting us to additional liabilities, increasing our expenses, and adversely impacting our business, financial condition, and results of operations. Moreover, we may be exposed to unknown liabilities and the anticipated benefits of any acquisition, investment, or business relationship may not be realized, if, for example, we fail to successfully integrate such acquisitions, or the technologies associated with such acquisitions, into our company. To pay for any such acquisitions, we would have to use cash, incur debt, or issue equity securities, each of which may affect our financial condition or the value of our capital stock and could result in dilution to our stockholders. If we incur more debt it would result in increased fixed obligations and could also subject us to covenants or other restrictions that would impede our ability to manage our operations. Additionally, we may receive indications of interest from other parties interested in acquiring some or all of our business. The time required to evaluate such indications of interest could require significant attention from management, disrupt the ordinary functioning of our business, and could have an adverse effect on our business, financial condition, and results of operations. From time to time, we may be subject to legal proceedings, regulatory disputes, and governmental inquiries that could cause us to incur significant expenses, divert our management' s attention, and materially harm our business, financial condition, and results of operations. From time to time, we may be subject to claims, lawsuits, government investigations, and other proceedings involving products liability, competition, and antitrust, intellectual property, privacy, consumer protection, securities, tax, labor and employment, commercial disputes, and other matters that could adversely affect our business operations and financial condition. As we have grown, we have seen a rise in the number and significance of these disputes and inquiries, and we may face increased exposure to securities litigation as a public company. Litigation and regulatory proceedings that we are currently facing or could face, may be protracted and expensive, and the results are difficult to predict. Certain of these matters include speculative claims for substantial or indeterminate amounts of damages and include claims for injunctive relief. Additionally, our litigation costs could be significant. Adverse outcomes with respect to litigation or any of these legal proceedings may result in significant settlement costs or judgments, penalties, and fines, or require us to modify our products or services, make content unavailable, or require us to stop offering certain features, all of which could negatively affect our business, financial condition, and results of operations. The results of litigation, investigations, claims, and regulatory proceedings cannot be predicted with certainty, and determining reserves for pending litigation and other legal and regulatory matters requires significant judgment. There can be no assurance that our expectations will prove correct, and even if these matters are resolved in our favor or without significant cash settlements, these matters, and the time and resources necessary to litigate or resolve them, could harm our business, financial condition, and results of operations. Our financial results and future growth could be harmed by currency exchange rate fluctuations. As our international business grows, our results of operations could be adversely impacted by changes in foreign currency exchange rates, such as the British Pound and the Canadian Dollar, and we may transact in more foreign currencies in the future. Revenues and certain expenses in markets outside of the United States are recognized in local foreign currencies, and we are exposed to potential gains or losses from the translation of those amounts into U. S. dollars for consolidation into our financial statements. Similarly, we are exposed to gains and losses resulting from currency exchange rate fluctuations on transactions generated by our foreign subsidiaries in currencies other than their local currencies. In addition, the business of our independent manufacturers in China **, Taiwan,** and Vietnam may also be disrupted by currency exchange rate fluctuations by making their purchases of raw materials more expensive and more difficult to finance. Changes in the value of foreign currencies relative to the U. S. dollar can affect our revenue and results of operations. As we increase the extent of our international operations, such foreign currency exchange rate fluctuations could make it more difficult to detect underlying trends in our business and results of operations, such as our margins and cash flows. From time to time, we use hedging strategies to reduce our exposure to currency fluctuations and may continue to use derivative instruments, such as foreign currency forward and option contracts, to hedge certain exposures to fluctuations in foreign currency exchange rates. Given the volatility of exchange rates, there can be no assurance that we will be able to effectively manage our currency transaction risks. The use of such hedging activities may not offset any or more than a portion of the adverse financial effects of unfavorable movements in foreign exchange rates over the limited time the hedges are in place and may introduce additional risks if we are unable to structure effective hedges with such instruments. Our future success depends on the continuing efforts of our management and key employees, and on our ability to attract and retain highly skilled personnel and senior management. We depend on the talents and continued efforts of our senior management and key employees. The loss of members of our management or key employees may disrupt our business and harm our results of operations. **We do not maintain" key person" insurance for any of our executives or other employees.** Furthermore, our ability to manage further expansion will require us to continue to attract, motivate, and retain additional qualified personnel. Competition for this type of personnel is intense, and we may not be successful in attracting, integrating, and retaining the personnel required to grow and operate our business effectively **. As we continue to grow, and particularly in light of past reductions in headcount as part of our historical restructuring initiatives, we may find it difficult to maintain valuable aspects of our culture, to prevent a negative effect on employee morale or attrition beyond our planned reduction in headcount, and to attract competent personnel who are willing to embrace our culture. Any failure to preserve our culture could negatively affect our future success, including our ability to retain and recruit personnel and to effectively focus on and pursue our corporate objectives** . There can be no assurance that our current management team or any new members of our management team will be able to successfully execute our business and operating strategies. If our estimates or judgments relating to our critical accounting policies prove to be incorrect or change significantly, our results of operations could be harmed. The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the amounts reported in the consolidated financial statements and accompanying notes. We base our estimates on historical experience and on various other assumptions that we believe to be reasonable under the circumstances. These estimates form the basis for making judgments about the carrying values of assets, liabilities, and equity and the amount of sales and expenses that are not readily apparent from other sources. Our results of operations may be harmed if our assumptions change or if actual circumstances differ from those in our assumptions, which could cause our results of operations to fall below the expectations of securities analysts and investors and could result in a decline in our stock price. Our business is subject to the risk of earthquakes, fires, explosions, power outages, floods, forest fires, and other catastrophic events, and to interruption by problems such as terrorism, public health crises, cyberattacks, or failure of key information technology systems. Our business is vulnerable to damage or interruption from earthquakes, fires, explosions, floods, **storms,** power losses, telecommunications failures, terrorist attacks, acts of war, riots, public health crises, human errors, criminal acts, and similar events. For example, a significant natural disaster or adverse weather event, such as an earthquake, fire, **storm** or flood, could harm our business, results of operations, and financial condition, and our insurance coverage may be insufficient to compensate us for losses that may occur. Our wood pellet production facility in New York is located in a flood zone and has experienced flooding and other damage in connection with adverse weather events, such as hurricanes and tropical storms. ~~Most recently~~ **In 2022** , this facility incurred damage as a result of a tropical storm, and we continue to assess the extent of the damage to operations. In addition, the facilities of our suppliers and where our manufacturers produce our products are located in parts of Asia that frequently experience typhoons and earthquakes. Climate change may impact the frequency or intensity of certain catastrophic events, as well as contribute to chronic changes in the physical environment (such as rising sea levels or changes in ambient temperature or precipitation patterns) which may disrupt our operations or those of our suppliers, require us to incur additional operating or capital expenditures, **adversely affect the cost or availability of insurance,** or otherwise adversely impact our business, financial condition, or results of operations **. While we have taken steps to manage such risks, such efforts can require us to incur significant costs and may not be effective, due in part to the unpredictability associated with the time horizons for certain climate- related projects** . Additionally, to the extent such events increase, it may adversely impact the availability or cost of insurance. Acts of terrorism and public health crises, such as the ~~current~~ COVID- 19 pandemic (or other future pandemics or epidemics), could also cause **, and have in the past caused,** disruptions in our or our suppliers', manufacturers', and logistics providers' businesses or the economy as a whole ~~. The COVID- 19 pandemic has significantly impacted the global supply chain, with restrictions and limitations on related activities causing disruption and delay, and the likely overall impact of the COVID- 19 pandemic is viewed as highly negative to the general economy~~ . These disruptions and delays have strained certain domestic and international supply chains, which have affected and could continue to negatively affect the flow or availability of certain of our products. We may not have sufficient protection or recovery plans in some circumstances, such as natural disasters affecting locations where we have operations and equipment or store significant inventory. Our servers may also be vulnerable to computer viruses, criminal acts, denial- of- service attacks, ransomware, and similar disruptions from unauthorized tampering with our computer systems, which could lead to interruptions, delays, or loss of critical data. As we rely heavily on our information technology and communications systems and the Internet to conduct our business and provide high- quality customer service, these disruptions could harm our ability to run our business and either directly or indirectly disrupt our suppliers' or manufacturers' businesses, which could harm our business, results of operations, and financial condition. We are subject to many hazards and operational risks that can disrupt our business, some of which may not be insured or fully covered by insurance. Our operations are subject to many hazards and operational risks inherent to our business, including: (a) general business risks; (b) product liability; (c) product recall; and (d) damage to third parties, our infrastructure, or properties caused by fires, explosions, floods, and other natural disasters, power losses, telecommunications failures, terrorist attacks, riots, public health crises such as the ~~current~~ COVID- 19 pandemic (and other future pandemics or epidemics), human errors, and similar events. Our insurance coverage may be inadequate to cover our liabilities related to such hazards or operational risks. **We** ~~For example, our insurance coverage does not cover us for business interruptions as they relate to the COVID- 19 pandemic. In addition, we~~ may not be able to maintain adequate insurance in the future at rates we consider reasonable and commercially justifiable, and insurance may not continue to be available on terms as favorable as our current arrangements. The occurrence of a significant uninsured claim or a claim in excess of the insurance coverage limits maintained by us could harm our business, results of operations, and financial condition.