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

FORM 10-K

(Mark One)

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

For the fiscal year ended **December 31, 2021**
OR

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

For the transition period from to

Commission File Number: 001-38879

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
Common Stock, $0.0001 par value	**BYND**	**The Nasdaq Stock Market LLC**

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

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

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

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

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

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

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

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

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

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

As of July 2, 2021, the aggregate market value of the voting and non-voting common equity held by non-affiliates of the registrant, based on the closing sales price of the registrant's common stock as reported on the Nasdaq Global Select Market on such date, was $9.1 billion.

As of February 28, 2022, the registrant had 63,455,450 shares of common stock, $0.0001 par value per share, outstanding.

DOCUMENTS INCORPORATED BY REFERENCE

Portions of the registrant's definitive proxy statement relating to its 2022 Annual Meeting of Stockholders to be filed with the Securities and Exchange Commission within 120 days after the end of the fiscal year ended December 31, 2021 are incorporated herein by reference in Part III where indicated.

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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 and travel bans;
- 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;
- 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 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 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 our manufacturing and production capacity, including effectively managing capacity for specific products;
- our ability to accurately forecast our future results of operations, including fluctuations in demand for our products and any 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;
- the availability of pea and other protein 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;
- the impact of inflation across the economy, including higher food, grocery, transportation, labor and fuel 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 as we continue to grow;
- 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;
- 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 headquarters 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;
- economic conditions and the impact on consumer spending;
- impact of increased scrutiny from stakeholders and institutional investors on environmental, social and governance practices;
- 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;
- foreign exchange rate fluctuations; and
- the risks discussed in Part I, Item 1A, "Risk Factors," and elsewhere in this report, and those discussed in other documents we file from time to time with the Securities and Exchange Commission ("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 as of December 2021. 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," "Beyond Fried Chicken," "Beyond Pork," "Go Beyond," "The Cookout Classic," "The Future of Protein," 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

ITEM 1. BUSINESS.

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.

To capture this broad market opportunity, we have developed three core plant-based product platforms that align with the largest meat categories globally: beef, pork and poultry. The primary components of animal-based meat—amino acids, lipids, carbohydrates, trace minerals and water—are not exclusive to animals and are plentiful in plants. We create our plant-based products using proprietary scientific processes that determine the architecture of the animal-based meat we are seeking to replicate and then we assemble it using plant-derived amino acids, lipids, carbohydrates, trace minerals and water. We are focused on continuously improving our products so that they are, to the human sensory system, indistinguishable from their animal-based counterparts.

Our flagship product is the Beyond Burger, designed to look, cook and taste like a traditional beef burger. We also sell a range of other plant-based meat products, including Beyond Sausage, Beyond Beef, Beyond Meatballs, Beyond Breakfast Sausage Patties, Beyond Breakfast Sausage Links, Beyond Beef Crumbles, Beyond Italian Sausage Crumbles and Beyond Chicken Tenders. All of our products are made from simple ingredients without GMOs, hormones, antibiotics or cholesterol. With the exception of certain Beyond Beef Crumbles which are not certified Kosher, all of our products are certified Kosher and Halal. All of our products are good to excellent sources of protein and we are focused on making them nutritionally dense, with minimal negative attributes relative to their animal protein equivalents. As of December 2021, our products were available at approximately 130,000 retail and foodservice outlets in more than 90 countries worldwide, across mainstream grocery, mass merchandiser, club store, convenience store and natural retailer channels, direct-to-consumer, and various food-away-from-home channels, including restaurants, foodservice outlets and schools.

Research, development and innovation are core elements of our business strategy, and we believe they represent a critical competitive advantage for us. Through our Beyond Meat Rapid and Relentless Innovation Program, our team of scientists and engineers focuses on making continuous improvements to our existing product formulations and developing new products across our plant-based beef, pork and poultry platforms. Our state-of-the-art Manhattan Beach Project Innovation Center in El Segundo, California brings together leading scientists from chemistry, biology, material science, food science and biophysics disciplines who work together with process engineers and culinary specialists to pursue our vision of perfectly building plant-based meat.

Net revenues increased to $464.7 million in 2021 from $406.8 million in 2020 and $297.9 million in 2019, representing a 25% compound annual growth rate over a two-year period, compared to a 115% compound growth rate over a two-year period in 2020. We have generated losses since inception. Net loss in 2021, 2020 and 2019 was $182.1 million, $52.8 million and $12.4 million, respectively, as we pursued our long-term goal of future growth of our business, investing in innovation, people, infrastructure, product scaling and establishing strategic partnerships in the U.S., EU and China.

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 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 has slowed the reopening process. 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, magnitude and effects of the COVID-19 pandemic.

Foodservice channel net revenues recovered from 2020 levels and increased 31.7% to $139.9 million in 2021 from $106.2 million in 2020. Despite the improvement in foodservice channel net revenues in 2021 compared to the prior year, we recognize that our anticipation of continued steady recovery in the foodservice channel is based on the assumption that COVID-19 infection rates both in the U.S. and abroad will be reasonably contained. However, during the second half of 2021, the recent and more virulent COVID-19 variants adversely impacted the foodservice recovery. The impacts of the ongoing COVID-19 pandemic also continue to result in delays in tests or launches of our products among our foodservice customers and negatively impact the rate of our growth.

Retail channel net revenues increased 8.1% to $324.8 million in 2021 from $300.6 million in 2020. The increase in retail channel net revenues in 2021 was primarily driven by increased sales to international customers, partially offset by decreased sales in the U.S. retail channel. U.S. retail channel net revenues decreased to $243.4 million in 2021 from $264.1 million in 2020 primarily due to a general slowdown of growth in the U.S. plant-based meat category, higher trade discounts and, to a lesser extent, increased competition.

For the year ended December 31, 2021, our retail and foodservice channels accounted for approximately 69.9% and 30.1% of our net revenues, respectively. For the year ended December 31, 2020, our retail and foodservice channels accounted for approximately 73.9% and 26.1% of our net revenues, respectively. For the year ended December 31, 2021, our U.S. and international channels accounted for approximately 68.8% and 31.2% of our net revenues, respectively. For the year ended December 31, 2020, our U.S. and international channels accounted for approximately 79.9% and 20.1% of our net revenues, respectively. The change in mix of our distribution channels has been significant since the start of the COVID-19 pandemic, which is likely to continue to cause fluctuation in our financial results pending its duration, magnitude and effects.

Our Mission

We are a mission-driven business with long-standing core values. We strive to operate in an honest, socially responsible and environmentally sustainable manner and are committed to help solve the major health and global environmental issues which we believe are caused in part by an animal-based protein diet and existing industrial livestock production. We believe our authentic and long-standing commitment to these causes better positions us to build loyalty and trust with current consumers and helps attract new ones. Our corporate culture embodies these values and, as a result, we enjoy a highly motivated and skilled work force committed to our mission and our enterprise.

The Beyond Meat Strategic Difference

- ***Unique Approach to the Product***

We employ a revolutionary and unique approach to create our products, with a goal of delivering the same satisfying taste, aroma and texture as the animal-based meats we seek to replicate. In our Manhattan Beach Project Innovation Center, our scientists and engineers work to continuously improve our products to replicate the sensory experience of animal-based meat. Each product is designed to not only closely replicate the taste and sensory experience of its animal protein equivalent, but to also provide the nutritional and environmental benefits of plant-based meat.

We start by analyzing the composition and design of relevant animal-based meats at the molecular and structural level. The primary components, other than water, comprising animal-based meats are amino acids, lipids, carbohydrates and trace minerals, which are not exclusive to animals and are present in abundance in plants. The amino acids that form the proteins which represent the muscle of animal-based meat can be sourced from plants. We use proteins primarily extracted from yellow peas, as well as mung beans, faba beans, brown rice and other plant stock, through a physical process to separate protein and fiber. We then apply heating, cooling and pressure at rapid and varied intervals to weave the protein into a fibrous structure to create woven protein. Our woven protein is converted according to our formulas and specifications into a packaged product at our own facilities or by our network of co-manufacturers, after which the final packaged product is then shipped to distributors or direct to customers.

- ***Unique Approach to the Market***

Our breakthrough product innovations have enabled a paradigm shift in both marketing and target audience—tapping into the enthusiastic pull from mainstream consumers for delicious and satisfying, yet better-for-you plant-based meats. This approach is summed up in our brand promise—"Eat What You Love." When we launched our flagship Beyond Burger in 2016, we approached the marketplace in an unprecedented way. Instead of marketing and merchandising the Beyond Burger to vegans and vegetarians, we requested that the product be sold in the meat case at grocery retailers where meat-loving consumers are accustomed to shopping for center-of-plate proteins. We believe merchandising in the meat case in the retail channel has helped drive greater brand awareness with our end consumers.

Reflecting the strength and value of the Beyond Meat brand to its partners, many of our foodservice customers choose to prominently feature our brand name on their menu and within item descriptions, in addition to displaying Beyond Meat branded signage throughout the venue. We believe that we have established our brand as one with "halo" benefits to our partners as evidenced by the speed of adoption by strategic partners. Our foodservice channel not only functions as a form of paid trial for our products, helping to drive additional retail demand, but also creates even greater brand awareness for Beyond Meat through the on-menu and in-store publicity we receive.

- ***Unique Approach to Our Brand***

Our mission is to create nutritious plant-based meats that taste delicious and deliver a consumer experience that is indistinguishable from that provided by animal-based meats. We believe our brand commitment, "Eat What You Love," encourages consumers to eat more, not less, of the traditional dishes they enjoy by using our products, while feeling great about the health, sustainability and animal welfare benefits associated with consuming plant-based protein. Our approach of bringing to market the best innovations each year is a strategy that engages the consumer and provides feedback from which we iterate and improve. This approach is one of the reasons all of our current U.S. retail products are non-GMO.

Our brand awareness has been driven by strong digital and social media marketing to reach our digitally native target audience. Consumers and the media are enthusiastic about the concept of authentically meaty tasting plant-based proteins. The viral nature of our marketing and brand-building has been enhanced by both the network of brand ambassadors we have developed throughout the United States and abroad, and our strong following by celebrities from the worlds of sports and entertainment who help promote the benefits of a plant-based diet and the Beyond Meat brand.

We launched the Go Beyond marketing campaign in February 2019, which seeks to mobilize our ambassadors to help raise brand awareness and make our products aspirational. In 2020, as part of this campaign, we launched our *What if We all Go Beyond?* brand anthem, inviting consumers to see how over time through small changes, such as what we put at the center of our plates, there can be a meaningful collective impact on human health and the health of our planet. Additionally, in response to the COVID-19 pandemic, in the second quarter of 2020 we undertook our Feed A Million+ campaign, where we, with the support of our brand ambassadors and other partners, donated and distributed more than one million Beyond Burgers and nourishing meals at no cost to food banks, healthcare workers, frontline responders and communities in need across the country. In 2021, we built awareness, reached new users and drove conversion via our Beyond Delicious campaign and our flagship Beyond Burger. Our messaging was focused on our core pillars of taste, health and sustainability in celebration of key tentpole moments such as summer grilling and tailgate season. We are focused on continuing to scale the Go Beyond campaign to new levels globally, using celebrity activation and paid media campaigns to welcome consumers to the brand, define the category and remain its leader.

Our Industry and Market Opportunity

We operate in the large and global meat industry, which is comprised of fresh and packaged animal-based meats for human consumption. According to data from Fitch Solutions Macro Research, the meat industry is the largest category in food and in 2017 generated estimated sales across retail and foodservice channels of approximately $270 billion in the United States and approximately $1.4 trillion globally. We believe our revenue growth will allow us to capture an increased share of the broader U.S. meat category, supported by a number of key drivers, including the authentic comparability and sensory experience of our products to their animal-based meat equivalents, continued mainstream acceptance of our products with the traditional animal-based meat consumer, heightened consumer awareness of the role that food and nutrition, particularly plant-based foods, play in long-term health and wellness, and growing concerns related to the negative environmental and animal-welfare impacts of animal-based meat consumption. As a market leader in the plant-based meat category, we believe we are well-positioned to take advantage of and drive this category growth.

Our Competitive Strengths

We believe that the following strengths position us to generate growth and pursue our objective to become a leader in the global meat category.

- ***Dedicated Focus on Innovation***

We invest significant resources in our innovation capabilities to develop plant-based meat alternatives to popular animal-based meat products. Our innovation team, comprised of over 200 scientists, engineers, researchers, technicians and chefs, as of December 31, 2021, has delivered several unique plant-based meat breakthroughs, as well as continuous improvements to existing products. We are able to leverage what we learn about taste, texture, aroma and appearance across our plant-based beef, pork and poultry platforms and apply this knowledge to each of our product offerings. In our Manhattan Beach Project Innovation Center, we have a strong pipeline of products in development, and can more rapidly transition our research from bench top to scaled production. As our knowledge and expertise deepens, our pace of innovation is accelerating, allowing for reduced time between new product launches. We expect this faster pace of product introductions and meaningful enhancements to existing products to continue as we innovate within our core plant-based platforms of beef, pork and poultry.

- ***Brand Mission Aligned with Consumer Trends***

We believe our brand is uniquely positioned to capitalize on growing consumer interest in great-tasting, nutritious, convenient, higher protein content and plant-based foods. We have also tapped into growing public awareness of major issues connected to animal protein, including human health, climate change, resource conservation and animal welfare. Simply put, our products aim to enable consumers to “Eat What You Love” without the downsides of conventional animal protein.

We have built a powerful brand with broad demographic appeal and a passionate consumer base. Our brand awareness is driven by strong digital and social media marketing. Our audience continues to grow from the attention generated by our large following of celebrities, influencers and brand ambassadors who identify with our mission.

- ***Product Portfolio Generates Demand Across Channels***

Growing sales of our products have helped us foster strong relationships in a relatively short period of time. We provide our retailers with exciting new products in the meat case, where innovation rarely occurs. Many of our retail customers have experienced increasing levels of velocity of our products, measured by units sold per month per store, as well as repeat purchases.

Our foodservice customers are excited by the opportunity to differentiate their menu offerings and attract new customers by partnering with Beyond Meat, and are seeking new ways to further promote our products, for example through mass media advertising campaigns inclusive of TV, radio, out of home and digital channels. We believe our customers' choice to feature Beyond Meat demonstrates the marketing power of our brand and overall consumer excitement for our products. This type of demand for our products has been a driving force in building strong ties with customers who have been continually impressed by the impact our brand can make on their business.

- ***Experienced and Passionate Executive Management Team***

We are led by a proven and experienced executive management team. Prior to founding Beyond Meat, Ethan Brown, our President and Chief Executive Officer, spent over a decade in the clean energy industry working for hydrogen fuel cell leader, Ballard Power Systems, rising from an entry level manager to reporting directly to the Chief Executive Officer. Mr. Brown's significant experience in clean tech, coupled with a natural appreciation for animal agriculture, led him to start a plant-based food company. Our executive management team plays an integral role in Beyond Meat's success by instilling a culture committed to innovation, customer satisfaction and growth. Over time, we have grown our executive management team with carefully selected individuals who possess substantial industry experience and share our core values. The other members of our executive management team have broad industry experience, including at both consumer packaged goods companies and high growth businesses.

Cost Down Strategy

A key component of our strategy is to drive the cost of our product down over time, with the aspiration to eventually price at parity with animal-based protein. To enable this, in 2021 we kicked off our Cost Down program. The program consists of multiple workstreams with each workstream having an owner and a distinct cost reduction goal. We are pursuing initiatives such as soliciting competitive bids for ingredients, increasing manufacturing throughput, streamlining our internal fulfillment network, and reducing the cost of our packaging. Workstream owners report on their progress regularly and are held accountable for delivering on their goals.

Our Growth Strategy

- ***Pursue Top-line Growth Across our Distribution Channels***

Subject to the ultimate duration, magnitude and effects of the COVID-19 pandemic, we believe there is a significant opportunity over time to continue to expand Beyond Meat beyond our retail and foodservice footprint of approximately 130,000 outlets in more than 90 countries worldwide as of December 2021 through distribution expansion, continued innovation and commercialization of new products, and increased penetration across channels. We believe increased distribution will lead to growing consumer awareness and demand for nutritious, convenient and high protein plant-based foods, leading to an increase in the overall size of the plant-based protein category as more consumers shift their diets away from animal-based proteins.

We have developed a strategy to pursue growth within the following distribution channels:

• *U.S. Retail*: We plan to grow our sales within U.S. retail by focusing on increasing market share, household penetration, repeat purchases, buying rates (amount spent per buyer) and purchase frequency, sales velocity and new product introductions. As we continue to strive towards price parity with animal-based products, pricing strategy and pack architecture will be important factors in increasing household penetration, repeat purchases and buying rates as well as increasing velocity for our retail customers. As of December 2021, our products were available in approximately 34,000 retail outlets in the United States.

• *U.S. Foodservice:* We plan to continue to expand our network of foodservice partners, including large full service restaurant (“FSR”) and QSR customers, with increased penetration across this channel reflecting a desire by foodservice establishments to add plant-based products to their menus and to highlight these offerings. Through enhanced marketing efforts we intend to 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. As of December 2021, our products were available in approximately 38,000 foodservice outlets in the United States.

• *International Retail:* We believe there is significant demand for our products globally in the retail channel. Similar to U.S. retail, we are focused on increasing market share, household penetration, repeat purchases, buying rates (amount spent per buyer) and purchase frequency, sales velocity and new product introductions globally. As of December 2021, our products were available in approximately 30,000 international retail outlets.

• *International Foodservice*: We plan to continue to expand our network of foodservice partners globally, including large FSR and QSR customers, with increased penetration across this channel reflecting a desire by foodservice establishments to add plant-based products to their menus and to highlight these offerings. As of December 2021, our products were available in approximately 28,000 international foodservice outlets.

- ***Invest in Infrastructure and Capabilities***

We are committed to prioritizing investment in our infrastructure and capabilities in order to support our strategic expansion plans. In 2021, we continued to make significant investments in hiring the best people, maximizing our supply chain capabilities, investing in innovation, sales and marketing, investing in facilities, both domestically and internationally, and optimizing our systems in order to establish a sustainable market-leading position for the long-term future.

We are continually reviewing opportunities to increase and/or leverage manufacturing capacity across our network, identifying opportunities to increase overall equipment effectiveness, and identifying opportunities to leverage our internal manufacturing and co-manufacturers. We are also investing in new technology to drive higher yield and/or flexibility to better adjust our capacity to our customer demands.

- ***Expand Our Product Offerings***

The success of our products has confirmed our belief that there is significant demand for additional plant-based meat products. We intend to strengthen our product offerings by improving the formulations for our existing portfolio of products and by creating new products that expand the portfolio. We are continually refining our products to improve their taste, texture, aroma and appearance. In addition, we are committed to increasing our investment in research and development to continue to innovate within our core plant-based platforms of beef, pork and poultry to create exciting new product lines and improve the formulations for our existing portfolio of products.

Our new product launches in 2021 included new versions of the Beyond Burger and Beyond Beef in U.S. foodservice and retail channels, the launch of Beyond Chicken Tenders in U.S. foodservice and retail channels, and the tests of Beyond The Original Orange Chicken and Beyond Pepperoni in the U.S. foodservice channel. New product launches in international channels in 2021 included Beyond Meatballs in the EU; Beyond Breakfast Sausage Links and Beyond Italian Sausage Crumbles (foodservice) in Canada, the test of Beyond Meat Nuggets (foodservice) in Canada, and the test of the McPlant burger in the U.K. and Ireland (foodservice).

- ***Continue to Grow Our Brand***

We intend to continue to develop our brand and increase awareness of Beyond Meat. We plan on highlighting our “Go Beyond” message and the global benefits that come with eating our products. We also plan to continue to create relevant content with our network of celebrities, influencers and brand ambassadors, who have successfully built significant brand awareness for us by supporting our mission and products and incorporating Beyond Meat into their daily lifestyle. Subject to the ultimate duration, magnitude and effects of the COVID-19 pandemic, we also intend to resume and expand our field marketing efforts to sample products directly with consumers in stores and at relevant events.

Our Products

We sell a range of plant-based meat products across the three core platforms of beef, pork and poultry. Depending on the product and channel, they are offered in ready-to-cook or ready-to-heat formats. All of our products are made from simple ingredients without GMOs, hormones, antibiotics or cholesterol. With the exception of certain Beyond Beef Crumbles which are not certified Kosher, all of our products are certified Kosher and Halal. All of our products are good to excellent sources of protein and we are focused on making them nutritionally dense, with minimal negative attributes relative to their animal protein equivalents.

Beyond Burger: The Beyond Burger, our flagship product, was our first product merchandised in the meat case of grocery stores in the United States. The Beyond Burger is designed to look, cook and taste like an 80/20 ground beef burger. In 2021, we introduced the latest iteration of our Beyond Burger in the U.S. which offers consumers both a better taste and sensory experience as well as improved nutrition, including B vitamins and minerals comparable to the micronutrient profile of 80/20 beef. It is made from a blend of pea and rice proteins, providing 20 grams of protein per serving and 35% less saturated fat than 80/20 beef. It also has no cholesterol, soy, gluten or GMOs. In addition, we launched a new pack size in 2021 with 4 plant-based patties per tray designed to feed a family and available in the fresh meat aisle. To improve our sustainability footprint and plastic use, this new item is packaged in a new tray made from recycled PET.

Cookout Classic: In June 2020, in response to COVID-19, we launched our Cookout Classic value packs, a limited edition offering with 10 plant-based burgers per carton available in the frozen aisle, made from a blend of pea and rice proteins, providing 18 grams of protein per serving. In 2021, we made this a permanent item in our product portfolio with 8 plant-based burgers per carton available in the frozen aisle.

Beyond Beef: Beyond Beef is designed to have the meaty taste and texture of ground beef and replicate the versatility of ground beef. In 2021, we introduced a new iteration of our Beyond Beef with 35% less saturated fat than 80/20 beef or five grams per four-ounce serving. Like our flagship Beyond Burger product, the latest Beyond Beef offers consumers a better taste and sensory experience as well as improved nutrition. Like animal-based ground beef, Beyond Beef can be used in a variety of dishes, such as tacos and meatballs, and is sold to our foodservice partners for use in menu items such as pizza toppings. It is made from a blend of pea and rice proteins, and has no cholesterol, soy, gluten or GMOs.

Beyond Sausage: Beyond Sausage is designed to look, cook and taste like a pork sausage. Beyond Sausage is made from a blend of pea, rice and faba bean proteins. Beyond Sausage’s primary source of protein comes from peas, providing 16 grams of protein and three grams of fiber per serving, and has 35% less saturated fat than the leading pork dinner sausage. It also has no cholesterol, no soy, gluten or GMOs. Beyond Sausage currently comes in three flavors: Brat Original, Hot Italian and Sweet Italian.

Beyond Breakfast Sausage: Beyond Breakfast Sausage Patties and Beyond Breakfast Sausage Links are designed to replicate a classic pork breakfast sausage patty or link. Beyond Breakfast Sausage is made from a blend of pea and rice proteins and seasoned with savory herbs and spices. Beyond Breakfast Sausage Patties provide 11 grams of plant-based protein per serving, and 35% less saturated fat and sodium than the leading pork breakfast sausage, while Beyond Breakfast Sausage Links provide 8 grams of plant-based protein per serving and 40% less sodium than the leading pork breakfast sausage. Each has no cholesterol, soy, gluten or GMOs.

Beyond Meatballs: Beyond Meatballs are pre-formed and designed to replicate ground beef or pork meatballs. Designed as a convenient meal solution for consumers, Beyond Meatballs are made from a blend of pea and rice proteins. They provide 19 grams of protein per serving, and have no cholesterol, soy, gluten or GMOs.

Beyond Beef Crumbles: Beyond Beef Crumbles are ready-to-heat products designed to look and satisfy like minced or ground beef. Beyond Beef Crumbles' primary source of protein comes from peas, providing 14 grams of protein per serving, and has no soy, gluten or GMOs. Beyond Beef Crumbles currently come in two flavors for retail: Beefy and Feisty. The four flavors available for foodservice are Plain, Beefy, Feisty and Italian Sausage.

Beyond Chicken Tenders: Beyond Chicken Tenders are a plant-based breaded product designed to look and satisfy like animal-based chicken tenders. Beyond Chicken Tenders' primary source of protein comes from faba beans and they have no cholesterol or GMOs. The ready-to-cook foodservice version launched in July 2021 has 14 grams of protein per serving and 40% less saturated fat than the leading animal-based chicken nugget. The ready-to-heat retail version introduced in September 2021 has 13 grams of protein per serving and 50% less saturated fat than the leading animal based chicken nugget.

Customers

Since the success of the Beyond Burger, we have created a strong presence at leading food retailers across the United States and abroad. As of December 2021, our products were available in approximately 34,000 retail outlets in the United States and 30,000 retail outlets internationally. Retail channel net revenues in 2021 increased $24.3 million, or 8.1%, as compared to the prior year.

As of December 2021, our products were available in approximately 38,000 foodservice outlets in the United States and 28,000 foodservice outlets internationally. Notwithstanding the impact of the COVID-19 pandemic on our foodservice channel since the latter half of March 2020, we remain focused on expanding our partnerships with foodservice customers over time, including large FSR and QSR customers in the United States and abroad. Foodservice channel net revenues in 2021 increased $33.7 million, or 31.7%, as compared to the prior year primarily due to an increase in the number of outlets selling our products.

We sell to a variety of customers in the retail and foodservice channels throughout the United States and internationally primarily through distributors who purchase, store, sell and deliver our products. Because such distributors function in an intermediary role, we do not consider them to be direct customers. In addition, we sell directly to customers in the retail and foodservice channels who handle their own distribution.

For 2021, DOT Foods, Inc. ("DOT") and Zandbergen WFM accounted for approximately 12% and 11% of our gross revenues, respectively. For 2020, Costco accounted for approximately 13% of our gross revenues. For 2019, DOT and United Natural Foods, Inc. ("UNFI") accounted for approximately 17% and 16% of our gross revenues, respectively. No other distributor or customer accounted for more than 10% of our gross revenues in 2021, 2020 or 2019.

Our Supply Chain

- ***Sourcing and Suppliers***

The principal ingredient used to manufacture our products is pea protein. We procure the raw materials for our woven protein from a number of different suppliers. Although most of the raw materials we require are typically readily available from multiple sources, we currently have a limited number of suppliers for the pea protein used in our products.

- ***Supply Agreements***

We have a multi-year sales agreement with Roquette Frères ("Roquette") for the supply of pea protein which expires on December 31, 2022. We are obligated to purchase certain minimum annual amounts as specified in the agreement.

Subsequent to the year ended December 31, 2021, on February 8, 2022, we amended our supply agreement for pea protein with PURIS Proteins, LLC, or Puris, (the “Puris Agreement”) to extend the term through December 31, 2022. We obtain pea protein under the Puris Agreement on a purchase order basis and have the right to cancel purchase orders if we provide timely written notice. The amount purchased in each quarter of 2022 is mutually agreed upon by us and Puris prior to each quarter and becomes a binding quarterly commitment upon such agreement. We also have the right to be indemnified by Puris and must indemnify Puris in certain circumstances.

We continually seek additional sources of pea protein and other plant-based protein for our products that meet our criteria.

Flavors consist of product flavors that have been developed by our innovation team in collaboration with our supply partners exclusively for us or in collaboration with our foodservice partners. The formulas are then produced by our suppliers for use in our products. Ingredients in our flavors are qualified through trials to ensure manufacturability. Upon receipt of the ingredients, we receive Certificates of Analysis from our suppliers in our quality control process to confirm that our rigorous standards have been met. Flavors are extensively tested prior to introduction to ensure finished product attributes such as taste, texture, aroma and appearance are not negatively impacted.

Other than the pea protein supply agreements described above, we generally do not have long-term supply agreements with our other suppliers. As most of the raw materials we use in our flavors are readily available in the market from many suppliers, we believe that we can within a reasonable period of time make satisfactory alternative arrangements in the event of an interruption of supply from our vendors.

Manufacturing

As the first step in our manufacturing process a dry blend containing our plant protein is combined within our manufacturing facility. The dry blend then enters our extruder, where both water and steam are added. We then use a combination of heating, cooling and variations of pressure to weave together the proteins. The formed woven protein is used as the basis of all our products. Next, internally or through our co-manufacturers, we further process the woven protein by combining flavorings and other ingredients, after which the final packaged product is then shipped to distributors or direct to customers. In order to sustain the quality of our products, we have implemented a “define, measure, analyze, improve and control,” or DMAIC, approach to improve, optimize and stabilize our processes and design.

We depend on co-manufacturers for the manufacturing of some of our products. Our co-manufacturers are currently in various locations throughout the United States, as well as Canada and the Netherlands. We continue to explore establishing more 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 pursuing additional relationships with co-manufacturers to take advantage of more competitive pricing and availability of our products.

Quality Control

In-process quality checks are performed throughout the manufacturing process, including temperature, physical dimensions and weight. We provide specific instructions to customers and consumers for storing and cooking our products. All products are transported and stored frozen. Frozen products such as Beyond Beef Crumbles and Beyond Breakfast Sausage Patties are intended to be prepared from their frozen state, with cooking instructions enclosed on all packaging.

Retail products sold in the meat case, such as the Beyond Burger, Beyond Sausage, Beyond Beef, Beyond Meatballs and Beyond Sausage Links are shipped to the customer frozen. The customer is provided instructions on ‘slacking,’ which is typically done by moving frozen food to a refrigerator to allow it to slowly and safely thaw before cooking. For this step, retailers must apply a “use by date” sticker to the packaging prior to sale.

Distribution

From our internal manufacturing or co-manufacturing facilities, products are transferred by third-party logistics providers to cold storage facilities or are directly shipped to the customer. International shipments are also handled by third-party logistics providers and in some instances are organized directly by the customer.

At present, we manage loads through Manhattan Active Transportation Management System and FourKites for real-time load tracking and visibility to manage our supply chain through retail distribution.

Order Fulfillment

Our customer service and logistics functions are responsible for customer-facing activities, order management, customer logistics, 3PL leadership and intra-company distribution. We utilize Oracle NetSuite ERP and integration with our 3PL Cloud interface platforms for these processes. Customer orders are principally transmitted via electronic data interface, or EDI, but may be processed manually if necessary. Orders are accepted in NetSuite, reviewed for accuracy and fulfillment plans are developed. When fulfillment plans are ready, orders are downloaded and emailed to our transportation partners for tendering. Metrics for the Customer Service and Logistics team include order fill, on-time shipping, customer scorecards as needed and cost leadership. We have agreements with third-party service providers for all of our shipping needs.

Sales and In-Store Activation

- ***Sales***

As of December 31, 2021, our sales team is organized into four divisions, retail, foodservice, international and strategic partnerships. Additionally, we have strong support functions with Category Management, Consumer Insights and Analytics, Field and Shopper Marketing and In-Store Activation. The sales team has an extensive range of experience from leading CPG, natural food, meat and plant-based protein companies. It works in close coordination with a network of global broker and distributor partners that gives us the expertise and access to accounts and markets across all key global markets in an efficient and scalable fashion as we continue to grow our footprint and sales globally.

- ***Field Marketing***

Beyond Meat’s global food marketing team drives consumer and customer trial and awareness via "Tasting is Believing” across retail and foodservice channels through in-store sampling, events and trade shows. Our Beyond Meat food trucks deliver a best-in-class sampling experience with customers and consumers while being leveraged for content creation, PR activations and QSR / influencer campaigns.

- ***Brand Marketing***

The primary means by which we have driven consumer awareness of our products is via social and digital media, PR, retail and foodservice shopper marketing, ambassador and influencer activations, paid media and strategic partnerships. Our marketing strategy focuses on driving awareness all the way through to purchase and loyalty.

We maintain active social media platforms such as Facebook, Instagram, TikTok and Twitter to build awareness, share news, reach new audiences and engage with our consumers. As of December 31, 2021, we had the largest social media following within the plant-based meat category, and in May 2021 our Instagram account, @beyondmeat, reached one million followers. These platforms allow us to engage with our consumers and directly reach target demographics such as millennials and “Generation Z.” We also maintain an active newsletter, which we use to distribute brand information and news, foster loyalty through unique offers and share recipe content to inspire usage. As of December 31, 2021, we had over 632,000 newsletter subscribers.

We also maintain a registered domain website at www.beyondmeat.com, which serves as the primary source of information regarding our products, as wells as foreign domains in certain countries. Our website is used as a platform to promote our products, provide news, share recipes, highlight nutritional facts and provide general information on where to purchase our products.

We are fortunate to have partnered with a network of brand ambassadors and developed a strong following by celebrities from the worlds of sports and entertainment who share our core values. Their organic involvement and interest are helpful to promote our overall mission, strategic partnerships and Go Beyond brand campaign, which was first launched in 2019 and continues to be a central part of our marketing efforts.

In 2021, we also deployed a mix of targeted paid advertising campaigns to build awareness, reach new users and drive conversion. Our paid digital initiatives included social, programmatic, podcasts, connected TV, and digital offers and rewards. Beginning May 2021, we also ran a robust out-of-home campaign in nine key markets across the United States to support two of our primary seasons—summer grilling and tailgating.

- ***Shopper Marketing and In-Store Activation***

Our shopper and foodservice marketing team is focused on partnering with our top retailers to build customized in-store activation programs that increase sales, distribution and velocity for the customer and our products while elevating our brand equity. The team is focused on our top strategic foodservice and retail customers who have robust capabilities to engage shoppers across all omni-channel media touchpoints. These programs are focused on driving incremental shopper conversion at retail and foodservice outlets to achieve our planned sales goals.

Competition

We operate in a highly competitive environment. We believe that we compete with both conventional animal-protein companies, such as Cargill, Hormel, JBS, Perdue Foods, Tyson and WH Group, and also plant-based protein brands, including brands affiliated with conventional animal-protein companies and other large food operators, such as Alpha Foods, Boca Foods (Kraft Heinz), Lightlife and Field Roast Grain Meat Co. (Maple Leaf Foods), Gardein (Conagra), Hungry Planet, Inc., Impossible Foods, Incogmeato/Morningstar Farms (Kellogg), Moving Mountains, Omn!pork (OmniFoods), Tofurky, Sweet Earth and Awesome Burger (Nestle' S.A.), Pure Farmland by Smithfield Foods (WH Group), Raised & Rooted (Tyson), Happy Little Plants (Hormel), Sysco's Simply Plant-Based Meatless Burger, Tattooed Chef, The Not Company, OZO (Planterra Foods/JBS) and Vegetarian Butcher (Unilever). Additionally, a number of U.S. and international companies are working on developing lab-grown or "clean meat," an animal-protein product cultivated from cells taken from animals, which could have a similar appeal to consumers as plant-based products.

We believe the principal competitive factors in our industry are:

- taste;
- nutritional profile;
- ingredients;
- texture;
- ease of integration into the consumer diet;
- low-carbohydrate, low-sugar, high fiber and protein;
- lack of cholesterol, soy, gluten and GMOs;
- convenience;
- price and promotion tactics;
- brand awareness and loyalty among consumers;
- media spending;
- product variety and packaging;

- access to major retailer shelf space and retail locations;
- access to major foodservice outlets and integration into menus;
- innovation; and
- intellectual property protection on products.

We believe we compete effectively with respect to each of these factors. However, many companies in our industry have substantially greater financial resources, more comprehensive product lines, broader market presence, longer standing relationships with distributors and suppliers, longer operating histories, greater production, commercialization and distribution capabilities and greater marketing resources than we have.

Research and Development

Our research and development team creates, tests and refines our products at our Manhattan Beach Project Innovation Center. We employ in-house scientists, engineers, researchers and testers to help create the next iterations to plant-based meat products. Our team has delivered a number of first-to-market breakthroughs focused on plant-based meat and we are also focused on continuous improvement of existing products. We have and will continue to protect any intellectual property created by us.

As of December 31, 2021 we employed over 200 scientists, engineers, researchers, technicians and chefs to help create the next generation of food for our consumers.

Our Beyond Meat Rapid and Relentless Innovation Program defines the details of the product innovation process from ideation and prototype development through commercialization. This process assigns responsibility and accountability of each functional team throughout the process and defines deliverables at each step.

Product Innovation

Innovation is a core competency of ours and an important part of our growth strategy. Our goal is to identify large, animal-based meat product categories across our core plant-based platforms of beef, pork and poultry that exhibit long-term consumer trends. We then dedicate significant research and development resources to create authentic plant-based versions of these products that replicate the taste, texture, aroma and appearance of their animal-based equivalents. We have been able to leverage the success of our existing products and resulting brand equity to launch improved versions of our existing products and create new products. We have a range of new products in our pipeline and our goal is to develop at least one new product a year.

The innovation team undertakes extensive research projects to increase our fundamental understanding of animal-based meat and plant-based equivalents. A few examples of where we are focusing on continued refinements of our products include:

- *Better fat adipose tissue and saturated fat mimics*: We are researching new materials and technologies capable of mimicking saturated fat in terms of texture and appearance, but without the nutritional drawbacks of saturated fat.

- *Alternative functional proteins*: We pursue new non-animal proteins that add function to our food products, including native proteins that can denature during cooking, protein binders and protein emulsifying agents and proteins.

- *Additional connective tissue equivalents*: We are seeking materials and methods to introduce additional cartilaginous-like materials and heterogeneity in the form of both texture and appearance in our food products.

- *Encapsulation materials and technology*: We are seeking new materials and technologies to expand the scope of controlled-release delivery systems in our food products as it relates to delivering flavor, color and texturizing agents.

• *Materials and technologies to support flavor and texture development:* We are seeking non-GMO enzymes that can assist with protein enzymolysis as it relates to flavor reactions.

On January 25, 2021, we entered into The PLANeT Partnership, LLC, a joint venture with PepsiCo, Inc., to develop, produce and market innovative snack and beverage products made from plant-based protein. We believe the joint venture will allow us to reach more consumers by entering new product categories and distribution channels, increasing accessibility to plant-based protein around the world.

Seasonality

Generally, we expect to experience greater demand for certain of our products during the summer grilling season. In 2021, U.S. retail channel net revenues during the second quarter were 21% higher than the first quarter. In 2020, the impact of COVID-19 amplified this seasonal impact with U.S. retail channel net revenues increasing 80% compared to the first quarter of 2020. 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, we are unable to assess the ultimate impact on the demand for our products as a result of seasonality.

Human Capital Resources

- ***Employees***

As of December 31, 2021, we had 1,108 full-time employees and 311 full-time contract workers. None of our employees is represented by a labor union. We have never experienced a labor-related work stoppage.

- ***Employee Health and Safety during COVID-19***

The health and safety of our employees is a top priority for us. We have established a COVID-19 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 team 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, safety measures to ensure the health and safety of our employees as well as the communities in which we operate.

While our manufacturing facilities and our Manhattan Beach Project Innovation Center remained operational, beginning in March 2020 employees at our corporate headquarters began working remotely. Beginning in July 2021, our corporate employees returned to work and were provided a flexible working schedule of working in the office or remotely depending on job responsibilities, company need and performance. Beginning in October 2021, we began requiring headquarters-based employees to return to working in the office. At all of our facilities, we follow current guidelines from local departments of public health and have implemented comprehensive preventative hygienic measures to support the health and safety of our employees. In addition, we strongly encourage face coverings while indoors and have implemented a mandatory vaccine policy absent approved accommodations and regular testing. At our manufacturing facilities, we have implemented a series of physical distancing and hygienic practices to further support the health and safety of our manufacturing employees. Travel and field marketing activities have resumed with instructions to adhere to COVID-19-related guidelines. Illness prevention policies have been updated company-wide to state that no employee may be onsite when experiencing any symptom of illness. Employees must remain home when sick and may not return onsite until symptom-free and must provide a negative COVID-19 certificate 24-hours prior to returning.

- ***Diversity and Inclusion***

We are committed to diversity and inclusion across all aspects of our company. We have developed a diversity and inclusion framework that is centered on minimizing subjectivity via data-driven decisions to reduce the risk of bias and ensure that everyone owns responsibility for inclusive behaviors and actions across the organization. We have established hiring principles that focus on our mission to hire people from diverse backgrounds who will add to our culture. In addition, we are actively working on our diversity and inclusion roadmap, which we plan to implement in 2022, that will be focused on 4 pillars: workplace inclusion, employee experience, inclusive brand and community.

- ***Mission, Culture and Engagement***

Everything we do is powered by our mission and core values and our corporate culture reflects that. As a result, we enjoy a highly motivated and skilled workforce committed to our mission and our company. We believe we have a very unique culture which promotes employee engagement. Our employees are driven by our mission which promotes collaboration and innovation. We promote employee engagement by organizing various employee activities that are aligned with our mission, including our weekly “Coffee Talk,” a forum for employee engagement.

- ***Total Rewards and Pay Equity***

We strive to attract and retain diverse, high caliber employees who raise the talent bar by offering competitive compensation and benefit packages, regardless of their gender, race or other personal characteristics. We regularly review and survey our compensation and benefit programs against the market to ensure we remain competitive in our hiring practices. We provide employee salaries that are competitive and consider factors such as an employee’s role and experience, the location of their job and their performance. We also review our compensation practices, both in terms of our overall workforce and individual employees, to ensure our pay is fair and equitable. In addition to our competitive salaries, in an effort to enhance our employees’ sense of participation in the company and to further align their interests with those of our stockholders, we offer equity to all of our salaried employees.

We also offer a variety of comprehensive medical benefits to our employees. In addition to medical benefits, we offer our employees dental and vision coverage, health savings and flexible spending accounts, paid time off, paid company holidays, paid parental leave, bereavement leave, pet bereavement leave, employee assistance programs, a 401(k) retirement savings plan with company matching contributions, voluntary short-term and long-term disability insurance, and life insurance.

- ***Development and Retention***

We strive to hire, develop and retain talent that continuously raises the performance bar. We encourage, support and compensate our employees based on our philosophy of recognizing and rewarding exceptional performance. We achieve this by focusing on development, performance, goals and accomplishments in ongoing conversations with our employees. We believe that performance and development is an ongoing process in which all employees should be active participants.

Trademarks and Other Intellectual Property

We own domestic and international trademarks and other proprietary rights that are important to our business. Depending upon the jurisdiction, trademarks are valid as long as they are used in the regular course of trade and/or their registrations are properly maintained. Our primary trademarks include Beyond Meat, Beyond Burger, Beyond Beef, Beyond Sausage, Beyond Breakfast Sausage, Beyond Chicken, Beyond Fried Chicken, Beyond Meatball, the Caped Steer Logo, Go Beyond, Eat What You Love, The Cookout Classic, The Future of Protein, and The Future of Protein Beyond Meat and design, and are registered or pending trademarks of Beyond Meat, Inc. in the United States and, in some cases, in certain other countries. Our trademarks are valuable assets that reinforce the distinctiveness of our brand to our consumers. We have applied for or have trademark registrations internationally as well. We believe the protection of our trademarks, copyrights, patents, domain names, trade dress and trade secrets are important to our success.

We aggressively protect our intellectual property rights by relying on trademark, copyright, patent, trade dress and trade secret laws and through the domain name dispute resolution system. We maintain a registered domain website at www.beyondmeat.com, as wells as foreign domains in certain countries.

We believe our intellectual property has substantial value and has contributed significantly to our business. As of December 31, 2021, we had two issued patents in the United States and three issued patents outside the United States (U.K., Indonesia and Australia), four pending patent applications in the United States,13 pending international patent applications, one Patent Cooperation Treaty Application and one provisional patent application.

We consider the specifics of our marketing, promotions and products as a trade secret, and information we wish to keep confidential. In addition, we consider proprietary information related to formulas, processes, know-how and methods used in our production and manufacturing as trade secrets, and information we wish to keep confidential. We have taken reasonable measures to keep the above-mentioned items, as well as our business and marketing plans, customer lists and contracts reasonably protected, and they are accordingly not readily ascertainable by the public.

Segments

Operating segments are defined as components of an entity for which separate financial information is available and that is regularly reviewed by its chief operating decision maker (“CODM”), in deciding how to allocate resources to an individual segment and in assessing performance. Our CODM is our Chief Executive Officer. We have determined that we operate in one operating segment and one reportable segment, as our CODM reviews financial information presented on an aggregate basis for purposes of making operating decisions, allocating resources and evaluating financial performance.

Government Regulation

Along with our co-manufacturers, brokers, distributors and ingredients and packaging suppliers, we are subject to extensive laws and regulations in the United States by federal, state and local government authorities and in Canada, the European Union, the United Kingdom, China and other jurisdictions by foreign authorities. In the United States, the primary federal agencies governing the manufacture, distribution, labeling and advertising of our products are the FDA and the FTC, and foreign regulatory authorities include Health Canada or the Canadian Food Inspection Agency (“CFIA”) and the authorities of the EU or the EU member states. Under various federal statutes and implementing regulations and foreign requirements, these agencies, among other things, prescribe the requirements and establish the standards for quality and safety and regulate our product composition, ingredients, manufacturing, labeling and other marketing and advertising to consumers. Among other things, the facilities in which our products and ingredients are manufactured must register with the FDA and any other relevant authorities based on location, comply with current good manufacturing practices, or cGMPs, and comply with a range of food safety requirements established by and implemented under the Food Safety Modernization Act of 2011 and applicable foreign food safety and manufacturing requirements. Federal, state, and foreign regulators have the authority to inspect our facilities to evaluate compliance with applicable requirements. Federal, state, and foreign regulatory authorities also require that certain nutrition and product information appear on our product labels and, more generally, that our labels and labeling be truthful and non-misleading and that our marketing and advertising be truthful, non-misleading and not deceptive to consumers. We are also restricted from making certain types of claims about our products, including for example, in the United States, nutrient content claims, health claims, and claims regarding the effects of our products on any structure or function of the body, whether express or implied, unless we satisfy certain regulatory requirements.

In addition, 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.

In addition to federal regulatory requirements in the United States, certain states impose their own manufacturing and labeling requirements. For example, every state in which our products are manufactured requires facility registration with the relevant state food safety agency, and those facilities are subject to state inspection as well as federal inspection. Further, states can impose state-specific labeling requirements. For example, in 2018, the state of Missouri passed a law that prohibits any person engaged in advertising, offering for sale, or sale of food products from misrepresenting products as meat that are 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 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. We believe that our products are manufactured and labeled in material compliance with existing state requirements, including the 2018 Missouri law, and pay close attention to any developments at the state or federal level that could apply to our products and our labeling claims.

We are also subject to the laws of Australia, Canada, Hong Kong, Israel, China, the European Union (and individual member countries) and the United Kingdom, among others, and requirements specific to those jurisdictions could impose additional manufacturing or labeling requirements or restrictions. For example, 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 prohibition on using 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 that may enter into force by April 2022, to define, for example, the sanctions in case of non-compliance. We do not believe that the new French bill complies with the laws of the European Union, in particular the principle of free movement of goods. We also note that this prohibition has not been appropriately notified to the European Commission, and that as a result the prohibition is in principle non-enforceable. In November 2021, Beyond Meat co-signed a letter from the European Alliance of Plant-Based Foods protesting this law. In October 2021, the Turkish authorities challenged the use of the Caped Longhorn superhero logo, as well as the name “Beyond Meat,” alleging that the consumer is misled as to the characteristics of our products. The local distributor has made a submission that this is an unlawful restriction under the EU-Turkey Free Trade Agreement. In December 2021, the Turkish authorities rejected this submission, and held that references to “plant-based” in combination with “meat” would mislead the consumer. Beyond Meat is actively monitoring these developments, but if adopted, they may require it to change its labeling and advertising.

We are subject to labor and employment laws, laws governing advertising, privacy laws, anti-corruption laws, safety regulations and other laws, including consumer protection regulations that regulate retailers or govern the promotion and sale of merchandise. Our operations, and those of our co-manufacturers, distributors and suppliers, are subject to various laws and regulations relating to environmental protection and worker health and safety matters. We monitor changes in these laws and believe that we are in material compliance with applicable laws. These laws and regulations are constantly evolving, and it is challenging to predict accurately the effect they may have upon the capital expenditures, earnings and our competitive position in the future.

Corporate Information

Beyond Meat, Inc. was incorporated in Delaware on April 8, 2011 originally under the name “J Green Natural Foods Co.” On October 5, 2011, we changed our corporate name to “Savage River, Inc.,” with

“Beyond Meat” being our “doing business as” name. On September 7, 2018, we changed our corporate name to “Beyond Meat, Inc.”

On May 6, 2019, we completed our initial public offering (“IPO”) of 11,068,750 shares of our common stock at a public offering price of $25.00 per share. We received net proceeds of approximately $252.4 million, after deducting underwriting discounts and commissions and issuance costs. On August 5, 2019, we completed a secondary public offering (“Secondary Offering”) of common stock, in which we sold 250,000 shares. The shares were sold at a public offering price of $160.00 per share for net proceeds to the Company of approximately $37.4 million, after deducting underwriting discounts and commissions of $1.5 million and issuance costs of approximately $1.1 million payable by us. Total Secondary Offering costs paid in 2019 were approximately $2.2 million, of which approximately $1.1 million was capitalized to reflect the costs associated with the issuance of new shares and offset against proceeds from the Secondary Offering. We did not receive any proceeds from the sale of common stock by the selling stockholders in the Secondary Offering. Our common stock is listed on the Nasdaq Global Select Market under the symbol “BYND.”

On March 5, 2021, we issued $1.0 billion aggregate principal amount of our 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 (the “Securities Act”). 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 our 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. See Note 8, *Debt*, to the Notes to Consolidated Financial Statements included elsewhere in this report.

On March 2, 2021, in connection with the pricing of the offering of the Convertible Notes, we entered into capped call transactions (the “Base Capped Call Transactions”) with the option counterparties and used $73.0 million in net proceeds from the sale of the Convertible Notes to fund the cost of the Base Capped Call Transactions. On March 12, 2021, in connection with the Additional Notes, we entered into capped call transactions (the “Additional Capped Call Transactions”) with the option counterparties and used $11.0 million of the net proceeds from the sale of the Additional Notes to fund the cost of the Additional Capped Call Transactions. See Note 8, *Debt*, to the Notes to Consolidated Financial Statements included elsewhere in this report.

On January 14, 2020, we registered Beyond Meat EU B.V., in the Netherlands. On April 28, 2020, we registered Beyond Meat (Jiaxing) Food Co., Ltd. in the Zhejiang Province in China. On June 17, 2021, we incorporated our subsidiary, Beyond Meat Canada Inc. in Canada.

On January 25, 2021, we entered into The PLANeT Partnership, LLC (“TPP”), a joint venture with PepsiCo, Inc., to develop, produce and market innovative snack and beverage products made from plant-based protein.

Emerging Growth Company Status

Upon the completion of our IPO, we elected to be an Emerging Growth Company (“EGC”), as defined in the Jumpstart Our Business Startups Act (“JOBS Act”). An EGC is defined as a company with total annual gross revenues of less than $1.07 billion during its most recently completed fiscal year. A company will retain its EGC status until the earlier of: (1) the last day of the fiscal year in which it exceeds $1.07 billion in annual gross revenues; (2) the last day of the fiscal year following the fifth anniversary of the date it first sold securities pursuant to an initial public offering registration statement; (3) the date on which the EGC has, within the previous three years, issued $1 billion of nonconvertible debt; or (4) the date it is deemed to be a large accelerated filer (an SEC registered company with a public float of at least $700 million).

Effective December 31, 2020, we lost our EGC status and are now categorized as a Large Accelerated Filer based upon the current market capitalization of the Company according to Rule 12b-2 of the Exchange Act. As a result, we must comply with all financial disclosure and governance requirements applicable to Large Accelerated Filers.

Our Website and Availability of SEC Reports and Other Information

The Company maintains a website at the following address: www.beyondmeat.com. The information on the Company's website is not incorporated by reference in this report or in any other report or document we file with the SEC, and any references to our website are intended to be inactive textual references only.

We make available on or through our website certain reports and amendments to those reports we file with or furnish to the SEC pursuant to Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended (the “Exchange Act”). These include our annual reports on Form 10-K, our quarterly reports on Form 10-Q, and our current reports on Form 8-K. We make this information available on our website free of charge as soon as reasonably practicable after we electronically file the information with, or furnish it to, the SEC. The SEC also maintains a web site that contains reports, proxy and information statements, and other information regarding issuers that file electronically with the SEC. The address of the site is http://www.sec.gov.

Investors and others should note that Beyond Meat routinely announces material information to investors and the marketplace using SEC filings, press releases, public conference calls, webcasts and the Beyond Meat Investor Relations website. We also intend to use certain social media channels as a means of disclosing information about us and our products to consumers, our customers, investors and the public (e.g., @BeyondMeat, #BeyondBurger and #GoBeyond on Facebook, Instagram and Twitter, and @BeyondMeatOfficial on TikTok). The information posted on social media channels is not incorporated by reference in this report or in any other report or document we file with the SEC. While not all of the information that the Company posts to the Beyond Meat Investor Relations website or to social media accounts is of a material nature, some information could be deemed to be material. Accordingly, the Company encourages investors, the media, and others interested in Beyond Meat to review the information that it shares at the “Investors” link located at the bottom of our webpage at https://investors.beyondmeat.com/investor-relations and to sign up for and regularly follow our social media accounts. Users may automatically receive email alerts and other information about the Company when enrolling an email address by visiting "Request Email Alerts" in the "Investors" section of Beyond Meat’s website at www.investors.beyondmeat.com/investor-relations.

ITEM 1A. RISK FACTORS.

Risk Factor Summary

We are providing the following summary of the risk factors contained in this report to enhance the readability and accessibility of our risk factor disclosures. We encourage you to carefully review the full risk factors immediately following this summary as well as the other information in this report, including the section titled *“Management’s Discussion and Analysis of Financial Condition and Results of Operations,”* “*Note Regarding Forward-Looking Statements*,” and our consolidated financial statements and related notes, before deciding whether to invest in shares of our common stock. The risks and uncertainties described in this report may not be the only ones we face. If any of the risks actually occurs, our business, financial condition, operating results, cash flows and prospects could be materially and adversely affected. In this case, the trading price of our common stock would likely decline and you might lose part or all of your investment in our common stock. These risks and uncertainties include, but are not limited to, the following:

- **Risks Related to Our Business**, such as, effects of the COVID-19 pandemic on our business; our history of losses and ability to achieve or sustain profitability, which could result in the contraction of our business and the implementation of significant cost cutting measures; our ability to effectively expand our manufacturing operations and accurately forecast demand for our products; our ability to forecast future results of operations or market growth; our reliance on a limited number of third-party suppliers and our ability to procure sufficient high quality raw materials; disruptions to our supply chain; limited availability of pea protein that meets our standards; our limited number of distributors; consolidation of customers, loss of a significant customer or our inability to acquire new customers; loss of one or more of our co-manufacturers; damage or disruption at our manufacturing facilities and operational delays at our new manufacturing facilities; delays with the build out of our new corporate headquarters; failure to effectively manage our growth; difficulties expanding into new markets; slow revenue growth rates;

revenue and earnings fluctuations; seasonal fluctuations; delays in product delivery by third-party transportation providers; failure to retain our senior management and attract and retain employees; use of professional employer organizations to employ certain of our international employees; disruptions in the worldwide economy; risks associated with inflationary price pressures; failure of recent and future acquisitions or investments to be efficiently integrated; and scrutiny from our stakeholders and institutional investors on our environmental, social and governance (“ESG”) practices.

- **Risks Related to Our Products**, such as, incidents of food safety and food-borne illnesses or advertising or product misbranding; reduction in sales of the Beyond Burger; failure to introduce new products or successfully improve existing products; our ability to accurately predict consumer taste preferences and respond quickly to new trends; and ingredient and packaging costs volatility.
- **Risks Related to Our Industry and Brand,** such as, increased competition in our market and new market entrants; harm to our brand or reputation due to real or perceived quality or health issues with our products; and failure to develop and maintain our brand.
- **Risks Related to Our International Operations,** such as, business, regulatory, political, financial and economic risks of doing business in China and Europe; and potential violations of the FCPA and other anti-corruption laws.
- **Risks Related to Our Investments,** such as, our manufacturing operations in China and the Netherlands; our ownership of real property; and participation in joint ventures.
- **Risks Related to Our Intellectual Property, Information Technology, Cybersecurity and Privacy,** such as, our ability to adequately protect our proprietary technology and intellectual property; our reliance on information technology systems; the occurrence of a cybersecurity incident or other technology disruptions or failure to comply with the laws and regulations relating to privacy and the protection of individual data.
- **Risks Related to Our Lease Obligations, Indebtedness, Financial Position and Need for Additional Capital,** such as, delays or cost overruns associated with the build out of our new El Segundo, California corporate headquarters; failure to meet our significant lease obligations; risks related to the Notes; and failure to obtain additional financing to achieve our goals.
- **Risks Related to the Environment, Climate and Weather,** such as, a major natural disaster or severe weather event in areas where our facilities are located; and negative effects from climate change.
- **Risks Related to Being a Public Company,** such as, the effectiveness of our internal controls; limitations in our internal control system resulting in undetected errors or fraud; and the increased costs associated with complying with the requirements applicable to public companies.
- **Risks Related to Regulatory and Legal Compliance Matters, Litigation and Legal Proceedings,** such as, FDA compliance; legal claims, government investigations and other regulatory enforcement actions; compliance with international regulations; changes in existing laws or regulations or the adoption of new laws or regulations; failure by our suppliers of raw materials or co-manufacturers to comply with food safety, environmental or other laws or with the specifications and requirements of our products; and ongoing litigation or legal proceedings.
- **General Risk Factors,** such as, high volatility in our share price; reduction in our share price due to a substantial number of sales; decline in our share price and trading volume due to adverse or misleading opinions by securities or industry analysts regarding our business; no history of paying dividends or plans to pay dividends to our stockholders in the foreseeable future; provisions included in our charter documents to delay or prevent a change in control of our company; limitation of stockholders’ ability to obtain a favorable judicial forum for disputes due to the exclusive forum provision in our restated certificate of incorporation; and limitation of our ability to utilize our federal net operating loss and tax credit carryforwards.

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 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 and travel bans. 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 tests 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. Although 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, there is 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. The continuing impact of COVID-19 remains highly uncertain. It is, therefore, difficult to predict retail demand levels going forward, including as a result of foodservice establishments opening and potentially offsetting retail demand. 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 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 physical distancing and hygienic practices 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 Jiaxing 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.

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.

We have a history of losses, and we may be unable to achieve or sustain profitability.

We have experienced net losses in almost every period since our inception. In 2021, 2020 and 2019, we incurred net losses of $182.1 million, $52.8 million and $12.4 million, respectively. Although we anticipate a moderation of growth in our operating expenses in 2022, over time we expect that our operating expenses and capital expenditures will continue to increase as we hire additional employees; support our strategic and other QSR customer relationships; innovate and commercialize products; build our brand, expand our marketing channels and drive consumer adoption of our products; continue to invest to expand our production capacity through our own internal production facilities, domestically and abroad; build out our campus headquarters and manufacturing facilities; increase our customer base, supplier network and co-manufacturing partners; scale production across distribution channels; pursue geographic expansion; and enhance our technology and production capabilities. These efforts may prove more expensive than we anticipate, and we may not succeed in increasing our revenues and margins sufficiently to offset the anticipated higher expenses. We incur significant expenses in developing our innovative products, building out our facilities, securing an adequate supply of raw materials, obtaining and storing ingredients and other products and marketing the products we offer. In addition, many of our expenses, including some of the costs associated with our existing and any future manufacturing facilities, are fixed. Accordingly, we may not be able to achieve or sustain profitability, and we may incur significant losses for the foreseeable future. Such factors noted above or other factors could result in the contraction of our business and the implementation of significant cost cutting measures, including certain restructuring actions to streamline operations and improve cost efficiencies to better align our operating expenses with our revenue, reduce our headcount and other expenditures, which could result in disruptions to our operations and adversely affect our business, financial condition or results of operations.

If we fail to effectively expand 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.

However, if we overestimate our demand and overbuild our capacity or inventory, we may have significantly underutilized assets, experience reduced margins, and have excess inventory which we may be required to write-down or write-off. 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.

Our ability to accurately forecast our future results of operations is subject to many risks and uncertainties and our operating and financial results could differ materially from our expectations.

Our ability to accurately forecast our future results of operations is limited and subject to a number of risks and uncertainties. Our historical revenue growth should not be considered indicative of our future performance and our revenue growth could slow or our revenue could decline for a number of reasons, including slowing demand for our products, increasing competition from our market competitors and new market entrants, and a decrease in the growth of our overall market. If we are unable to identify and execute cost-down initiatives intended to achieve price parity with animal protein, we may not be able to compete effectively in our market, demand for our products may slow and could adversely affect our revenues and margins. If our assumptions regarding these risks and uncertainties and our future revenue growth are incorrect or change, or if we do not address these risks successfully, our operating and financial results could differ materially from our expectations, and our business could suffer.

We estimate market opportunity and forecast market growth that may prove to be inaccurate, and even if the market in which we compete achieves the forecasted growth, our business could fail to grow at similar rates, if at all.

Our estimates of market opportunity and growth forecasts are subject to significant uncertainty and are based on assumptions and estimates that may prove to be inaccurate. The factors that go into the calculation of our market opportunity are subject to change over time and may be variable or inaccurate and may be affected by increasing competition from our market competitors and new market entrants. Any expansion in our market depends on a number of factors, including the cost and perceived value associated with our product and those of our competitors. Even if the market in which we compete meets the size estimates and growth forecast, our business could fail to grow at the rate we anticipate, if at all. Our growth is subject to many factors, including our success in implementing our business strategy, which is subject to many risks and uncertainties.

Because we rely on a limited number of third-party suppliers, we may not be able to obtain raw materials on a timely basis or in sufficient quantities at competitive prices to produce our products or meet the demand for our products.

We rely on a limited number of vendors, a portion of which are located internationally, to supply us with raw materials. Our financial performance depends in large part on our ability to arrange for the purchase of raw materials in sufficient quantities at competitive prices. We have entered into a multi-year sales agreement for plant-based protein with one of our pea protein suppliers pursuant to which we are required to purchase specified minimum monthly and semi-annual quantities through the term. In addition, we have entered into a supply agreement with another supplier pursuant to which we obtain pea protein on a purchase order basis and have the right to cancel purchase orders if we provide timely written notice. The amount purchased in each quarter of 2022 is mutually agreed upon by us and the supplier prior to each quarter and becomes a binding quarterly commitment upon such agreement. Other than pursuant to these agreements, we are not assured of continued supply or pricing of raw materials. Any of our other suppliers could discontinue or seek to alter their relationship with us. We have in the past experienced interruptions in the supply of pea protein from one supplier that resulted in delays in delivery to us. We could experience similar delays in the future from any of our suppliers. Any disruption in the supply of pea protein or other raw materials would have a material adverse effect on our business if we cannot replace these suppliers in a timely manner, on commercially reasonable terms, or at all.

In addition, our pea protein suppliers manufacture their products at a limited number of facilities. A natural disaster, severe weather, fire, power interruption, work stoppage or other calamity affecting any of these facilities, or any interruption in their operations, could negatively impact our ability to obtain required quantities of pea protein in a timely manner, or at all, which could materially reduce our product sales and net revenues, and have a material adverse effect on our business and financial condition.

Events that adversely affect our suppliers of pea protein and other raw materials could impair our ability to obtain raw material inventory in the quantities at competitive prices that we desire. Such events include problems with our suppliers' businesses, finances, labor relations and/or shortages, strikes or other labor unrest, ability to import raw materials, product quality issues, costs, production, insurance and reputation, as well as local economic and political conditions, restrictive U.S. and foreign governmental actions, such as restrictions on transfers of funds and trade protection measures, including export/import duties and quotas and customs duties and tariffs, adverse fluctuations in foreign currency exchange rates, changes in legal or regulatory requirements, border closures, disease outbreaks or pandemics (such as COVID-19), acts of war, terrorism, natural disasters, fires, earthquakes, flooding, severe weather, agricultural diseases or other catastrophic occurrences. We continuously seek alternative sources of protein to use in our products, but we may not be successful in diversifying the raw materials we use in our products.

If we need to replace an existing supplier, there can be no assurance that supplies of raw materials will be available when required on acceptable terms, or at all, or that a new supplier would allocate sufficient capacity to us in order to meet our requirements, fill our orders in a timely manner or meet our strict quality standards. If we are unable to manage our supply chain effectively and ensure that our products are available to meet consumer demand, our operating costs could increase and our profit margins could decrease.

Disruptions of our supply chain could have a material adverse effect on our operating and financial results.

Our ability to make, move and sell products in coordination with our suppliers, third party contract manufacturers and distributors is critical to our success. Damage or disruption to our collective supply, manufacturing or distribution capabilities resulting from severe weather, fires or evacuations related thereto, natural disasters, pandemics (such as the COVID-19 pandemic) or other outbreaks of contagious diseases, agricultural diseases, cyber incidents, terrorism, governmental restrictions or mandates, political instability, trade restrictions, import restrictions, border closures, freight carrier availability, labor shortages, strikes or other labor unrest, the financial or operational instability of key suppliers and carriers, repairs or enhancements at facilities manufacturing or delivering our products or other reasons could impair our ability to source inputs or manufacture, sell or timely deliver our products. To the extent we are unable to mitigate the likelihood or potential impact of such events, there could be a material adverse effect on our operating and financial results.

Our future business, results of operations and financial condition may be adversely affected by reduced or limited availability of plant-based protein that meets our standards.

Our ability to ensure a continuing supply of ingredients at competitive prices depends on many factors beyond our control, such as the number and size of farms that grow certain crops such as Canadian, European and North American yellow peas, the vagaries of these farming businesses (including poor harvests impacting the quality of the peas grown), changes in national and world economic conditions, including as a result of COVID-19 or the outbreak of hostilities or war, tariffs and our ability to forecast our ingredient requirements. The high-quality ingredients used in many of our products are vulnerable to adverse weather conditions and natural disasters, such as floods, droughts, frosts, earthquakes, hurricanes and pestilence. Adverse weather conditions and natural disasters can lower crop yields and reduce crop size and quality, which in turn could reduce the available supply of, or increase the price of, quality ingredients. In addition, we purchase some ingredients and other materials offshore, and the price and availability of such ingredients and materials may be affected by political events or other conditions in these countries or tariffs, trade wars or the outbreak of hostilities or war. We also compete with other food producers in the procurement of ingredients, and this competition may increase in the future if consumer demand for plant-based protein products increases. If supplies of quality ingredients are reduced or there is greater demand for such ingredients from us and others, we may not be able to obtain sufficient supply that meets our strict quality standards on favorable terms, or at all, which could impact our ability to supply products and may adversely affect our business, results of operations and financial condition.

We rely on a limited number of distributors, and if we experience the loss of one or more distributors and cannot replace them in a timely manner, our results of operations may be adversely affected.

Many retailers and foodservice providers purchase our products through distributors who purchase, store, sell, and deliver our products to such retailers and foodservice providers. For 2021, two distributors accounted for more than 10% of our gross revenues. For 2021, DOT and Zandbergen WFM accounted for approximately 12% and 11% of our gross revenues, respectively. Since these distributors act as intermediaries between us and the retailers and foodservice providers, we do not have short-term or long-term commitments or minimum purchase volumes in our contracts with them that ensure future sales of our products. If we lose one or more of our distributors and cannot replace the distributor in a timely manner or at all, our business, results of operation and financial condition may be materially adversely affected.

If we fail to cost-effectively acquire new customers or retain our existing customers, or if we fail to derive revenue from our existing customers consistent with our historical performance, our business could be materially adversely affected.

Our success, and our ability to increase revenues and operate profitably, depends in part on our ability to cost-effectively acquire new customers, to retain existing customers, and to keep existing customers engaged so that they continue to purchase products from us. We intend to continue to expand our number of foodservice customers, both in the United States and internationally, as part of our growth strategy. This may require us to provide marketing and other financial incentives to our customers to assist in the promotion of our products. Such additional incentives could have a negative impact on gross margin and may not necessarily result in increased sales. In addition, new national foodservice customers will often initially add certain of our product offerings to their menus at limited locations and/or on a limited test basis, after which time these customers may choose to no longer offer our products or may ultimately scale back subsequent expansions. If we fail to attract and retain new foodservice customers, or retain our existing foodservice customers, our business, financial condition and results of operations could be materially adversely affected. In addition, timing of retail shelf resets are not within our control, and to the extent that retail customers change the timing of such events, reduce our in store-displays or are not able to restock our products effectively, sales of our products may be impaired and negatively impact our revenues.

Further, if customers do not perceive our product offerings to be of sufficient value and quality, or if we fail to offer new and relevant product offerings at a competitive price, we may not be able to attract or retain customers or engage existing customers so that they continue to purchase products from us. We may lose customers to our competitors if they offer superior products to ours, if we are unable to compete on the basis of value and taste, if we are unable to meet customers' orders in a timely manner, or if we are unable to identify and execute cost-down initiatives intended to achieve price parity with animal protein in at least one of our product categories by the end of 2024. The loss of any large customer or the reduction of purchasing levels or the cancellation of business from such customers could have a material adverse impact on our business.

Consolidation of customers or the loss of a significant customer could negatively impact our sales and profitability.

Supermarkets in North America and the European Union continue to consolidate. This consolidation has produced larger, more sophisticated organizations with increased negotiating and buying power that are able to resist price increases, as well as operate with lower inventories, decrease the number of brands that they carry and increase their emphasis on private label products, all of which could negatively impact our business. The consolidation of retail customers also increases the risk that a significant adverse impact on their business could have a corresponding material adverse impact on our business.

In 2021, no customer accounted for more than 10% of our gross revenues. The loss of any large customer, the reduction of purchasing levels or the cancellation of any business from a large customer for an extended length of time could negatively impact our sales and profitability.

Furthermore, as retailers consolidate, they may reduce the number of branded products they offer in order to accommodate private label products and generate more competitive terms from branded suppliers competing for limited retailer shelf space. Consequently, our financial results may fluctuate significantly from period to period based on the actions of one or more significant retailers. A retailer may take actions that affect us for reasons that we cannot always anticipate or control, such as their financial condition, changes in their business strategy or operations, the introduction of competing products, pricing and promotions, shelf reset timing and activity, reduced in store-displays, timing of product restocking or the perceived quality of our products. Despite operating in different channels, our retailers sometimes compete for the same consumers as our foodservice channel. Because of actual or perceived conflicts resulting from this competition, retailers may take actions that negatively affect us.

Loss of one or more of our co-manufacturers or our failure to timely identify and establish relationships with new co-manufacturers could harm our business and impede our growth.

A significant amount of our revenue is derived from products manufactured at manufacturing facilities owned and operated by our co-manufacturers, a portion of which are located internationally. Any of the co-manufacturers with whom we do not have a written contract could seek to alter or terminate its relationship with us at any time, leaving us with periods during which we have limited or no ability to manufacture our products. If we need to replace a co-manufacturer, there can be no assurance that additional capacity will be available when required on acceptable terms, or at all.

An interruption in, or the loss of operations at, one or more of our co-manufacturing facilities, which may be caused by work stoppages, labor shortages, strikes or other labor unrest, production disruptions, product quality issues, local economic and political conditions, restrictive governmental actions, border closures, disease outbreaks or pandemics (such as COVID-19), the outbreak of hostilities, acts of war, terrorism, fire, earthquakes, severe weather, flooding or other natural disasters at one or more of these facilities, could delay, postpone or reduce production of some of our products, which could have a material adverse effect on our business, results of operations and financial condition until such time as such interruption is resolved or an alternate source of production is secured.

We believe there are a limited number of competent, high-quality co-manufacturers in the industry that meet our strict quality and control standards, and as we seek to continue to obtain additional or alternative co-manufacturing arrangements in the future, there can be no assurance that we would be able to do so on satisfactory terms, in a timely manner, or at all. Additionally, as we expand our operations internationally, we will need to develop relationships with co-manufacturers overseas to meet sales demand, and there can be no assurance that we will be able to successfully do so. Therefore, the loss of one or more co-manufacturers, any disruption or delay at a co-manufacturer or any failure to identify and engage co-manufacturers for new products, product extensions and expanded operations could delay, postpone or reduce production of our products, which could have a material adverse effect on our business, results of operations and financial condition.

Any damage or disruption at our domestic or international manufacturing facilities may harm our business.

We have manufacturing facilities in the United States, China and the Netherlands to produce our woven proteins and our finished goods. A natural disaster, severe weather, fire, power interruption, work stoppage, labor shortages, strikes or other labor unrest, border closures, restrictive governmental actions, outbreaks of pandemics or contagious diseases (such as COVID-19) or other calamity at any of these facilities would significantly disrupt our ability to deliver our products and operate our business. If any material amount of our machinery or inventory were damaged, we would be unable to meet our contractual obligations and cannot predict when, if at all, we could replace or repair such machinery, which could materially adversely affect our business, financial condition and operating results.

We may not successfully ramp up operations at our facilities or these facilities may not operate in accordance with our expectations. Moreover, we face competition for employees and may be unable to hire and retain employees at these facilities.

Since June 2018, we have acquired facilities by purchase or lease in the United States, China and the Netherlands. Any substantial delay in bringing these facilities up to full production on our current schedule may hinder our ability to produce all of the product needed to meet orders and/or achieve our expected financial performance. Opening these facilities has required, and will continue to require, additional capital expenditures and the efforts and attention of our management and other personnel, which has and will continue to divert resources from our existing business or operations. These efforts may prove more expensive than we anticipate, and we may not succeed in increasing our revenues and margins sufficiently to offset the anticipated higher expenses. Additionally, our inability to hire and retain skilled employees at these facilities will severely hamper our expansion plans, product development and manufacturing efforts. The unemployment rate in the

Columbia, Missouri market was 2.2% as of December 2021 and labor market conditions remain relatively tight. As a result, we currently rely on temporary workers in addition to full-time employees, and in the future, we may be unable to attract and retain employees with the skills we require, which could impact our ability to expand our operations. Even if our facilities are brought up to full production according to our current schedule, it may not provide us with all of the operational and financial benefits we expect to receive.

Our facilities and the manufacturing equipment we use to produce our products is costly to replace or repair and may require substantial lead-time to do so. For example, our estimate of throughput or our extrusion capacity may be impacted by disruption from extruder lead-in time, calibration, maintenance and unexpected delays. In addition, our ability to procure new extruders may face more lengthy lead times than is typical. We may also not be able to find suitable alternatives with co-manufacturers to replace the output from such equipment on a timely basis and at a reasonable cost. In the future, we may also experience plant shutdowns or periods of reduced production because of regulatory issues, equipment failure, delays in raw material deliveries or COVID-19 outbreaks. Any such disruption or unanticipated event may cause significant interruptions or delays in our business and the reduction or loss of inventory may render us unable to fulfill customer orders in a timely manner, or at all. We have property and business disruption insurance in place for all of our manufacturing facilities; however, such insurance coverage may not be sufficient to cover all of our potential losses and may not continue to be available to us on acceptable terms, or at all.

If we fail to manage any future growth effectively, our business could be materially adversely affected.

We have grown rapidly since inception. For example, our net revenues increased from $16.2 million in 2016 to $464.7 million in 2021. Our full-time employee count as of December 31, 2021 (including contract workers) has grown approximately ten-fold since December 31, 2016. This growth has placed significant demands on our management, financial, operational, technological and other resources. The anticipated growth and expansion of our business and our product offerings will continue to place significant demands on our management and operations teams and require significant additional resources to meet our needs, which may not be available in a cost-effective manner, or at all. If we do not effectively manage our anticipated growth, we may not be able to execute on our business plan, respond to competitive pressures, take advantage of market opportunities, satisfy customer requirements or maintain high-quality product offerings, any of which could harm our business, brand, results of operations and financial condition.

We may face difficulties as we expand our operations in other countries, including into those in which we have no prior operating experience.

We intend to continue to expand our global footprint and enter into new markets. International operations involve a number of risks, including labor shortages, strikes or other labor unrest, border closures, restrictive governmental actions, foreign regulatory compliance, tariffs, taxes and exchange controls, economic downturns, inflation, foreign currency fluctuations and political and social instability in the countries in which we operate. Expansion may involve expanding into countries other than those in which we currently operate. It may also involve expanding into less developed countries, which may have less political, social or economic stability and less developed infrastructure and legal systems. In addition, it may be difficult for us to understand and accurately predict taste preferences and purchasing habits of consumers in these new geographic markets. It is costly to establish, develop and maintain international operations and develop and promote our brands in international markets. As we expand our business into other countries, we may encounter regulatory, legal, personnel, technological and other difficulties that increase our expenses and/or delay our ability to become profitable in such countries, which may have a material adverse effect on our business and brand.

Our revenue growth rate may slow over time and may not be indicative of future performance.

Our revenue growth rates may slow over time due to a number of reasons, including the impact of COVID-19, increasing competition, market saturation, slowing demand for our offerings, increasing regulatory costs and challenges, and failure to capitalize on growth opportunities.

Our revenues and earnings may fluctuate as a result of our promotional activities.

We routinely offer sales discounts and promotions through various programs to customers and consumers which may result in reduced margins. 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. We expect to face increasing competition across all channels, especially as additional plant-based protein product brands continue to enter the marketplace. 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 profit, gross margin and profitability, impacting period-over-period results.

Fluctuations in our results of operations for our second and third quarters may impact, and may have a disproportionate effect on our overall financial condition and results of operations.

Our business is subject to seasonal fluctuations that may have a disproportionate effect on our results of operations. Generally, we expect to experience greater demand for certain of our products during the summer grilling season. 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. Any factors that harm our second and third quarter operating results, including disruptions in our supply chain, adverse weather or unfavorable economic conditions, may have a disproportionate effect on our results of operations for the entire year. In an environment of uncertainty from the impact of COVID-19, we are unable to assess the ultimate impact on the demand for our products as a result of seasonality.

Historical results are not indicative of future results.

Historical quarter-to-quarter and period-over-period comparisons of our sales and operating results are not necessarily indicative of future quarter-to-quarter and period-over-period results. You should not rely on the results of a single quarter or period as an indication of our annual results or our future performance.

Failure by our transportation providers to deliver our products on time, or at all, could result in lost sales.

We currently rely upon third-party transportation providers for a significant portion of our product shipments. Our utilization of delivery services for shipments is subject to risks, including increases in fuel prices, which would increase our shipping costs, employee strikes, disease outbreaks or pandemics (such as COVID-19) and inclement weather, which may impact the ability of providers to provide delivery services that adequately meet our shipping needs, if at all. We periodically change shipping companies, and we could face logistical difficulties that could adversely affect deliveries. In addition, we could incur costs and expend resources in connection with such change. Moreover, we may not be able to obtain terms as favorable as those we receive from the third-party transportation providers that we currently use, which in turn would increase our costs and thereby adversely affect our operating results.

Failure to retain our senior management may adversely affect our operations.

Our success is substantially dependent on the continued service of certain members of our senior management, including Ethan Brown, our Founder, President and Chief Executive Officer. These executives have been primarily responsible for determining the strategic direction of our business and for executing our growth strategy and are integral to our brand, culture and the reputation we enjoy with suppliers, co-manufacturers, distributors, customers and consumers. The loss of the services of any of these executives could have a material adverse effect on our business and prospects, as we may not be able to find suitable individuals to replace them on a timely basis, if at all. In addition, any such departure could be viewed in a negative light by investors and analysts, which may cause the price of our common stock to decline. We do not currently carry key-person life insurance for our senior executives.

If we are unable to attract, train and retain employees or maintain our company culture, we may not be able to grow or successfully operate our business.

Our success depends in part upon our ability to attract, train and retain a sufficient number of employees who understand and appreciate our culture and can represent our brand effectively and establish credibility with our business partners and consumers. We believe a critical component of our success has been our company culture and long-standing core values. We have invested substantial time and resources in building our team. If we are unable to hire and retain employees capable of meeting our business needs and expectations, or if we fail to preserve our company culture among a larger number of employees dispersed in various geographic regions, our business and brand image may be impaired. Any failure to meet our staffing needs or any material increase in turnover rates of our employees or key personnel changes may adversely affect our business, results of operations and financial condition.

Some of our international employees are employed by professional employer organizations.

Prior to January 1, 2022, we contracted with a professional employer organization, or U.S. PEO, that administered our human resources, payroll and employee benefits functions for our employees in the United States. Effective as of January 1, 2022, such human resources, payroll and employee benefits functions are no longer performed by the U.S. PEO. We continue to contract with non-U.S. PEOs to perform the same functions as the U.S. PEO for the majority of our employees outside the United States. Although we recruit and select our workers, each of these workers is also an employee of record of the relevant non-U.S. PEO. As a result, these workers are compensated through the relevant PEO, are governed by the work policies created by the relevant PEO and receive their annual wage statements and other payroll or labor related reports from the relevant PEO (e.g., T-4s for employees in Canada). This relationship permits management to focus on operations and profitability rather than payroll administration, but this relationship also exposes us to some risks. Among other risks, if any of the non-U.S. PEOs fail to adequately withhold or pay employer taxes or to comply with applicable laws, we may be held liable for such violations notwithstanding any indemnification provisions with the non-U.S. PEOs. In certain non-U.S. jurisdictions, the worker may be deemed a direct employee and the potential liability for any non-compliance with applicable laws increases depending on whether a company has an entity or other corporate presence in the country, among other factors set forth under applicable local laws.

Court and administrative proceedings related to matters of employment tax, labor law and other laws applicable to PEO arrangements could distract management from our business and cause us to incur significant expense. If we were held liable for violations by PEOs, such amounts may adversely affect our profitability and could negatively affect our business and results of operations.

We depend on a limited number of third party service providers for the performance of several of our business operations, including payroll and human capital management services.

If any of these third party providers were to experience significant interruptions in their business operations, terminate their agreements with the company, or fail to perform the services required under the terms of the company’s contracts with them, its own processing could be materially and adversely affected for an indefinite period of time. There can be no assurance that the company would be able to locate alternative providers of such services, or that it could do so at economical rates.

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 increasing tensions related to the ongoing conflict 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. 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, could negatively impact our profitability.

Increases in the price of raw materials, labor, wages or other inputs that we or our suppliers use in manufacturing and supplying products, along with logistics, transportation, shipping and other related costs, may lead 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.

Future acquisitions or investments could disrupt our business and harm our financial condition.

In the future, we may pursue acquisitions or investments that we believe will help us achieve our strategic objectives. We may not be able to find suitable acquisition candidates, and even if we do, we may not be able to complete acquisitions on favorable terms, if at all. If we do complete acquisitions, we may not ultimately achieve our goals or realize the anticipated benefits. The pursuit of acquisitions and any integration process will require significant time and resources and could divert management time and focus from operation of our then-existing business, and we may not be able to manage the process successfully. Any acquisitions we complete could be viewed negatively by our customers or consumers. An acquisition, investment or business relationship may result in unforeseen operating difficulties and expenditures, including disrupting our ongoing operations and subjecting us to additional liabilities, increasing our expenses, and adversely impacting our business, financial condition and operating results. Moreover, we may be exposed to unknown liabilities related to the acquired company or product, and the anticipated benefits of any acquisition, investment or business relationship may not be realized if, for example, we fail to successfully integrate such acquisition into our company. To pay for any such acquisitions, we would have to use cash, incur debt, or issue debt or equity securities, each of which may affect our financial condition or the value of our common stock and could result in dilution to our stockholders. If we incur more debt it would result in increased fixed obligations and could also subject us to covenants or other restrictions that would impede our ability to manage our operations. Our acquisition strategy could require significant management attention, disrupt our business and harm our business, financial condition and results of operations.

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 and institutional investors on corporate ESG practices. 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. 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 or are perceived to have not responded appropriately to address ESG issues within our company, our business and reputation could be negatively impacted and our share price could be materially and adversely affected.

Risks Related to Our Products

Food safety and food-borne illness incidents may materially adversely affect our business by exposing us to lawsuits, product recalls or regulatory enforcement actions, increasing our operating costs and reducing demand for our product offerings.

Selling food for human consumption involves inherent legal and other risks, and there is increasing governmental scrutiny of and public awareness regarding food safety. Unexpected side effects, illness, injury or death related to allergens, food-borne illnesses or other food safety incidents caused by products we sell, or involving our suppliers or co-manufacturers, could result in the discontinuance of sales of these products or our relationships with such suppliers or co-manufacturers, or otherwise result in increased operating costs, regulatory enforcement actions or harm to our reputation. Shipment of adulterated or misbranded products, even if inadvertent, can result in criminal or civil liability. Such incidents could also expose us to product liability, negligence or other lawsuits, including consumer class action lawsuits. Any claims brought against us may exceed or be outside the scope of our existing or future insurance policy coverage or limits. Any judgment against us that is more than our policy limits or not covered by our policies or not subject to insurance would have to be paid from our cash reserves, which would reduce our capital resources.

The occurrence of food-borne illnesses or other food safety incidents could also adversely affect the price and availability of affected ingredients, resulting in higher costs, disruptions in supply and a reduction in our sales. Furthermore, any instances of food contamination or regulatory noncompliance, whether or not caused by our actions, could compel us, our suppliers, our distributors or our customers, depending on the circumstances, to conduct a recall in accordance with FDA regulations, comparable state laws or foreign laws such as those of the European Union and the United Kingdom. Food recalls could result in significant losses due to their costs, the destruction of product inventory, lost sales due to the unavailability of the product for a period of time and potential loss of existing distributors or customers and a potential negative impact on our ability to attract new customers due to negative consumer experiences or because of an adverse impact on our brand and reputation. The costs of a recall could exceed or be outside the scope of our existing or future insurance policy coverage or limits.

In addition, food companies have been subject to targeted, large-scale tampering as well as to opportunistic, individual product tampering, and we, like any food company, could be a target for product tampering. Forms of tampering could include the introduction of foreign material, chemical contaminants and pathological organisms into consumer products as well as product substitution. FDA regulations require companies like us to analyze, prepare and implement mitigation strategies specifically to address tampering (i.e., intentional adulteration) designed to inflict widespread public health harm. If we do not adequately address the possibility, or any actual instance, of intentional adulteration, we could face possible seizure or recall of our products and the imposition of civil or criminal sanctions, which could materially adversely affect our business, financial condition and operating results.

Sales of the Beyond Burger contribute a significant portion of our revenue. A reduction in sales of the Beyond Burger would have an adverse effect on our financial condition.

The Beyond Burger accounted for approximately 55%, 58% and 64% of our gross revenues in 2021, 2020 and 2019, respectively. The Beyond Burger is our flagship product and has historically been the focal point of our development and marketing efforts, and we believe that sales of the Beyond Burger will continue to constitute a significant portion of our revenues, income and cash flow for the foreseeable future. We cannot be certain that we will be able to continue to expand production and distribution of the Beyond Burger, or that customer demand for our other existing and future products will expand to allow such products to represent a larger percentage of our revenue than they do currently. Accordingly, any factor adversely affecting sales of the Beyond Burger could have a material adverse effect on our business, financial condition and results of operations.

Failure to continually innovate and successfully introduce and commercialize new products or successfully improve existing products may adversely affect our ability to continue to grow.

A key element of our growth strategy depends on our ability to develop and market new products and improvements to our existing products that meet our standards for quality and appeal to consumer preferences. The success of our innovation and product development efforts is affected by our ability to anticipate changes in consumer preferences, accurately predict taste preferences and purchasing habits of consumers in new geographic markets, the technical capability of our innovation staff in developing and testing product prototypes, including complying with applicable governmental regulations, commercialization and scale-up of new products, and the success of our management and sales and marketing teams in introducing and marketing new products. Our innovation staff members are continuously testing alternative plant-based proteins to the proteins we currently use in our products, as they seek to find additional protein options to our current ingredients that are more easily sourced, and which retain and build upon the quality and appeal of our current product offerings. Failure to develop, commercialize and market new products that appeal to consumers may lead to a decrease in our growth, sales and profitability.

Additionally, the development and introduction of new products requires substantial research, development and marketing expenditures, which we may be unable to recoup if the new products do not gain widespread market acceptance. If we are unsuccessful in meeting our objectives with respect to new or improved products, our business could be harmed.

Consumer preferences for our products are difficult to predict and may change, and, if we are unable to respond quickly to new trends and demands, our business may be adversely affected.

Our business is focused on the development, manufacture, marketing and distribution of a line of branded plant-based protein products as alternatives to animal-based protein products. Consumer demand could change based on a number of possible factors, including dietary habits and nutritional values, concerns regarding the health effects of ingredients and shifts in preference for various product attributes. If consumer demand for our products decreased, our business and financial condition would suffer. In addition, sales of plant-based protein or meat-alternative products are subject to evolving consumer preferences that we may not be able to accurately predict or respond to. Consumer trends that we believe favor sales of our products could change based on a number of possible factors, including a shift in preference from plant-based protein to animal-based protein products, economic factors and social trends. A significant shift in consumer demand away from our products could reduce our sales or our market share and the prestige of our brand, which would harm our business and financial condition.

Additionally, lobbyists supporting the meat industry have engaged in marketing campaigns in an attempt to generate negative publicity regarding our products and may continue to do so in the future. Any shift in consumer perception that our products are not healthy as a result of these campaigns could significantly reduce the value of our brand and damage our business. Other types of adverse publicity concerning our business or the plant-based meat industry generally could also harm our brand, reputation and results of operations. The growing use of social and digital media over recent years has amplified the impact of such negative publicity.

Ingredient and packaging costs are volatile and may rise significantly, which may negatively impact the profitability of our business.

We purchase large quantities of raw materials, including ingredients derived from Canadian, European and North American yellow peas, mung beans, sunflower seeds, rice, faba beans, canola oil and coconut oil. In addition, we purchase and use significant quantities of cardboard, film and plastic to package our products. Costs of ingredients and packaging are volatile and can fluctuate due to conditions that are difficult to predict, including global competition for resources, weather conditions, consumer demand and changes in governmental trade and agricultural programs. Volatility in the prices of raw materials and other supplies we purchase could increase our cost of sales and reduce our profitability. Moreover, we may not be able to implement price increases for our products to cover any increased costs, and any price increases we do implement may result in lower sales volumes. If we are not successful in managing our ingredient and packaging costs, if we are unable to increase our prices to cover increased costs or if such price increases reduce our sales volumes, then such increases in costs will adversely affect our business, results of operations and financial condition.

Risks Related to Our Industry and Brand

We face intense competition in our market from our competitors, including manufacturers of animal-based meat products and other brands that produce plant-based protein products, and potential competitors and new market entrants and we may lack sufficient financial or other resources to compete successfully.

Our future success depends, in large part, on our ability to implement our growth strategy of expanding supply and distribution, improving placement of our products, attracting new consumers to our brand and introducing new products and product extensions, and expanding into new geographic markets. If we fail to implement our growth strategy or if we invest resources in a growth strategy that ultimately proves unsuccessful, our sales and operating results will be adversely affected. Our ability to implement this growth strategy depends, among other things, on our ability to:

- manage relationships with various suppliers, co-manufacturers, distributors, customers and other third parties, and expend time and effort to integrate new suppliers, co-manufacturers, distributors and customers into our fulfillment operations;
- continue to compete in retail and foodservice channels;
- secure placement in the meat case for our products;
- increase our brand recognition and expand and maintain brand loyalty;
- develop new product lines and extensions; and
- expand into new geographic markets.

Our ability to implement our growth strategy also depends on our ability to continue to compete in the retail and foodservice channels. We operate in a highly competitive environment. Numerous brands and products compete for limited retailer shelf space, foodservice customers and consumers. In our market, competition is based on, among other things, taste, nutritional profile, ingredients, texture, ease of integration into the consumer diet, low-carbohydrate, low-sugar, high fiber and protein, lack of cholesterol, soy, gluten and GMOs, convenience, price and promotion tactics, brand awareness and loyalty among customers, media spending, product variety and packaging, access to major retailer shelf space and retail locations, access to major foodservice outlets and integration into menus, innovation and intellectual property protection on products.

We compete with conventional animal-protein companies such as Cargill, Hormel, JBS, Perdue Foods, Tyson and WH Group, who may have substantially greater financial and other resources than us and whose animal-based products are well-accepted in the marketplace today. They may also have lower operational costs, and as a result may be able to offer conventional animal meat to customers at lower costs than plant-based meat. This could cause us to lower our prices, resulting in lower profitability or, in the alternative, cause us to lose market share if we fail to lower prices.

We also compete with other food brands, including brands affiliated with conventional animal-protein companies and other large food operators, that develop and sell plant-based protein products, including, but not limited to, Alpha Foods, Boca Foods (Kraft Heinz), Lightlife and Field Roast Grain Meat Co. (Maple Leaf Foods), Gardein (Conagra), Hungry Planet, Inc., Impossible Foods, Incogmeato/Morningstar Farms (Kellogg), Moving Mountains, Omn!pork (OmniFoods), Tofurky, Sweet Earth and Awesome Burger (Nestle' S.A.), Pure Farmland by Smithfield Foods (WH Group), Raised & Rooted (Tyson), Happy Little Plants (Hormel), Sysco's Simply Plant-Based Meatless Burger, Tattooed Chef, The Not Company OZO (Planterra Foods/JBS) and Vegetarian Butcher (Unilever), and with companies which may be more innovative, have more resources and be able to bring new products to market faster and to more quickly exploit and serve niche markets. For example, a number of U.S. and international companies are working on developing lab-grown or "clean meat," an animal-protein product cultivated from cells taken from animals, which could have a similar appeal to consumers as plant-based protein products. We compete with these competitors for foodservice customers, retailer shelf space and consumers.

Generally, the food industry is dominated by multinational corporations with substantially greater resources and operations than us. We cannot be certain that we will successfully compete with larger competitors that have greater financial, sales and technical resources or with new competitors and market entrants. Conventional food companies may acquire our competitors or launch their own plant-based protein products, and they may be able to use their resources and scale to respond to competitive pressures and changes in consumer preferences by introducing new products, reducing prices or increasing promotional activities, among other things. Retailers also market competitive products under their own private labels, which are generally sold at lower prices and compete with some of our products. Similarly, retailers could change the merchandising of our products and we may be unable to retain the placement of our products in meat cases to effectively compete with animal-protein products. Competitive pressures, new competitors and market entrants or other factors could cause us to lose market share, which may require us to lower prices, increase marketing and advertising expenditures, or increase the use of discounting or promotional campaigns, each of which would adversely affect our margins and could result in a decrease in our operating results and profitability.

Our brand and reputation may be diminished due to real or perceived quality or health issues with our products, which could have an adverse effect on our business, reputation, operating results and financial condition.

We believe our consumers rely on us to provide them with high-quality plant-based protein products. Therefore, real or perceived quality or food safety concerns or failures to comply with applicable food regulations and requirements, whether or not ultimately based on fact and whether or not involving us (such as incidents involving our competitors), could cause negative publicity and reduced confidence in our company, brand or products, or the industry as a whole, which could in turn harm our reputation and sales, and could materially adversely affect our business, financial condition and operating results. Although we believe we have a rigorous quality control process, there can be no assurance that our products will always comply with the standards set for our products, and although we strive to keep our products free of pathogenic organisms, they may not be easily detected and cross-contamination can occur. For example, in 2017, before our products were shipped to distributors or customers, we discovered, through our quality control process, that certain of our products manufactured by a former co-manufacturer were contaminated with salmonella. There is no assurance that this health risk will always be preempted by our quality control processes.

We have no control over our products once purchased by consumers. Accordingly, consumers may prepare our products in a manner that is inconsistent with our directions or store our products for long periods of time, which may adversely affect the quality and safety of our products. If consumers do not perceive our products to be safe or of high quality, then the value of our brand would be diminished, and our business, results of operations and financial condition would be adversely affected.

Any loss of confidence on the part of consumers in the ingredients used in our products or in the safety and quality of our products would be difficult and costly to overcome. Any such adverse effect could be exacerbated by our position in the market as a purveyor of high-quality plant-based protein products and may significantly reduce our brand value. Issues regarding the safety of any of our products, regardless of the cause, may have a substantial and adverse effect on our brand, reputation and operating results.

The growing use of social and digital media by us, our consumers and third parties increases the speed and extent that information or misinformation and opinions can be shared. Negative publicity about us, our brands or our products on social or digital media could seriously damage our brands and reputation. If we do not maintain the favorable perception of our brands, our sales and profits could be negatively impacted.

If we fail to develop and maintain our brand, our business could suffer.

We have developed a strong and trusted brand that has contributed significantly to the success of our business, and we believe our continued success depends on our ability to maintain and grow the value of the Beyond Meat brand. Maintaining, promoting and positioning our brand and reputation will depend on, among other factors, the success of our plant-based product offerings, food safety, quality assurance, marketing and merchandising efforts, the nutritional benefits provided by our products and our ability to provide a consistent, high-quality customer experience. Any negative publicity, regardless of its accuracy, could materially adversely affect our business. Brand value is based on perceptions of subjective qualities, and any incident that erodes the loyalty of our customers, suppliers or co-manufacturers, including adverse publicity or a governmental investigation or litigation, could significantly reduce the value of our brand and significantly damage our business.

Risks Related to Our International Operations

Our international expansion into China and Europe could expose us to substantial business, regulatory, political, financial and economic risks.

Our expansion into China and Europe could expose us to substantial risks associated with doing business in China and Europe, such as, taxation, inflation, environmental regulations, foreign currency exchange rates, the labor market, property and financial regulations, and the outbreak of hostilities or war. Our ability to operate in China and Europe may be adversely affected by changes in, or our failure to comply with, Chinese or European laws and regulations. In addition, we are exposed to risks associated with our workforce in China and the Netherlands, including with respect to changes in employment and labor laws, which could increase our operating costs. There is also significant uncertainty about the future relationship between the United States and China with respect to trade policies, treaties, government regulations and tariffs.

Our international operations are subject to the FCPA and we could be adversely affected by violations of the FCPA and similar worldwide anti-corruption laws.

The FCPA and similar worldwide anti-corruption laws generally prohibit companies and their intermediaries from making certain improper payments for the purpose of obtaining or retaining business. The continued expansion of our international operations could increase the risk of violations of these laws in the future. There is no assurance that we will be completely effective in ensuring our compliance with the FCPA or any other applicable anti-corruption laws. If we are not in compliance with the FCPA and other anti-corruption laws, we may be subject to criminal and civil penalties, disgorgement and other sanctions and remedial measures, and legal expenses, which could have an adverse impact on our business, financial condition, results of operations and liquidity. Likewise, any investigation of any potential violations of the FCPA or other anti-corruption laws or trade control laws by the United States could also have an adverse impact on our reputation, our business, results of operations and financial condition.

Risks Related to Our Investments

Our manufacturing operations in China and Europe require substantial investments, for which we cannot guarantee forecasted returns.

In the third quarter of 2020, we entered into an investment agreement and related factory leasing contract to design and develop manufacturing facilities in the Jiaxing Economic & Technological Development Zone to manufacture plant-based meat products under our Beyond Meat brand in China and in the fourth quarter of 2021, we 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. In the second quarter of 2020, we acquired our first manufacturing facility in Europe located in Enschede, the Netherlands. Our substantial investment in China and Europe may expose us to substantial risks and, as a result, we may not realize a return on our investment. Unforeseen delays in the operations of our Chinese or European manufacturing facilities may cause us to incur additional expenses. Operating these facilities may require additional capital expenditures and the efforts and attention of our management and other personnel, which will divert resources from our existing business or operations. Even if our new Chinese and European facilities are brought up to full production according to our current schedule, they may not provide us with all of the operational and financial benefits we expect to receive. These and other risks may result in our not realizing a return on, or losing some or all, of our planned investments in China and Europe, which could have a material adverse effect on our financial condition and financial performance.

Our ownership of real property is subject to all the risks inherent in an investment in real estate.

We have direct ownership of certain real estate properties. As is the case with any owner of real property, we are subject to potential liabilities, cost and damages arising out of owning, operating, leasing or otherwise having interests in real property. There are risks that a property may have unforeseen environmental or other hazards resulting in unexpected costs. In addition, we may not be able to expand or operate our owned facilities in the manner we desire, which could adversely impact our production and facility utilization.

Joint ventures may not operate according to their business plans if our partners fail to fulfill their obligations, which may adversely affect our results of operations and compel us to dedicate additional resources to these joint ventures.

The nature of a joint venture requires us to share control in certain areas with unaffiliated third parties. If our joint venture partner does not fulfill its obligations, the affected joint venture may not be able to operate in accordance with its business plan. Under such a scenario, our results of operations may be adversely affected and we may be compelled to increase the level of our resources devoted to the joint venture. Also, differing views among joint venture participants may result in delayed decisions, or failure to agree on major issues. If such differences caused a joint venture to deviate from its business plan, our results of operations could be adversely affected.

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

We may not be able to protect our proprietary technology adequately, which may impact our commercial success.

Our commercial success depends in part on our ability to protect our intellectual property and proprietary technologies. We rely on a combination of patent protection, where appropriate and available, copyrights, trade secrets and trademark laws, as well as confidentiality and other contractual restrictions to protect our proprietary technology. However, these legal means afford only limited protection and may not adequately protect our proprietary technology or permit us to gain or keep any competitive advantage. As of December 31, 2021, we had two issued patents in the United States and three issued patents outside the United States (U.K., Indonesia and Australia), four pending patent applications in the United States, 13 pending international patent applications, one Patent Cooperation Treaty application and one provisional patent application.

We cannot offer any assurances about which, if any, patents will issue from these applications, the breadth of any such patents, or whether any issued patents will be found invalid and unenforceable or will be threatened by third parties. Any successful opposition to these patents or any other patents owned by or, if applicable in the future, licensed to us could deprive us of rights necessary for the successful commercialization of products that we may develop. Since patent applications in the United States and most other countries are confidential for a period of time after filing (in most cases 18 months after the filing of the priority application), we cannot be certain that we were the first to file on the technologies covered in several of the patent applications related to our technologies or products. Furthermore, a derivation proceeding can be provoked by a third party, or instituted by the U.S. Patent and Trademark Office, or USPTO, to determine who was the first to invent any of the subject matter covered by the patent claims of our applications.

Patent law can be highly uncertain and involve complex legal and factual questions for which important principles remain unresolved. In the United States and in many international jurisdictions, policy regarding the breadth of claims allowed in patents can be inconsistent and/or unclear. The U.S. Supreme Court and the Court of Appeals for the Federal Circuit have made, and will likely continue to make, changes in how the patent laws of the United States are interpreted. Similarly, international courts and governments have made, and will continue to make, changes in how the patent laws in their respective countries are interpreted. We cannot predict future changes in the interpretation of patent laws by U.S. and international judicial bodies or changes to patent laws that might be enacted into law by U.S. and international legislative bodies.

We may not be able to protect our intellectual property adequately, which may harm the value of our brand.

We believe that our intellectual property has substantial value and has contributed significantly to the success of our business. Our trademarks, including Beyond Meat, Beyond Burger, Beyond Beef, Beyond Sausage, Beyond Breakfast Sausage, Beyond Chicken, Beyond Fried Chicken, Beyond Meatballs, the Caped Steer Logo, Go Beyond, Eat What You Love, The Cookout Classic and The Future of Protein, are valuable assets that reinforce our brand and consumers' favorable perception of our products. We also rely on unpatented proprietary expertise, recipes and formulations and other trade secrets and copyright protection to develop and maintain our competitive position. Our continued success depends, to a significant degree, upon our ability to protect and preserve our intellectual property, including our trademarks, trade dress, trade secrets and copyrights. We rely on confidentiality agreements and trademark, trade secret and copyright law to protect our intellectual property rights.

Our confidentiality agreements with our employees and certain of our consultants, contract workers, suppliers and independent contractors, including some of our co-manufacturers who use our formulations to manufacture our products, generally require that all information made known to them be kept strictly confidential. Nevertheless, trade secrets are difficult to protect. Although we attempt to protect our trade secrets, our confidentiality agreements may not effectively prevent disclosure of our proprietary information and may not provide an adequate remedy in the event of unauthorized disclosure of such information. If we do not keep our trade secrets confidential, others may produce products with our recipes or formulations. In addition, others may independently discover our trade secrets, in which case we would not be able to assert trade secret rights against such parties. Further, some of our formulations have been developed by or with our suppliers and co-manufacturers. As a result, we may not be able to prevent others from using similar formulations. As we begin to expand globally as part of our growth strategy, we may face additional risks protecting our trade secrets internationally, where the laws may not be as protective of intellectual property rights as those in the United States.

We cannot assure you that the steps we have taken to protect our intellectual property rights are adequate, that our intellectual property rights can be successfully defended and asserted in the future or that third parties will not infringe upon or misappropriate any such rights. In addition, our trademark rights and related registrations may be challenged in the future and could be canceled or narrowed. Failure to protect our trademark rights could prevent us in the future from challenging third parties who use names and logos similar to our trademarks, which may in turn cause consumer confusion or negatively affect consumers' perception of our brand and products. Moreover, intellectual property disputes and proceedings and infringement claims may result in a significant distraction for management and significant expense, which may not be recoverable regardless of whether we are successful. Such proceedings may be protracted with no certainty of success, and an adverse outcome could subject us to liabilities, force us to cease use of certain trademarks or other intellectual property or force us to enter into licenses with others. Any one of these occurrences may have a material adverse effect on our business, results of operations and financial condition.

Additionally, the laws of certain international jurisdictions in which our products may be sold may not protect intellectual property rights to the same extent as the laws of the United States. As a result, we may not be able to effectively prevent third parties from infringing or otherwise misappropriating our trademark rights in such jurisdictions. Moreover, failure to obtain adequate trademark rights in these foreign jurisdictions could negatively impact our ability to expand our business and launch products in certain international markets. Further, we may not be able to effectively protect our intellectual property rights against unauthorized third parties that obtain the rights to our trademarks in foreign jurisdictions where we have not yet applied for trademark protections, and we may expend substantial cost to obtain those trademarks from such third parties. Any one of these occurrences could reduce our competitive position or otherwise have a material adverse effect on our business, results of operations and financial condition.

We rely on information technology systems and any inadequacy, failure, interruption or security breaches of those systems may harm our ability to effectively operate our business.

We are dependent on various information technology systems, including, but not limited to, networks, applications and outsourced services in connection with the operation of our business. A failure of our information technology systems to perform as we anticipate could disrupt our business and result in transaction errors, processing inefficiencies and loss of sales, causing our business to suffer. In addition, our information technology systems may be vulnerable to damage or interruption from circumstances beyond our control, including fire, severe weather, natural disasters, systems failures, viruses and security breaches, particularly in light of many of our employees working remotely due to COVID-19. Any such damage or interruption could have a material adverse effect on our business.

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. Additionally, in August 2021, the National People’s Congress of the People's Republic of China adopted the Personal Information Protection Law (“PIPL”), 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

If the build out of our new El Segundo, California corporate headquarters is delayed or incurs cost overruns, the headquarters does not operate in accordance with our expectations or occupancy rates are lower than anticipated, our business or financial condition or results of operations may be adversely affected.

On January 14, 2021, we entered into a lease agreement for an initial term of 12 years to develop and house our new corporate headquarters, lab and innovation space (“Headquarters”) in El Segundo, California. Development of the Headquarters has commenced and occupancy is currently expected to take place by the third quarter of 2022. There can be no assurances that the Headquarters will be ready for occupancy on or before the expected occupancy date due to force majeure events (such as COVID-19) or the risk of delays or cost overruns inherent in construction development projects, any of which could have a negative impact on our financial condition or results of operations. If we are not able to complete development of the Headquarters within the approved budget or there are significant cost overruns, our cash flows, financial condition, or results of operations could be materially and adversely affected.

In addition, it is possible that, once built, there could be unanticipated difficulties in initiating operations at the Headquarters, including, but not limited to, IT system interruptions, other infrastructure support problems or the space may prove to be less conducive to our operations than currently anticipated. These risks could all result in operational inefficiencies or similar difficulties that could prove difficult or impossible to remediate and have an adverse impact on our financial condition or results of operations. Moreover, we are uncertain as to the impact COVID-19 will have on our ability to timely occupy the Headquarters once construction is complete, which could have a negative impact on our financial condition or results of operations.

We are also uncertain as to the impact COVID-19 will have on our future space demands. If we are unable to occupy the complete Headquarters space, we may have to sublease the unoccupied portion of the Headquarters. A sublease agreement would be subject to certain risks and uncertainties, such as the possibility that such agreement may not be completed on terms that are advantageous to us as we may not receive sufficiently high rental rates to cover our lease obligations which could have a negative impact on our financial condition and results of operations.

We currently have, and will continue to have, significant lease obligations, and our failure to meet those obligations could adversely affect our financial condition and business.

We currently have, and will continue to have, significant lease obligations for our corporate offices, manufacturing facilities, research and development facilities, commercialization center and warehouses. We depend on cash flow from operations to pay our lease expenses.

If our business does not generate sufficient cash flow from operating activities to fund these expenses, we may not be able to meet our lease obligations, which could have a material adverse effect on our financial condition and business. Furthermore, the significant cash flow required to satisfy our financial obligations under the leases could limit our ability to incur indebtedness and make capital expenditures or other investments in our business.

Our significant indebtedness and liabilities could limit the cash flow available for our operations, expose us to risks that could adversely affect our business, financial condition and results of operations and impair our ability to satisfy our obligations under our Notes.

As of December 31, 2021, we had approximately $1.2 billion of consolidated indebtedness and other liabilities. We may also incur additional indebtedness to meet future financing needs. Our indebtedness could have significant negative consequences for our security holders and our business, results of operations and financial condition by, among other things:

- increasing our vulnerability to adverse economic and industry conditions;
- limiting our ability to obtain additional financing;
- requiring the dedication of a substantial portion of our cash flow from operations to service our indebtedness, which will reduce the amount of cash available for other purposes;
- limiting our flexibility to plan for, or react to, changes in our business;
- diluting the interests of our existing stockholders as a result of issuing shares of our common stock upon conversion of the Notes; and
- placing us at a possible competitive disadvantage with competitors that are less leveraged than us or have better access to capital.

Our ability to make scheduled payments of the principal of, to pay interest on or to refinance our current or future indebtedness, including the Notes, as applicable, depends on our future performance, which is subject to economic, financial, competitive and other factors beyond our control. Our business may not generate sufficient funds, and we may otherwise be unable to maintain sufficient cash reserves, to pay amounts due under our current or future indebtedness, including the Notes, and our cash needs may increase in the future. In addition, any future indebtedness that we may incur may contain financial and other restrictive covenants that limit our ability to operate our business, raise capital or make payments under our other indebtedness. If we fail to comply with these covenants or to make payments under our indebtedness when due, then we would be in default under that indebtedness, which could, in turn, result in that and our other indebtedness becoming immediately payable in full.

We may be unable to raise the funds necessary to repurchase the Notes for cash following a fundamental change, or to pay the cash amounts due upon conversion, and our future indebtedness may limit our ability to repurchase the Notes or pay cash upon their conversion.

Holders of the Notes may, subject to a limited exception, require us to repurchase their Notes following a “Fundamental Change” (as defined in the Indenture) at a cash repurchase price generally equal to the principal amount of the Notes to be repurchased, plus accrued and unpaid special and additional interest, if any. In addition, all conversions of Notes will be settled partially or entirely in cash. We may not have enough available cash or be able to obtain financing at the time we are required to repurchase the Notes or pay the cash amounts due upon conversion. In addition, applicable law, regulatory authorities and the agreements governing our future indebtedness may restrict our ability to repurchase the Notes or pay the cash amounts due upon conversion. Our failure to repurchase the Notes or to pay the cash amounts due upon conversion when required will constitute a default under the Indenture. A default under the Indenture or the Fundamental Change itself could also lead to a default under agreements governing our future indebtedness, which may result in that indebtedness becoming immediately payable in full. If the repayment of such future indebtedness were to be accelerated after any applicable notice or grace periods, then we may not have sufficient funds to repay that indebtedness and repurchase the Notes or make cash payments upon their conversion.

The accounting method for the Notes could adversely affect our reported financial condition and results.

Our 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. The accounting method for reflecting the Notes on our balance sheet may adversely affect our reported earnings and financial condition. If any of the conditions to the convertibility of the Notes is satisfied or the Notes become due within one year, then we may be required under applicable accounting standards to reclassify the liability carrying value of the Notes as a current, rather than a long-term, liability. This reclassification could be required even if no noteholders convert their Notes and could materially reduce our reported working capital.

We early adopted ASU 2020-06 to account for our Notes which eliminates the treasury stock method for convertible instruments that can be settled in whole or in part with equity and instead requires the application of the more dilutive of the “if-converted” method or the two-class method. Under the if-converted method, diluted earnings per share would generally be calculated assuming that all the conversion premium or spread were converted at the beginning of the reporting period, unless the result would be anti-dilutive. The conversion premium or spread would have a dilutive impact on net income per share when the average market price of the Company’s common stock for a given period exceeds the conversion price.

The capped call transactions may affect the value of the Notes and our common stock.

In connection with the Notes, we entered into privately negotiated capped call transactions with the option counterparties. The capped call transactions will cover, subject to customary adjustments, the number of shares of common stock that underlie the Notes. The capped call transactions are expected generally to reduce potential dilution to our common stock upon conversion of the Notes or at our election (subject to certain conditions) offset any cash payments we are required to make in excess of the aggregate principal amount of the converted Notes, as the case may be, with such reduction or offset subject to a cap.

We have been advised that, in connection with establishing their initial hedges of the capped call transactions, the option counterparties or their respective affiliates purchased shares of our common stock and/or entered into various derivative transactions with respect to our common stock.

In addition, we have been advised that the option counterparties or their respective affiliates may modify their hedge positions by entering into or unwinding various derivatives with respect to our common stock and/or purchasing or selling our common stock or other securities of ours in secondary market transactions following the pricing of the Notes and prior to the maturity of the Notes (and are likely to do so on each exercise date of the capped call transactions, and in connection with any early termination event in respect of the capped call transactions). This activity could also cause or avoid an increase or a decrease in the market price of our common stock.

Provisions in the indenture governing the Notes could delay or prevent an otherwise beneficial takeover of us.

Certain provisions in the Notes and the indenture governing the Notes could make a third party attempt to acquire us more difficult or expensive. For example, if a takeover constitutes a fundamental change, then noteholders will have the right to require us to repurchase their Notes for cash. In addition, if a takeover constitutes a Make-Whole Fundamental Change (as defined in the Indenture), then we may be required to temporarily increase the conversion rate. In either case, and in other cases, our obligations under the Notes and the indenture governing the Notes could increase the cost of acquiring us or otherwise discourage a third party from acquiring us or removing incumbent management, including in a transaction that holders of our common stock or Notes may view as favorable.

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 for the foreseeable future 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 December 31, 2021, we had cash and cash equivalents of $733.3 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, 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, 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 number and characteristics of any additional products or manufacturing processes we develop or acquire to serve new or existing markets;
- the expenses associated with our marketing initiatives;
- our investment in manufacturing 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, including the costs associated with our current litigation with a former co-manufacturer, or the derivative actions brought against certain of 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 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, 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. If such climate change has a negative effect on agricultural productivity, we may be subject to decreased availability or less favorable pricing for certain commodities that are necessary for our products, such as yellow peas, mung beans, sunflowers, rice, faba bean, canola oil and coconut oil. 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 Being a Public Company

If we fail to maintain proper and effective internal controls, our ability to produce accurate financial statements on a timely basis could be impaired, investors may lose confidence in our financial reporting and the trading price of our common stock may decline.

Ensuring that we have adequate internal financial and accounting controls and procedures in place to produce accurate financial statements on a timely basis is a costly and time-consuming effort that needs to be re-evaluated frequently. We are in the process of upgrading our information technology systems and implementing additional financial and management controls, reporting systems and procedures in order to keep up with the requirements of being a reporting company under the Exchange Act. Additionally, the growth of our operations and our being a newly public company have created a need for additional resources within the accounting and finance functions due to the increasing need to produce timely financial information and to ensure the level of segregation of duties customary for a U.S. public company. We have hired additional resources in the accounting and finance function and continue to reassess the sufficiency of finance personnel in response to these increasing demands and expectations.

As a public company, we are required to document and test our internal control over financial reporting pursuant to Section 404 of the Sarbanes-Oxley Act so that our management can certify as to the effectiveness of our internal control over financial reporting. The rules governing the standards that must be met for management to assess our internal control over financial reporting are complex and require significant documentation, testing and possible remediation. We have and will continue to expend significant resources in developing the necessary documentation and testing procedures required by Section 404. We cannot be certain that the actions we have and will continue to take to improve our internal controls over financial reporting will be sufficient.

Any failure to maintain internal control over financial reporting could severely inhibit our ability to accurately report our financial condition, results of operations or cash flows. If we are unable to conclude that our internal control over financial reporting is effective, or if our independent registered public accounting firm determines we have a material weakness or significant deficiency in our internal control over financial reporting, investors may lose confidence in the accuracy and completeness of our financial reports, the market price of our common stock could decline, and we could be subject to sanctions or investigations by NASDAQ, the SEC or other regulatory authorities. Failure to remedy any material weakness in our internal control over financial reporting, or to implement or maintain other effective control systems required of public companies, could also restrict our future access to the capital markets.

Our disclosure controls and procedures may not prevent or detect all errors or acts of fraud.

Our disclosure controls and procedures are designed to reasonably assure that information required to be disclosed by us in reports we file or submit under the Exchange Act is accumulated and communicated to management, recorded, processed, summarized and reported within the time periods specified in the rules and forms of the SEC. We believe that any disclosure controls and procedures or internal controls and procedures, no matter how well conceived and operated, can provide only reasonable, not absolute, assurance that the objectives of the control system are met.

These inherent limitations include the realities that judgments in decision-making can be faulty, and that breakdowns can occur because of simple error or mistake. Additionally, controls can be circumvented by the individual acts of some persons, by collusion of two or more people or by an unauthorized override of the controls. Accordingly, because of the inherent limitations in our control system, misstatements or insufficient disclosures due to error or fraud may occur and not be detected.

The requirements of being a public company will require us to incur increased costs and may strain our resources, divert management's attention and affect our ability to attract and retain qualified board members.

As a public company, we have incurred and will continue to incur significant legal, accounting and other expenses that we did not incur as a private company. We are subject to the reporting requirements of the Exchange Act which requires, among other things, that we file with the SEC annual, quarterly and current reports with respect to our business and financial condition. In addition, the Sarbanes-Oxley Act, as well as related rules adopted by the SEC and the Nasdaq Global Select Market, impose significant requirements on public companies, including requiring establishment and maintenance of effective disclosure and financial controls and changes in corporate governance practices. Further, we are required to comply with certain requirements of the Dodd-Frank Wall Street Reform and Consumer Protection Act, or the Dodd-Frank Act, as well as rules and regulations subsequently implemented by the SEC related to corporate governance and executive compensation, such as "say on pay" and proxy access. As such, we have and will continue to incur additional compliance-related expenses. Additionally, the SEC and other regulators have continued to adopt new rules and regulations and make additional changes to existing regulations that require our compliance.

Stockholder activism, the current political environment and the current high level of government intervention and regulatory reform may lead to substantial new regulations and disclosure obligations, which may lead to additional compliance costs and impact, in ways we cannot currently anticipate, the manner in which we operate our business. We expect the rules and regulations applicable to public companies to continue to increase our legal and financial compliance costs and to make some activities more time-consuming and costly. If these requirements divert the attention of our management and personnel from other business concerns, they could have a material adverse effect on our business, financial condition and results of operations. The increased costs will decrease our net income or increase our net loss and may require us to reduce costs in other areas of our business. Furthermore, these rules and regulations could make it more difficult or more costly for us to obtain certain types of insurance, including director and officer liability insurance, and we may be forced to accept reduced policy limits and coverage and higher self-insured retention amounts, or incur substantially higher costs to obtain the same or similar coverage. The impact of these requirements could also make it more difficult for us to attract and retain qualified persons to serve on our board of directors, our board committees or as executive officers. We cannot predict or estimate the amount or timing of additional costs we may incur to respond to these requirements.

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, or 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. 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 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, 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, while we do not believe that USDA has the statutory authority to regulate plant-based products under the current legislative framework, USDA is considering naming requirements for other types of alternative protein products 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 prohibition on using 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 that may enter into force by April 2022, to define, for example, the sanctions in case of non-compliance. There is a risk that this new law will require labeling of products of non-French origin. We do not believe that the new French bill complies with the laws of the European Union, in particular the principle of free movement of goods. In November 2021, Beyond Meat co-signed a letter from the European Alliance of Plant-Based Foods protesting this law. Should 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. In October 2021, the Turkish authorities challenged the use of the Caped Longhorn superhero logo, as well as the name “Beyond Meat,” alleging that the consumer is misled as to the characteristics of our products. The local distributor has made a submission that this is an unlawful restriction under the EU-Turkey Free Trade Agreement. In December 2021, the Turkish authorities rejected this submission, and held that references to “plant-based” in combination with “meat” would mislead the consumer. Separately, competitors may also try to bring legal action against us. In late September 2020, three meat trade associations announced that they had initiated a lawsuit against a French plant-based meat company for unfair competition and violating the prohibition on meaty names of June 2020. To the best of our knowledge, the lawsuit has not been filed yet. In October 2020, a French trade association representing the cattle industry sent a cease-and-desist letter to one of our contract manufacturers alleging that the use of “meat” and meat-related terms is misleading the French consumer. As of January 31, 2022, we continued to be actively engaged in negotiations to settle this dispute. Nonetheless, despite our best efforts, these disputes could result in litigation before the courts, which could be costly and disruptive to our ability to market in these countries.

Increases in income tax rates or changes in income tax laws could have a material adverse impact on our financial results.

Increases in income tax rates or other changes in tax laws, including changes in how existing tax laws are interpreted or enforced, could adversely affect our financial performance. The increasingly complex global tax environment has in the past and could continue to increase tax uncertainty, resulting in higher compliance costs and adverse effects on our financial performance. We are also subject to regular reviews, examinations and audits by numerous taxing authorities with respect to income and non-income based taxes. Economic and political pressures to increase tax revenues in jurisdictions in which we operate, or the adoption of new or reformed tax legislation or regulation, may make resolving tax disputes more difficult and the final resolution of tax audits and any related litigation can differ from our historical provisions and accruals, resulting in an adverse effect on our financial performance.

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.

Don Lee Farms

On May 25, 2017, Don Lee Farms, a division of Goodman Food Products, Inc., filed a complaint against us 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 our decision to terminate an exclusive supply agreement between us and Don Lee Farms. We 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 our 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 our co-manufacturers. The then current contract manufacturer filed an answer denying all of Don Lee Farms' claims and a cross-complaint against us 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 us. On May 30, 2019, the judge denied our motion to dismiss the fraud and negligent misrepresentation claims, allowing the claims to proceed. On June 19, 2019, we 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 our current or former employees, 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, we 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, we 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 our 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 us 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 us.

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 judgment on Don Lee Farms' fraud claim asserted against them. On June 11, 2021, we 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 our motions for summary adjudication. The Court denied the individual defendants' motion for summary adjudication. The Court also denied our motion for summary adjudication on Don Lee Farms' fraud and negligent misrepresentation claims. The Court granted our 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. The Court has not ruled on this motion. The hearing for this motion is scheduled for April 13, 2022.

The previous trial date, September 27, 2021, was continued. Trial is currently set for May 16, 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. We are 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.

We believe we were justified in terminating the supply agreement with Don Lee Farms, that we are 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 our amended cross-complaint. Conversely, as alleged in our amended cross-complaint, we believe Don Lee Farms misappropriated our trade secrets, defrauded us, and ultimately has infringed our trademarks.

We are currently in the process of litigating this matter and intend to vigorously defend ourselves and our current and former employees against the claims and to prosecute our own claims. We cannot assure you that Don Lee Farms will not prevail in all or some of their claims against us or the individual defendants, or that we will prevail in some or all of our claims against Don Lee Farms. For example, if Don Lee Farms succeeds in the lawsuit, we could be required to pay damages, including but not limited to contract damages reasonably calculated at what we would have paid Don Lee Farms to produce our products through 2019, the end of the contract term. Based on our current knowledge, we have 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.

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 our executive officers, our President and CEO, Ethan Brown, and our former Chief Financial Officer and Treasurer, Mark Nelson. 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 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 our executive officers, our President and CEO, Ethan Brown, and our former Chief Financial Officer and Treasurer, Mark Nelson, and each of the Company's directors, including one former director, who signed our 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 our 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 us.

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, our President and CEO, Ethan Brown, and our former Chief Financial Officer and Treasurer, Mark Nelson, and each of our directors, including one former director, who signed our 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 our 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 Beyond Meat.

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, putatively on behalf of Beyond Meat, against two of our executive officers, our President and CEO, Ethan Brown, and our former Chief Financial Officer and Treasurer, Mark Nelson, and each of our directors, including one former director, who signed our 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 our 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 our dealings with and ongoing litigation with Don Lee Farms, and related actions taken by us 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 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 December 31, 2021. No other payment is contemplated in the proposed settlement. On October 1, 2021, the parties filed a Joint Report Regarding Settlement in the Central District of California stating that the parties reached a tentative settlement and requesting that the Court (i) vacate the briefing schedule for Defendants' motion to dismiss, and (ii) issue an order setting November 19, 2021 as the deadline on or before which Plaintiffs must move for preliminary approval of the settlement. On October 4, 2021, the Court entered such an order. The parties requested and received another extension—to January 14, 2022—for Plaintiffs to file a motion for preliminary approval. 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. The parties are waiting for the Court to rule on this motion.

On June 17, 2020, James Janolek, a purported shareholder of Beyond Meat, filed a shareholder derivative lawsuit in the United States District Court of the District of Delaware, putatively on behalf of the Company, against two of our executive officers, our President and CEO, Ethan Brown, and our former Chief Financial Officer and Treasurer, Mark Nelson, and each of our directors, including one former director, who signed our initial public offering registration statement. The lawsuit asserts claims under Sections 14(a) and 20(a) 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 our ongoing litigation with Don Lee Farms, related actions taken by Beyond Meat and the named individuals during the period of May 2, 2019 to June 17, 2020. On July 10, 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 July 10, 2020, the Court entered an order administratively closing the derivative case based on the stay order. On November 9, 2020, Plaintiff filed a Notice of Voluntary Dismissal without prejudice and without costs or attorney fees to either party.

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.

General Risk Factors

Our share price has been and may continue to be highly volatile, and you could lose all or part of your investment.

The market price of our common stock has been and is likely to continue to be highly volatile and could be subject to wide fluctuations in response to many factors discussed in this "*Risk Factors*" section, including:

- the effects of COVID-19; general economic, market and political conditions, including negative effects on consumer confidence and spending levels;
- actual or anticipated fluctuations in our financial condition and operating results, including fluctuations in our quarterly and annual results;
- announcements of innovations by us or our competitors;
- announcement by competitors or new market entrants of their entry into or exit from the plant-based protein market;
- overall conditions in our industry and the markets in which we operate;

- market conditions or trends in the packaged food sales industry or in the economy as a whole;
- addition or loss of significant customers or other developments with respect to significant customers;
- adverse developments concerning our manufacturers or suppliers;
- changes in laws or regulations applicable to our products or business;
- our ability to effectively manage our growth and market expectations with respect to our growth;
- speculation regarding public customer announcements or geographic expansion;
- actual or anticipated changes in our growth rate relative to our competitors;
- announcements by us or our competitors of significant acquisitions, strategic partnerships, joint ventures or capital commitments;
- additions or departures of key personnel;
- competition from existing products or new products that may emerge;
- issuance of new or updated research or reports about us or our industry, or positive or negative recommendations or withdrawal of research coverage by securities analysts;
- our failure to meet the estimates and projections of the investment community or that we may otherwise provide to the public;
- fluctuations in the valuation of companies perceived by investors to be comparable to us;
- disputes or other developments related to proprietary rights, including patents, and our ability to obtain intellectual property protection for our products;
- litigation or regulatory matters;
- announcement or expectation of additional financing efforts;
- our cash position;
- our indebtedness and ability to pay such indebtedness, as well as our ability to comply with covenants under our credit agreement;
- sales of our common stock by our stockholders;
- issuance of equity or debt;
- share price and volume fluctuations attributable to inconsistent trading volume levels of our common stock;
- changes in accounting practices;
- ineffectiveness of our internal controls;
- short-selling of our common stock;
- negative media or marketing campaigns undertaken by our competitors or lobbyists supporting the meat industry;
- the public’s response to publicity relating to the health aspects or nutritional value of our products; and
- other events or factors, many of which are beyond our control.

Furthermore, the stock markets have experienced price and volume fluctuations that have affected and continue to affect the market prices of equity securities of many companies. These fluctuations often have been unrelated or disproportionate to the operating performance of those companies. These broad market and industry fluctuations, as well as general economic, political and market conditions such as recessions, interest rate changes, tariffs, international currency fluctuations, or the effects of disease outbreaks or pandemics (such as COVID-19), may negatively impact the market price of our common stock. In the past, companies that have experienced volatility in the market price of their stock have been subject to securities class action litigation. For example, we are currently subject to multiple shareholder derivative lawsuits related, in part, to a securities case filed against us alleging federal securities law violations with respect to past disclosure, which case has since been dismissed with prejudice. Securities litigation, and any other type of litigation, brought against us could result in substantial costs and divert our management's attention from other business concerns, which could seriously harm our business and adversely affect our results of operations.

Future sales of our common stock in the public market could cause our share price to fall.

Sales of a substantial number of shares of our common stock in the public market could occur at any time. These sales, or the perception in the market that the holders of a large number of shares of common stock intend to sell shares, could reduce the market price of our common stock. Moreover, certain holders of our common stock have rights, subject to certain conditions, to require us to file registration statements covering their shares or to include their shares in registration statements that we may file for ourselves or other stockholders. We also have registered all shares of common stock that we may issue under our equity compensation plans following the IPO or that are issuable upon exercise of outstanding options following the IPO. These shares can be freely sold in the public market upon issuance and once vested, subject to volume limitations applicable to affiliates. If any of these additional shares are sold, or if it is perceived that they will be sold, in the public market, the market price of our common stock could decline.

If securities or industry analysts issue an adverse or misleading opinion regarding our business or publish unfavorable research about our business, our share price and trading volume could decline.

The trading market for our common stock depends in part on the research and reports that industry or securities analysts publish about us or our business. If one or more of the analysts who cover us ceases coverage of our company or fails to publish reports on us regularly, we could lose visibility in the financial markets, which in turn could cause our share price or trading volume to decline. Moreover, if any of the analysts who cover us downgrade our stock or issue an adverse or misleading opinion regarding us, our business model or our stock performance, or if our operating results fail to meet the expectations of the investor community, our share price could decline.

We have never paid dividends on our capital stock and we do not intend to pay dividends for the foreseeable future. Consequently, any gains from an investment in our common stock will likely depend on whether the price of our common stock increases.

We have never declared or paid any dividends on our common stock and do not intend to pay any dividends in the foreseeable future. We anticipate that we will retain all of our future earnings for use in the operation of our business and for general corporate purposes. Accordingly, investors should rely on sales of their common stock after price appreciation, which may never occur, as the only way to realize any future gains on their investments.

Our charter documents and Delaware law could prevent a takeover that stockholders consider favorable and could also reduce the market price of our stock.

Our restated certificate of incorporation and our amended and restated bylaws contain provisions that could delay or prevent a change in control of our company. These provisions could also make it more difficult for stockholders to elect directors and take other corporate actions. These provisions include:

- providing for a classified board of directors with staggered, three-year terms;

- authorizing our board of directors to issue preferred stock with voting or other rights or preferences that could discourage a takeover attempt or delay changes in control;
- prohibiting cumulative voting in the election of directors;
- providing that vacancies on our board of directors may be filled only by a majority of directors then in office, even though less than a quorum;
- prohibiting the adoption, amendment or repeal of our amended and restated bylaws or the repeal of the provisions of our restated certificate of incorporation regarding the election and removal of directors without the required approval of at least 66.67% of the shares entitled to vote at an election of directors;
- prohibiting stockholder action by written consent;
- limiting the persons who may call special meetings of stockholders; and
- requiring advance notification of stockholder nominations and proposals.

These provisions may frustrate or prevent any attempts by our stockholders to replace or remove our current management by making it more difficult for stockholders to replace members of our board of directors, which is responsible for appointing the members of our management. In addition, the provisions of Section 203 of the Delaware General Corporate Law, or the DGCL, govern us. These provisions may prohibit large stockholders, in particular those owning 15% or more of our outstanding voting stock, from merging or combining with us for a certain period of time without the consent of our board of directors.

These and other provisions in our restated certificate of incorporation and our amended and restated bylaws and under Delaware law could discourage potential takeover attempts, reduce the price investors might be willing to pay in the future for shares of our common stock and result in the market price of our common stock being lower than it would be without these provisions.

Our restated certificate of incorporation provides that the Court of Chancery of the State of Delaware and the federal district courts of the United States of America will be the exclusive forums for substantially all disputes between us and our stockholders, which could limit our stockholders' ability to obtain a favorable judicial forum for disputes with us or our directors, officers, or employees.

Our restated certificate of incorporation provides that the Court of Chancery of the State of Delaware is the exclusive forum for:

- any derivative action or proceeding brought on our behalf;
- any action asserting a claim of breach of a fiduciary duty owed by, or other wrongdoing by, any of our directors, officers, employees or agents to us or our stockholders;
- any action asserting a claim against us arising pursuant to any provision of the DGCL, our restated certificate of incorporation, or our amended and restated bylaws;
- any action to interpret, apply, enforce or determine the validity of our restated certificate of incorporation or our amended and restated bylaws; and
- any action asserting a claim against us that is governed by the internal affairs doctrine;

provided, that with respect to any derivative action or proceeding brought on our behalf to enforce any liability or duty created by the Exchange Act or the rules and regulations thereunder, the exclusive forum will be the federal district courts of the United States of America. Our restated certificate of incorporation further provides that the federal district courts of the United States of America will be the exclusive forum for resolving any complaint asserting a cause of action arising under the Securities Act.

These exclusive forum provisions may limit a stockholder’s ability to bring a claim in a judicial forum that it finds favorable for disputes with us or our directors, officers, or other employees, which may discourage lawsuits against us and our directors, officers and other employees.

Our ability to utilize our federal net operating loss and tax credit carryforwards may be limited under Sections 382 and 383 of the Internal Revenue Code (the “Code”).

As of December 31, 2021, we had accumulated federal, state and foreign net operating loss carryforwards of approximately $514.1 million, $201.7 million and $24.6 million, respectively. Approximately $422.4 million of the federal net operating losses do not expire and the remaining federal, state and foreign tax loss carryforwards begin to expire in 2031, 2032 and 2025, respectively, unless previously utilized. Utilization of the Company’s net operating loss and tax credit carryforwards may be subject to a substantial annual limitation due to the ownership change limitations provided by the Code and similar state provisions.

The limitations apply if a corporation undergoes an “ownership change,” which is generally defined as a greater than 50 percentage point change (by value) in its equity ownership by certain stockholders over a three-year period. We have experienced several ownership changes none of which is expected to result in a material limitation on the future use of our net operating loss and credit carryforwards generated prior to these ownership changes. However, any future changes in our stock ownership, which may be outside of our control, may trigger an ownership change and, consequently, Section 382 and 383 limitations. Similar provisions of state tax law may also apply to limit our use of accumulated state tax attributes. As a result, if we earn net taxable income, our ability to use our pre-change net operating loss carryforwards and other tax attributes to offset such taxable income may be subject to limitations, which could potentially result in increased future income tax liability to us. We are currently analyzing whether and to what extent we have experienced an ownership change pursuant to Section 382; and to the extent such change occurred, the impact to the availability of our tax attributes.

ITEM 1B. UNRESOLVED STAFF COMMENTS.

None.

ITEM 2. PROPERTIES.

Our primary production facilities for our woven protein and dry blends are located in Columbia, Missouri. We lease manufacturing facilities consisting of approximately 26,000 square feet under a lease expiring June 30, 2022 and approximately 64,000 square feet under a lease expiring July 31, 2025, the latter of which is subject to automatic extensions for two consecutive three-year periods in accordance with the terms of the lease unless we provide notice terminating the lease at least one year before its expiration date.

We own a manufacturing facility consisting of approximately 86,000 square feet on approximately 19.34 acres of land in Devault, Pennsylvania, which is used primarily for finished goods production.

We own a manufacturing facility consisting of approximately 48,000 square feet in Enschede, the Netherlands, where we produce our woven protein and dry blend flavor systems for shipment to local co-manufacturers, including one of our distributors who built a co-manufacturing facility in the Netherlands used for production of our finished goods.

We lease a manufacturing facility consisting of approximately 43,000 square feet in Jiaxing, China, where we produce our woven protein and house end-to-end production. Renovations in the leased facility were substantially completed and trial production began in the first quarter of 2021. In the second quarter of 2021, several commercial trials of certain of our manufacturing processes were completed. Following the successful qualification of extrusion production capabilities in the third quarter of 2021 and the completion of International Food Safety System Certification (FSSC) 22000 and ISA Halal certification in the fourth quarter of 2021, 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, China, which will be used as a local research and development facility to support our local manufacturing operations. Design and construction work is underway, with estimated completion in the second quarter of 2022.

In the third quarter of 2021, we completed the purchase of a 142,000 square foot facility on approximately 12.90 acres of land in Columbia, Missouri. This facility is used primarily for warehousing and dry blending (ingredient handling).

Also in the third quarter of 2021, we assumed an operating lease for a building consisting of approximately 64,000 square feet in Commerce, California to house our commercialization center which will facilitate the trial and scale up of new products for both our woven protein and finished goods. The commercialization center is expected to improve our speed to market for new products, reduce overall network costs by freeing up production lines from trials and improve collaboration of technical resources. The lease expires in August 2033, subject to an option to extend the lease term for an additional 60 months. Design and construction work is underway, with estimated completion in 2022.

In addition to leasing our corporate headquarters and other general office space in El Segundo, California, we lease approximately 30,000 square feet for our Manhattan Beach Project Innovation Center in El Segundo, California under a lease expiring January 31, 2026. In 2021, we leased approximately an additional 10,200 square feet of adjacent lab space under pursuant to an amendment to our Manhattan Beach Project Innovation Center lease. Our right to use the additional 10,200 square feet of adjacent lab space was for an initial term through January 31, 2022, and may continue on a month-to-month basis thereafter.

On January 14, 2021, we entered into a 12-year lease with two 5-year extension options to house our corporate headquarters, lab and innovation space in El Segundo, California. The leased premises are to be built out by the landlord and delivered to us in three phases over a 26-month period. Once the premises are delivered to us in their entirety, we will lease approximately 281,110 rentable square feet under the lease. Design and construction work at the premises is underway, with occupancy of a portion of the premises likely to occur in the third quarter of 2022. See Note 11, *Commitments and Contingencies*, to the Notes to Consolidated Financial Statements included elsewhere in this report.

ITEM 3. 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. In the fourth quarter of 2021, the Company accrued $0.5 million relating to the settlement of certain derivative actions. See Note 11, Commitments and Contingencies, of the Notes to Consolidated Financial Statements included elsewhere in this report. Although the outcome of these and other claims cannot be predicted with certainty, other than the settlement of certain derivative actions, 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 11, *Commitments and Contingencies*, of the Notes to Consolidated Financial Statements included elsewhere in this report.

ITEM 4. MINE SAFETY DISCLOSURES.

Not applicable.

PART II

ITEM 5. MARKET FOR REGISTRANT’S COMMON EQUITY, RELATED STOCKHOLDER MATTERS AND ISSUER PURCHASES OF EQUITY SECURITIES.

Market Information

Our common stock began trading on the Nasdaq Global Select Market under the symbol “BYND” on May 2, 2019. Prior to that date, there was no public trading market for our common stock.

Holders

As of February 28, 2022, there were 110 holders of record of our common stock. This number does not include beneficial owners whose shares are held by nominees in street name.

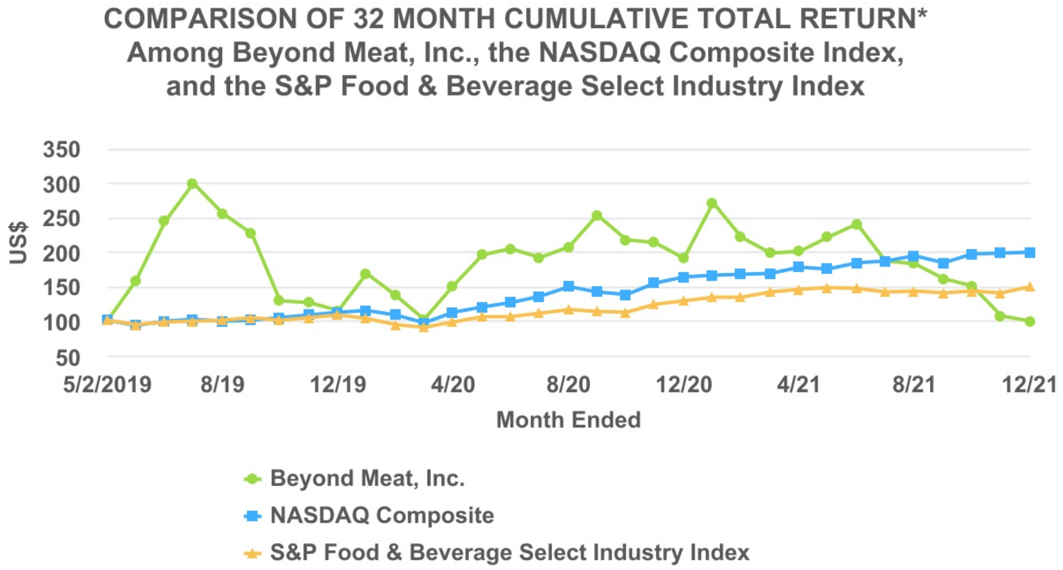
Dividends

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.

Performance Graph

The following performance graph and related information shall not be deemed “soliciting material” or to be “filed” with the SEC, nor shall such information be incorporated by reference into any future filing under the Securities Act or the Exchange Act, whether made before or after the date hereof and irrespective of any general incorporation language in any such filing, or otherwise subject to the liabilities under the Securities Act or Exchange Act, except to the extent that we specifically incorporate it by reference into such filing.

The following graph depicts the total cumulative stockholder return on our common stock from May 2, 2019, the first day of trading of our common stock on the Nasdaq Global Select Market, through December 31, 2021, relative to the performance of the NASDAQ Composite Index and the S&P Food and Beverage Select Industry Index, a peer group that includes Beyond Meat. The graph assumes an initial investment of $100.00 at the close of trading on May 2, 2019 and that all dividends paid by companies included in these indices have been reinvested. The performance shown in the graph below is not intended to forecast or be indicative of future stock price performance.



ITEM 6. [RESERVED]

ITEM 7. 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,” and “Note Regarding Forward-Looking

Statements" included elsewhere in this report. The following discussion and analysis of our financial condition and results of operations should be read in conjunction with our audited consolidated financial statements and related notes included elsewhere in this report, as well as the information presented under "Selected Financial Data."

Our Management's Discussion and Analysis of Financial Condition and Results of Operations included in this document generally discusses 2021 and 2020 items and year-to-year comparisons between 2021 and 2020. Discussions of 2019 items and year-to-year comparisons between 2020 and 2019 that are not included in this document can be found in "Management's Discussion and Analysis of Financial Condition and Results of Operations" in Part II, Item 7 of our Annual Report on Form 10-K for the fiscal year ended December 31, 2020.

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 December 2021, our products were available at approximately 130,000 retail and foodservice outlets in more than 90 countries worldwide, across mainstream grocery, mass merchandiser, club store, convenience store and natural retailer channels, direct-to-consumer, and various food-away-from-home channels, including restaurants, foodservice outlets and schools.

Our research and development and administrative offices are located in El Segundo, California. Our primary production facilities for our woven protein and dry blends are located in Columbia, Missouri. We lease manufacturing facilities consisting of approximately 26,000 square feet under a lease expiring June 30, 2022 and approximately 64,000 square feet under a lease expiring July 31, 2025, the latter of which is subject to automatic extensions for two consecutive three-year periods in accordance with the terms of the lease unless we provide notice terminating the lease at least one year before its expiration date.

We own a manufacturing facility consisting of approximately 86,000 square feet on approximately 19.34 acres of land in Devault, Pennsylvania, which is used primarily for finished goods production.

We own a manufacturing facility consisting of approximately 48,000 square feet in Enschede, the Netherlands, where we produce our woven protein and dry blend flavor systems for shipment to local co-manufacturers, including one of our distributors who built a co-manufacturing facility in the Netherlands used for production of our finished goods.

We lease a manufacturing facility consisting of approximately 43,000 square feet in Jiaxing, China, where we produce our woven protein and house end-to-end production. Renovations in the leased facility were substantially completed and trial production began in the first quarter of 2021. In the second quarter of 2021, several commercial trials of certain of our manufacturing processes were completed. Following the successful qualification of extrusion production capabilities in the third quarter of 2021 and the completion of International Food Safety System Certification (FSSC) 22000 and ISA Halal certification in the fourth quarter of 2021, 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, China, which will be used as a local research and development facility to support our local manufacturing operations. Design and construction work is underway, with estimated completion in the second quarter of 2022.

In the third quarter of 2021, we completed the purchase of a 142,000 square foot facility on approximately 12.90 acres of land in Columbia, Missouri. This facility is used primarily for warehousing and dry blending (ingredient handling).

Also in the third quarter of 2021, we assumed an operating lease for a building consisting of approximately 64,000 square feet in Commerce, California to house our commercialization center which will facilitate the trial and scale up of new products for both our woven protein and finished goods. The commercialization center is expected to improve our speed to market for new products, reduce overall network costs by freeing up production lines from trials and improve collaboration of technical resources. The lease expires in August 2033, subject to an option to extend the lease term for an additional 60 months. Design and construction work is underway, with estimated completion in 2022.

In addition to leasing our corporate headquarters and other general office space in El Segundo, California, we lease approximately 30,000 square feet for our Manhattan Beach Project Innovation Center in El Segundo, California under a lease expiring January 31, 2026. In 2021, we leased approximately an additional 10,200 square feet of adjacent lab space under pursuant to an amendment to our Manhattan Beach Project Innovation Center lease. Our right to use the additional 10,200 square feet of adjacent lab space was for an initial term through January 31, 2022, and may continue on a month-to-month basis thereafter.

On January 14, 2021, we entered into a 12-year lease with two 5-year extension options to house our corporate headquarters, lab and innovation space in El Segundo, California. The leased premises are to be built out by the landlord and delivered to us in three phases over a 26-month period. Once the premises are delivered to us in their entirety, we will lease approximately 281,110 rentable square feet under the lease. Design and construction work at the premises is underway, with occupancy of a portion of the premises likely to occur in the third quarter of 2022. See Note 11, Commitments and Contingencies, to the Notes to Consolidated Financial Statements included elsewhere in this report.

On January 25, 2021, we entered into The PLANeT Partnership, LLC ("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.

On March 5, 2021, we issued $1.0 billion aggregate principal amount of our 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 initial conversion price of the Notes is $206.00 per share of common stock, which represents a premium of approximately 47.5% over the closing price of the Company's common stock on March 2, 2021. The Notes will mature on March 15, 2027, unless earlier repurchased, redeemed or converted. The Notes were issued pursuant to, and are governed by, an indenture, dated as of March 5, 2021 (the "Indenture"), between us and U.S. Bank National Association, as trustee. We used $84.0 million of the net proceeds from the sale of the Notes to fund the cost of entering into capped call transactions, described below and intend to use the remainder of the net proceeds for general corporate purposes and working capital. 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 8, *Debt*, to the Notes to Consolidated Financial Statements elsewhere in this report.

On March 2, 2021, in connection with the pricing of the offering of the Convertible Notes, we entered into capped call transactions (the "Base Capped Call Transactions") with the option counterparties and used $73.0 million in net proceeds from the sale of the Convertible Notes to fund the cost of the Base Capped Call Transactions. On March 12, 2021, in connection with the Additional Notes, we entered into capped call transactions (the "Additional Capped Call Transactions") with the option counterparties and used $11.0 million in net proceeds from the sale of the Additional Notes to fund the cost of the Additional Capped Call Transactions.

The Base Capped Call Transactions and the Additional Capped Call Transactions (collectively, the “Capped Call Transactions”) cover, subject to customary adjustments, the aggregate number of shares of our common stock that will initially underlie the Notes, and are expected generally to reduce potential dilution to our common stock upon any conversion of Notes and/or offset any cash payments we are required to make in excess of the principal amount of the converted Notes, as the case may be, with such reduction and/or offset subject to a cap, based on the cap price of the Capped Call Transactions. The cap price of the Capped Call Transactions is $279.32, which represents a premium of 100% over the last reported sale price of the Company’s common stock on March 2, 2021. The aggregate $84.0 million paid for the Capped Call Transactions was recorded as a reduction to “Additional paid-in capital” (“APIC”).

Net revenues increased to $464.7 million in 2021 from $406.8 million in 2020 and $297.9 million in 2019, representing a 25% compound annual growth rate over a two-year period, compared to a 115% compound growth rate over a two-year period in 2020. We have generated losses since inception. Net loss in 2021, 2020 and 2019 was $182.1 million, $52.8 million and $12.4 million, respectively, as we pursued our long-term goal of future growth of our business, investing in innovation, people, infrastructure, product scaling and establishing strategic partnerships in the U.S., EU and China.

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.

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 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 has slowed the reopening process.

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. 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. Effective January 26, 2022, OSHA has withdrawn this as an enforceable emergency temporary standard but has not withdrawn the emergency standard as a proposed rule.

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.

While our manufacturing facilities and our Manhattan Beach Project Innovation Center remained operational, beginning in March 2020 employees at our corporate headquarters began working remotely. Beginning in July 2021, our corporate employees returned to work and were provided a flexible working schedule of working in the office or remotely depending on job responsibilities, company need and performance. Beginning in October 2021, we began requiring headquarters-based employees to return to working in the office. At all of our facilities, we follow current guidelines from local departments of public health and have implemented comprehensive preventative hygienic measures to support the health and safety of our employees. In addition, we strongly encourage face coverings while indoors and have implemented a mandatory vaccine policy absent approved accommodations and regular testing. At our manufacturing facilities, we have implemented a series of physical distancing and hygienic practices to further support the health and safety of our manufacturing employees. Travel and field marketing activities have resumed with instructions to adhere to COVID-19-related guidelines. Illness prevention policies have been updated company-wide to state that no employee may be onsite when experiencing any symptom of illness. Employees must remain home when sick and may not return onsite until symptom-free. If employees test positive for COVID-19, they must quarantine for five days and until they are no longer symptomatic, and must also test negative prior to returning to work.

The COVID-19 pandemic had a mixed impact on our quarterly foodservice channel net revenues in 2021, which declined in the first quarter of 2021 and recovered in the remaining three quarters of 2021 as compared to the same periods in the prior year. Overall, for the year ended December 31, 2021, foodservice channel net revenues were $139.9 million compared to $106.2 million in the prior year, a 31.7% increase. Despite the improvement in 2021 in the foodservice channel compared to the same period a year ago, we recognize that our anticipation of continued steady recovery in the foodservice channel is based on the assumption that COVID-19 infection rates both in the U.S. and abroad will be reasonably contained. The impacts of the ongoing COVID-19 pandemic also continue to result in delays in tests or launches of our products among our foodservice customers and negatively impact the rate of our growth. Excluding our sales to large QSR customers, our foodservice channel has broad exposure to certain outlets that we believe have been disproportionately affected by COVID-19. These include, among others: amusement parks; academic institutions; hospitality; corporate catering services; movie theaters; sports arenas; and bars and pubs, locations that are frequently characterized by large gatherings of people in close proximity to each other, or those that may be adversely affected by reduced business or leisure travel, or reduced attendance at corporate offices. While we saw some improvement in demand in our foodservice business in 2021, the environment remains highly uncertain given the ongoing pandemic and the resurgence of COVID-19 and the appearance of variants.

Our retail channel net revenues in 2021 increased in the first quarter of 2021 but the rate of increase slowed down in the second and third quarters of 2021, and declined in the fourth quarter of 2021 as compared to the same periods in the prior year. Overall, for the year ended December 31, 2021, retail channel net revenues were $324.8 million compared to $300.6 million in the prior year, an 8.1% increase. In the prior year, we experienced a meaningful increase in retail demand as consumers shifted toward more at-home consumption as a result of the pandemic. But in 2021, retail channel net revenues were impacted by a general slowdown of growth in the U.S. plant-based meat category, higher trade discounts and, to a lesser extent, increased competition.

For the year ended December 31, 2021, our retail and foodservice channels accounted for approximately 69.9% and 30.1% of our net revenues, respectively. For the year ended December 31, 2020, our retail and foodservice channels accounted for approximately 73.9% and 26.1% of our net revenues, respectively. For the year ended December 31, 2021, our U.S. and international channels accounted for approximately 68.8% and 31.2% of our net revenues, respectively. For the year ended December 31, 2020, our U.S. and international channels accounted for approximately 79.9% and 20.1% of our net revenues, respectively. The change in mix of our distribution channels has been significant since the start of the COVID-19 pandemic, which is likely to continue to cause fluctuation in our financial results pending its duration, magnitude and effects.

In 2021, net revenues from the international channels, both retail and foodservice, significantly improved from the prior year. International net revenues increased 76.9% in 2021 as compared to 2020 primarily due to an increase in the number of distribution outlets that sell our products and due to the favorable comparison to the prior year when international foodservice net revenues were significantly impacted by COVID-19. In 2021, U.S. foodservice channel net revenues improved but were more than offset by the decline in U.S. retail channel net revenues, resulting in a 1.6% decline in U.S. net revenues.

At December 31, 2021, our inventory balances increased 99% compared to the levels at December 31, 2020, primarily due to increases in raw materials including the growth in flavorings and packaging to support expansion in the number of products we offer, increases in work-in-process and finished goods inventories. The increase in finished goods inventory includes the effect of capitalized higher direct labor and production overhead costs.

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, 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, primarily in the U.S. due to slower category growth and increased competitive activity;
- 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, higher transportation and supply chain costs;
- increased promotional programs and trade discounts to our retail and foodservice customers 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 addition to the above, 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, magnitude and effects 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;
- the timing and success of strategic 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 and inflation;
- reduced confidence by our foodservice partners due to the resurgence of COVID-19, as well as reimplementation 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 environmental, social and governance ("ESG") program. As part of the development of our ESG program, we have completed a materiality analysis and are working on leveraging that 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, direct-to-consumer, 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:

Distribution Channel	Description
U.S. Retail	Net revenues from retail sales to the U.S. market[(1)]
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

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(1) Includes net revenues from direct-to-consumer sales.

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 FSR 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 and Beyond Breakfast Sausage Links, the recent launches of the latest iteration of our Beyond Burger and Beyond Chicken Tenders 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 growing 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 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, 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. 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 liability for estimated sales discounts that have been incurred but not paid which totaled $3.6 million as of December 31, 2021 and December 31, 2020. We expect to face increasing competition across all channels, especially as additional plant-based protein product brands continue to enter the marketplace. 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 profit, gross margin 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 2021, U.S. retail channel net revenues during the second quarter were 21% higher than the first quarter. In 2020, the impact of COVID-19 amplified this seasonal impact with U.S. retail channel net revenues increasing 80% compared to the first quarter of 2020. 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, 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, co-manufacturing fees, direct and indirect labor and certain supply costs, in-bound and internal shipping and handling costs incurred in manufacturing our products, warehouse storage fees, plant and equipment overhead, depreciation and amortization expense, as well as the cost of packaging our products. 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 intend to continue to increase our production capabilities at our in-house manufacturing facilities in Columbia, Missouri, Devault, Pennsylvania, the Netherlands and China, while expanding our co-manufacturing capacity and exploring additional production facilities domestically and abroad. As a result of expansion initiatives, we expect our cost of goods sold in absolute dollars to increase as a result of anticipated growth of our sales volume.

Subject to the ultimate duration, magnitude and effects of COVID-19, we continue to expect that gross profit improvements will be delivered primarily through improved volume leverage and throughput, 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, establishing infrastructure in the U.S., EU and China, growing our customer base, volume deleveraging, aggressive pricing strategies and increased discounting, our product and customer mix, expanding into new geographies and markets, enhancing our production infrastructure, enhancing our product offerings and increasing consumer engagement by applying 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 inflation, increasing labor costs, material 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. Future research and development expenses will include expenses associated with our new Commerce, California commercialization center. Design and construction work is underway, with estimated completion in 2022. 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, 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.

Selling, General and Administrative ("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 and other non-production operating expenses. Marketing and selling expenses include share-based compensation awards to brand ambassadors, advertising costs, 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 in absolute dollars to increase as we increase our domestic and international expansion efforts, expand our marketing efforts, and incur greater outbound shipping and handling costs as our revenues increase.

As we continue to grow, including internationally, we expect to expand our sales and marketing force to address additional opportunities. Over time, our administrative expenses are generally expected to increase with increased personnel to support various functions, including among others, operations and supply chain, accounting, finance, legal, IT and compliance-related functions.

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 11, *Commitments and Contingencies*, to the Notes to Consolidated Financial Statements, included elsewhere in this report.

Results of Operations

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

	Year Ended December 31,		
(in thousands)	**2021**	**2020**	**2019**
Net revenues	$ 464,700	$ 406,785	$ 297,897
Cost of goods sold	347,419	284,510	198,141
Gross profit	117,281	122,275	99,756
Research and development expenses	66,946	31,535	20,650
Selling, general and administrative expenses	209,474	133,655	74,726
Restructuring expenses	15,794	6,430	4,869
Total operating expenses	292,214	171,620	100,245
Loss from operations	$ (174,933)	$ (49,345)	$ (489)

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

	Year Ended December 31,		
	2021	2020	2019
Net revenues	100.0 %	100.0 %	100.0 %
Cost of goods sold	74.8	69.9	66.5
Gross profit	25.2	30.1	33.5
Research and development expenses	14.4	7.7	6.9
Selling, general and administrative expenses	45.1	32.9	25.1
Restructuring expenses	3.4	1.6	1.6
Total operating expenses	62.9	42.2	33.7
Loss from operations	(37.7)%	(12.1)%	(0.2)%

Year Ended December 31, 2021 Compared to Year Ended December 31, 2020

Net Revenues

	Year Ended December 31,		Change	
(in thousands)	2021	2020	Amount	%
U.S.:				
Retail	$ 243,360	$ 264,111	$ (20,751)	(7.9)%
Foodservice	76,475	60,763	15,712	25.9 %
U.S. net revenues	319,835	324,874	(5,039)	(1.6)%
International:				
Retail	$ 81,483	$ 36,472	$ 45,011	123.4 %
Foodservice	63,382	45,439	17,943	39.5 %
International net revenues	144,865	81,911	62,954	76.9 %
Net revenues	$ 464,700	$ 406,785	$ 57,915	14.2 %

Net revenues in the year ended December 31, 2021 increased by $57.9 million, or 14.2%, as compared to the prior year primarily due to an increase in volume sold, partially offset by lower net price per pound. Growth in net revenues was primarily due to increased foodservice channel sales, reflecting favorable comparison to the prior year as foodservice channels experienced a significant reduction in demand in 2020 due to the COVID-19 pandemic, and distribution gains in 2021 in the international foodservice channel. Retail channel sales increased primarily due to growth in demand in international markets, partially offset by weaker U.S. retail channel sales due to a deceleration in the growth of the plant-based meat category, higher trade discounts and, to a lesser extent, increased competition.

Net revenues from U.S. retail sales in the year ended December 31, 2021 decreased $20.8 million, or 7.9%, primarily due to decreases in sales of Beyond Burger, Beyond Sausage, Beyond Beef and Beyond Beef Crumble, partially offset by increased sales of Beyond Breakfast Sausage and Beyond Meatball. The introduction of Beyond Chicken Tenders in the fourth quarter of 2021 also contributed to U.S. retail channel sales in the year ended December 31, 2021.

Net revenues from U.S. foodservice sales in the year ended December 31, 2021 increased $15.7 million, or 25.9%, primarily due to increased sales of Beyond Burger, new chicken products, Beyond Beef and Beyond

Sausage, partially offset by decreased sales of Beyond Breakfast Sausage and Beyond Beef Crumble. Our products were available at approximately 34,000 U.S. retail outlets and 38,000 U.S. foodservice outlets as of December 2021.

Net revenues from international retail sales in the year ended December 31, 2021 increased $45.0 million, or 123.4%, due to increased sales of all of our products, primarily Beyond Burger, Beyond Sausage, Beyond Beef and Beyond Meatballs, and to a lesser extent, due to increases in sales of Beyond Breakfast Sausage, Beyond Beef Crumble, Beyond Chicken Tenders and Beyond Pork. Net revenues from international foodservice sales in the year ended December 31, 2021 increased $17.9 million, or 39.5%, primarily due to increased sales of Beyond Burger, Beyond Beef Crumble and Beyond Chicken Tenders, partially offset by decreased sales of Beyond Beef. Our products were available at approximately 58,000 international retail and foodservice outlets as of December 2021.

The following table presents volume of our products sold in pounds:

	Year Ended December 31,		Change	
(in thousands)	2021	2020	Amount	%
U.S.:				
Retail	44,568	45,706	(1,138)	(2.5)%
Foodservice	13,047	10,860	2,187	20.1 %
International:				
Retail	14,120	6,684	7,436	111.3 %
Foodservice	12,848	9,281	3,567	38.4 %
Volume of products sold	84,583	72,531	12,052	16.6 %

Cost of Goods Sold

	Year Ended December 31,		Change	
(in thousands)	2021	2020	Amount	%
Cost of goods sold	$ 347,419	$ 284,510	$ 62,909	22.1 %

Cost of goods sold increased by $62.9 million, or 22.1%, in 2021 as compared to the prior year, primarily due to increased pounds sold and increased cost per pound. The increased cost per pound was driven by increases in manufacturing costs including depreciation and higher logistics costs partially offset by reduced material costs. Cost of goods sold in 2021 included $12.5 million in write off of excess and obsolete inventories and $0.8 million in write down of inventory to lower of cost or net realizable value. Cost of goods sold in 2020 included $10.8 million in write off of excess and obsolete inventories related to the impact of COVID-19 including product repacking activities to repurpose certain foodservice inventory, and charges and write offs associated with foodservice products determined to be unsalable and $0 in write down of inventory to lower of cost or net realizable value.

Gross Profit and Gross Margin

	Year Ended December 31,		Change	
(in thousands)	2021	2020	Amount	%
Gross profit	$ 117,281	$ 122,275	$ (4,994)	(4.1)%
Gross margin	25.2 %	30.1 %	N/A	N/A

Gross profit in 2021 was $117.3 million, or 25.2% of net revenues, as compared to gross profit of $122.3 million, or 30.1% of net revenues, in the prior year, a decline of $5.0 million. Gross profit per pound and gross margin declined primarily due to decreased revenue per pound due to changes in product mix and higher trade discounts, combined with increased manufacturing costs per pound including depreciation and higher logistics costs partially offset by reduced materials costs. As disclosed in Note 2, *Summary of Significant Accounting Policies—Shipping and Handling Costs*, in the Notes to Consolidated Financial Statements included elsewhere in this report, 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 all shipping and handling costs as a component of cost of goods sold.

Research and Development Expenses

	Year Ended December 31,		Change	
(in thousands)	**2021**	**2020**	**Amount**	**%**
Research and development expenses	$ 66,946	$ 31,535	$ 35,411	112.3 %

Research and development expenses increased $35.4 million, or 112.3%, in 2021, as compared to the prior year. Research and development expenses increased primarily due to $19.2 million in higher scale-up expenses and a 38% increase in headcount compared to the prior year.

SG&A Expenses

	Year Ended December 31,		Change	
(in thousands)	**2021**	**2020**	**Amount**	**%**
Selling, general and administrative expenses	$ 209,474	$ 133,655	$ 75,819	56.7 %

SG&A expenses increased by $75.8 million, or 56.7%, in 2021, as compared to the prior year. The increase was primarily due to $31.2 million in higher salaries and related expenses resulting from a higher headcount; $23.7 million in higher marketing programs-related expenses including advertising costs incurred to raise awareness of our products both domestically and internationally; $14.1 million in higher professional services fees related to recently established consulting agreements; $7.2 million in higher outbound freight costs; $2.7 million in higher general insurance costs; $1.6 million in higher share-based compensation expense; and $1.3 million in higher bad debt expense, partially offset by $4.1 million in absence of product donations and $2.1 million in lower legal fees.

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 $15.8 million and $6.4 million in 2021 and 2020, respectively, primarily related to legal and other expenses associated with the dispute. As of December 31, 2021 and 2020, there were $2.7 million and $0.8 million, respectively, in accrued unpaid liabilities associated with this contract termination representing legal fees. We continue to incur legal fees in connection with our ongoing efforts to resolve this dispute. See Note 3, *Restructuring,* and Note 11, *Commitments and Contingencies*, to the Notes to Consolidated Financial Statements, included elsewhere in this report.

Loss from Operations

Loss from operations in 2021 was $174.9 million compared to loss from operations of $49.3 million in the prior year. In addition to the decline in gross profit, the increase in loss from operations was also driven by growth in overall headcount levels primarily to support our expanded manufacturing and supply chain operations, innovation and marketing capabilities, increased production trial and commercialization activities, increased investments in marketing activities, higher restructuring expenses primarily reflecting increased legal costs, higher outbound freight costs included in our selling expenses and expansion in our international operations.

Total Other Expense, Net

Total other expense, net in the year ended December 31, 2021 of $4.1 million consisted primarily of $3.6 million in interest expense from amortization of debt issuance costs, $1.0 million in loss on extinguishment of debt and $0.2 million in foreign currency transaction losses, partially offset by $0.2 million in interest income and $1.1 million in subsidies received from the Jiaxing Economic Development Zone Finance Bureau related to our investment in our subsidiary, Beyond Meat (Jiaxing) Food Co., Ltd. ("BYND JX"). Total other expense, net in the year ended December 31, 2020 consisted primarily of $2.6 million in interest expense on our debt balances, $1.5 million in loss on extinguishment of debt and $0.2 million in foreign currency transaction losses, partially offset by $0.8 million in interest income.

Other, net was a net expense of $0.5 million in 2021 and $0.8 million in 2020. Other, net in 2021 and 2020 included $1.0 million and $1.5 million, respectively, in loss on extinguishment of our refinanced credit arrangements, partially offset by interest income from invested cash balances. Interest income decreased to $0.2 million in the year ended December 31, 2021 from $0.8 million in the prior year.

Income Tax Expense

For 2021 and 2020, we recorded income tax expense of $60,000 and $72,000, respectively. These amounts primarily consist of income taxes for state jurisdictions which have minimum tax requirements. No tax benefit was provided for losses incurred because those losses were offset by a full valuation allowance.

Net Loss

Net loss was $182.1 million in 2021 compared to a net loss of $52.8 million in the prior year. This increase in net loss was driven by the year-over-year decrease in gross profit and increase in operating expenses. During 2020, net loss included $14.1 million in costs attributable to COVID-19 including $6.6 million in product repacking costs, $4.8 million in inventory write-offs and charges associated with foodservice products determined to be unsalable and $2.7 million in product donation costs related to our COVID-19 relief efforts, and $1.5 million of debt extinguishment costs associated with our refinanced credit arrangements.

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 (benefit) expense, interest expense, depreciation and amortization expense, restructuring expenses, share-based compensation expense, expenses attributable to COVID-19, remeasurement of our warrant liability, 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 measures. 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):

	Year Ended December 31,		
(in thousands)	**2021**	**2020**	**2019**
Net loss, as reported	$ (182,105)	$ (52,752)	$ (12,443)
Income tax expense	60	72	9
Interest expense	3,648	2,576	3,071
Depreciation and amortization expense	21,663	13,299	8,106
Restructuring expenses(1)	15,794	6,430	4,869
Share-based compensation expense	27,698	27,279	12,807
Expenses attributable to COVID-19(2)	—	14,137	—
Remeasurement of warrant liability	—	—	12,503
Other, net(3)	487	759	(3,629)
Adjusted EBITDA	$ (112,755)	$ 11,800	$ 25,293
Net loss as a % of net revenues	(39.2)%	(13.0)%	(4.2)%
Adjusted EBITDA as a % of net revenues	(24.3)%	2.9 %	8.5 %

(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.See Note 3, *Restructuring*, and Note 11, *Commitments and Contingencies*, to the Notes to Consolidated Financial Statements, included elsewhere in this report.

(2) In 2020, comprised of $14.1 million in costs attributable to COVID-19 consisting of $6.6 million in product repacking costs, $4.8 million in inventory write-offs and charges associated with foodservice products determined to be unsalable and $2.7 million in product donation costs related to our COVID-19 relief efforts.

(3) Includes $1.0 million in loss on extinguishment of debt associated with termination of the Company's credit facility in the year ended December 31, 2021 and $1.5 million in loss on extinguishment of debt associated with the Company's refinanced credit arrangements in the year ended December 31, 2020.

Liquidity and Capital Resources

Convertible Senior Notes

On March 5, 2021, we issued $1.0 billion aggregate principal amount of our 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. The initial purchasers of the Convertible Notes exercised their option to purchase an additional $150.0 million aggregate principal amount of our 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 initial conversion price of the Notes is $206.00 per share of common stock, which represents a premium of approximately 47.5% over the closing price of the Company's common stock on March 2, 2021. The Notes will mature on March 15, 2027, unless earlier repurchased, redeemed or converted. The Notes were issued pursuant to, and are governed by, an indenture, dated as of March 5, 2021 (the "Indenture"), between us and U.S. Bank National Association, as trustee (the Trustee"). We used $84.0 million of the net proceeds from the sale of the Notes to fund the cost of entering into capped call transactions, described below. 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 8, *Debt*, to the Notes to Consolidated Financial Statements included elsewhere in this report.

Capped Call Transactions

On March 2, 2021, in connection with the pricing of the offering of the Convertible Notes, we entered into capped call transactions (the "Base Capped Call Transactions") with the option counterparties and used $73.0 million in net proceeds from the sale of the Convertible Notes to fund the cost of the Base Capped Call Transactions. On March 12, 2021, in connection with the Additional Notes, we entered into capped call transactions (the "Additional Capped Call Transactions") with the option counterparties and used $11.0 million of the net proceeds from the sale of the Additional Notes to fund the cost of the Additional Capped Call Transactions. The Base Capped Call Transactions and the Additional Capped Call Transactions (collectively, the "Capped Call Transactions") cover, subject to customary adjustments, the aggregate number of shares of our common stock that will initially underlie the Notes, and are expected generally to reduce potential dilution to our common stock upon any conversion of Notes and/or offset any cash payments we may make in excess of the principal amount of the converted Notes, as the case may be, with such reduction and/or offset subject to a cap, based on the cap price of the Capped Call Transactions. The cap price of the Capped Call Transactions is $279.32, which represents a premium of 100% over the last reported sale price of our common stock on March 2, 2021. The aggregate $84.0 million paid for the Capped Call Transactions was recorded as a reduction to APIC. See Note 8 *Debt*, to the Notes to Consolidated Financial Statements included elsewhere in this report.

Revolving Credit Facility

On March 2, 2021, we terminated our secured revolving credit agreement, dated as of April 21, 2020 (the "Credit Agreement"), among the Company, as borrower, the lenders party thereto and JPMorgan Chase Bank, N.A., as the administrative agent, and in connection with such termination: (i) all borrowings outstanding under the Credit Agreement were repaid in full by the Company; and (ii) all liens and security interests under the Credit Agreement in favor of the lenders thereunder were released. See Note 8, *Debt*, to the Notes to Consolidated Financial Statements included elsewhere in this report.

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*" included elsewhere in this report. The pandemic 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; the expenses associated with our marketing initiatives; our investment in manufacturing and facilities to expand our manufacturing and production capacity; the costs required to fund domestic and international 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, including the costs associated with our current litigation with a former co-manufacturer; 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 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 as discussed above. As of December 31, 2021, we had $733.3 million in cash and cash equivalents.

Cash Flows

In the year ended December 31, 2021, approximately $269.6 million in aggregate expenditures to purchase inventory, purchase property, plant and equipment, invest in joint venture, and approximately $174.3 million in other cash flows from operating, investing and financing activities were funded by net borrowings of $1,017.4 million, after repaying the entire balance of the revolving credit facility.

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.

	Year Ended December 31,		
(in thousands)	**2021**	**2020**	**2019**
Cash (used in) provided by:			
Operating activities	$ (301,370)	$ (39,995)	$ (46,995)
Investing activities	$ (147,479)	$ (74,900)	$ (26,164)
Financing activities	$ 1,022,322	$ (1,762)	$ 294,876

Net Cash Used in Operating Activities

For the year ended December 31, 2021, we incurred a net loss of $182.1 million, which was the primary reason for net cash used in operating activities of $301.4 million. Net cash outflows from changes in operating assets and liabilities were primarily due to the increase in all three classes of inventory, cash outflows associated with the escrow payments for the Campus Lease (see Note 11, *Commitments and Contingencies*, to the Notes to Consolidated Financial Statements included elsewhere in this report), increase in prepaid expenses and other assets and increase in accounts receivable. The net cash outflows were partially offset by an increase in accounts payable and accrued expenses. Net loss for the year ended December 31, 2021, included $60.3 million in non-cash expenses primarily comprised of share-based compensation expense, depreciation and amortization expense, non-cash lease expense, amortization of debt issuance costs, provision for losses on accounts receivable and loss on extinguishment of debt.

For the year ended December 31, 2020, we incurred a net loss of $52.8 million, which was the primary reason for net cash used in operating activities of $40.0 million. Net cash used in operating activities also included $32.2 million in net cash outflows from changes in our operating assets and liabilities, primarily due to increase in inventory, and prepaid expenses and other current assets, partially offset by an increase in accounts payable and a decrease in accounts receivable. Increase in inventories, primarily due to the increase in raw materials inventory resulting from pea protein isolate received pursuant to agreed-upon delivery schedules to meet our anticipated product demand, negatively impacted cash flows from operations because due to the impact of COVID-19 the anticipated sales and the resulting cash inflows did not materialize as expected. Net loss for the year ended December 31, 2020, included $44.9 million in non-cash expenses primarily comprised of share-based compensation expense, depreciation and amortization expense, non-cash lease expense and loss on extinguishment of debt.

For the year ended December 31, 2019, we incurred a net loss of $12.4 million. The primary reason for net cash used in operating activities of $47.0 million was the $68.2 million in net cash outflows from changes in our operating assets and liabilities, primarily due to increases in inventory to meet growth in anticipated sales and to accommodate longer lead times for international shipments and increases in accounts receivable, partially offset by $33.7 million in non-cash expenses primarily comprised of share-based compensation expense, change in warrant liability and depreciation and amortization expense.

Depreciation and amortization expense was $21.7 million, $13.3 million and $8.1 million, in 2021, 2020 and 2019, respectively.

Net Cash Used in Investing Activities

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

For the year ended December 31, 2021, net cash used in investing activities was $147.5 million and consisted of $136.0 million in 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, $11.0 million for investment in TPP and security deposits.

For the year ended December 31, 2020, net cash used in investing activities was $74.9 million and consisted of $57.7 million in 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, including the acquisition of a manufacturing facility in Europe located in Enschede, the Netherlands, $15.5 million for the acquisition of assets from a former co-manufacturer, $2.3 million in cash outflows related to property, plant and equipment purchased for sale to co-manufacturers, and security deposits, partially offset by proceeds from sale of assets held for sale.

For the year ended December 31, 2019, net cash used in investing activities was $26.2 million and consisted of $23.8 million in cash outflows for purchases of property, plant and equipment, primarily for manufacturing facility improvements and manufacturing equipment, $2.1 million in cash outflows related to property, plant and equipment purchased for sale to co-manufacturers, and security deposits, partially offset by proceeds from sale of assets held for sale.

Net Cash Provided by Financing Activities

For the year ended December 31, 2021, net cash provided by financing activities was $1.0 billion primarily from the proceeds of the Notes of $1.1 billion net of purchased capped call transaction amounts and $8.1 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, $3.1 million in payments of minimum withholding taxes on net share settlement of equity awards and payments under finance lease obligations.

For the year ended December 31, 2020, net cash used by financing activities was $1.8 million primarily due to $31.0 million in extinguishment of prior credit facilities, debt issuance costs of $1.2 million associated with the then new revolving credit facility and debt extinguishment costs of $1.2 million associated with our refinanced credit arrangements, partially offset by $25.0 million in net proceeds to us from our revolving credit facility. Cash flows from financing activities included $9.0 million in proceeds from stock option exercises, partially offset by $2.3 million in payments of minimum withholding taxes on net share settlement of equity awards, and $70,000 in payments of finance lease obligations.

For the year ended December 31, 2019, net cash provided by financing activities was $294.9 million primarily as a result of $254.9 million in net proceeds from our IPO, net of issuance costs, $37.4 million in net proceeds to us from the Secondary Offering, net of issuance costs, and $2.7 million in proceeds from stock option exercises, partially offset by $55,000 in payments toward finance lease obligations.

Contractual Obligations and Commitments

Convertible Senior Notes

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 8, *Debt*, to the Notes to Consolidated Financial Statements included elsewhere in this report.

Leases

See Note 4, *Leases*, to the Notes to Consolidated Financial Statements included elsewhere in this report.

On January 14, 2021, we entered into a Lease (the "Campus Lease") with HC Hornet Way, LLC, a Delaware limited liability company (the "Landlord"), to house our headquarters offices, lab and innovation space in El Segundo, California. The initial term of the Campus Lease is 12 years, with two renewal options, each for a period of five years.

Under the terms of the Campus Lease, we will lease an aggregate of approximately 281,110 rentable square feet in a portion of a building located at 888 Douglas Street, El Segundo, California (the "Premises"), to be built out by Landlord and delivered to the Company in three phases over a 26-month period. Aggregate payments towards base rent for the Premises over the term of the lease will be approximately $159.3 million. In 2021, we paid $0.2 million in payments towards common area maintenance, parking, and insurance. No such payments were made in 2020 or 2019.

Although we are involved in the design of the tenant improvements of the Premises, we do not have title or possession of the assets during construction. In addition, we do not have the ability to control the leased Premises until each phase of the tenant improvements is complete. As of December 31, 2021, the tenant improvements associated with Phase 1-A had not been completed, and the underlying asset had not been delivered to us. Accordingly, there was no lease commencement during the quarter ended December 31, 2021. Therefore, we have not recognized an asset or a liability for the Campus Lease in our consolidated balance sheet as of December 31, 2021. We contributed $59.2 million in payments to a construction escrow account during the year ended December 31, 2021. These payments are recorded in "Prepaid lease costs, non-current" in our consolidated balance sheet as of December 31, 2021, which will ultimately be recorded as a component of a right-of-use asset upon lease commencement. We expect to fund an estimated $71 million of additional funds to the construction escrow account in 2022 as the Landlord continues to build out the Premises and anticipate that Phase-1A will be completed and the lease commencement date is expected to occur during the third quarter of 2022.

Concurrent with the our execution of the Campus Lease, as a security deposit, we delivered to Landlord a letter of credit 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; (ii) $3.1 million on the eighth (8th) anniversary of the Rent Commencement Date; and (iii) $0 in the event we receive certain credit ratings; provided we are not then in default of our 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, we and 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 we have agreed to guarantee certain repayment obligations of BYND JX under such agreement.

During Phase 1, we have 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 for a minimum of two years.

In the year ended December 31, 2021, we received $1.1 million in subsidies related to our investment in BYND JX from the Jiaxing Economic Development Zone Finance Bureau. No such subsidies were received in the year ended December 31, 2020. In the event that we and BYND JX determine, in our 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, we and BYND JX may determine, in our 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. See Note 11, *Commitments and Contingencies*, to the Notes to Consolidated Financial Statements included elsewhere in this report.

Investment in The PLANeT Partnership

On January 25, 2021, we entered into The PLANeT Partnership, LLC ("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. For the year ended December 31, 2021, we contributed our share of the investment in TPP, $11.0 million, and recognized our share of the net losses in TPP in the amount of $3.0 million. No such amounts were recognized in 2020 or 2019. See Note 2, *Summary of Significant Accounting Policies*, elsewhere in this report. We have committed to invest in TPP an additional $16.5 million in 2022.

Purchase Commitments

We have a multi-year sales agreement with Roquette for the supply of pea protein which expires on December 31, 2022. The plant-based protein sourced under the supply agreement is secured on a purchase order basis regularly, per specified minimum monthly and semi-annual quantities, throughout the term. We are not required to purchase plant based protein in amounts in excess of such specified minimum quantities; however the Company has the option to increase such minimum quantities for delivery. The total annual amount purchased each year by us must be at least the minimum amount specified in the agreement, which totals in the aggregate $154.1 million over the term of the agreement. We also have the right to be indemnified by Roquette in certain circumstances. Subsequent to the year ended December 31, 2021, on February 8, 2022, we amended our supply agreement for pea protein with Puris to extend the term through December 31, 2022. We obtain protein under the Puris Agreement on a purchase order basis and have the right to cancel purchase orders if we provide timely written notice. The amount purchased in each quarter of 2022 is mutually agreed upon by us and Puris prior to each quarter and becomes a binding quarterly commitment upon such agreement. We also have the right to be indemnified by Puris and must indemnify Puris in certain circumstances.

As of December 31, 2021, we had committed to purchase pea protein inventory totaling $52.9 million in 2022, which excludes the pea protein supply agreement signed with Puris subsequent to the year end. See Note 14, *Subsequent Event,* to the Notes to Consolidated Financial Statements included elsewhere in this report. In addition, as of December 31, 2021, we had approximately $51.4 million in purchase order commitments for capital expenditures primarily to purchase machinery and equipment. Payments for these purchases will be due within twelve months of December 31, 2021.

The following table summarizes our significant contractual obligations as of December 31, 2021:

	Payments Due by Period				
(in thousands)	**Total**	**Less Than One Year**	**1-3 Years**	**3-5 Years**	**More Than Five Years**
Operating lease obligations[1][2]	$ 33,164	$ 5,548	$ 8,831	$ 5,801	$ 12,984
Financing lease obligations[3]	646	194	328	124	—
Convertible debt[4]	1,150,000	—	—	—	1,150,000
Purchase commitments—inventory[5]	52,929	52,929	—	—	—
Purchase commitments—assets[6]	51,391	51,391	—	—	—
Estimated additional funding—Campus Lease[7]	$ 71,000	$ 71,000	$ —	$ —	$ —
The PLANeT Partnership[8]	$ 16,500	$ 16,500	$ —	$ —	$ —
Total	$ 1,375,630	$ 197,562	$ 9,159	$ 5,925	$ 1,162,984

(1) Includes lease payments for our Manhattan Beach Project Innovation Center and corporate offices in El Segundo, California, our manufacturing facilities in Columbia, Missouri, our commercialization center under renovation in Commerce, California, and all other operating lease obligations.
(2) Excludes obligations under Campus Lease. See Note 11, *Commitments and Contingencies*, to the Notes to Consolidated Financial Statements included elsewhere in this report.
(3) Consists of payments under various financing leases for certain equipment.
(4) Includes principal amount under our Notes issued March 2021. See Note 8, *Debt*, to the Notes to Consolidated Financial Statements included elsewhere in this report.
(5) Consists of commitments to purchase pea protein inventory. Excludes pea protein supply agreement entered into subsequent to the year ended December 31, 2021. See Note 14, *Subsequent Event,* to the Notes to Consolidated Financial Statements included elsewhere in this report.
(6) Consists of commitments to purchase property, plant and equipment.
(7) Consists of estimated amount of additional funds to fund the construction escrow account for the Campus Lease.
(8) Consists of estimated 2022 investment in TPP.

Segment Information

We have one operating segment and one reportable segment, as our CODM, who is our Chief Executive Officer, reviews financial information on an aggregate basis for purposes of allocating resources and evaluating financial performance.

Critical Accounting Policies and Estimates

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.

We believe that the estimates, assumptions and judgments involved in the accounting policies described below have the greatest potential impact on our financial statements because they involve the most difficult, subjective or complex judgments about the effect of matters that are inherently uncertain. Therefore, we consider these to be our critical accounting policies. Accordingly, we evaluate our estimates and assumptions on an ongoing basis. Our actual results may differ from these estimates and assumptions. See Note 2. *Summary of Significant Accounting Policies*, to the Notes to Consolidated Financial Statements included elsewhere in this report for information about these critical accounting policies as well as a description of our other accounting policies.

Revenue Recognition

While our revenue recognition does not involve significant judgment, it represents an important accounting policy. Our revenues are generated through sales of our products to distributors or customers. Revenue is recognized at the point in which the performance obligation under the terms of a contract with the customer have been satisfied and control has transferred. The Company's performance obligation is typically defined as the accepted purchase order, the direct-to-consumer order, or the contract, with the customer which requires the Company to deliver the requested products at agreed upon prices at the time and location of the customer's choice. The Company generally does not offer warranties or a right to return on the products it sells except in the instance of a product recall or other limited circumstances.

Revenue is measured as the amount of consideration the Company expects to receive in exchange for fulfilling the performance obligation. Sales and other taxes the Company collects concurrent with the sale of products are excluded from revenue. The Company's normal payment terms vary by the type and location of its customers and the products offered. The time between invoicing and when payment is due is not significant. None of the Company's customer contracts as of December 31, 2021 contains a significant financing component.

The Company routinely offers sales discounts and promotions through various programs to its customers and consumers. These programs include rebates, temporary on-shelf price reductions, off-invoice discounts, retailer advertisements, product coupons and other trade activities. Provision for discounts and incentives are recorded in the same period in which the related revenues are recognized. At the end of each accounting period, the Company recognizes a liability for estimated sales discounts that have been incurred but not paid. The offsetting charge is recorded as a reduction of revenues in the same period when the expense is incurred.

The Company recognizes the incremental costs of obtaining contracts as an expense when incurred if the amortization period of the assets that the Company otherwise would have recognized is one year or less. The incremental cost to obtain contracts was not material.

Capped Call Transactions

In connection with the pricing of the offering of the Convertible Notes, on March 2, 2021 and March 12, 2021, the Company entered into capped call transactions with the option counterparties. See Note 8 *Debt*, to the Notes to Consolidated Financial Statements included elsewhere in this report. Capped call transactions cover the aggregate number of shares of the Company's common stock that will initially underlie the Notes, and generally reduce potential dilution to the Company's common stock upon any conversion of Notes and/or offset any cash payments the Company may make in excess of the principal amount of the converted Notes, as the case may be, with such reduction and/or offset subject to a cap, based on the cap price of the capped call transactions. The Company determined that the freestanding capped call option contracts qualify as equity under the accounting guidance on indexation and equity classification, and recognized the contract by recording an entry to APIC in stockholders' equity in its consolidated balance sheet. The Company also determined that the capped call option contracts meet the definition of a derivative under Accounting Standards Codification ("ASC") Topic 815, "Derivatives and Hedging" ("ASC 815"), but are not required to be accounted for as a derivative as they meet the scope exception outlined in ASC 815. Instead the capped call options are recorded in APIC and not remeasured.

Emerging Growth Company Status

Effective December 31, 2020, we lost our EGC status and are now categorized as a Large Accelerated Filer based upon the current market capitalization of the Company according to Rule 12b-2 of the Exchange Act. As a result, we must comply with all financial disclosure and governance requirements applicable to Large Accelerated Filers.

Recently Adopted Accounting Pronouncements

Please refer to Note 2, *Summary of Significant Accounting Policies,* to the Notes to 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 7A. 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 secured revolving credit agreement, dated as of April 21, 2020 (the “Credit Agreement”), among us, as borrower, the lenders party thereto and JPMorgan Chase Bank, N.A., as the administrative agent, and in connection with such termination: (i) all borrowings outstanding under the Credit Agreement were repaid in full by us; and (ii) all liens and security interests under the Credit Agreement in favor of the lenders thereunder were released. In the years ended December 31, 2021, 2020 and 2019, we incurred $0.3 million, $2.1 million and $2.6 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 consolidated statement of operations for the year ended December 31, 2021.

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 8, *Debt*, to the Notes to 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

We are exposed to risk related to the price and availability of our ingredients because our profitability is dependent on, among other things, our ability to anticipate and react to raw material and food costs. Currently, the main ingredient in our products is pea protein, which is sourced from peas grown in the United States, France and Canada. The prices of pea protein and other ingredients we use are subject to many factors beyond our control, such as the number and size of farms that grow yellow peas, the vagaries of the farming businesses, including poor harvests due to adverse weather conditions, natural disasters and pestilence, and changes in national and world economic conditions, including as a result of COVID-19. In addition, we purchase some ingredients and other materials offshore, and the price and availability of such ingredients and materials may be affected by political events or other conditions in these countries or tariffs or trade wars.

During the year ended December 31, 2021, 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 $3.0 million, or a decrease of approximately $3.0 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 December 31, 2021, we had a multi-year sales agreement with Roquette and extended our agreement with Puris for the supply of pea protein both of which expire in December 2022. See Note 11, *Commitments and Contingencies*, to the Notes to Consolidated Financial Statements included elsewhere in this report.

Foreign Currency Risk

We are exposed to foreign currency risks that arise from normal business operations. These risks include the translation of local currency balances of foreign subsidiaries, transaction gains and losses associated with intercompany loans with foreign subsidiaries and transactions denominated in currencies other than a location's functional currency. Our foreign entities use their local currency as the functional currency. For these entities, we translate net assets into U.S. dollars at period end exchange rates, while revenue and expense accounts are translated at average exchange rates prevailing during the periods being reported. Resulting currency translation adjustments are included in “Accumulated other comprehensive income” and foreign currency transaction gains and losses are included in “Other, net.” Transaction gains and losses on long-term intra-entity transactions are recorded as a component of “Other comprehensive income (loss).” Transactions denominated in a currency other than the reporting entity’s functional currency may give rise to transaction gains and losses that impact our results of operations.

Unrealized translation (losses) gains, net of tax, reported as cumulative translation adjustments through “Other comprehensive income (loss)” were $(2.3) million, $1.7 million and $0 for the years ended December 31, 2021, 2020 and 2019, respectively. Foreign currency transaction (losses) gains included in “Other, net” were $(0.2) million, $0.2 million and $0 respectively, in the years ended December 31, 2021, 2020 and 2019. Sensitivity to foreign currency exchange rates was not material as of December 31, 2021, 2020 and 2019.

Inflation Risk

Historically inflation did not have a material effect on our business, results of operations, or financial condition. In 2021, inflation impacted certain ingredient costs, our transportation costs and the cost of labor. 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 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA.

INDEX TO CONSOLIDATED FINANCIAL STATEMENTS

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Stockholders and the Board of Directors of Beyond Meat, Inc.

Opinion on the Financial Statements

We have audited the accompanying consolidated balance sheets of Beyond Meat, Inc. and subsidiaries (the “Company”) as of December 31, 2021 and 2020, the related consolidated statements of operations, comprehensive loss, convertible preferred stock and stockholders’ equity (deficit), and cash flows, for each of the three years in the period ended December 31, 2021, and the related notes (collectively referred to as the “financial statements”). In our opinion, the financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2021 and 2020, and the results of its operations and its cash flows for each of the three years in the period ended December 31, 2021, in conformity with accounting principles generally accepted in the United States of America.

We have also audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the Company’s internal control over financial reporting as of December 31, 2021, based on criteria established in *Internal Control—Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission and our report dated March 1, 2022, expressed an unqualified opinion on the Company’s internal control over financial reporting.

Basis for Opinion

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

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether due to error or fraud. Our audits included performing procedures to assess the risks of material misstatement of the financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that our audits provide a reasonable basis for our opinion.

Critical Audit Matter

The critical audit matter communicated below is a matter arising from the current-period audit of the financial statements that was communicated or required to be communicated to the audit committee and that (1) relates to accounts or disclosures that are material to the financial statements and (2) involved our especially challenging, subjective, or complex judgments. The communication of critical audit matters does not alter in any way our opinion on the financial statements, taken as a whole, and we are not, by communicating the critical audit matter below, providing a separate opinion on the critical audit matter or on the accounts or disclosures to which it relates.

Additional Paid-in Capital—Capped Call Transactions—Refer to Notes 2 and 8 to the financial statements

Critical Audit Matter Description

In March 2021, in connection with the offering of convertible senior notes, the Company entered into capped call transactions and used an aggregate $84 million in net proceeds from the issuance of the convertible senior notes to fund the cost of the capped call transactions. The aggregate $84 million paid for the capped call transactions was recorded as a reduction to additional paid-in capital.

We identified the accounting for the capped call transactions as a critical audit matter due to the complexity involved and the management judgment necessary to determine the accounting for the capped call transactions within the financial statements. This required a high degree of auditor judgment and an increased extent of effort, including the need to involve professionals having expertise in accounting for complex financial instruments, when performing audit procedures to evaluate management's judgments and conclusions.

How the Critical Audit Matter Was Addressed in the Audit

Our audit procedures related to determining the accounting for the capped call transactions within the financial statements included the following, among others:

- We tested the effectiveness of controls over management's accounting treatment of the capped call transactions.
- We read and analyzed the capped call agreements to evaluate the accounting treatment for the capped call transactions.
- With the assistance of professionals having expertise in accounting for complex financial instruments, we evaluated management's conclusion that the capped call transactions should be recorded in additional paid-in capital.

/s/ Deloitte & Touche LLP

Los Angeles, California
March 1, 2022

We have served as the Company's auditor since 2015.

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

	December 31,	
	2021	2020
Assets		
Current assets:		
Cash and cash equivalents	$ 733,294	$ 159,127
Accounts receivable, net	43,806	35,975
Inventory	241,870	121,717
Prepaid expenses and other current assets	33,078	15,407
Total current assets	1,052,048	332,226
Property, plant, and equipment, net	226,489	115,299
Operating lease right-of-use assets	26,815	14,570
Prepaid lease costs, non-current	59,188	—
Other non-current assets, net	6,836	5,911
Investment in unconsolidated joint venture	8,023	—
Total assets	$ 1,379,399	$ 468,006
Liabilities and Stockholders' Equity:		
Current liabilities:		
Accounts payable	$ 69,040	$ 53,071
Wages payable	155	2,843
Accrued bonus	128	57
Current portion of operating lease liabilities	4,458	3,095
Accrued expenses and other current liabilities	20,226	4,830
Short-term borrowings under revolving credit facility	—	25,000
Short-term finance lease liabilities	182	71
Total current liabilities	$ 94,189	$ 88,967
Long-term liabilities:		
Convertible senior notes, net	$ 1,129,674	$ —
Operating lease liabilities, net of current portion	22,599	11,793
Finance lease obligations and other long term liabilities	442	149
Total long-term liabilities	$ 1,152,715	$ 11,942
Commitments and Contingencies (Note 11)		
Stockholders' 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 at December 31, 2021 and 2020; 63,400,899 and 62,820,351 shares issued and outstanding at December 31, 2021 and 2020, respectively	6	6
Additional paid-in capital	510,014	560,210
Accumulated deficit	(376,972)	(194,867)
Accumulated other comprehensive (loss) income	(553)	1,748
Total stockholders' equity	$ 132,495	$ 367,097
Total liabilities and stockholders' equity	$ 1,379,399	$ 468,006

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

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

	Year Ended December 31,		
	2021	**2020**	**2019**
Net revenues	$ 464,700	$ 406,785	$ 297,897
Cost of goods sold	347,419	284,510	198,141
Gross profit	117,281	122,275	99,756
Research and development expenses	66,946	31,535	20,650
Selling, general and administrative expenses	209,474	133,655	74,726
Restructuring expenses	15,794	6,430	4,869
Total operating expenses	292,214	171,620	100,245
Loss from operations	(174,933)	(49,345)	(489)
Other (expense) income, net:			
Interest expense	(3,648)	(2,576)	(3,071)
Remeasurement of warrant liability	—	—	(12,503)
Other, net	(487)	(759)	3,629
Total other expense, net	(4,135)	(3,335)	(11,945)
Loss before taxes	(179,068)	(52,680)	(12,434)
Income tax expense	60	72	9
Equity in losses of unconsolidated joint venture	2,977	—	—
Net loss	$ (182,105)	$ (52,752)	$ (12,443)
Net loss per share available to common stockholders—basic and diluted	$ (2.88)	$ (0.85)	$ (0.29)
Weighted average common shares outstanding—basic and diluted	63,172,368	62,290,445	42,274,777

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

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

	Year Ended December 31,		
	2021	**2020**	**2019**
Net loss	$ (182,105)	$ (52,752)	$ (12,443)
Other comprehensive (loss) income, net of tax:			
Foreign currency translation (loss) gain, net of tax	(2,301)	1,748	—
Comprehensive loss, net of tax	$ (184,406)	$ (51,004)	$ (12,443)

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

BEYOND MEAT, INC. AND SUBSIDIARIES
Consolidated Statements of Convertible Preferred Stock and Stockholders' Equity (Deficit)
(In thousands, except share data)

	Preferred Stock		Common Stock					
	Shares	Amount	Shares	Amount	Additional Paid-in Capital	Accumulated Deficit	Accumulated Comprehensive Income	Total
Balance at December 31, 2018	41,562,111	199,540	6,951,350	$ 1	$ 7,921	$ (129,672)	$ —	$ (121,750)
Net loss	—	—	—	—	—	(12,443)	—	(12,443)
Issuance of common stock pursuant to the IPO, net of issuance costs of $4.9 million	—	—	11,068,750	1	252,452	—	—	252,453
Issuance of common stock upon conversion of convertible preferred stock	(41,562,111)	(199,540)	41,562,111	4	199,536	—	—	199,540
Issuance of common stock upon exercise of common stock warrants	—	—	214,875	—	—	—	—	—
Reclassification of warrant liability to additional paid-in capital upon closing of the initial public offering	—	—	—	—	14,421	—	—	14,421
Issuance of common stock pursuant to the Secondary Offering, net of issuance costs of $1.1 million	—	—	250,000	—	37,394	—	—	37,394
Exercise of common stock options	—	—	1,529,408	—	2,669	—	—	2,669
Share-based compensation for equity-classified awards	—	—	—	—	11,806	—	—	11,806
Balance at December 31, 2019	—	—	61,576,494	$ 6	$ 526,199	$ (142,115)	$ —	$ 384,090
Net loss	—	—	—	—	—	(52,752)	—	(52,752)
Issuance of common stock under equity incentive plans, net	—	—	1,243,857	—	6,732	—	—	6,732
Share-based compensation for equity classified awards	—	—	—	—	27,279	—	—	27,279
Foreign currency translation adjustment	—	—	—	—	—	—	1,748	1,748
Balance at December 31, 2020	—	$ —	62,820,351	$ 6	$ 560,210	$ (194,867)	$ 1,748	$ 367,097
Net loss	—	—	—	—	—	(182,105)	—	(182,105)
Issuance of common stock under equity incentive plans, net	—	—	580,548	—	5,055	—	—	5,055
Share-based compensation for equity classified awards	—	—	—	—	28,699	—	—	28,699
Purchase of capped calls related to convertible senior notes	—	—	—	—	(83,950)	—	—	(83,950)
Foreign currency translation adjustment	—	—	—	—	—	—	(2,301)	(2,301)
Balance at December 31, 2021	—	—	63,400,899	$ 6	$ 510,014	$ (376,972)	$ (553)	$ 132,495

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

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

	Year Ended December 31,		
	2021	2020	2019
Cash flows from operating activities:			
Net loss	$ (182,105)	$ (52,752)	$ (12,443)
Adjustments to reconcile net loss to net cash used in operating activities:			
Depreciation and amortization	21,663	13,299	8,106
Non-cash lease expense	3,418	2,341	—
Share-based compensation expense	27,698	27,279	12,807
Loss on sale of fixed assets	199	222	93
Amortization of debt issuance costs	3,322	256	181
Loss on extinguishment of debt	1,037	1,538	—
Equity in losses of unconsolidated joint venture	2,977	—	—
Change in preferred and common stock warrant liabilities	—	—	12,503
Net change in operating assets and liabilities:			
Accounts receivable	(8,463)	4,516	(27,454)
Inventories	(122,666)	(38,863)	(51,339)
Prepaid expenses and other assets	(21,414)	(9,699)	(2,362)
Accounts payable	21,665	16,027	10,149
Accrued expenses and other current liabilities	13,961	(1,965)	2,743
Prepaid lease costs, non-current	(59,188)	—	—
Operating lease liabilities	(3,474)	(2,194)	—
Long-term liabilities	—	—	21
Net cash used in operating activities	$ (301,370)	$ (39,995)	$ (46,995)
Cash flows from investing activities:			
Purchases of property, plant and equipment	$ (135,961)	$ (57,696)	$ (23,795)
Asset acquisition	—	(15,482)	—
Purchases of property, plant and equipment held for sale	—	(2,288)	(2,123)
Proceeds from note receivable on assets previously held for sale	—	599	299
Payments for investment in joint venture	(11,000)	—	—
Payment of security deposits	(518)	(33)	(545)
Net cash used in investing activities	$ (147,479)	$ (74,900)	$ (26,164)
Cash flows from financing activities:			
Proceeds from issuance of common stock pursuant to the initial public offering, net of issuance costs	$ —	$ —	$ 254,868
Proceeds from issuance of common stock pursuant to the secondary public offering, net of issuance costs	—	—	37,394
Proceeds from revolving credit facility	—	50,000	—
Proceeds from issuance of convertible senior notes	1,150,000	—	—

(continued on the next page)

BEYOND MEAT, INC. AND SUBSIDIARIES

Consolidated Statements of Cash Flows

(In thousands)

	Year Ended December 31,		
	2021	**2020**	**2019**
Purchase of capped calls related to convertible senior notes	(83,950)	—	—
Debt issuance costs	(23,605)	(1,224)	—
Debt extinguishment costs	—	(1,200)	—
Repayment of revolving credit facility	(25,000)	(25,000)	—
Repayment of revolving credit line	—	(6,000)	—
Repayment of term loan	—	(20,000)	—
Repayment of equipment loan	—	(5,000)	—
Principal payments under finance lease obligations	(177)	(70)	(55)
Proceeds from exercise of stock options	8,135	9,007	2,669
Payments of minimum withholding taxes on net share settlement of equity awards	(3,081)	(2,275)	—
Net cash provided by (used in) financing activities	$ 1,022,322	$ (1,762)	$ 294,876
Net increase (decrease) in cash and cash equivalents	$ 573,473	$ (116,657)	$ 221,717
Cash and cash equivalents at the beginning of the period	159,127	275,988	54,271
Effect of exchange rate changes on cash	694	(204)	—
Cash and cash equivalents at the end of the period	$ 733,294	$ 159,127	$ 275,988
Supplemental disclosures of cash flow information:			
Cash paid (received) during the period for:			
Interest	$ 348	$ 2,564	$ 3,019
Taxes	$ (10)	$ 18	$ 9
Non-cash investing and financing activities:			
Finance lease obligations for the purchase of property, plant and equipment	$ —	$ —	$ 225
Non-cash additions to property, plant and equipment	$ 5,239	$ 10,719	$ 1,418
Operating lease right-of-use assets obtained in exchange for lease liabilities	$ 16,701	$ 4,706	$ —
Non-cash addition to financing leases	$ 580	$ —	$ —
Note receivable from sale of assets held for sale	$ —	$ 4,558	$ —
Reclassification of other current liability to additional paid-in capital in connection with the share-settled obligation	$ 2,535	$ —	$ —
Reclassification of warrant liability to additional paid-in capital in connection with the initial public offering	$ —	$ —	$ 14,421
Conversion of convertible preferred stock to common stock upon initial public offering	$ —	$ —	$ 199,540

(concluded)

The accompanying notes are an integral part of these 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.

On September 7, 2018, the Company changed its name from Savage River, Inc. to Beyond Meat, Inc. On January 14, 2020, the Company registered its subsidiary, Beyond Meat EU B.V., in the Netherlands. On April 28, 2020, the Company registered its subsidiary, Beyond Meat (Jiaxing) Food Co., Ltd. (“BYND JX”), in the Zhejiang Province in China. On June 17, 2021, the Company incorporated its subsidiary, Beyond Meat Canada Inc., in Canada. On January 25, 2021, the Company entered into The PLANeT Partnership, LLC, a joint venture with PepsiCo, Inc., to develop, produce and market innovative snack and beverage products made from plant-based protein.

The Company’s primary production facilities are located in Columbia, Missouri, and Devault, Pennsylvania, and its research and development and administrative offices are located in El Segundo, California. The Company owns a manufacturing facility in Enschede, the Netherlands, where it produces its woven protein and dry blend flavor systems for shipment to local co-manufacturers, including one of the Company’s distributors who built a co-manufacturing facility in the Netherlands used for production of the Company’s finished goods.

In Jiaxing, China, the Company leases a manufacturing facility, where it produces its woven protein and houses end-to-end production. Renovations in the leased facility were substantially completed and trial production began in the first quarter of 2021. In the second quarter of 2021, several commercial trials of certain of the Company’s manufacturing processes were completed. Following the successful qualification of extrusion production capabilities in the third quarter of 2021 and the completion of International Food Safety System Certification (FSSC) 22000 and ISA Halal certification in the fourth quarter of 2021, the facility completed commercialization of end-to-end production at the end of 2021. In the fourth quarter of 2021, the Company also leased a facility in Shanghai, China, which will be used as a local research and development facility to support the Company’s local manufacturing operations. In addition to its own production facilities, the Company uses co-manufacturers in various locations in the United States, Canada and the Netherlands.

In the third quarter of 2021, the Company completed the purchase of a facility in Columbia, Missouri. which is used primarily for warehousing and dry blending (ingredient handling). In the third quarter of 2021, the Company also assumed an operating lease for a building in Commerce, California to house its commercialization center.

In addition to leasing its corporate headquarters and other general office space in El Segundo, California, the Company also leases a facility for its Manhattan Beach Project Innovation Center in El Segundo, California and an additional adjacent lab space.

On January 14, 2021, the Company entered into a lease agreement to house its corporate headquarters, lab and innovation space in El Segundo, California.

The Company sells to a variety of customers in the retail and foodservice channels throughout the United States and internationally primarily through distributors who purchase, store, sell, and deliver the Company's products. In addition, the Company sells directly to customers in the retail and foodservice channels who handle their own distribution.

As of December 31, 2021, approximately 90% of the Company's long-lived assets were located in the United States.

Initial Public Offering

On May 6, 2019, the Company completed its initial public offering ("IPO") of common stock in which it sold 11,068,750 shares. The shares began trading on the Nasdaq Global Select Market on May 2, 2019. The shares were sold at a public offering price of $25.00 per share for net proceeds of approximately $252.4 million, after deducting underwriting discounts and commissions of $19.4 million and issuance costs of approximately $4.9 million payable by the Company. Upon the closing of the IPO, all outstanding shares of the Company's convertible preferred stock automatically converted into 41,562,111 shares of common stock on a one-for-one basis, and warrants exercisable for convertible preferred stock were automatically converted into warrants exercisable for a total of 160,767 shares of common stock.

Secondary Public Offering

On August 5, 2019, the Company completed a secondary public offering ("Secondary Offering") of common stock in which it sold 250,000 shares and the selling stockholders sold 3,487,500 shares. The shares were sold at a public offering price of $160.00 per share for net proceeds to the Company of approximately $37.4 million, after deducting underwriting discounts and commissions of $1.5 million and issuance costs of approximately $1.1 million payable by the Company. Total Secondary Offering issuance costs paid in 2019 were approximately $2.2 million, of which approximately $1.1 million was capitalized to reflect the costs associated with the issuance of new shares and offset against proceeds from the Secondary Offering. The Company did not receive any proceeds from the sale of common stock by the selling stockholders.

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 and 2021. 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 considering the rapidly evolving landscape. 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 operations and results of operations, including its net revenues, gross profit, gross margin, earnings and cash flows, will continue into 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.

Emerging Growth Company Status

Upon the completion of the Company's IPO, the Company elected to be an Emerging Growth Company ("EGC"), as defined in the Jumpstart Our Business Startups Act ("JOBS Act"). Effective December 31, 2020, the Company lost its EGC status and is now categorized as a Large Accelerated Filer based upon the current market capitalization of the Company according to Rule 12b-2 of the Exchange Act. As a result, the Company must comply with all financial disclosure and governance requirements applicable to Large Accelerated Filers.

Note 2. Summary of Significant Accounting Policies

Basis of Presentation

The consolidated financial statements have been prepared in conformity with accounting principles generally accepted in the United States of America ("GAAP"), and include the accounts of the Company and its subsidiaries. All inter-company balances and transactions have been eliminated.

Fiscal Year

The Company operates 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. The Company's fiscal year always begins on January 1 and ends on December 31. As a result, the Company's first and fourth fiscal quarters may have more or fewer days included than a traditional 91-day fiscal quarter.

Segment Information

The Company has one operating segment and one reportable segment, as the Company's chief operating decision maker, who is the Company's Chief Executive Officer, reviews financial information on an aggregate basis for purposes of allocating resources and evaluating financial performance.

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; the valuation of the fair value of common stock and preferred stock used in the remeasurement of warrants and liabilities; 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 financial statements.

Comprehensive Loss

Comprehensive loss includes unrealized gains (losses) on the Company's foreign currency translation adjustments for the years ended December 31, 2021 and 2020. During the year ended December 31, 2019, the Company had no foreign operations, and as a result, comprehensive loss was equal to net loss for the year ended December 31, 2019. Income taxes on the unrealized losses are not material.

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. 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. See Note 8. The Company accounts for the Notes under Accounting Standards Update ("ASU") No. 2020-06, "Debt with Conversion and Other Options (Subtopic 470-20) and Derivatives and Hedging—Contracts in Entity's Own Equity" ("ASU 2020-06"), which the Company early adopted in the first quarter of 2021 concurrent with the issuance of the Notes. The Company records the Notes in "Long-term liabilities" at face value net of issuance costs. If any of the conditions to the convertibility of the Notes is satisfied, or the Notes become due within one year, then the Company may be required under applicable accounting standards to reclassify the liability carrying value of the Notes as a current, rather than a long-term, liability.

Capped Call Transactions

Capped call transactions cover the aggregate number of shares of the Company's common stock that will initially underlie the Notes, and generally reduce potential dilution to the Company's common stock upon any conversion of Notes and/or offset any cash payments the Company may make in excess of the principal amount of the converted Notes, as the case may be, with such reduction and/or offset subject to a cap, based on the cap price of the capped call transactions. The Company determined that the freestanding capped call option contracts qualify as equity under the accounting guidance on indexation and equity classification, and recognized the contract by recording an entry to "Additional paid-in capital" ("APIC") in stockholders' equity in its consolidated balance sheet. The Company also determined that the capped call option contracts meet the definition of a derivative under Accounting Standards Codification ("ASC") Topic 815, "Derivatives and Hedging" ("ASC 815"), but are not required to be accounted for as a derivative as they meet the scope exception outlined in ASC 815. Instead the capped call options are recorded in APIC and not remeasured.

Issuance Costs

Issuance costs related to the Notes offering were capitalized and offset against proceeds from the Notes. Issuance costs consist of legal and other costs related to the issuance of the Notes and are amortized to interest expense over the term of the Notes. Total issuance costs capitalized in the year ended December 31, 2021 were approximately $23.6 million, of which none remained unpaid as of December 31, 2021. There were no issuance costs related to the Notes in the year ended December 31, 2020.

Foreign Currency

The Company's foreign entities use their local currency as the functional currency. For these entities, the Company translates net assets into U.S. dollars at period end exchange rates, while revenue and expense accounts are translated at average exchange rates prevailing during the periods being reported. Resulting currency translation adjustments are included in "Accumulated other comprehensive income" and foreign currency transaction gains and losses are included in "Other, net." Transaction gains and losses on long-term intra-entity transactions are recorded as a component of "Other comprehensive (loss) income." Transactions denominated in a currency other than the reporting entity's functional currency may give rise to transaction gains and losses that impact the Company's results of operations.

Foreign currency translation (loss) income, net of tax, reported as cumulative translation adjustments through "Other comprehensive (loss) income" was $(2.3) million and $1.7 million, respectively, in the years ended December 31, 2021 and 2020.

Realized and unrealized foreign currency transaction (losses) gains included in “Other, net” were $(0.2) million, $0.2 million and $0, respectively, in the years ended December 31, 2021, 2020 and 2019.

Fair Value of Financial Instruments

The fair value measurement accounting guidance creates a fair value hierarchy to prioritize the inputs used to measure fair value into three categories. A financial instrument’s level within the fair value hierarchy is based on the lowest level of input significant to the fair value measurement, where Level 1 is the highest and Level 3 is the lowest.

The three levels are defined as follows:

- *Level 1*—Unadjusted quoted prices in active markets accessible by the reporting entity for identical assets or liabilities. Active markets are those in which transactions for the asset or liability occur with sufficient frequency and volume to provide pricing information on an ongoing basis.

- *Level 2*—Quoted prices for similar instruments in active markets; quoted prices for identical or similar instruments in markets that are not active and model-derived valuations in which significant value drivers are observable.

- *Level 3*—Valuations derived from valuation techniques in which significant value drivers are unobservable.

The Company’s financial instruments include cash equivalents, accounts receivable, accounts payable, and accrued expenses, for which the carrying amounts approximate fair value due to the short-term maturity of these financial instruments. The Company’s convertible notes are carried at face value less the unamortized debt issuance costs (see Note 8).

The Company had no financial instruments measured at fair value on a recurring basis as of December 31, 2020, other than the liability classified share-settled obligation to one of the Company’s executive officers (see Note 10) which represented a Level 1 financial instrument. The executive officer separated from the Company effective August 27, 2021. As a result, the fourth quarterly tranche of the liability classified share-settled obligation was not earned and cancelled. As of December 31, 2021, no liability remained for this liability classified share-settled obligation.

Prior to the IPO, the stock warrant liability was measured at fair value using Level 3 inputs upon issuance and at each reporting date. Inputs used to determine the estimated fair value of the warrant liability as of the valuation date included expected term of the warrants, the risk-free interest rate, volatility, and the fair value of underlying shares.

There were no transfers of financial assets or liabilities into or out of Level 1, Level 2 or Level 3 for 2021, 2020 or 2019.

Cash and Cash Equivalents

The Company maintains cash balances at two financial institutions in the United States. The cash balances may, at times, exceed federally insured limits. Accounts are guaranteed by the Federal Deposit Insurance Corporation or FDIC up to $250,000. The Company considers all highly liquid investments with original maturity dates of 90 days or less to be cash equivalents. Cash equivalents include approximately 90% in money market accounts and approximately 10% in demand deposits.

Accounts Receivable

The Company records accounts receivable at net realizable value. This value includes an appropriate allowance for estimated uncollectible accounts to reflect any anticipated losses on the accounts receivable balances and recorded in allowance for doubtful accounts. Allowance for doubtful accounts is calculated based on the Company’s history of write-offs, level of past due accounts, and relationships with and economic status of the Company’s distributors or customers.

The Company had $1.3 million and $0 allowance for doubtful accounts as of December 31, 2021 and 2020, respectively.

Inventories and Cost of Goods Sold

Inventories are recorded at lower of cost or net realizable value. The Company accounts for inventory using the weighted average cost method. In addition to product cost, inventory costs include expenditures such as direct labor and certain supply and overhead expenses including in-bound shipping and handling costs incurred in bringing the inventory to its existing condition and location. Inventories are comprised primarily of raw materials, direct labor and overhead costs. Weighted average cost method is used to absorb raw materials, direct labor, and overhead into inventory. The Company reviews inventory quantities on hand and records a provision for excess and obsolete inventory based primarily on historical demand and the age of the inventory, among other factors.

Property, Plant and Equipment

Property, plant and equipment are carried at cost less accumulated depreciation and are depreciated using the straight-line method over the following estimated useful lives:

Land	Not amortized
Buildings	30 years
Leasehold improvements	Shorter of lease term or estimated useful life
Furniture and fixtures	3 years
Manufacturing equipment	5 to 10 years
Research and development equipment	5 to 10 years
Software and computer equipment	3 years
Vehicles	5 years

Leasehold improvements are depreciated on a straight-line basis over the lesser of the estimated useful life of the asset or the remaining lease term. When assets are sold or retired, the asset and related accumulated depreciation are removed from the respective account balances and any gain or loss on disposal is included in “Loss from operations.” Expenditures for repairs and maintenance are charged directly to expense when incurred. See Note 7.

Accounting for Acquisition

The Company follows the guidance in ASC 805, “Business Combinations,” for determining whether an acquisition meets the definition of a business combination or asset acquisition. The acquired assets may include, but are not limited to land, building, building improvements, manufacturing equipment and assembled work force.

For acquisitions that are accounted for as acquisitions of assets, the Company records the acquired tangible and intangible assets and assumed liabilities, if any, based on each asset’s and liability's relative fair value at the acquisition date to the total purchase price plus capitalized acquisition costs. The method for determining relative fair value varies depending on the type of asset.

The Company has completed one acquisition to date.

Impairment of Long-Lived Assets

Long-lived assets, including property and equipment, are reviewed by management for impairment whenever events or changes in circumstances indicate that the carrying amount of the asset may not be fully recoverable. When events or circumstances indicate that impairment may be present, management evaluates the probability that future undiscounted net cash flows received will be less than the carrying amount of the asset. If projected future undiscounted cash flows are less than the carrying value of an asset, then such assets are written down to their fair values. The Company concluded that no long-lived assets were impaired during the fiscal years ended December 31, 2021, 2020 and 2019.

Deferred Offering Costs

Offering costs, consisting primarily of legal, accounting, printing and filing services, and other direct fees and costs related to the IPO, were capitalized and offset against proceeds from the IPO. Total IPO issuance costs were $4.9 million, of which $2.4 million was incurred and paid as of December 31, 2018 and an additional $2.5 million was incurred and paid in 2019. Total Secondary Offering costs paid in 2019 were approximately $2.2 million, of which approximately $1.1 million was capitalized to reflect the costs associated with the issuance of new shares and offset against proceeds from the Secondary Offering. The remainder of the Secondary Offering costs were associated with the expense of selling existing shares by the selling stockholders and were recorded in SG&A expenses in the statement of operations for 2019. There were no unpaid IPO issuance costs or Secondary Offering issuance costs in accounts payable or prepaid IPO issuance costs in prepaid expenses as of December 31, 2021 or 2020.

Stock Warrant Liability

The Company accounted for freestanding warrants outstanding to purchase shares of its common stock or, prior to its IPO, its convertible preferred stock or common stock, as a liability, as the underlying shares of convertible preferred stock and common stock were contingently redeemable and, therefore, could have obligated the Company to transfer assets at some point in the future. The warrants were recorded at fair value upon issuance and were subject to remeasurement at each balance sheet date. Any change in fair value has been recognized in the statements of operations in “Total other expense, net.”

Prior to the IPO, the Company had outstanding warrants to purchase an aggregate of 60,002 shares of its common stock at an exercise price of $3.00 per share, 121,694 shares of its Series B convertible preferred stock at an exercise price of $1.07 per share and 39,073 shares of its Series E convertible preferred stock at an exercise price of $3.68 per share. On May 6, 2019, in connection with the IPO, the warrants exercisable for convertible preferred stock were automatically converted into warrants exercisable for a total of 160,767 shares of common stock at the same respective exercise price per share. Subsequent to the closing of the IPO, all outstanding warrants to purchase shares of common stock were cashless exercised.

Income Taxes

The Company is subject to federal and state income taxes. The Company uses the asset and liability method of accounting for income taxes as set forth in the authoritative guidance for accounting for income taxes. Under this method, the Company recognizes deferred tax assets and liabilities for the expected future tax consequences of temporary differences between the respective carrying amounts and tax basis of assets and liabilities. A valuation allowance is established against the portion of deferred tax assets that the Company believes will not be realized on a more likely than not basis.

With respect to uncertain tax positions, the Company recognizes in its financial statements those tax positions determined to be more likely than not of being sustained upon examination, based on the technical merits of the positions. The Company’s policy is to recognize, when applicable, interest and penalties on uncertain tax positions as part of income tax expense. See Note 12.

Leases

The Company leases certain equipment used for research and development and operations under both finance and operating lease agreements. An asset and a corresponding liability for the finance lease obligations are established for the cost of a finance lease. Finance lease assets are included in “Property, plant and equipment, net” in the Company’s consolidated balance sheets.

Operating leases include lease arrangements for the Company’s corporate offices, the Manhattan Beach Project Innovation Center, manufacturing and commercialization facilities, warehouses, vehicles and, to a lesser extent, equipment. Operating leases with a term greater than one year are recorded on the consolidated balance sheets as operating lease right-of-use assets and operating lease liabilities at the commencement date. Operating lease assets represent the right to use an underlying asset for the lease term, and operating lease liabilities represent the obligation to make lease payments arising from the lease.

The Company records these balances initially at the present value of future minimum lease payments calculated using the Company’s incremental borrowing rate and expected lease term. The Company estimates the incremental borrowing rate for each operating lease based on prevailing market rates for collateralized debt in a similar economic environment with similar payment terms and maturity dates commensurate with the terms of the lease. Certain adjustments to the operating lease right-of-use assets may be required for items such as initial direct costs paid or incentives received. Certain leases contain variable payments, which are expensed as incurred and not included in the Company’s operating lease right-of-use assets and operating lease liabilities. These amounts primarily include payments for maintenance, utilities, taxes and insurance on the Company’s corporate, research and development, and manufacturing facilities and warehouse leases and are excluded from the present value of the Company’s lease obligations. 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.

Upon adoption of ASU 2016-02, the Company elected to combine lease and non-lease components on all new or modified leases into a single lease component, for all classes of assets other than the co-manufacturing class of assets, which the Company recognizes over the expected term on a straight-line expense basis. The Company elected to separate the lease and non-lease components on all new or modified operating leases for the co-manufacturing class of assets for the purpose of recording operating lease right-of-use assets and operating lease liabilities. Prior to fiscal 2020, the Company accounted for leases under ASC 840 and did not record operating leases on its consolidated balance sheets. See Note 4.

When the Company purchases property that it was previously leasing under an operating lease, the Company de-recognizes the right of use asset and liability and recognizes the difference between the purchase price and the carrying amount of the lease liability immediately before the purchase as an adjustment to the carrying value of the asset. The Company allocates the purchase price to the assets acquired based upon their relative values.

Contingencies

The Company is subject to a range of claims, lawsuits, and administrative proceedings that arise in the ordinary course of business. The Company accrues a liability (which amount includes litigation costs expected to be incurred) and charges operations for such matters when it is probable that a liability has been incurred and the amount can be reasonably estimated, in accordance with the recognition criteria of the Financial Accounting Standards Board (“FASB”) Accounting Standards Codification (“ASC”) 450, *Contingencies*. Estimating liabilities and costs associated with these matters require significant judgment based upon the professional knowledge and experience of management and its legal counsel. See Note 11.

Revenue Recognition

In May 2014, the FASB issued Accounting Standards Update (ASU) No. 2014-09, “Revenue from Contracts with Customers” (“ASU 2014-09”), which, along with subsequent ASUs, amended the existing accounting standards for revenue recognition (“Topic 606”). This guidance is based on principles that govern the recognition of revenue at an amount an entity expects to be entitled to receive when products are transferred to customers. ASU 2014-09 was effective for the Company beginning January 1, 2019. The majority of the Company’s contracts with customers generally consist of a single performance obligation to transfer promised goods. Based on the Company’s evaluation and review of its contracts with customers, the timing and amount of revenue recognized based on ASU 2014-09 is consistent with the Company’s revenue recognition policy under previous guidance. The Company has therefore concluded that the adoption of ASU 2014-09 did not have a material impact on its financial position, results of operations, or cash flows.

The Company’s revenues are generated through sales of its products to distributors or customers. Revenue is recognized at the point in which the performance obligation under the terms of a contract with the customer have been satisfied and control has transferred. The Company’s performance obligation is typically defined as the accepted purchase order, the direct-to-consumer order, or the contract with the customer which requires the Company to deliver the requested products at agreed upon prices at the time and location of the customer’s choice. The Company generally does not offer warranties or a right to return on the products it sells except in the instance of a product recall or other limited circumstances.

Revenue is measured as the amount of consideration the Company expects to receive in exchange for fulfilling the performance obligation. Sales and other taxes the Company collects concurrent with the sale of products are excluded from revenue. The Company's normal payment terms vary by the type and location of its customers and the products offered. The time between invoicing and when payment is due is not significant. None of the Company's customer contracts as of December 31, 2021 contains a significant financing component.

The Company routinely offers sales discounts and promotions through various programs to its customers and consumers. These programs include rebates, temporary on-shelf price reductions, off-invoice discounts, retailer advertisements, product coupons and other trade activities. Provision for discounts and incentives are recorded in the same period in which the related revenues are recognized. At the end of each accounting period, the Company recognizes a liability for estimated sales discounts that have been incurred but not paid which totaled $3.6 million as of December 31, 2021 and 2020. The offsetting charge is recorded as a reduction of revenues in the same period when the expense is incurred.

The Company recognizes the incremental costs of obtaining contracts as an expense when incurred if the amortization period of the assets that the Company otherwise would have recognized is one year or less. The incremental cost to obtain contracts was not material.

Presentation of Net Revenues by Channel

Effective January 1, 2020, the Company began presenting net revenues by geography and distribution channel as follows:

Distribution Channel	**Description**
U.S. Retail	Net revenues from retail sales to the U.S. market[1]
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

(1) Includes net revenues from direct-to-consumer sales.

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

	Year Ended December 31,		
	2021	**2020**	**2019**
(in thousands)			
U.S.:			
Retail	$ 243,360	$ 264,111	$ 129,383
Foodservice	76,475	60,763	70,372
U.S. net revenues	319,835	324,874	199,755
International:			
Retail	81,483	36,472	15,426
Foodservice	63,382	45,439	82,716
International net revenues	144,865	81,911	98,142
Net revenues	$ 464,700	$ 406,785	$ 297,897

Two distributors accounted for approximately 12% and 11% of the Company's gross revenues in 2021; one customer accounted for approximately 13% of the Company's gross revenues in 2020; and two distributors accounted for approximately 17% and 16%, respectively, of the Company's gross revenues in 2019. No other distributor or customer accounted for more than 10% of the Company's gross revenues in 2021, 2020 or 2019.

Earnings (Loss) Per Share

Earnings (loss) per share ("EPS") represents net income available to common stockholders divided by the weighted average number of common shares outstanding for the period. Diluted EPS represents net income available to common stockholders divided by the weighted-average number of common shares outstanding, inclusive of the dilutive impact of potential common shares outstanding during the period. Such potential common shares include options, unvested restricted stock, restricted stock units ("RSUs"), contracts classified as assets or liabilities that are required or assumed to be share-settled under the two-class method, warrants and convertible preferred stock.

The Company calculates basic and diluted EPS available to common stockholders in conformity with the two-class method required for companies with participating securities. Pursuant to ASU 2020-06, the Company applies the more dilutive of the if-converted method and the two-class method to its Notes. The Company considers all series of convertible preferred stock issued and outstanding prior to the IPO to be participating securities. Under the two-class method, the net loss available to common stockholders was not allocated to the convertible preferred stock as the holders of convertible preferred stock issued and outstanding prior to the IPO did not have a contractual obligation to share in losses. Computation of EPS for the years ended December 31, 2021 and 2020 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 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.

Nonvested restricted stock awards (referred to as participating securities) are excluded from the dilutive impact of common equivalent shares outstanding in accordance with authoritative guidance under the two-class method. The nonvested restricted stockholders are entitled to participate in dividends declared on common stock as if the shares were fully vested and hence nonvested restricted stock shares are deemed to be participating securities. Under the two-class method, net income, but not net loss, available to nonvested restricted stockholders is excluded from net income available to common stockholders for purposes of calculating basic and diluted EPS. Net loss available to common stockholders is not allocated to unvested restricted stock as the holders of unvested restricted stock do not have a contractual obligation to share in losses. In periods when the Company records net loss, all potential common shares are excluded in the computation of EPS because their inclusion would be anti-dilutive. See Note 13.

Prepaid Expenses

Prepaid expenses primarily include prepaid rent and insurance, which are expensed in the period to which they relate.

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 consolidated balance sheet. The Company recognizes its portion of the investee’s results in “Equity in losses of unconsolidated joint venture” in its consolidated statement of operations.

Selling, General and Administrative (“SG&A”) Expenses

SG&A expenses are primarily comprised of selling, marketing expenses and administrative expenses, share-based compensation, outbound shipping and handling costs, non-manufacturing rent expense, depreciation and amortization expense on non-manufacturing assets and other non-production operating expenses. Selling and marketing expenses include share-based compensation awards to brand ambassadors, advertising costs, costs associated with consumer promotions, product samples and sales aids incurred to acquire new customers, retain existing customers and build brand awareness. Administrative expenses include the expenses related to management, accounting, legal, IT, and other office functions. Advertising costs are expensed as incurred. Advertising costs in the years ended December 31, 2021, 2020 and 2019 were $12.1 million, $0.3 million and $0.3 million, respectively. Non-advertising related components of the Company’s total marketing expenditures primarily include costs associated with consumer promotions, product sampling and sales aids, which are also included in SG&A.

Shipping and Handling Costs

The Company does not bill its distributors or customers shipping and handling fees. The Company’s products are predominantly shipped to its distributors or customers as “FOB Destination,” with control of the products transferred to the customer at the destination. In-bound shipping and handling costs incurred in manufacturing a product are included in inventory and reflected in cost of goods sold when the sale of that product is recognized. Outbound shipping and handling costs, including shipping and handling costs related to direct-to-consumer sales, are considered as fulfillment costs and are recorded in SG&A expenses. Outbound shipping and handling costs included in SG&A expenses in 2021, 2020 and 2019 were $19.1 million, $11.9 million and $10.9 million, respectively.

Research and Development

Research and development costs, which includes enhancements to existing products and new product development, are expensed in the period incurred. Research and development expenses primarily consist of personnel and related expenses for the Company’s research and development staff, including salaries, benefits, bonuses, and share-based compensation, scale-up expenses, and depreciation and amortization expense on research and development assets. Future research and development expenses will include expenses associated with the Company’s new Commerce, California commercialization center. Research and development expenses in the years ended December 31, 2021, 2020 and 2019, were $66.9 million, $31.5 million and $20.7 million, respectively.

Share-Based Compensation

The Company measures all share-based compensation cost at the grant date, based on the fair values of the awards that are ultimately expected to vest, and recognizes that cost as an expense in its consolidated statements of operations over the requisite service period. The Company estimates the fair value of option awards using the Black-Scholes option valuation model, which requires management to make certain assumptions for estimating the fair value of stock options at the date of grant including the fair value and projected volatility of the underlying common stock and the expected term of the award. The Black-Scholes option valuation model was developed for use in estimating the fair value of traded options that have no vesting restrictions and are fully transferable. Because the Company's stock options have characteristics significantly different from those of traded options, and because changes in the subjective input assumptions can materially affect the fair value estimates, in management's opinion, the existing models may not necessarily provide a reliable single measure of the fair value of the Company's stock options. Although the fair value of stock options is determined using an option valuation model, that value may not be indicative of the fair value observed in a willing buyer/willing seller market transaction.

In addition, the Company estimates the expected impact of forfeited awards and recognizes share-based compensation cost only for those awards ultimately expected to vest. If actual forfeiture rates differ materially from the Company's estimates, share-based compensation expense could differ significantly from the amounts the Company has recorded in the current period. The Company periodically reviews actual forfeiture experience and will revise its estimates, as necessary. The Company will recognize as compensation cost the cumulative effect of the change in estimated forfeiture rates on current and prior periods in earnings of the period of revision. As a result, if the Company revises its assumptions and estimates, the Company's share-based compensation expense could change materially in the future. See Note 10.

Employee Benefit Plan

On January 1, 2017 the Company initiated a 401(k) retirement saving plan ("401-K Plan") for the benefit of eligible employees. Under terms of this plan, eligible employees are able to make contributions of their wages on a tax-deferred basis. The Company has incurred $1.5 million, $0.7 million and $0.2 million in matching contribution to the 401-K Plan in 2021, 2020 and 2019, respectively.

Restructuring Plan

The Company accounts for exit or disposal activities in accordance with ASC 420, "Exit or Disposal Cost Obligations." The Company defines a business restructuring as an exit or disposal activity that includes but is not limited to a program which is planned and controlled by management and materially changes either the scope of a business or the manner in which that business is conducted. Business restructuring charges may include (i) contract termination costs and (ii) other related costs associated with exit or disposal activities.

Contract termination costs include costs to terminate a contract or costs that will continue to be incurred under the contract without benefit to the Company. A liability is recognized and measured at its fair value when the Company either terminates the contract or ceases using the rights conveyed by the contract. See Note 3.

Related-Party Transactions

Seth Goldman

The Company entered into a consulting agreement with Seth Goldman, the Company's former Executive Chair, on March 2, 2016, which was amended and restated on November 15, 2018 and further amended on April 8, 2019. Pursuant to the consulting agreement, the Company paid Mr. Goldman $20,210.33 per month for services rendered under the consulting agreement.

Effective February 27, 2020, Seth Goldman resigned as Executive Chair of the Company. Upon such resignation, Mr. Goldman continued to serve in his capacity as a Class I director and Chair of the Board of the

Company. In connection with Mr. Goldman's resignation as Executive Chair, the Company and Mr. Goldman terminated the consulting agreement effective as of February 27, 2020. Total consulting fees paid to Mr. Goldman under the consulting agreement prior to its termination in 2020 and 2019 were $60,631 and $265,548, respectively. In addition, Mr. Goldman was entitled to receive a bonus for service in 2019 in the amount of $121,260, which was paid in the first quarter of 2020.

Bernhard van Lengerich

The Company first entered into an advisor agreement with Food System Strategies, LLC in October 2015. Bernhard van Lengerich. Ph.D., a former member of the Company's Board of Directors, is the Chief Executive Officer of Food System Strategies, LLC. Pursuant to this advisor agreement, the Company paid Food System Strategies, LLC $4,000 for each day Dr. van Lengerich provided services. In February 2016, the Company entered into a new advisor agreement with Food System Strategies, LLC, which superseded the original agreement and provided for a $25,000 monthly retainer and a non-qualified stock option covering 532,590 shares of common stock, which vested in equal monthly installments over three years in consideration of Dr. van Lengerich providing services as the Company's interim Chief Technical Officer and head of research and development, and the increased time commitment associated with these roles. In December 2016, the advisor agreement was amended to provide for a $10,000 monthly retainer to reflect the fact that Dr. van Lengerich would only be providing advisory services five to six days a month going forward.

Effective December 31, 2019, the Company and Food System Strategies, LLC agreed that the term of the advisor agreement would end. Total advisor fees paid to Food System Strategies, LLC for the services of Mr. van Lengerich in 2019 and 2018 were $120,000 (including amounts paid in 2020) and $140,000, respectively.

Donald Thompson

In 2022, the Company entered into a Master Services Agreement with CA Consulting LLC, a restaurant, food tech and beverage consulting firm, led by Don Thompson, one of the former directors on the Company's Board of Directors who served until the end of his term in May 2021, for strategic consulting services rendered by CA Consulting LLC. In 2021, the Company accrued $1.0 million in payment towards these consulting services. The Company did not incur any such costs in 2020 or 2019.

Michael Pucker

Michael A. Pucker, a partner of Latham & Watkins LLP, is a former member of the Company's Board of Directors and the spouse of Gigi Pritzker Pucker. During 2021 and 2020, Ms. Pucker may have been deemed to be a holder of more than 5% of the Company's outstanding common stock. In the years ended December 31, 2021 and 2020, the Company made aggregate payments of approximately $15.7 million and $11.1 million to Latham & Watkins LLP for legal services. As of December 31, 2021, the Company had billed and unbilled fees for legal services of $2.2 million due to Latham & Watkins LLP.

Recently Adopted Accounting Pronouncements

On December 18, 2019, the FASB issued ASU No. 2019-12, "Simplifying the Accounting for Income Taxes (Topic 740)" ("ASU 2019-12"). ASU 2019-12 eliminates the need for an organization to analyze whether the following apply in a given period (1) exceptions to the incremental approach for intra-period tax allocation, (2) exceptions to accounting for basis differences when there are ownership changes in foreign investments, and (3) exceptions in interim period income tax accounting for year-to-date losses that exceed anticipated losses. ASU 2019-12 also is designed to improve financial statement preparers' application of income tax-related guidance and simplify GAAP for (1) franchise taxes that are partially based on income, (2) transactions with a government that result in a step-up in the tax basis of goodwill, (3) separate financial statements of legal entities that are not subject to tax, and (4) enacted changes in tax laws in interim periods. For public business entities, the amendments in ASU 2019-12 are effective for fiscal years, and interim periods within those fiscal years, beginning after December 15, 2020. The Company adopted ASU 2019-12 on January 1, 2021. Adoption of ASU

2019-12 did not result in any material changes to the way the tax provision is prepared and did not have a material impact on the Company's financial position, results of operations or cash flows.

On August 5, 2020, the FASB issued ASU No. 2020-06, "Debt with Conversion and Other Options (Subtopic 470-20) and Derivatives and Hedging-Contracts in Entity's Own Equity" ("ASU 2020-06"). ASU 2020-06 simplifies accounting for certain financial instruments with characteristics of liabilities and equity, including convertible instruments and contracts on an entity's own equity, by removing certain separation models that require the separation of a convertible debt instrument into a debt component and an equity or derivative component. ASU 2020-06 removes from U.S. GAAP the separation models for (1) convertible debt with a cash conversion feature and (2) convertible instruments with a beneficial conversion feature. After adoption of ASU 2020-06 entities will not separately present in equity an embedded conversion feature in such debt. Instead entities will account for a convertible debt instrument wholly as debt, and for convertible preferred stock wholly as preferred stock (i.e., as a single unit of account), unless (1) a convertible instrument contains features that require bifurcation as a derivative under ASC 815 or (2) a convertible instrument was issued at a substantial premium. ASU 2020-06 also expands disclosure requirements for convertible instruments and simplifies areas of the guidance for diluted earnings-per-share calculations that are impacted by the amendments. Under ASU 2020-06, entities must apply the more dilutive of the if-converted method and the two-class method to all convertible instruments; the treasury stock method is no longer available. ASU 2020-06 eliminates an entity's ability to overcome the presumption of share settlement, and as a result, the issuers of convertible debt that may be settled in any combination of cash or stock at the issuer's option, must use the more dilutive among the if-converted method and the two-class method in computing diluted net income per share, which is typically more dilutive than the net share settlement under the treasury stock method. ASU 2020-06 is effective for interim and annual periods beginning after December 15, 2021, with early adoption permitted. The Company early adopted ASU 2020-06 in the first quarter of 2021 concurrent with the issuance of its Notes. There were no changes to the Company's previously issued financial statements since the Company had no existing convertible notes prior to issuance of the Notes in the first quarter of 2021. Upon adoption of ASU 2020-06, the Company recorded the issuance of the Notes at their face value net of issuance costs in long-term liabilities and the value of the capped call options in APIC. See Note 8.

New 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 accordance with the Company's policy of reviewing long-lived assets for impairment whenever events or changes in circumstances indicate that the carrying amount of such assets may not be recoverable, the Company determined that as of May 23, 2017, the date the Company notified the co-manufacturer of its decision to terminate the Agreement, the assets held in possession of the co-manufacturer were no longer recoverable. In 2021, 2020 and 2019, the Company recorded $15.8 million, $6.4 million and $4.9 million, respectively, in restructuring expenses related to this dispute, which consisted primarily of legal and other expenses. See Note 11 for further information. As of December 31, 2021 and 2020, the Company had $2.7 million and $0.8 million, respectively, in accrued unpaid liabilities associated with this contract termination.

Note 4. Leases

Leases are classified as either finance leases or operating leases based on criteria in ASC 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 for its equipment. 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 1, 2020, the Company adopted ASU 2016-02 using the modified retrospective approach, which permits application of this new guidance at the beginning of the period of adoption, with comparative periods continuing to be reported under ASC 840.

Operating lease assets represent the right to use an underlying asset for the lease term, and operating lease liabilities represent the obligation to make lease payments arising from the lease. The Company calculates the present value of its operating leases using an estimated incremental borrowing rate, which requires judgment. The Company estimates the incremental borrowing rate for each operating lease based on prevailing market rates for collateralized debt in a similar economic environment with similar payment terms and maturity dates commensurate with the terms of the lease. Certain leases contain variable payments, which are expensed as incurred and not included in the Company's operating lease right-of-use assets and operating lease liabilities. These amounts primarily include payments for maintenance, utilities, taxes, and insurance on the Company's corporate, research and development, and manufacturing facilities and warehouse leases and are excluded from the present value of the Company's lease obligations.

As part of this adoption, the Company elected to not record operating lease right-of-use assets or operating lease liabilities for leases with an initial term of 12 months or less.

On January 14, 2021, the Company entered into a 12-year lease with two 5-year renewal options ("Campus Lease") 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 December 31, 2021 because there was no lease commencement during the year ended December 31, 2021. Therefore, the Campus Lease is not included in the tables below. See Note 11.

In the third quarter of 2021, the Company completed the purchase of a property in Missouri, consisting of land, building, and associated tenant improvements, which it was leasing as an operating lease, for cash consideration of $10.4 million including transaction costs. The Company de-recognized the right of use asset and liability and recognized the difference between the purchase price and the carrying amount of the lease liability immediately before the purchase as an adjustment to the carrying value of the asset. The purchase price was allocated to the assets acquired based upon their relative values, which are included in "Property, plant and equipment, net" and "Other non-current assets," on the Company's consolidated balance sheets.

In the third quarter of 2021, the Company also assumed an operating lease for a building comprising approximately 64,000 square feet in California to house its commercialization center. The lease expires in August 2033 and includes an option to extend the term for an additional 60 months.

Lease costs for operating and finance leases were as follows:

(in thousands)	Statement of Operations Location	Year Ended December 31, 2021	Year Ended December 31, 2020
Operating lease cost:			
Lease cost	Cost of goods sold	$ 2,583	$ 1,570
Lease cost	Research and development expenses	652	621
Lease cost	Selling, general and administrative expenses	961	569
Variable lease cost[1]	Cost of goods sold	40	17
Operating lease cost		$ 4,236	$ 2,777
Short-term lease cost	Selling, general and administrative expenses	$ 222	$ 311
Finance lease cost:			
Amortization of right-of use assets	Cost of goods sold	$ 177	75
Interest on lease liabilities	Interest expense	—	$ 13
Finance lease cost		$ 177	$ 88
Total lease cost[2]		$ 4,635	$ 3,176

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

(2) Excludes Campus Lease.

Supplemental balance sheet information related to leases are as follows:

(in thousands)	Balance Sheet Location	December 31, 2021	December 31, 2020
Assets[1]			
Operating leases	Operating lease right-of-use assets	$ 26,815	$ 14,570
Finance leases, net	Property, plant and equipment, net	615	212
Total lease assets		$ 27,430	$ 14,782
Liabilities[1]			
Current:			
Operating lease liabilities	Current portion of operating lease liabilities	$ 4,458	$ 3,095
Finance lease liabilities	Current portion of finance lease liabilities	182	71
Long-term:			
Operating lease liabilities	Operating lease liabilities, net of current portion	22,599	11,793
Finance lease liabilities	Finance lease obligations and other long-term liabilities	442	149
Total lease liabilities		$ 27,681	$ 15,108

(1) Excludes Campus Lease.

The following is a schedule by year of the maturities of lease liabilities with original terms in excess of one year, as of December 31, 2021:

	December 31, 2021	
(in thousands)	Operating Leases[(1)]	Finance Leases
2022	$ 5,548	$ 194
2023	5,288	181
2024	3,543	147
2025	2,970	115
2026	2,831	9
Thereafter	12,984	—
Total undiscounted future minimum lease payments	33,164	646
Less imputed interest	(6,107)	(22)
Total discounted future minimum lease payments	$ 27,057	$ 624

(1) Excludes Campus Lease.

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

	December 31, 2021	
	Operating Leases[(1)]	Finance Leases
Weighted average remaining lease term (years)	8.4	3.6
Weighted average discount rate	4.4 %	2.3 %

(1) Excludes Campus Lease.

Note 5. Asset Acquisition

On October 30, 2020, the Company acquired certain assets including land, building and improvements, manufacturing equipment, and assembled workforce from one of its former co-manufacturers (the “Seller”). The Company did not assume any liabilities of the Seller. The Company is using this manufacturing facility primarily for the production of its finished goods. Acquisition of these assets is expected to allow the Company to reduce manufacturing and packaging costs through vertical integration and provide opportunities for the Company to test new processes and scale new products more quickly.

The total purchase consideration of $15.5 million was comprised of cash consideration of $14.5 million, subject to adjustment for customary prorations, transfer taxes, escrow holdbacks and other adjustments, and $1.0 million in acquisition-related expenses. As part of this transaction, the Company hired approximately 180 employees who were previously employed by the Seller. The Company accounted for this transaction as an asset acquisition and recorded the acquired tangible and intangible assets based on each asset’s relative fair value at the acquisition date to the total purchase price plus capitalized acquisition costs. Fair value of building and land were determined by a real estate appraisal prepared by an independent real estate appraiser. Fair value of assembled workforce was based on estimated replacement costs that utilize available market information and discount and/or capitalization rates as appropriate.

The following table details the purchase price allocation of the acquired assets based on their relative fair values as of the acquisition date:

(in thousands)		
Manufacturing equipment	$	1,273
Building		9,576
Land		2,774
Assembled workforce[1]		1,859
Total	$	15,482

(1) Assembled workforce is recorded in “Other non-current assets, net” in the consolidated balance sheet and will be amortized over an estimated useful life of approximately 2.0 years.

Note 6. Inventories

Major classes of inventory were as follows:

	December 31,			
(in thousands)		2021		2020
Raw materials and packaging	$	129,974	$	83,702
Work in process		50,227		12,887
Finished goods		61,669		25,128
Total	$	241,870	$	121,717

The Company wrote off $12.5 million, $10.8 million and $6.4 million in excess and obsolete inventories and recognized that expense in cost of goods sold in its consolidated statements of operations for the years ended December 31, 2021, 2020 and 2019, respectively. The Company recorded $0.8 million and $0, respectively, in write down of inventory to lower of cost or net realizable value at December 31, 2021 and 2020.

Note 7. 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 December 31, 2021 and 2020, is as follows:

	December 31,	
(in thousands)	2021	2020
Manufacturing equipment	$ 115,412	$ 62,521
Research and development equipment	16,837	12,342
Leasehold improvements	20,250	9,277
Building	22,937	12,569
Finance leases	867	212
Software	1,297	402
Furniture and fixtures	868	614
Vehicles	584	377
Land	5,434	3,995
Assets not yet placed in service	95,455	46,148
Total property, plant and equipment	$ 279,941	$ 148,457
Less: accumulated depreciation and amortization	53,452	33,158
Property, plant and equipment, net	$ 226,489	$ 115,299

Depreciation and amortization expense in 2021, 2020 and 2019 was $21.7 million, $13.3 million and $8.1 million, respectively. Of the total depreciation and amortization expense in 2021, 2020 and 2019, $17.7 million, $10.1 million and $5.7 million, respectively, were recorded in cost of goods sold, $3.7 million, $3.1 million and $2.4 million, respectively, were recorded in research and development expenses, and $0.3 million, $0.1 million and $71,000, respectively, were recorded in SG&A expenses, in the Company's consolidated statements of operations.

The Company had no property, plant and equipment concluded to meet the criteria for assets held for sale as of December 31, 2021 and 2020. Amounts previously 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 is included in "Other non-current assets, net" as of December 31, 2021.

Note 8. Debt

The following is a summary of debt balances as of December 31, 2021 and December 31, 2020:

(in thousands)	December 31, 2021	December 31, 2020
Convertible senior notes	$ 1,150,000	$ —
Revolving credit facility	—	25,000
Debt issuance costs	(20,326)	—
Total debt outstanding	$ 1,129,674	$ 25,000
Less: current portion of long-term debt	—	25,000
Long-term debt	$ 1,129,674	$ —

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. 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 initial conversion price of the Notes is $206.00 per share of common stock, which represents a premium of approximately 47.5% over the closing price of the Company’s common stock on March 2, 2021. The Notes will mature on March 15, 2027, unless earlier repurchased, redeemed or converted. The Notes were issued pursuant to, and are governed by, an indenture, dated as of March 5, 2021 (the “Indenture”), between the Company and U.S. Bank National Association, as trustee (the Trustee”). The Company used $84.0 million of the net proceeds from the sale of the Notes to fund the cost of entering into capped call transactions, described below. 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.

The Notes are senior, unsecured obligations and are (i) equal in right of payment with the Company’s senior, unsecured indebtedness; (ii) senior in right of payment to the Company’s indebtedness that is expressly subordinated to the Notes; (iii) effectively subordinated to the Company’s secured indebtedness, to the extent of the value of the collateral securing that indebtedness; and (iv) structurally subordinated to all existing and future indebtedness and other liabilities, including trade payables, and (to the extent the Company is not a holder thereof) preferred equity, if any, of the Company’s subsidiaries.

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.

The initial conversion rate is 4.8544 shares of common stock per $1,000 principal amount of the Notes, which represents an initial conversion price of $206.00 per share of common stock. The conversion rate and conversion price are subject to customary adjustments upon the occurrence of certain events as described in the Indenture.

The holder may convert the Notes during the five consecutive business days immediately after any ten consecutive trading day period, if the trading price per $1,000 principal amount of Notes, as determined following a request by a holder, for each trading day of the measurement period was less than ninety eight percent (98%) of the product of the last report sale price per share of common stock on such trading day and the conversion rate on such trading day.

The holder can convert its Notes during any calendar quarter, commencing after the calendar quarter ending on June 30, 2021, provided the last reported sale price of the common stock for at least 20 trading days is greater than or equal to 130% of the conversion price, during the 30 consecutive trading days ending on the last trading day of a calendar quarter.

Before December 15, 2026, noteholders have the right to convert their Notes upon the occurrence of certain events. From and after December 15, 2026, noteholders may convert their Notes at any time at their election until the close of business on the second scheduled trading day immediately before the maturity date. The Company has the right to elect to settle conversions either in cash, shares or in a combination of cash and shares of its common stock. However, upon conversion of any Notes, the conversion value, which will be determined over an “Observation Period” (as defined in the Indenture) consisting of 20 trading days, will be paid in cash up to at least the principal amount of the Notes being converted.

The Notes will be redeemable, in whole or in part, at the Company's option at any time, and from time to time, on or after March 20, 2024 and on or before the 20th scheduled trading day immediately before the maturity date, at a cash redemption price equal to the principal amount of the Notes to be redeemed, plus accrued and unpaid special interest and additional interest, if any, to, but excluding, the redemption date, but only if the last reported sale price per share of the Company's common stock exceeds 130% of the conversion price on (i) each of at least 20 trading days, whether or not consecutive, during the 30 consecutive trading days ending on, and including, the trading day immediately before the date the Company sends the related redemption notice; and (ii) the trading day immediately before the date the Company sends such notice. In addition, calling any Note for redemption will constitute a "Make-Whole Fundamental Change" (as defined in the Indenture) with respect to that Note, in which case the conversion rate applicable to the conversion of that Note will be increased in certain circumstances if it is converted after it is called for redemption.

The Company must repay the note principal in cash, but may elect to settle the conversion value either in cash, shares or in a combination of cash and shares of its common stock.

If certain corporate events that constitute a "Fundamental Change" (as defined in the Indenture) occur, then, subject to limited exceptions, noteholders may require the Company to repurchase their Notes at a cash repurchase price equal to the principal amount of the Notes to be repurchased, plus accrued and unpaid special interest and additional interest, if any, to, but excluding, the fundamental change repurchase date. The definition of Fundamental Change includes certain business combination transactions involving the Company and certain de-listing events with respect to the Company's common stock.

The Notes have customary provisions relating to the occurrence of "Events of Default" (as defined in the Indenture), which include the following: (i) certain payment defaults on the Notes (which, in the case of a default in the payment of special interest and additional interest on the Notes, are subject to a 30-day cure period); (ii) the Company's failure to send certain notices under the Indenture within specified periods of time; (iii) the Company's failure to comply with certain covenants in the Indenture relating to the Company's ability to consolidate with or merge with or into, or sell, lease or otherwise transfer, in one transaction or a series of transactions, all or substantially all of the assets of the Company and its subsidiaries, taken as a whole, to another person; (iv) a default by the Company in its other obligations or agreements under the Indenture or the Notes if such default is not cured or waived within 60 days after notice is given in accordance with the Indenture; (v) certain defaults by the Company or any of its significant subsidiaries with respect to indebtedness for borrowed money of at least $100 million; and (vi) certain events of bankruptcy, insolvency and reorganization involving the Company or any of its significant subsidiaries.

In the event of the Company's liquidation, dissolution or winding up, holders of the Company's common stock will be entitled to share ratably in the net assets legally available for distribution to stockholders after the payment of all of the Company's debts and other liabilities and the satisfaction of any liquidation preference granted to the holders of any then-outstanding shares of preferred stock.

Holders of the Company's common stock have no preemptive, conversion, subscription or other rights, and there are no redemption or sinking fund provisions applicable to the Company's common stock. The rights, preferences and privileges of the holders of the Company's common stock are subject to and may be adversely affected by the rights of the holders of shares of any series of preferred stock that the Company may designate in the future.

If an Event of Default involving bankruptcy, insolvency or reorganization events with respect to the Company (and not solely with respect to a significant subsidiary of the Company) occurs, then the principal amount of, and any accrued and unpaid special interest and additional interest on, all of the Notes then outstanding will immediately become due and payable without any further action or notice by any person. If any other Event of Default occurs and is continuing, then, the Trustee, by notice to the Company, or noteholders of at least 25% of the aggregate principal amount of Notes then outstanding, may declare the principal amount of, and any accrued and unpaid special interest and additional interest on, all of the Notes then outstanding to become due and payable immediately. However, notwithstanding the foregoing, the Company may elect, at its option, that the sole remedy for an Event of Default relating to certain failures by the Company to comply with certain reporting covenants in the Indenture consists exclusively of the right of the noteholders to receive special interest on the Notes for up to 365 days at a specified rate per annum not exceeding 0.50% on the principal amount of the Notes.

The total amount of debt issuance costs of $23.6 million was recorded as a reduction to “Convertible senior notes, net” in the consolidated balance sheet and are being amortized as interest expense over the term of the Notes using the effective interest method. During the year ended December 31, 2021, the Company recognized $3.3 million in interest expense related to the amortization of the debt issuance costs related to the Notes. There was no such expense in the year ended December 31, 2020.

The following is a summary of the Company’s Notes as of December 31, 2021:

(in thousands)	Principal Amount	Unamortized Issuance Costs	Net Carrying Amount	Fair Value	
				Amount	Leveling
0% Convertible senior notes due on March 15, 2027	$ 1,150,000	$ 20,326	$ 1,129,674	$ 809,186	Level 2

The Notes are carried at face value less the unamortized debt issuance costs on the Company’s consolidated balance sheets. As of December 30, 2021, the estimated fair value of the Notes was approximately $809.2 million. 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 December 30, 2021, the last business day of the period.

As of December 31, 2021, the remaining life of the Notes is approximately 5.2 years.

Capped Call Transactions

On March 2, 2021, in connection with the pricing of the offering of the Convertible Notes, the Company entered into capped call transactions (the “Base Capped Call Transactions”) with the option counterparties and used $73.0 million in net proceeds from the sale of the Convertible Notes to fund the cost of the Base Capped Call Transactions. On March 12, 2021, in connection with the Additional Notes, the Company entered into capped call transactions (the “Additional Capped Call Transactions”) with the option counterparties and used $11.0 million of the net proceeds from the sale of the Additional Notes to fund the cost of the Additional Capped Call Transactions. The Base Capped Call Transactions and the Additional Capped Call Transactions (collectively, the “Capped Call Transactions”) cover, subject to customary adjustments, the aggregate number of shares of the Company’s common stock that will initially underlie the Notes, and are expected generally to reduce potential dilution to the Company’s common stock upon any conversion of Notes and/or offset any cash payments the Company may make in excess of the principal amount of the converted Notes, as the case may be, with such reduction and/or offset subject to a cap, based on the cap price of the Capped Call Transactions. The cap price of the Capped Call Transactions is $279.32, which represents a premium of 100% over the last reported sale price of the Company’s common stock on March 2, 2021. The aggregate $84.0 million paid for the Capped Call Transactions was recorded as a reduction to APIC.

Revolving Credit Facility

On March 2, 2021, the Company terminated its secured revolving credit agreement, dated as of April 21, 2020 (the “Credit Agreement”), among the Company, as borrower, the lenders party thereto and JPMorgan Chase Bank, N.A., as the administrative agent, and in connection with such termination: (i) all borrowings outstanding under the Credit Agreement were repaid in full by the Company; and (ii) all liens and security interests under the Credit Agreement in favor of the lenders thereunder were released.

The Company recorded debt issuance costs on the revolving credit facility in “Prepaid and other current assets, net,” in the accompanying consolidated balance sheet as of December 31, 2020. Debt issuance costs, net of amortization, totaled $0 and $1.1 million as of December 31, 2021 and December 31, 2020, respectively. Debt issuance costs are amortized as interest expense over the term of the loan. In the year ended December 31, 2021 debt issuance costs of $41,000, related to the Company’s prior revolving credit facility, were amortized to interest expense. In the years ended December 31, 2020 and 2019 debt issuance costs of $0.3 million and $0.2 million, respectively, related to the Company’s prior revolving credit facility and equipment loan were amortized to interest expense.

In the years ended December 31, 2021, 2020 and 2019, the Company recorded $0.3 million, $2.1 million and $2.2 million, respectively, in interest expense related to its bank credit facilities. In the years ended December 31, 2021, 2020 and 2019, the Company recorded $0, $0.2 million and $0.6 million, respectively, in interest expense related to the Equipment Loan Facility.

As of December 31, 2020, the Company had outstanding borrowings of $25.0 million and had no excess availability under the revolving credit facility. The interest rate on outstanding borrowings at December 31, 2020 was 3.5%. On February 25, 2021, the Company paid down the outstanding borrowings and had no borrowings outstanding under the revolving credit facility. 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.

Equipment Loan Facility

The Company had $5.0 million in borrowings outstanding as of December 31, 2019 under the equipment loan facility with Structural Capital Investments II, LP, as Lender, and Ocean II, PLC, LLC, as collateral agent and administrative agent (the “Equipment Loan Facility”). Concurrently with the effectiveness of the 2020 Credit Agreement, on April 21, 2020, the Company terminated the Equipment Loan Facility. The Company was in compliance with the financial covenants contained in the Equipment Loan Facility at the time of termination.

Note 9. Stockholders’ Equity (Deficit) and Convertible Preferred Stock

Upon the closing of the IPO, all outstanding shares of the Company’s convertible preferred stock automatically converted into 41,562,111 shares of common stock on a one-for-one basis. On May 6, 2019, the Company filed a Restated Certificate of Incorporation authorizing the Company to issue 500,000,000 shares of common stock, $0.0001 par value per share, and $500,000 shares of undesignated preferred stock, $0.0001 par value per share, with rights and preferences determined by the Company’s Board of Directors at the time of issuance of such shares.

On August 5, 2019, the Company completed its Secondary Offering of common stock, in which it sold 250,000 shares of common stock, $0.0001 par value.

As of December 31, 2021, the Company had 63,400,899 shares of common stock issued and outstanding. As of December 31, 2020, the Company had 62,820,351 shares of common stock 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 10. Share-Based Compensation

On April 11, 2011, the Company's stockholders approved the 2011 Equity Incentive Plan ("2011 Plan"), and most recently amended the 2011 Plan on April 10, 2019. The 2011 Plan was amended, restated and re-named the 2018 Equity Incentive Plan ("2018 Plan"), which became effective as of April 30, 2019, the day prior to the effectiveness of the registration statement filed in connection with the IPO. The remaining shares available for issuance under the 2011 Plan were added to the shares reserved for issuance under the 2018 Plan.

The 2018 Plan provides for the grant of stock options (including incentive stock options and non-qualified stock options), stock appreciation rights, restricted stock, restricted stock units ("RSUs"), performance units, and performance shares to the Company's employees, directors, and consultants. As of December 31, 2021, the maximum aggregate number of shares that may be issued under the 2018 Plan was 18,771,398 shares of the Company's common stock. In addition, the number of shares reserved for issuance under the 2018 Plan will be increased automatically on the first day of each fiscal year beginning with the 2020 fiscal year, by a number equal to the least of: (i) 2,144,521 shares; (ii) 4.0% of the shares of common stock outstanding on the last day of the prior fiscal year; or (iii) such number of shares determined by the Company's Board of Directors. 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.

The 2018 Plan may be amended, suspended or terminated by the Company's Board of Directors at any time, provided such action does not impair the existing rights of any participant, subject to stockholder approval of any amendment to the 2018 Plan as required by applicable law or listing requirements. Unless sooner terminated by the Company's Board of Directors, the 2018 Plan will automatically terminate on November 14, 2028.

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

	Shares Available for Grant
Balance - December 31, 2020	5,021,270
Authorized	2,144,521
Granted	(1,038,429)
Shares withheld to cover taxes	25,863
Forfeited	362,582
Balance - December 31, 2021	6,515,807

As of December 31, 2021 and 2020, there were 3,956,364 and 4,218,278 shares, respectively, issuable under stock options outstanding, 608,175 and 275,989 shares, respectively, issuable under unvested RSUs outstanding, and 7,730,884 and 7,127,079 shares, respectively, issued for stock option exercises, RSU settlement, and restricted stock grants.

Stock Options

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

	Year Ended December 31,		
	2021	**2020**	**2019**
Risk-free interest rate	1.4%	1.3%	2.3%
Average expected term (years)	7.0	7.0	6.1
Expected volatility	55.7%	55.0%	55.0%
Dividend yield	—	—	—

- *Risk-Free Interest Rate:* The yield on actively traded non-inflation indexed US Treasury notes with the same maturity as the expected term of the underlying options was used as the average risk-free interest rate.
- *Expected Term:* As the Company does not have sufficient historical experience for determining the expected term of the stock option awards granted, the Company's expected term is based on the simplified method, generally calculated as the mid-point between the vesting date and the end of the contractual term.
- *Expected Volatility:* As the Company has only been a public entity since May 2, 2019, there is not a substantive share price history to calculate volatility and, as such, the Company has elected to use an approximation based on the volatility of other comparable public companies, which compete directly with the Company, over the expected term of the options.
- *Dividend Yield:* The Company has not issued regular dividends on common shares in the past nor does the Company expect to issue dividends in the future.

Forfeiture Rate: The Company estimates the forfeiture rate at the time of grant based on past awards canceled, the number of awards granted, and vesting terms and adjusted, if necessary, in subsequent periods if actual forfeitures differ from those estimates. The cumulative effect on current and prior periods of a change in the estimated number of awards likely to vest is recognized in compensation cost in the period of the change.

The 2018 Plan generally provides that the Board of Directors may set the vesting schedule applicable to grants approved under the 2018 Plan. The Company has not granted equity awards with performance-based vesting conditions.

Option grants to new employees in 2021 and 2020 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 2021 and 2020 generally vest monthly over a 48-month period, subject to continued employment through the vesting date. Option grants to certain continuing employees in 2021 vest every six months over two years, subject to continued employment through the vesting date. An option grant to one executive officer in 2021 vested over three months from the vesting commencement date.

Option grants in 2019 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. The stock option grant to one executive officer on August 1, 2019 vests monthly over a 48-month period. The stock option grant to another executive officer on October 31, 2019 began vesting on the second anniversary of the vesting commencement date and was scheduled to vest monthly thereafter over a 24-month period. The award was cancelled in its entirety when the executive officer resigned in the third quarter of 2021.

The following table summarizes the Company’s stock option activity during the period from December 31, 2017 through December 31, 2021:

	Number of Stock Options	Weighted Average Exercise Price	Weighted Average Remaining Contractual Life (Years)	Aggregate Intrinsic Value (in thousands)(1)
Outstanding at December 31, 2018	5,120,293	$ 3.13	7.3	$ 81,371
Granted	1,571,925	$ 39.01	—	$ —
Exercised	(1,429,756)	$ 1.87	—	$ 121,591
Cancelled/Forfeited	(91,486)	$ 9.33	—	$ —
Outstanding at December 31, 2019	5,170,976	$ 14.28	7.5	$ 329,879
Granted	268,193	$ 99.74	—	$ —
Exercised	(1,163,374)	$ 7.75	—	$ 132,935
Cancelled/Forfeited	(57,517)	$ 37.14	—	$ —
Outstanding at December 31, 2020	4,218,278	$ 21.20	6.6	$ 443,595
Granted	475,520	$ 91.42	—	$ —
Exercised	(485,016)	$ 16.76	—	$ 51,901
Cancelled/Forfeited	(252,418)	$ 70.41	—	$ —
Outstanding at December 31, 2021	3,956,364	$ 27.04	5.9	$ 180,302
Vested and exercisable at December 31, 2021	2,905,712	$ 14.20	5.0	$ 159,882
Vested and expected to vest at December 31, 2021	3,622,946	$ 22.34	5.6	$ 178,657

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(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 years ended December 31, 2021, 2020 and 2019, the Company recorded in aggregate $13.3 million, $13.1 million and $6.3 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 consolidated statements of operations.

As of December 31, 2021, there was $18.5 million in unrecognized compensation expense related to nonvested stock option awards which is expected to be recognized over a weighted average period of 1.5 years.

Restricted Stock Units

RSU grants to new employees in the year ended December 31, 2021 and 2020 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 year ended December 31, 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 year ended December 31, 2021 vested 100% over three months from the vesting commencement date. RSU grants to continuing employees in the year ended December 31, 2021 and 2020 generally vest quarterly over 16 quarters, subject to continued employment through the vesting date. In the year ended December 31, 2021, one RSU grant granted to continuing employees vests every 6 months over a two-year period, subject to continued employment through the vesting date. RSU grants to two executive officers in the year ended December 31, 2021 vest quarterly over four and eight quarters, respectively, subject to continued employment through the vesting date. Annual RSU grants to directors on the Company's Board of Directors (the "Board") vest monthly over a one-year period and RSU grants to new directors on the Board vest monthly over a three-year period. RSU grants to consultants and non-employee brand ambassadors in 2021 and 2020 have a variety of different vesting schedules.

The following table summarizes the Company's RSU activity from December 31, 2019 through December 31, 2021:

	Number of Units		Weighted Average Grant Date Fair Value Per Unit
Unvested at December 31, 2019	149,004	$	132.73
Granted	244,752	$	109.61
Vested	(99,970)	$	127.71
Cancelled/Forfeited	(17,797)	$	—
Unvested at December 31, 2020	275,989	$	114.99
Granted	562,909	$	86
Vested	(120,599)	$	123
Cancelled/Forfeited	(110,124)	$	—
Unvested at December 31, 2021	608,175	$	89

During the years ended December 31, 2021, 2020 and 2019, the Company recorded in aggregate $12.6 million, $9.8 million and $3.7 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 expense and SG&A expenses in the Company's consolidated statements of operations.

As of December 31, 2021, there was $26.9 million in unrecognized compensation expense related to nonvested RSUs which is expected to be recognized over a weighted average period of 1.5 years.

Share-Settled Obligation

Share-based compensation expense in 2021 and 2020 includes $1.5 million and $3.0 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 with the Company. The share-based compensation expense related to this share-settled obligation is included in SG&A expenses in the Company's consolidated statements of operations.

The Company is obligated to deliver a variable number of shares based on a fixed monetary amount on the first annual anniversary of the executive officer's commencement date and on each quarterly anniversary thereafter through the second annual anniversary. The liability classified award is considered unearned until the requirements for issuance of the shares are met and is included in "Accrued expenses and other current liabilities" in the Company's consolidated balance sheet as of December 31, 2020 in the amount of $1.0 million.

In 2021, two quarterly tranches related to this obligation were earned, and the Company delivered to the executive officer 20,872 fully vested RSUs with a settlement date fair value of $2.5 million. The executive officer separated from the Company effective August 27, 2021. As a result, the fourth quarterly tranche was unearned and cancelled. As of December 31, 2021, there was no accrued unrecognized compensation expense related to this share-settled obligation in "Accrued expenses and other current liabilities" in the Company's consolidated balance sheet.

Restricted Stock to Nonemployees

In 2021 and 2020, the Company issued no restricted stock. In April 2019, the Company's Board of Directors approved the issuance of 99,433 shares of restricted stock with a fair value of $20.02 per share and a purchase price of $0.01 per share to nonemployees serving as the Company's brand ambassadors. The Company has the right to repurchase the unvested shares upon a voluntary or involuntary termination of a brand ambassador's service; however, as shares vest monthly over 24 months, they are being released from the repurchase option and all such shares were released from the repurchase option by May 18, 2021.

The following table summarizes the Company's restricted stock activity:

	Number of Shares of Restricted Stock	Weighted Average Remaining Contractual Life (Years)	Weighted Average Grant Date Fair Value Per Share
Unvested at December 31, 2019	88,988	1.2	19.49
Granted	0	—	—
Vested/Released	(76,804)	—	19.97
Cancelled/Forfeited	—	—	—
Unvested at December 31, 2020	12,184	0.3	20.02
Granted	—	—	—
Vested/Released	(12,184)	—	20.02
Cancelled/Forfeited	—	—	—
Unvested at December 31, 2021	—	—	—

During 2021, 2020 and 2019, the Company recorded in aggregate $0.2 million, $1.4 million and $1.8 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 consolidated statements of operations.

As of December 31, 2021, there was $0 in unrecognized compensation expense related to nonvested restricted stock.

Employee Stock Purchase Plan

On November 15, 2018, the Company's Board of Directors adopted its 2018 Employee Stock Purchase Plan ("2018 ESPP"), which was subsequently approved by the Company's stockholders and became effective on April 30, 2019, the day immediately prior to the effectiveness of the registration statement filed in connection with the IPO. The 2018 ESPP is intended to qualify as an "employee stock purchase plan" within the meaning of Section 423 of the Internal Revenue Code (the "Code") for U.S. employees. In addition, the 2018 ESPP authorizes grants of purchase rights that do not comply with Section 423 of the Code under a separate non-423 component for non-U.S. employees and certain non-U.S. service providers. As of December 31, 2021, the Company has reserved 1,876,455 shares of common stock for issuance under the 2018 ESPP. In addition, the number of shares reserved for issuance under the 2018 ESPP will be increased automatically on the first day of each fiscal year for a period of up to ten years, starting with the 2020 fiscal year, by a number equal to the least of: (i) 536,130 shares; (ii) 1.0% of the shares of common stock outstanding on the last day of the prior fiscal year; or (iii) such lesser number of shares determined by the Company's Board of Directors. As of January 1, 2022, the maximum aggregate number of shares that may be issued under the 2018 ESPP increased to 2,412,585 shares. The 2018 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 2018 ESPP.

Note 11. Commitments and Contingencies

Leases

See Note 4, *Leases*.

On January 14, 2021, the Company entered into a Lease (the "Campus Lease") with HC Hornet Way, LLC, a Delaware limited liability company (the "Landlord"), to house the Company's headquarters offices, lab and innovation space in El Segundo, California. The initial term of the Campus Lease is 12 years, commencing on the earlier of 210 days following substantial completion of the base building by the Landlord or the date the Company occupies any portion of the Premises (other than Phase I-A) for purposes of conducting business operations therein, subject to adjustment as provided in the Campus Lease. The Company has two renewal options, each for a period of five years.

Under the terms of the Campus Lease, the Company will lease an aggregate of approximately 281,110 rentable square feet in a portion of a building located at 888 Douglas Street, El Segundo, California (the "Premises"), to be built out by the Landlord and delivered to the Company in three phases over a 26 month-period. Aggregate payments towards base rent for the Premises over the term of the lease will be approximately $159.3 million. In 2021, the Company paid $0.2 million in payments towards common area maintenance, parking, and insurance. No such payments were made in 2020 or 2019.

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 December 31, 2021, 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 year ended December 31, 2021. Therefore, the Company has not recognized an asset or a liability for the Campus Lease in its consolidated balance sheet as of December 31, 2021. The Company contributed $59.2 million in payments to a construction escrow account in the year ended December 31, 2021. These payments are recorded in "Prepaid lease costs, non-current" in the Company's consolidated balance sheet as of December 31, 2021, 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 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 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. In the year ended December 31, 2021, the Company received $1.1 million, in subsidies related to its investment in BYND JX from the Jiaxing Economic Development Zone Finance Bureau which is recorded in "Other, net" in the Company's consolidated statement of operations.

During Phase 1, the Company had agreed to invest $10.0 million in the JXEDZ through 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 fourth quarter of 2021, the Company also entered into a leasing contract to house the Company's research and development operations in the city of Shanghai for a period of eight years. As of December 31, 2021, the Company has invested $22.0 million and has 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.

Investment in The PLANeT Partnership

On January 25, 2021, the Company entered into The PLANeT Partnership, LLC ("TPP"), a joint venture with PepsiCo, Inc., to develop, produce and market innovative snack and beverage products made from plant-based protein. For the year ended December 31, 2021, the Company contributed its share of the investment in TPP, $11.0 million, and recognized its share of the net losses in TPP, in the amount of $3.0 million. No such amounts were recognized in 2020 or 2019. See Note 2.

Purchase Commitments

As of December 31, 2021, the Company had committed to purchase pea protein inventory totaling $52.9 million in 2022, which excludes the pea protein supply agreement signed with Puris subsequent to the year end. See Note 14. In addition, as of December 31, 2021, the Company had approximately $51.4 million in purchase order commitments for capital expenditures primarily to purchase machinery and equipment. Payments for these purchases will be due within 12 months from December 31, 2021.

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 judgment 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. The Court has not ruled on this motion. The hearing for this motion is scheduled for April 13, 2022.

The previous trial date, September 27, 2021, was continued. Trial is currently set for May 16, 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 assure you 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.

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 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 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 December 31, 2021. No other payment is contemplated in the proposed settlement. On October 1, 2021, the parties filed a Joint Report Regarding Settlement in the Central District of California stating that the parties reached a tentative settlement and requesting that the Court (i) vacate the briefing schedule for Defendants’ motion to dismiss, and (ii) issue an order setting November 19, 2021 as the deadline on or before which Plaintiffs must move for preliminary approval of the settlement. On October 4, 2021, the Court entered such an order. The parties requested and received another extension to January 14, 2022 for Plaintiffs to file a motion for preliminary approval. 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. The parties are waiting for the Court to rule on this motion.

On June 17, 2020, James Janolek, a purported shareholder of Beyond Meat, filed a shareholder derivative lawsuit in the United States District Court of the District of Delaware, 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 14(a) and 20(a) 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 June 17, 2020. On July 10, 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 July 10, 2020, the Court entered an order administratively closing the derivative case based on the stay order. On November 9, 2020, Plaintiff filed a Notice of Voluntary Dismissal without prejudice and without costs or attorney fees to either party.

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 12. Income Taxes

The provision for income taxes was as follows:

(in thousands)	Year Ended December 31,		
	2021	2020	2019
Current:			
Federal	$ —	$ —	$ —
State	60	72	9
	$ 60	$ 72	$ 9
Deferred:			
Federal	$ —	$ —	$ —
State	—	—	—
	$ —	$ —	$ —
Provision for income tax	$ 60	$ 72	$ 9

The Company has provided a 100% valuation allowance on its deferred tax assets. Provision for income taxes in 2021, 2020 and 2019 is primarily for taxes payable to the states.

A reconciliation of income tax expense from continuing operations to the amount computed by applying the statutory federal income tax rate to the net loss from continuing operations is summarized as follows:

	Year Ended December 31,		
(in thousands)	**2021**	**2020**	**2019**
U.S. income tax at federal statutory rate	$ (38,229)	$ (11,063)	$ (2,611)
State income tax, net of federal benefits	(4,991)	(1,962)	(2,550)
Foreign rate differential	(985)	(54)	—
Stock warrant liability	—	—	2,626
Share-based compensation	(4,932)	(21,007)	(21,236)
Research and development credits	(20)	(10)	(8)
Change in tax rates	(719)	2,989	73
Other	771	529	(98)
Change in valuation allowance	49,165	30,650	23,813
Provision for income tax	$ 60	$ 72	$ 9

Significant components of the Company's deferred tax assets and liabilities as of December 31, 2021, and 2020 are shown below.

	December 31,	
(in thousands)	**2021**	**2020**
Deferred Tax Assets:		
Net operating loss (NOL)	$ 128,006	$ 78,464
Intangibles	1,308	1,495
Share-based compensation	4,584	3,295
Interest	388	311
Inventory reserve	2,139	2,262
Other	1,820	2,024
Total gross deferred tax assets	138,245	87,851
Deferred Tax liabilities:		
Property, plant and equipment	3,056	1,773
Other	—	—
Total gross deferred tax liabilities	3,056	1,773
Valuation allowance	135,189	86,078
Net deferred tax assets (liabilities)	$ —	$ —

As of December 31, 2021, and 2020, management assessed the realizability of deferred tax assets and evaluated the need for an amount of a valuation allowance for deferred tax assets on a jurisdictional basis. This evaluation utilizes the framework contained in ASC 740, “Income Taxes,” pursuant to which management analyzed all positive and negative evidence available at the balance sheet date to determine whether all or some portion of the deferred tax assets will not be realized. Under this guidance, a valuation allowance must be established for deferred tax assets when it is more likely than not (a probability level of more than 50%) that they will not be realized.

In concluding on the evaluation, management placed significant emphasis on guidance in ASC 740, which states that “a cumulative loss in recent years is a significant piece of negative evidence that is difficult to overcome." Based upon available evidence, it was concluded on a more-likely-than-not basis that certain deferred tax assets were not realizable as of December 31, 2021. Accordingly, a valuation allowance of $135.2 million has been recorded to offset these deferred tax assets. The change in valuation allowance for the year ended December 31, 2021 from 2020 was an increase of $49.1 million.

As of December 31, 2021, the Company has accumulated federal, state and foreign net operating loss carryforwards of approximately $514.1 million, $201.7 million and $24.6 million, respectively, of which approximately $422.4 million of the federal net operating losses do not expire and the remaining federal, state and foreign tax loss carryforwards begin to expire in 2031, 2032 and 2025 respectively, unless previously utilized. As of December 31, 2020, the Company had accumulated federal, state and foreign net operating loss carryforwards of approximately $344.2 million, $92.5 million and $1.3 million, respectively.

Pursuant to Internal Revenue Code (IRC) Sections 382 and 383, annual use of the Company's net operating loss (NOLs) and research and development credit carryforwards may be limited in the event a cumulative change in ownership of more than 50% occurs within a three-year period. The Company has completed a section 382 analysis through December 31, 2019 and concluded ownership changes occurred in 2011, 2013 and 2015. However, these ownership changes are not expected to result in a material limitation on future use of the Company's NOLs and credit carryforwards generated prior to these ownership changes pursuant. Changes may have occurred in 2020 and may occur in the future that could limit the Company's ability to utilize tax attributes. Any adjustment to the Company's tax attributes as a result of such ownership changes will result in a corresponding decrease to the valuation allowance recorded against the Company's deferred tax assets.

The following table summarizes the activity related to the Company's gross unrecognized tax benefits at the beginning and end of the years ended December 31, 2021 and 2020:

(in thousands)	Year Ended December 31, 2021	2020
Gross unrecognized tax benefits at the beginning of the year	$ 5,399	$ 3,336
Increases related to current year positions	3,462	2,063
Increases/Decreases related to prior year positions	—	—
Expiration of unrecognized tax benefits	—	—
Gross unrecognized tax benefits at the end of the year	$ 8,861	$ 5,399

As of December 31, 2021 and 2020, the Company had $8.0 million and $4.9 million, respectively, of unrecognized tax benefits from research and development tax credits, none of which, if recognized, would affect the Company's effective tax rate.

The Company recognizes interest and penalties accrued related to unrecognized tax benefits in income tax expense. During the years ended December 31, 2021, 2020 and 2019, interest and penalties recognized were insignificant. The Company does not expect any significant increases or decreases to its unrecognized tax benefits within the next 12 months.

The Company files U.S. federal, state and foreign income tax returns in jurisdictions with varying statute of limitations. The Company's tax years from 2011 (inception) are subject to examination by the United States and state authorities due to the carry forward of unutilized tax attributes.

With respect to the income of its foreign subsidiaries, the Company takes the position that the undistributed earnings of its foreign subsidiaries are permanently invested in that jurisdiction. As a result, no additional income taxes have been provided on the possible repatriation of these earnings to the parent company. The Company does not have any unremitted earnings as of December 31, 2021.

The Tax Cuts and Jobs Act subjects a U.S. shareholder to tax on Global Intangible Low-taxes Income ("GILTI") earned by certain foreign subsidiaries. Pursuant to the FASB Staff Q&A, Topic 740 No.5. *Accounting for Global Intangible Low-taxed Income,* the Company is allowed to make an accounting policy election to either recognize deferred taxes for temporary basis differences expected to reverse as GILTI in future years or to provide for the tax expense related to GILTI in the year the tax is incurred as period expense only. The Company has elected to account for GILTI in the year the tax is incurred.

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 13. Net Loss Per Share Available to Common Stockholders ("EPS")

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 ASU 2020-06, the Company applies the more dilutive of the if-converted method and the two-class method to its Notes. See Note 2.

Computation of EPS for the year ended December 31, 2021 and 2020 excludes the dilutive effect of 3,956,364 and 4,218,278 shares issuable under stock options, respectively, and 608,175 and 275,989 RSUs, respectively, because the Company incurred a net loss and their inclusion would have been antidilutive. Computation of EPS for the year ended December 31, 2020 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 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. The share-settled obligation that was scheduled to vest in the third quarter of 2021 was cancelled because the executive officer separated from the Company before the vest date and the award was not earned (see Note 9). Computation of net loss per share available to common stockholders for the year ended December 31, 2021 also excludes the dilutive effect of the Notes because the Company recorded a net loss and their inclusion would be anti-dilutive. Computation of EPS for the year ended December 31, 2019 excludes the dilutive effect of 5,170,976 shares issuable under stock options because the Company incurred a net loss and their inclusion would have been antidilutive.

(in thousands, except share and per share amounts)	Year Ended December 31, 2021	2020	2019
Numerator:			
Net loss available to common stockholders	$ (182,105)	$ (52,752)	$ (12,443)
Undistributed net income available to unvested restricted stockholders	—	—	—
Net loss available to common stockholders—basic	$ (182,105)	$ (52,752)	$ (12,443)
Denominator:			
Weighted average common shares outstanding—basic	63,172,368	62,290,445	42,274,777
Dilutive effect of shares issuable under stock options	—	—	—
Dilutive effect of RSUs	—	—	—
Dilutive effect of share-settled obligation	—	—	—
Dilutive effect of Notes, if converted(1)	—	—	—
Weighted average common shares outstanding—diluted	63,172,368	62,290,445	42,274,777
Net loss per share available to common stockholders—basic	$ (2.88)	$ (0.85)	$ (0.29)

(1) As the Company recorded a net loss in the year ended December 31, 2021, inclusion of shares from the conversion premium or spread would be anti-dilutive. The Company had no Notes outstanding during the years ended December 31, 2020 and 2019.

The following outstanding shares of common stock equivalents were excluded from the computation of diluted net loss per share available to common stockholders for the periods presented because the impact of including them would have been antidilutive:

	Year Ended December 31, 2021	2020	2019
Options to purchase common stock	3,956,364	4,218,278	5,170,976
Restricted stock units	608,175	275,989	149,004
Total	4,564,539	4,494,267	5,319,980

Note 14. Subsequent Event

Subsequent to the year ended December 31, 2021, on February 8, 2022, the Company amended its supply agreement with PURIS Proteins, LLC., under which it may purchase domestically sourced pea protein and extended it through December 31, 2022.

ITEM 9. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE.

None.

ITEM 9A. 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 Annual Report on Form 10-K. 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 Annual Report on Form 10-K, 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.

Management's Report on Internal Control over Financial Reporting

Our management is responsible for establishing and maintaining adequate internal control over financial reporting (as defined in Rules 13a-15(f) and 15d-15(f) under the Exchange Act). Our internal control over financial reporting is designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with GAAP.

Under the supervision and with the participation of our management, including our Chief Executive Officer and Chief Financial Officer, we conducted an evaluation of the effectiveness of our internal control over financial reporting based on the framework set forth in *Internal Control - Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission.

Based on our evaluation under the framework set forth in Internal Control - Integrated Framework (2013), our management concluded that our internal control over financial reporting was effective as of December 31, 2021.

The effectiveness of our internal control over financial reporting as of December 31, 2021 has been audited by Deloitte & Touche LLP, an independent registered public accounting firm, as stated in its report which is included below.

Attestation Report of Independent Registered Public Accounting Firm on Internal Control Over Financial Reporting

The attestation report of the independent registered public accounting firm, Deloitte & Touche LLP, on the Company's internal control over financial reporting is included below under the heading "Report of Independent Registered Public Accounting Firm."

Changes in Internal Control over Financial Reporting

There were no changes in our internal control over financial reporting during the quarter ended December 31, 2021 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.

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Stockholders and the Board of Directors of Beyond Meat, Inc.

Opinion on Internal Control over Financial Reporting

We have audited the internal control over financial reporting of Beyond Meat, Inc. and subsidiaries (the “Company”) as of December 31, 2021, based on criteria established in *Internal Control — Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). In our opinion, the Company maintained, in all material respects, effective internal control over financial reporting as of December 31, 2021, based on criteria established in *Internal Control — Integrated Framework (2013)* issued by COSO.

We have also audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the consolidated financial statements as of and for the year ended December 31, 2021, of the Company and our report dated March 1, 2022, expressed an unqualified opinion on those financial statements.

Basis for Opinion

The Company’s management is responsible for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting, included in the accompanying Management’s Report on Internal Control over Financial Reporting. Our responsibility is to express an opinion on the Company’s internal control over financial reporting based on our audit. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audit in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects. Our audit included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, testing and evaluating the design and operating effectiveness of internal control based on the assessed risk, and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

Definition and Limitations of Internal Control over Financial Reporting

A company’s internal control over financial reporting is a process designed 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. A company’s internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company’s assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

/s/ Deloitte & Touche LLP

Los Angeles, California
March 1, 2022

ITEM 9B. OTHER INFORMATION.

None.

ITEM 9C. DISCLOSURE REGARDING FOREIGN JURISDICTIONS THAT PREVENT INSPECTIONS.

Not applicable.

PART III

ITEM 10. DIRECTORS, EXECUTIVE OFFICERS AND CORPORATE GOVERNANCE.

The information required by this item will be set forth in our Proxy Statement and is incorporated by reference. The Proxy Statement will be filed with the SEC within 120 days of the fiscal year ended December 31, 2021.

Our board of directors has adopted a code of business conduct and ethics that applies to all of our employees, officers and directors, including our Chief Executive Officer, Chief Financial Officer and other executive and senior financial officers. The full text of our code of business conduct and ethics is posted on the investor relations page on our website which is located at https://investors.beyondmeat.com/investor-relations. We will post any amendments to our code of business conduct and ethics other than technical, administrative or other non-substantive amendments, or waivers of its requirements, on our website or in a Form 8-K filed with the SEC.

ITEM 11. EXECUTIVE COMPENSATION.

The information required by this item will be set forth in our Proxy Statement and is incorporated herein by reference. The Proxy Statement will be filed with the SEC within 120 days of the fiscal year ended December 31, 2021.

ITEM 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT AND RELATED STOCKHOLDER MATTERS.

The information required by this item will be set forth in our Proxy Statement and is incorporated herein by reference. The Proxy Statement will be filed with the SEC within 120 days of the fiscal year ended December 31, 2021.

ITEM 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS, AND DIRECTOR INDEPENDENCE.

The information required by this item will be set forth in our Proxy Statement and is incorporated herein by reference. The Proxy Statement will be filed with the SEC within 120 days of the fiscal year ended December 31, 2021.

ITEM 14. PRINCIPAL ACCOUNTING FEES AND SERVICES.

The information required by this item will be set forth in our Proxy Statement and is incorporated herein by reference. The Proxy Statement will be filed with the SEC within 120 days of the fiscal year ended December 31, 2021.

PART IV

ITEM 15. EXHIBIT AND FINANCIAL STATEMENT SCHEDULES.

(a)(1) Financial Statements

See Index to Financial Statements in Item 8 of this report.

(a)(2) Financial Statement Schedules

All financial statement schedules have been omitted as the information is not required under the related instructions or is not applicable or because the information required is already included in the financial statements or the notes those financial statements.

(a)(3) EXHIBITS

The documents set forth below are filed herewith or incorporated herein by reference to the location indicated.

EXHIBIT INDEX

Exhibit No.	Exhibit Description	Incorporated by Reference			Filed Herewith
		Form	Date	Number	
3.1	Restated Certificate of Incorporation.	10-Q	6/12/2019	3.1	
3.2	Amended and Restated Bylaws.	10-Q	6/12/2019	3.2	
4.1	Form of Common Stock Certificate.	S-1/A	3/27/2019	4.1	
4.2	Amended and Restated Investors' Rights Agreement, dated as of October 5, 2018, by and among the Registrant and the other parties thereto.	S-1	11/16/2018	4.2	
4.3	Description of Registrant's Securities.	10-K	3/19/2020	4.3	
4.4	Indenture, dated as of March 5, 2021, between Beyond Meat, Inc. and U.S. Bank National Association, as trustee.	8-K	3/5/2021	4.1	
4.5	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 3/5/21).	8-K	3/5/2021	4.1	
10.1	Standard Industrial/Commercial Single-Tenant Lease, dated as of January 18, 2017, by and between Smoky Hollow Industries, LLC and Registrant with attachments thereto.	S-1	11/16/2018	10.1	
10.2	First Amendment dated as of July 1, 2021 to Standard Industrial/Commercial Single-Tenant Lease, dated as of January 18, 2017, by and between Smoky Hollow Industries, LLC and Registrant with attachments thereto.	10-Q	8/12/2021	10.1	
10.3	Lease, dated March 13, 2014, as amended, by and between Sara Maguire LeMone as Trustee of the Sara Maguire LeMone Revocable Trust dated February 6, 2004 and Registrant and amendment thereto dated November 1, 2017.	S-1	11/16/2018	10.2	
10.4	Second Lease Amendment to Lease, dated March 13, 2014, as amended, by and between Sara Maguire LeMone as Trustee of the Sara Maguire Lemone Revocable Trust, dated May 6, 2019.	10-K	3/19/2020	10.3	

EXHIBIT INDEX

Exhibit No.	Exhibit Description	Incorporated by Reference			Filed Herewith
		Form	Date	Number	
10.5	Third Lease Amendment to Lease, dated March 13, 2014, as amended, by and between Sara Maguire LeMone as Trustee of the Sara Maguire Lemone Revocable Trust, dated March 16, 2020.	10-K	3/19/2020	10.4	
10.6	Lease, dated October 12, 2017, by and between LeMone Family Limited Partnership, LLLP and Registrant as amended by the Lease Amendment dated April 18, 2018.	S-1	11/16/2018	10.3	
10.7	Second Lease Amendment to Lease, dated October 12, 2017, as amended, by and between LeMone Family Limited Partnership, LLLP and Registrant, dated May 22, 2020.	10-Q	8/11/2020	10.2	
10.8	Standard Industrial/Commercial Single-Tenant Lease - Net, dated as of February 11, 2019, between GSOB, LLC and Registrant, with attachments thereto.	S-1/A	4/15/2019	10.22	
10.9	Lease, dated as of January 14, 2021, by and between Registrant and HC Hornet Way, LLC.	8-K	1/15/2021	10.1	
10.10	Supply Agreement, dated December 28, 2018, by and between Roquette America, Inc. and Registrant.+	S-1/A	4/15/2019	10.10	
10.11	Multi-Year Sales Agreement, dated January 10, 2020, by and between Roquette Frères and Beyond Meat, Inc.+	8-K	1/15/2020	10.1	
10.12	Master Supply Agreement, dated as of December 21, 2018, between Registrant and PURIS Proteins, LLC.+	S-1/A	4/15/2019	10.21	
10.13	Amendment No. 1 to PURIS Master Supply Agreement.	10-Q	11/12/2019	10.1	
10.14	Amendment No. 2 to PURIS Master Supply Agreement.+				X
10.15	Form of Indemnification Agreement with directors and executive officers.*	S-1/A	1/9/2019	10.11	
10.16	2011 Equity Incentive Plan, amended as of April 3, 2019, and related forms of stock award agreements.*	S-1/A	4/15/2019	10.12	
10.17	2018 Equity Incentive Plan, and related forms of stock award agreements.*	S-1/A	1/9/2019	10.13	
10.18	Amended form of 2018 Equity Incentive Plan stock option award agreement.*	10-Q	7/29/2019	10.1	
10.19	Amended form of 2018 Equity Incentive Plan restricted stock unit award agreement.*	10-Q	7/29/2019	10.2	
10.20	2018 Employee Stock Purchase Plan.*	S-1/A	1/9/2019	10.14	
10.21	Executive Incentive Bonus Plan.*	S-1	11/16/2018	10.15	

EXHIBIT INDEX

Exhibit No.	Exhibit Description	Incorporated by Reference			Filed Herewith
		Form	Date	Number	
10.22	Form of Executive Change in Control Severance Agreement.*	S-1	11/16/2018	10.16	
10.23	Employment Agreement by and between Registrant and Ethan Brown.*	S-1/A	1/9/2019	10.20	
10.24	Offer Letter dated April 29, 2019 with Teri L. Witteman.*	8-K	5/20/2019	10.1	
10.25	Retirement Agreement, dated February 28, 2021, by and between Beyond Meat, Inc. and Mark J. Nelson.	8-K	3/1/2021	10.1	
10.26	Consulting Agreement, dated February 28, 2021, by and between Beyond Meat, Inc. and Mark J. Nelson.	8-K	3/1/2021	10.2	
10.27	Form of Confirmation of Base Call Option Transaction, dated March 2, 2021.	8-K	3/05/2021	10.1	
10.28	Form of Confirmation of Additional Call Option Transaction, dated March 12, 2021.	8-K	3/16/2021	10.1	
10.29	Offer Letter dated June 4, 2021 between the Company and Philip E. Hardin.*	8-K	6/10/2021	10.1	
10.30	Consulting Agreement entered into on July 6, 2021 by and between the Company and Charles Muth.	8-K	7/8/2021	10.1	
10.31	Offer Letter dated April 21, 2021 between the Company and Deanna Jurgens.*+				X
10.32	Offer Letter dated November 5, 2021 between the Company and Douglas W. Ramsey.*	8-K	12/8/2021	10.1	
10.33	Offer Letter dated November 9, 2021 between the Company and George B. Adcock.*+				X
14.1	Code of Business Conduct and Ethics, as amended effective as of October 19, 2021				X
21.1	List of Subsidiaries of Beyond Meat, Inc.				X
23.1	Consent of Independent Registered Public Accounting Firm.				X
31.1	Certification of Chief Executive Officer pursuant to Rules 13a-14(a) and 15d-14(a) of the Securities Exchange Act of 1934, as amended, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.				X
31.2	Certification of Chief Financial Officer pursuant to Rules 13a-14(a) and 15d-14(a) of the Securities Exchange Act of 1934, as amended, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.				X
32.1**	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.				X
32.2**	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.				X

EXHIBIT INDEX

Exhibit No.	Exhibit Description	Incorporated by Reference			Filed Herewith
		Form	Date	Number	
101	The following financial statements from the Company's Yearly Report on Form 10-K for the fiscal year ended December 31, 2021 formatted in Inline XBRL: (i) Consolidated Balance Sheets, (ii) Consolidated Statements of Operations, (iii) Consolidated Statements of Comprehensive Loss (iv) Consolidated Statements of Convertible Preferred Stock and Stockholders' Equity (Deficit), (v) Consolidated Statements of Cash Flows and (vi) Notes to 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

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* Indicates management contract or compensatory plan or arrangement.

** 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 Annual Report on Form 10-K, irrespective of any general incorporation language contained in such filing.

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

ITEM 16. FORM 10-K SUMMARY.

None.

SIGNATURES

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

BEYOND MEAT, INC.

Date:	March 1, 2022	By:	/s/ Ethan Brown
		Name:	Ethan Brown
		Title:	President and Chief Executive Officer

POWER OF ATTORNEY

Know all persons by these presents, that each person whose signature appears below constitutes and appoints Ethan Brown and Philip E. Hardin, and each of them, as such person's true and lawful attorneys-in-fact and agents, with full power of substitution and resubstitution, for such person and in such person's name, place and stead, in any and all capacities, to sign any and all amendments to this annual report on Form 10-K, and to file the same, with all exhibits thereto, and all other documents in connection therewith, with the Securities and Exchange Commission, granting unto each said attorneys-in-fact and agents, and each of them, full power and authority to do and perform each and every act and thing requisite and necessary to be done in connection therewith, as fully to all intents and purposes as such person might or could do in person, hereby ratifying and confirming all that said attorneys-in-fact and agents, or any of them or their or such person's substitute or substitutes, may lawfully do or cause to be done by virtue thereof.

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

Signature	Title	Date
/s/ Ethan Brown Ethan Brown	President, Chief Executive Officer, and Director (Principal Executive Officer)	March 1, 2022
/s/ Philip E. Hardin Philip E. Hardin	Chief Financial Officer and Treasurer (Principal Financial Officer and Principal Accounting Officer)	March 1, 2022
/s/ Seth Goldman Seth Goldman	Chairman of the Board	March 1, 2022
/s/ Diane Carhart Diane Carhart	Director	March 1, 2022
/s/ Sally Grimes Sally Grimes	Director	March 1, 2022

/s/ Raymond J. Lane Raymond J. Lane	Director	March 1, 2022
/s/ Muktesh Pant Muktesh Pant	Director	March 1, 2022
/s/ Ned Segal Ned Segal	Director	March 1, 2022
/s/ Christopher Isaac Stone Christopher Isaac Stone	Director	March 1, 2022
/s/ Kathy N. Waller Kathy N. Waller	Director	March 1, 2022

Exhibit 10.14

[***] 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

Second Amendment to Master Supply Agreement Amendment

This Master Supply Agreement amendment (this “Second Amendment”) is made February 8, 2022 (the “Second Amendment Effective Date”) by Beyond Meat, Inc. (“Beyond Meat”), and PURIS Proteins, LLC (“Manufacturer”) and amends and supplements the Master Supply Agreement dated December 21, 2018 by the parties, as amended from time to time (the “Agreement”). Unless otherwise defined in this Second Amendment, capitalized terms used in this Second Amendment shall have the meaning ascribed to them in the Agreement. As of the Second Amendment Effective Date, all references to the Agreement shall mean the Agreement as amended.

The Parties amend and supplement the Agreement as follows:

1. Section 1 is amended by replacing the words “December 31, 2021” with “December 31, 2022”.

2. Section 3.1 is deleted in its entirety and replaced with the following:

   3.1 Planning Profile. Supplier and Beyond Meat have agreed on the planning profile set forth in Section 7 of the Second Amendment.

3. A new Section 3.9 is added to the Agreement as follows:

   Supplier will maintain an appropriate safety stock to supply the Goods in Quarterly Purchase Orders (as defined in Section 7 below.

4. A new Section 4.2. is added to the Agreement as follows:

   Supplier and Beyond Meat agree to work together in good faith using commercially reasonable efforts to reduce the unit price for Goods by a minimum of **[***]** in each year during the Term through mutually beneficial cost reduction initiatives. Such cost improvements will equitably attributed and take effect immediately upon actual realization of the improvements.

5. Section 5.2 is deleted in its entirety.

6. Section 9.3 is deleted in its entirety and replaced with the following:

   9.3 Effect of Termination. Upon the termination of this Agreement, Supplier will cease work, and unless Supplier terminated the Agreement due to Beyond Meat’s breach pursuant to Section 9.1, Supplier will deliver to Beyond Meat all completed Goods and Beyond Meat will pay Supplier the price provided in any Quarterly Purchase Order for all Goods which have been completed prior to the date of notice of termination and which are accepted by Supplier. If Supplier terminates the Agreement due to Beyond Meat’s breach pursuant to Section 9.1 or if Beyond Meat terminates the Agreement without cause, (i) Supplier will deliver to Beyond Meat all completed Goods for which Beyond Meat prepays Supplier, and (ii) Beyond Meat will pay Supplier an amount equal to the difference between the volume of Goods Beyond Meat purchased during the then current Quarter and the Binding Quarterly Volume multiplied by the Binding Quarterly Price.

7. The parties agree that the Contract Volumes specified in Exhibit A for 2019, 2020 and 2021 are waived, and Supplier has no obligation to supply and Beyond Meat has no obligation to purchase the Contract Volumes for these years. Exhibit A is replaced in total with the following:

   Planning Profile. The parties agree to the following Estimated Volumes and price of Goods in accordance with the Specifications as specified in the table below:

Contract Year	Estimated Volume and Price (FCA PURIS Facility)
2022	First Quarter (Jan 1 – Mar 31) – **[***]** Second Quarter (Apr 1 – Jun 30) – **[***]** Third Quarter (Jul 1-Sep 30) – **[***]** Fourth Quarter (Oct 1 – Dec 31) – **[***]** The Estimated Volumes and Prices for the First Quarter of 2022 will become binding upon the execution of this Second Amendment. The Estimated Volumes and Prices for the remaining three quarters of 2022 are non-binding and are only intended to represent Beyond Meat's good faith estimate of the volume of Goods required and Supplier's good faith estimate of the volume of Goods and price at which it can supply the Goods during such periods. The parties will attempt in good faith to mutually agree in a document signed by both parties on the binding volume of Goods, the Price, and an estimated delivery schedule for each calendar quarter in accordance with the below (each such commitment a "**Binding Quarterly Commitment**"). The parties agree that **[***]** prior to the beginning of the Second Quarter, the parties will attempt in good faith to mutually agree on the Binding Quarterly Commitment for the Second Quarter. Subject to the parties' agreement on a Second Quarter Binding Quarterly Commitment, (i) all purchase orders for Goods to be delivered in the first month of the Second Quarter must be placed with **[***]** lead time; and (ii) all purchase orders for Goods to be delivered in the second and third months of the Second Quarter must be placed with **[***]** lead time. The parties agree that **[***]** prior to the beginning of the Third and Fourth Quarters, the parties will attempt in good faith to mutually agree on the Binding Quarterly Commitment for the respective quarters. Subject to the parties' agreement on a Binding Quarterly Commitment for each applicable quarter, (i) all purchase orders for Goods to be delivered in the first month of the applicable quarter must be placed with **[***]** lead time; and (ii) all purchase orders for Goods to be delivered in the second and third months of the Third and Fourth Quarters, respectively, must be placed with **[***]** lead time. Beyond Meat is obligated to purchase the Goods in accordance with the Binding Quarterly Commitment and applicable lead times set forth above ("**Quarterly Purchase Orders**"). Supplier is obligated to supply the Goods in accordance with the Binding Quarterly Commitment and applicable lead times set forth above. If Beyond Meat requests any Goods in excess of the Binding Quarterly Commitment in any given Quarter, Supplier may at its option supply such Goods provided the parties mutually agree on a price and delivery date for the excess volume **[***]**. In the event the parties are unable to mutually agree on the Binding Quarterly Commitment for the next quarter, this Agreement may be terminated by either party by written notice to the other party, effective as of the last day of the then current quarter. **[***]**

8. Effect of Amendment: Except as amended by this Second Amendment, the terms of the Agreement remain in full force and effect. In the event of any conflict between the terms and conditions of this Second Amendment and the terms and conditions of the Agreement, the terms and conditions of this Second Amendment shall prevail.

9. Signature, Counterparts, and Delivery. The parties agree that this Second Amendment may be signed with an electronic signature and that an electronic signature has the same legal effect as a manual signature. Each person signing this Second Amendment states that he or she is duly authorized and has legal capacity to sign and deliver this Second Amendment. This Second Amendment may be signed in two or more counterparts, each of which shall be deemed an original but all of which together shall constitute one and the same amendment. This Second Amendment will become effective when counterparts have been signed by each of the parties and delivered to the other parties; it being understood that all parties need not sign the same counterpart. The counterparts of this amendment may be made by facsimile transmission, by electronic mail in "portable document format" (".pdf") form, or by any other electronic means intended to preserve the original graphic and pictorial appearance of a document, or by a combination of these methods.

The Parties have executed and delivered this Second Amendment as of the Second Amendment Effective Date.

Beyond Meat, Inc.	**PURIS Proteins, LLC**
Signature: /s/ Doug Ramsey	Signature: /s/ Tyler Lorenzen
Print Name: Doug Ramsey	Print Name: Tyler Lorenzen
Title: COO	Title: CEO

119 Standard St.
El Segundo, CA 90245

Exhibit 10.31

[ADDRESS] 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

April 21, 2021

Deanna Jurgens
[ADDRESS]

Dear Deanna,

Beyond Meat, Inc., a Delaware corporation (the "Company") is pleased to offer you employment with the Company on the terms described below.

1. **Position.** You will Start in a full-time, exempt position as the Company's Chief Growth Officer and you will report to Ethan Brown, the Company's Chief Executive Officer. You will be based from your home in [ADDRESS], making regular trips to the Company's headquarters in El Segundo, CA. You will be on the road at least 50% meeting with clients and nurturing new business opportunities. All business travel and approved expenses will be paid by the Company according to policies and practices. By signing this letter, you confirm with the Company that you are under no contractual or other legal obligations that would prohibit you from performing your duties with the Company.

2. **TriNet HR Corporation.** The Company's benefits, payroll, and other human resource management services provided through TriNet HR Corporation, a professional employer organization. As a result of the Company's arrangement with TriNet, TriNet will be considered your employer of record for these purposes and your managers at the Company will be responsible for directing your work, reviewing your performance, setting your schedule, and otherwise directing your work at the Company.

3. **Compensation and Employee Benefits.**

(a) **Base Salary.** Your initial base salary will be $435,000 per year, and you will be eligible for a salary review in 2022. Your base salary will be payable on the Company's regular payroll dates.

(b) **Sign-On Cash Bonus.** The Company will pay you a one-time bonus equal to $350,000 (the "Sign-On Bonus") within 30 days of the date of you commence employment with the Company (the "Commencement Date"), subject to your continued employment through the payment date. You will earn, and be permitted to retain, the full amount of the Sign-On Bonus if you remain employed by the Company through the 1-year anniversary of the Commencement Date. By signing below, you acknowledge and agree that, if before such 1-year anniversary date, you terminate employment with the Company for any reason, you will be required to immediately re-pay the full amount of the Sign-On Bonus no later than 30 days following the last day of your employment with the Company.

(c) **Annual Bonus.** You will be eligible to participate in the Company's Executive Incentive Bonus Plan, with the target amount of your bonus for the 2021 calendar year equal to 100% of your base salary, pro-rated based on the Commencement Date. The Compensation Committee of the Company's Board of Directors (the "Compensation Committee") will determine in its sole and absolute discretion whether you have earned a bonus for each calendar year, including whether any applicable performance objectives have been met and the amount of the bonus. Provided thresholds and performance metrics are met, the annual bonus may pay from 0% to 200%.

(d) **Severance.** Like other Company executives, you will be eligible for severance pursuant to the terns of the enclosed Executive Change in Control Severance Agreement.

(e) **Benefits.** As a regular employee of the Company you will be eligible to participate in a number of Company-sponsored benefits, which are described in the employee benefit summary enclosed with this letter. In addition to Company holidays, you will be entitled to 20 days of Paid Time-off (PTO).

(f) **Annual Review.** The Compensation Committee will review your compensation, along with the compensation provided to the Company's other executives, at least annually.

4. **Background Check.** Like all Company employees, your employment is subject to a background check. As a condition of your employment with the Company, you are required to sign the Company's enclosed background check consent form.

5. **Stock Grants.** Subject to the approval of the Compensation Committee and, as applicable your satisfaction of the requirements set forth below, you will be granted: (a) options ("Option") to purchase shares of the Company's common stock ("Common Stock"), and (b) awards of restricted stock units ("RSUs"), under the Company's 2018 Equity Incentive Plan (as such plan may be amended and restated from time to time, the "Plan"), as set forth in more detail below. For each Option, the number of shares of Common Stock subject to the Option will be determined by dividing the dollar value of the Option award by the Average Closing Price (as defined below), multiplying the resultant total by two (2), and rounding up to the nearest whole number of shares of Common Stock. For each RSU award, the number of shares to be granted will be determined by dividing the dollar value of the RSU award by the Average Closing Price and rounding up to the nearest whole number of shares. The Average Closing Price shall be calculated based on the average of the closing prices of Common Stock as reported on the NASDAQ Global Select Market for the period of 10 consecutive trading days ending on (and including) the last trading day prior to the date of grant.

(a) **Initial Equity Awards.** If approved, the initial Option and RSUs set forth in subsections 5(a)(i) and (ii) below will be granted at the next regular Compensation Committee meeting following the Commencement Date.

(i) **Option.** In accordance with the methodology above, you will be eligible to be granted an initial Option to purchase Common Stock valued at $500,000 subject to the terms and conditions of the Plan and the applicable stock option agreement. The exercise price for the Option will be no less than the fair market value of the Common Stock, as determined according to the Plan, on the grant date. Generally, the Option will vest and become exercisable over four years as follows: 25% of the total number of shares subject to the Option will vest and become exercisable on the 12-month anniversary of the Commencement Date and 1/48th of the total number of shares subject to the Option will vest and become exercisable in monthly installments thereafter, subject to your continuous service through each vesting date, as described in the applicable stock option agreement.

(ii) **RSUs.** In accordance with the methodology above, you will be eligible to be granted an initial award of RSUs valued at $500,000, subject to the terms and conditions of the Plan and the applicable RSU agreement. Generally, the RSUs will vest and become non-forfeitable as follows: 25% of the RSUs will vest on the 12-month anniversary of the Commencement Date and 1/16th of the RSUs will vest in quarterly installments thereafter, subject to applicable taxes and withholdings, and subject to your continuous service through each vesting date, as described in the applicable RSU agreement.

(b) **Additional Equity Awards.** You will be eligible to receive the additional Option and RSUs set forth in subsections 5(b)(i) and (ii) below if the Commencement Date is on or before June 1, 2021. If you meet this condition and the additional Option and RSUs are approved, they will be granted at the next regular Compensation Committee meeting following June 1, 2021. If you do not meet this condition, the additional Option and RSUs will not be approved.

(i) **Option.** In accordance with the methodology above, you will be eligible to be granted an additional Option to purchase Common Stock valued at $500,000 subject to the terms and conditions of the Plan and the applicable stock option agreement. The exercise price for the Option will be no less than the fair market value of the Common Stock, as determined according to the Plan, on the grant date. Generally, the Option will vest and become exercisable over four years as follows: 25% of the total number of shares subject to the Option will vest and become exercisable on the 12-month anniversary of the Commencement Date and 1/48th of the total number of shares subject to the Option will vest and become exercisable in monthly installments thereafter, subject to your continuous service through each vesting date, as described in the applicable stock option agreement.

(ii) **RSUs.** In accordance with the methodology above, you will be eligible to be granted an additional award of RSUs valued at $500,000, subject to the terms and conditions of the Plan and the applicable RSU agreement. Generally, the RSUs will vest and become non-forfeitable as follows: 25% of the RSUs will vest on the 12-month anniversary of the Commencement Date and 1/16th of the RSUs will vest in quarterly installments thereafter, subject to applicable taxes and withholdings, and subject to your continuous service through each vesting date, as described in the applicable RSU agreement.

6. **Confidential Information and Invention Assignment Agreement.** Like all Company employees, you will be required, as a condition of your employment with the Company, to sign the Company's enclosed standard Confidential Information and Invention Assignment Agreement.

7. **Employment Relationship.** Employment with the Company is for no specific period of time. Your employment with the Company will be “at will,” meaning that either you or the Company may terminate your employment at any time and for any reason, with or without cause. Any contrary representations which may have been made to you are superseded by this offer. This is the full and complete agreement between you and the Company on this

term. Although your job duties, title, compensation and benefits, as well as the Company's personnel policies and procedures, may change from time to time, the “at will” nature of your employment may only be changed in an express written agreement signed by you and the Company's Chief Executive Officer.

8. **Outside Activities.** While you render services to the Company, you agree that you will not engage in any other employment, consulting or other business activity without the written consent of the Company. In addition, while you render services to the Company, you will not assist any person or entity in competing with the Company, in preparing to compete with the Company or in hiring any employees or consultants of the Company.

9. **Taxes. Withholding and Required Deductions.** All forms of compensation referred to in this letter are subject to all applicable taxes, withholding, and any other deductions required by applicable law.

10. **Entire Agreement.** This letter supersedes and replaces any prior understandings or agreements, whether oral, written or implied, between you and the Company regarding the matters described in this letter.

If you wish to accept this offer, please sign, date and return this letter to the Company, along with the enclosed Executive Change in Control Severance Agreement and Confidential Information and Invention Assignment Agreement, on or before April 28, 2021. As required, by law, your employment with the Company is also contingent upon your providing legal proof of your identity and authorities to work in the United States. We look forward to having you join us!

Very truly yours,
BEYOND MEAT, INC.

By: /s/ Ethan Brown
(Signature)
Name: Ethan Brown
Title: Chief Executive Officer

ACCEPTED AND AGREED:
Deanna Jurgens
/s/ Deanna Jurgens
Date: 4-23-21
Anticipated Start Date: June 1, 2021 (or earlier)

119 Standard St.
El Segundo, CA 90245

Exhibit 10.33

[ADDRESS] 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 ”

November 9, 2021

Bernie Adcock
[ADDRESS]

Dear Bernie,

Beyond Meat, Inc., a Delaware corporation (the “Company”), is pleased to offer you employment with the Company on the terms described below, which offer has been reviewed and approved by the Human Capital Management and Compensation Committee of the Company’s Board of Directors (the “Compensation Committee”).

1. **Position.** You will start in a full-time, exempt position as the Company’s Chief Supply Chain Officer, and you will report to the Company’s Chief Operating Officer. You will be based out of the Company’s headquarters in El Segundo, CA. By signing this letter, you confirm with the Company that you are under no contractual or other legal obligations that would prohibit you from performing your duties with the Company.

2. **TriNet HR Corporation.** The Company’s benefits, payroll, and other human resource management services are provided through TriNet HR Corporation, a professional employer organization. As a result of the Company’s arrangement with TriNet, TriNet will be considered your employer of record for these purposes and your managers at the Company will be responsible for directing your work, reviewing your performance, setting your schedule, and otherwise directing your work at the Company. Beyond Meat’s business arrangement with TriNet will end on December 31, 2021. As of January 1, 2022, the Company’s benefits, payroll and other human resource management services will be provided by the Company and the Company will be your employer of record.

3. **Compensation and Employee Benefits.**

(a) Base Salary. Your initial base salary will be $400,000 per year, and you will be eligible for a salary review in 2023. Your base salary will be payable on the Company’s regular payroll dates.

(b) First Year Sign-On Cash Bonus. The Company will pay you a sign-on cash bonus equal to $350,000 (the “First Year Sign-On Bonus”) within 30 days of the date in which you commence employment with the Company (the “Commencement Date”), subject to your continued employment through the payment date. You will earn, and be permitted to retain, the full amount of the First Year Sign-On Bonus if you remain employed by the Company through the 1-year anniversary of the Commencement Date. By signing below, you acknowledge and agree that, if before such 1-year anniversary date, you terminate employment with the Company for any reason, you will be required to immediately re-pay a pro-rated portion of the First Year Sign-On Bonus, with the pro-rated amount determined based on the total days of service that you provided during the first year following the Commencement Date, no later than 30 days following the last day of your employment with the Company.

(c) Second Year Sign-On Cash Bonus. The Company will pay you an additional sign-on cash bonus equal to $100,000 (the "Second Year Sign-On Bonus") within 30 days following the first annual anniversary of the Commencement Date, subject to your continued employment through the payment date. You will earn, and be permitted to retain, the full amount of the Second Year Sign-On Bonus if you remain employed by the Company through the 2-year anniversary of the Commencement Date. By signing below, you acknowledge and agree that, if before such 2-year anniversary date, you terminate employment with the Company for any reason, you will be required to immediately re-pay a pro-rated portion of the Second Year Sign-On Bonus, with the pro-rated amount determined based on the total days of service that you provided during the second year following the Commencement Date, no later than 30 days following the last day of your employment with the Company.

(d) Settling-In Payment. The Company will pay you a one-time settling-in payment equal to $200,000 (the "Settling-In Payment") within 30 days of the Commencement Date, subject to your continued employment through the payment date. You will earn and be permitted to retain the full amount of the Settling-In Payment if you remain employed by the Company through the 1-year anniversary of the Commencement Date. By signing below, you acknowledge and agree that, if before such 1-year anniversary date, you terminate employment with the Company for any reason, you will be required to immediately re-pay a pro-rated portion of the Settling-In Payment, with the pro-rated amount determined based on the total days of service that you provided during the first year following the Commencement Date, no later than 30 days following the last day of your employment with the Company.

(e) Relocation Payment. In order to assist you to move you and your household from [ADDRESS] to the greater Los Angeles metropolitan area, the Company will provide you a relocation payment of $100,000 (the "Relocation Payment") within 30 days of the Commencement Date, subject to your continued employment through the payment date. You will earn and be permitted to retain the full amount of the Relocation Payment if you remain employed by the Company through the 1-year anniversary of the Commencement Date. By signing below, you acknowledge and agree that, if before such 1-year anniversary date, you terminate employment with the Company for any reason, you will be required to immediately re-pay a pro-rated portion of the Relocation Payment, with the pro-rated amount determined based on the total days of service that you provided during the first year following the Commencement Date, no later than 30 days following the last day of your employment with the Company.

(f) Annual Bonus. Beginning in 2022, you will be eligible to participate in the Company's Executive Incentive Bonus Plan, with the target amount of your bonus equal to 75% of your base salary (earned on a quarterly basis), pro-rated based on the Commencement Date. The Human Capital Management and Compensation Committee of the Company's Board of Directors (the "Compensation Committee") will determine in its sole and absolute discretion whether you have earned a bonus for each measurement period, including whether any applicable performance objectives have been met and the amount of the bonus. Provided thresholds and performance metrics are met, the bonus (now quarterly) may pay from 0% to 200%. The annual bonus target of 75% is currently paid quarterly. Quarters 1, 2 and 3 are 20% each and quarter 4 is 40%.

(g) **Severance.** Like other Company executives, you will be eligible for severance pursuant to the terms of the enclosed Executive Change in Control Severance Agreement.

(h) **Benefits.** As a regular employee of the Company, you will be eligible to participate in a number of Company-sponsored benefits, which are described in the employee benefit summary enclosed with this letter. In addition to Company holidays, you will be entitled to 20 days of vacation, accrued per pay period.

(i) **Annual Review.** The Compensation Committee will review your compensation, along with the compensation provided to the Company's other executives, at least annually, including without limitation, your cash compensation (base salary and bonus opportunities) and equity compensation.

4. **Background Check.** Like all Company employees, your employment is subject to a background check. As a condition of your employment with the Company, you are required to sign the Company's background check consent form which will be sent separately.

5. **Equity Awards.** You will be granted: (a) options ("Option") to purchase shares of the Company's common stock ("Common Stock"), and (b) awards of restricted stock units ("RSUs"), under the Company's 2018 Equity Incentive Plan (as such plan may be amended and restated from time to time, the "Plan"), as set forth in more detail below. For each Option described below, the number of shares of Common Stock subject to the Option will be determined by dividing the dollar value of the Option award by the Closing Price (as defined below), multiplying the resultant total by two (2), and rounding up to the nearest whole number of shares of Common Stock. For each RSU award described below, the number of shares to be granted will be determined by dividing the dollar value of the RSU award by the Closing Price and rounding up to the nearest whole number of shares. The Closing Price shall equal the closing price of Common Stock as reported on the NASDAQ Global Select Market for the date of grant. If approved, the Options and RSUs set forth in subsections 5(a) below will be granted the next time the Compensation Committee approves equity awards pursuant to the Plan following the Commencement Date.

(a) **New-Hire Equity Awards.**

(i) New-Hire Option. In accordance with the methodology above, you will be granted an Option to purchase Common Stock valued at $2,500,000 subject to the terms and conditions of the Plan and the applicable stock option agreement. The exercise price for the Option will be no less than the fair market value of the Common Stock, as determined according to the Plan, on the grant date. Generally, the Option will vest and become exercisable over four years as follows: 25% of the total number of shares subject to the Option will vest and become exercisable on the 12-month anniversary of the Commencement Date and 1/36th of the balance of the shares to the Option will vest and become exercisable in monthly installments thereafter, such that the Option will be fully vested and exercisable 4 years after the

Commencement Date, subject to your continuous service through each vesting date, as described in the applicable stock option agreement.

(ii) New-Hire RSUs. In accordance with the methodology above, you will be granted an award of RSUs valued at $2,500,000, subject to the terms and conditions of the Plan and the applicable RSU agreement. Generally, the RSUs will vest and become nonforfeitable as follows: 25% of the RSUs will vest on the 12-month anniversary of the Commencement Date and 1/12th of the balance of the RSUs will vest in quarterly installments thereafter, such that the RSUs will be fully vested 4 years after the Commencement Date, subject to applicable taxes and withholdings, and subject to your continuous service through each vesting date, as described in the applicable RSU agreement.

(b) Additional Equity Awards. If approved, the additional Option and RSUs set forth in subsections 5(b)(i) and (ii) below will be granted at the same time each calendar year that the Compensation Committee approves annual refresh equity awards pursuant to the Plan for other similarly situated executives of the Company, provided you remain continuously employed by the Company through such date.

(i) Option. In accordance with the methodology above, you will be eligible to be granted an Option to purchase Common Stock with a target value of $1,250,000 subject to the terms and conditions of the Plan and the applicable stock option agreement. The exercise price for the Option will be no less than the fair market value of the Common Stock, as determined according to the Plan, on the grant date. Generally, the Option will vest and become exercisable over four years as follows: 25% of the total number of shares subject to the Option will vest and become exercisable on the 12-month anniversary of the grant date and 1/36th of the balance of the shares to the Option will vest and become exercisable in monthly installments thereafter, such that the Option will be fully vested and exercisable 4 years after the grant date, subject to your continuous service through each vesting date, as described in the applicable stock option agreement. The actual grant date value of the option award may be higher or lower based on performance.

(ii) RSU. In accordance with the methodology above, you will be eligible to be granted an award of RSUs with a target value of $1,250,000, subject to the terms and conditions of the Plan and the applicable RSU agreement. Generally, the RSUs will vest and become non-forfeitable as follows: 25% of the RSUs will vest on the 12-month anniversary of the grant date and 1/12th of the balance of the RSUs will vest in quarterly installments thereafter, such that the RSUs will be fully vested 4 years after the grant date, subject to applicable taxes and withholdings, and subject to your continuous service through each vesting date, as described in the applicable RSU agreement. The actual grant date value of the RSU award may be higher or lower based on performance.

6. **Business Expenses**. The Company will reimburse you for your necessary and reasonable business expenses incurred in connection with your duties hereunder upon presentation of an itemized account and appropriate supporting documentation, all in accordance with the Company's generally applicable policies.

7. **Confidential Information and Invention Assignment Agreement.** Like all Company employees, you will be required, as a condition of your employment with the

Company, to sign the Company's enclosed standard Confidential Information and Invention Assignment Agreement.

8. **Indemnification Agreement.** Like all similarly situated Company officers, the Company will enter into the Company's enclosed standard Indemnification Agreement with you. You will also be covered under a directors and officers liability insurance policy paid for by the Company to the extent that the Company maintains such a liability insurance policy now or in the future for similarly situated Company officers. The indemnification agreement may be found on the SEC's website here.

9. **COVID 19**. The Company has adopted a COVID-19 vaccination policy to safeguard the health and well-being of our employees. As a condition of employment, U.S. employees who (a) physically enter a Beyond Meat facility in the United States, (b) represent Beyond Meat at work-related events, including but not limited to trade shows and product demonstrations, or (c) physically enter customer or potential customer sites in connection with their work for Beyond Meat must be Fully Vaccinated, unless a reasonable accommodation has been approved. "Fully Vaccinated" means two (2) weeks after the second shot (if Moderna or Pfizer) or single shot (if Johnson & Johnson). Accordingly, you must be Fully Vaccinated or have an approved accommodation prior to your start date to be eligible to work for the Company.

10. **Employment Relationship.** Employment with the Company is for no specific period of time. Your employment with the Company will be "at will," meaning that either you or the Company may terminate your employment at any time and for any reason, with or without cause. Any contrary representations which may have been made to you are superseded by this offer. This is the full and complete agreement between you and the Company on this term.
Although your job duties, title, compensation and benefits, as well as the Company's personnel policies and procedures, may change from time to time, the "at will" nature of your employment may only be changed in an express written agreement signed by you and the Company's Chief Executive Officer.

11. **Outside Activities.** While you render services to the Company, you agree that you will not engage in any other employment, consulting or other business activity without the written consent of the Company. In addition, while you render services to the Company, you will not assist any person or entity in competing with the Company, in preparing to compete with the Company or in hiring any employees or consultants of the Company.

12. **Taxes, Withholding and Required Deductions.** All forms of compensation referred to in this letter are subject to all applicable taxes, withholding, and any other deductions required by applicable law.

13. **Entire Agreement.** This letter supersedes and replaces any prior understandings or agreements, whether oral, written or implied, between you and the Company regarding the matters described in this letter.

[Signature Page Follows]

If you wish to accept this offer, please sign, date and return this letter to the Company, along with the enclosed Executive Change in Control Severance Agreement and Confidential Information and Invention Assignment Agreement, on or before November 15, 2021. As required, by law, your employment with the Company is also contingent upon your providing professional references, legal proof of your identity and authorization to work in the United States. We look forward to having you join us!

Very truly yours,
BEYOND MEAT, INC.

By: /s/ Ethan Brown
(Signature)
Name: Ethan Brown
Title: Chief Executive Officer

ACCEPTED AND AGREED:
Bernie Adcock
/s/ Bernie Adcock
(Signature)
Date: November 15, 2021
Start Date: December 6, 2021

BEYOND MEAT, INC.

CODE OF BUSINESS CONDUCT AND ETHICS

(Amended effective as of October 19, 2021)

1. PURPOSE

Beyond Meat, Inc. (collectively with its subsidiaries, the "Company") is committed to promoting high standards of honest and ethical business conduct and compliance with applicable laws, rules and regulations. As part of this commitment, the Company has adopted this Code of Business Conduct and Ethics (this "Code"). The Company has adopted this Code to set expectations and provide guidance applicable to all members of the Company's Board of Directors (the "Board") and officers, employees, independent contractors and consultants of the Company (all such persons for purposes of this Code, "employees"). All employees are responsible for reading and understanding this Code and using it as a guide to the performance of their responsibilities for the Company. No one has the authority to make an employee violate this Code, and any attempt to direct or otherwise influence someone else to commit a violation is unacceptable. This Code cannot address every ethical issue or circumstance that may arise. Accordingly, in complying with the letter and spirit of this Code, it is the employee's responsibility to apply common sense, together with high personal standards of ethics, honesty and accountability, in making business decisions where this Code has no specific guideline. Employees should consider not only their own conduct, but also that of their family members. Throughout this Code, the term "family member" refers to an employee's spouse, parents, children and siblings, whether by blood, marriage or adoption, or anyone residing in such employee's home (other than a tenant or employee).

In addition, each employee is expected to comply with all other Company policies and procedures that may apply to employees, many of which supplement this Code by providing more detailed guidance. The Company may modify or update these specific policies and procedures from time to time and adopt new Company policies and procedures in the future.

Nothing in this Code is intended to alter existing legal rights and obligations of the Company or any of its employees, including "at-will" employment arrangements or other arrangements or agreements that the Company may have with its employees.

The Company expects all of its directors, executives, managers and other supervisory personnel to act with honesty and integrity, use due care and diligence in performing responsibilities to the Company, help foster a sense of commitment to this Code among its employees and foster a culture of fairness, honesty and accountability within the Company. The Company also expects such personnel to ensure that the Company's agents and contractors conform to the standards of this Code when working on the Company's behalf.

If a director needs help understanding this Code, or how it applies to conduct in any given situation, the director should contact the Chairperson (the "Audit Chair") of the Audit Committee of the Board (the "Audit Committee") or, in the case of the Audit Chair, the Company's Chief Legal Officer or, if there shall be no Chief Legal Officer, the Chief Financial Officer, who may consult with inside or outside legal counsel as appropriate. If an employee (other than a director) needs help understanding this Code, or how it applies to conduct in any given situation, the employee should contact a supervisor or the Chief Legal Officer or, if there shall be no Chief Legal Officer, the Chief Financial Officer. In addition, the employee should be alert to possible violations of this Code by others and should report suspected violations without fear of any form of retaliation. See Section 19 (Compliance Standards and Procedures) for a description of whom to contact with questions or how to report suspected violations of the Code.

Anyone who violates the standards in this Code will be subject to appropriate action, which, in certain circumstances, may include (a) for directors, removal from the Board, legal action or referral for criminal prosecution and (b) for employees (other than directors), termination of employment or service provider relationship for cause, legal action or referral for criminal prosecution.

OBEY THE LAW

2. LEGAL COMPLIANCE

Directors and employees must always obey the law while performing their duties to the Company. The Company's success depends upon each employee operating within legal guidelines and cooperating with authorities. It is essential that all employees know and understand the legal and regulatory requirements that apply to the Company's business and to their specific area of responsibility. While an employee is not expected to have complete mastery of these laws, rules and regulations, employees are expected to be able to recognize situations that require consultation with others to determine the appropriate course of action. See Section 19 (Compliance Standards and Procedures) for a description of whom to contact with questions about legal compliance.

3. INSIDER TRADING

Every director and employee is prohibited from using "inside" or material nonpublic information about the Company, or about companies with which the Company does business, in connection with buying or selling the Company's or such other companies' securities, including "tipping" others who might make an investment decision on the basis of this information. It is illegal, and it is a violation of this Code, the Company's Insider Trading Policy (the "Insider Trading Policy") and other Company policies, to tip or to trade on inside information. Employees who have access to inside information are not permitted to use or share that inside information for stock trading purposes or for any other purpose except to conduct Company business.

Employees must exercise the utmost care when in possession of material nonpublic information. The Insider Trading Policy provides guidance on the types of information that might be nonpublic and material for these purposes, and guidelines on when and how an employee may purchase or sell shares of Company stock or other Company securities.

Please review the Insider Trading Policy for additional information.

4. INTERNATIONAL BUSINESS LAWS

Directors and employees are expected to comply with all applicable laws wherever they travel on Company business, including laws prohibiting bribery, corruption or the conduct of business with specified individuals, companies or countries. Directors and employees are also expected to comply with U.S. laws, rules and regulations governing the conduct of business by U.S. citizens and entities outside the United States.

These laws, rules and regulations include:

- the U.S. Foreign Corrupt Practices Act, which prohibits directly or indirectly giving anything of value to a non-U.S. government official to obtain or retain business or favorable treatment, and requires the maintenance of accurate books and records and internal controls;

- Other anti-corruption laws that could apply to our business that prohibit public corruption, commercial bribery, and receiving bribes, such as the Criminal Law of the People's Republic of China and the UK Bribery Act of 2010;

- U.S. embargoes, which restrict or, in some cases, prohibit U.S. persons, corporations and, in some cases, foreign subsidiaries from doing business with certain countries, groups or individuals;

- U.S. export controls, which restrict travel to designated countries, prohibit or restrict exporting from the U.S. goods, services and technology to designated countries and identified persons or entities, and prohibit or restrict the re-export of U.S.-origin goods from the country of original destination to designated countries or identified persons or entities; U.S. anti-boycott compliance, which prohibits U.S. companies from taking any action that has the effect of furthering any unsanctioned boycott of a country friendly to the United States; and

- Anti-money laundering, financial crime, and anti-terrorism laws and regulations that prohibit criminals from moving funds generated from criminal activity through legitimate businesses to hide their criminal origins.

For additional information, please see the Company's Anti-Corruption Policy and any other related policies that the Company may adopt from time to time.

5. LAWSUITS, LEGAL PROCEEDINGS AND RECORD PRESERVATION

The Company complies with all laws and regulations regarding the preservation of records. Lawsuits, legal proceedings and investigations concerning the Company must be handled promptly and properly. An employee must contact the Chief Legal Officer or, if there shall be no Chief Legal Officer, the Chief Financial Officer immediately upon receipt of a court order or a court-issued document, or notice of a threatened lawsuit, legal proceeding or investigation.

A legal hold suspends all document destruction procedures in order to preserve appropriate records under special circumstances, such as litigation or government investigations. When there is a "legal hold" in place, employees may not alter, destroy, or discard documents relevant to the lawsuit, legal proceeding or investigation. The Chief Legal Officer or, if there shall be no Chief Legal Officer, the Chief Financial Officer determines and identifies what types of records or documents are required to be placed under a legal hold and will notify employees if a legal hold is placed on records for which they are responsible.

If an employee is involved on the Company's behalf in a lawsuit or other legal dispute, such employee must avoid discussing it with anyone inside or outside of the Company without prior approval of the Chief Legal Officer or, if there shall be no Chief Legal Officer, the Chief Financial Officer. Employees and their managers are required to cooperate fully with the Company's legal department in the course of any lawsuit, legal proceeding or investigation.

ETHICAL OBLIGATIONS

6. CONFLICTS OF INTEREST

Employees are expected to avoid actual or apparent conflicts of interest between their personal and professional relationships. For directors, this may include recusal from discussions of the Board when their participation could be perceived as creating such a conflict. A "conflict of interest" occurs when a personal interest interferes in any way (or even appears or could reasonably be expected to interfere) with the interests of the Company as a whole.

Sometimes conflicts of interest arise when an employee takes some action or has some outside interest, duty, responsibility or obligation that conflicts with an interest of the Company or the employee's duty to the Company. A conflict of interest can arise when an employee takes actions or has interests that may make it difficult to perform the employee's duties objectively and effectively. Conflicts of interest can also arise when an employee or relative of an employee (including a family member of an employee) receives improper personal benefits as a result of the employee's position at the Company.

In evaluating whether an actual or contemplated activity may involve a conflict of interest, employees should consider:

- whether the activity would appear improper to an outsider;

- whether the activity could interfere with an employee’s job performance or morale or that of another Company employee;
- whether the employee has access to confidential Company information or influence over significant Company resources or decisions;
- the potential impact of the activity on the Company’s business relationships, including relationships with business partners and service providers;
- the extent to which the activity could benefit the employee or the employee’s relatives, directly or indirectly;
- any overlap between the employee’s specific role at the Company; and
- whether the investment is in a publicly traded or non-publicly traded company.

A few examples of activities that could involve conflicts of interests include:

- **Aiding the Company’s competitors.** This could take the form of service as a member of the board of directors of a competitor, passing confidential Company information to a competitor or accepting payments or other benefits from a competitor. If employees are concerned about whether an interaction with a competitor constitutes a conflict of interest they should consult with their supervisor and the Chief Legal Officer or, if there shall be no Chief Legal Officer, the Chief Financial Officer.
- **Involvement with any business that does business with the Company or seeks to do business with the Company.** Employment by or service on the board of directors of a business partner, supplier or service provider is generally discouraged, and an employee (other than a director) must seek authorization from the Chief Legal Officer or, if there shall be no Chief Legal Officer, the Chief Financial Officer in advance if the employee plans to have such a relationship. A director must consult with the Audit Chair (or, in the case of the Audit Chair, the Chief Legal Officer or, if there shall be no Chief Legal Officer, the Chief Financial Officer) if the director plans to have such a relationship.
- **Owning a significant financial interest in a competitor or a business that does business with the Company or seeks to do business with the Company.** In evaluating such interests for conflicts, both direct and indirect interests that employees or their relatives may have should be considered, along with factors such as the following:
    - the size and nature of the interest;
    - the nature of the Company’s relationship with the other business;
    - whether an employee has access to confidential Company information; and
    - whether an employee has an ability to influence Company decisions that would affect the other entity.

  If a director has or wishes to acquire a significant financial interest in a competitor, or in a business partner, supplier or service provider with which the director has direct business dealings (or approval responsibilities), the director must consult with the Audit Chair (or, in the case of the Audit Chair, the Chief Legal Officer or, if there shall be no Chief Legal Officer, the Chief Financial Officer). If an employee has or wishes to acquire a significant financial interest in a competitor, or in a business partner, supplier or service provider with which the employee has direct business dealings (or approval responsibilities), the employee must consult with the Chief Legal Officer or, if there shall be no Chief Legal Officer, the Chief Financial Officer. Similarly, if an employee experiences a change of position or seniority that results in having direct business dealings with a business partner or service provider in which the employee already has a significant financial interest, the employee must consult with the Chief Legal Officer or, if there shall be no Chief Legal Officer, the Chief Financial Officer.

- **Soliciting or accepting payments, gifts, loans, favors or preferential treatment from any person or entity that does or seeks to do business with the Company.** See Section 10 (Gifts and Entertainment) for further discussion of the issues involved in this type of potential conflict.

- **Taking personal advantage of corporate opportunities.** See Section 7 (Corporate Opportunities) for further discussion of the issues involved in this type of conflict.

- Having authority on behalf of the Company over a co-worker who is also a family member, or transacting business on behalf of the Company with a family member. If employees may be involved in such situations, they should consult with their supervisors and the Chief Legal Officer or, if there shall be no Chief Legal Officer, the Chief Financial Officer to assess the situation and determine an appropriate resolution.

Employees must avoid these situations (and others like them), and any other situations where their loyalty to the Company could be compromised. If an employee (other than a director) believes that the employee is or may become involved in a potential conflict of interest, the employee must discuss it with, and seek a determination and prior authorization or approval from, the Chief Legal Officer or, if there shall be no Chief Legal Officer, the Chief Financial Officer. If a director believes a situation may exist in which the director has a conflict of interest that would interfere with the ability to perform the director's responsibilities as a director, the director must promptly notify the Audit Chair (or, in the case of the Audit Chair, the Chief Legal Officer or, if there shall be no Chief Legal Officer, the Chief Financial Officer). In such a scenario, the Audit Committee, acting where appropriate on the advice and guidance of counsel, will review all relevant facts and may (i) determine that the conduct or situation does not amount to a conflict of interest, (ii) provide guidance to avoid a conflict from developing (such as suggesting recusal from consideration and/or approval of specific matters that come before the Board) or (iii) declare that the director may not pursue a certain course of action, or must terminate the conflict. In addition, all related- party transactions, whether or not deemed to be a conflict of interest, must be approved in accordance with the Company's Related-Party Transactions Policy.

Special Note Regarding Employee Loans

Loans to employees or their family members by the Company, or guarantees of their loan obligations, could constitute an improper personal benefit to the recipients of these loans or guarantees. Accordingly, Company loans and guarantees for executive officers and directors are expressly prohibited by law and Company policy. In addition, approval of the Human Capital Management and Compensation Committee of the Board is required for any Company loan to any other employee.

7. CORPORATE OPPORTUNITIES

Employees may not compete with the Company or take personal advantage of business opportunities that the Company might want to pursue. Employees are prohibited from taking for themselves personally (or for the benefit of friends or family members) opportunities that are discovered through the use of Company property, information or position. Even opportunities that are acquired through independent sources may be questionable if they are related to the Company's existing or proposed lines of business.

No employee may use Company property, information or position for personal gain. Employees owe a duty to the Company to advance the Company's legitimate business interests when opportunities arise. Accordingly, participation by employees in outside business opportunities that are related to the Company's existing or proposed lines of business is prohibited.

Directors should consult with the Audit Chair (or, in the case of the Audit Chair, the Chief Legal Officer or, if there shall be no Chief Legal Officer, the Chief Financial Officer) and employees (other than directors) should consult with the Chief Legal Officer or, if there shall be no Chief Legal Officer, the Chief Financial Officer, in each case, to determine an appropriate course of action if interested in pursuing an opportunity that they discovered through their Company position or use of Company property or information.

8. FINANCIAL INTEGRITY; PUBLIC REPORTING

The Company strives to maintain integrity of the Company's records and public disclosure. The Company's corporate and business records, including all supporting entries to the Company's books of account, must be completed honestly, accurately and understandably. The Company's records are important to investors and creditors. They serve as a basis for managing the Company's business and are important in meeting the Company's obligations to business partners, suppliers, vendors, creditors, employees and others with whom the Company does business. The Company depends on the books, records and accounts accurately and fairly reflecting, in reasonable detail, the Company's assets, liabilities, revenues, costs and expenses, as well as all transactions and changes in assets and liabilities.

To help ensure the integrity of the Company's records and public disclosure, the Company requires that:

- no entry be made in the Company's books and records that is intentionally false or misleading;
- transactions be supported by appropriate documentation;
- the terms of sales and other commercial transactions be reflected accurately in the documentation for those transactions and all such documentation be reflected accurately in the Company's books and records;
- employees comply with the Company's system of internal controls and be held accountable for their entries;
- any off-balance sheet arrangements of the Company are clearly and appropriately disclosed;
- employees work cooperatively with the Company's independent auditors in their review of the Company's financial statements and disclosure documents;
- no cash or other assets be maintained for any purpose in any unrecorded or "off-the-books" fund; and
- records be retained or destroyed according to the Company's document retention policies or procedures then in effect.

The Company's disclosure controls and procedures are designed to help ensure that the Company's reports and documents filed with or submitted to the U.S. Securities and Exchange Commission (the "SEC") and other public disclosures are complete, fair, accurate, fairly present the Company's financial condition and results of operations and are timely and understandable. Employees who collect, provide or analyze information for or otherwise contribute in any way in preparing or verifying these reports should be familiar with and adhere to all disclosure controls and procedures and generally assist the Company in producing financial disclosures that contain all of the information about the Company that is required by law and would be important to enable investors to understand the Company's business and its attendant risks. These controls and procedures include, but are not limited to, the following:

- no employee may take or authorize any action that would cause the Company's financial records or financial disclosure to fail to comply with generally accepted accounting principles, the rules and regulations of the SEC or other applicable laws, rules and regulations;

- all employees must cooperate fully with the Company's finance department, as well as the Company's independent auditors and legal counsel, respond to their questions with candor and provide them with complete and accurate information to help ensure that the Company's books and records, as well as its reports filed with the SEC, are accurate and complete; and

- no employee should knowingly make (or cause or encourage any other person to make) any false or misleading statement in any of the Company's reports filed with the SEC or knowingly omit (or cause or encourage any other person to omit) any information necessary to make the disclosure in any of such reports accurate in all material respects.

In connection with the preparation of the financial and other disclosures that the Company makes to the public, including by press release or filing a document with the SEC, directors must, in addition to complying with all applicable laws, rules and regulations, follow these guidelines:

- act honestly, ethically, and with integrity;

- comply with this Code;

- endeavor to ensure complete, fair, accurate, timely and understandable disclosure in the Company's filings with the SEC;

- raise questions and concerns regarding the Company's public disclosures when necessary and ensure that such questions and concerns are appropriately addressed;

- act in good faith in accordance with the director's business judgment, without misrepresenting material facts or allowing independent judgment to be subordinated by others; and

- comply with the Company's disclosure controls and procedures and internal controls over financial reporting.

If an employee becomes aware that the Company's public disclosures are not complete, fair and accurate, or if an employee becomes aware of a transaction or development that the employee believes may require disclosure, the employee should report the matter immediately.

9. CONDUCT OF SENIOR FINANCIAL EMPLOYEES

The Company's Finance Department has a special responsibility to promote integrity throughout the organization, with responsibilities to stakeholders both inside and outside of the Company. As such, the Board requires that the Chief Executive Officer and senior personnel in the Company's finance department adhere to the following ethical principles and accept the obligation to foster a culture throughout the Company as a whole that ensures the accurate and timely reporting of the Company's financial results and condition.

Because of this special role, the Company requires that the Chief Executive Officer, Chief Financial Officer, Chief Accounting Officer, Corporate Controller and any other persons performing similar functions ("Senior Financial Employees"):

- Act with honesty and integrity and use due care and diligence in performing their responsibilities to the Company.

- Avoid situations that represent actual or apparent conflicts of interest with their responsibilities to the Company, and disclose promptly to the Audit Committee, any transaction or personal or professional relationship that reasonably could be expected to give rise to such an actual or apparent conflict. Without limiting the foregoing, and for the sake of avoiding an implication of impropriety, Senior Financial Employees shall not:

  - accept any material gift or other gratuitous benefit from a business partner, supplier or vendor of products or services, including professional services, to the Company (this prohibition is not intended to preclude ordinary course entertainment or similar social events; see Section 10 (Gifts and Entertainment) for further discussion of the issues involved in this type of potential conflict);

  - except with the approval of the disinterested members of the Board, directly invest in any privately-held company that is a business partner, supplier or vendor of the Company where the Senior Financial Employee, either directly or through people in such Senior Financial Employee's chain of command, has responsibility or ability to affect or implement the Company's relationship with the other company; or

  - maintain more than a passive investment of greater that 1% of the outstanding shares of a public company that is a business partner, supplier or vendor of the Company.

- Provide constituents with information that is accurate, complete, objective, relevant, timely and understandable, including information for inclusion in the Company's submissions to governmental agencies or in public statements.

- Comply with applicable laws, rules, and regulations of federal, state and local governments, and of any applicable public or private regulatory and listing authorities.

- Achieve responsible use of and control over all assets and resources entrusted to each Senior Financial Employee.

10. GIFTS, ENTERTAINMENT, AND TRAVEL EXPENSES

Business gifts and entertainment are meant to create goodwill and sound working relationships and not to gain improper advantage with customers or facilitate approvals from government officials. All employees must be careful to avoid even the appearance of impropriety in giving or receiving gifts, entertainment, or travel expenses. In general, an employee cannot offer, provide or accept any gifts, entertainment or travel expenses in connection with an employee's service to the Company except in a manner consistent with customary business practices, such as customary and reasonable meals and entertainment.

Gifts and entertainment must not be excessive in value, in cash, susceptible of being construed as a bribe or kickback, or in violation of any laws. This principle applies to the Company's transactions everywhere in the world, even if it conflicts with local custom. Under some statutes, such as the U.S. Foreign Corrupt Practices Act, giving anything of value to a government official to obtain or retain business or favorable treatment is a criminal act subject to prosecution and conviction.

Under the Company's Anti-Corruption Policy, pre-approval in writing by the Chief Legal Officer or, if there shall be no Chief Legal Officer, the Chief Financial Officer, is required before providing a gift, entertainment, or travel expenses to a public official, or in the case of non-public officials, providing any gift or entertainment valued over $500 per recipient. For additional information, please see the Company's Anti-Corruption Policy, as well as any local policies or procedures regarding gifts and entertainment.

11. POLITICAL CONTRIBUTIONS AND GIFTS, CHARITABLE ACTIVITIES

The Company does not make contributions or payments that could be considered a contribution to a political party or candidate, or to intermediary organizations such as political action committees. However, an employee is free to exercise an employee's right to make personal political contributions within legal limits. An employee should not make these contributions in a way that might appear to be an endorsement or contribution by the Company. The Company will not reimburse an employee for any political contribution.

The Company may make charitable donations from time to time using corporate funds, including financial contributions or donations of in-kind items. Charitable activity may not be given as a quid pro quo or improper benefit to a government official or private person in exchange for business or a business advantage for the Company. Charitable donations must be approved according to relevant Company policies, and all such donations must be completely and accurately recorded in the Company's books and records.

TREAT OTHERS INSIDE AND OUTSIDE OF THE COMPANY FAIRLY AND HONESTLY

12. COMPETITION AND FAIR DEALING

The Company strives to compete vigorously and to gain advantages over its competitors through superior business performance, not through unethical or illegal business practices. No employee may through improper means acquire proprietary information from others, possess trade secret information or induce disclosure of confidential information from past or present employees of other companies. If an employee becomes aware of the improper acquisition of this type of information, the employee should report it immediately.

Employees are expected to deal fairly and honestly with anyone with whom they have contact in the course of performing their duties to the Company. The making of false or misleading statements about the Company's competitors is prohibited by this Code, inconsistent with the Company's reputation for integrity and harmful to the Company's business. Employees may not take unfair advantage of anyone through manipulation, concealment, abuse of privileged information, misuse of confidential information, misrepresentation of material facts or any other unfair business practice.

Employees involved in procurement have a special responsibility to adhere to principles of fair competition in the purchase of products and services by selecting suppliers based exclusively on typical commercial considerations, such as quality, cost, availability, service and reputation, and not on the receipt of special favors.

Employees involved in sales have a special responsibility to abide by all Company policies regarding selling activities, including Company policies relevant to revenue recognition.

<u>Special Note Regarding Antitrust Laws</u>

Antitrust laws are designed to protect customers and the competitive process. These laws generally prohibit the Company from establishing:

- price fixing arrangements with competitors or resellers;
- arrangements with competitors to share pricing information or other competitive marketing information, or to allocate markets or customers;
- agreements with competitors or customers to boycott particular business partners, customers or competitors; or

- a monopoly or attempted monopoly through anticompetitive conduct.

Some kinds of information, such as pricing, production and inventory, should never be exchanged with competitors, regardless of how innocent or casual the exchange may be, because even where no formal arrangement exists, merely exchanging information can create the appearance of an improper arrangement.

In all contacts with competitors, whether at trade or business association meetings or in other applicable venues, do not discuss pricing policy, contract terms, costs, inventories, marketing and product plans, market surveys and studies, production plans and capabilities. Discussion of these subjects or collaboration on them with competitors can be illegal. If a competitor mentions any of these topics in the course of a discussion with an employee, such employee should object, stop the conversation immediately and tell the competitor that under no circumstances will the employee discuss these matters.

Noncompliance with the antitrust laws can have extremely negative consequences for the Company, including negative publicity, long and costly investigations and lawsuits and substantial fines or damages. Understanding the requirements of antitrust and unfair competition laws of the jurisdictions where the Company does business can be difficult, and employees are urged to seek assistance from their supervisors or the Chief Legal Officer or, if there shall be no Chief Legal Officer, the Chief Financial Officer whenever they have questions relating to these laws.

13. CONFIDENTIALITY

The Company depends upon its confidential information, and relies on a combination of patent, copyright and trademark laws, trade secrets, confidentiality procedures and contractual provisions to protect it. Confidential information includes (a) business, marketing, product and service plans; (b) business and pricing strategies; (c) financial information and forecasts; (d) product architecture, source codes, engineering ideas, designs, data, databases, technical information and other intellectual property;
(e) personnel information; (f) business partner, supplier and customer lists and data; (g) similar types of information provided to the Company by its business partners, distributors, suppliers or vendors; and (h) all other non-public information (regardless of its source) that might be of use to competitors or harmful to the Company or its business partners, suppliers or vendors, if disclosed, all of which is more fully described in the employee confidential information and invention assignment agreement or similar agreement (including consulting or contractor agreements) that employees (other than directors) signed when they joined the Company. The Company cannot protect its confidential information without its employees’ help. Employees who have had access to confidential Company information must keep it confidential at all times, both while working for the Company and after employment ends and directors must keep Company information confidential at all times, including at all times after such director ceases to be adirector.

Employees must not share confidential Company information, or any confidential information of a business partner, supplier or vendor with anyone who has not been authorized to receive it, except when disclosure is authorized or legally mandated. Unauthorized use or distribution of this information is extremely serious; it would violate the confidential information and invention assignment agreement or similar agreement (including consulting or contractor agreement) and it could be illegal and result in civil liability or criminal penalties. It would also violate the Company’s trust in an employee, and the trust of a business partner, supplier or vendor in the Company.

Employees must take precautions to prevent unauthorized disclosure of confidential information. Accordingly, employees should also take steps to ensure that business-related paperwork and documents are produced, copied, faxed, filed, stored and discarded by means designed to minimize the risk that unauthorized persons might obtain access to confidential information. Employees should not discuss sensitive matters or confidential information in public places.

Employees may not discuss the Company's business or confidential information in public places, including posting confidential Company information on the internet or through social media platforms, regardless of whether employees use their own name or a pseudonym, and directors should avoid discussing confidential information on cellular phones to the extent practicable. Please see the Company's Corporate Communications and Social Media Policy for additional information.

All Company emails, voicemails and other communications are presumed confidential and should not be forwarded or otherwise disseminated outside of the Company, except where required for legitimate business purposes. Please see the Company's Corporate Communications and Social Media Policy for additional information.

Employees are required to observe the provisions of any other specific policy regarding data protection, privacy and confidential information that the Company may adopt from time to time, as well as any applicable laws relating to data protection and privacy. If an employee becomes aware of any instance of inappropriate handling of information or data or any security breach, the employee should report it immediately.

14. PROTECTION AND PROPER USE OF COMPANY ASSETS

All employees are expected to protect the Company's assets and ensure their efficient use for legitimate business purposes. These assets include the Company's proprietary information, including intellectual property such as trade secrets, patents, trademarks and copyrights, as well as business and marketing plans and manufacturing ideas, designs, databases, records and any nonpublic financial data or reports. Theft, carelessness and waste have a direct impact on the Company's business and operating results. Company property, such as computer equipment, buildings, furniture and furnishings, office supplies, products and inventories, should be used only for activities related to an employee's employment, although incidental personal use is permitted. The Company retains the right to access, review, monitor and disclose any information transmitted, received or stored using the Company's electronic equipment, with or without an employee's or third party's knowledge, consent or approval. Any theft, misuse or suspected theft or misuse of the Company's assets that becomes known to an employee must be immediately reported.

15. MEDIA CONTACTS AND PUBLIC COMMUNICATIONS

It is the Company's policy to disclose material information concerning the Company to the public only in accordance with the Company's Corporate Communications and Social Media Policy in order to avoid inappropriate publicity and to ensure that all such information is communicated in a way that is reasonably designed to provide broad, non-exclusionary distribution of information to the public. Only those individuals designated as official spokespersons in the Company's Corporate Communications and Social Media Policy may address questions regarding financial matters. Please see the Company's Corporate Communications and Social Media Policy for additional information.

16. EQUAL OPPORTUNITY AND DIVERSITY AND INCLUSION

The Company is committed to a diverse and inclusive workplace, accessibility, and equal opportunities for everyone. We work hard to ensure that everyone at the Company – including our employees but also our customers, suppliers, and business partners – are treated equally. We value the diverse backgrounds of our employees, and believe these unique perspectives and abilities are part of the strength of our business.

In keeping with this commitment, the Company is an equal employment opportunity employer. This means that employment decisions are to be based on merit and business needs, and not based upon race, color, citizenship status, religious creed, national origin, ancestry, gender, sexual orientation, gender identity or gender expression, age, marital status, veteran status, pregnancy, physical or mental disability, medical condition, family and medical care leave status or any other condition prohibited by law.

17. RESPECT AND DIGNITY IN THE WORKPLACE

The Company believes that all employees must be treated with dignity and respect. Employees have the right to work in a place that is free from harassment, bullying, abuse and intimidation, sexual or otherwise, or acts or threats of physical violence or abuse. We do not tolerate verbal or physical conduct that demeans another person, interferes with work performance, or creates an intimidating, abusive, hostile or offensive work environment.

The Company does not tolerate harassment of any kind, which could include slurs, offensive or unwelcome remarks, or inappropriate or derogatory jokes (whether explicit or innuendo). Harassment can take many forms, including physical gestures, electronic communications, or other visual, verbal or physical conduct that could create an intimidating, hostile or offensive work environment. In addition, "sexual harassment" includes unwelcome sexual advances, sharing or circulating sexually explicit pictures or materials, requests for sexual favors, or other conduct of a sexual nature. Harassment of any kind is unacceptable and prohibited.

ADMINISTRATIVE MATTERS

18. AMENDMENT AND WAIVER

Any amendment or waiver of this Code must be in writing and must be authorized by a majority of the members of the Board or, to the extent permissible under applicable laws, rules and regulations, a committee of the Board if the Board has delegated such authority to a committee. The Company will notify employees of any material changes to this Code. Any such amendment or waiver may be publicly disclosed if required by applicable laws, rules and regulations.

19. COMPLIANCE STANDARDS AND PROCEDURES

Compliance Resources

The Company has an obligation to promote ethical behavior. Directors are encouraged to talk to the Audit Chair (or, in the case of the Audit Chair, the Chief Legal Officer or, if there shall be no Chief Legal Officer, the Chief Financial Officer) when in doubt about the application of any provision of this Code, and employees (other than directors) are encouraged to talk to their supervisors, managers and other appropriate personnel (including the Chief Legal Officer or, if there shall be no Chief Legal Officer, the Chief Financial Officer) when in doubt about the application of any provision of this Code.

In addition to fielding questions with respect to interpretation or potential violations of this Code, the Chief Legal Officer or, if there shall be no Chief Legal Officer, the Chief Financial Officer is responsible for:

- investigating possible violations of this Code;
- training new employees in Code policies;
- conducting training sessions to refresh employees' familiarity with this Code;
- recommending updates to this Code as needed for approval by the Audit Committee, to reflect changes in the law, Company operations and recognized best practices, and to reflect Company experience with this Code; and
- otherwise promoting an atmosphere of responsible and ethical conduct.

For directors, the Audit Chair (or, in the case of the Audit Chair, the Chief Legal Officer or, if there shall be no Chief Legal Officer, the Chief Financial Officer) is the most immediate resource for any matter related to this Code. For employees (other than directors), the supervisor of an employee is the most immediate resource for any matter related to this Code. Supervisors may have relevant information or may be able to refer questions to another appropriate source. There may, however, be times when an employee prefers not to go to the employee's supervisor. In these instances, employees should feel free to discuss their concern with the Chief Legal Officer or, if there shall be no Chief Legal Officer, the Chief Financial Officer. If an employee (other than a director) is uncomfortable speaking with the Chief Legal Officer or, if there shall be no Chief Legal Officer, the Chief Financial Officer because the Chief Legal Officer or Chief Financial Officer works in the employee's department or is one of the employee's supervisors, please contact the chair of the Nominating & Corporate Governance Committee (the "Governance Committee") of the Board (for matters related to accounting, internal accounting, controls or auditing) or the Audit Chair (for all other matters).

Clarifying Questions and Concerns

If a director encounters a situation or is considering a course of action and its appropriateness is unclear, the director should discuss the matter promptly with the Audit Chair (or, in the case of the Audit Chair, the Chief Legal Officer or, if there shall be no Chief Legal Officer, the Chief Financial Officer).

If an employee encounters a situation or is considering a course of action and its appropriateness is unclear, the employee should discuss the matter promptly with the employee's supervisor or the Chief Legal Officer. Even the appearance of impropriety can be very damaging to the Company and should be avoided.

Reporting Possible Violations; Non-Retaliation Policy

If an employee is aware of a suspected or actual violation of this Code by others, it is the employee's responsibility to report it. Employees and directors *must* make an immediate report of any suspected or actual violations (whether or not based on personal knowledge) of applicable law or regulations or the Anti-Corruption Policy.

Employees who wish to submit a concern or complaint regarding a possible violation of this Code can contact their supervisor or use any of the following mechanisms:

(i) the Company's ethics hotline, which can be accessed 24 hours a day, 7 days a week by telephone at 866-759-7890. The third-party ethics hotline provider will route all reports received directly to the Chair of the Audit Committee, the Company's Chief Legal Officer, and the Company's Chief Financial Officer;

(ii) the Company's confidential, anonymous web submission system, which can be accessed at https://www.whistleblowerservices.com/beyondmeat;

(iii) the Audit Committee of the Company's Board of Directors (or its designee) or the Audit Chair; or

(iv) any of the officers of the Company, including the Chief Executive Officer, Chief Legal Officer, or Chief Financial Officer.

As permitted by law, reporting can be anonymous. Supervisors must promptly report any complaints or observations of Code violations to the Chief Legal Officer or, if there shall be no Chief Legal Officer, the Chief Financial Officer.

Employees and directors should refer to the Company's Whistle-Blower Policy and Procedures to report accounting, internal accounting controls or auditing matters or possible violations of the federal securities laws.

Employees should raise questions or report potential violations of this Code without any fear of retaliation in any form; it is the Company's policy not to retaliate in such circumstances and the Company will take prompt disciplinary action, up to and including termination of employment or service provider relationship for cause, against any employee who retaliates against the reporting employee.

Investigations

The Chief Legal Officer or, if there shall be no Chief Legal Officer, the Chief Financial Officer will investigate all reported possible Code violations promptly and with the highest degree of confidentiality that is possible under the specific circumstances. As needed, the Chief Legal Officer or, if there shall be no Chief Legal Officer, the Chief Financial Officer will consult with the Human Resources department, the Audit Committee, the Governance Committee and outside counsel, as appropriate.

The Audit Committee may conduct its own investigations of Code violations as it deems appropriate, including investigations related to accounting, internal accounting controls or auditing matters, or possible violations of the federal securities laws, as set forth in the Company's Whistle-Blower Policy and Procedures.

If the investigation indicates that a violation of this Code has probably occurred, the Company will take such action as it believes to be appropriate under the circumstances. If the Company determines that an employee is responsible for a Code violation, the employee will be subject to disciplinary action up to, and including, termination of employment for cause and, in appropriate cases, civil action or referral for criminal prosecution. Appropriate action may also be taken to deter any future Code violations.

20. NO RIGHTS CREATED

This Code is a statement of fundamental principles, policies and procedures that govern the conduct of the Company's employees. It is not intended to and does not create any legal rights for any business partner, supplier, vendor, competitor, stockholder or any other non-employee or entity.

21. ADMINISTRATION OF THIS CODE

The Audit Committee is responsible for reviewing this Code as set forth in the Audit Committee's charter and overseeing the establishment of procedures for the prompt internal reporting of violations of this Code. It may request reports from the Company's executive officers about the implementation of this Code and may take any steps in connection with the implementation of this Code as it deems necessary, subject to the limitations set forth in this Code. The Audit Committee will have the authority to review and assess this Code and recommend revisions for approval by the Board. The Company will notify directors of any material changes to this Code.

Exhibit 21.1

Subsidiaries of Beyond Meat, Inc.

Subsidiaries	Jurisdiction
Beyond Meat EU B.V.	Netherlands
Beyond Meat (Jiaxing) Food Co., Ltd.	Zhejiang Province, China
Beyond Meat Canada Inc.	Canada

Exhibit 23.1

CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

We consent to the incorporation by reference in Registration Statement Nos. 333-231186 and 333-238304 on Form S-8 of our reports dated March 1, 2022, relating to the financial statements of Beyond Meat, Inc. and the effectiveness of Beyond Meat, Inc.’s internal control over financial reporting appearing in this Annual Report on Form 10-K for the year ended December 31, 2021.

/s/ Deloitte & Touche LLP

Los Angeles, California
March 1, 2022

Exhibit 31.1

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 Annual Report on Form 10-K 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: March 1, 2022

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

Exhibit 31.2

CERTIFICATION OF CHIEF FINANCIAL 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, Philip E. Hardin, certify that:

1. I have reviewed this Annual Report on Form 10-K 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: March 1, 2022

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

Exhibit 32.1

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 Annual Report on Form 10-K of the Company for the year ended December 31, 2021 (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: March 1, 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.

Exhibit 32.2

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 Annual Report on Form 10-K of the Company for the year ended December 31, 2021 (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:	March 1, 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.