

UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549

FORM 10-Q

(Mark One)

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

For the quarterly period ended **July 2, 2022**

OR

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

For the transition period from \_\_\_\_\_ to \_\_\_\_\_

Commission File Number: 001-38879



**BEYOND MEAT**

**BEYOND MEAT, INC.**

(Exact name of registrant as specified in its charter)

**Delaware**

(State or other jurisdiction of  
incorporation or organization)

**26-4087597**

(I.R.S. Employer  
Identification No.)

**119 Standard Street**

**El Segundo, CA 90245**

(Address, including zip code, of principal executive offices)

**(866) 756-4112**

(Registrant's telephone number, including area code)

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

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
<b>Common Stock, \$0.0001 par value</b>	<b>BYND</b>	<b>The Nasdaq Stock Market LLC</b>

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

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

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

Large accelerated filer	<input checked="" type="checkbox"/>	Accelerated filer	<input type="checkbox"/>
Non-accelerated filer	<input type="checkbox"/>	Smaller reporting company	<input type="checkbox"/>
		Emerging growth company	<input type="checkbox"/>

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

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

As of August 10, 2022, the registrant had 63,667,728 shares of common stock, \$0.0001 par value per share, outstanding.

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## Note Regarding Forward-Looking Statements

This report includes forward-looking statements within the meaning of the federal securities laws that involve risks and uncertainties concerning the business, products and financial results of Beyond Meat, Inc. (including its subsidiaries unless the context otherwise requires, "Beyond Meat," "we," "us," "our" or the "Company"). We have based these forward-looking statements largely on our current opinions, expectations, beliefs, plans, objectives, assumptions and projections about future events and financial trends affecting the operating results and financial condition of our business. Forward-looking statements should not be read as a guarantee of future performance or results, and will not necessarily be accurate indications of the times at, or by, which such performance or results will be achieved. Forward-looking statements are based on information available at the time those statements are made and/or management's good faith belief as of that time with respect to future events, and are subject to risks and uncertainties that could cause actual performance or results to differ materially from those expressed in or suggested by the forward-looking statements. Important factors that could cause such differences include, but are not limited to:

- the effects of the COVID-19 pandemic on our business, financial condition, cash flows and results of operations, including on our supply chain, the demand for our products, our product and channel mix, labor needs at the Company as well as in the supply chain and at customers, the timing and level of retail purchasing, the timing and level of foodservice purchasing, our manufacturing and co-manufacturing facilities and operations, our inventory levels, our ability to expand and produce in new geographic markets or the timing of such expansion efforts, the pace and success of new product introductions, the timing of new foodservice launches, and on overall economic conditions and consumer confidence and spending levels;
- the impact of uncertainty in our domestic and international supply chain, including labor shortages and disruption and shipping delays and disruption;
- a resurgence of COVID-19 and the impact of variants of the virus that causes COVID-19, which could slow, halt or reverse the reopening process, or result in the reinstatement of social distancing measures, business closures, restrictions on operations, quarantines, lockdowns and travel bans;
- the impact of inflation and rising interest rates across the economy, including higher food, grocery, raw materials, transportation, energy, labor and fuel costs;
- reduced consumer confidence and consumer spending, including spending to purchase our products, and negative trends in consumer purchasing patterns due to consumers' disposable income, credit availability, debt levels and inflation;
- the impact of uncertainty as a result of doing business in China and Europe;
- government or employer mandates requiring certain behaviors from employees due to COVID-19, including COVID-19 vaccine mandates, which could result in employee attrition at the Company, suppliers and customers as well as difficulty securing future labor and supply needs;
- the impact of adverse and uncertain economic and political conditions in the U.S. and international markets;
- the volatility of capital markets and other macroeconomic factors, including due to geopolitical tensions or the outbreak of hostilities or war;
- foreign exchange rate fluctuations;
- our ability to effectively manage our growth in the United States and abroad;
- our ability to streamline operations and improve cost efficiencies, which could result in the contraction of our business and the implementation of significant cost cutting measures;
- our ability to identify and execute cost-down initiatives intended to achieve price parity with animal protein;
- the success of operations conducted by joint ventures, such as the Planet Partnership, LLC ("TPP") with PepsiCo, Inc., where we share ownership and management of a company with one or more parties who may not have the same goals, strategies or priorities as we do and where we do not receive all of the financial benefit;
- the effects of increased competition from our market competitors and new market entrants;

- changes in the retail landscape, including the timing and level of trade and promotion discounts, our ability to grow market share and increase household penetration, repeat purchases, buying rates (amount spent per buyer) and purchase frequency, and our ability to maintain and increase sales velocity of our products;
- changes in the foodservice landscape, including the timing and level of marketing and other financial incentives to assist in the promotion of our products, our ability to grow market share and attract and retain new foodservice customers or retain existing foodservice customers, and our ability to introduce and sustain offering of our products on menus;
- the timing and success of distribution expansion and new product introductions in increasing revenues and market share;
- the timing and success of strategic Quick Service Restaurant (“QSR”) partnership launches and limited time offerings resulting in permanent menu items;
- our estimates of the size of our market opportunities and ability to accurately forecast market growth;
- our ability to effectively expand or optimize our manufacturing and production capacity, including effectively managing capacity for specific products with shifts in demand;
- risks associated with underutilization of capacity which could give rise to increased costs, underutilization fees and termination fees to exit certain supply chain arrangements and/or the write-off of certain equipment;
- our inability to sell our inventory in a timely manner requiring us to sell our products through liquidation channels at lower prices, write-down or write-off obsolete inventory, or increase inventory reserves;
- our ability to accurately forecast our future results of operations, including fluctuations in demand for our products and increased competition;
- our ability to accurately forecast demand for our products and manage our inventory, including the impact of customer orders ahead of holidays and shelf reset activities, and supply chain and labor disruptions;
- our operational effectiveness and ability to fulfill orders in full and on time;
- variations in product selling prices and costs, and the mix of products sold;
- our ability to successfully enter new geographic markets, manage our international expansion and comply with any applicable laws and regulations, including risks associated with doing business in foreign countries, substantial investments in our manufacturing operations in China and the Netherlands, and our ability to comply with the U.S. Foreign Corrupt Practices Act (“FCPA”) or other anti-corruption laws;
- the effects of global outbreaks of pandemics or contagious diseases or fear of such outbreaks, such as COVID-19;
- the success of our marketing initiatives and the ability to grow brand awareness, maintain, protect and enhance our brand, attract and retain new customers and grow our market share;
- our ability to attract, maintain and effectively expand our relationships with key strategic foodservice partners;
- our ability to attract and retain our suppliers, distributors, co-manufacturers and customers;
- our ability to procure sufficient high-quality raw materials at competitive prices to manufacture our products, especially those impacted by the conflict in the Ukraine or problems in the global supply chain exacerbated by COVID-19 lockdowns in China;
- the availability of pea and other proteins that meets our standards;
- our ability to diversify the protein sources used for our products;
- our ability to differentiate and continuously create innovative products, respond to competitive innovation and achieve speed-to-market;
- our ability to successfully execute our strategic initiatives;
- the volatility associated with ingredient, packaging, transportation and other input costs;

- real or perceived quality or health issues with our products or other issues that adversely affect our brand and reputation;
- our ability to accurately predict consumer taste preferences, trends and demand and successfully innovate, introduce and commercialize new products and improve existing products, including in new geographic markets;
- significant disruption in, or breach in security of our information technology systems and resultant interruptions in service and any related impact on our reputation, including related to data privacy;
- the ability of our transportation providers to ship and deliver our products in a timely and cost effective manner;
- management and key personnel changes, the attraction, training and retention of qualified employees and key personnel and our ability to maintain our company culture;
- the effects of organizational changes including a reduction-in-force and realignment of reporting structures;
- risks related to use of a professional employer organization to administer human resources, payroll and employee benefits functions for certain of our international employees, and use of certain third- party service providers for the performance of several business operations including payroll and human capital management services;
- the effects of natural or man-made catastrophic or severe weather events particularly involving our or any of our co-manufacturers' manufacturing facilities or our suppliers' facilities;
- the impact of marketing campaigns aimed at generating negative publicity regarding our products, brand and the plant-based industry category;
- the effectiveness of our internal controls;
- accounting estimates based on judgment and assumptions that may differ from actual results;
- the requirements of being a public company and effects of increased administration costs related to compliance and reporting obligations;
- our significant indebtedness and ability to repay such indebtedness;
- risks related to our debt, including limitations on our cash flow from operations and our ability to satisfy our obligations under the convertible senior notes; our ability to raise the funds necessary to repurchase the convertible senior notes for cash, under certain circumstances, or to pay any cash amounts due upon conversion; provisions in the indenture governing the convertible senior notes delaying or preventing an otherwise beneficial takeover of us; and any adverse impact on our reported financial condition and results from the accounting methods for the convertible senior notes;
- estimates of our expenses, future revenues, capital expenditures, capital requirements and our needs for additional financing;
- our ability to meet our obligations under our campus innovation and headquarters lease ("Campus Lease"), the timing of occupancy and completion of the build-out of our space, cost overruns, delays and the impact of COVID-19 on our space demands;
- our ability to meet our obligations under leases for our corporate offices, manufacturing facilities and warehouses;
- changes in laws and government regulation affecting our business, including the U.S. Food and Drug Administration ("FDA") and the U.S. Federal Trade Commission ("FTC") governmental regulation, and state, local and foreign regulation;
- new or pending legislation, or changes in laws, regulations or policies of governmental agencies or regulators, both in the U.S. and abroad, affecting plant-based meat, the labeling or naming of our products, or our brand name or logo;
- the failure of acquisitions and other investments to be efficiently integrated and produce the results we anticipate;
- risks inherent in investment in real estate;
- the financial condition of, and our relationships with our suppliers, co-manufacturers, distributors, retailers, and foodservice customers, and their future decisions regarding their relationships with us;

- our ability and the ability of our suppliers and co-manufacturers to comply with food safety, environmental or other laws or regulations;
- seasonality, including increased levels of purchasing by customers ahead of holidays, customer shelf reset activity and the timing of product restocking by our retail customers;
- the sufficiency of our cash and cash equivalents to meet our liquidity needs, and service our indebtedness and our ability to access capital markets upon favorable terms, including due to rising interest rates and market volatility;
- economic conditions and the impact on consumer spending;
- the impact of increased scrutiny from stakeholders, institutional investors and governmental bodies on environmental, social and governance (“ESG”) practices, including expanding mandatory and voluntary reporting, diligence and disclosure on ESG matters;
- the outcomes of legal or administrative proceedings, or new legal or administrative proceedings filed against us;
- our, our suppliers’ and our co-manufacturers’ ability to protect our proprietary technology, intellectual property and trade secrets adequately;
- the impact of tariffs and trade wars;
- the impact of changes in tax laws; and
- the risks discussed in Part I, Item 1A, “Risk Factors,” included in our Annual Report on Form 10-K for the fiscal year ended December 31, 2021 filed with the Securities and Exchange Commission (the “SEC”) on March 2, 2022 (the “2021 10-K”), Part II, Item 1A, “Risk Factors,” included herein, and those discussed in other documents we file from time to time with the SEC.

In some cases, you can identify forward-looking statements by the use of words such as “believe,” “may,” “will,” “will continue,” “could,” “will likely result,” “estimate,” “continue,” “anticipate,” “intend,” “plan,” “predict,” “project,” “expect,” “potential” and variations of these terms and similar expressions, or the negative of these terms or similar expressions. These forward-looking statements are based on our current expectations and assumptions that are subject to risks and uncertainties, which could cause our actual results to differ materially from those anticipated or implied in the forward-looking statements.

This report also contains estimates and other statistical data obtained from independent parties and by us relating to market size and growth and other data about our industry and ultimate consumers. The number of retail and foodservice outlets are derived from data through June 2022. This data involves a number of assumptions and limitations, and you are cautioned not to give undue weight to such estimates and data.

All forward-looking statements attributable to us or persons acting on our behalf are expressly qualified in their entirety by the cautionary statements set forth above. Forward-looking statements speak only as of the date of this report. You should not put undue reliance on any forward-looking statements. We assume no obligation to publicly update or revise any forward-looking statements because of new information, future events, changes in assumptions or otherwise, except to the extent required by applicable laws. If we update one or more forward-looking statements, no inference should be drawn that we will make additional updates with respect to those or other forward-looking statements.

“Beyond Meat,” “Beyond Burger,” “Beyond Beef,” “Beyond Sausage,” “Beyond Breakfast Sausage,” “Beyond Meatballs,” “Beyond Chicken,” the Caped Steer Logo, and “Eat What You Love,” are registered or pending trademarks of Beyond Meat, Inc. in the United States and, in some cases, in certain other countries. All other brand names or trademarks appearing in this report are the property of their respective holders. Solely for convenience, the trademarks and trade names contained herein are referred to without the ® and ™ symbols, but such references should not be construed as any indicator that their respective owners will not assert, to the fullest extent under applicable law, their rights thereto.

Part I. Financial Information

ITEM I. FINANCIAL STATEMENTS

BEYOND MEAT, INC. AND SUBSIDIARIES  
Condensed Consolidated Balance Sheets  
(In thousands, except share and per share data)  
(unaudited)

	July 2, 2022	December 31, 2021
<b>Assets</b>		
Current assets:		
Cash and cash equivalents	\$ 454,674	\$ 733,294
Accounts receivable, net	77,154	43,806
Inventory	254,653	241,870
Prepaid expenses and other current assets	33,029	33,078
Total current assets	<u>\$ 819,510</u>	<u>\$ 1,052,048</u>
Property, plant, and equipment, net	258,075	226,489
Operating lease right-of-use assets	25,464	26,815
Prepaid lease costs, non-current	102,839	59,188
Other non-current assets, net	6,301	6,836
Investment in unconsolidated joint venture	5,920	8,023
Total assets	<u>\$ 1,218,109</u>	<u>\$ 1,379,399</u>
<b>Liabilities and Stockholders' (Deficit) Equity:</b>		
Current liabilities:		
Accounts payable	\$ 74,430	\$ 69,040
Wages payable	2,984	155
Accrued bonus	4,333	128
Current portion of operating lease liabilities	4,595	4,458
Accrued expenses and other current liabilities	22,975	20,226
Short-term finance lease liabilities	210	182
Total current liabilities	<u>\$ 109,527</u>	<u>\$ 94,189</u>
Long-term liabilities:		
Convertible senior notes, net	\$ 1,131,641	\$ 1,129,674
Operating lease liabilities, net of current portion	21,143	22,599
Finance lease obligations and other long-term liabilities	3,739	442
Total long-term liabilities	<u>\$ 1,156,523</u>	<u>\$ 1,152,715</u>
Commitments and Contingencies (Note 10)		

(continued on the next page)



**BEYOND MEAT, INC. AND SUBSIDIARIES**  
**Condensed Consolidated Balance Sheets**  
(In thousands, except share and per share data)  
(unaudited)

	July 2, 2022	December 31, 2021
Stockholders' (deficit) equity:		
Preferred stock, par value \$0.0001 per share—500,000 shares authorized, none issued and outstanding	\$ —	\$ —
Common stock, par value \$0.0001 per share—500,000,000 shares authorized; 63,643,369 and 63,400,899 shares issued and outstanding at July 2, 2022 and December 31, 2021, respectively	6	6
Additional paid-in capital	530,152	510,014
Accumulated deficit	(574,564)	(376,972)
Accumulated other comprehensive loss	(3,535)	(553)
Total stockholders' (deficit) equity	\$ (47,941)	\$ 132,495
Total liabilities and stockholders' (deficit) equity	\$ 1,218,109	\$ 1,379,399

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

**BEYOND MEAT, INC. AND SUBSIDIARIES**  
**Condensed Consolidated Statements of Operations**  
(In thousands, except share and per share data)  
(unaudited)

	Three Months Ended		Six Months Ended	
	July 2, 2022	July 3, 2021	July 2, 2022	July 3, 2021
Net revenues	\$ 147,040	\$ 149,426	\$ 256,495	\$ 257,590
Cost of goods sold	153,202	102,074	262,467	177,530
Gross (loss) profit	(6,162)	47,352	(5,972)	80,060
Research and development expenses	16,202	13,823	35,880	29,748
Selling, general and administrative expenses	63,015	48,286	138,129	87,240
Restructuring expenses	4,302	3,844	7,328	6,318
Total operating expenses	83,519	65,953	181,337	123,306
Loss from operations	(89,681)	(18,601)	(187,309)	(43,246)
Other (expense) income, net				
Interest expense	(1,108)	(1,022)	(2,133)	(1,651)
Other, net	(4,902)	180	(6,026)	(1,390)
Total other expense, net	(6,010)	(842)	(8,159)	(3,041)
Loss before taxes	(95,691)	(19,443)	(195,468)	(46,287)
Income tax expense	11	2	21	50
Equity in losses of unconsolidated joint venture	1,432	207	2,103	581
Net loss	\$ (97,134)	\$ (19,652)	\$ (197,592)	\$ (46,918)
Net loss per share available to common stockholders— basic and diluted	\$ (1.53)	\$ (0.31)	\$ (3.11)	\$ (0.74)
Weighted average common shares outstanding—basic and diluted	63,573,658	63,121,400	63,519,444	63,029,597

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

**BEYOND MEAT, INC. AND SUBSIDIARIES**  
**Condensed Consolidated Statements of Comprehensive Loss**  
(In thousands)  
(unaudited)

	Three Months Ended		Six Months Ended	
	July 2, 2022	July 3, 2021	July 2, 2022	July 3, 2021
Net loss	\$ (97,134)	\$ (19,652)	\$ (197,592)	\$ (46,918)
Other comprehensive (loss) income, net of tax:				
Foreign currency translation (loss) income, net of tax	(2,259)	560	(2,982)	(698)
Comprehensive loss, net of tax	<u>\$ (99,393)</u>	<u>\$ (19,092)</u>	<u>\$ (200,574)</u>	<u>\$ (47,616)</u>

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

**BEYOND MEAT, INC. AND SUBSIDIARIES**  
**Condensed Consolidated Statements of Stockholders' Equity (Deficit)**  
(In thousands, except share data)  
(unaudited)

	Common Stock		Additional Paid-in Capital	Accumulated Deficit	Accumulated Other Comprehensive Income	Total
	Shares	Amount				
<b>Balance at December 31, 2020</b>	62,820,351	\$ 6	\$ 560,210	\$ (194,867)	\$ 1,748	\$ 367,097
Net loss	—	—	—	(27,266)	—	(27,266)
Issuance of common stock under equity incentive plans, net	188,183	—	2,048	—	—	2,048
Purchase of capped calls related to convertible senior notes	—	—	(83,950)	—	—	(83,950)
Share-based compensation for equity classified awards	—	—	7,376	—	—	7,376
Foreign currency translation adjustment	—	—	—	—	(1,258)	(1,258)
<b>Balance at April 3, 2021</b>	63,008,534	\$ 6	\$ 485,684	\$ (222,133)	\$ 490	\$ 264,047
Net loss	—	—	—	(19,652)	—	(19,652)
Issuance of common stock under equity incentive plans, net	234,964	—	2,663	—	—	2,663
Share-based compensation for equity classified awards	—	—	7,863	—	—	7,863
Foreign currency translation adjustment	—	—	—	—	560	560
<b>Balance at July 3, 2021</b>	63,243,498	\$ 6	\$ 496,210	\$ (241,785)	\$ 1,050	\$ 255,481

	Common Stock		Additional Paid-in Capital	Accumulated Deficit	Accumulated Other Comprehensive Loss	Total
	Shares	Amount				
<b>Balance at December 31, 2021</b>	63,400,899	\$ 6	\$ 510,014	\$ (376,972)	\$ (553)	\$ 132,495
Net loss	—	—	—	(100,458)	—	(100,458)
Issuance of common stock under equity incentive plans, net	124,500	—	375	—	—	375
Share-based compensation for equity classified awards	—	—	9,292	—	—	9,292
Foreign currency translation adjustment	—	—	—	—	(723)	(723)
<b>Balance at April 2, 2022</b>	63,525,399	\$ 6	\$ 519,681	\$ (477,430)	\$ (1,276)	\$ 40,981
Net loss	—	—	—	(97,134)	—	(97,134)
Issuance of common stock under equity incentive plans, net	117,970	—	165	—	—	165
Share-based compensation for equity classified awards	—	—	10,306	—	—	10,306
Foreign currency translation adjustment	—	—	—	—	(2,259)	(2,259)
<b>Balance at July 2, 2022</b>	63,643,369	\$ 6	\$ 530,152	\$ (574,564)	\$ (3,535)	\$ (47,941)

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

**BEYOND MEAT, INC. AND SUBSIDIARIES**  
**Condensed Consolidated Statements of Cash Flows**  
(In thousands)  
(unaudited)

	Six Months Ended	
	July 2, 2022	July 3, 2021
<b>Cash flows from operating activities:</b>		
Net loss	\$ (197,592)	\$ (46,918)
Adjustments to reconcile net loss to net cash used in operating activities:		
Depreciation and amortization	14,820	9,207
Non-cash lease expense	2,091	1,580
Share-based compensation expense	19,598	15,239
Loss on sale of fixed assets	400	111
Amortization of debt issuance costs	1,967	1,352
Loss on extinguishment of debt	—	1,037
Equity in losses of unconsolidated joint venture	2,103	581
Unrealized losses on foreign currency transactions	7,076	—
<b>Net change in operating assets and liabilities:</b>		
Accounts receivable	(30,158)	(27,713)
Inventories	(17,036)	(44,741)
Prepaid expenses and other assets	(992)	(9,943)
Accounts payable	(206)	(2,197)
Accrued expenses and other current liabilities	7,949	10,157
Prepaid lease costs, non-current	(43,651)	(26,578)
Operating lease liabilities	(2,059)	(1,619)
Net cash used in operating activities	\$ (235,690)	\$ (120,445)
<b>Cash flows from investing activities:</b>		
Purchases of property, plant and equipment	\$ (41,965)	\$ (51,420)
Payment of security deposits	(23)	(145)
Net cash used in investing activities	\$ (41,988)	\$ (51,565)
<b>Cash flows from financing activities:</b>		
Proceeds from issuance of convertible senior notes	\$ —	\$ 1,150,000
Purchase of capped calls related to convertible senior notes	—	(83,950)
Debt issuance costs	—	(23,605)
Repayment of revolving credit facility	—	(25,000)

(continued on the next page)

**BEYOND MEAT, INC. AND SUBSIDIARIES**  
**Condensed Consolidated Statements of Cash Flows**  
(In thousands)  
(unaudited)

	Six Months Ended	
	July 2, 2022	July 3, 2021
Principal payments under finance lease obligations	(43)	(83)
Proceeds from exercise of stock options	1,309	6,499
Payments of minimum withholding taxes on net share settlement of equity awards	(769)	(1,787)
Net cash provided by financing activities	\$ 497	\$ 1,022,074
Net (decrease) increase in cash and cash equivalents	\$ (277,181)	\$ 850,064
Effect of exchange rate changes on cash	(1,439)	146
Cash and cash equivalents at the beginning of the period	733,294	159,127
Cash and cash equivalents at the end of the period	\$ 454,674	\$ 1,009,337
<b>Supplemental disclosures of cash flow information:</b>		
Cash paid during the period for:		
Interest	\$ 153	\$ 306
Taxes	\$ 21	\$ 98
Non-cash investing and financing activities:		
Non-cash additions to property, plant and equipment	\$ 12,430	\$ 10,251
Non-cash additions to financing leases	\$ 115	\$ 580
Operating lease right-of-use assets obtained in exchange for lease liabilities	\$ 748	\$ 1,678
Reclassification of other current liability to additional paid-in capital in connection with the share-settled obligation	\$ —	\$ 1,614
(concluded)		

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

## BEYOND MEAT, INC. AND SUBSIDIARIES

### Notes to Unaudited Condensed Consolidated Financial Statements

#### Note 1. Introduction

##### *The Company*

Beyond Meat, Inc., a Delaware corporation (including its subsidiaries unless the context otherwise requires, the "Company"), is a leading plant-based meat company offering a portfolio of revolutionary plant-based meats. The Company builds meat directly from plants, an innovation that enables consumers to experience the taste, texture and other sensory attributes of popular animal-based meat products while enjoying the nutritional and environmental benefits of eating the Company's plant-based meat products. The Company's brand commitment, "Eat What You Love," represents a strong belief that there is a better way to feed our future and that the positive choices we all make, no matter how small, can have a great impact on our personal health and the health of our planet. By shifting from animal-based meat to plant-based protein, we can positively impact four growing global issues: human health, climate change, constraints on natural resources and animal welfare.

As of July 2, 2022, approximately 85% of the Company's assets were located in the United States.

##### *COVID-19 Pandemic*

On March 11, 2020, the World Health Organization declared COVID-19 a pandemic. The global spread and unprecedented impact of COVID-19 continues to create significant volatility, uncertainty and economic disruption. The Company's operations and its financial results including net revenues, gross profit, gross margin and operating expenses were negatively impacted by COVID-19 in 2020, 2021 and the first half of 2022. The extent of COVID-19's effect on the Company's operational and financial performance will depend on future developments, including the duration, spread and intensity of the pandemic (including any resurgences), the impact of variants of the virus that causes COVID-19, the wide distribution and public acceptance of COVID-19 vaccines, labor needs at the Company as well as in the supply chain and at customers, compliance with government or employer COVID-19 vaccine mandates and the resulting impact on available labor, and the level of social and economic restrictions imposed in the United States and abroad in an effort to curb the spread of the virus, all of which are uncertain and difficult to predict. As a result, it is not currently possible to ascertain the overall impact of COVID-19 on the Company's business, results of operations, financial condition or liquidity. While the ultimate health and economic impact of COVID-19 continues to be highly uncertain, the Company expects that the adverse impact of COVID-19 on its business and results of operations, including its net revenues, gross profit, gross margin, earnings and cash flows, will continue in 2022. Future events and effects related to the COVID-19 pandemic cannot be determined with precision and actual results could significantly differ from estimates or forecasts.

#### Note 2. Summary of Significant Accounting Policies

A detailed description of the Company's significant accounting policies can be found in the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 2021, filed with the SEC on March 2, 2022 ("2021 10-K"). There have been no material changes in the Company's significant accounting policies from those that were disclosed in the 2021 10-K, except as noted below.

##### *Basis of Presentation*

The unaudited condensed consolidated financial statements have been prepared in conformity with accounting principles generally accepted in the United States of America ("GAAP") and applicable rules and regulations of the Securities and Exchange Commission ("SEC") regarding interim financial reporting. Certain information and note disclosures normally included in financial statements prepared in accordance with GAAP have been condensed or omitted pursuant to such rules and regulations. In the opinion of management, the condensed consolidated financial statements include all adjustments necessary, which are of a normal and recurring nature, for the fair presentation of the Company's financial

position and of the results of operations and cash flows for the periods presented. These interim results are not necessarily indicative of the results to be expected for the fiscal year ending December 31, 2022 or for any other interim period or for any other future fiscal year. These condensed consolidated financial statements should be read in conjunction with the Company's audited financial statements and notes thereto included in the 2021 10-K. The condensed consolidated balance sheet as of December 31, 2021 has been derived from the audited financial statements at that date.

**Principles of Consolidation**

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

**Management's Use of Estimates**

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect certain reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Significant accounting estimates made by the Company include trade promotion accruals; useful lives of property, plant and equipment; valuation of deferred tax assets; valuation of inventory; incremental borrowing rate used to determine operating lease right-of-use assets and operating lease liabilities; assessment of contract-based factors, asset-based factors, entity-based factors and market-based factors to determine the lease term impacting right-of-use assets and lease liabilities; the valuation of the fair value of stock options used to determine share-based compensation expense; and loss contingency accruals in connection with claims, lawsuits and administrative proceedings. These estimates and assumptions are based on current facts, historical experience and various other factors believed to be reasonable under the circumstances, the results of which form the basis for making judgments about the carrying values of assets and liabilities and the recording of expenses that are not readily apparent from other sources. Actual results could differ from those estimates and such differences may be material to the condensed consolidated financial statements.

**Foreign Currency**

Foreign currency translation (loss) income, net of tax, reported as cumulative translation adjustment through "Other comprehensive loss" was \$(2.3) million and \$0.6 million for the three months ended July 2, 2022 and July 3, 2021, respectively.

Foreign currency translation loss, net of tax, reported as cumulative translation adjustments through "Other comprehensive loss" was \$(3.0) million and \$(0.7) million for the six months ended July 2, 2022 and July 3, 2021, respectively.

Realized and unrealized foreign currency transaction losses included in "Other, net" were \$(5.5) million and \$(6.6) million in the three and six months ended July 2, 2022, respectively. Realized and unrealized foreign currency transaction gains (losses) included in "Other, net" were \$0.2 million and \$(0.1) million in the three and six months ended July 3, 2021, respectively.

**Fair Value of Financial Instruments**

The Company had no financial instruments measured at fair value on a recurring basis as of July 2, 2022 and December 31, 2021.

There were no transfers of financial assets or liabilities into or out of Level 1, Level 2 or Level 3 for the three and six months ended July 2, 2022.

**Revenue Recognition**

At the end of each accounting period, the Company recognizes a contra asset to accounts receivable for estimated sales discounts that have been incurred but not paid which totaled \$5.2 million and



\$3.6 million as of July 2, 2022 and December 31, 2021, respectively. The offsetting charge is recorded as a reduction of revenues in the same period when the expense is incurred.

### **Presentation of Net Revenues by Channel**

The following table presents the Company's net revenues by channel:

<b>(in thousands)</b>	<b>Three Months Ended</b>		<b>Six Months Ended</b>	
	<b>July 2, 2022</b>	<b>July 3, 2021</b>	<b>July 2, 2022</b>	<b>July 3, 2021</b>
Net revenues:				
U.S.:				
Retail	\$ 78,861	\$ 77,195	\$ 147,121	\$ 141,021
Foodservice	23,389	23,961	38,882	40,703
U.S. net revenues	102,250	101,156	186,003	181,724
International:				
Retail	23,692	28,544	39,829	45,743
Foodservice	21,098	19,726	30,663	30,123
International net revenues	44,790	48,270	70,492	75,866
Net revenues	\$ 147,040	\$ 149,426	\$ 256,495	\$ 257,590

Two distributors accounted for approximately 16% and 10%, respectively, of the Company's gross revenues in the three months ended July 2, 2022 and one distributor accounted for approximately 10% of the Company's gross revenues in the three months ended July 3, 2021. One distributor accounted for approximately 13% of the Company's gross revenues in the six months ended July 2, 2022 and one customer accounted for approximately 10% of the Company's gross revenues in the six months ended July 3, 2021. No other distributor or customer accounted for more than 10% of the Company's gross revenues in the three and six months ended July 2, 2022 and July 3, 2021.

### **Investment in Joint Venture**

The Company uses the equity method of accounting to record transactions associated with its joint venture when the Company shares in joint control of the investee. Investment in joint venture is not consolidated but is recorded in "Investment in unconsolidated joint venture" in the Company's condensed consolidated balance sheets. The Company recognizes its portion of the investee's results in "Equity in losses of unconsolidated joint venture" in its condensed consolidated statements of operations. The Company eliminates its proportionate interest in any intra-entity profits or losses in the inventory of the investee at the end of the reporting period and recognizes its portion of the profit and losses when realized by the investee.

### **Shipping and Handling Costs**

Outbound shipping and handling costs included in selling, general and administrative ("SG&A") expenses in the three months ended July 2, 2022 and July 3, 2021 were \$4.2 million and \$4.9 million, respectively. Outbound shipping and handling costs included in SG&A expenses in the six months ended July 2, 2022 and July 3, 2021 were \$10.1 million and \$8.2 million, respectively.

### **Recently Adopted Accounting Pronouncements**

None.

### **Note 3. Restructuring**

In May 2017, management approved a plan to terminate the Company's exclusive supply agreement (the "Agreement") with one of its co-manufacturers, due to non-performance under the Agreement and on

May 23, 2017, the Company notified the co-manufacturer of its decision to terminate the Agreement. In the three months ended July 2, 2022 and July 3, 2021, the Company recorded \$4.3 million and \$3.8 million, respectively, in restructuring expenses related to this dispute, which consisted primarily of legal and other expenses. In the six months ended July 2, 2022 and July 3, 2021, the Company recorded \$7.3 million and \$6.3 million, respectively, in restructuring expenses related to this dispute, which consisted primarily of legal and other expenses. See [Note 10](#) for further information. As of July 2, 2022 and December 31, 2021, the Company had \$2.2 million and \$2.7 million, respectively, in accrued and unpaid restructuring expenses.

#### Note 4. Leases

Leases are classified as either finance leases or operating leases based on criteria in Accounting Standards Codification 842. The Company has operating leases for its corporate offices, including its Manhattan Beach Project Innovation Center where the Company's research and development facility is located, its manufacturing facilities, commercialization center, warehouses and vehicles, and to a lesser extent, certain equipment and finance leases. Such leases generally have original lease terms between two and 12 years, and often include one or more options to renew. Some leases also include early termination options, which can be exercised under specific conditions. The Company includes options to extend the lease term if the options are reasonably certain of being exercised. The Company currently considers its renewal options to be reasonably certain to be exercised. The Company does not have residual value guarantees or material restrictive covenants associated with its leases.

On January 14, 2021, the Company entered into the Campus Lease, a 12-year lease with two 5-year renewal options to house its corporate headquarters, lab and innovation space in El Segundo, California. The Company has not recognized an asset or a liability for the Campus Lease in its consolidated balance sheet as of July 2, 2022 because there was no lease commencement during the three months ended July 2, 2022. Therefore, the Campus Lease is not included in the tables below.

Lease costs for operating and finance leases were as follows:

(in thousands)	Statement of Operations Location	Three Months Ended	
		July 2, 2022	July 3, 2021
<b>Operating lease cost:</b>			
Lease cost	Cost of goods sold	\$ 151	\$ 556
Lease cost	Research and development expenses	551	191
Lease cost	Selling, general and administrative expenses	860	148
Variable lease cost <sup>(1)</sup>	Cost of goods sold	9	1
Operating lease cost		\$ 1,571	\$ 896
Short-term lease cost	Selling, general and administrative expenses	\$ 152	\$ 87
<b>Finance lease cost:</b>			
Amortization of right-of use assets	Cost of goods sold	\$ 45	\$ 47
Interest on lease liabilities	Interest expense	(12)	5
Finance lease cost		\$ 33	\$ 52
Total lease cost <sup>(2)</sup>		\$ 1,756	\$ 1,035

(1) Variable lease cost primarily consists of common area maintenance, such as cleaning and repairs.

(2) Excludes Campus Lease. See [Note 10](#).

(in thousands)	Statement of Operations Location	Six Months Ended	
		July 2, 2022	July 3, 2021
<b>Operating lease cost:</b>			
Lease cost	Cost of goods sold	\$ 762	\$ 1,095
Lease cost	Research and development expenses	1,065	339
Lease cost	Selling, general and administrative expenses	1,863	345
Variable lease cost <sup>(1)</sup>	Cost of goods sold	162	29
Operating lease cost		\$ 3,852	\$ 1,808
Short-term lease cost	Selling, general and administrative expenses	\$ 299	\$ 113
<b>Finance lease cost:</b>			
Amortization of right-of use assets	Cost of goods sold	\$ 90	\$ 84
Interest on lease liabilities	Interest expense	12	10
Finance lease cost		\$ 102	\$ 94
Total lease cost <sup>(2)</sup>		\$ 4,253	\$ 2,015

(1) Variable lease cost primarily consists of common area maintenance, such as cleaning and repairs.

(2) Excludes Campus Lease. See [Note 10](#).

Supplemental balance sheet information as of July 2, 2022 and December 31, 2021 related to leases are as follows:

(in thousands)	Balance Sheet Location	July 2, 2022	December 31, 2021
<b>Assets<sup>(1)</sup></b>			
Operating leases	Operating lease right-of-use assets	\$ 25,464	\$ 26,815
Finance leases, net	Property, plant and equipment, net	687	615
Total lease assets		\$ 26,151	\$ 27,430
<b>Liabilities<sup>(1)</sup></b>			
Current:			
Operating lease liabilities	Current portion of operating lease liabilities	\$ 4,595	\$ 4,458
Finance lease liabilities	Short-term finance lease liabilities	210	182
Long-term:			
Operating lease liabilities	Operating lease liabilities, net of current portion	21,143	22,599
Finance lease liabilities	Finance lease obligations and other long-term liabilities	485	442
Total lease liabilities		\$ 26,433	\$ 27,681

(1) Excludes Campus Lease. See [Note 10](#).

The following is a schedule by year of the maturities of lease liabilities with original terms in excess of one year, as of July 2, 2022:

(in thousands)	July 2, 2022	
	Operating Leases <sup>(1)</sup>	Finance Leases
Remainder of 2022	\$ 2,841	\$ 116
2023	5,501	219
2024	3,811	184
2025	3,230	153
2026	2,972	47
2027	2,456	16
Thereafter	10,597	—
Total undiscounted future minimum lease payments	31,408	735
Less imputed interest	(5,670)	(40)
Total discounted future minimum lease payments	\$ 25,738	\$ 695

(1) Excludes Campus Lease. See [Note 10](#).

Weighted average remaining lease terms and weighted average discount rates were:

	July 2, 2022	
	Operating Leases <sup>(1)</sup>	Finance Leases
Weighted average remaining lease term (years)	8.1	3.6
Weighted average discount rate	4.6 %	3.2 %

(1) Excludes Campus Lease. See [Note 10](#).

#### Note 5. Inventories

Major classes of inventory were as follows:

(in thousands)	July 2, 2022	December 31, 2021
Raw materials and packaging	\$ 135,937	\$ 129,974
Work in process	54,678	50,227
Finished goods	64,038	61,669
Total	\$ 254,653	\$ 241,870

**Note 6. Property, Plant and Equipment**

Property, plant, and equipment are stated at cost and finance lease assets are included. A summary of property, plant, and equipment as of July 2, 2022 and December 31, 2021, is as follows:

<u>(in thousands)</u>	<u>July 2, 2022</u>	<u>December 31, 2021</u>
Manufacturing equipment	\$ 144,964	\$ 115,412
Research and development equipment	16,944	16,837
Leasehold improvements	20,510	20,250
Building	22,548	22,937
Finance leases	981	867
Software	1,354	1,297
Furniture and fixtures	865	868
Vehicles	584	584
Land	5,345	5,434
Assets not yet placed in service	111,281	95,455
Total property, plant and equipment	\$ 325,376	\$ 279,941
Less: accumulated depreciation and amortization	67,301	53,452
Property, plant and equipment, net	<u>\$ 258,075</u>	<u>\$ 226,489</u>

Depreciation and amortization expense for the three months ended July 2, 2022 and July 3, 2021 was \$7.7 million and \$4.9 million, respectively. Of the total depreciation and amortization expense in the three months ended July 2, 2022 and July 3, 2021, \$6.6 million and \$3.9 million, respectively, were recorded in cost of goods sold; \$1.0 million and \$0.9 million, respectively, were recorded in research and development expenses; and \$0.1 million and \$30,000, respectively, were recorded in SG&A expenses in the Company's condensed consolidated statements of operations.

Depreciation and amortization expense for the six months ended July 2, 2022 and July 3, 2021 was \$14.8 million and \$9.2 million, respectively. Of the total depreciation and amortization expense in the six months ended July 2, 2022 and July 3, 2021, \$12.5 million and \$7.4 million, respectively, were recorded in cost of goods sold; \$2.0 million and \$1.8 million, respectively, were recorded in research and development expenses; and \$0.3 million and \$60,000, respectively, were recorded in SG&A expenses in the Company's condensed consolidated statements of operations.

The Company concluded that no property, plant and equipment met the criteria for assets held for sale as of July 2, 2022 and December 31, 2021. Previous amounts classified as assets held for sale were sold for amounts that approximated book value for which a note receivable of \$3.8 million, net of payments received, had been recorded. The note receivable is included in "Other non-current assets, net" in the Company's condensed consolidated balance sheet at July 2, 2022 and December 31, 2021.

**Note 7. Debt**

The following is a summary of debt balances as of July 2, 2022 and December 31, 2021:

<b>(in thousands)</b>	<b>July 2, 2022</b>	<b>December 31, 2021</b>
Convertible senior notes	\$ 1,150,000	\$ 1,150,000
Debt issuance costs	(18,359)	(20,326)
Convertible senior notes, net	<u>\$ 1,131,641</u>	<u>\$ 1,129,674</u>

**Convertible Senior Notes**

On March 5, 2021, the Company issued \$1.0 billion aggregate principal amount of its 0% Convertible Senior Notes due 2027 (the "Convertible Notes") in a private placement to qualified institutional buyers pursuant to Rule 144A under the Securities Act of 1933, as amended. On March 12, 2021, the initial purchasers of the Convertible Notes exercised their option to purchase an additional \$150.0 million aggregate principal amount of the Company's 0% Convertible Senior Notes due 2027 (the "Additional Notes", and together with the Convertible Notes, the "Notes"), and such Additional Notes were issued on March 16, 2021.

The total amount of debt issuance costs of \$23.6 million was recorded as a reduction to "Convertible senior notes, net" in the condensed consolidated balance sheet and are being amortized as interest expense over the term of the Notes using the effective interest method. During the three and six months ended July 2, 2022, the Company recognized \$1.0 million and \$2.0 million, respectively, in interest expense related to the amortization of the debt issuance costs related to the Notes. During the three and six months ended July 3, 2021, the Company recognized \$1.0 million and \$1.3 million, respectively, in interest expense related to the amortization of the debt issuance costs related to the Notes.

The following is a summary of the Company's Notes as of July 2, 2022:

<b>(in thousands)</b>	<b>Principal Amount</b>	<b>Unamortized Issuance Costs</b>	<b>Net Carrying Amount</b>	<b>Fair Value</b>	
				<b>Amount</b>	<b>Leveling</b>
0% Convertible senior notes due on March 15, 2027	\$1,150,000	\$18,359	\$1,131,641	\$419,750	Level 2

The Notes are carried at face value less the unamortized debt issuance costs on the Company's condensed consolidated balance sheets. As of July 2, 2022, the estimated fair value of the Notes was approximately \$0.4 billion. The Notes are quoted on the Intercontinental Exchange and are classified as Level 2 financial instruments. The estimated fair value of the Notes was determined based on the actual bid price of the Notes on June 30, 2022, the last trade day of the period.

As of July 2, 2022, the remaining life of the Notes is approximately 4.7 years.

**Revolving Credit Facility**

On March 2, 2021, the Company terminated its secured revolving credit agreement, dated as of April 21, 2020 (the "Credit Agreement").

The Company recorded debt issuance costs on the revolving credit facility in "Prepaid and other non-current assets, net" in the accompanying condensed consolidated balance sheet. Debt issuance costs associated with the revolving credit facility were amortized as interest expense over the term of the loan. In the three and six months ended July 3, 2021, debt issuance costs of \$0 and \$41,000, respectively, related to the Company's prior revolving credit facility and equipment loan were amortized to interest expense.

In the three months ended July 2, 2022 and July 3, 2021, the Company incurred \$0 in interest expense related to its bank credit facilities. In the six months ended July 2, 2022 and July 3, 2021, the Company incurred \$0 and \$0.3 million, respectively, in interest expense related to its bank credit facilities.

Upon termination of the revolving credit facility, unamortized debt issuance costs of \$1.0 million associated with the revolving credit facility were written off as "Loss on extinguishment of debt," which is included in "Other, net" in the condensed consolidated statement of operations for the six months ended July 3, 2021.

Concurrent with the Company's execution of the Campus Lease, as a security deposit, the Company delivered to the landlord a letter of credit under the revolving credit facility in the amount of \$12.5 million. Upon termination of the revolving credit facility, the letter of credit continued in effect, unsecured.

#### Note 8. Stockholders' Equity

As of July 2, 2022, the Company's shares consisted of 500,000,000 authorized shares of common stock, par value \$0.0001 per share, of which 63,643,369 shares of common stock were issued and outstanding, and 500,000 authorized shares of preferred stock, par value \$0.0001 per share, of which no shares were issued and outstanding.

As of December 31, 2021, the Company's shares consisted of 500,000,000 authorized shares of common stock, par value \$0.0001 per share, of which 63,400,899 shares were issued and outstanding, and 500,000 authorized shares of preferred stock, par value \$0.0001 per share, of which no shares were issued and outstanding.

The Company has not declared or paid any dividends, or authorized or made any distribution upon or with respect to any class or series of its capital stock.

#### Note 9. Share-Based Compensation

In 2019, the Company's 2011 Equity Incentive Plan ("2011 Plan") was amended, restated and re-named the 2018 Equity Incentive Plan (the "2018 Plan"), and the remaining shares available for issuance under the 2011 Plan were added to the shares reserved for issuance under the 2018 Plan. As of January 1, 2022, the maximum aggregate number of shares that may be issued under the 2018 Plan increased to 20,915,919 shares, which includes an increase of 2,144,521 shares effective January 1, 2022 under the terms of the 2018 Plan.

The following table summarizes the shares available for grant under the 2018 Plan:

	<b>Shares Available for Grant</b>
Balance - December 31, 2021	6,515,807
Authorized	2,144,521
Granted	(1,204,318)
Shares withheld to cover taxes	23,241
Forfeited	102,009
Balance - July 2, 2022	<u>7,581,260</u>

As of July 2, 2022 and December 31, 2021, there were 4,402,397 and 3,956,364 shares, respectively, issuable under stock options outstanding; 983,304 and 608,175 shares, respectively, issuable under unvested RSUs outstanding; 7,997,539 and 7,730,884 shares, respectively, issued for stock option exercises, RSU settlement, and restricted stock grants; and 7,581,260 and 6,515,807 shares, respectively, available for grant under the 2018 Plan.

**Stock Options**

Following are the assumptions used in the Black-Scholes valuation model for options granted during the periods shown below:

	Three Months Ended		Six Months Ended	
	July 2, 2022	July 3, 2021	July 2, 2022	July 3, 2021
Risk-free interest rate	3.0%	1.3%	1.9%	1.3%
Average expected term (years)	7.0	7.0	7.0	7.0
Expected volatility	55.0%	74.0%	55.0%	72.8%
Dividend yield	—	—	—	—

Option grants to new employees in the six months ended July 2, 2022 and July 3, 2021 generally vest 25% of the total award on the first anniversary of the vesting commencement date, and thereafter ratably vesting monthly over the remaining three-year period, subject to continued employment through the vesting date. Option grants to continuing employees in the six months ended July 2, 2022 generally vest 25% of the total award on the first anniversary of the vesting commencement date, and thereafter ratably vesting monthly over the remaining three-year period, subject to continued employment through the vesting date. Option grants to continuing employees in the six months ended July 3, 2021 generally vest monthly over a 48-month period, subject to continued employment through the vesting date. An option grant to one executive officer in the six months ended July 3, 2021 vested over three months from the vesting commencement date.

The following table summarizes the Company's stock option activity during the six months ended July 2, 2022:

	Number of Stock Options	Weighted Average Exercise Price	Weighted Average Remaining Contractual Life (Years)	Aggregate Intrinsic Value (in thousands)
<b>Outstanding at December 31, 2021</b>	3,956,364	\$ 27.04	5.9	\$ 180,302
Granted	670,525	\$ 44.83	—	\$ —
Exercised	(177,024)	\$ 7.38	—	\$ 6,017
Cancelled/Forfeited	(47,468)	\$ 75.99	—	\$ —
<b>Outstanding at July 2, 2022</b>	<u>4,402,397</u>	\$ 30.01	6.0	\$ 49,535
<b>Vested and exercisable at July 2, 2022</b>	3,006,753	\$ 17.09	4.7	\$ 49,124
<b>Vested and expected to vest at July 2, 2022</b>	3,862,463	\$ 26.17	6.8	\$ 49,525

(1) Aggregate intrinsic value is calculated as the difference between the value of common stock on the transaction date and the exercise price multiplied by the number of shares issuable under the stock option. Aggregate intrinsic value of shares outstanding at the beginning and end of the reporting period is calculated as the difference between the value of common stock on the beginning and end dates, respectively, and the exercise price multiplied by the number of shares outstanding.

During the three months ended July 2, 2022 and July 3, 2021, the Company recorded \$4.3 million and \$3.7 million, respectively, of share-based compensation expense related to options. During the six months ended July 2, 2022 and July 3, 2021, the Company recorded \$8.4 million and \$7.1 million, respectively, of share-based compensation expense related to options. The share-based compensation expense is included in cost of goods sold, research and development expenses and SG&A expenses in the Company's condensed consolidated statements of operations.



As of July 2, 2022, there was \$25.6 million in unrecognized compensation expense related to nonvested stock option awards which is expected to be recognized over a weighted average period of 1.4 years.

### Restricted Stock Units

RSU grants to new and continuing employees in the six months ended July 2, 2022 generally vest 25% of the total award on the first anniversary of the vesting commencement date, and thereafter vest quarterly over the remaining three years of the award, subject to continued employment through the vesting date. Some of the RSU grants to continuing employees in the six months ended July 2, 2022 vest 50% of the total award on the first anniversary of the vesting commencement date, and thereafter vest quarterly over the remaining four quarters of the award, subject to continued employment through the vesting date. Annual RSU grants to directors on the Company's Board of Directors (the "Board") in the six months ended July 2, 2022 vest monthly over a one-year period and an RSU grant to a new director on the Board vests monthly over a three-year period. RSU grants to nonemployee brand ambassadors in the six months ended July 2, 2022 vest on varying dates, subject to continued service through the vesting date.

RSU grants to new employees in the six months ended July 3, 2021 vest 25% of the total award on the first anniversary of the vesting commencement date, and thereafter vest quarterly over the remaining three years of the award, subject to continued employment through the vesting date. RSU grants in the six months ended July 3, 2021 include fully vested RSUs granted to an executive officer issued in settlement of the obligation discussed below under Share-Settled Obligation. An RSU grant to one executive officer in the six months ended July 3, 2021 vested 100% over three months from the vesting commencement date. RSU grants to continuing employees in the six months ended July 3, 2021 generally vest quarterly over 16 quarters, subject to continued employment through the vesting date. An RSU grant to one executive officer in the six months ended July 3, 2021 vests quarterly over four quarters, subject to continued employment through the vesting date. Annual RSU grants to the Board in the six months ended July 3, 2021 vest monthly over a one-year period and RSU grants to two new directors on the Board vest monthly over a three-year period. RSU grants to nonemployee brand ambassadors in the six months ended July 3, 2021 vest quarterly over four quarters from the vesting commencement date, subject to continued service through the vesting date.

The following table summarizes the Company's RSU activity during the six months ended July 2, 2022:

	Number of Units	Weighted Average Grant Date Fair Value Per Unit
<b>Unvested at December 31, 2021</b>	608,175	\$ 88.78
Granted	533,793	\$ 43.71
Vested <sup>(1)</sup>	(104,617)	\$ 91.62
Cancelled/Forfeited	(54,047)	\$ 85.62
<b>Unvested at July 2, 2022</b>	<u>983,304</u>	<u>\$ 64.18</u>

(1) Includes 23,241 shares of common stock that were withheld to cover taxes on the release of vested RSUs and became available for future grants pursuant to the 2018 Plan.

During the three months ended July 2, 2022 and July 3, 2021, the Company recorded \$6.0 million and \$3.3 million, respectively, of share-based compensation expense related to RSUs. During the six months ended July 2, 2022 and July 3, 2021, the Company recorded \$11.2 million and \$6.3 million, respectively, of share-based compensation expense related to RSUs. The share-based compensation

expense is included in cost of goods sold, research and development expenses and SG&A expenses in the Company's condensed consolidated statements of operations.

As of July 2, 2022, there was \$35.3 million in unrecognized compensation expense related to unvested RSUs which is expected to be recognized over a weighted average period of 1.4 years.

#### ***Share-Settled Obligation***

Share-based compensation expense in the three months ended July 2, 2022 and July 3, 2021 includes \$0 and \$0.8 million, respectively, for a liability classified, share-settled obligation to an executive officer related to a sign-on award pursuant to the terms of the executive officer's offer letter. Share-based compensation expense in the six months ended July 2, 2022 and July 3, 2021 includes \$0 and \$1.6 million, respectively, for a liability classified, share-settled obligation to an executive officer related to a sign-on award pursuant to the terms of the executive officer's offer letter. The share-based compensation expense related to this share-settled obligation is included in SG&A expenses in the Company's condensed consolidated statements of operations. Financing activities in the statement of cash flows for the six months ended July 2, 2022 and July 3, 2021 includes \$0 and \$1.6 million, respectively, noncash reclassification of the share-settled obligation from "Other current liabilities" to "Additional paid-in capital."

In the first six months of 2021, two quarterly tranches related to this obligation were earned, and the Company delivered to this executive officer 13,804 fully vested RSUs with a settlement date fair value of \$1.6 million.

#### ***Restricted Stock to Nonemployees***

During the six months ended July 2, 2022, no shares of restricted stock had been issued to nonemployee brand ambassadors.

During the three months ended July 2, 2022 and July 3, 2021, the Company recorded \$0 and \$34,000, respectively, of share-based compensation expense related to restricted stock issued to nonemployee brand ambassadors, which is included in SG&A expenses in the Company's condensed consolidated statements of operations.

During the six months ended July 2, 2022 and July 3, 2021, the Company recorded \$0 million and \$0.2 million, respectively, of share-based compensation expense related to restricted stock issued to nonemployee brand ambassadors, which is included in SG&A expenses in the Company's condensed consolidated statements of operations.

As of July 2, 2022, there was no unrecognized compensation expense related to unvested restricted stock granted to nonemployee brand ambassadors.

#### ***Employee Stock Purchase Plan***

As of July 2, 2022, the maximum aggregate number of shares that may be issued under the 2018 Employee Stock Purchase Plan ("ESPP") was 2,412,585 shares of common stock, including an increase of 536,130 shares effective January 1, 2022 under the terms of the ESPP. The ESPP is expected to be implemented through a series of offerings under which participants are granted purchase rights to purchase shares of the Company's common stock on specified dates during such offerings. The administrator has not yet approved an offering under the ESPP.

**Note 10. Commitments and Contingencies****Leases**

See [Note 4](#), Leases.

On January 14, 2021, the Company entered into the Campus Lease with HC Hornet Way, LLC, a Delaware limited liability company (the "Landlord"), to house the Company's lab and innovation space and headquarters offices in El Segundo, California.

In the three and six months ended July 2, 2022, the Company paid \$0.5 million and \$0.8 million, respectively, in payments towards common area maintenance, parking, and insurance. No such payments were made in the three and six months ended July 3, 2021.

Although the Company is involved in the design of the tenant improvements of the Premises, the Company does not have title or possession of the assets during construction. In addition, the Company does not have the ability to control the leased Premises until each phase of the tenant improvements is complete. As of July 2, 2022, the tenant improvements associated with Phase 1-A had not been completed, and the underlying asset had not been delivered to the Company. Accordingly, there was no lease commencement during the six months ended July 2, 2022. Therefore, the Company has not recognized an asset or a liability for the Campus Lease in its condensed consolidated balance sheets as of July 2, 2022 and December 31, 2021. The Company contributed \$43.7 million and \$59.2 million in payments to a construction escrow account in the six months ended July 2, 2022 and the year ended December 31, 2021, respectively. These payments are recorded in "Prepaid lease costs, non-current" in the Company's condensed consolidated balance sheets as of July 2, 2022 and December 31, 2021, respectively, which will ultimately be recorded as a component of a right-of-use asset upon lease commencement.

Concurrent with the Company's execution of the Campus Lease, as a security deposit, the Company delivered to the Landlord a letter of credit under its revolving credit facility at the time in the amount of \$12.5 million which amount will decrease to: (i) \$6.3 million on the fifth (5th) anniversary of the Rent Commencement Date (as defined in the Campus Lease); (ii) \$3.1 million on the eighth (8th) anniversary of the Rent Commencement Date; and (iii) \$0 in the event the Company receives certain credit ratings; provided the Company is not then in default of its obligations under the Campus Lease. Upon termination of the revolving credit facility, the letter of credit continued in effect, unsecured.

**China Investment and Lease Agreement**

On September 22, 2020, the Company and its wholly-owned subsidiary, Beyond Meat (Jiaxing) Food Co., Ltd. ("BYND JX"), entered into an investment agreement with the Administrative Committee (the "JX Committee") of the Jiaxing Economic & Technological Development Zone (the "JXEDZ") pursuant to which, among other things, BYND JX has agreed to make certain investments in the JXEDZ in two phases of development, and the Company has agreed to guarantee certain repayment obligations of BYND JX under such agreement.

During Phase 1, the Company had agreed to invest \$10.0 million in the JXEDZ through an intercompany investment in BYND JX and BYND JX has agreed to lease a facility in the JXEDZ for a minimum of two years. In connection with such agreement, BYND JX entered into a factory leasing contract with an affiliate of the JX Committee, pursuant to which BYND JX has agreed to lease and renovate a facility in the JXEDZ and lease it for a minimum of two years. In the three months ended July 2, 2022, the lease was amended to extend the term an additional five years without rent escalation. As of July 2, 2022, the Company had invested \$22.0 million and had advanced \$20.0 million to its subsidiary, BYND JX.

In the event that the Company and BYND JX determine, in their sole discretion, to proceed with the Phase 2 development in the JXEDZ, BYND JX has agreed in the first stage of Phase 2 to increase its registered capital by \$30.0 million and to acquire the land use right to a state-owned land plot in the

JXEDZ to conduct development and construction of a new production facility. Following the first stage of Phase 2, the Company and BYND JX may determine, in their sole discretion, to permit BYND JX to obtain a second state-owned land plot in the JXEDZ in order to construct an additional facility thereon.

### ***The Planet Partnership***

On January 25, 2021, the Company entered into TPP, a joint venture with PepsiCo, Inc., to develop, produce and market innovative snack and beverage products made from plant-based protein. For the three months ended July 2, 2022 and July 3, 2021, the Company recognized its share of the net losses in TPP, in the amount of \$1.4 million and \$0.2 million, respectively. For the six months ended July 2, 2022 and July 3, 2021, the Company recognized its share of the net losses in TPP in the amount of \$2.1 million and \$0.6 million, respectively. For the year ended December 31, 2021, the Company contributed its share of the investment in TPP, \$11.0 million, which was increased subsequent to the quarter ended July 2, 2022. See [Note 2](#), [Note 13](#) and [Note 14](#).

### ***Purchase Commitments***

As of July 2, 2022, the Company had a commitment to purchase pea protein inventory totaling \$56.4 million in the remainder of 2022, which commitment schedule was amended subsequent to the quarter ended July 2, 2022 to purchase \$16.2 million in the remainder of 2022 and \$40.2 million in 2023. See [Note 14](#).

On April 6, 2022, the Company entered into a co-manufacturing agreement (“Agreement”) with a co-manufacturer to manufacture various products for the Company. The Agreement includes a minimum order quantity commitment per month and an aggregate quantity over a 5-year term. If the minimum order for a month during a quarter is not fulfilled, the Company may be assessed a fee per pound, which fee may be waived by the co-manufacturer upon reaching certain aggregate quantity limits. The following table sets forth the schedule of the fees for the committed quantity under the Agreement.

<b>(in thousands)</b>	<b>As of July 2, 2022</b>	
Remainder of 2022	\$	4,925
2023		11,820
2024		11,820
2025		11,820
2026		11,820
2027		34,475
	\$	<u>86,680</u>

### ***Litigation***

#### ***Don Lee Farms***

On May 25, 2017, Don Lee Farms, a division of Goodman Food Products, Inc., filed a complaint against the Company in the Superior Court of the State of California for the County of Los Angeles asserting claims for breach of contract, misappropriation of trade secrets, unfair competition under the California Business and Professions Code, money owed and due, declaratory relief and injunctive relief, each arising out of the Company’s decision to terminate an exclusive supply agreement between the Company and Don Lee Farms. The Company denied all of these claims and filed counterclaims on July 27, 2017, alleging breach of contract, unfair competition under the California Business and Professions Code and conversion. In October 2018, the former co-manufacturer filed an amended complaint that added one of the Company’s then current contract manufacturers as a defendant, principally for claims arising from the then current contract manufacturer’s alleged use of the former co-manufacturer’s alleged trade secrets, and for replacing the former co-manufacturer as one of the Company’s co-manufacturers. The then current contract manufacturer filed an answer denying all of Don Lee Farms’ claims and a cross-complaint against Beyond Meat asserting claims of total and partial equitable indemnity, contribution, and

repayment. On March 11, 2019, Don Lee Farms filed a second amended complaint to add claims of fraud and negligent misrepresentation against the Company. On May 30, 2019, the judge denied the Company's motion to dismiss the fraud and negligent misrepresentation claims, allowing the claims to proceed. On June 19, 2019, the Company filed an answer denying Don Lee Farms' claims.

On January 24, 2020, a writ judge granted Don Lee Farms a right to attach in the amount of \$628,689 on the grounds that Don Lee Farms had established a "probable validity" of its claim that Beyond Meat owes Don Lee Farms money for a small batch of unpaid invoices. This determination was not made by the trial judge.

On January 27, 2020, Don Lee Farms filed a third amended complaint to add three individual defendants, all of whom are current or former employees of the Company, including Mark Nelson, the Company's former Chief Financial Officer and Treasurer, to Don Lee Farms' existing fraud claims alleging that those individuals were involved in the alleged fraudulent misrepresentations. On June 23, 2020, the judge denied Beyond Meat and the individual defendants' motion to dismiss the fraud and negligent misrepresentation claims, allowing the claims to proceed. On July 6, 2020, the Company and the individual defendants filed an answer denying all of Don Lee Farms' claims, including denying all allegations of fraud and negligent misrepresentation.

On August 11, 2020, the Company filed an amended cross-complaint against Don Lee Farms, its parent Goodman Food Products, Inc. and its owners and employees, Donald, Daniel, and Brandon Goodman. Among other claims, the amended cross-complaint alleges that Don Lee Farms defrauded Beyond Meat, misappropriated its trade secrets, and infringed its trademarks.

On January 28, 2021, Don Lee Farms filed a motion for summary adjudication on its breach of contract and money owed claims and on Beyond Meat's breach of contract claims. On February 18, 2021, Don Lee Farms and Donald, Daniel and Brandon Goodman filed a motion for summary adjudication on Beyond Meat's fraud, negligent misrepresentation, and conversion claims.

On February 16, 2021, the Court entered an order consolidating this action with an action that Don Lee Farms filed against CLW Foods, LLC, a current Beyond Meat contract manufacturer. On February 22, 2021, CLW Foods, LLC requested a continuance of the trial date, which the Court granted.

On March 19, 2021, Don Lee Farms requested the dismissal, without prejudice, of Don Lee Farms' claims against the Company's former contract manufacturer, ProPortion Foods, LLC and current contract manufacturer CLW Foods, LLC. On March 23, 2021, ProPortion Foods, LLC requested that its claims against the Company be dismissed without prejudice. On March 26, 2021, the Court granted Don Lee Farms' request to dismiss its claims against ProPortion Foods, LLC and CLW Foods, LLC; and granted ProPortion Foods, LLC request to dismiss its claims against the Company.

On May 7, 2021, the Court ruled on Don Lee Farms' motions for summary adjudication. The Court granted Don Lee Farms' motion for summary adjudication on its breach of contract and money owed claims, and Beyond Meat's negligent misrepresentation and conversion claims. The Court denied Don Lee Farms' motion for summary adjudication on Beyond Meat's breach of contract and fraud claims, allowing Beyond Meat's claims to proceed to trial.

On June 11, 2021, former Beyond Meat employees Mark Nelson and Tony Miller, and current employee, Jessica Quetsch (collectively, the "individual defendants"), filed a motion for summary adjudication on Don Lee Farms' fraud claim asserted against them. On June 11, 2021, the Company filed a motion for summary adjudication on Don Lee Farms' fraud and negligent misrepresentation claims, misappropriation of trade secret claim, and unfair competition claim under the California Business and Professions Code. On August 27, 2021, the Court ruled on the individual defendants' and the Company's motions for summary adjudication. The Court denied the individual defendants' motion for summary adjudication. The Court also denied the Company's motion for summary adjudication on Don Lee Farms' fraud and negligent misrepresentation claims. The Court granted the Company's motion for summary

adjudication on Don Lee Farms' trade secret misappropriation and unfair competition claims. Don Lee Farms' trade secret misappropriation and unfair competition claims will not proceed to trial.

On January 27, 2022, Don Lee Farms filed a motion for summary adjudication on Beyond Meat's trade secret misappropriation claim. On April 19, 2022, the Court denied Don Lee Farms motion for summary adjudication on Beyond Meat's trade secret misappropriation claim. Beyond Meat's trade secret misappropriation claim will proceed to trial.

The previous trial date, May 16, 2022, was continued. Trial is currently set for September 26, 2022.

Don Lee Farms is seeking from Beyond Meat and the individual defendants unspecified compensatory and punitive damages, declaratory and injunctive relief, and attorneys' fees and costs. The Company is seeking from Don Lee Farms monetary damages, restitution of monies paid to Don Lee Farms, injunctive relief, including the prohibition of Don Lee Farms' use or disclosure of Beyond Meat's trade secrets and the prohibition of Don Lee Farms' infringing use of Beyond Meat's trademarks, and attorneys' fees and costs.

The Company believes it was justified in terminating the supply agreement with Don Lee Farms, that the Company is not liable for the fraud or negligent misrepresentation alleged in the third amended complaint, and that Don Lee Farms is liable for the conduct alleged in the Company's amended cross-complaint. Conversely, as alleged in the Company's amended cross-complaint, the Company believes Don Lee Farms misappropriated the Company's trade secrets, defrauded the Company, and ultimately has infringed the Company's trademarks.

The Company is currently in the process of litigating this matter and intends to vigorously defend itself and its current and former employees against the claims and to prosecute the Company's own claims.

The Company cannot provide assurance that Don Lee Farms will not prevail in all or some of their claims against the Company or the individual defendants, or that the Company will prevail in some or all of its claims against Don Lee Farms. For example, if Don Lee Farms succeeds in the lawsuit, the Company could be required to pay damages, including but not limited to contract damages reasonably calculated at what the Company would have paid Don Lee Farms to produce the Company's products through 2019, the end of the contract term. Based on the Company's current knowledge, the Company has determined that the amount of any material loss or range of any losses that is reasonably possible to result from this lawsuit is not estimable.

#### *Don Lee Farms II*

On June 2, 2022, Don Lee Farms, a division of Goodman Food Products, Inc., filed a complaint against the Company and Chief Executive Officer Ethan Brown, in the Central District of California, asserting claims for violation of the Lanham Act, false advertising, and unfair competition under the California Business and Professions Code, each arising out of claims that the Company's Beyond Burger and Beyond Crumble products inaccurately state the daily value percentage of protein contained within and the Company erroneously markets these products as free of synthetic ingredients. Don Lee Farms is seeking from the Company and Mr. Brown unspecified compensatory and punitive damages, restitution, declaratory and injunctive relief, and attorneys' fees and costs. On August 5, 2022, the Company and Mr. Brown each filed motions to dismiss the case. The Company is currently in the process of litigating this matter and intends to vigorously defend itself and Mr. Brown against the claims. Based on the Company's current knowledge, the Company has determined that the amount of any material loss or range of any losses that is reasonably possible to result from this lawsuit is not estimable.

#### *Consumer Class Actions Regarding Protein Claims*

From May 31, 2022 through July 26, 2022, multiple putative class action lawsuits were filed against the Company in various federal courts alleging that the labeling and marketing of certain of the Company's products is false and/or misleading under federal and/or various states' laws. Specifically, each of these lawsuits allege one or more of the following theories of liability: (i) that the labels and

related marketing of the challenged products misstate the quantitative amount of protein that is provided by each serving of the product; (ii) that the labels and related marketing of the challenged products misstate the percent daily value of protein that is provided by each serving of the product; and (iii) that the Company has represented that the challenged products are “all-natural,” “organic,” or contain no “synthetic” ingredients when they in fact contain methylcellulose, an allegedly synthetic ingredient. The named plaintiffs of each complaint seek to represent classes of nationwide and/or state-specific consumers, and seek on behalf of the putative classes damages, restitution, and injunctive relief, among other relief. Additional complaints asserting these theories of liability are possible. The Company intends to vigorously defend against all claims asserted in the complaints. Based on the Company’s current knowledge, the Company has determined that the amount of any material loss or range of any losses that is reasonably possible to result from these lawsuits is not estimable.

The active lawsuits are:

- Roberts v. Beyond Meat, Inc., No. 1:22-cv-02861 (N.D. Ill.) (filed May 31, 2022)
- Yoon v. Beyond Meat, Inc., No. 5:22-cv-01032 (C.D. Cal.) (filed June 24, 2022)
- DeLoss v. Beyond Meat, Inc., No. 2:22-cv-04405 (C.D. Cal.) (filed June 28, 2022)
- Borovoy v. Beyond Meat, Inc., No. 3:22-cv-50242 (N.D. Ill.) (filed July 6, 2022)
- Cascio v. Beyond Meat, Inc., No. 1:22-cv-04018 (E.D.N.Y.) (filed July 8, 2022)
- Miller v. Beyond Meat, Inc., No. 1:22-cv-06336 (S.D.N.Y.) (filed July 26, 2022)

#### *Securities Related Litigation*

On January 30, 2020, Larry Tran, a purported shareholder of Beyond Meat, filed a putative securities class action lawsuit in the United States District Court for the Central District of California against Beyond Meat and two of the Company’s executive officers, the Company’s President and CEO, Ethan Brown, and the Company’s former Chief Financial Officer and Treasurer, Mark Nelson. As noted here and in previous filings, the Tran securities class action was dismissed with prejudice on October 27, 2020, except for the class allegations of absent putative class members, which were dismissed without prejudice.

On March 16, 2020, Eric Weiner, a purported shareholder of Beyond Meat, filed a shareholder derivative lawsuit in the United States District Court for the Central District of California, putatively on behalf of the Company, against two of the Company’s executive officers, the Company’s President and CEO, Ethan Brown, and the Company’s former Chief Financial Officer and Treasurer, Mark Nelson, and each of the Company’s directors, including one former director, who signed the Company’s initial public offering registration statement. The lawsuit asserts claims under Sections 10(b) and 21D of the Securities Exchange Act of 1934, as amended (the “Exchange Act”), claims of breaches of fiduciary duty as directors and/or officers of Beyond Meat, and claims of unjust enrichment and waste of corporate assets, all relating to the Company’s ongoing litigation with Don Lee Farms, related actions taken by Beyond Meat and the named individuals during the period of May 2, 2019 to March 16, 2020, and the Tran securities case brought against the Company.

On March 18, 2020, Kimberly Brink and Melvyn Klein, purported shareholders of Beyond Meat, filed a shareholder derivative lawsuit in the United States District Court for the Central District of California, putatively on behalf of the Company, against two of the Company’s executive officers, the Company’s President and CEO, Ethan Brown, and the Company’s former Chief Financial Officer and Treasurer, Mark Nelson, and each of the Company’s directors, including one former director, who signed the Company’s initial public offering registration statement. The lawsuit asserts claims under Sections 10(b) and 21D of the Exchange Act, claims of breaches of fiduciary duty as directors and/or officers of Beyond Meat, and claims of unjust enrichment and waste of corporate assets, all relating to the Company’s ongoing litigation with Don Lee Farms, related actions taken by Beyond Meat and the named individuals during the period of May 2, 2019 to March 18, 2020, and the Tran securities case brought against the Company.

On May 27, 2020, Kevin Chew, a purported shareholder of Beyond Meat, filed a shareholder derivative lawsuit in the United States District Court of the District of Delaware (the “Chew Derivative

Action”), putatively on behalf of the Company, against two of the Company’s executive officers, the Company’s President and CEO, Ethan Brown, and the Company’s former Chief Financial Officer and Treasurer, Mark Nelson, and each of the Company’s directors, including one former director, who signed the Company’s initial public offering registration statement. The lawsuit asserts claims under Sections 10(b) and 21D of the Exchange Act and claims of breaches of fiduciary duty, relating to the Company’s ongoing litigation with Don Lee Farms, related actions taken by Beyond Meat and the named individuals during the period of May 2, 2019 to May 27, 2020. On June 16, 2020, the Court entered an order staying all proceedings in the derivative action until (1) the Tran securities class action is dismissed, with prejudice, and all appeals related thereto have been exhausted; or (2) any motion to dismiss the Tran securities class action is denied in whole or in part. On June 17, 2020, the Court entered an order administratively closing the derivative case based on the stay order. On July 29, 2021, the Court entered a Joint Stipulation to Continue the Stay of the Action, staying the case until the resolution of the California Derivative Action.

On April 1, 2020, the United States District Court for the Central District of California entered an order consolidating the Weiner action and the Brink/Klein action for all purposes and designated the consolidated case In re: Beyond Meat, Inc. Derivative Litigation (the “California Derivative Action”). On April 13, 2020, the Court entered an order appointing co-lead counsel for the California Derivative Action. On June 23, 2020, the Court entered an order approving a Joint Stipulation Regarding Stay of Actions. Under the terms of the stay approval order, all proceedings in the California Derivative Action are stayed until (1) the Tran securities class action is dismissed, with prejudice, and all appeals related thereto have been exhausted; or (2) any motion to dismiss the Tran securities class action is denied in whole or in part. As noted herein and in previous filings, the Tran securities class action was dismissed with prejudice on October 27, 2020, except for the class allegations of absent putative class members, which were dismissed without prejudice. On April 20, 2021, the parties filed a joint stipulation regarding briefing schedule, and the Court entered a schedule on April 21, 2021.

On May 24, 2021, the plaintiffs in the California Derivative Action filed a First Amended Complaint (“FAC”). The FAC names the same defendants named in the originally-filed consolidated complaint and adds four additional defendants, including ProPortion Foods, LLC (“ProPortion”) and CLW Foods, LLC (“CLW”). The FAC asserts claims under Section 14(a) of the Exchange Act, claims of breach of fiduciary duty, unjust enrichment, waste of corporate assets, abuse of control and gross mismanagement against the individual defendants, and aiding and abetting claims against CLW and ProPortion. All of these claims relate to the Company’s dealings and ongoing litigation with Don Lee Farms, and related actions taken by Beyond Meat and the named individuals during the period of April 2016 to the present. On July 2, 2021, the Court entered a Joint Stipulation Regarding Extension of Briefing Schedule so that the parties could attempt to reach resolution of the lawsuit.

The parties have reached a settlement of the California and Chew Derivative Actions. The proposed settlement, which is subject to final Court approval, includes the Company enacting certain corporate governance reforms and paying plaintiffs’ attorney fees and costs in the amount of \$515,000, which amount has been accrued as of April 2, 2022 and December 31, 2021. No other payment is contemplated in the proposed settlement. The Stipulation of Settlement was signed on January 14, 2022, and Plaintiffs filed a motion for preliminary approval that same day. On February 8, 2022, the Court entered a Scheduling Notice and Order finding that Plaintiffs’ motion for preliminary approval is appropriate for submission on the papers without oral argument. On March 31, 2022, the Court entered an order preliminarily approving the Stipulation of Settlement. On April 8, 2022, the Company published notice of the preliminary approval and the proposed settlement in accordance with the Stipulation of Settlement. On April 18, 2022, the Company paid to escrow the \$515,000 for Plaintiffs’ attorneys’ fees and costs and on April 19, 2022, the Company filed proof of notice with the Court. Plaintiffs filed their motion for final approval on June 13, 2022. On July 1, 2022, Plaintiffs filed a notice of non-objection, stating that they received no objections to the proposed settlement. The Final Approval Hearing was scheduled for July 11, 2022, but on July 7, 2022, the Court entered a Scheduling Notice and Order finding that Plaintiffs’ motion for final approval is appropriate for submission on the papers without oral argument.



*Interbev*

In October 2020, Interbev, a French trade association for the cattle industry sent a cease-and-desist letter to one of the Company's contract manufacturers alleging that the use of "meat" and meat-related terms is misleading the French consumer. Despite the Company's best efforts to reach a settlement, including a formal settlement proposal from the Company in March 2021, the association no longer responded. Instead, on March 13, 2022, the Company was served a summons by Interbev to appear before the Commercial Court of Paris. The summons alleges that the Company misleads the French consumer with references to e.g. "plant based meat," "plant based burger" and related descriptive names, and alleges that the Company is denigrating meat and meat products. The relief sought by Interbev includes (i) changing the presentation of Beyond Meat products to avoid any potential confusion with meat products, (ii) publication of the judgment of the court in the media, and (iii) damages of EUR 200,000. The Company strongly denies these claims and will defend its position with the utmost vigor. The litigation is expected to take at least 18 months in first instance, and if the Court rules against the Company, it could disrupt the Company's ability to market in France. Should the case be referred to the Court of Justice of the European Union, this case may have repercussions for the entire plant-based protein industry, in all member states of the European Union.

The Company is involved in various other legal proceedings, claims, and litigation arising in the ordinary course of business. Based on the facts currently available, the Company does not believe that the disposition of such matters that are pending or asserted will have a material effect on its financial statements.

**Note 11. Income Taxes**

For the three months ended July 2, 2022 and July 3, 2021, the Company recorded \$11,000 and \$2,000, respectively, in income tax expense in its condensed consolidated statements of operations. For the six months ended July 2, 2022 and July 3, 2021, the Company recorded \$21,000 and \$50,000, respectively, in income tax expense in its condensed consolidated statements of operations.

The Company has evaluated the available evidence supporting the realization of its deferred tax assets, including the amount and timing of future taxable income, and has determined that it is more likely than not that its net deferred tax assets will not be realized in the U.S. Due to uncertainties surrounding the realization of the deferred tax assets, the Company maintains a full valuation allowance against substantially all deferred tax assets. If the Company determines that it will be able to realize some portion or all of its deferred tax assets, an adjustment to its valuation allowance on its deferred tax assets will be made and the adjustment would have the effect of increasing net income in the period such determination is made.

As of July 2, 2022, the Company did not have any accrued interest or penalties related to uncertain tax positions. The Company's policy is to recognize interest and penalties related to uncertain tax positions in income tax expense. The Company is subject to U.S. federal tax authority and U.S. state tax authority examinations for all years with respect to net operating loss and credit carryforwards.

In response to the COVID-19 pandemic, the United States passed the Coronavirus Aid, Relief, and Economic Security ("CARES") Act in March 2020 and on March 11, 2021 the United States enacted the American Rescue Plan Act of 2021. These Acts include various income and payroll tax measures. The income tax and payroll tax measures did not materially impact the Company's financial statements.

**Note 12. Net Loss Per Share Available to Common Stockholders**

The Company calculates basic and diluted net loss per share available to common stockholders in conformity with the two-class method required for companies with participating securities. Pursuant to Accounting Standards Update 2020-06, the Company applies the more dilutive of the if-converted method and the two-class method to its Notes.

Computation of net loss per share available to common stockholders for the three and six months ended July 2, 2022 excludes the dilutive effect of 4,402,397 shares issuable under stock options and 983,304 RSUs outstanding at July 2, 2022 because the Company incurred a net loss and their inclusion would be anti-dilutive. Computation of net loss per share available to common stockholders for the three and six months ended July 2, 2022 also excludes the dilutive effect of the Notes because the Company recorded a net loss and their inclusion would be anti-dilutive. Computation of net loss per share available to common stockholders for the three and six months ended July 3, 2021 excludes the dilutive effect of 3,892,262 shares issuable under stock options and 303,392 RSUs outstanding as of July 3, 2021 because their inclusion would be anti-dilutive. Computation of net loss per share available to common stockholders for the three and six months ended July 3, 2021 also excludes adjustments under the two-class method relating to a liability classified, share-settled obligation to an executive officer to deliver a variable number of shares based on a fixed monetary amount (see [Note 9](#)) because the shares to be delivered are not participating securities as they do not have voting rights and are not entitled to participate in dividends until they are issued. Computation of net loss per share available to common stockholders for the three and six months ended July 3, 2021 also excludes the dilutive effect of the Notes because the Company recorded a net loss and their inclusion would be anti-dilutive.

(in thousands, except share and per share amounts)	Three Months Ended		Six Months Ended	
	July 2, 2022	July 3, 2021	July 2, 2022	July 3, 2021
<b>Numerator:</b>				
Net loss available to common stockholders	\$ (97,134)	\$ (19,652)	\$ (197,592)	\$ (46,918)
Undistributed net income available to unvested restricted stockholders	—	—	—	—
Net loss available to common stockholders—basic	<u>(97,134)</u>	<u>(19,652)</u>	<u>(197,592)</u>	<u>(46,918)</u>
<b>Denominator:</b>				
Weighted average common shares outstanding—basic	63,573,658	63,121,400	63,519,444	63,029,597
Dilutive effect of shares issuable under stock options	—	—	—	—
Dilutive effect of RSUs	—	—	—	—
Dilutive effect of share-settled obligation	—	—	—	—
Dilutive effect of Notes, if converted <sup>(1)</sup>	—	—	—	—
Weighted average common shares outstanding—diluted	<u>63,573,658</u>	<u>63,121,400</u>	<u>63,519,444</u>	<u>63,029,597</u>
Net loss per share available to common stockholders—basic	<u>\$ (1.53)</u>	<u>\$ (0.31)</u>	<u>\$ (3.11)</u>	<u>\$ (0.74)</u>
Net loss per share available to common stockholders—diluted	<u>\$ (1.53)</u>	<u>\$ (0.31)</u>	<u>\$ (3.11)</u>	<u>\$ (0.74)</u>

(1) As the Company recorded net losses in the three and six months ended July 2, 2022 and July 3, 2021, inclusion of shares from the conversion premium or spread would be anti-dilutive. The Company had \$1.2 billion in Notes outstanding as of July 2, 2022.

### Note 13. Related Party Transactions

In connection with the Company's investment in TPP, a joint venture with PepsiCo, Inc., the Company sells certain products directly to the joint venture. In the three months ended July 2, 2022, the Company also entered into an agreement for a nonrefundable up-front fee associated with its manufacturing and supply agreement with TPP that will be recognized over the estimated term of the manufacturing and supply agreement. Net revenues earned from TPP included in U.S. retail channel net revenues were

\$15.9 million and \$0 for the three months ended July 2, 2022 and July 3, 2021, respectively, and \$26.6 million and \$0 for the six months ended July 2, 2022 and July 3, 2021, respectively.

Accounts receivable from TPP were \$12.0 million and \$0 at July 2, 2022 and December 31, 2021, respectively. Current and long-term portions of the unrecognized revenue associated with the up-front fee charged to TPP as of July 2, 2022 were \$0.9 million and \$3.3 million, respectively, and included in "Accrued expenses and other current liabilities" and "Finance lease obligations and other long-term liabilities," respectively, in the Company's condensed consolidated balance sheet as of July 2, 2022. There were no such balances as of December 31, 2021.

**Note 14. Subsequent Events**

Subsequent to the quarter ended July 2, 2022, on July 27, 2022, the Company entered into an agreement to purchase certain real property on a neighboring site to its manufacturing facility in Europe located in Enschede, the Netherlands for cash consideration of approximately €6.3 million. The purchase is expected to close in the second half of 2023.

Subsequent to the quarter ended July 2, 2022, on August 3, 2022, the Company and Roquette Frères amended their agreement ("Amendment") dated January 10, 2020 to extend it to December 31, 2023. Pursuant to the Amendment the purchase commitment was revised to purchase \$16.2 million of pea protein in the remainder of 2022 and \$40.2 million in 2023.

Subsequent to the quarter ended July 2, 2022, the Company contributed an additional \$10.0 million as its share of the additional investment in TPP.

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

*The following discussion contains forward-looking statements that involve risks and uncertainties. Our actual results may differ materially from those discussed in the forward-looking statements as a result of various factors, including those set forth in Part I, Item 1A, "Risk Factors," of our 2021 10-K and Part II, [Item 1A](#), "Risk Factors" and "Note Regarding Forward-Looking Statements" included in this report and those discussed in other documents we file from time to time with the SEC. The following discussion of our financial condition and results of operations should be read in conjunction with our unaudited condensed consolidated financial statements and the related notes and other financial information included in this quarterly report and our audited consolidated financial statements and notes thereto included in our 2021 10-K. Our historical results are not necessarily indicative of the results to be expected for any future periods and our operating results for the three and six months ended July 2, 2022 are not necessarily indicative of the results to be expected for the fiscal year ending December 31, 2022 or for any other interim period or for any other future year or period.*

### Overview

Beyond Meat is a leading plant-based meat company, offering a portfolio of revolutionary plant-based meats. We build meat directly from plants, an innovation that enables consumers to experience the taste, texture and other sensory attributes of popular animal-based meat products while enjoying the nutritional and environmental benefits of eating our plant-based meat products. Our brand commitment, Eat What You Love, represents a strong belief that there is a better way to feed our future and that the positive choices we all make, no matter how small, can have a great impact on our personal health and the health of our planet. By shifting from animal-based meat to plant-based protein, we can positively impact four growing global issues: human health, climate change, constraints on natural resources and animal welfare. The success of our breakthrough innovation model and products has allowed us to appeal to a broad range of consumers, including those who typically eat animal-based meats, positioning us to compete directly in the \$1.4 trillion global meat industry.

We sell a range of plant-based meat products across the three main meat platforms of beef, pork and poultry. As of June 2022, Beyond Meat branded products were available at approximately 183,000 retail and foodservice outlets in more than 90 countries worldwide, across mainstream grocery, mass merchandiser, club store, convenience store, and natural retailer channels, and various food-away-from-home channels, including restaurants, foodservice outlets and schools.

The condensed consolidated financial statements for the period ended July 2, 2022 include the accounts of the Company and its foreign subsidiaries, Beyond Meat EU B.V., BYND JX and Beyond Meat Canada Inc. All inter-company balances and transactions have been eliminated.

We operate on a fiscal calendar year, and each interim quarter is comprised of one 5-week period and two 4-week periods, with each week ending on a Saturday. Our fiscal year always begins on January 1 and ends on December 31. As a result, our first and fourth fiscal quarters may have more or fewer days included than a traditional 91-day fiscal quarter.

For the three months ended July 2, 2022, our retail and foodservice channels accounted for approximately 69.7% and 30.3% of our net revenues, respectively. For the three months ended July 3, 2021, our retail and foodservice channels accounted for approximately 70.8% and 29.2% of our net revenues, respectively. For the six months ended July 2, 2022, our retail and foodservice channels accounted for approximately 72.9% and 27.1% of our net revenues, respectively. For the six months ended July 3, 2021, our retail and foodservice channels accounted for approximately 72.5% and 27.5% of our net revenues, respectively.

For the three months ended July 2, 2022, our U.S. and international channels accounted for approximately 69.5% and 30.5% of our net revenues, respectively. For the three months ended July 3, 2021, our U.S. and international channels accounted for approximately 67.7% and 32.3% of our net revenues, respectively. For the six months ended July 2, 2022, our U.S. and international channels

accounted for approximately 72.5% and 27.5% of our net revenues, respectively. For the six months ended July 3, 2021, our U.S. and international channels accounted for approximately 70.5% and 29.5% of our net revenues, respectively.

In the three and six months ended July 2, 2022, net revenues from international foodservice channel sales increased while net revenues from international retail channel sales decreased as compared to the prior-year periods. Despite increased pounds of product sold, international net revenues decreased 7.2% and 7.1% in the three and six months ended July 2, 2022, respectively, as compared to the prior-year periods primarily due to decreased revenue per pound driven by recent pricing actions, a softening in the Euro vs the U.S. dollar and increased trade discounts.

In the three and six months ended July 2, 2022, U.S. retail channel net revenues increased as compared to the prior-year periods, partially offset by a decrease in U.S. foodservice channel net revenues, resulting in a 1.1% and 2.4% increase in U.S. net revenues, respectively. However, this increase was more than offset by the decrease in international net revenues, resulting in a 1.6% and 0.4% decrease in net revenues in the three and six months ended July 2, 2022, respectively, as compared to the prior-year periods.

At July 2, 2022, our inventory balances increased 5% compared to the levels at December 31, 2021, due to increases in all the three categories of inventories. The increase in finished goods inventory includes the effect of higher capitalized direct labor and production overhead costs.

In addition to the impact of COVID-19 on our business discussed below under "Impact of COVID-19 on Our Business," our net revenues, gross profit, gross margin, earnings and cash flows may be adversely impacted in 2022 by the following:

- changes in our product mix including the launch of new products (especially Beyond Meat Jerky), which may carry lower margin profiles relative to existing products due in part to early cost of production inefficiencies;
- weak demand in the retail channel due to slower category growth, particularly for refrigerated plant-based meat, and increased competitive activity, including the deceleration of plant-based meat across Europe and our ability to successfully launch extended shelf-life products;
- the impact of high inflation and the plant-based meat sector's premium pricing relative to animal protein;
- our decreased revenue forecast negatively impacting capacity utilization, which could also give rise to termination fees to exit certain supply chain arrangements and/or the write-off of certain equipment, driving less leverage on fixed costs and delaying the speed at which cost savings initiatives impact our financial results;
- changes in forecast demand, particularly for Beyond Meat Jerky;
- effectively managing inventory levels, including sales to the liquidation channel and the level of inventory reserves;
- price reductions, primarily in the retail channel in Europe, intended to improve price competitiveness relative to competing products;
- increased unit cost of goods sold due to lower production volumes in response to weaker demand, which would adversely impact coverage of fixed production costs within our manufacturing facilities;
- increased unit cost of goods due to inflation, rising interest rates, higher transportation, raw materials, energy, labor and supply chain costs;
- increased promotional programs and trade discounts to our retail and foodservice customers, including to bolster support for our core lines, and shifts in product and channel mix resulting in negative impacts on our gross margins;
- potential disruption to our supply chain and the supply chain more generally caused by distribution and other logistical issues; and

- labor needs at the Company as well as in the supply chain and at customers.

In August 2022, we realigned our organizational structures across North America, the EU and China to increase regional focus, efficiency and speed.

### **Impact of COVID-19 on Our Business**

The COVID-19 pandemic has had, and we expect will continue to have, certain negative impacts on our business. In response to the COVID-19 pandemic, governments and other authorities around the world implemented significant measures intended to control the spread of the virus, including social distancing measures, business closures or restrictions on operations, quarantines, lockdowns and travel bans. While some of these restrictions were lifted or eased in many jurisdictions as the rates of COVID-19 infections have decreased or stabilized and as various COVID-19 vaccines have become more widely available, a resurgence of COVID-19 and the impact of variants of the virus that causes COVID-19 in some markets, including China, has slowed the reopening process.

The COVID-19 pandemic continues to impact the global economy. We have established a cross-functional task force that meets regularly and continually monitors and tracks relevant data, including guidance from local, national and international health agencies. This task force works closely with our senior leadership and is instrumental in making critical, timely decisions and is committed to continuing to communicate to our employees as more information is available to share. In response to COVID-19, we have taken, and continue to take measures to support the health and safety of our employees as well as the communities in which we operate.

It is challenging to estimate the extent of the adverse impact of the COVID-19 pandemic on our results of operations due to continued uncertainty regarding the duration, spread and intensity of the COVID-19 pandemic. While the ultimate health and economic impact of COVID-19 continues to be highly uncertain, our business operations and results of operations, including our net revenues, gross profit, gross margin, earnings and cash flows, may be adversely impacted in 2022, including as a result of:

- variability of demand in the foodservice channel due to the ongoing impact of COVID-19, including the resurgence of COVID-19 and the appearance of variants of the virus, despite the resumption of customer traffic in some foodservice establishments;
- potential disruption or closure of our facilities or those of our suppliers or co-manufacturers due to employee contraction of COVID-19;
- potential shortages in raw materials caused by the conflict in Ukraine, COVID-19 lockdowns in China or other factors;
- the timing and success of strategic QSR partnership launches and resumption of any expansion plans for our product lines for those QSR customers who are in trial or test phase;
- reduced consumer confidence and consumer spending, including spending to purchase our products, and negative trends in consumer purchasing patterns due to consumers' disposable income, credit availability, debt levels, inflation and rising interest rates;
- reduced confidence by our foodservice partners due to the resurgence of COVID-19, as well as reimplementing of safety measures in certain jurisdictions and its potential impact on customer demand levels;
- further foodservice customer closures (including re-closures in connection with resurgences of COVID-19) or further reduced operations;
- our ability to introduce new foodservice products as QSR and other partners look to simplify menu offerings as a result of the pandemic;
- uncertainty in the length of recovery time for the U.S. and world economies; and
- disruptions in our ability to expand to new international locations.

Future events and effects related to COVID-19 cannot be determined with precision and actual results could significantly differ from estimates or forecasts.

## **Environmental, Social and Governance**

As a disruptive leader in the food industry, we have established ourselves as a leading producer of plant-based meat products that deliver a reduced environmental footprint and mitigate the social and welfare issues inherent to the production and consumption of animal protein. In order to continue that work and position ourselves as a leader in the integration of environmental and social change, we have committed to developing a comprehensive ESG program. As part of the development of our ESG program, we have conducted a materiality analysis to determine which ESG issues are relevant to our business ("ESG Materiality Analysis"). The ESG Materiality Analysis was not designed to identify material issues for the purposes of financial reporting, or as defined by the securities laws of the United States. The environmental impacts of our products, climate change management, the safety and quality of the products we produce and how we manage our supply chain were all identified as highly relevant as a result of the ESG Materiality Analysis. We continue to work on leveraging the ESG Materiality Analysis to create comprehensive ESG goals that will assist us with our commitment to ensuring responsible and sustainable business practices within our organization.

### **Components of Our Results of Operations and Trends and Other Factors Affecting Our Business**

#### **Net Revenues**

We generate net revenues primarily from sales of our products to our customers across mainstream grocery, mass merchandiser, club store, convenience store, and natural retailer channels and various food-away-from-home channels, including restaurants, foodservice outlets and schools, mainly in the United States.

We present our net revenues by geography and distribution channel as follows:

<b>Distribution Channel</b>	<b>Description</b>
U.S. Retail	Net revenues from retail sales to the U.S. market and sales to our joint venture, the Planet Partnership, LLC
U.S. Foodservice	Net revenues from restaurant and foodservice sales to the U.S. market
International Retail	Net revenues from retail sales to international markets, including Canada
International Foodservice	Net revenues from restaurant and foodservice sales to international markets, including Canada

The following factors and trends in our business have driven net revenue growth over prior periods and are expected to be key drivers of our net revenue growth over time, subject to the duration, magnitude and effects of COVID-19 and other challenges as discussed above:

- increased penetration across our retail channel, including mainstream grocery, mass merchandiser, club store, convenience store, and natural retailer channels, and our foodservice channel, including increased desire by foodservice establishments, including large Full Service Restaurant and/or global QSR customers, to add plant-based products to their menus and to highlight these offerings;
- the strength and breadth of our partnerships with global QSR restaurants and retail and foodservice customers;
- distribution expansion, increased sales velocity, household penetration, repeat purchases, buying rates (amount spent per buyer) and purchase frequency across our channels;
- increased international sales of our products across geographies, markets and channels as we continue to expand the breadth and depth of our international distribution and grow our numbers of international customers;
- our ability to accurately forecast demand for our products and manage our inventory;
- our operational effectiveness and ability to fulfill orders in full and on time;

- our continued innovation and product commercialization, including enhancing existing products and introducing new products, such as Beyond Meatballs, Beyond Breakfast Sausage Patties, Beyond Breakfast Sausage Links, the latest iteration of our Beyond Burger and the recent launches of Beyond Chicken Tenders and Beyond Meat Jerky, across our plant-based platforms that appeal to a broad range of consumers, specifically those who typically eat animal-based meat;
- enhanced marketing efforts as we continue to build our brand, amplify our value proposition around taste, health and sustainability, serve as a best-in-class partner to strategic and other QSR customers to support product development and category management, and drive consumer adoption of our products, including for example, our billboard campaign, food truck tours in selected cities, our first Reddit AMA, our presence on TikTok, our NBA Twitter campaign during the NBA finals, mobile pop-ups in select U.S. cities to give consumers an exclusive first taste of our latest innovative products ahead of in-store availability, increased social media and digital activity to build consumer awareness and excitement, shopper marketing programs to incentivize consumer trial, and a robust Spotify podcast campaign around the launch of the latest iteration of our Beyond Burger;
- overall market trends, including consumer awareness and demand for nutritious, convenient and high protein plant-based foods; and
- increased production levels as we invest in production infrastructure and scale production to meet demand for our products across our distribution channels both domestically and internationally.

In addition to the factors and trends above, we expect the following to positively impact net revenues going forward, subject to the ultimate duration, magnitude and effects of the COVID-19 pandemic and other challenges discussed above:

- expansion of our own internal production facilities domestically and abroad to produce our woven proteins, blends of flavor systems and binding systems, and finished goods, while forming additional strategic relationships with co-manufacturers; and
- localized production and third-party partnerships to increase the availability and speed with which we can get our products to customers internationally.

As we seek to continue to grow our net revenues, we face several challenges. The extent of COVID-19's effect on our operational and financial performance will depend on future developments, including the duration, spread and intensity of the pandemic (including any additional resurgences), impact of variants of the virus that causes COVID-19, the widespread distribution and public acceptance of the various COVID-19 vaccines and their efficacy against COVID-19 and variants of the virus, labor needs at the Company as well as in the supply chain and at customers, compliance with government or employer COVID-19 vaccine mandates and the resulting impact on available labor, and the level of social and economic restrictions imposed on the United States and abroad in an effort to curb the spread of the virus, and the impact on consumer behavior, all of which are uncertain and difficult to predict considering the rapidly evolving landscape. For example, the impact of COVID-19 on any of our suppliers, co-manufacturers, distributors or transportation or logistics providers may negatively affect the price and availability of our ingredients and/or packaging materials and impact our supply chain. Labor shortages at retail and foodservice customers may impact our ability to launch new products or planned promotions, or may have other negative effects on customer demand. Additionally, if we are forced to scale back hours of production or close our production facilities or our Manhattan Beach Project Innovation Center in response to the pandemic, we expect our business, financial condition and results of operations would be materially adversely affected. In addition, our growth strategy to expand our operations internationally may be impeded. The uncertainty created by COVID-19 significantly increases the difficulty in forecasting operating results and strategic planning. As a result, it is not currently possible to ascertain the overall impact of COVID-19 on our business, results of operations, financial condition or liquidity. However, the pandemic has had, and we expect may continue to have, a material adverse impact on our business, results of operations, financial condition and cash flows and may adversely impact the trading price of our



common stock. Future events and effects related to the COVID-19 pandemic cannot be determined with precision and actual results could significantly differ from estimates or forecasts.

We routinely offer sales discounts and promotions through various programs to customers and consumers. These programs include rebates, temporary on-shelf price reductions, off-invoice discounts, retailer advertisements, product coupons and other trade activities. We anticipate that we will need to continue to offer more trade and promotion discounts to both our retail and foodservice customers, to drive increased consumer trial, in response to COVID-19 and in response to increased competition and pressure on the plant-based meat category. The expense associated with these discounts and promotions is estimated and recorded as a reduction in total gross revenues in order to arrive at reported net revenues. At the end of each accounting period, we recognize a contra asset to "Accounts receivable" for estimated sales discounts that have been incurred but not paid which totaled \$5.2 million and \$3.6 million as of July 2, 2022 and December 31, 2021, respectively. We expect to face increasing competition across all channels, especially as additional plant-based protein product brands continue to enter the marketplace and as consumers trade down among proteins in the context of significant inflationary pressures. In response, we anticipate providing heavier discounting and promotions on some of our products. Although these actions are intended to build brand awareness and increase consumer trials of our products, they have had and are likely to continue to have a negative impact on our net revenues, gross margins and profitability, impacting period-over-period results.

In addition, because we do not have any purchase commitments from our distributors or customers, the amount of net revenues we recognize will vary from period to period depending on the volume, timing and the channels through which our products are sold, and the impact of customer orders ahead of holidays, causing variability in our results. Similarly, the timing of retail shelf resets are not within our control, and to the extent that retail customers change the timing of such events, variability of our results may also increase. Lower customer orders ahead of holidays, shifts in customer shelf reset activity and changes in the order patterns of one or more of our large retail customers could cause a significant fluctuation in our quarterly results and could have a disproportionate effect on our results of operations for the entire fiscal year.

Our financial performance also depends on our operational effectiveness and ability to fulfill orders in full and on time. For example, in the third quarter of 2021 we experienced challenges in operations that led to unfulfilled orders, primarily due to severe weather resulting in the temporary loss of potable water in one Pennsylvania facility and water damage to inventory in another.

Further, we may not be able to recapture missed opportunities in later periods, for example if the opportunity related to a significant grilling holiday like Memorial Day weekend, the Fourth of July, or Labor Day weekend. Missed opportunities may also result in missing subsequent additional opportunities. Internal and external operational issues therefore may impact the amount and variability of our results.

### **Seasonality**

Generally, we expect to experience greater demand for certain of our products during the summer grilling season. In 2022, U.S. retail channel net revenues during the second quarter were 16% higher than the first quarter. In 2021, U.S. retail channel net revenues during the second quarter were 21% higher than the first quarter. We continue to see additional seasonality effects, especially within our retail channel, with revenue contribution from this channel tending to be greater in the second and third quarters of the year, along with increased levels of purchasing by customers ahead of holidays, the impact of customer shelf reset activity and the timing of product restocking by our retail customers. In an environment of uncertainty from the impact of COVID-19, inflationary pressures and other factors impacting our business, we are unable to assess the ultimate impact on the demand for our products as a result of seasonality.

## **Gross Profit**

Gross profit consists of our net revenues less cost of goods sold. Our cost of goods sold primarily consists of the cost of raw materials and ingredients for our products, direct and indirect labor and certain supply costs, co-manufacturing fees, in-bound and internal shipping and handling costs incurred in manufacturing our products, warehouse storage fees, plant and equipment overhead, depreciation and amortization expense, cost of packaging our products, as well as inventory write-offs and reserves. In anticipation of future growth, we have had to very quickly scale production and expand our sources of supply for our core protein inputs such as pea protein.

We expect our cost of goods sold in absolute dollars to increase as a result of anticipated growth in our sales volume.

Subject to the ultimate duration, magnitude and effects of COVID-19, inflationary pressures and other factors impacting our business, we continue to expect that gross profit improvements will be delivered primarily through improved volume leverage and throughput, reduced manufacturing conversion costs, greater internalization and geographic localization of our manufacturing footprint and finished goods, materials and packaging input cost reductions, tolling fee efficiencies, end-to-end production processes across a greater proportion of our manufacturing network, scale-driven efficiencies in procurement and fixed cost absorption, diversification of our core protein ingredients, product and process innovations and reformulations, cost-down initiatives through ingredient and process innovation and improved supply chain logistics and distribution costs. We are also working to improve gross margin through ingredient cost savings achieved through scale of purchasing and through negotiating lower tolling fees. We intend to pass some of these cost savings on to the consumer as we pursue our goal to achieve price parity with animal protein in at least one of our product categories by the end of 2024.

Margin improvement may, however, continue to be negatively impacted by our focus on investing heavily in our business, including launching new products with manufacturing processes that may initially be inefficient, establishing infrastructure in the U.S., EU and China, investing in personnel, partnerships and product pipeline, investing in our facilities, growing our customer base, volume deleveraging, aggressive pricing strategies and increased discounting, increased sales to the liquidation channel and inventory reserves, our product and customer mix, expanding into new geographies and markets, enhancing our production infrastructure, improving our innovation capabilities, enhancing our product offerings and increasing consumer engagement to apply increasing pressure on the three key levers of taste, health and cost that we believe are critical for mass adoption. Margin improvement may also be negatively impacted by the impact of lower demand forecast, inflation, increasing labor costs, materials costs and transportation costs.

## **Operating Expenses**

### **Research and Development Expenses**

Research and development expenses consist primarily of personnel and related expenses for our research and development staff, including salaries, benefits, bonuses, share-based compensation, scale-up expenses, and depreciation and amortization expense on research and development assets. We are beginning to incur research and development expenses in the form of rent associated with our new Commerce, California commercialization center. Design work for the build out of the commercialization center is underway, however, we have currently delayed the anticipated commencement of operations. Our research and development efforts are focused on enhancements to our product formulations and production processes in addition to the development of new products. We expect to continue to invest substantial amounts in research and development, as research and development and innovation are core elements of our business strategy, and we believe they represent a critical competitive advantage for us. We believe that we need to continue to rapidly innovate in order to continue to capture a larger market share of consumers who typically eat animal-based meats. Over time and subject to the duration, magnitude and effects of the COVID-19 pandemic, inflationary pressures and other factors impacting our business, we expect these expenses to increase in absolute dollars, but to decrease as a percentage of net revenues as we continue to scale production volume.

## SG&A Expenses

SG&A expenses consist primarily of selling, marketing and administrative expenses, including personnel and related expenses, share-based compensation, outbound shipping and handling costs, non-manufacturing lease expense, depreciation and amortization expense on non-manufacturing assets, consulting fees and other non-production operating expenses. Marketing and selling expenses include advertising costs, share-based compensation awards to brand ambassadors, costs associated with consumer promotions, product samples and sales aids incurred to acquire new customers, retain existing customers and build our brand awareness. Administrative expenses include expenses related to management, accounting, legal, IT, and other office functions.

We expect SG&A expenses for the remainder of 2022 to decrease from the levels in the first half of 2022, as we focus on reducing and optimizing non-people expenses. On August 3, 2022, we announced a reduction-in-force affecting approximately 4% of our global workforce. The reduction-in-force is expected to result in total annualized savings of approximately \$8 million, excluding one-time separation costs of approximately \$1 million, which we expect to incur in the third quarter of 2022.

Over time, our administrative expenses are generally expected to increase in absolute dollars with increased personnel to support various functions, including among others, operations and supply chain, accounting, finance, legal, IT and compliance-related functions, but to decrease as a percentage of net revenues.

## Restructuring Expenses

In May 2017, management approved a plan to terminate an exclusive supply agreement with one of our co-manufacturers. For a discussion of these expenses, see [Note 3, Restructuring](#), and [Note 10, Commitments and Contingencies](#), to the Notes to Unaudited Condensed Consolidated Financial Statements, included elsewhere in this report.

## Results of Operations

The following table sets forth selected items in our condensed consolidated statements of operations for the respective periods presented:

(in thousands)	Three Months Ended		Six Months Ended	
	July 2, 2022	July 3, 2021	July 2, 2022	July 3, 2021
Net revenues	\$ 147,040	\$ 149,426	\$ 256,495	\$ 257,590
Cost of goods sold	153,202	102,074	262,467	177,530
Gross (loss) profit	(6,162)	47,352	(5,972)	80,060
Research and development expenses	16,202	13,823	35,880	29,748
Selling, general and administrative expenses	63,015	48,286	138,129	87,240
Restructuring expenses	4,302	3,844	7,328	6,318
Total operating expenses	83,519	65,953	181,337	123,306
Loss from operations	\$ (89,681)	\$ (18,601)	\$ (187,309)	\$ (43,246)

The following table presents selected items in our condensed consolidated statements of operations as a percentage of net revenues for the periods presented:

	Three Months Ended		Six Months Ended	
	July 2, 2022	July 3, 2021	July 2, 2022	July 3, 2021
Net revenues	100.0 %	100.0 %	100.0 %	100.0 %
Cost of goods sold	104.2	68.3	102.3	68.9
Gross (loss) profit	(4.2)	31.7	(2.3)	31.1
Research and development expenses	11.0	9.3	14.0	11.5
Selling, general and administrative expenses	42.9	32.3	53.9	33.9
Restructuring expenses	2.9	2.6	2.9	2.5
Total operating expenses	56.8	44.2	70.8	47.9
Loss from operations	(61.0)%	(12.5)%	(73.1)%	(16.8)%

### Three and Six Months Ended July 2, 2022 Compared to Three and Six Months Ended July 3, 2021 (unaudited)

#### Net Revenues

Net revenues decreased by \$2.4 million, or 1.6%, in the three months ended July 2, 2022, as compared to the prior-year period primarily due to a decrease in net revenue per pound of approximately 14.2%, partially offset by a 14.6% increase in total pounds sold. The decrease in net revenue per pound was primarily attributable to changes in price, including the impact of sales to liquidation channels and list price reductions in the EU implemented in the first quarter of 2022, changes in foreign exchange rates, and increased trade discounts.

The following table presents our net revenues by channel in the three months ended July 2, 2022 as compared to the prior-year period:

(in thousands)	Three Months Ended		Change	
	July 2, 2022	July 3, 2021	Amount	%
U.S.:				
Retail	\$ 78,861	\$ 77,195	\$ 1,666	2.2 %
Foodservice	23,389	23,961	(572)	(2.4)%
U.S. net revenues	102,250	101,156	1,094	1.1 %
International:				
Retail	23,692	28,544	(4,852)	(17.0)%
Foodservice	21,098	19,726	1,372	7.0 %
International net revenues	44,790	48,270	(3,480)	(7.2)%
Net revenues	\$ 147,040	\$ 149,426	\$ (2,386)	(1.6)%

Net revenues from U.S. retail channel sales in the three months ended July 2, 2022 increased \$1.7 million, or 2.2%, primarily due to sales to TPP of Beyond Meat Jerky introduced in the first quarter of 2022, which contributed \$15.9 million in net revenues, and, to a lesser extent, by chicken products including Beyond Chicken Tenders, partially offset by decreases in sales of other products. Beyond Meat branded products were available at approximately 78,000 U.S. retail outlets as of June 2022.

Net revenues from U.S. foodservice channel sales in the three months ended July 2, 2022 decreased \$0.6 million, or 2.4%, primarily due to discontinued distribution at a certain customer which was included in the year-ago period, partially offset by increases in sales of Beyond Sausage and chicken products including Beyond Chicken Tenders. Beyond Meat branded products were available at approximately 41,000 U.S. foodservice outlets as of June 2022.

Net revenues from international retail channel sales in the three months ended July 2, 2022 decreased \$4.9 million, or 17.0%, primarily driven by a 21.7% decrease in net revenue per pound, partially offset by a 6.0% increase in pounds sold. The decrease in net revenue per pound was primarily due to list price reductions in the EU, unfavorable foreign exchange rate impact and increased trade discounts. By product, the decrease in sales was primarily due to decreases in sales of Beyond Sausage and Beyond Beef. Beyond Meat branded products were available at approximately 33,000 international retail outlets as of June 2022.

Net revenues from international foodservice channel sales in the three months ended July 2, 2022 increased \$1.4 million, or 7.0%, primarily due to a 37.5% increase in pounds sold, partially offset by a 22.2% decrease in net revenue per pound due to changes in sales mix, unfavorable foreign exchange rate impact and increased trade discounts. By product, the increase in sales was primarily due to increases in sales of Beyond Burger and chicken products including Beyond Chicken Tenders. Beyond Meat branded products were available at approximately 31,000 international foodservice outlets as of June 2022.

Net revenues decreased by \$1.1 million, or 0.4%, in the six months ended July 2, 2022, as compared to the prior-year period, primarily due to a decrease in net revenue per pound of approximately 12.3%, partially offset by a 13.7% increase in total pounds sold. The decrease in net revenue per pound was primarily attributable to changes in sales mix, price, including the impact of sales to liquidation channels and list price reductions in the EU implemented in the first quarter of 2022, increased trade discounts, and changes in foreign exchange rates.

The following table presents our net revenues by channel in the six months ended July 2, 2022 as compared to the prior-year period:

(in thousands)	Six Months Ended		Change	
	July 2, 2022	July 3, 2021	Amount	%
U.S.:				
Retail	\$ 147,121	\$ 141,021	\$ 6,100	4.3 %
Foodservice	38,882	40,703	(1,821)	(4.5)%
U.S. net revenues	186,003	181,724	4,279	2.4 %
International:				
Retail	39,829	45,743	(5,914)	(12.9)%
Foodservice	30,663	30,123	540	1.8 %
International net revenues	70,492	75,866	(5,374)	(7.1)%
Net revenues	\$ 256,495	\$ 257,590	\$ (1,095)	(0.4)%

Net revenues from U.S. retail channel sales in the six months ended July 2, 2022 increased \$6.1 million, or 4.3%, as compared to the six months ended July 3, 2021. The increase in U.S. retail channel net revenues was primarily due to sales to TPP of Beyond Meat Jerky introduced in the first quarter of 2022, which contributed \$26.6 million in net revenues, and, to a lesser extent, by chicken products including Beyond Chicken Tenders, partially offset by decreases in sales of other products.

Net revenues from U.S. foodservice channel sales in the six months ended July 2, 2022 decreased \$1.8 million, or 4.5%, primarily due to higher trade discounts. By product, the decrease in sales was

primarily due to a decrease in sales of Beyond Breakfast Sausage, partially offset by increased sales of Beyond Sausage and chicken products including Beyond Chicken Tenders.

Net revenues from international retail channel sales in the six months ended July 2, 2022 decreased \$5.9 million, or 12.9%, primarily driven by a 21.6% decrease in net revenue per pound, partially offset by an 11.1% increase in pounds sold. The decrease in net revenue per pound was due to list price reductions in the EU, increased trade discounts, unfavorable foreign exchange rate impact and changes in sales mix. By product, the decrease in sales was primarily due to decreases in sales of Beyond Sausage, Beyond Burger and Beyond Beef, partially offset by increases in sales of Beyond Meatballs and Beyond Breakfast Sausage.

Net revenues from international foodservice channel sales in the six months ended July 2, 2022 increased \$0.5 million, or 1.8%, primarily due to a 34.5% increase in pounds sold, partially offset by a 24.3% decrease in net revenue per pound due to changes in sales mix, increased trade discounts and unfavorable foreign exchange rate impact. By product, the increase in sales was primarily due to increases in sales of Beyond Burger and chicken products including Beyond Chicken Tenders.

The following table presents total pounds sold by channel for the periods presented:

(in thousands)	Three Months Ended		Change		Six Months Ended		Change	
	July 2, 2022	July 3, 2021	Amount	%	July 2, 2022	July 3, 2021	Amount	%
U.S.:								
Retail	16,057	13,834	2,223	16.1 %	28,510	24,962	3,548	14.2 %
Foodservice	3,965	4,002	(37)	(0.9)%	6,717	6,884	(167)	(2.4)%
International:								
Retail	5,061	4,775	286	6.0 %	8,591	7,734	857	11.1 %
Foodservice	5,042	3,666	1,376	37.5 %	7,623	5,669	1,954	34.5 %
Total pounds sold	30,125	26,277	3,848	14.6 %	51,441	45,249	6,192	13.7 %

#### Cost of Goods Sold

(in thousands)	Three Months Ended		Change		Six Months Ended		Change	
	July 2, 2022	July 3, 2021	Amount	%	July 2, 2022	July 3, 2021	Amount	%
Cost of goods sold	\$ 153,202	\$ 102,074	\$ 51,128	50.1 %	\$ 262,467	\$ 177,530	\$ 84,937	47.8 %

Cost of goods sold increased by \$51.1 million, or 50.1%, to \$153.2 million, in the three months ended July 2, 2022 as compared to the prior-year period. Cost of goods sold as a percentage of net revenues in the three months ended July 2, 2022 increased to 104.2% from 68.3% of net revenues in the prior-year period. The increase in cost of goods sold was primarily due to increased cost per pound and increased pounds sold compared to the prior-year period. The increase in cost per pound was primarily driven by increases in manufacturing costs including depreciation, materials costs, logistics costs and inventory write-offs and reserves. The introduction of Beyond Meat Jerky in the first quarter of 2022 negatively impacted cost per pound in the three months ended July 2, 2022 compared to the prior-year period. The decrease in revenue per pound in the three months ended July 2, 2022 compared to the prior-year period also had the effect of increasing cost of goods sold as a percentage of net revenues.

Cost of goods sold increased by \$84.9 million, or 47.8%, to \$262.5 million, in the six months ended July 2, 2022 as compared to the prior-year period. As a percentage of net revenues, cost of goods sold in

the six months ended July 2, 2022 increased to 102.3% from 68.9% of net revenues in the prior-year period. The increase in cost of goods sold was due to increased cost per pound and increased pounds sold compared to the prior-year period. The increase in cost per pound was due to manufacturing costs including depreciation, increased materials costs, increased logistics costs and increased inventory write-offs and reserves. The introduction of Beyond Meat Jerky in the first quarter of 2022 negatively impacted cost per pound in the six months ended July 2, 2022 compared to the prior-year period. The decrease in revenue per pound in the six months ended July 2, 2022 compared to the prior-year period also had the effect of increasing cost of goods sold as a percentage of net revenues.

### Gross Profit and Gross Margin

(in thousands)	Three Months Ended		Change		Six Months Ended		Change	
	July 2, 2022	July 3, 2021	Amount	%	July 2, 2022	July 3, 2021	Amount	%
	Gross (loss) profit	\$(6,162)	\$47,352	\$(53,514)	(113.0)%	\$(5,972)	\$80,060	\$(86,032)
Gross margin	(4.2)%	31.7%	(3,590) bps	N/A	(2.3)%	31.1%	(3,340) bps	N/A

Gross profit in the three months ended July 2, 2022 was a loss of \$6.2 million as compared to gross profit of \$47.4 million in the prior-year period, a decrease of \$53.5 million. Gross margin in the three months ended July 2, 2022 decreased to a negative gross margin of (4.2)% from a positive gross margin of 31.7% in the prior-year period. Despite a 14.6% increase in total pounds sold, gross profit and gross margin decreased primarily as a result of increased costs per pound of approximately \$1.20 and decreased net revenue per pound of approximately \$0.81 in the three months ended July 2, 2022 versus the prior-year period. Included in the cost and revenue per pound impacts were the impact of sales through the liquidation channel and sales of Beyond Meat Jerky. The inventory associated with the liquidation channel sales carried a cost of approximately \$10.5 million and we realized revenue of approximately \$1.9 million and a loss of approximately \$8.7 million on the transaction. Additionally, we estimate Beyond Meat Jerky, which was introduced in the first quarter of 2022, contributed a gross profit loss of approximately \$7.7 million in the three months ended July 2, 2022.

Gross profit in the six months ended July 2, 2022 was a loss of \$6.0 million as compared to gross profit of \$80.1 million in the prior-year period, a decrease of \$86.0 million. Gross margin in the six months ended July 2, 2022 decreased to a negative gross margin of (2.3)% from a positive gross margin of 31.1% in the prior-year period. Despite a 13.7% increase in total pounds sold, gross profit and gross margin decreased primarily as a result of increased costs per pound of approximately \$1.18 and decreased net revenue per pound of approximately \$0.71 in the six months ended July 2, 2022 compared to the prior-year period. Sales of Beyond Meat Jerky and sales into the liquidation channel were both headwinds to gross profit compared to the prior-year period.

We include outbound shipping and handling costs within SG&A expenses. As a result, our gross profit and gross margin may not be comparable to other entities that present shipping and handling costs as a component of cost of goods sold.

### Research and Development Expenses

(in thousands)	Three Months Ended		Change		Six Months Ended		Change	
	July 2, 2022	July 3, 2021	Amount	%	July 2, 2022	July 3, 2021	Amount	%
Research and development expenses	\$ 16,202	\$ 13,823	\$ 2,379	17.2 %	\$ 35,880	\$ 29,748	\$ 6,132	20.6 %

Research and development expenses increased \$2.4 million, or 17.2%, in the three months ended July 2, 2022, as compared to the prior-year period. Research and development expenses increased to 11.0% of net revenues in the three months ended July 2, 2022 from 9.3% of net revenues in the prior-year period primarily due to higher headcount and higher scale-up expenses compared to the prior-year period.

Research and development expenses increased \$6.1 million, or 20.6%, in the six months ended July 2, 2022, as compared to the prior-year period. Research and development expenses increased to 14.0% of net revenues in the six months ended July 2, 2022 from 11.5% of net revenues in the prior-year period primarily due to higher headcount and higher new product scale-up expenses compared to the prior-year period.

### SG&A Expenses

(in thousands)	Three Months Ended		Change		Six Months Ended		Change	
	July 2, 2022	July 3, 2021	Amount	%	July 2, 2022	July 3, 2021	Amount	%
Selling, general and administrative expenses	\$ 63,015	\$ 48,286	\$ 14,729	30.5 %	\$ 138,129	\$ 87,240	\$ 50,889	58.3 %

SG&A expenses increased \$14.7 million, or 30.5%, in the three months ended July 2, 2022 to 42.9% of net revenues in the three months ended July 2, 2022, from 32.3% of net revenues in the prior-year period. The increase in SG&A expenses was primarily due to \$6.4 million in higher salaries and related expenses resulting from higher headcount, \$4.2 million in higher consulting fees, \$2.8 million in higher advertising costs, \$2.3 million in higher share-based compensation expense, \$1.2 million in increased marketing costs and \$1.0 million in higher travel-related costs, partially offset by \$0.7 million in lower outbound freight costs.

SG&A expenses increased \$50.9 million, or 58.3%, in the six months ended July 2, 2022 to 53.9% of net revenues in the six months ended July 2, 2022, from 33.9% of net revenues in the prior-year period. The increase in SG&A expenses was primarily due to \$14.4 million in higher salaries and related expenses resulting from higher headcount, \$12.7 million in higher advertising costs, \$8.5 million in higher marketing expenses, \$6.7 million in higher consulting fees, \$4.3 million in higher share-based compensation expense, \$2.0 million in outbound freight costs, \$1.7 million in higher product donation costs, and \$1.7 million in travel and related costs, partially offset by \$0.8 million in lower product commissions.

### Restructuring Expenses

As a result of the termination in May 2017 of an exclusive supply agreement with one of our co-manufacturers due to non-performance under the agreement, we recorded restructuring expenses of \$4.3 million and \$3.8 million in the three months ended July 2, 2022 and July 3, 2021, respectively, and \$7.3 million and \$6.3 million in the six months ended July 2, 2022 and July 3, 2021, respectively. The restructuring expenses were primarily related to legal and other expenses associated with the dispute. As



of July 2, 2022 and December 31, 2021, there were \$2.2 million and \$2.7 million, respectively, in accrued and unpaid restructuring expenses. We continue to incur legal fees and other costs in connection with our ongoing efforts to resolve this dispute. See [Note 3, Restructuring](#), and [Note 10, Commitments and Contingencies](#) to the Notes to Unaudited Condensed Consolidated Financial Statements included elsewhere in this report.

### **Loss from Operations**

Loss from operations in the three months ended July 2, 2022 was \$89.7 million compared to \$18.6 million in the prior-year period. The increase in loss from operations in the three months ended July 2, 2022 was primarily driven by lower gross profit, growth in non-production headcount expenses, increased general and administrative expenses driven by ongoing consulting agreements, greater investment in marketing activities, higher expenses associated with production trial activities, and increased investments in innovation compared to the prior-year period.

Loss from operations in the six months ended July 2, 2022 was \$187.3 million compared to \$43.2 million in the prior-year period. The increase in loss from operations in the six months ended July 2, 2022 was primarily driven by lower gross profit, growth in non-production headcount expenses, higher advertising costs, higher marketing-related expenses, higher consulting expenses, increased production trial activities and higher share-based compensation expense compared to the prior-year period.

### **Total Other Expense, net**

Total other expense, net in the three months ended July 2, 2022 of \$6.0 million included approximately \$5.5 million in realized and unrealized foreign currency transaction losses due to unfavorable changes in foreign exchange rates of the Euro and Chinese Yuan and \$1.0 million in interest expense from the amortization of convertible debt issuance costs, partially offset by \$0.6 million in interest income. Total other expense of \$0.8 million in the prior-year period consisted of \$1.0 million in interest expense on our debt balances, partially offset by \$0.2 million in foreign currency transaction gains and \$0.2 million in subsidies received from the Jiaxing Economic Development Zone Finance Bureau for our investment in BYND JX.

Total other expense, net in the six months ended July 2, 2022 of \$8.2 million consisted primarily of \$6.6 million in realized and unrealized foreign currency transaction losses due to unfavorable changes in foreign exchange rates of the Euro and Chinese Yuan and \$2.0 million in interest expense from the amortization of convertible debt issuance costs, partially offset by \$0.7 million in interest income. Total other expense, net in the six months ended July 3, 2021 of \$3.0 million consisted of \$1.3 million in interest expense from the amortization of convertible debt issuance costs, \$1.0 million in loss on extinguishment of debt associated with the termination of our bank credit facility, \$0.1 million in foreign currency transaction losses, partially offset by \$0.2 million in subsidies received from the Jiaxing Economic Development Zone Finance Bureau for our investment in BYND JX.

### **Net Loss**

Net loss was \$97.1 million and \$197.6 million in the three and six months ended July 2, 2022, respectively, compared to net loss of \$19.7 million and \$46.9 million in the prior-year periods. Net loss during the three and six months ended July 2, 2022 was primarily due to lower gross profit and higher operating expenses discussed above compared to the prior-year periods.

### **Non-GAAP Financial Measures**

We use the non-GAAP financial measures set forth below in assessing our operating performance and in our financial communications. Management believes these non-GAAP financial measures provide useful additional information to investors about current trends in our operations and are useful for period-over-period comparisons of operations. In addition, management uses these non-GAAP financial measures to assess operating performance and for business planning purposes. Management also believes these measures are widely used by investors, securities analysts, rating agencies and other

parties in evaluating companies in our industry as a measure of our operational performance. These non-GAAP financial measures should not be considered in isolation or as a substitute for the comparable GAAP measures. In addition, these non-GAAP financial measures may not be computed in the same manner as similarly titled measures used by other companies.

“Adjusted EBITDA” is defined as net loss adjusted to exclude, when applicable, income tax expense, interest expense, depreciation and amortization expense, restructuring expenses, share-based compensation expense, expenses attributable to COVID-19, and Other, net, including interest income, loss on extinguishment of debt and foreign currency transaction gains and losses.

“Adjusted EBITDA as a % of net revenues” is defined as Adjusted EBITDA divided by net revenues.

There are a number of limitations related to the use of Adjusted EBITDA and Adjusted EBITDA as a % of net revenues rather than their most directly comparable GAAP measure. Some of these limitations are:

- Adjusted EBITDA excludes depreciation and amortization expense and, although these are non-cash expenses, the assets being depreciated may have to be replaced in the future increasing our cash requirements;
- Adjusted EBITDA does not reflect interest expense, or the cash required to service our debt, which reduces cash available to us;
- Adjusted EBITDA does not reflect income tax payments that reduce cash available to us;
- Adjusted EBITDA does not reflect restructuring expenses that reduce cash available to us;
- Adjusted EBITDA does not reflect expenses attributable to COVID-19 that reduce cash available to us;
- Adjusted EBITDA does not reflect share-based compensation expense and therefore does not include all of our compensation costs;
- Adjusted EBITDA does not reflect Other, net, including interest income, loss on extinguishment of debt and foreign currency transaction gains and losses, that may increase or decrease cash available to us; and
- other companies, including companies in our industry, may calculate Adjusted EBITDA differently, which reduces its usefulness as a comparative measure.

The following table presents the reconciliation of Adjusted EBITDA to its most comparable GAAP measure, net loss, as reported (unaudited):

(in thousands)	Three Months Ended		Six Months Ended	
	July 2, 2022	July 3, 2021	July 2, 2022	July 3, 2021
Net loss, as reported	\$ (97,134)	\$ (19,652)	\$ (197,592)	\$ (46,918)
Income tax expense	11	2	21	50
Interest expense	1,108	1,022	2,133	1,651
Depreciation and amortization expense	7,729	4,881	14,820	9,207
Restructuring expenses <sup>(1)</sup>	4,302	3,844	7,328	6,318
Share-based compensation expense	10,306	7,863	19,598	15,239
Other, net <sup>(2)</sup>	4,902	(180)	6,026	1,390
Adjusted EBITDA	\$ (68,776)	\$ (2,220)	\$ (147,666)	\$ (13,063)
Net loss as a % of net revenues	(66.1)%	(13.2)%	(77.0)%	(18.2)%
Adjusted EBITDA as a % of net revenues	(46.8)%	(1.5)%	(57.6)%	(5.1)%

- (1) Primarily comprised of legal and other expenses associated with the dispute with a co-manufacturer with whom an exclusive supply agreement was terminated in May 2017.
- (2) (a) Includes \$5.5 million and \$6.6 million in foreign currency transaction losses in the three and six months ended July 2, 2022, respectively, and \$0.2 million in foreign currency transaction gains and \$0.1 million in foreign currency transaction losses in the three and six months ended July 3, 2021, respectively.
- (b) Includes \$1.0 million in loss on extinguishment of debt associated with termination of the Company's credit facility in the six months ended July 3, 2021.

## Liquidity and Capital Resources

### **Convertible Senior Notes**

For a discussion about the Notes, see [Note 7, Debt](#), to the Notes to Unaudited Condensed Consolidated Financial Statements included elsewhere in this report.

### **Liquidity**

#### *Liquidity Outlook*

In 2022, our cash from operations could be affected by various risks and uncertainties, including, but not limited to, the effects of COVID-19 and other risks detailed in Part I, Item 1A, "Risk Factors," of our 2021 10-K and Part II, Item 1A, "Risk Factors" and "Note Regarding Forward-Looking Statements" included elsewhere in this report. The pandemic, inflation, rising interest rates and hostilities in Eastern Europe have led to increased disruption and volatility in capital markets and credit markets generally which could adversely affect our liquidity and capital resources in the future. However, based on our current business plan, we believe that our existing cash balances will be sufficient to finance our operations and meet our foreseeable cash requirements through at least the next twelve months. In the future, we may raise funds by issuing debt or equity securities. Our cash requirements under our significant contractual obligations and commitments are listed below in the section titled "Contractual Obligations and Commitments." Our future capital requirements may vary materially from those currently planned and will depend on many factors, including the impact of the COVID-19 pandemic; the number and characteristics of any additional products or manufacturing processes we develop or acquire to serve new or existing markets; our investment in and build out of our campus headquarters and expanding our Manhattan Beach Project Innovation Center; the expenses associated with our marketing initiatives; our investment in manufacturing and facilities to expand our manufacturing and production capacity; our investments in real property and joint ventures; the costs required to fund domestic and international operations and growth; the scope, progress, results and costs of researching and developing future products or improvements to existing products or manufacturing processes; any lawsuits related to our products or commenced against us or our directors and officers; the expenses needed to attract and retain skilled personnel; the costs associated with being a public company; the costs involved in preparing, filing, prosecuting, maintaining, defending and enforcing intellectual property claims, including litigation costs and the outcome of such litigation; and the timing, receipt and amount of sales of, or royalties on, any future approved products, if any.

#### *Sources of Liquidity*

Our primary cash needs are for operating expenses, working capital and capital expenditures to support the planned growth in our business. Prior to our IPO, we financed our operations through private sales of equity securities and through sales of our products. Since our inception and through our IPO, we raised a total of \$199.5 million from the sale of convertible preferred stock, including through sales of convertible notes which were converted into preferred stock, net of costs associated with such financings. In connection with our IPO, we sold an aggregate of 11,068,750 shares of our common stock at a public offering price of \$25.00 per share and received approximately \$252.4 million in net proceeds. In connection with our Secondary Offering, we sold 250,000 shares of our common stock at a public offering price of \$160.00 per share and received approximately \$37.4 million in net proceeds. In March 2021, we issued \$1.2 billion in aggregate principal amount of Notes (see [Note 7, Debt](#), to the Notes to Unaudited Condensed Consolidated Financial Statements included elsewhere in this report). As of July 2, 2022, we had \$454.7 million in cash and cash equivalents.

### **Cash Flows**

In the six months ended July 2, 2022, approximately \$102.7 million in aggregate expenditures to purchase inventory, purchase property, plant and equipment and pay escrow payments related to the Campus Lease, and approximately \$174.5 million in net cash outflows from other operating, investing and financing activities were funded with our existing cash balance.

The following table presents the major components of net cash flows used in and provided by operating, investing and financing activities for the periods indicated.

(in thousands)	Six Months Ended	
	July 2, 2022	July 3, 2021
Cash (used in) provided by:		
Operating activities	\$ (235,690)	\$ (120,445)
Investing activities	\$ (41,988)	\$ (51,565)
Financing activities	\$ 497	\$ 1,022,074

#### **Net Cash Used in Operating Activities**

In the six months ended July 2, 2022, we incurred a net loss of \$197.6 million, which was the primary reason for net cash used in operating activities of \$235.7 million. Net cash outflows from changes in our operating assets and liabilities were \$86.2 million, primarily due to the escrow payments related to the Campus Lease (see [Note 10, Commitments and Contingencies](#), to the Notes to Unaudited Condensed Consolidated Financial Statements included elsewhere in this report), increase in accounts receivable balances and increase in inventory. The cash outflows were partially offset by the increase in accrued expenses and other current liabilities. Net loss in the six months ended July 2, 2022 included \$48.1 million in non-cash expenses primarily comprised of share-based compensation expense and depreciation and amortization expense.

In the six months ended July 3, 2021, we recorded a net loss of \$46.9 million which was the primary reason for net cash used in operating activities of \$120.4 million. Net cash outflows from changes in our operating assets and liabilities were \$102.6 million, primarily due to the increase in inventory, increase in accounts receivable balances and escrow payments related to the Campus Lease (see [Note 10, Commitments and Contingencies](#), to the Notes to Unaudited Condensed Consolidated Financial Statements included elsewhere in this report). The cash outflows were partially offset by the increase in accrued expenses and other current liabilities. Net loss in the six months ended July 3, 2021 included \$29.1 million in non-cash expenses primarily comprised of share-based compensation expense and depreciation and amortization expense.

Depreciation and amortization expense was \$14.8 million and \$9.2 million in the six months ended July 2, 2022 and July 3, 2021, respectively.

#### **Net Cash Used in Investing Activities**

Net cash used in investing activities primarily relates to capital expenditures to support our investment in property, plant and equipment.

In the six months ended July 2, 2022, net cash used in investing activities was \$42.0 million and consisted of cash outflows for purchases of property, plant and equipment, primarily driven by continued investments in production equipment and facilities.

In the six months ended July 3, 2021, net cash used in investing activities was \$51.6 million and consisted of cash outflows for purchases of property, plant and equipment, primarily driven by continued investments in production equipment and facilities related to our capacity expansion initiatives and international expansion.

#### **Net Cash Provided by Financing Activities**

In the six months ended July 2, 2022, net cash provided by financing activities was \$0.5 million primarily from \$1.3 million in proceeds from stock option exercises, partially offset by \$0.8 million in payments of minimum withholding taxes on net share settlement of equity awards and payments under finance lease obligations.

In the six months ended July 3, 2021, net cash provided by financing activities was \$1,022.1 million primarily from the proceeds of the Notes of \$1,066.1 million and \$6.5 million in proceeds from stock option exercises, partially offset by repayment of revolving credit facility of \$25.0 million, debt issuance costs of \$23.6 million associated with the Notes, \$1.8 million in payments of minimum withholding taxes on net share settlement of equity awards and payments under finance lease obligations.

## **Contractual Obligations and Commitments**

There have been no significant changes during the six months ended July 2, 2022 to the contractual obligations disclosed in Management's Discussion and Analysis of Financial Condition and Results of Operations set forth in the 2021 10-K, other than the following:

### **Leases**

On January 14, 2021, we entered into the Campus Lease with HC Hornet Way, LLC, a Delaware limited liability company (the "Landlord"), to house our lab and innovation space and headquarters offices in El Segundo, California. As of July 2, 2022, the tenant improvements associated with Phase 1-A had not been completed, and the underlying asset had not been delivered to the Company. Accordingly, there was no lease commencement during the six months ended July 2, 2022. Therefore, we have not recognized an asset or a liability for the Campus Lease in our condensed consolidated balance sheets as of July 2, 2022 and December 31, 2021. We contributed \$43.7 million and \$59.2 million in payments to a construction escrow account in the six months ended July 2, 2022 and the year ended December 31, 2021, respectively. In the three and six months ended July 2, 2022, we paid \$0.5 million and \$0.8 million, respectively, in payments towards common area maintenance, parking, and insurance under the Campus Lease. No such payments were made in the three and six months ended July 3, 2021.

Concurrent with our execution of the Campus Lease, as a security deposit, we delivered to the landlord a letter of credit under the revolving credit facility in the amount of \$12.5 million. Upon termination of the revolving credit facility, the letter of credit continued in effect, unsecured. See [Note 10, Commitments and Contingencies](#), and [Note 4, Leases](#), to the Notes to Unaudited Condensed Consolidated Financial Statements included elsewhere in this report.

### **China Investment and Lease Agreement**

In the three months ended July 2, 2022, we amended the lease for our facility in the JXEDZ to extend the term an additional five years without rent escalation. As of July 2, 2022, we had invested \$22.0 million and had advanced \$20.0 million to our subsidiary, BYND JX. See [Note 10, Commitments and Contingencies](#), to the Notes to Unaudited Condensed Consolidated Financial Statements included elsewhere in this report.

### **Investment in The Planet Partnership**

On January 25, 2021, we entered into TPP, a joint venture with PepsiCo, Inc., to develop, produce and market innovative snack and beverage products made from plant-based protein. We believe TPP will allow us to reach more consumers by entering new product categories and distribution channels, increasing accessibility to plant-based protein around the world. We recognized our share of the net losses in TPP in the amount of \$1.4 million and \$0.2 million for the three months ended July 2, 2022 and July 3, 2021, respectively, and our share of the net losses in TPP in the amount of \$2.1 million and \$0.6 million for the six months ended July 2, 2022 and July 3, 2021, respectively. In the three months ended July 2, 2022, we also entered into an agreement for a nonrefundable up-front fee associated with our manufacturing and supply agreement with TPP that will be recognized over the estimated term of the manufacturing and supply agreement. See [Note 13, Related Party Transactions](#), to the Notes to Unaudited Condensed Consolidated Financial Statements included elsewhere in this report. For the year ended December 31, 2021, we contributed our share of the investment in TPP, \$11.0 million, which was increased subsequent to the quarter ended July 2, 2022. See [Note 14, Subsequent Events](#), to the Notes to Unaudited Condensed Consolidated Financial Statements included elsewhere in this report.

### **Purchase Commitments**

As of July 2, 2022, we had a commitment to purchase pea protein inventory totaling \$56.4 million in the remainder of 2022, which commitment schedule was amended subsequent to the quarter ended July 2, 2022 to purchase \$16.2 million in the remainder of 2022 and \$40.2 million in 2023. See [Note 14, Subsequent Events](#), to the Notes to Unaudited Condensed Consolidated Financial Statements included elsewhere in this report. In addition, as of July 2, 2022, we had approximately \$49.3 million in purchase order commitments for capital expenditures primarily to purchase machinery and equipment and \$86.7 million in fee commitments to

manufacture products at a co-manufacturer's facility over a 5-year term (see [Note 10](#), *Commitments and Contingencies*, to the Notes to Unaudited Condensed Consolidated Financial Statements included elsewhere in this report).

Subsequent to the quarter ended July 2, 2022, on July 27, 2022, we entered into an agreement to purchase certain real property on a neighboring site to our manufacturing facility in Europe located in Enschede, the Netherlands, for cash consideration of approximately €6.3 million. The purchase is expected to close in the second half of 2023 (see [Note 14](#), *Subsequent Events*, to the Notes to Unaudited Condensed Consolidated Financial Statements included elsewhere in this report).

#### **Off-balance Sheet Arrangements**

We do not have any off-balance sheet arrangements or any holdings in variable interest entities.

#### **Critical Accounting Policies**

In preparing our financial statements in accordance with GAAP, we are required to make estimates and assumptions that affect the amounts of assets, liabilities, revenue, costs and expenses, and disclosure of contingent assets and liabilities that are reported in the financial statements and accompanying disclosures. We evaluate our estimates and assumptions on an ongoing basis. Our estimates are based on historical experience and various other assumptions that we believe to be reasonable under the circumstances. Our actual results may differ from these estimates and assumptions. To the extent that there are differences between our estimates and actual results, our future financial statement presentation, financial condition, results of operations and cash flows will be affected.

There have been no material changes in our critical accounting policies during the six months ended July 2, 2022, as compared to those disclosed in the "*Management's Discussion and Analysis of Financial Condition and Results of Operations—Critical Accounting Policies*" in the 2021 10-K other than as described in [Note 2](#), *Summary of Significant Accounting Policies*, to the Notes to Unaudited Condensed Consolidated Financial Statements included elsewhere in this report.

#### **Recent Accounting Pronouncements**

Please refer to [Note 2](#), *Summary of Significant Accounting Policies*, to the Notes to Unaudited Condensed Consolidated Financial Statements included elsewhere in this report for a discussion of recently adopted accounting pronouncements and new accounting pronouncements that may impact us.

### **ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK**

We are exposed to certain market risks in the ordinary course of our business, including fluctuations in interest rates, raw material prices, foreign currency exchange fluctuations, and inflation as follows:

#### ***Interest Rate Risk***

Our cash consists of amounts held by third-party financial institutions. Our investment policy has as its primary objective investment activities which preserve principal without significantly increasing risk.

On March 2, 2021, we terminated our revolving credit facility. In the three and six months ended July 2, 2022, we incurred no interest expense related to our bank credit facilities. In the three and six months ended July 3, 2021, we incurred \$0 and \$0.3 million, respectively, in interest expense related to our bank credit facilities. Upon termination of the revolving credit facility, unamortized debt issuance costs of \$1.0 million associated with the revolving credit facility were written off as "Loss on extinguishment of debt," which is included in "Other, net" in our condensed consolidated statement of operations for the six months ended July 3, 2021. There was no similar transaction in the six months ended July 2, 2022.

On March 5, 2021, we issued \$1.0 billion aggregate principal amount of Convertible Notes and on March 16, 2021, we issued \$150.0 million aggregate principal amount of Additional Notes. The proceeds from the issuance of the Notes were approximately \$1.0 billion, net of capped call transaction costs of \$84.0 million and debt issuance costs totaling \$23.6 million. See [Note 7](#), *Debt*, to the Notes to Unaudited Condensed

Consolidated Financial Statements included elsewhere in this report. The Notes do not bear regular interest, and the principal amount of the Notes do not accrete. However, special interest and additional interest may accrue on the Notes at a rate per annum not exceeding 0.50% (subject to certain exceptions) upon the occurrence of certain events relating to the failure to file certain SEC reports or to remove certain restrictive legends from the Notes.

#### ***Ingredient Risk***

During the three and six months ended July 2, 2022, a hypothetical 10% increase or 10% decrease in the weighted-average cost of pea protein, our primary ingredient, would have resulted in an increase of approximately \$1.1 million and \$1.9 million, respectively, or a decrease of approximately \$1.1 million and \$1.9 million, respectively, to cost of goods sold. We are working to diversify our sources of supply and intend to enter into long-term contracts to better ensure stability of prices of our raw materials. As of July 2, 2022, we had a multi-year sales agreement with Roquette for the supply of pea protein which was amended subsequent to the quarter ended July 2, 2022, to expire in December 2023. See [Note 10](#), Commitments and Contingencies, and [Note 14](#), Subsequent Events to the Notes to Unaudited Condensed Consolidated Financial Statements included elsewhere in this report.

#### ***Foreign Currency Risk***

Our foreign exchange risk is primarily related to our intercompany balances denominated in various foreign currencies. We have exposure to the European Euro and the Chinese Yuan. Unrealized translation losses, net of tax, reported as cumulative translation adjustments through "Other comprehensive loss" were \$(3.0) million for the six months ended July 2, 2022. Foreign currency transaction losses included in "Other, net" were \$(5.5) million and \$(6.6) million, respectively, in the three and six months ended July 2, 2022.

Unrealized translation losses, net of tax, reported as cumulative translation adjustments through "Other comprehensive loss" were \$(0.7) million for the six months ended July 3, 2021. Foreign currency transaction income (losses) included in "Other, net" were \$0.2 million and \$(0.1) million, respectively, in the three and six months ended July 3, 2021.

Based on the intercompany balances as of July 2, 2022, an assumed 5% or 10% adverse change to foreign exchange rates would result in a loss of approximately \$(3.8) million or \$(7.7) million, respectively, recorded in "Other, net."

#### ***Inflation Risk***

Although we have seen inflation in certain raw materials, and in the cost of logistics and labor, we do not believe that inflation has had a material effect on the costs of our inputs. Although difficult to quantify, we believe inflation is potentially having an adverse effect on our end customers' ability to purchase our products, resulting in decreased sales. If our costs were to become subject to significant inflationary pressures, we may not be able to fully offset such higher costs through price increases. Our inability or failure to do so could harm our business, results of operations and financial condition.

### **ITEM 4. CONTROLS AND PROCEDURES**

#### ***Evaluation of Disclosure Controls and Procedures***

Our management, with the participation of our principal executive officer and our principal financial officer, has evaluated the effectiveness of our disclosure controls and procedures as defined in Rules 13a-15(e) and 15d-15(e) under the Exchange Act, as of the end of the period covered by this Quarterly Report on Form 10-Q. Based on that evaluation, our principal executive officer and principal financial officer have concluded that, as of the end of the period covered by this Quarterly Report on Form 10-Q, our disclosure controls and procedures were effective to provide reasonable assurance that information we are required to disclose in reports that we file or submit under the Exchange Act is recorded, processed, summarized, and reported within the time periods specified in SEC rules and forms, and that such information is accumulated and communicated to our management, including our principal executive officer and principal financial officer, as appropriate, to allow timely decisions regarding required disclosure.



***Changes in Internal Control over Financial Reporting***

There were no changes in our internal control over financial reporting during the quarter ended July 2, 2022 that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

***Limitations on Effectiveness of Controls and Procedures***

Our management does not expect that our disclosure controls and procedures or our internal control over financial reporting will prevent all errors and all fraud. A control system, no matter how well designed and operated, can provide only reasonable, not absolute, assurance that the objectives of the control system are met. Further, the design of a control system must reflect the fact that there are resource constraints, and the benefits of controls must be considered relative to their costs. Because of the inherent limitations in all control systems, no evaluation of controls can provide absolute assurance that all control issues and instances of fraud, if any, within our Company have been detected.

## Part II. Other Information

### ITEM 1. LEGAL PROCEEDINGS.

We are subject to various legal proceedings and claims that arise in the ordinary course of our business. The Company establishes an accrued liability for legal matters when those matters present loss contingencies that are both probable and estimable. Although the outcome of these and other claims cannot be predicted with certainty, management is not currently able to estimate the reasonable possible amount of loss or range of loss and does not believe that it is probable that the ultimate resolution of the current matters will have a material adverse effect on our business, financial condition, results of operations or cash flows. However, the final results of any current or future proceeding cannot be predicted with certainty, and until there is final resolution on any such matter that we may be required to accrue for, we may be exposed to loss in excess of the amount accrued. Regardless of the outcome, litigation can have an adverse impact on us because of defense and settlement costs, diversion of management resources, and other factors.

For a description of our material pending legal proceedings, please see [Note 10](#), Commitments and Contingencies, of the Notes to Unaudited Consolidated Financial Statements included elsewhere in this report.

### ITEM 1A. RISK FACTORS.

In addition to the other information set forth in this report, you should carefully consider the factors discussed in Part I, Item 1A, "Risk Factors" in our 2021 10-K, as updated and supplemented below and in our subsequent filings. These risks could materially harm our business, operating results and financial condition. Additional factors and uncertainties not currently known to us or that we currently consider immaterial also may materially adversely affect our business, financial condition or future results.

#### Risk Factors

##### Risks Related to Our Business

***The COVID-19 pandemic has had, and we expect will continue to have, a material adverse impact on our business, results of operations, financial condition and cash flows and may adversely impact the trading price of our common stock.***

The global spread and unprecedented impact of COVID-19 continues to create significant volatility, uncertainty and economic disruption. COVID-19 has led governments and other authorities around the world to implement significant measures intended to control the spread of the virus, including social distancing measures, business closures or restrictions on operations, quarantines, lockdowns and travel bans. While some of these restrictions have been lifted or eased in many jurisdictions as the rates of COVID-19 infections have decreased or stabilized and various COVID-19 vaccines are being distributed, a resurgence of COVID-19 and the impact of variants of the virus that causes COVID-19 in some markets has slowed the reopening process, could halt or reverse the reopening process, or result in the reinstatement of social distancing measures, business closures, restrictions on operations, quarantines, lockdowns and travel bans. For example, Shanghai, China, began a lockdown in late March 2022 due to an outbreak of COVID-19, resulting in a lockdown of the city, closures of ports and airports, and disruption of commercial activities. Additionally, on November 4, 2021, the U.S. Department of Labor's Occupational Safety and Health Administration (OSHA) issued a COVID-19 Vaccination and Testing Emergency Temporary Standard requiring all employers with 100 or more employees to ensure that their employees are fully vaccinated or test for COVID-19 on at least a weekly basis. The OSHA rule also requires that these employers provide paid time for employees to get vaccinated, and ensure all unvaccinated workers wear a face mask in the workplace. While the U.S. Supreme Court stayed the OSHA rule in January 2022, it is not currently possible to predict with any certainty whether the stay will be lifted, the exact impact the new regulation would have on our company, suppliers and customers. As a company with more than 100 employees, under the OSHA rule, we would be required to mandate COVID-19 vaccination of our workforce or require our unvaccinated employees to be tested weekly. Some employers, including the Company, already have implemented requirements for workers regarding vaccination status, testing, and/or other measures in response to COVID-19. The Company has required compliance with its COVID-19 vaccination policy since October 31, 2021 for all California based employees, and December 31, 2021 for all other U.S. based

employees, subject to any special exceptions or other approved reasonable accommodations. This policy and the OSHA standard could result in employee attrition, difficulty securing future labor and supply needs and may have an adverse effect on future profit margins.

Even if not required by governments and other authorities, companies are continuing to take various safety precautions, such as requiring employees to be vaccinated, employees to work remotely, imposing travel restrictions, reducing operating hours, imposing operating restrictions and temporarily closing businesses. These continuing restrictions, and future prevention and mitigation measures, imposed by governments and companies, are likely to continue to have an adverse impact on global economic conditions and consumer confidence and spending (including as a result of lower discretionary income due to unemployment or reduced or limited work as a result of measures taken in response to the pandemic), which has had, and is expected to continue to have, a material adverse impact on the demand for our products, particularly in our foodservice channel, and could materially adversely affect the supply of our products. Sustained market turmoil and business disruption due to COVID-19 have negatively impacted and are expected to continue to negatively impact our business, results of operations, financial condition and cash flows.

#### *Impact of COVID-19 on our foodservice channel*

COVID-19 has impacted business operations and customer and consumer demand in our foodservice channel as restaurants and other foodservice locations have been required to temporarily close or restrict indoor dining to limit the spread of COVID-19 or because of labor shortages. Although certain of these restrictions were lifted pursuant to multi-step reopening plans and exceptions to allow for carry-out and delivery have enabled certain of our customers to continue to generate business, we experienced a significant deterioration in sales to foodservice customers in 2020. For the year ended December 31, 2021, foodservice channel net revenues were \$139.9 million compared to \$106.2 million in the prior year. For the first half of 2022, foodservice channel net revenues were \$69.5 million compared to \$70.8 million in the prior-year period, a (1.8)% decline. Our foodservice channel net revenues showed recovery in the year ended December 31, 2021 from the severely depressed levels seen in the prior-year period, however foodservice channel net revenues for the first half of 2022 decreased from the same period in the prior year. There is continued uncertainty related to the COVID-19 infection rates, as well as the reimplementation of safety measures in certain jurisdictions, and potential impact on customer demand levels. We expect to also continue to be impacted by decreased customer and consumer demand as a result of event cancellations and social distancing, government-imposed restrictions on public gatherings and businesses, and temporary restaurant and retail store closures and operating restrictions. Closures or scaled back operations have also resulted in delays in tests or launches of our products among our foodservice customers.

#### *Impact of COVID-19 on our retail channel*

While we initially experienced an increase in retail demand during the second quarter of 2020 as consumers shifted toward more at-home consumption as a result of the pandemic, the level of retail demand meaningfully slowed during the third and fourth quarters of 2020 and continued into 2021. For example, for the second quarter ended July 3, 2021, we generated retail channel net revenues of \$105.7 million, compared to \$73.8 million in the third quarter ended October 2, 2021, and \$64.3 million in the fourth quarter ended December 31, 2021. For the first half of 2022, retail channel net revenues were \$187.0 million compared to \$186.8 million in the prior-year period, a 0.1% increase. The continuing impact of COVID-19 remains highly uncertain. It is, therefore, difficult to predict retail demand levels going forward. Additionally, we could suffer product inventory losses or markdowns and lost revenue in the event of the loss or a shutdown of a major supplier, co-manufacturer or distributor, disruption of our distribution network, or decreased consumer confidence and spending, including because of labor shortages. We also have been providing heavier discounting on some of our products in response to COVID-19 and increased competition. Although these actions are intended to build brand awareness and increase consumer trials of our products, they have and are likely to continue to have a negative impact on our net revenues, gross profit, gross margin and profitability, impacting period-over-period results.

#### *Impact of COVID-19 on our suppliers, co-manufacturers and distributors*

We source ingredients from multiple suppliers around the world. Currently, the principal ingredient in most of our products is pea protein. In 2020, we scaled back our production in response to COVID-19 and to reduce our existing finished goods and work in process inventory levels, and saw an increase in our pea protein stocks. However, in light of the expected shelf life of our pea protein raw materials, we do not believe there is a risk of inventory obsolescence of these raw materials at this time. The impact of COVID-19 on any of our suppliers, co-manufacturers, distributors or transportation or logistics providers, including government-mandated lockdowns, problems with their respective businesses, finances, labor matters (including illness or absenteeism in workforce, or effects of government or employer vaccine mandates), ability to import raw materials, product quality issues, costs, production, insurance and reputation, may negatively affect the price and availability of our ingredients and/or packaging materials and impact our supply chain. In addition, if the disruptions caused by COVID-19 continue or there are additional resurgences of COVID-19 and the appearance of more virulent variants of the virus that causes COVID-19, our ability to meet the demands of our customers may be materially impacted.

#### *Impact of COVID-19 on our manufacturing operations and workforce*

We have implemented and continue to practice a series of hygienic measures at our manufacturing and other facilities. If we are forced to scale back hours of production or close these facilities in response to the pandemic, we expect our business, results of operations, financial condition and cash flows would be materially adversely affected. Beginning in October 2021, we began requiring headquarters-based employees to return to working in the office. In the event that an employee tests positive for COVID-19, we may have to temporarily close one or more of our facilities for cleaning and/or quarantine one or more employees, which could negatively impact our operations and financial results. We have incurred and may be required to continue to incur for an indeterminable period, increased costs related to sanitizing the work environment and overall increased safety measures. The ultimate impact of the COVID-19 pandemic on our operations and financial performance depends on many factors that are not within our control.

#### *Impact of COVID-19 on our international expansion and access to capital*

Part of our growth strategy includes increasing the number of international customers and expanding into additional geographies. For example, in the second quarter of 2021, our manufacturing facility in Europe located in Enschede, the Netherlands, completed commercial trial runs for dry blend production and completed commercial trial runs for our extruded product in the third quarter of 2021. As of the end of 2021, this facility is fully operational, manufacturing our extruded product and dry blends that go into making our finished goods.

Also in the second quarter of 2021, several commercial trials of certain of our manufacturing processes were completed in our new end-to-end manufacturing facility in the Jiaying Economic & Technological Development Zone near Shanghai. In the third quarter of 2021, the facility successfully completed the qualification of extrusion production capabilities and in the fourth quarter of 2021, the facility successfully completed the international Food Safety System Certification (FSSC) 22000 and ISA Halal certification. The facility completed commercialization of end-to-end production at the end of 2021. In the fourth quarter of 2021, we also leased a 12,100 square foot facility in Shanghai, which will be used as a local research and development facility to support our local manufacturing operations. The timing and success of our ongoing international expansion efforts may be negatively impacted by COVID-19, which could impede our anticipated growth, including as a result of zero-COVID policies in China or elsewhere.

We may be subject to special COVID-19 related requirements, restrictions and testing, including those applicable to cold-chain food distribution, when our products or ingredients are imported into or circulated through Mainland China. If we do not comply with these requirements and/or our product tests positive for coronavirus, our ability to import or distribute our product may be negatively impacted and may result in recalls, administrative fines and civil liability, particularly if the problem results in sickness or injury.

Additionally, COVID-19 has created significant disruptions in the credit and financial markets, which could adversely affect our ability to access capital on favorable terms or at all.

The extent of COVID-19's effect on our operational and financial performance will depend on future developments, including the duration, spread and intensity of the pandemic (including any additional resurgences), impact of variants of the virus that causes COVID-19, the wide distribution and public acceptance of the various COVID-19 vaccines and their efficacy against COVID-19 and variants of the virus, labor needs at the Company as well as in the supply chain and at customers, compliance with government or employer COVID-19 vaccine mandates and the resulting impact on available labor, the level of social and economic restrictions imposed in the United States and abroad in an effort to curb the spread of the virus, and the impact on consumer behavior, all of which are uncertain and difficult to predict considering the rapidly evolving landscape. Furthermore, the uncertainty created by COVID-19 significantly increases the difficulty in forecasting operating results and strategic planning. As a result, it is not currently possible to ascertain the ultimate impact of COVID-19 on our business, results of operations, financial condition or liquidity. However, COVID-19 has had and is expected to continue to have a material adverse impact on our business, results of operations, financial condition and cash flows and may adversely impact the trading price of our common stock. While the ultimate health and economic impact of COVID-19 continues to be highly uncertain, our business operations and results of operations, including our net revenues, gross profit, gross margin, earnings and cash flows, may be adversely impacted in 2022. Future events and effects related to the COVID-19 pandemic cannot be determined with precision and actual results could significantly differ from estimates or forecasts. The impact of COVID-19 may also heighten other risks discussed in this report.

***Our inability to streamline operations and improve cost efficiencies could result in the contraction of our business and the implementation of significant cost cutting measures.***

We have undertaken efforts to streamline operations and improve cost efficiencies including related to our supply chain, marketing and commercialization efforts. For example, on August 3, 2022, we announced a reduction-in-force affecting approximately 4% of our global workforce. We may not realize, in full or in part, the anticipated benefits, savings and improvements in our operating results from these efforts due to unforeseen difficulties, delays or unexpected costs. If we are unable to realize the expected operational efficiencies and cost savings, our operating results and financial condition would be adversely affected. We also cannot guarantee that we will not have to undertake additional workforce reductions in the future. Furthermore, our workforce reductions may be disruptive to our operations. For example, our workforce reductions could yield unanticipated consequences, such as attrition beyond planned staff reductions, increased difficulties in our day-to-day operations and reduced employee morale. We may also discover that the reductions in workforce and cost cutting measures will make it difficult for us to pursue new opportunities and initiatives and require us to hire qualified replacement personnel, which may require us to incur additional and unanticipated costs and expenses. Moreover, there is no assurance we will be successful in our efforts. Our failure to successfully accomplish any of the above activities and goals may have a material adverse impact on our business, financial condition, and results of operations.

***We are undergoing a realignment of our organizational and reporting structure. There are no assurances that we will be able to successfully implement this change.***

Our management reporting structure is undergoing change to realign key roles and responsibilities. Such a management transition may subject us to a number of risks, including risks pertaining to coordination and reallocation of responsibilities and tasks, new or different management systems and processes, differences in management style, and effects on corporate culture. In addition, our operations may be adversely affected if our management does not work together harmoniously, efficiently allocate responsibilities between themselves, or implement and abide by effective controls.

***If we fail to effectively expand or optimize our manufacturing and production capacity, accurately forecast demand for our products or quickly respond to forecast changes, our business and operating results and our brand reputation could be harmed.***

If we do not have sufficient capacity to meet our customers' demands and to satisfy increased demand, or are not able to streamline and optimize manufacturing capacity for specific products, we will need to expand our operations, supply and manufacturing capabilities. However, there is risk in our ability to effectively scale production processes, optimize manufacturing capacity for specific products and effectively manage our supply chain requirements. We must accurately forecast demand for each of our products and inventory needs in order

to ensure we have adequate available manufacturing capacity for each such product and to ensure we are effectively managing our inventory. Our forecasts are based on multiple assumptions which may cause our estimates to be inaccurate and affect our ability to obtain adequate manufacturing capacity (whether our own manufacturing capacity or co-manufacturing capacity) and adequate inventory supply in order to meet the demand for our products, which could prevent us from meeting increased customer demand and harm our brand and our business and in some cases may result in fines or indemnification obligations we must pay customers or distributors if we are unable to fulfill orders placed by them in a timely manner or at all. If we do not accurately align our manufacturing capabilities and inventory supply with demand, if we experience disruptions or delays in our supply chain, or if we cannot obtain raw materials of sufficient quantity and quality at reasonable prices and in a timely manner, our business, financial condition and results of operations may be materially adversely affected.

***We may not be able to utilize our capacity efficiently or accurately plan our capacity requirements, which may adversely affect our gross margin, business and operating results.***

If we overestimate our demand and overbuild our capacity or inventory, we may have significantly underutilized assets. Underutilization of our manufacturing and/or co-manufacturing facilities can adversely affect our gross margin and other operating results. If demand for our products experiences a prolonged decrease, we may be required to terminate or make penalty-type payments under certain supply chain arrangements, close or idle facilities and write down our long-lived assets or shorten the useful lives of underutilized assets and accelerate depreciation, which would increase our expenses.

If demand does not materialize at the rate forecasted, we may not be able to scale back our manufacturing expenses or overhead costs quickly enough to correspond to the lower than expected demand. This could result in lower margins and adversely impact our business and results of operations. Additionally, if product demand decreases or we fail to forecast demand accurately, our results may be adversely impacted due to higher costs resulting from lower manufacturing utilization, causing higher fixed costs per unit produced. Further, we may be required to recognize excess or obsolete inventory write-off charges, or excess capacity charges, which would have a negative impact on our results of operations.

***If we are unable to sell our inventory in a timely manner, it could become obsolete, which could require us to write-down or write off obsolete inventory, which could harm our operating results.***

There is a risk that we may be unable to sell our inventory in a timely manner to avoid it becoming obsolete. If we are required to substantially discount our inventory or are unable to sell our inventory in a timely manner, we would be required to increase our inventory reserves or write off obsolete inventory and our operating results could be substantially harmed. Alternatively, we may be required to mark down certain products to sell any excess inventory or to sell such inventory through liquidation channels at significantly lower prices, which would negatively impact our business and operating results.

***Disruptions in the worldwide economy may adversely affect our business, results of operations and financial condition.***

The global economy can be negatively impacted by a variety of factors such as the spread or fear of spread of contagious diseases (such as COVID-19) in locations where our products are sold, man-made or natural disasters, severe weather, actual or threatened hostilities or war, terrorist activity, political unrest, civil strife and other geopolitical uncertainty. Such adverse and uncertain economic conditions may impact distributor, retailer, foodservice and consumer demand for our products. Furthermore, in connection with the recent hostilities between Russia and Ukraine, governments in the U.S., U.K. and the EU have each imposed export controls on certain products and financial and economic sanctions on certain industry sectors and parties in Russia. The uncertainty resulting from the military conflict in Europe may give rise to increases in costs of goods and services, scarcity of certain ingredients, increased trade barriers or restrictions on global trade and may increase volatility in financial markets, which may make it more difficult for us to raise additional capital. Further escalation of geopolitical tensions could have a broader impact that expands into other markets where we do business, which could adversely affect our business and/or our supply chain, our international subsidiaries, business partners or customers in the broader region, including potential destabilizing effects that such conflicts may pose for the European continent or the global oil and natural gas markets. In addition, our ability to manage

normal commercial relationships with our suppliers, co-manufacturers, distributors, retailers, foodservice customers, consumers and creditors may suffer. Consumers may shift purchases to lower-priced or other perceived value offerings during economic downturns as a result of various factors, including job losses, inflation, higher taxes, reduced access to credit, change in federal economic policy and recent international trade disputes. In particular, consumers may reduce the amount of plant-based food products that they purchase where there are conventional animal-based protein offerings, which generally have lower retail prices. In addition, consumers may choose to purchase private label products rather than branded products because they are generally less expensive. A decrease in consumer discretionary spending may also result in consumers reducing the frequency and amount spent on food prepared away from home. Distributors, retailers and foodservice customers may become more conservative in response to these conditions and seek to reduce their inventories. Our results of operations depend upon, among other things, our ability to maintain and increase sales volume with our existing distributors, retailer and foodservice customers, our ability to attract new consumers, the financial condition of our consumers and our ability to provide products that appeal to consumers at the right price. Decreases in demand for our products without a corresponding decrease in costs would put downward pressure on margins and would negatively impact our financial results. Prolonged unfavorable economic conditions or uncertainty may have an adverse effect on our sales and profitability and may result in consumers making long-lasting changes to their discretionary spending behavior on a more permanent basis.

***Inflationary price pressures of raw materials, labor, transportation, fuel or other inputs used by us and our suppliers, including the effects of rising interest rates, could negatively impact our business and results of operations.***

Increases in the price of raw materials, labor, wages, energy or other inputs that we or our suppliers use in manufacturing and supplying products, along with logistics, transportation, shipping, fuel and other related costs, has led to higher production and shipping costs for our products. Any increase in the cost of inputs to our production could lead to higher costs for our products in our foodservice and retail channels and could negatively impact our operating results and future profitability. General inflation, including rising energy prices, interest rates and wages, currency volatility and monetary, fiscal and policy interventions by national or regional governments in reaction to such events could have negative impacts on our business by increasing our operating costs and our borrowing costs as well as decreasing the capital available for our customers to purchase our products. The United States Federal Reserve raised its benchmark interest rate by three-quarters of a percentage point in June 2022 and again in July 2022. Several other central banks, including the European Central Bank, have signaled increases in benchmark interest rates. Rising interest rates increase our borrowing costs potentially decreasing our profitability. Additionally, increased borrowing costs faced by our customers could result in decreased demand for our products. The impact of inflation could also reduce consumer confidence and decrease consumer discretionary spending, including spending to purchase our products, and negatively affect trends in consumer purchasing patterns due to changes in consumers' disposable income, credit availability and debt levels.

***Our business and reputation could be negatively impacted by the increased scrutiny from our stakeholders and institutional investors on ESG practices.***

There is an increased focus from stockholders, institutional investors and the SEC on corporate ESG practices, including climate change and related ESG disclosure requirements. Certain stockholders use third-party benchmarks or scores to measure a company's ESG practices and decide whether to invest in their common stock or engage with them to require changes to their practices. In addition, certain influential institutional investors are also increasing their focus on ESG practices and are placing importance on the implications and social cost of their investments. Increasing governmental and societal attention to ESG matters, including expanding mandatory and voluntary reporting, diligence and disclosure on topics such as climate change, human capital, labor and risk oversight, could expand the nature, scope and complexity of matters that we are required to control, assess and report. If our ESG practices do not meet the standards set by these stockholders, they may choose not to invest in our common stock or if our peer companies outperform us in their ESG initiatives, potential or current investors may elect to invest with our competitors instead. If we do not comply with investor or stockholder expectations and standards in connection with our ESG initiatives, are perceived to have not responded appropriately to address ESG issues within our company, or fail to adapt

to or comply with all laws, regulations, policies and related interpretations, our business and reputation could be negatively impacted and our share price could be materially and adversely affected.

***The Company is subject to accounting estimate risks.***

The preparation of the Company's consolidated financial statements in conformity with generally accepted accounting principles requires management to make significant estimates that affect the financial statements. Estimates are made at specific points in time and based on facts, historical experience and various other factors believed to be reasonable under the circumstances at such time. If actual results differ from our judgments and assumptions, then it may have an adverse impact on the results of our operations and cash flows.

**Risks Related to Our Intellectual Property, Information Technology, Cybersecurity and Privacy**

***A cybersecurity incident, other technology disruptions or failure to comply with laws and regulations relating to privacy and the protection of data relating to individuals could negatively impact our business, our reputation and our relationships with customers.***

We use computers in substantially all aspects of our business operations. We also use mobile devices, social networking and other online activities to connect with our employees, suppliers, co-manufacturers, distributors, customers and consumers. Such uses give rise to cybersecurity risks, including security breaches, espionage, system disruption, theft and inadvertent release of information. Moreover, a significant subset of our office-based employee population temporarily transitioned to a remote work environment in an effort to mitigate the spread of the COVID-19 pandemic, which may exacerbate certain of these risks due to an increase in the number of points of potential attack, such as laptops and mobile devices. Our business involves the storage and transmission of numerous classes of sensitive and/or confidential information and intellectual property, including customers' and suppliers' information, private information about employees and financial and strategic information about us and our business partners. Further, as we pursue new initiatives that improve our operations and cost structure, potentially including acquisitions, we may also be expand and improve our information technologies, resulting in a larger technological presence and corresponding exposure to cybersecurity risk. If we fail to assess and identify cybersecurity risks associated with new initiatives or acquisitions, we may become increasingly vulnerable to such risks. Additionally, while we have implemented measures to prevent security breaches and cyber incidents, our preventative measures and incident response efforts may not be entirely effective. The theft, destruction, loss, misappropriation, or release of sensitive and/or confidential information or intellectual property, or interference with our information technology systems or the technology systems of third parties on which we rely, could result in business disruption, negative publicity, brand damage, violation of privacy laws, loss of customers, potential liability and competitive disadvantage all of which could have a material adverse effect on our business, financial condition or results of operations.

In addition, we are subject to laws, rules and regulations in the United States, the European Union and other jurisdictions relating to the collection, use and security of personal information and data. Such data privacy laws, regulations and other obligations may require us to change our business practices and may negatively impact our ability to expand our business and pursue business opportunities. We may incur significant expenses to comply with the laws, regulations and other obligations that apply to us. Additionally, the privacy and data protection-related laws, rules and regulations applicable to us are subject to significant change. Several jurisdictions have passed new laws and regulations in this area, and other jurisdictions are considering imposing additional restrictions. For example, our operations are subject to the European Union's General Data Protection Regulation, which imposes data privacy and security requirements on companies doing business in the European Union, including substantial penalties for non-compliance. The California Consumer Privacy Act (the "CCPA"), which went into effect on January 1, 2020, imposes similar requirements on companies handling data of California residents and creates a new and potentially severe statutory damages framework for (i) violations of the CCPA and (ii) businesses that fail to implement reasonable security procedures and practices to prevent data breaches. The California Privacy Rights Act, which was approved by California voters in November 2020, will significantly modify the CCPA, including by expanding consumer's rights in their personal information and creating a new governmental agency to interpret and enforce the statute, and goes into effect and fully supersedes the CCPA on January 1, 2023. Additionally, in August 2021, the National People's Congress of the People's Republic of China adopted the Personal Information Protection Law, which became effective on November 1, 2021 and provides a comprehensive system for the protection of personal information



in China. Privacy and data protection-related laws and regulations also may be interpreted and enforced inconsistently over time and from jurisdiction to jurisdiction. Any actual or perceived inability to comply with applicable privacy or data protection laws, regulations, or other obligations could result in significant cost and liability, litigation or governmental investigations, damage our reputation, and adversely affect our business.

#### **Risks Related to Our Lease Obligations, Indebtedness, Financial Position and Need for Additional Capital**

***We may require additional financing to achieve our goals, and a failure to obtain this necessary capital when needed on acceptable terms, or at all, may force us to delay, limit, reduce or terminate our product manufacturing and development, and other operations.***

Since our inception, substantially all of our resources have been dedicated to the development of our three core plant-based product platforms of beef, pork and poultry, including purchases of property, plant and equipment, principally to support the development and production of our products, the build-out and equipping of our Manhattan Beach Project Innovation Center, and the purchase, build-out and equipping of manufacturing facilities in the U.S. and abroad. We have and believe that we will continue to expend substantial resources as we expand into additional markets we may choose to pursue. These expenditures are expected to include costs associated with research and development, manufacturing and supply, as well as marketing and selling existing and new products. In addition, other unanticipated costs may arise.

As of July 2, 2022, we had cash and cash equivalents of \$454.7 million. Our operating plan may change because of factors currently unknown to us, and we may need to seek additional funds sooner than planned, through public or private equity or debt financings or other sources, such as strategic collaborations. Such financing may result in dilution to stockholders, reduction in the market price of our common stock, imposition of debt covenants and repayment obligations, or other restrictions that may adversely affect our business. In addition, we may seek additional capital due to favorable market conditions or strategic considerations even if we believe we have sufficient funds for our current or future operating plans. However, the capital markets may experience extreme volatility and disruption, including rising interest rates and higher borrowing costs, which could make it more difficult for us to raise capital. If we cannot access the capital markets upon favorable terms or at all, it may impact our ability to achieve our goals.

Our future capital requirements depend on many factors, including:

- the impact of the COVID-19 pandemic;
- the number and characteristics of any additional products or manufacturing processes we develop or acquire to serve new or existing markets;
- our investment in and build out of our campus headquarters and expanding our Manhattan Beach Project Innovation Center;
- the expenses associated with our marketing initiatives;
- our investment in manufacturing and facilities to expand our manufacturing and production capacity;
- our investments in real property and joint ventures;
- the costs required to fund domestic and international operations and growth;
- the scope, progress, results and costs of researching and developing future products or improvements to existing products or manufacturing processes;
- any lawsuits related to our products or commenced against us or our directors and officers;
- the expenses needed to attract and retain skilled personnel;
- the costs associated with being a public company;
- the costs involved in preparing, filing, prosecuting, maintaining, defending and enforcing intellectual property claims, including litigation costs and the outcome of such litigation; and
- the timing, receipt and amount of sales of, or royalties on, any future approved products, if any.

Additional funds may not be available when we need them, on terms that are acceptable to us, or at all. If adequate funds are not available to us on a timely basis, we may be required to:

- delay, limit, reduce or terminate our manufacturing, research and development activities or our growth and expansion plans; or
- delay, limit, reduce or terminate our establishment of sales and marketing capabilities or other activities that may be necessary to generate revenue and achieve profitability.

### **Risks Related to the Environment, Climate and Weather**

***A major earthquake, tsunami, tornado, flood, drought or other natural disaster or severe weather event could seriously disrupt our entire business.***

We have offices, co-manufacturing and manufacturing facilities located in the United States and internationally. The impact of a major earthquake, tsunami, tornado, flood, drought or other natural disaster or severe weather event at any of our facilities and overall operations is difficult to predict, but such a natural disaster or severe weather event could seriously disrupt our entire business and lead to substantial losses.

***Climate change may negatively affect our business and operations.***

There is concern that carbon dioxide and other greenhouse gases in the atmosphere may have an adverse impact on global temperatures, weather patterns and the frequency and severity of extreme weather and natural disasters. Adverse climate conditions, weather patterns and the impact of such conditions and patterns such as drought, flood, wildfires, mudslides and rising ambient temperatures adversely impact product cultivation conditions for farmers and agricultural productivity, including by disrupting ecosystems and severely altering the growing conditions, nutrient levels, soil moisture and water availability necessary for the growth and cultivation of crops, which would adversely affect the product quality, availability or cost of certain commodities that are necessary for our products, such as yellow peas, mung beans, sunflowers, rice, faba bean, canola oil and coconut oil. Many of our operations exist in water-stressed regions and water is a key ingredient in our products. Due to climate change, we may also be subjected to decreased availability of water, deteriorated quality of water or less favorable pricing for water, which could adversely impact our manufacturing and distribution operations.

### **Risks Related to Regulatory and Legal Compliance Matters, Litigation and Legal Proceedings**

***Our operations are subject to FDA governmental regulation and other foreign, federal, state and local regulation, and there is no assurance that we will be in compliance with all regulations.***

Our operations are subject to extensive regulation by the FDA, and other foreign, federal, state and local authorities. Specifically, for products manufactured or sold in the United States we are subject to the requirements of the Federal Food, Drug and Cosmetic Act and regulations promulgated thereunder by the FDA.

This comprehensive regulatory program governs, among other things, the manufacturing, composition and ingredients, packaging, labeling and safety of food. Under this program, the FDA requires that facilities that manufacture food products comply with a range of requirements, including hazard analysis and preventive controls regulations, current good manufacturing practices (“cGMPs”), and supplier verification requirements. Comparable regulations apply in foreign jurisdictions such as the European Union, the United Kingdom and China. Our processing and manufacturing facilities, including those of our co-manufacturers, are subject to periodic inspection by foreign, federal, state and local authorities. We do not control the manufacturing processes of, and rely upon, our co-manufacturers for compliance with cGMPs for the manufacturing of our products by our co-manufacturers. If we or our co-manufacturers cannot successfully manufacture products that conform to our specifications and the strict regulatory requirements of the FDA or other non-U.S. regulators, we or they may be subject to adverse inspectional findings or enforcement actions, which could materially impact our ability to market our products, could result in our inability to manufacture our products or our co-manufacturers’ inability to continue manufacturing for us, or could result in a recall of our product that has already been distributed. In addition, we rely upon our co-manufacturers to maintain adequate quality control, quality assurance and qualified personnel. If the FDA or a comparable state, local or foreign regulatory authority determines that we or these co-manufacturers have not complied with the applicable regulatory requirements, our business may be materially impacted.

We seek to comply with applicable regulations through a combination of employing internal experience and expert personnel to ensure quality-assurance compliance (i.e., assuring that our products are not adulterated or misbranded) and contracting with third-party laboratories that conduct analyses of products to ensure compliance with nutrition labeling requirements and to identify any potential contaminants before distribution. Failure by us or our co-manufacturers to comply with applicable laws and regulations or maintain permits, licenses or registrations relating to our or our co-manufacturers' operations could subject us to civil remedies or penalties, including fines, injunctions, recalls or seizures, warning letters, restrictions or prohibitions on the marketing or manufacturing of products, or refusals to permit the import or export of products, as well as potential criminal sanctions, which could result in increased operating costs resulting in a material effect on our operating results and business.

***We are subject to international regulations that could adversely affect our business and results of operations.***

We are subject to extensive regulations internationally where we manufacture, distribute and/or sell our products. Our products are subject to numerous food safety and other laws and regulations relating to the sourcing, manufacturing, composition and ingredients, storing, labeling, marketing, advertising and distribution of these products. For example, in early 2018, we received an inquiry from Canadian officials about the labeling and composition of products that we export to Canada. We responded promptly to that inquiry, identifying minor formulation changes that we made under Canadian regulations. If regulators determine that the labeling, advertising and/or composition of any of our products is not in compliance with foreign law or regulations, or if we or our co-manufacturers otherwise fail to comply with applicable laws and regulations in foreign jurisdictions where we operate and market products, we could be subject to civil remedies or penalties, such as fines, injunctions, recalls or seizures, warning letters, restrictions on the marketing or manufacturing of the products, or refusals to permit the import or export of products, as well as potential criminal sanctions. In places like Mainland China government inquiries into product labeling and advertising can be prompted by random inspections of our product on the market by local government authorities or complaints by consumers or competitors to the authorities. The consequences of a labeling or advertising violation in China can lead not only to fines from administrative authorities but also to multiple individual consumer lawsuits for nominal damages in the hundreds of dollars each, which can be costly to defend. In addition, enforcement of existing laws and regulations, changes in legal requirements and/or evolving interpretations of existing regulatory requirements may result in increased compliance costs and create other obligations, financial or otherwise, that could adversely affect our business, financial condition or operating results. For example, China has recently introduced new regulations on food manufacturing and it may introduce new Food Labeling Supervision Measures that could increase restrictions and require changes to our labels. In addition, with our expanding international operations, we could be adversely affected by violations of the FCPA, and similar worldwide anti-bribery laws, which generally prohibit companies and their intermediaries from making improper payments to non-U.S. officials or other third parties for the purpose of obtaining or retaining business. While our policies mandate compliance with these anti-bribery laws, our internal control policies and procedures may not protect us from reckless or criminal acts committed by our employees, contractors or agents. Violations of these laws, or allegations of such violations, could disrupt our business and result in a material adverse effect on our results of operations, cash flows and financial condition.

***Any changes in, or changes in the interpretation of, applicable laws, regulations or policies of the FDA or U.S. Department of Agriculture, or USDA, state regulators or similar foreign regulatory authorities that relate to the use of the word "meat" or other similar words in connection with plant-based protein products could adversely affect our business, prospects, results of operations or financial condition.***

The FDA and the USDA, state regulators or similar foreign regulatory authorities, such as Health Canada or the CFIA, or authorities of the U.K., the EU or the EU member states, or China, including the State Administration for Market Regulation and its local counterpart agencies, could take action to impact our ability to use the term "meat" or similar words (such as "beef," "burger" or "sausage," including the Beyond Meat logo of the Caped Longhorn superhero) to describe or advertise our products. In addition, a food may be deemed misbranded if its labeling is false or misleading in any particular way, and the FDA, CFIA, EU member state authorities or other regulators could interpret the use of the term "meat" or any similar phrase(s) to describe our plant-based protein products as false or misleading or likely to create an erroneous impression regarding their composition.

For example, in 2018, the state of Missouri passed a law prohibiting any person engaged in advertising, offering for sale, or sale of food products from misrepresenting a product as meat that is not derived from harvested production livestock or poultry. The state of Missouri Department of Agriculture has clarified its interpretation that products which include prominent disclosure that the product is “made from plants,” or comparable disclosure such as through the use of the phrase “plant-based,” are not misrepresented under the Missouri law. Additional states, including Arkansas, Georgia, Mississippi, Louisiana, Oklahoma, South Dakota and Wyoming, have subsequently passed similar laws, and legislation that would impose specific requirements on the naming of plant-based meat products is currently pending in a number of other states. The United States Congress recently considered (but did not pass) federal legislation, called the Real MEAT Act, that could require changes to our product labeling and marketing, including identifying products as “imitation” meat products, and that would give USDA certain oversight over the labeling of plant-based meat products. If similar bills gain traction and ultimately become law, we could be required to identify our products as “imitation” in our product labels. Further, FDA has announced that it is developing guidance on naming plant-based meat alternatives that could impact our naming expectations. Canadian Food and Drug Regulations also provide requirements for “simulated meat” products, including requirements around composition and naming.

In Europe, the Agriculture Committee of the European Parliament proposed in May 2019 to reserve the use of “meat” and meat-related terms and names for products that are manufactured from the edible parts of animals. In October 2020, the European Parliament rejected the adoption of this provision. In the absence of European Union legislation, Member States remain free to establish national restrictions on meat-related names. In June 2020, France adopted a law prohibiting names to indicate foodstuffs of animal origin to describe, market, or promote foodstuffs containing vegetable proteins. In October 2021, France published a draft implementing decree (the “Decree”), to define, for example, the sanctions in case of non-compliance with the new law. The Decree was published on June 29, 2022, and was slated to enter into force on October 1, 2022. We do not believe that the Decree complies with the laws of the European Union (EU), in particular the principle of free movement of goods. On July 27, 2022, at the request of a trade association, the French High Administrative Court partially suspended the execution of the Decree. This signals that there are indeed serious doubts as to the lawfulness of the Decree, though the suspension is only partial and temporary until the Court rules on the merits of the case. We understand that at least two more trade associations are also considering litigation. The Company intends to support these trade associations by also filing an application for annulment against the Decree.

France is the first EU Member State to adopt such a law. Should other EU Member State regulatory authorities take action with respect to the use of the term “meat” or similar claims, such that we are unable to use those terms with respect to our plant-based products, we could be subject to enforcement action or recall of our products marketed with these terms, we may be required to modify our marketing strategy, or required to identify our products as “imitation” in our product labels, and our business, prospects, results of operations or financial condition could be adversely affected.

***Litigation or legal proceedings could expose us to significant liabilities and have a negative impact on our reputation or business.***

From time to time, we may be party to various claims and litigation proceedings. We evaluate these claims and litigation proceedings to assess the likelihood of unfavorable outcomes and to estimate, if possible, the amount of potential losses. Based on these assessments and estimates, we may establish reserves, as appropriate. These assessments and estimates are based on the information available to management at the time and involve a significant amount of management judgment. Actual outcomes or losses may differ materially from our assessments and estimates. For information regarding pending legal proceedings, please see Part II, Item I, *Legal Proceedings* and [Note 10, Commitments and Contingencies](#), to the Notes to Unaudited Condensed Consolidated Financial Statements included elsewhere in this report.

Even when not merited, the defense of these lawsuits may divert our management’s attention, and we may incur significant expenses in defending these lawsuits. The results of litigation and other legal proceedings are inherently uncertain, and adverse judgments or settlements in some of these legal disputes may result in adverse monetary damages, penalties or injunctive relief against us, which could have a material adverse effect on our financial position, cash flows or results of operations. Any claims or litigation, even if fully indemnified or

insured, could damage our reputation and make it more difficult to compete effectively or to obtain adequate insurance in the future.

Furthermore, while we maintain insurance for certain potential liabilities, such insurance does not cover all types and amounts of potential liabilities and is subject to self-insured retentions, various exclusions as well as caps on amounts recoverable. Even if we believe a claim is covered by insurance, insurers may dispute our entitlement to recovery for a variety of potential reasons, which may affect the timing and, if the insurers prevail, the amount of our recovery.

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

None.

**ITEM 3. DEFAULTS UPON SENIOR SECURITIES.**

None.

**ITEM 4. MINE SAFETY DISCLOSURES.**

Not applicable.

**ITEM 5. OTHER INFORMATION.**

None.

ITEM 6. EXHIBITS.

EXHIBIT INDEX

Exhibit No.	Exhibit Description	Incorporated by Reference			Filed Herewith
		Form	Date	Number	
3.1	<a href="#">Restated Certificate of Incorporation.</a>	10-Q	6/12/2019	3.1	
3.2	<a href="#">Amended and Restated Bylaws.</a>	10-Q	6/12/2019	3.2	
4.1	<a href="#">Form of Common Stock Certificate.</a>	S-1/A	3/27/2019	4.1	
4.2	<a href="#">Amended and Restated Investors' Rights Agreement, dated as of October 5, 2018, by and among the Registrant and the other parties thereto.</a>	S-1	11/16/2018	4.2	
4.3	<a href="#">Description of Registrant's securities</a>	10-K	3/19/2020	4.3	
4.4	<a href="#">Indenture, dated as of March 5, 2021, between Beyond Meat, Inc. and U.S. Bank National Association, as trustee.</a>	8-K	3/05/2021	4.1	
4.5	<a href="#">Form of certificate representing 0% Convertible Senior Notes due 2027 (included as Exhibit A in Exhibit 4.1 to the Form 8-K filed on March 5, 2021).</a>	8-K	3/05/2021	4.1	
10.1*	<a href="#">Fourth Amendment dated as of May 23, 2022 to Lease dated as of July 1, 2021, as amended, by and between Smoky Hollow Industries, LLC and Registrant.</a>				X
10.2*	<a href="#">Fifth Amendment dated as of June 21, 2022 to Lease dated as of July 1, 2021, as amended, by and between Smoky Hollow Industries, LLC and Registrant.</a>				X
10.3*	<a href="#">First Amendment dated as of August 3, 2022 to the Multi-Year Sales Agreement dated January 10, 2020, by and between Roquette Frères and Beyond Meat, Inc.</a>				X
31.1	<a href="#">Certification of Chief Executive Officer pursuant to Rules 13a-14(a) and 15d-14(a), as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.</a>				X
31.2	<a href="#">Certification of Chief Financial Officer pursuant to Rules 13a-14(a) and 15d-14(a), as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.</a>				X
32.1**	<a href="#">Certification of Chief Executive Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.</a>				X
32.2**	<a href="#">Certification of Chief Financial Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.</a>				X

**EXHIBIT INDEX**

Exhibit No.	Exhibit Description	Incorporated by Reference			Filed Herewith
		Form	Date	Number	
101	The following financial statements from the Company's Quarterly Report on Form 10-Q for the quarter ended July 2, 2022 formatted in Inline XBRL: (i) Condensed Consolidated Balance Sheets, (ii) Condensed Consolidated Statements of Operations, (iii) Condensed Consolidated Statements of Comprehensive Loss, (iv) Condensed Consolidated Statements of Stockholders' Equity, (v) Condensed Consolidated Statements of Cash Flows, and (vi) Notes to Unaudited Condensed Consolidated Financial Statements, tagged as blocks of text and including detailed tags.				X
104	Cover Page Interactive Data File (formatted as Inline XBRL and contained in Exhibit 101)				X

\* Certain portions of this document that constitute confidential information have been redacted in accordance with Regulation S-K, Item 601(b) (10).

\*\* This certification is deemed furnished, and not filed, with the Securities and Exchange Commission and is not to be incorporated by reference into any filing of Beyond Meat, Inc. under the Securities Act of 1933, as amended, or the Securities Exchange Act of 1934, as amended, whether made before or after the date of this Quarterly Report on Form 10-Q, irrespective of any general incorporation language contained in such filing.

**SIGNATURES**

Pursuant to the requirements of the Securities Exchange Act of 1934 the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

**BEYOND MEAT, INC.**

Date: August 11, 2022

By: /s/ Ethan Brown  
Ethan Brown  
President and Chief Executive Officer  
(Principal Executive Officer)

Date: August 11, 2022

By: /s/ Philip E. Hardin  
Philip E. Hardin  
Chief Financial Officer, Treasurer  
(Principal Financial and Accounting Officer)



**[EMAIL] INDICATES THE PORTION OF THIS EXHIBIT THAT HAS BEEN OMITTED BECAUSE IT IS BOTH (i) NOT MATERIAL AND (ii) THE TYPE OF INFORMATION COMPANY TREATS AS PRIVATE OR CONFIDENTIAL**

4th AMENDMENT TO LEASE

THIS AMENDMENT TO LEASE is made and entered into as of May 23, 2022, by and between Smoky Hollow Industries LLC ("Lessor") and Beyond Meat, Inc. a Delaware Corporation formerly known as Savage River, Inc ("Lessee").

WHEREAS, on or about July 1, 2021 a Lease was entered into by and between Lessor and Lessee relating to certain real property commonly known as

(street address, city, state, zip): 1320 E Franklin Ave, El Segundo, CA 90245 (the "Premises"), and

WHEREAS, Lessor and Lessee  have  have not previously amended said Lease, and

WHEREAS, the Lessor and Lessee now desire to amend said Lease,

NOW, THEREFORE, for payment of TEN DOLLARS and other good and valuable consideration to Lessor, the receipt and sufficiency of which is hereby acknowledged,

the parties mutually agree to make the following additions and modifications to the Lease:

- TERM: The Expiration date is here by  advanced  extended to June 30, 2022
- AGREED USE: The Agreed Use is hereby modified to: \_\_\_\_\_.
- BASE RENT ADJUSTMENT: Monthly Base rent shall be as follows: \_\_\_\_\_.
- OTHER: \_\_\_\_\_.

This Amendment shall not be construed against the party preparing it, but shall be construed as if all parties jointly prepared this Amendment and any uncertainty and ambiguity shall not be interpreted against any one party. Signatures to this Amendment accomplished by means of electronic signature or similar technology shall be legal and binding.

All other terms and conditions of this Lease shall remain unchanged and shall continue in full force and effect except as specifically amended herein.

EXECUTED as of the day and year first above written.

**By Lessor: By Lessee:**

Smoky Hollow Industries LLC

Beyond Meat, Inc., a Delaware Corporation  
formerly known as Savage River, Inc.

By: /s/ Mark Telesz  
Name Printed: Mark Telesz  
Title: Manager  
Phone: \_\_\_\_\_  
Fax: \_\_\_\_\_  
Email: [EMAIL]  
Title: \_\_\_\_\_  
Phone: \_\_\_\_\_  
Fax: \_\_\_\_\_  
Email: \_\_\_\_\_  
Address: \_\_\_\_\_  
Federal ID No.: \_\_\_\_\_

By: /s/ Dariush Ajami  
Name Printed: Dariush Ajami  
Title: CIO  
Phone: \_\_\_\_\_  
Fax: \_\_\_\_\_  
Email: [EMAIL]  
Title: \_\_\_\_\_  
Phone: \_\_\_\_\_  
Fax: \_\_\_\_\_  
Email: \_\_\_\_\_  
Address: \_\_\_\_\_  
Federal ID No.: \_\_\_\_\_

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[EMAIL] INDICATES THE PORTION OF THIS EXHIBIT THAT HAS BEEN OMITTED BECAUSE IT IS BOTH (i) NOT MATERIAL AND (ii) THE TYPE OF INFORMATION COMPANY TREATS AS PRIVATE OR CONFIDENTIAL

5th AMENDMENT TO LEASE

THIS AMENDMENT TO LEASE is made and entered into as of June 21, 2022, by and between Smoky Hollow Industries LLC ("Lessor") and Beyond Meat, Inc. a Delaware Corporation formerly known as Savage River, Inc ("Lessee").

WHEREAS, on or about July 1, 2021 a Lease was entered into by and between Lessor and Lessee relating to certain real property commonly known as

(street address, city, state, zip): 1320 E Franklin Ave, El Segundo, CA 90245 (the "Premises"), and

WHEREAS, Lessor and Lessee  have  have not previously amended said Lease, and

WHEREAS, the Lessor and Lessee now desire to amend said Lease,

NOW, THEREFORE, for payment of TEN DOLLARS and other good and valuable consideration to Lessor, the receipt and sufficiency of which is hereby acknowledged,

the parties mutually agree to make the following additions and modifications to the Lease:

- TERM: The Expiration date is here by  advanced  extended to August 31, 2022
- AGREED USE: The Agreed Use is hereby modified to: \_\_\_\_\_.
- BASE RENT ADJUSTMENT: Monthly Base rent shall be as follows: \_\_\_\_\_.
- OTHER: \_\_\_\_\_.

This Amendment shall not be construed against the party preparing it, but shall be construed as if all parties jointly prepared this Amendment and any uncertainty and ambiguity shall not be interpreted against any one party. Signatures to this Amendment accomplished by means of electronic signature or similar technology shall be legal and binding.

All other terms and conditions of this Lease shall remain unchanged and shall continue in full force and effect except as specifically amended herein.

EXECUTED as of the day and year first above written.

By Lessor: By Lessee:

Smoky Hollow Industries LLC

Beyond Meat, Inc., a Delaware Corporation formerly known as Savage River, Inc.

By: /s/ Mark Telesz  
Name Printed: Mark Telesz  
Title: Manager  
Phone: \_\_\_\_\_  
Fax: \_\_\_\_\_  
Email: [EMAIL]  
Title: \_\_\_\_\_  
Phone: \_\_\_\_\_  
Fax: \_\_\_\_\_  
Email: \_\_\_\_\_  
Address: \_\_\_\_\_  
Federal ID No.: \_\_\_\_\_

By: /s/ Dariush Ajami  
Name Printed: Dariush Ajami  
Title: CIO  
Phone: \_\_\_\_\_  
Fax: \_\_\_\_\_  
Email: [EMAIL]  
Title: \_\_\_\_\_  
Phone: \_\_\_\_\_  
Fax: \_\_\_\_\_  
Email: \_\_\_\_\_  
Address: \_\_\_\_\_  
Federal ID No.: \_\_\_\_\_

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[\*\*\*] INDICATES THE PORTION OF THIS EXHIBIT THAT HAS BEEN OMITTED BECAUSE IT IS BOTH (i) NOT MATERIAL AND (ii) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED

**FIRST AMENDMENT OF  
Multi-Year Sales Agreement**

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This First Amendment to the Multi-Year Sales Agreement (this “Amendment”), with an effective date of August 3, 2022 (the “Effective Date”) between **ROQUETTE FRÈRES**, a corporation organized under the laws of France having its registered office at 1 rue de la Haute Loge, Lestrem (62136), FRANCE, acting both in its own name, and in the name and on behalf of its Affiliated Companies which have duly empowered Roquette Frères for the purpose hereof, (hereinafter referred to as “Seller”); and

**BEYOND MEAT, INC.** a corporation organized under the laws of the State of Delaware in the United States of America, having its principal place of business at 119 Standard St., El Segundo, California, USA 90245, acting both in its own name, and in the name and on behalf of its Affiliated Companies which have duly empowered Beyond Meat, Inc. for the purpose hereof (hereinafter referred to as “Buyer”);

herein referred to individually as a “Party” and collectively as the “Parties.”

**Whereas:**

---

The Parties entered into a **Multi-Year Sales Agreement** with an effective date January 10, 2020 (the “Agreement”);

The Parties wish to amend the Agreement;

NOW THEREFORE, in consideration of the mutual covenants and agreement set forth in this Amendment, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Parties agree as follow:

**1. Amendment to Section 2.1 Quantities:**

The following bullet points in Section 2.1 are deleted:

2021: [\*\*\*] Mlbs, [\*\*\*]; and  
2022: [\*\*\*] Mlbs, [\*\*\*].

And replaced with the following:

2021: [\*\*\*] Mlbs, [\*\*\*];  
2022: [\*\*\*] Mlbs; and  
2023: [\*\*\*] Mlbs, [\*\*\*].

**2. Amendment to Section 10.1:**

Section 10. 1 is deleted in its entirety and replaced with the following:

10.1 This Agreement shall enter into force on the date of last signature below (the “**Effective Date**”) and, subject to earlier termination in accordance with the provisions contained herein, shall continue in force for an initial term ending on December 31, 2023 and unless or until terminated in accordance with the terms of this Agreement (the “**Term**”), provided that all obligations of the Parties under this Agreement and Orders accepted by Seller prior to termination shall continue until satisfaction of the Parties' respective obligations in accordance with the terms of this Agreement and the Orders concerned.

**3. Amendment to Section 14 Notices:**

The notice names and addresses listed in Section 14 are deleted in its entirety and replaced with the following:

If to Seller:

Jérémy BURKS  
Senior Vice President Plant Proteins

101 avenue de la République  
59110 LA MADELEINE  
And  
Charles-Antoine DUBOIS  
[charles-antoine.dubois@roquette.com](mailto:charles-antoine.dubois@roquette.com)  
Plant Proteins - Head of Global Sales  
101 avenue de la République  
59110 LA MADELEINE

With copy to:  
Delphine DESRUMAUX  
[delphine.desrumaux@roquette.com](mailto:delphine.desrumaux@roquette.com)  
General Counsel VP Legal and Compliance  
101 avenue de la République  
59110 LA MADELEINE

If to Buyer:

Doug Ramsey  
[doug.ramsey@beyondmeat.com](mailto:doug.ramsey@beyondmeat.com)  
Chief Operating Officer  
Beyond Meat, Inc.  
119 Standard St.  
El Segundo, California, USA 90245

With copy to:  
Teri WITTEMAN  
[teri.witteman@beyondmeat.com](mailto:teri.witteman@beyondmeat.com)  
Chief Legal Officer & Secretary  
Beyond Meat, Inc.  
119 Standard St.  
El Segundo, California, USA 90245

**4. Agreement Remaining in Force.**

All other terms and conditions as set forth in the Agreement shall remain in full force and effect and any terms not defined herein shall have the meanings set forth in the Agreement.

**5. Governing Law.**

This Amendment shall be governed by the provisions in Section 15 Applicable Law and Section 16 Governing Law; Forum sections in the Agreement.

**IN WITNESS WHEREOF**, the Parties have executed this Agreement as of the date first written above.

**BEYOND MEAT, INC.**

Name: /s/ Doug Ramsey

By: Doug Ramsey

Title: COO Beyond Meat

Dated: Aug 3, 2022

**ROQUETTE FRÈRES**

Name: /s/ Jeremy D Burks

By: Jeremy D Burks

Title: SVP

Dated: Aug 4, 2022

## CERTIFICATION OF CHIEF EXECUTIVE OFFICER

PURSUANT TO EXCHANGE ACT RULES 13a-14(a) AND 15d-14(a), AS ADOPTED PURSUANT TO SECTION 302 OF THE SARBANES-  
OXLEY ACT OF 2002

I, Ethan Brown, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Beyond Meat, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
  - a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
  - b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
  - c. Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
  - d. Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
  - a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
  - b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: August 11, 2022

By: /s/ Ethan Brown  
Ethan Brown  
President and Chief Executive Officer  
(Principal Executive Officer)





**CERTIFICATION OF CHIEF EXECUTIVE OFFICER  
PURSUANT TO 18 U.S.C. SECTION 1350, AS ADOPTED PURSUANT TO  
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

I, Ethan Brown, President and Chief Executive Officer of Beyond Meat, Inc. (the "Company"), do hereby certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that, to my knowledge:

- (1) the accompanying Quarterly Report on Form 10-Q of the Company for the quarter ended July 2, 2022 (the "Report"), as filed with the Securities and Exchange Commission, fully complies with the requirements of Section 13(a) or Section 15(d), as applicable, of the Securities Exchange Act of 1934, as amended (the "Exchange Act"); and
- (2) the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company for the periods presented therein.

Date: August 11, 2022

By: /s/ Ethan Brown  
Ethan Brown  
President and Chief Executive Officer  
(Principal Executive Officer)

This certification shall not be deemed "filed" for purposes of Section 18 of the Exchange Act or otherwise subject to the liability of Section 18 of the Exchange Act. Such certification shall not be deemed to be incorporated by reference into any filing under the Securities Act of 1933, as amended, or the Exchange Act, except to the extent that the Company specifically incorporates it by reference.

**CERTIFICATION OF CHIEF FINANCIAL OFFICER  
PURSUANT TO 18 U.S.C. SECTION 1350, AS ADOPTED PURSUANT TO  
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

I, Philip E. Hardin, Chief Financial Officer and Treasurer of Beyond Meat, Inc. (the "Company"), do hereby certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that, to my knowledge:

- (1) the accompanying Quarterly Report on Form 10-Q of the Company for the quarter ended July 2, 2022 (the "Report"), as filed with the Securities and Exchange Commission, fully complies with the requirements of Section 13(a) or Section 15(d), as applicable, of the Securities Exchange Act of 1934, as amended (the "Exchange Act"); and
- (2) the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company for the periods presented therein.

Date: August 11, 2022

By: /s/ Philip E. Hardin  
Philip E. Hardin  
Chief Financial Officer and Treasurer  
(Principal Financial Officer)

This certification shall not be deemed "filed" for purposes of Section 18 of the Exchange Act or otherwise subject to the liability of Section 18 of the Exchange Act. Such certification shall not be deemed to be incorporated by reference into any filing under the Securities Act of 1933, as amended, or the Exchange Act, except to the extent that the Company specifically incorporates it by reference.