

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

FORM 10-Q

(Mark One)

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

For the quarterly period ended September 30, 2022

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

For the transition period from _____ to _____

Commission File No. 001-38615

TATTOOED CHEF, INC.

(Exact name of registrant as specified in its charter)

Delaware

82-5457906

(State or other jurisdiction of
incorporation or organization)

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

6305 Alondra Blvd., Paramount, CA 90723

(Address of Principal Executive Offices, including zip code)

(562) 602-0822

(Registrant's telephone number, including area code)

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

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

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Common stock, par value \$0.0001 per share	TTCF	The Nasdaq Stock Market LLC

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

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

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

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

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

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

As of November 11, 2022, there were 83,658,357 shares of common stock, par value \$0.0001, issued and outstanding.

TATTOOED CHEF, INC.
Quarterly Report on Form 10-Q
For the Quarter Ended September 30, 2022

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PART I – FINANCIAL INFORMATION

Item 1. Financial Statements

TATTOOED CHEF, INC.
CONDENSED CONSOLIDATED BALANCE SHEETS (unaudited)
(in thousands, except for share information)

	September 30, 2022	December 31, 2021
ASSETS		
CURRENT ASSETS		
Cash	\$ 14,220	\$ 92,351
Accounts receivable, net	24,036	25,117
Inventory	76,824	56,256
Prepaid expenses and other current assets	7,170	7,027
TOTAL CURRENT ASSETS	122,250	180,751
Property, plant and equipment, net	68,115	46,476
Operating lease right-of-use asset, net	19,883	8,039
Finance lease right-of-use asset, net	5,511	5,639
Intangible assets, net	1,735	151
Deferred income taxes, net	242	266
Goodwill	26,705	26,924
Other assets	254	649
TOTAL ASSETS	\$ 244,695	\$ 268,895
LIABILITIES AND STOCKHOLDERS' EQUITY		
CURRENT LIABILITIES		
Accounts payable	\$ 46,311	\$ 28,334
Accrued expenses	7,200	3,767
Line of credit	19,990	1,200
Notes payable, current portion	5,002	5,019
Forward contract derivative liability	4,556	1,804
Operating lease liabilities, current portion	2,446	1,523
Other current liabilities	356	122
TOTAL CURRENT LIABILITIES	85,861	41,769
Warrant liability	133	814
Operating lease liabilities, net of current portion	16,082	6,599
Notes payable, net of current portion	1,207	716
TOTAL LIABILITIES	103,283	49,898
COMMITMENTS AND CONTINGENCIES (See Note 18)		
STOCKHOLDERS' EQUITY		
Preferred stock - \$0.0001 par value; 10,000,000 shares authorized, none issued and outstanding at September 30, 2022 and December 31, 2021	—	—
Common stock- \$0.0001 par value; 1,000,000,000 shares authorized; 83,658,357 shares and 82,237,813 shares issued and outstanding at September 30, 2022 and December 31, 2021, respectively	8	8
Additional paid in capital	252,885	242,362
Accumulated other comprehensive loss	(2,304)	(953)
Accumulated deficit	(109,177)	(22,420)
TOTAL STOCKHOLDERS' EQUITY	141,412	218,997
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	\$ 244,695	\$ 268,895

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

TATTOOED CHEF, INC.
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS
AND COMPREHENSIVE LOSS (unaudited)
(in thousands, except for share and per share information)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2022	2021 (As Restated)	2022	2021 (As Restated)
NET REVENUE	\$ 54,115	\$ 57,976	\$ 179,536	\$ 155,651
COST OF GOODS SOLD	58,010	53,018	180,212	139,557
GROSS (LOSS) PROFIT	(3,895)	4,958	(676)	16,094
OPERATING EXPENSES	31,572	12,793	79,313	40,810
LOSS FROM OPERATIONS	(35,467)	(7,835)	(79,989)	(24,716)
Interest expense	(230)	(45)	(313)	(159)
Other expense, net	(2,810)	(588)	(5,755)	(2,536)
LOSS BEFORE INCOME TAX BENEFIT (EXPENSE)	(38,507)	(8,468)	(86,057)	(27,411)
INCOME TAX BENEFIT (EXPENSE)	11	255	(700)	(47,794)
NET LOSS	<u>\$ (38,496)</u>	<u>\$ (8,213)</u>	<u>\$ (86,757)</u>	<u>\$ (75,205)</u>
NET LOSS PER SHARE				
Basic	\$ (0.46)	\$ (0.10)	\$ (1.05)	\$ (0.92)
Diluted	\$ (0.46)	\$ (0.10)	\$ (1.05)	\$ (0.93)
WEIGHTED AVERAGE COMMON SHARES				
Basic	82,794,581	81,957,170	82,440,867	81,404,348
Diluted	82,794,581	82,011,216	82,440,867	81,548,673
OTHER COMPREHENSIVE LOSS, NET OF TAX				
Foreign currency translation adjustments	(490)	(808)	(1,351)	(909)
COMPREHENSIVE LOSS	<u>\$ (38,986)</u>	<u>\$ (9,021)</u>	<u>\$ (88,108)</u>	<u>\$ (76,114)</u>

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

TATTOOED CHEF, INC.
CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY (unaudited)
(in thousands, except for share information)

	Common Stock		Additional Paid-In Capital	Accumulated Comprehensive Loss	Accumulated Deficit	Total
	Shares	Amount				
Balance as of January 1, 2022	82,237,813	\$ 8	\$ 242,362	\$ (953)	\$ (22,420)	\$ 218,997
Foreign currency translation adjustment	—	—	—	(430)	—	(430)
Stock-based compensation	—	—	1,287	—	—	1,287
Issuance of restricted stock awards	203,828	—	—	—	—	—
Net loss	—	—	—	—	(20,173)	(20,173)
Balance as of March 31, 2022	82,441,641	\$ 8	\$ 243,649	\$ (1,383)	\$ (42,593)	\$ 199,681
Foreign currency translation adjustment	—	—	—	(431)	—	(431)
Stock-based compensation	—	—	1,415	—	—	1,415
Issuance of restricted stock awards	18,162	—	—	—	—	—
Net loss	—	—	—	—	(28,088)	(28,088)
Balance as of June 30, 2022	82,459,803	\$ 8	\$ 245,064	\$ (1,814)	\$ (70,681)	\$ 172,577
Foreign currency translation adjustment	—	—	—	(490)	—	(490)
Stock-based compensation	—	—	7,821	—	—	7,821
Issuance of restricted stock awards	1,198,554	—	—	—	—	—
Net loss	—	—	—	—	(38,496)	(38,496)
Balance as of September 30, 2022	83,658,357	\$ 8	\$ 252,885	\$ (2,304)	\$ (109,177)	\$ 141,412

(continued on the next page)

TATTOOED CHEF, INC.
CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY (unaudited)
(in thousands, except for share information)

	Common Stock		Treasury Shares	Additional Paid-In Capital	Accumulated Comprehensive Income (Loss)	Retained Earnings (Deficit)	Total
	Shares	Amount					
Balance as of January 1, 2021	71,551,067	\$ 7	(81,087)	\$ 168,448	\$ 1	\$ 64,846	\$ 233,302
Foreign currency translation adjustment	—	—	—	—	109	—	109
Distribution	—	—	—	—	—	(308)	(308)
Stock-based compensation	15,216	—	—	3,185	—	—	3,185
Forfeiture of stock-based awards	(95,084)	—	—	—	—	—	—
Cancellation of treasury shares	(81,087)	—	81,087	—	—	—	—
Exercise of warrants	10,010,087	1	—	63,361	—	—	63,362
Net loss	—	—	—	—	—	(7,629)	(7,629)
Balance as of March 31, 2021	81,400,199	\$ 8	—	\$ 234,994	\$ 110	\$ 56,909	\$ 292,021
Foreign currency translation adjustment	—	—	—	—	(210)	—	(210)
Stock-based compensation	835,000	—	—	763	—	—	763
Non-employee stock-based compensation	—	—	—	—	—	—	—
Forfeiture of stock-based awards	(300,000)	—	—	(445)	—	—	(445)
Exercise of warrants	3,469	—	—	71	—	—	71
Net loss	—	—	—	—	—	(59,363)	(59,363)
Balance as of June 30, 2021	81,938,668	\$ 8	—	\$ 235,383	\$ (100)	\$ (2,454)	\$ 232,837
Foreign currency translation adjustment	—	—	—	—	(808)	—	(808)
Stock-based compensation	4,918	—	—	842	—	—	842
Non-employee stock-based compensation	—	—	—	—	—	—	—
Exercise of warrants	38,806	—	—	1,022	—	—	1,022
Net loss	—	—	—	—	—	(8,213)	(8,213)
Balance as of September 30, 2021	81,982,392	\$ 8	—	\$ 237,247	\$ (908)	\$ (10,667)	\$ 225,680

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

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

	Nine Months Ended September 30,	
	2022	2021 (As Restated)
CASH FLOWS FROM OPERATING ACTIVITIES		
Net loss	\$ (86,757)	\$ (75,205)
Adjustments to reconcile net loss to net cash used in operating activities:		
Depreciation and amortization	4,772	2,553
Bad debt expense	859	15
Accretion of debt financing costs	—	4
Unrealized foreign currency losses	1,526	—
Unrealized forward contract loss	2,751	2,342
Revaluation of warrant liability	(681)	(158)
Non-cash lease cost	256	59
Stock compensation expense	10,523	4,344
Deferred taxes, net	(14)	47,064
Changes in operating assets and liabilities:		
Accounts receivable	130	(3,323)
Inventory	(21,761)	(3,600)
Prepaid expenses and other assets	(5)	(2,120)
Accounts payable	17,259	(6,554)
Accrued expenses	3,584	1,192
Other current liabilities	272	262
Net cash used in operating activities	(67,286)	(33,125)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of property, plant and equipment	(26,924)	(13,048)
Acquisition of subsidiaries, net of cash acquired	—	(33,918)
Acquisition price change from working capital adjustment	219	—
Acquisition of intangible asset	(1,693)	—
Acquisition of below-market lease asset	(1,685)	—
Net cash used in investing activities	(30,083)	(46,966)
CASH FLOWS FROM FINANCING ACTIVITIES		
Net borrowings on line of credit	31	3,295
Borrowings on line of credit	27,969	—
Repayments on line of credit	(9,057)	—
Repayments of notes payable to related parties	—	(59)
Borrowings of notes payable	1,080	1,168
Repayments of notes payable	(394)	(296)
Proceeds from the exercise of warrants	—	74,316
Payment of distributions	—	(308)
Net cash provided by financing activities	19,629	78,116
NET DECREASE IN CASH	(77,740)	(1,975)
EFFECT OF EXCHANGE RATE ON CASH	(391)	(128)
CASH AT BEGINNING OF PERIOD	92,351	131,579
CASH AT END OF PERIOD	\$ 14,220	\$ 129,476
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION		
Cash paid for:		
Interest	\$ 222	\$ 145
Income taxes	\$ 405	\$ 759
Noncash investing and financing activities:		
Capital expenditures included in accounts payable	\$ 3,190	\$ 1,049

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

TATTOOED CHEF, INC.
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(UNAUDITED)

1. THE COMPANY

Tattooed Chef, Inc. was originally incorporated in Delaware on May 4, 2018 under the name of Forum Merger II Corporation (“Forum”), as a special purpose acquisition company for the purpose of effecting a merger, capital stock exchange, asset acquisitions, stock purchase, reorganization or similar business combination with one or more business.

On October 15, 2020 (the “Closing Date”), Forum consummated the transactions contemplated within the Agreement and Plan of Merger dated June 11, 2020 as amended on August 10, 2020 (the “Merger Agreement”), by and among Forum, Myjojo, Inc., a Delaware corporation (“Myjojo”), Sprout Merger Sub, Inc., a Delaware corporation and a wholly owned subsidiary of Forum (“Merger Sub”), and Salvatore Galletti, in his capacity as the holder representative. The transactions contemplated by the Merger Agreement are referred to herein as the “Transaction”.

Upon the consummation of the Transaction, Merger Sub merged with and into Myjojo (the “Merger”), with Myjojo surviving the merger in accordance with the Delaware General Corporation Law. Immediately upon the completion of the Transaction, Myjojo became a direct wholly owned subsidiary of Forum. In connection with the closing of the Transaction (the “Closing”), Forum changed its name to Tattooed Chef, Inc. (“Tattooed Chef”). Tattooed Chef’s common stock began trading on the Nasdaq under the symbol “TTCF” on October 16, 2020.

Tattooed Chef and its subsidiaries (collectively, the “Company”) are principally engaged in the manufacturing and sale of plant-based foods including, but not limited to, ready-to-cook bowls, zucchini spirals, riced cauliflower, acai and smoothie bowls, cauliflower crust pizza, wood-fired plant based pizzas, handheld burritos, tortillas, chips, bars and quesadillas primarily in the United States and Italy.

Ittella Properties, LLC (“Ittella Properties”), the Company’s variable interest entity (“VIE”), owns a building located on Alondra Blvd., Paramount, California (“Alondra Building”), which is leased by Ittella International, LLC (“Ittella International”), a wholly owned subsidiary of Tattooed Chef, for 10 years from August 1, 2015 through August 1, 2025. Ittella Properties is wholly owned by Salvatore Galletti. The construction and acquisition of the Alondra building by Ittella Properties were funded by a loan agreement with unconditional guarantees by Ittella International and terms providing that 100% of the Alondra building must be leased to Ittella International throughout the term of the loan agreement. Accordingly, Ittella Properties is determined to be a consolidated VIE.

On May 14, 2021, the Company acquired New Mexico Food Distributors, Inc. (“NMFD”) and Karsten Tortilla Factory, LLC (“Karsten”) in an all-cash transaction for approximately \$34.1 million (collectively, the “NMFD Transaction”). NMFD and Karsten were privately held companies based in Albuquerque, New Mexico. NMFD produces and sells frozen and ready-to-eat Mexican food products to retail and food service customers through its network of distributors in the United States. NMFD processes its products in two leased facilities located in New Mexico. See *Note 8 Business Combinations and Asset Acquisitions*.

On September 28, 2021, Tattooed Chef formed BCI Acquisition, Inc. (“BCI”). On December 31, 2021, BCI acquired substantially all of the assets, and assumed certain specified liabilities, from Belmont Confections, Inc. (“Belmont”) for an aggregate purchase price of approximately \$16.7 million. Belmont was a privately held company based in Youngstown, Ohio, and specialized in the development and manufacturing of private label nutritional bars. See *Note 8 Business Combinations and Asset Acquisitions*.

2. BASIS OF PRESENTATION AND SIGNIFICANT ACCOUNTING POLICIES

Basis of Consolidation. The condensed consolidated financial statements include the accounts of Tattooed Chef and its subsidiaries in which Tattooed Chef has a controlling interest directly or indirectly, and variable interest entities for which the Company is the primary beneficiary. All intercompany accounts and transactions have been eliminated in consolidation.

Basis of Presentation. The accompanying unaudited condensed consolidated financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America (“GAAP”) for interim financial information and in accordance with the instructions to Form 10-Q and Regulation S-X of the Securities and Exchange Commission (“SEC”). Certain information or footnote disclosures normally included in financial statements prepared in accordance with GAAP have been condensed or omitted, pursuant to the rules and regulations of the SEC for interim

financial reporting. Accordingly, they do not include all the information and footnotes necessary for a complete presentation of financial position, results of operations, or cash flows. In the opinion of management, the accompanying unaudited condensed consolidated financial statements include all adjustments, consisting of a normal recurring nature, which are necessary for a fair presentation of the financial position, operating results and cash flows for the periods presented.

The accompanying unaudited condensed consolidated financial statements should be read in conjunction with the Company's Annual Report on Form 10-K/A for the year ended December 31, 2021 as filed with the SEC on November 16, 2022, which contains the audited financial statements and notes thereto. The financial information as of December 31, 2021 included in the accompanying unaudited condensed consolidated financial statements is derived from the audited financial statements presented in the Company's Annual Report on Form 10-K/A for the year ended December 31, 2021. The interim results for the three and nine months ended September 30, 2022 are not necessarily indicative of the results to be expected for the year ending December 31, 2022 or for any future interim periods.

The Transaction was accounted for as a reverse recapitalization in accordance with GAAP (the "Reverse Recapitalization"). Under this method, Forum was treated as the "acquired" company ("Accounting Acquiree") and Myjojo, the accounting acquirer, was assumed to have issued stock for the net assets of Forum, accompanied by a recapitalization.

The net assets of Forum are stated at historical cost, with no goodwill or other intangible assets recorded. The consolidated assets, liabilities and results of operations prior to the Reverse Recapitalization are those of Myjojo. The shares and corresponding capital amounts and earnings per share available for common stockholders, prior to the Reverse Recapitalization, have been retroactively restated.

Restatement of Previously Issued Financial Statements

Subsequent to the issuance of the condensed consolidated financial statements as of and for the quarter ended September 30, 2021, included in the Form 10-Q/A filed with the Securities and Exchange Commission (the "SEC") on May 2, 2022, the following errors were identified:

- The Company incorrectly recorded expenses for advertising placement by a marketing services firm on a straight-line basis over the life of the contract rather than when the services were actually rendered. As a result, marketing expenses were overstated by \$0.5 million for the three months ended September 30, 2021 and understated by \$2.0 million for the nine months ended September 30, 2021.
- The Company incorrectly recorded expenses related to a multi-vendor mailer program with a customer as operating expenses rather than as a reduction of revenue. As a result, revenue was overstated by \$0.04 million and \$4.8 million for the three and nine months ended September 30, 2021, respectively. Operating expenses were overstated by \$0.04 million and \$4.8 million for the three and nine months ended September 30, 2021, respectively.
- The Company incorrectly recorded certain payments to customers as promotional and bad debt expenses within operating expenses rather than a reduction of revenue. As a result, both revenue and operating expenses were overstated by \$0.3 million and \$0.6 million for the three and nine months ended September 30, 2021, respectively.
- The Company identified errors related to the underlying data used in the inventory capitalization and inventory net realizable value assessment. As a result, cost of goods sold was understated by \$0.2 million from inventory capitalization calculation net of \$0.1 million from net realizable value write-downs for the three months ended September 30, 2021. Cost of goods sold was overstated by \$0.5 million for the nine months ended September 30, 2021.
- The income tax impact of the errors identified above resulted in a decrease of deferred tax assets by \$0.7 million as of June 30, 2021 and the \$0.7 million was fully reserved during the three months ended June 30, 2021 due to the Company established a full valuation allowance starting the second quarter of 2021. As a result, the income tax expense was decreased by \$0 million and \$0.5 million for the three months and nine months ended September 30, 2021, respectively.

The table below sets forth the condensed consolidated financial statements, including as reported, and the impacts resulting from the restatement, and the restated balances for the quarterly period ended September 30, 2021 (in thousands):

(\$ in thousands)	Condensed Consolidated Statements of Operations and Comprehensive Income		
	As Reported	Adjustments	As Restated
For the three months ended September 30, 2021			
NET REVENUE	58,355	(379)	57,976
COST OF GOODS SOLD	52,836	182	53,018
GROSS (LOSS) PROFIT	5,519	(561)	4,958
OPERATING EXPENSES	13,687	(894)	12,793
LOSS FROM OPERATIONS	(8,168)	333	(7,835)
LOSS BEFORE INCOME TAX BENEFIT (EXPENSE)	(8,801)	333	(8,468)
NET LOSS	(8,546)	333	(8,213)
COMPREHENSIVE LOSS	(9,354)	333	(9,021)

(\$ in thousands except per share amounts)	Condensed Consolidated Statements of Operations and Comprehensive Income		
	As Reported	Adjustments	As Restated
For the nine months ended September 30, 2021			
NET REVENUE	161,094	(5,443)	155,651
COST OF GOODS SOLD	140,078	(521)	139,557
GROSS (LOSS) PROFIT	21,016	(4,922)	16,094
OPERATING EXPENSES	44,302	(3,492)	40,810
LOSS FROM OPERATIONS	(23,286)	(1,430)	(24,716)
LOSS BEFORE INCOME TAX BENEFIT (EXPENSE)	(25,981)	(1,430)	(27,411)
INCOME TAX BENEFIT (EXPENSE)	(48,279)	485	(47,794)
NET LOSS	(74,260)	(945)	(75,205)
NET LOSS PER SHARE			
Basic	(0.91)	(0.01)	(0.92)
Diluted	(0.91)	(0.02)	(0.93)
COMPREHENSIVE LOSS	(75,169)	(945)	(76,114)

(\$ in thousands)	Condensed Consolidated Statements of Stockholders' Equity		
	As Reported	Adjustments	As Restated
For the three months ended September 30, 2021			
Net loss in retained earnings (deficit)	(8,546)	333	(8,213)
Retained earnings (deficit) ending balance	(10,970)	303	(10,667)
Total stockholders' equity ending balance	225,377	303	225,680

(\$ in thousands) For the nine months ended September 30, 2021	Condensed Consolidated Statements of Cash Flows		
	As Reported	Adjustments	As Restated
CASH FLOWS FROM OPERATING ACTIVITIES			
Net loss	(74,260)	(945)	(75,205)
Adjustments to reconcile net loss to net cash from operating activities:			
Bad debt expense	539	(524)	15
Deferred taxes, net	47,549	(485)	47,064
Changes in operating assets and liabilities:			
Accounts receivable, net	(3,847)	524	(3,323)
Inventory	(4,099)	499	(3,600)
Prepaid expenses and other current assets	(3,051)	931	(2,120)

Use of Estimates. The preparation of condensed consolidated financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the condensed consolidated financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from these estimates.

Significant Accounting Policies. There have been no material changes to the Company's significant accounting policies from its Annual Report on Form 10-K/A for the fiscal year ended December 31, 2021.

Sales and Marketing Expenses. The Company expenses costs associated with sales and marketing as incurred. Sales and marketing expenses were \$10.8 million and \$5.1 million for the three months ended September 30, 2022 and 2021, respectively, and \$34.3 million and \$17.6 million for the nine months ended September 30, 2022 and 2021, respectively. Sales and marketing expenses are included in operating expenses in the condensed consolidated statements of operations and comprehensive loss.

Leases. In April 2022, the Company commenced one operating lease for a facility in Vernon, California, with 10 years initial term with option to extend two additional five-year terms. The Company determined the reasonably certain lease term was 10 years. Approximately \$9.5 million of operating lease right of use ("ROU") asset and \$9.4 million of operating lease liabilities were recognized on the Company's consolidated balance sheet upon the commencement date.

In connection with the asset acquisition from Desert Premium Group, LLC ("DPG") in August 2022, see *Note 8 Business Combinations and Asset Acquisitions*, the Company assumed one operating lease for a facility in Albuquerque, New Mexico, for 2 years remaining lease term with option to extend two additional five-year terms. The Company determined the reasonably certain lease term was 7 years. Approximately \$3.5 million of operating lease ROU asset (\$1.7 million of the \$3.5 million recognized value from below-market lease) and \$1.8 million of operating lease liabilities were recognized on the Company's consolidated balance sheet upon the lease assumption date.

Going Concern. As of September 30, 2022, the Company had total cash of \$14.2 million and an accumulated deficit of \$109.2 million. For the nine months ended September 30, 2022, the Company had a net loss of \$86.8 million and net cash used in operating activities of \$67.3 million.

The Company has historically financed operations and capital expenditures through a combination of internally generated cash from operations, available cash on hand, the ability to draw on the line of credit, as well as the proceeds from the Reverse Recapitalization with Forum on October 15, 2020. The Company's recent financial performance has been adversely impacted by the inflationary pressures on labor, freight and material costs, and its marketing expenditures on the Tattooed Chef brand investment to raise brand awareness, as well as a moderate impact from the conflict between Russia/Ukraine war. In addition, as disclosed in *Note 14 Indebtedness*, the Company expanded its primary line of credit (the "Credit Facility") from \$25.0 million to \$40.0 million in August 2022. The Credit Facility contains a financial covenant that requires the Company to maintain a minimum negative \$20.0 million of consolidated adjusted EBITDA for the trailing 1-quarter period ended September 30, 2022. The Company was not in compliance with the adjusted EBITDA minimum requirement as of the date these condensed consolidated financial statements were issued. Further, as disclosed in *Note 14 Indebtedness*, \$2.7 million note payable under NMFD and \$1.8 million note payable under Itella Properties, were not in compliance with the financial covenant as of September 30, 2022.

In order to alleviate these conditions and or events that may raise substantial doubt about the entities ability to continue as a going concern, management plans to continue to closely monitor its operating forecast and pursue additional sources of outside capital. If the Company is unable to (a) improve its operating results, (b) obtain additional outside capital on terms that are acceptable to the Company to fund the Company's operations, and/or (c) secure a waiver or avoid forbearance from the lender if the Company is continually unable to remain in compliance with the financial covenants required by the Credit Facility, the Company will have to make significant changes to its operating plan, such as delay and reduce marketing expenditures, reduce investments in new products, reduce its capital expenditures, reduce its sale and distribution infrastructure, or otherwise significantly reduce the scope of its business. Moreover, if the Company fails to secure a waiver or avoid forbearance from the lender, the failure could accelerate the repayment of the outstanding borrowings under the Credit Facility or the exercise of other rights or remedies the lender may have under the loan documents and applicable law. While management believes the Company will be able to secure additional outside capital, no assurances can be provided that such capital will be obtained or on terms that are acceptable to the Company. Furthermore, given the inherent uncertainties associated with the Company's growth strategy and as the Company is currently not in compliance with the financial covenants required by the Credit Facility, these uncertainties raise substantial doubt about the Company's ability to continue as a going concern.

The accompanying interim condensed consolidated financial statements have been prepared assuming the Company will continue as a going concern, which contemplates the realization of assets and payments of liabilities in the ordinary course of business. Accordingly, the condensed consolidated financial statements do not include any adjustments relating to the recoverability and classification of asset carrying amounts or the classification of liabilities that may result should the Company be unable to continue as a going concern.

Concentrations Risk. The Company grants credit, generally without collateral, to customers primarily in the United States. Consequently, the Company is subject to potential credit risk related to changes in business and economic factors in this geographical area.

No single external suppliers accounted for more than 10% of the Company's cost of goods sold during the periods ended September 30, 2022 and 2021. As such, the Company is not subject to significant concentration risk on suppliers.

Three customers accounted for 52% of the Company's revenue during the three months ended September 30, 2022. Three customers accounted for more than 63% of the Company's revenue during the three months ended September 30, 2021.

Customer	2022	2021
Customer A	23 %	19 %
Customer B	15 %	11 %
Customer C	*	33 %
Customer D	14 %	*

* Customer accounted for less than 10% of revenue in the period.

Four customers accounted for 64% of the Company's revenue during the nine months ended September 30, 2022. Three customers accounted for more than 76% of the Company's revenue during the nine months ended September 30, 2021.

Customer	2022	2021
Customer A	29 %	29 %
Customer B	10 %	11 %
Customer C	14 %	36 %
Customer D	11 %	*

*Customer accounted for less than 10% of revenue in the period.

Three customers accounting for more than 10% of the Company's accounts receivable as of September 30, 2022 and December 31, 2021 were:

Customer	September 30, 2022	December 31, 2021
Customer A	16 %	13 %
Customer C	*	38 %
Customer D	*	12 %

*Customer accounted for less than 10% of accounts receivable as of the date indicated.

COVID-19 Pandemic. The novel coronavirus ("COVID-19"), which was categorized by the World Health Organization as a pandemic in March 2020, continues to significantly impact the United States and the rest of the world and has altered the Company's business environment and overall working conditions. Despite partial remote working conditions, the Company's business activities have continued to operate with minimal interruptions.

However, the pandemic may adversely affect the Company's suppliers and could impair its ability to obtain raw material inventory in the quantities or of a quality the Company desires. The Company currently sources a material amount of its raw materials from Italy. Though the Company is not dependent on any single Italian grower for its supply of a certain crop, events (including COVID-19) generally affecting these growers could adversely affect the Company's business. The Company has experienced and is experiencing varying levels of inflation resulting in part from increased shipping and transportation costs, increased raw material and labor costs caused by the COVID-19 pandemic and general global economic conditions. The inflationary impact on the Company's cost structure has been considered in its product pricing adjustment, which will be beginning in the fourth quarter of 2022, in addition to a continued focus on reducing manufacturing costs where possible.

The rapid development and fluidity of this situation precludes any prediction as to the ultimate material adverse impact on the financial statements and presents material uncertainty and risk with respect to our business, operations, financial condition and liquidity.

Russia-Ukraine Conflict. Although the Company does not have direct exposure to Russia and Ukraine, the Company is monitoring the geopolitical situation following Russia's invasion of Ukraine. The Company may experience shortages in materials and increased costs for transportation, energy, and raw materials due in part to the negative impact of the Russia-Ukraine military conflict on the global economy. Recently, the surging of energy cost in Europe moderately adversely impacted on our growers and our manufacturing subsidiary in Italy. Therefore, the conflict between Russia and Ukraine has had a moderate adverse impact on the Company's business, financial condition, and results of operations. However, the full impact of the conflict on the Company's business operations and financial performance remains uncertain and will depend largely on the nature and duration of uncertain and unpredictable events, such as the severity and duration of further military action and its impact on regional and global economic conditions.

3. RECENTLY ISSUED ACCOUNTING PRONOUNCEMENTS

Recently issued and adopted accounting pronouncements

In August 2020, Financial Accounting Standards Board (the "FASB") issued Accounting Standards Update ("ASU") No. 2020-06, *Debt—Debt with Conversion and Other Options (Subtopic 470-20) and Derivatives and Hedging—Contracts in Entity's Own Equity (Subtopic 815-40): Accounting for Convertible Instruments and Contracts in an Entity's Own Equity* ("ASU 2020-06"), which simplifies the accounting for convertible instruments. ASU 2020-06 removes certain accounting models that separate the embedded conversion features from the host contract for convertible instruments, requiring bifurcation only if the convertible debt feature qualifies as a derivative under ASC 815 or for convertible debt issued at a substantial premium. ASU 2020-06 is effective for fiscal years beginning after December 15, 2021, including interim periods within those fiscal years. The Company adopted the new standard on January 1, 2022. The adoption of this standard did not have a material impact on the Company's condensed consolidated financial statements and related disclosures.

In June 2016, the FASB issued ASU No. 2016-13, *Financial Instruments - Credit Losses*, which modifies the measurement of expected credit losses of certain financial instruments. The Company will be required to use a forward-looking expected credit loss model for accounts receivables, loans, and other financial instruments. The Company adopted the new standard

on January 1, 2022. The adoption of this standard did not have a material impact on the Company's condensed consolidated financial statements.

Recently issued but not yet adopted accounting pronouncements

In October 2021, the FASB issued ASU No. 2021-08, *Accounting for Contract Assets and Contract Liabilities from Contracts with Customers (Topic 805)* ("ASU 2021-08"). ASU 2021-08 requires an acquirer in a business combination to recognize and measure contract assets and contract liabilities (deferred revenue) from acquired contracts using the revenue recognition guidance in Topic 606. At the acquisition date, the acquirer applies the revenue model as if it had originated the acquired contracts. ASU 2021-08 is effective for annual periods beginning after December 15, 2022, including interim periods within those fiscal years. Adoption of ASU 2021-08 should be applied prospectively. Early adoption is also permitted, including adoption in an interim period. If early adopted, the amendments are applied retrospectively to all business combinations for which the acquisition date occurred during the fiscal year of adoption. The Company is currently evaluating the impact of ASU 2021-08 on its condensed consolidated financial statements.

4. REVENUE RECOGNITION

Nature of Revenues

Substantially all of the Company's revenue from contracts with customers consists of the sale of plant-based foods and is recognized at a point in time in an amount that reflects the consideration the Company expects to be entitled to in exchange for those goods.

The Company disaggregates revenue based on the type of products sold to its customers – private label, Tattooed Chef and other. Other revenues primarily consist of burritos, enchiladas and quesadillas and other products sold by NMF D, acquired by the Company on May 2021 (see *Note 8 Business Combinations and Asset Acquisitions*), to its restaurant customers on an as-needed basis. All sales are recorded within revenue on the accompanying condensed consolidated statements of operations and comprehensive loss. The Company does not have any contract assets or contract liabilities as of September 30, 2022 and December 31, 2021.

Revenue streams for the three months and nine months ended September 30, 2022 and 2021 were as follows:

(in thousands)	Three Months Ended September 30,				Nine Months Ended September 30,			
	2022		2021		2022		2021	
Revenue Streams	Revenue	% Total	Revenue	% Total	Revenue	% Total	Revenue	% Total
Tattooed Chef	\$ 24,403	45 %	\$ 34,655	60 %	\$ 97,117	54 %	\$ 98,240	63 %
Private Label	27,047	50 %	22,952	39 %	73,049	41 %	56,391	36 %
Other revenues	2,665	5 %	369	1 %	9,370	5 %	1,020	1 %
Total	\$ 54,115		\$ 57,976		\$ 179,536		\$ 155,651	

Significant Judgments

Generally, the Company's contracts with customers comprise of a written quote and customer purchase order which are governed by the Company's trade terms and conditions. In certain instances, it may be further supplemented by separate pricing agreements. All products are sold on a standalone basis; therefore, when more than one product is included in a purchase order, the Company has observable evidence of stand-alone selling price. Contracts do not contain a significant financing component as payment terms on invoiced amounts are typically between 7 days to 45 days, based on the Company's credit assessment of individual customers, as well as industry expectations. Product returns are not material. The contracts with customers do not include any additional performance obligations related to warranties and material rights.

From time to time, the Company may offer incentives to its customers considered to be variable consideration including discounts and demonstration costs. Customer incentives considered to be variable consideration are recorded as a reduction to revenue as part of the transaction price based on the agreement at the time of the transaction. Customer incentives are allocated entirely to the single performance obligation of transferring product to the customer.

5. ACCOUNTS RECEIVABLE, NET

The Company evaluates the creditworthiness of its customers regularly and, based on its analysis, the Company has recognized allowance for credit losses of \$0.6 million as of September 30, 2022 and \$0.0 million as of December 31, 2021. The Company writes off accounts receivable whenever they become uncollectible, and any payments subsequently received on such receivables are recorded as bad debt recoveries in the period the payment is received. Credit losses from continuing operations have consistently been within management's expectations.

In 2021, the Company began offering new promotional programs on sales of Tattooed Chef branded products to some new and existing customers. These programs constitute variable consideration and will reduce the transaction price on sales. In addition, the Company estimates variable consideration expected to reduce the related accounts receivables or record related accruals. In developing the estimate, the Company uses either the expected value or most likely amount method to determine the variable consideration. As a result, an allowance for promotional programs of \$0.8 million and \$4.1 million is recorded and presented as a reduction of accounts receivable as of September 30, 2022 and December 31, 2021, respectively.

Additionally, the Company maintains product demonstration accruals with some of its customers. The product demonstration accruals represent variable consideration and are recorded as a reduction of revenue. The Company's obligations to the customers are included within accrued expenses on the condensed consolidated balance sheets. The balances outstanding for accrued product demonstration were \$1.0 million and \$1.5 million as of September 30, 2022 and December 31, 2021, respectively (see *Note 12 Accrued Expenses*).

6. INVENTORY

Inventory consists of the following as of (in thousands):

	September 30, 2022	December 31, 2021
Raw materials	\$ 29,009	\$ 22,724
Work-in-process	7,486	5,545
Finished goods	35,053	24,450
Packaging	5,276	3,537
Total inventory	<u>\$ 76,824</u>	<u>\$ 56,256</u>

7. PROPERTY, PLANT AND EQUIPMENT

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

	September 30, 2022	December 31, 2021
Land	\$ 635	\$ 738
Buildings	4,727	4,766
Leasehold improvements	5,733	5,336
Machinery and equipment	43,011	33,975
Computer equipment	557	549
Furniture and fixtures	423	169
Construction in progress	23,865	7,986
Property, plant and equipment at cost	78,951	53,519
Less: accumulated depreciation	(10,836)	(7,043)
Property, plant and equipment, net	<u>\$ 68,115</u>	<u>\$ 46,476</u>

The Company recorded depreciation expense for the three months ended September 30, 2022 and 2021 of \$1.7 million and \$1.1 million, respectively. The Company recorded depreciation expense for the nine months ended September 30, 2022 and 2021 of \$4.7 million and \$2.5 million, respectively.

8. BUSINESS COMBINATIONS AND ASSET ACQUISITIONS

New Mexico Food Distributors, Inc. (NMFD) and Karsten Acquisition

On May 14, 2021, the Company entered into a stock purchase agreement to acquire all outstanding stock of NMFD, a distributor and manufacturer of frozen and ready-to-eat Mexican food products for a total purchase price of \$28.9 million. In addition, the Company entered into a membership interests purchase agreement to acquire all of the membership interest of Karsten for a total purchase price of \$5.2 million. The primary reason for the purchase of NMFD and Karsten was to expand the Company's manufacturing capacity to develop more ambient and refrigerated products. The NMFD Transaction met the definition of an acquisition of a business in accordance with ASC 805, *Business Combinations*, and is accounted for under the acquisition method of accounting. The contribution of revenue from NMFD and Karsten was \$8.4 million and \$12.7 million for the three and nine months ended September 30, 2021, respectively. During the three and nine months ended September 30, 2021, the contribution of net operating loss from NMFD and Karsten were \$1.1 million and \$1.1 million, respectively.

Though the purchase agreements for each of NMFD and Karsten were executed as legally separate transactions, each was entered into contemporaneously and in contemplation of the other and involved the same group of sellers. As such, the transactions noted above were accounted for on a combined basis and were viewed to represent a single integrated event.

Under the acquisition method of accounting, the assets acquired, and liabilities assumed, by the Company in connection with the NMFD Transaction were initially recorded at their respective fair values. The Company made an election under Section 338(h)(10) to treat the NMFD Transaction as an asset acquisition for income tax purposes, which allows for any goodwill recognized to be tax deductible and amortized over a 15-year statutory life. The excess of the purchase price over the fair value of assets acquired and liabilities assumed of approximately \$18.0 million was recorded as goodwill.

Transaction costs of \$0.5 million were incurred in relation to the acquisition and were recorded to operating expense within the condensed consolidated statement of operations for the three months and the nine months ended September 30, 2021.

The following table summarizes the fair value of assets acquired and liabilities assumed in the NMFD Transaction as of the date of acquisition (in thousands):

	Amount
Purchase consideration, net of cash acquired	\$ 33,988
Assets acquired and liabilities assumed	
Accounts receivable	3,567
Inventory	2,270
Prepaid expenses and other current assets	122
Operating lease, ROU asset	207
Property, plant and equipment	9,819
Finance lease, ROU assets ⁽¹⁾	5,749
Other noncurrent assets	29
Intangible assets – tradenames	220
Accounts payable	(2,834)
Accrued expenses	(78)
Operating lease liability	(207)
Note payable ⁽¹⁾	(2,917)
Goodwill	18,041
Total assets acquired and liabilities assumed	<u>\$ 33,988</u>

- (1) In December 2015 (prior to the NMFD Transaction), NMFD and Karsten entered into an agreement to purchase an industrial revenue bond ("IRB") issued by Bernalillo County, New Mexico ("Bernalillo") to be used to finance the costs of the construction, renovation and equipment of the manufacturing plant used by NMFD and Karsten and, concurrently, assigned ownership of the manufacturing plant including building and land ("Property") to Bernalillo as consideration for the purchase of the IRB, as well as entered into a lease agreement to lease the Property from Bernalillo ("Bernalillo Lease"). The Bernalillo Lease provides NMFD the option to purchase the Property for \$1 following the payoff of the Bernalillo Lease. The sale of the Property to Bernalillo and concurrent leaseback of the Property in December 2015 did not meet the sale-leaseback accounting requirements as a result of NMFD's and Karsten's continuous involvement with the Property and thus, the IRB was not recorded as a sale but as a financing obligation, with the Property remaining on NMFD's financial statements. The Bernalillo Lease and the IRB have the same counterparty, therefore a right of offset exists so long as NMFD continues to make rent payments under the terms of the Bernalillo Lease.

On May 14, 2021, the balance of the IRB asset and the lease obligation to Bernalillo was each \$2.9 million. Upon the acquisition of NMFD and Karsten, the Company received all rights and assumed obligations related to the IRB, the Property and the Bernalillo Lease. Under business combination accounting literature and prior to the adoption of ASC 842, *Leases* ("ASC 842"), the transaction involving the IRB and the Bernalillo Lease should not be reassessed and, therefore, the failed sale-leaseback accounting should be reflected in the Company's purchase accounting. There were no changes to the right of offset as a result of the acquisition and, thus, the lease obligation was offset against the IRB asset and was presented net on the Company's consolidated balance sheet with no impact to the consolidated operations of income or consolidated cash flow statements. The leased assets were accounted for as a ROU asset under ASC 842 and the fair value of the ROU asset was determined to be \$5.7 million and as such was presented on the consolidated balance sheet as an ROU asset of \$5.7 million. In connection with the NMFD Transaction in May 2021, the Company assumed a note payable in the amount of \$2.9 million (see *Note 14 Indebtedness*). The Company recognized the entire balance as a current liability due to noncompliance with certain financing covenants.

In September 2022, the Company paid the sellers a post-closing adjustment of approximately \$42,000, which resulted in a corresponding increase in the total purchase consideration. This purchase consideration change has no impact on condensed consolidated statement of operations and only increased the balance of goodwill by the same amount.

The excess of purchase consideration over the fair value of the assets acquired and liabilities assumed was recorded as goodwill, which was primarily attributable to the assembled workforce and expanded market opportunities. Goodwill was assigned to the Company's single reporting unit.

Belmont Acquisition

On September 28, 2021, Tattooed Chef formed BCI as a wholly-owned subsidiary. On December 21, 2021, BCI acquired substantially all of the assets, and assumed certain specified liabilities, from Belmont for an aggregate purchase price of \$16.7 million. Belmont was a privately held company based in Youngstown, Ohio, and specialized in the development and manufacturing of private label nutritional bars. The primary reason for the purchase of Belmont's assets and assumption of liabilities was to expand the Company's manufacturing capacity into a nutritional bars and other ambient products. Approximately \$4.0 million of the purchase price was paid by issuing 241,546 shares of Tattooed Chef's common stock to Belmont's sole shareholder. The number of shares payable at closing was determined based on the average closing price of the Company's common stock over the three days preceding the closing date of the acquisition (December 21, 2021). The closing price of Tattooed Chef's common stock was \$16.90 per share at the acquisition date.

Under the acquisition method of accounting, the assets acquired and liabilities assumed by the Company in connection with the Belmont Acquisition were initially recorded at their respective fair values. The excess of the purchase price over the fair value of assets acquired and liabilities assumed of approximately \$8.7 million was recorded as goodwill, which was primarily attributable to the assembled workforce and expanded market opportunities. The recognized goodwill is tax deductible and amortized over a 15-year statutory life. Goodwill was assigned to the Company's single reporting unit. The fair value assigned to the assets acquired and liabilities assumed are based on management's estimates and assumptions, which are preliminary, are based on provisional amounts and may be subject to change as additional information is received. The Company expects to finalize the valuation of these assets not later than one year from the acquisition date.

In relation to the acquisition, transaction costs of \$0.2 million incurred by the Company were recorded to operating expense within the consolidated statement of operations for the year ended December 31, 2021. An immaterial amount of seller's transaction costs were paid by the Company and included in the purchase price consideration. The following table summarizes the preliminary fair value of assets acquired and liabilities assumed in the Belmont Acquisition as of the date of acquisition (in thousands):

	Amount
Cash consideration	\$ 12,739
Equity consideration – common stock	4,000
Total purchase consideration	\$ 16,739
Assets acquired and liabilities assumed	
Accounts receivable	\$ 1,630
Inventory	4,130
Prepaid expenses and other current assets	38
Operating lease ROU asset	870
Property, plant and equipment	6,477
Accounts payable	(3,477)
Accrued expenses	(723)
Operating lease liability	(870)
Goodwill	8,664
Total assets acquired and liabilities assumed	\$ 16,739

On May 11, 2022, the Company received an escrow joint release letter to receive a refund of \$0.3 million from the escrow agent in relation to the acquisition purchase price adjustment. With this refund of payments, total purchase consideration decreased by \$0.3 million. This purchase consideration change has no impact on the income statement line items and only decreased the balance of goodwill by the same amount.

The unaudited pro forma financial information in the table below summarizes the combined results of operations for the Company and all 2021 acquisitions as if both the NMFD Transaction and the Belmont Acquisition had occurred as of January 1, 2021. There were no business combinations during the three and nine months ended September 30, 2022. The unaudited pro forma financial information as presented below is for informational purposes only and is not necessarily indicative of the results of operations that would have been achieved if the acquisitions had occurred on the dates indicated.

(in thousands, except per share amounts)	Three months ended September 30,		Nine months ended September 30,	
	2022	2021	2022	2021
Net revenue	\$ 54,115	\$ 66,121	\$ 179,536	\$ 192,101
Net loss	\$ (38,496)	\$ (7,922)	\$ (86,757)	\$ (75,999)
Net loss per share				
Basic	\$ (0.46)	\$ (0.10)	\$ (1.05)	\$ (0.93)
Diluted	\$ (0.46)	\$ (0.10)	\$ (1.05)	\$ (0.93)

Desert Premium Group, LLC (“DPG”) Acquisition

On August 19, 2022, the Company through its subsidiary, TTCF-NM Holdings Inc., entered into an asset purchase agreement with DPG. DPG is engaged in the business of manufacturing and selling a variety of frozen Mexican snacks and entrees.

Under the terms of the purchase agreement, the Company acquired certain manufacturing, production, and storage assets, organized workforce and assumed a lease for an 80,000 square foot manufacturing facility located in Albuquerque, New Mexico (“NM Lease”) at which the acquired assets currently operate, for a purchase price of approximately \$10.4 million in cash. The facility is located near the Company’s Karsten and New Mexico Food production facilities. The NM Lease expires on November 30, 2024 and is subject to two options to extend the term of the lease, each for an additional five year term.

The Company determined that the DPG acquisition did not meet the definition of a business by considering various factors. Specifically, the Company determined that the integrated assets of the acquired set does not contain a substantive process

that, when integrated with the inputs the Company acquired, significantly contribute to the ability for a market participant to manage a business and create an output. Therefore, the Company accounted for the transaction as an asset acquisition. The Company allocated the \$0.1 million of third-party transaction costs to the tangible assets acquired using their percentage of the fair value.

The following table summarizes the fair value of assets acquired and liabilities assumed in the DPG Acquisition as of the date of acquisition (in thousands):

	Amount
Purchase consideration	\$ 10,404
Add: Third-party transaction costs	93
Total purchase consideration	\$ 10,497
Assets acquired and liabilities assumed	
Inventory	\$ 250
Intangible assets - favorable market lease	1,685
Operating lease ROU asset	1,845
Property, plant and equipment	6,819
Other assets (lease deposit)	50
Intangible assets - organized workforce	1,693
Operating lease liability	(1,845)
Total assets acquired and liabilities assumed	\$ 10,497

9. INTANGIBLE ASSETS, NET AND GOODWILL

Intangible assets consist of the following as of (in thousands):

	September 30, 2022	December 31, 2021
Amortizable tradenames	\$ 220	\$ 220
Organized workforce	1,693	—
Less: accumulated amortization	(178)	(69)
Intangible assets, net	\$ 1,735	\$ 151

The estimated useful lives of the identifiable definite-lived intangible assets, acquired in the NMFD Acquisition (see *Note 8 Business Combinations and Asset Acquisitions*) in May 2021, were determined to be two years. The estimated useful lives of the identifiable definite-lived intangible assets, acquired in the DPG Acquisition (see *Note 8 Business Combinations and Asset Acquisitions*) in August 2022, were determined to be seven years.

The Company recorded amortization expense of the identifiable definite-lived intangible assets, approximately \$54,000 and \$109,000 for the three and nine months ended September 30, 2022, respectively. The Company recorded amortization expense of approximately \$27,000 and \$41,000 for the three and nine months ended September 30, 2021, respectively.

Estimated future amortization expense for the definite-lived intangible assets is as follows (in thousands):

Remainder of 2022	\$ 88
2023	283
2024	242
2025	242
2026	242
2027 and thereafter	638
Total	\$ 1,735

The following table sets forth the change in the carrying amount of goodwill for the nine months ended September 30, 2022 (in thousands):

Balance as of January 1, 2022	\$	26,924
Measurement period adjustment (change in consideration) (see Note 8 Business Combinations and Asset Acquisitions)		(219)
Balance as of September 30, 2022	\$	26,705

Goodwill is tested annually on September 30. No goodwill impairment was recorded during the three and nine months ended September 30, 2022.

10. DERIVATIVE INSTRUMENTS

The Company enters into foreign currency exchange forward contracts to reduce the short-term effects of foreign currency fluctuations on assets and liabilities such as foreign currency inventory purchases, receivables and payables. The Company's primary objective in holding derivatives is to reduce the volatility of earnings and cash flows associated with changes in foreign currency exchange rates. The Company's derivatives expose the Company to credit risk to the extent that the counterparties may be unable to meet the terms of the arrangement. The Company does, however, seek to mitigate such risks by limiting its counterparties to major financial institutions. Management does not expect material losses as a result of defaults by counterparties.

Starting in February 2020, the Company entered into a trading facility for derivative forward contracts. Under this facility, the Company has access to open foreign exchange forward contract instruments to purchase a specific amount of funds in Euros and to settle, on an agreed-upon future date, in a corresponding amount of funds in US dollars. During the three months ended September 30, 2022 and 2021, the Company entered into foreign currency exchange forward contracts to purchase €10.2 million and €19.0 million, respectively. The notional amounts of these derivatives were \$10.8 million and \$22.6 million for the three-month period ended September 30, 2022 and 2021, respectively. During the nine months ended September 30, 2022 and 2021, the Company entered into foreign currency exchange forward contracts to purchase €30.1 million and €55.4 million, respectively. The notional amounts of these derivatives were \$33.0 million and \$66.8 million for the nine-month period ended September 30, 2022 and 2021, respectively.

These derivatives are not designated as hedging instruments. Gains and losses on the contracts are included in other expense net, and substantially offset foreign exchange gains and losses from the short-term effects of foreign currency fluctuations on assets and liabilities, such as purchases, receivables and payables, of which are denominated in currencies other than the functional currency of the reporting entity.

The fair values of the Company's derivative instruments classified as Level 2 financial instruments (see Note 11 Fair Value Measurements) and the line items within the accompanying condensed consolidated balance sheets to which they were recorded are summarized as follows (in thousands):

	Balance Sheet Line Item	As of September 30, 2022	As of December 31, 2021
Derivatives not designated as hedging instruments:			
Foreign currency derivatives	Forward contract derivative liability	\$ 4,556	\$ 1,804
Total		<u>\$ 4,556</u>	<u>\$ 1,804</u>

The effect on the accompanying condensed consolidated statements of operations and comprehensive loss of derivative instruments not designated as hedges is summarized as follows (in thousands):

	Line Item in Statements of Operations	Three Months Ended September 30,	
		2022	2021
Derivatives not designated as hedging instruments:			
Foreign currency derivatives	Other expense, net	\$ (1,939)	\$ (717)
Total		\$ (1,939)	\$ (717)

	Line Item in Statements of Operations	Nine Months Ended September 30,	
		2022	2021
Derivatives not designated as hedging instruments:			
Foreign currency derivatives	Other expense, net	\$ (5,011)	\$ (2,694)
Total		\$ (5,011)	\$ (2,694)

Unrealized losses on forward currency derivatives for the three and nine months ended September 30, 2022 were \$1.6 million and \$2.8 million, respectively. Unrealized losses on forward currency derivatives for the three and nine months ended September 30, 2021 were \$1.2 million and \$2.3 million, respectively. The Company has notional amounts of \$43.7 million and \$43.5 million on outstanding derivatives as of September 30, 2022 and December 31, 2021, respectively.

11. FAIR VALUE MEASUREMENTS

The carrying amounts of cash, accounts receivables, accounts payable and certain notes payable approximate fair value because of the short maturity and/or variable rates generally associated with these instruments. Long-term debt as of September 30, 2022 and December 31, 2021 approximates its fair value as the interest rates are indexed to market rates (Level 2 inputs). The Company categorizes the inputs to the fair value measurements into three levels based on the lowest level input that is significant to the fair value measurement in its entirety.

Warrant Liabilities

In connection with Forum's IPO and issuance of Private Placement Units in August 2018, Forum issued Units consisting of common stock with attached Public Warrants and Private Placement Warrants (together, the "Warrants"). All Public Warrants were exercised during 2020 and 2021.

Each Private Placement Warrant entitled or entitles the holder to purchase one share of the Company's common stock at an exercise price of \$11.50.

The Private Placement Warrants are accounted for as liabilities in accordance with ASC 815-40 and are presented within warrant liabilities on the condensed consolidated balance sheets. The warrant liabilities are measured at fair value at inception ("initial measurement"), which is at the Closing Date, and on a recurring basis ("subsequent remeasurement"), with changes in fair value presented within change in fair value of warrant liabilities in the condensed consolidated statements of operations and comprehensive loss.

Initial Measurement

The value of the Private Placement Warrants was initially measured at fair value on October 15, 2020, the Closing Date.

Subsequent Measurement

At each reporting period or upon exercise of the Warrants, the Company remeasures the Private Placement Warrants at their fair values with the change in fair value reported to current operations within the condensed consolidated statements

of operations and comprehensive loss. During the three and nine months ended September 30, 2022, no Private Placement Warrants were settled.

For the three and nine months ended September 30, 2022, change in the fair value of the warrant liabilities charged to current operations amounted to a gain of \$0.01 million and a gain of \$0.7 million, respectively.

Fair Value Measurement

The fair value of the Private Placement Warrants was determined to be \$1.15 per Warrant as of September 30, 2022 using Monte Carlo simulations and using Level 3 inputs. Inherent in a Monte Carlo simulation are assumptions related to expected stock-price volatility, expected life, risk-free interest rate and dividend yield. The Company estimates the volatility of its common stock warrants based on implied volatility from its traded warrants and historical volatility of select peers' common stock with similar expected term of the Warrants. The risk-free interest rate is based on the U.S. Treasury zero-coupon yield on the grant date with a maturity similar to the expected remaining term of the warrants. The expected term of the Warrants is assumed to be equivalent to their remaining contractual term. The dividend rate is based on the historical rate, which the Company estimated to remain at zero.

The following table provides quantitative information regarding the inputs to the fair value measurement of the Private Placement Warrants as of each measurement date:

Input	September 30, 2022	December 31, 2021
Risk-free interest rate	4.25 %	1.08 %
Expected term (years)	3.04	3.79
Expected volatility	63.80 %	45.00 %
Exercise price	\$ 11.50	\$ 11.50
Fair value per Warrant	\$ 1.15	\$ 7.07

As of September 30, 2022, the fair value of the Private Placement Warrants was determined to be \$1.15 per warrant, or an aggregate value of \$0.1 million for 115,160 outstanding warrants. As of December 31, 2021, the fair value of the Private Placement Warrants was determined to be \$7.07 per warrant, or an aggregate value of \$0.8 million for 115,160 outstanding warrants.

The following table presents the changes in the fair value of private placement warrant liabilities (in thousands):

	Nine Months Ended September 30, 2022
Fair value as of December 31, 2021	\$ 814
Change in fair value ⁽¹⁾	(681)
Fair value as of September 30, 2022	\$ 133

	Nine Months Ended September 30, 2021
Fair value as of December 31, 2020	\$ 5,184
Exercise of Private Placement Warrants	(3,674)
Change in fair value ⁽¹⁾	(167)
Fair value as of September 30, 2021	\$ 1,343

⁽¹⁾ Changes in fair value are recognized in change in fair value of warrant liabilities in the condensed consolidated statements of operations and comprehensive loss.

Derivative Instruments

Derivative contracts are valued using quoted market prices and significant other observable inputs. The Company uses derivative instruments to minimize its exposure to fluctuations in foreign currency exchange rates. The Company's derivative instruments primarily include foreign currency forward contracts related to certain intercompany loans and intercompany trading balances. The fair values for the majority of the Company's foreign currency derivative contracts are evaluated by comparing the contract rate to a published forward price of the underlying market rates, which is based on market rates of comparable transactions. The valuation approach is classified within Level 2 of the fair value hierarchy. See *Note 10 Derivative Instruments*.

Business Combination and Asset Acquisitions

Business combinations are accounted for using the acquisition method of accounting. The Company recognizes the assets acquired and the liabilities assumed at the acquisition date measured at their fair values as of that date. Fair value determinations are based on a variety of valuation techniques based on the facts and circumstances surrounding the transaction and the nature of the assets. In determining the fair value of the assets acquired and liabilities assumed in a material acquisition, the Company may utilize from the assistance of third party valuation firms to determine fair values of some or all of the assets acquired, and liabilities assumed, or may complete some or all of the valuations internally. Fair value of property plant and equipment were determined by a market approach or a cost approach to calculate the replacement or reproduction cost. Fair value of the below-market lease was estimated based on discounted cash flow of below market rent. Fair value of inventories was based on replacement cost to estimate the value of raw materials and the comparative sales method to estimate the value of work in process and finished goods. Under business combination accounting, the value of goodwill reflects the excess of the fair value of the consideration conveyed to the seller over the fair value of the net assets received. Under asset acquisitions accounting, fair value of assembled workforce was based on a cost approach (assemblage cost avoided method) to estimate the value of workforce obtained. See *Note 8 Business Combinations and Asset Acquisitions*.

12. ACCRUED EXPENSES

The following table provides additional information related to the Company's accrued expenses as of (in thousands):

	September 30, 2022	December 31, 2021
Accrued product demonstration	\$ 1,041	\$ 1,471
Accrued payroll	4,107	1,600
Accrued commission	1,071	607
Other accrued expenses	981	89
Total	\$ 7,200	\$ 3,767

13. INCOME TAXES

The following table presents the provision for income taxes and the effective tax rate for the three and nine months ended September 30, 2022 and 2021 (in thousands):

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2022	2021	2022	2021
Income tax benefit (expense)	\$ 11	\$ 255	\$ (700)	\$ (47,794)
Effective tax rate	— %	3 %	(1)%	(174)%

The income tax benefit (expense) for the three and nine months ended September 30, 2022 was primarily attributable to foreign income tax expenses for the Company's activities in Italy as well as state minimum taxes.

The income tax benefit (expense) for the three and nine months ended September 30, 2021 was primarily attributable to the Company's establishment of a full valuation allowance on its deferred tax assets in the United States, and foreign income tax expenses on the Company's foreign income in Italy.

The Company also believes that quarterly effective tax rates will vary from the fiscal 2022 as a result of taxes imposed on the Italian income, tax amounts associated with foreign earnings at rates different from the United States federal statutory rate, and changes in valuation allowance. The Company's foreign earnings on Italian operations are subject to foreign taxes applicable to its income derived in Italy.

As of September 30, 2022 and December 31, 2021, the Company had no open tax examinations by any taxing jurisdiction in which it operates. The taxing authorities of the most significant jurisdictions are the United States Internal Revenue Service, the California Franchise Tax Board and the Agenzia delle Entrate. The statute of limitations for which the Company's tax returns are subject to examination are as follows: Federal 2018-2021, California 2017-2021, and Italy 2017-2021.

14. INDEBTEDNESS

Debt consisted of the following as of (in thousands):

	September 30, 2022	December 31, 2021
Notes payable	\$ 6,209	\$ 5,735
Line of credit	19,990	1,200
Total debt	26,199	6,935
Less current debt	(24,992)	(6,219)
Total long-term debt	\$ 1,207	\$ 716

Lines of Credit

The Company is party to a revolving line of credit agreement, which has been amended from time to time, pursuant to which a credit facility has been extended to the Company until September 30, 2023 (the "Credit Facility"). The Credit Facility provides the Company with up to \$25.0 million in revolving credit. Under the Credit Facility, the Company may borrow up to (a) 90% of the net amount of eligible accounts receivable; plus, (b) the lower of: (i) sum of: (1) 50% of the net amount of eligible inventory; plus (2) 45% of the net amount of eligible in-transit inventory; (ii) \$10.0 million; or (iii) 50% of the aggregate amount of revolving loans outstanding, minus (c) the sum of all reserves. Under the Credit Facility amended and effected on June 30, 2022, the fixed charge coverage ratio was replaced by liquidity requirement. The Company is required to maintain minimum liquidity of not less than \$10.0 million. Not less often than monthly (or weekly during a trigger period), the Company shall furnish to lender a borrowing base certificate as of the close of business on the last business day of such week. Trigger period means the period following any date on which (a) an event of default has occurred, or (b) the Company's liquidity is less than \$20.0 million. On August 5, 2022, the Company entered into a Joinder and First Amendment to Amended and Restated Loan and Security Agreement (the "First Amendment") with the financial institution whereby the Company expanded the Credit Facility to \$40.0 million from \$25.0 million, and extended the Credit Facility so that it now has a three-year term set to mature in September 2025. Under the First Amendment, the Company may borrow up to (a) 85% (or such lesser percentage as Lender may in its sole and absolute discretion determine from time to time) of the net amount of eligible accounts; plus, (b) the lesser of: (i) 50% of the net amount of eligible inventory (ii) \$25.0 million; minus (c) the sum of all reserves. Beginning with the quarter ending September 30, 2022, the Company must meet new minimum EBITDA tests: trailing 1-quarter period ended September 30, 2022, consolidated adjusted EBITDA should not be less than negative \$20.0 million; trailing 2-quarter period ended December 31, 2022, consolidated adjusted EBITDA should not be less than negative \$30.0 million; trailing 3-quarter period ended March 31, 2023, consolidated adjusted EBITDA should not be less than negative \$35.0 million; trailing 4-quarter period ended June 30, 2023, consolidated adjusted EBITDA should not be less than negative \$40.0 million; trailing 5-quarter period ended September 30, 2023, consolidated adjusted EBITDA should not be less than negative \$40.0 million; and the Company is required to achieve positive EBITDA by the two trailing quarters ending December 31, 2023. In addition, commencing with the quarter ending December 31, 2024, the Company must achieve a fixed charge coverage ratio of not less than 1.00 to 1.00 each quarter. As of September 30, 2022, the Company was not in compliance with all of the financial covenants under the Credit Facility.

The Credit Facility bears interest at an annual rate equal to the sum of the Daily Adjusting Term SOFR Rate in effect from time to time plus 3.00%. "Daily Adjusting Term SOFR Rate" means, for any day, the rate per annum equal to the Term SOFR. The Daily Adjusting Term SOFR Rate shall be adjusted on a daily basis; provided that, if such rate is not published on such determination date then the rate will be the Term SOFR Rate on the first business day immediately prior thereto.

The actual interest rates on outstanding borrowings were 5.04% and 4.25% as of September 30, 2022 and December 31, 2021, respectively.

The Credit Facility has an arrangement associated with it wherein all collections from collateralized receivables are deposited into a collection account and applied to the outstanding balance of the line of credit on a daily basis. The funds in the collection account are earmarked for payment towards the outstanding line of credit and given the Company's obligation to pay off the outstanding balance on a daily basis, the balance was classified as a current liability on the Company's condensed consolidated balance sheets as of September 30, 2022 and December 31, 2021. The balance on the Credit Facility was \$19.1 million and \$0.0 million as of September 30, 2022 and December 31, 2021, respectively. As of September 30, 2022, up to the full \$40.0 million was available for borrowing under the Credit Facility, of which \$19.1 million has been borrowed and \$0.6 million has been utilized for the letter of credit issuance as described below.

The Credit Facility includes a letter of credit subfacility in the amount of up to \$1.0 million. The Company agrees to pay (i) to the lender for each letter of credit, a per annum fee (the "Letter of Credit Fee") equal to 1.00% of the outstanding letter of credit obligations, which fee shall be payable monthly in arrears on the first day of each calendar month, (ii) to the letter of credit issuer, for its own account, all customary charges and commissions associated with the issuance, amending, negotiating, payment, processing, renewal, transfer and administration of letters of credit, which charges shall be paid as and when incurred, and (iii) to the lender, all customary charges of the letter of credit issuer referenced in clause (ii) above paid by the lender on behalf of the Company. The Letter of Credit Fee shall be payable when the letter of credit is issued and on each anniversary thereof and on the Credit Facility maturity date. As of September 30, 2022, the Company had \$0.6 million outstanding on its letter of credit under the subfacility.

In March 2021, Ittella Italy entered into a line of credit with a financial institution in the amount of up to €0.6 million. The balance on the credit facility was €0.6 million (\$0.6 million) and €0.6 million (\$0.7 million) as of September 30, 2022, and December 31, 2021, respectively. The credit facility bears a one-time commission fee at 0.40% and interest at 1.50% per annum. Under this credit facility, Ittella Italy borrows the amount based on the sales invoices presented to the financial institution and pays back within 60 days. This line of credit does not have an expiration date and does not contain financial covenants.

In September 2021, Ittella Italy entered into a line of credit with a financial institution in the amount of up to €1.4 million. The balance on the line of credit was €0.3 million (\$0.3 million) and €0.5 million (\$0.5 million) as of September 30, 2022, and December 31, 2021, respectively. The Line of Credit bears a one-time commission fee at 0.40% and interest at 0.85% per annum. Under this line of credit, the financial institution advances suppliers based on purchase invoices presented and Ittella Italy pays back the amounts borrowed within 180 days. This line of credit does not have an expiration date and does not contain financial covenants.

For the lines of credit with original maturities on borrowings greater than 90 days, the Company presents the borrowing and repayment amounts at gross in the condensed consolidated statements of cash flows. For the lines of credit with original maturities on borrowings shorter than 90 days, the Company presents the borrowing and repayment amounts at net in the condensed consolidated statements of cash flows.

Notes payable

In connection with the NMF D Transaction in May 2021 (see *Note 8 Business Combinations and Asset Acquisitions*), the Company assumed a note payable in the amount of \$2.9 million. The note payable bears interest at 3.8% per annum and has a maturity date of December 29, 2025. Under the note payable, NMF D must maintain a minimum fixed charge coverage ratio of 1.20:1.00, assessed semi-annually as of June 30 and December 31 of each calendar year beginning December 31, 2021, and the Company must, on a consolidated basis, maintain a funded debt to EBITDA ratio not to exceed 4.00 to 1.00, tested semi-annually as of June 30 and December 31 of each calendar year beginning June 30, 2022. The outstanding balance of the note payable was \$2.7 million and \$2.8 million as of September 30, 2022, and December 31, 2021, respectively. The balance was classified as a current liability due to noncompliance with the above financing covenants.

In May 2021, Ittella Italy entered into a promissory note with a financial institution in the amount of €1.0 million. The note accrues interest at 1.014% per annum and has a maturity date of May 28, 2025, when the full principal and interest are due. The promissory note does not contain a financial covenant. The balance on the promissory note was €0.7 million (\$0.7 million) and €0.9 million (\$1.0 million) as of September 30, 2022 and December 31, 2021, respectively. As of September 30, 2022, the balance of the note in the amount of approximately €0.4 million (\$0.4 million) was classified as long term liability.

In April 2022, Ittella Italy entered into a promissory note with a financial institution in the amount of €1.0 million. The note accrues interest at 1.9% per annum and has a maturity date of April 7, 2026, when the full principal and interest are due. The promissory note does not contain a financial covenant. The balance on the promissory note was €1.0 million (\$1.0 million) as of September 30, 2022. As of September 30, 2022, the balance of the note in the amount of approximately €0.9 million (\$0.8 million) was classified as long term liability.

On January 6, 2020, Ittella Properties, the VIE, refinanced all of its existing debt with a financial institution in the amount of \$2.1 million. The note accrues interest at 3.60% per annum and has a maturity date of January 31, 2035. Financial covenants of the note include a minimum fixed charge coverage ratio of 1.20 to 1.00. The outstanding balance on the note was \$1.8 million and \$1.9 million at September 30, 2022 and December 31, 2021, respectively. Commencing with the fiscal quarter ending September 30, 2022, the VIE should meet a minimum fixed charge coverage ratio of 1.20 to 1.00. As of September 30, 2022, the VIE was not in compliance with the fixed charge coverage ratio and the full balance of the note was classified as a current liability.

Future minimum principal payments due on the notes payable, for periods subsequent to September 30, 2022 are as follows (in thousands):

Remainder of 2022	\$	4,615
2023		518
2024		525
2025		408
2026		143
Total	\$	<u>6,209</u>

15. STOCKHOLDERS' EQUITY

The condensed consolidated statements of changes in stockholders' equity reflect the Reverse Recapitalization as of October 15, 2020 as discussed in *Note 2 Basis of Presentation and Significant Accounting Policies*. Since Myjojo was determined to be the accounting acquirer in the Reverse Recapitalization, all periods prior to the consummation of the Transaction reflect the balances and activity of Myjojo (other than shares which were retroactively restated in connection with the Transaction).

Further, the Company issued awards to certain officers and all of the directors pursuant to the Tattooed Chef, Inc. 2020 Incentive Award Plan (the "Plan") on December 17, 2020 (see *Note 16 Equity Incentive Plan*).

Preferred Stock

The Company is authorized to issue 10,000,000 shares of preferred stock, par value of \$0.0001 per share with such designations, voting and other rights and preferences as may be determined from time to time by the Company's board of directors. As of September 30, 2022 and December 31, 2021, there were no shares of preferred stock issued or outstanding.

Common Stock

The Company is authorized to issue 1,000,000,000 shares of common stock, par value of \$0.0001 per share. Holders of common stock are entitled to one vote for each share. As of September 30, 2022 and December 31, 2021, there were 83,658,357 and 82,237,813 shares of common stock issued and outstanding, respectively.

Warrants

In connection with Forum's IPO and issuance of Private Placement Units in August 2018, Forum issued Units consisting of common stock with attached warrants as follows:

1. Public Warrants – Forum issued 20,000,000 Units at a price of \$10.00 per Unit, each Unit consisting of one share of common stock and one Public Warrant.
2. Private Placement Warrants – Forum issued 655,000 Private Placement Units, each consisting of one share of common stock and one Private Placement Warrant.

Each Warrant entitles the holder to purchase one share of the Company's common stock at an exercise price of \$11.50.

The Public Warrants contained a redemption feature that provided the Company the option to call the Public Warrants for redemption 30 days after notice to the holder when any of conditions described in the following paragraph was met, and to require that any Public Warrant holder who desires to exercise his, her or its Public Warrant prior to the redemption date do so on a "cashless basis," by converting each Public Warrant for an equivalent number of shares of common stock, determined by dividing (i) the product of the number of shares of common stock underlying the Warrants, multiplied by the difference between the exercise price and the "Fair Market Value", and (ii) the Fair Market Value (defined as the average last sale price of the common stock for the ten trading days ending on the third trading day prior to the date on which the notice of redemption is sent to the holders of the Public Warrants).

The Public Warrants became exercisable upon the occurrence of certain events (trigger events), including the completion of the Transaction. Once the Public Warrants became exercisable, the Company was able to redeem the Public Warrants in whole, at a price of \$0.01 per Warrant within 30 days after a written notice of redemption, and if, and only if, the reported last sale price of the Company's common stock equaled or exceeded \$18.00 per share for any 20 trading days within a 30-trading day period ending three business days before the Company sent the notice of redemption to the holder.

The Private Placement Warrants are identical to the Public Warrants, except that so long as they are held by the original holders or any of their permitted transferees, the Private Placement Warrants: (i) may be exercised for cash or on a cashless basis; (ii) may not be transferred, assigned, or sold 30 days after the Closing Date except to a permitted transferee who enters into a written agreement with the Company agreeing to be bound by the transfer restrictions, and (iii) are not redeemable by the Company.

A Warrant may be exercised only during the "Exercise Period" commencing on the later of: (i) the date that is 30 days after the first date on which Forum completes its initial business combination; or (ii) 12 months from the date of the closing of Forum's IPO, and terminating on the earlier to occur (x) five years after Forum completes its initial business combination; (y) the liquidation of the Company or, (z) the redemption date, subject to any applicable conditions as set forth in the warrant agreement governing the Warrants. The Company in its sole discretion may extend the duration of the Warrants by delaying the expiration date, provided it give at least 20 days prior written notice of any such extension to the registered holders of the Warrants.

The consummation of the Transaction triggered exercisability of the Warrants. Warrant activity is as follows:

	Public Warrants	Private Placement Warrants
Issued and outstanding as of October 15, 2020	20,000,000	655,000
Exercised	(5,540,316)	(247,423)
Issued and outstanding as of December 31, 2020	14,459,684	407,577
Exercised	(14,459,684)	(292,417)
Issued and outstanding as of December 31, 2021	—	115,160
Exercised	—	—
Redeemed	—	—
Issued and outstanding as of September 30, 2022	<u>—</u>	<u>115,160</u>

The Public Warrants were considered freestanding equity-classified instruments due to their detachable and separately exercisable features. Accordingly, the Public Warrants were presented as a component of Stockholders' Equity in accordance with ASC 815-40-25.

As discussed in *Note 11 Fair Value Measurements*, the Private Placement Warrants are considered freestanding liability-classified instruments under ASC 815-40-25.

16. EQUITY INCENTIVE PLAN

On October 15, 2020, the Plan became effective and permits the granting of equity awards of up to 5,200,000 common shares to executives, employees and non-employee directors, with the maximum number of common shares to be granted in a single fiscal year, when taken together with any cash fees paid to the non-employee director during that year in respect of his or her service as a non-employee director, not exceeding \$0.1 million in total value to any non-employee director or

\$0.125 million in total value to any non-employee director who serves as the chairperson of a duly formed and authorized committee of the Company's board of directors. Awards available for grant under the Plan include incentive stock options, nonqualified stock options, stock appreciation rights, restricted stock awards ("RSAs"), restricted stock units ("RSUs"), other share-based awards, other cash-based awards and dividend equivalents. Shares issued under the Plan may be newly issued shares or reissued treasury shares.

Stock Options

Stock options under the Plan are generally granted with a strike price equal to 100% of the fair market value of the common stock on the date of grant, with a three-year vesting period and expire 10 years from the date of grant. The strike price may be higher than the fair value of the common stock on the date of the grant but cannot be lower.

The table below summarizes the share-based activity under the Plan:

	Number of Awards Outstanding	Weighted- Average Exercise Price	Weighted- Average Remaining Contractual Terms (Years)	Intrinsic Value (in thousands)
Balance at December 31, 2021	1,593,800	\$ 21.30	9.26	\$ —
Granted 01/01/2022 - 03/31/2022	45,000	13.06		
Granted 04/01/2022 - 06/30/2022	—	—		
Granted 07/01/2022 - 09/30/2022	656,501	6.74		
Cancelled and forfeited	(212,339)	19.72		
Exercised	—	—		
Balance at September 30, 2022	2,082,962	\$ 17.82	8.68	\$ —
Vested and Exercisable at September 30, 2022	551,128	\$ 20.54	8.04	\$ —

	Number of Awards Outstanding	Weighted- Average Exercise Price	Weighted- Average Remaining Contractual Terms (Years)	Intrinsic Value (in thousands)
Balance at December 31, 2020	773,300	\$ 24.64	9.98	\$ —
Granted 01/01/2021 - 03/31/2021	—	—		
Granted 04/01/2021 - 06/30/2021	270,000	17.82		
Granted 07/01/2021 - 09/30/2021	555,000	18.31		
Cancelled and forfeited	(4,500)	24.69		
Exercised	—	—		
Balance at September 30, 2021	1,593,800	\$ 21.30	9.51	\$ —
Vested and Exercisable at September 30, 2021	—	\$ —	—	\$ —

There were no options exercised during the three months and nine months ended September 30, 2022 and 2021.

Compensation expense is recorded on a straight-line basis over the vesting period, which is the requisite service period, beginning on the grant date. The compensation expense is based on the fair value of each option grant using the Black-Scholes option pricing model. During the three and nine months ended September 30, 2022, the Company recorded \$1.1 million and \$2.7 million, respectively, of share-based compensation expense related to stock options, which is included in operating expenses in the Company's condensed consolidated statements of operations and comprehensive loss. During the three and nine months ended September 30, 2021, the Company recorded \$0.7 million and \$1.8 million, respectively, of share-based compensation expense related to stock options, which is included in operating expenses in the Company's condensed consolidated statements of operations. As of September 30, 2022, the Company had stock-based compensation of \$6.2 million related to stock options not yet recognized that are expected to be recognized over an estimated weighted average period of approximately 1.9 years.

The fair value of each option grant was estimated on the grant date using the Black-Scholes option pricing model with the following assumptions during the three and nine months ended September 30, 2022:

	September 30, 2022	
	Three Months Ended	Nine Months Ended
Equity volatility	41.35 %	40.77 %
Risk-free interest rate	3.16 %	3.10 %
Expected term (in years)	6	6
Expected dividend	0.00 %	0.00 %

The fair value of each option grant was estimated on the grant date using the Black-Scholes option pricing model with the following assumptions for the three and nine months ended September 30, 2021:

	September 30, 2021	
	Three Months Ended	Nine Months Ended
Equity volatility	34.01 %	33.99 %
Risk-free interest rate	1.04 %	1.11 %
Expected term (in years)	6	6
Expected dividend	0.00 %	0.00 %

The grant date fair value of granted stock options was \$2.1 million and \$2.3 million for the three and nine months ended September 30, 2022, respectively. The grant date fair value of granted stock options was \$3.5 million and \$5.2 million for the three and nine months ended September 30, 2021, respectively.

Any option granted under the Plan may include tandem Stock Appreciation Rights (“SARs”). SARs may also be awarded to eligible persons independent of any option. The strike price for common share for each SAR shall not be less than 100% of the fair value of the shares determined as of the date of grant. There were no SARs outstanding as of September 30, 2022 and December 31, 2021.

Restricted Stock Awards and Restricted Stock Units

RSUs are convertible into shares of Company common stock upon vesting on a one-to-one basis. RSAs have the same rights as other issued and outstanding shares of Company common stock except they are not entitled to dividends until the awards vest. Restrictions also limit the sale or transfer of the shares during the vesting period. Any unvested portion of restricted stock and RSUs shall typically be terminated and forfeited upon termination of employment or service of the grantee. As of September 30, 2022, no RSUs have been granted. All below restricted stock activities are related to RSAs.

Director restricted stock activity under the Plan for the nine months period ended September 30, 2022 was as follows:

	Non-Employee Director Awards	
	Number of Shares	Weighted-Average Fair Value
Balance at December 31, 2021	—	\$ —
Granted 01/01/2022 - 03/31/2022	—	—
Granted 04/01/2022 - 06/30/2022	18,162	12.25
Granted 07/01/2022 - 09/30/2022	38,554	6.16
Vested	(56,716)	8.11
Forfeited	—	—
Non-vested restricted stock at September 30, 2022	—	\$ —

Director restricted stock activity under the Plan for the nine months period ended September 30, 2021 was as follows:

	Non-Employee Director Awards	
	Number of Shares	Weighted-Average Fair Value
Balance at December 31, 2020	—	\$ —
Granted 01/01/2021 - 03/31/2021	15,216	18.93
Granted 04/01/2021 - 06/30/2021	—	—
Granted 07/01/2021 - 09/30/2021	4,918	22.08
Vested	(20,134)	19.70
Forfeited	—	—
Non-vested restricted stock at September 30, 2021	—	\$ —

Non-director employee and consultant restricted stock activity under the Plan for the nine months period ended September 30, 2022 was as follows:

	Employee Awards		Consultant (Non-Employee) Awards	
	Number of Shares	Weighted-Average Fair Value	Number of Shares	Weighted-Average Fair Value
Balance at December 31, 2021	—	\$ —	—	\$ —
Granted 01/01/2022 - 03/31/2022	3,828	13.06	200,000	15.54
Granted 04/01/2022 - 06/30/2022	—	—	—	—
Granted 07/01/2022 - 09/30/2022	1,160,000	7.02	—	—
Vested	(857,162)	7.04	(75,000)	15.54
Forfeited	—	—	—	—
Non-vested restricted stock at September 30, 2022	306,666	\$ 7.02	125,000	\$ 15.54

Non-director employee and consultant restricted stock activity under the Plan for the nine months period ended September 30, 2021 was as follows:

	Employee Awards		Consultant (Non-Employee) Awards	
	Number of Shares	Weighted-Average Fair Value	Number of Shares	Weighted-Average Fair Value
Balance at December 31, 2020	400,000	\$ 24.28	100,000	\$ 24.69
Granted 01/01/2021 - 03/31/2021	30,416	23.65	100,000	18.96
Granted 04/01/2021 - 06/30/2021	—	—	10,000	18.15
Granted 07/01/2021 - 09/30/2021	—	—	—	—
Vested	(4,916)	24.28	(110,000)	18.89
Forfeited	(425,500)	24.62	(100,000)	24.69
Non-vested restricted stock at September 30, 2021	—	\$ —	—	\$ —

During the three and nine months ended September 30, 2022, the Company recorded share-based compensation expense related to RSAs of \$6.8 million and \$7.8 million, respectively. During the three and nine months ended September 30, 2021, the Company recorded share-based compensation expense related to RSAs of \$0.1 million and \$2.6 million, respectively. Share-based compensation expense is included in operating expenses in the Company's condensed consolidated statements of operations and comprehensive loss.

The fair value of granted RSAs was \$8.4 million and \$11.8 million for the three and nine months ended September 30, 2022, respectively. The fair value of granted RSAs was \$0.1 million and \$3.2 million for the three and nine months ended September 30, 2021, respectively.

As of September 30, 2022, unrecognized compensation costs related to the RSAs was \$3.9 million and is expected to be recognized over a remaining period of 1.7 years.

17. RELATED PARTY TRANSACTIONS

The Company leases office property in San Pedro, California from Deluna Properties, Inc., a company owned by the Company's CEO, Salvatore Galletti. The amount of rent paid was approximately \$45,000 and \$134,000 for the three and nine months ended September 30, 2022, respectively. The amount of rent paid was approximately \$60,000 and \$150,000 for the three and nine months ended September 30, 2021, respectively. As of September 30, 2022, under the adoption of ASC 842, the Company recorded \$2.0 million of operating lease right-of-use asset and \$2.1 million of operating lease liabilities in relation to this lease.

In addition, the Company leased a building from Ittella Properties, an entity owned by Salvatore Galletti. Ittella Properties is considered as the Company's VIE and consolidated to the Company's financial statements. See *Note 19 Consolidated Variable Interest Entity*.

In Connection with Belmont acquisition in December 2021, the Company entered into a lease agreement with Penhurst Realty, LLC, owned by Belmont's prior owner who is currently serving as the president of BCI. The amounts of rent paid were \$60,000 and \$180,000 for the three and nine months ended September 30, 2022, respectively. As of September 30, 2022, under the adoption of ASC 842, the Company recorded \$0.5 million each for the operating lease ROU asset and operating lease liabilities in relation to this lease.

A company affiliated with one of the Company's non-employee directors has been contracted to provide marketing assistance to the Company. The Company paid \$0.1 million and \$0.3 million to this company for the services provided during the three and nine months ended September 30, 2022, respectively.

18. COMMITMENTS AND CONTINGENCIES

In the ordinary course of business, the Company also enters into leases, which require the Company as lessee to indemnify the lessor from liabilities arising out of the Company's occupancy of the properties. The Company's indemnification obligations are generally covered under the Company's general insurance policies.

From time to time, the Company is involved in various litigation matters arising in the ordinary course of business. The Company does not believe the disposition of any current matter will have a material effect on its condensed consolidated financial position or results of operations and cash flows.

A subsidiary of the Company, Ittella Italy, is involved in certain litigation related to the death of an independent contractor who fell off of the roof of Ittella Italy's premises while performing pest control services. The case was brought by five relatives of the deceased worker. The five plaintiffs were originally seeking collectively €1.9 million from the defendants. In addition to Ittella Italy, the pest control company for which the deceased was working at the time of the accident is co-defendant. Furthermore, under Italian law, the president of an Italian company is automatically criminally charged if a workplace death occurs on site. Ittella Italy has engaged local counsel, and while local counsel does not believe it is probable that Ittella Italy or its president will be found culpable, Ittella Italy cannot predict the ultimate outcome of the litigation. Procedurally, the case remains in a very early stage of the litigation. Ultimately, a trial will be required to determine if the defendants are liable, and if they are liable, a second separate proceeding will be required to establish the amount of damages owed by each of the co-defendants. As of the reporting date, the insurance company paid 0.2 million Euros to settle the civil portion of the case and the criminal portion is outstanding. Based on local counsel's professional estimation, the remaining liability exposure for the Company could be from zero to 0.4 million Euros. Ittella Italy believes any required payments could be covered by its insurance policy; however, it is not probable to determine the amount at which the insurance company will reimburse Ittella Italy or whether any reimbursement will be received at all. Based on information received from its Italian lawyers, Ittella Italy believes that the litigation may continue for a number of years before it is finally resolved. Based on the assessment by management together with the independent assessment from its local legal counsel, the Company believes that a loss is currently not probable and an estimate cannot be made. Therefore, no accrual has been made as of September 30, 2022 nor December 31, 2021.

19. CONSOLIDATED VARIABLE INTEREST ENTITY

Ittella Properties, the Company's consolidated VIE, owns the Alondra Building, which is leased by Ittella International for 10 years from August 1, 2015 through August 1, 2025. Ittella Properties is wholly owned by Salvatore Galletti. The construction and acquisition of the Alondra building by Ittella Properties were funded by a loan agreement with unconditional guarantees by Ittella International and terms providing that 100% of the Alondra building must be leased to Ittella International throughout the term of the loan agreement.

Ittella International guarantees the loan for Ittella Properties and substantially all of Ittella Properties' transactions occur with the Ittella International. Thus, Ittella Properties' equity at risk is considered to be insufficient to finance its activities without additional support from Ittella International. Therefore, Ittella Properties was designed in a way such that substantially all of the assets benefit the Company, and substantially all of the obligations are absorbed by the Company. Given the Company has control over the assets that most significantly affect the economic performance of Ittella Properties, the Company is determined to be the primary beneficiary of Ittella Properties. As a result, Ittella Properties is considered a VIE of the Company and is required to be consolidated.

The assets and liabilities of Ittella Properties are included in the condensed consolidated financial statements. As of September 30, 2022, Ittella Properties contributed assets of \$2.3 million and liabilities of \$1.8 million. As of December 31, 2021, Ittella Properties contributed assets of \$2.3 million and liabilities of \$2.0 million.

The results of operations and cash flows of Ittella Properties are included in the Company's condensed consolidated financial statements. For each of the three and nine month periods ended September 30, 2022 and 2021, 100% of the revenue of Ittella Properties, approximately \$0.1 million and \$0.3 million of lease income, respectively, received from Ittella International, was intercompany and eliminated in consolidation. Ittella Properties contributed expenses of approximately \$50,000 for each of the three month periods ended September 30, 2022 and 2021. Ittella Properties contributed expenses of approximately \$150,000 and \$160,000 for the nine month periods ended September 30, 2022 and 2021, respectively.

20. LOSS PER SHARE

The following is the summary of basic and diluted loss per share for the three and nine months ended September 30, 2022 and 2021 (in thousands):

	Three months ended September 30,		Nine months ended September 30,	
	2022	2021	2022	2021
Numerator				
Net loss	\$ (38,496)	\$ (8,213)	\$ (86,757)	\$ (75,205)
Gain on fair value remeasurement related to warrants	\$ —	\$ (235)	\$ —	\$ (333)
Dilutive net loss	\$ (38,496)	\$ (8,448)	\$ (86,757)	\$ (75,538)
Denominator				
Weighted average common shares outstanding	82,794,581	81,957,170	82,440,867	81,404,348
Effect of potentially dilutive securities related to warrants	—	54,046	—	144,325
Weighted average diluted shares outstanding	82,794,581	82,011,216	82,440,867	81,548,673
Loss per share				
Basic	\$ (0.46)	\$ (0.10)	\$ (1.05)	\$ (0.92)
Diluted	\$ (0.46)	\$ (0.10)	\$ (1.05)	\$ (0.93)

The following have been excluded from the calculation of diluted loss per share as the effect of including them would have been anti-dilutive for the three and nine months ended September 30, 2022 and 2021 (in thousands):

	Three months ended September 30,		Nine months ended September 30,	
	2022	2021	2022	2021
Warrants	115	—	115	—
Stock options	2,182	279	1,784	385
Restricted stock awards	324	—	220	30
Total	2,621	279	2,119	415

21. SUBSEQUENT EVENTS

The Company evaluates subsequent events and transactions that occur after the balance sheet date up to the date that the condensed consolidated financial statements were issued. Other than as described in these financial statements, the Company did not identify any subsequent events that would have required adjustment or disclosure in the condensed consolidated financial statements.

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

The following discussion and analysis should be read in conjunction with our financial statements and related notes (the "Financial Statements") included elsewhere in this Quarterly Report on Form 10-Q (the "Quarterly Report") and the section entitled "Risk Factors." Unless otherwise indicated, the terms "Tattooed Chef," "the Company," "we," "us," or "our" refer to Tattooed Chef, Inc., a Delaware corporation, together with its consolidated subsidiaries. Management's Discussion and Analysis has been revised for the effects of the restatement as discussed in *Note 2 Basis of Presentation and Significant Accounting Policies* to the financial statements.

Special Note Regarding Forward-Looking Statements

This Quarterly Report includes "forward-looking statements" within the meaning of Section 27A of the Securities Act and Section 21E of the Exchange Act that are not historical facts and involve risks and uncertainties that could cause actual results to differ materially from those expected and projected. All statements, other than statements of historical fact included in this Quarterly Report including, without limitation, statements in this "Management's Discussion and Analysis of Financial Condition and Results of Operations" regarding the Company's financial position, business strategy and the plans and objectives of management for future operations, are forward-looking statements. Words such as "expect," "believe," "anticipate," "intend," "estimate," "seek", "expand" and variations and similar words and expressions are intended to identify such forward-looking statements. Such forward-looking statements relate to future events or future performance, but reflect management's current beliefs, based on information currently available. A number of factors could cause actual events, performance or results to differ materially from the events, performance and results discussed in the forward-looking statements. For information identifying important factors that could cause actual results to differ materially from those anticipated in the forward-looking statements, please refer to the Risk Factors section of the Company's Annual Report on Form 10-K for the period ending December 31, 2021 filed with the Securities and Exchange Commission ("SEC") and Part II, Item 1A. Risk Factors herein. The Company's securities filings can be accessed on the EDGAR section of the SEC's website at www.sec.gov. Except as expressly required by applicable securities law, the Company disclaims any intention or obligation to update or revise any forward-looking statements whether as a result of new information, future events or otherwise. Factors that could cause actual results to differ materially from those in the forward-looking statements include, but are not limited to, the following:

- our ability to continue as a going concern;
- our ability to maintain the listing of our common stock on Nasdaq;
- our ability to raise capital in the future;
- our ability to acquire and integrate new operations successfully;
- market conditions and global and economic factors beyond our control, including the potential adverse effects of the ongoing global coronavirus (COVID-19) pandemic on capital markets, war (including the ongoing conflict in Ukraine), climate change, general economic conditions, unemployment and our liquidity, operations and personnel;
- our ability to obtain raw materials on a timely basis or in quantities sufficient to meet the demand for our products;
- our ability to grow our customer base;
- our ability to forecast and maintain an adequate rate of revenue growth and appropriately plan its expenses;
- our expectations regarding future expenditures;
- our ability to attract and retain qualified employees and key personnel;
- our ability to retain relationship with third party suppliers;
- our ability to compete effectively in the competitive packaged food industry;
- our ability to protect and enhance our corporate reputation and brand;
- the impact of inflation; and

- the impact of future regulatory, judicial, and legislative changes on our industry.

Overview

We are a rapidly growing plant-based food company offering a broad portfolio of innovative frozen foods. We supply plant-based products to leading retailers in the United States, with signature products such as ready-to-cook bowls, zucchini spirals, riced cauliflower, acai and smoothie bowls, cauliflower crust pizza, wood fire crusted pizza, handheld burritos, tortillas, chips, bars and quesadillas. Our products are available both in private label and our Tattooed Chef™ brand in the frozen food section of retail food stores.

Both NMFD and BCI, entities acquired in the second and fourth quarters of 2021 (Refer to *Note 8 Business Combinations and Asset Acquisitions* for additional information), primarily manufacture private label products. The Karsten facility, which was acquired in the second quarter of 2021, is not currently in operations and is expected to become active during the fourth quarter of 2022. In the third quarter of 2022, we also entered into an asset purchase agreement, which included certain manufacturing and production assets and assumed an 80,000 square foot manufacturing facility in Albuquerque, New Mexico. The New Mexico manufacturing facilities are expected to manufacture Tattooed Chef branded salty snacks, Mexican entrees, traditional entree bowls and private label products. BCI has begun manufacturing Tattooed Chef branded products during the third quarter of 2022 in addition to their legacy private label products. We anticipate continued growth in Tattooed Chef branded products primarily due to new product introductions and further stock keeping units ("SKUs") and store count expansion with current customers. While we are primarily focused on growing our branded business, we will continue to support our private label channel and evaluate new private label opportunities as they arise.

Results of Operations

The following table sets forth key statistics for the three and nine months ended September 30, 2022 and 2021:

(in thousands)	Three Months Ended September 30,				Nine Months Ended September 30,			
	2022	% of revenue	2021	% of revenue	2022	% of revenue	2021	% of revenue
Net revenue	\$ 54,115	100.0 %	\$ 57,976	100.0 %	\$ 179,536	100.0 %	\$ 155,651	100.0 %
Cost of goods sold	58,010	107.2 %	53,018	91.4 %	180,212	100.4 %	139,557	89.7 %
Gross (loss) profit	(3,895)	(7.2)%	4,958	8.6 %	(676)	(0.4)%	16,094	10.3 %
Operating expenses	31,572	58.3 %	12,793	22.1 %	79,313	44.2 %	40,810	26.2 %
Loss from operations	(35,467)	(65.5)%	(7,835)	(13.5)%	(79,989)	(44.6)%	(24,716)	(15.9)%
Interest expense	(230)	(0.4)%	(45)	(0.1)%	(313)	(0.2)%	(159)	(0.1)%
Other expense	(2,810)	(5.2)%	(588)	(1.0)%	(5,755)	(3.2)%	(2,536)	(1.6)%
Loss before income tax benefit (expense)	(38,507)	(71.2)%	(8,468)	(14.6)%	(86,057)	(47.9)%	(27,411)	(17.6)%
Income tax benefit (expense)	11	— %	255	0.4 %	(700)	(0.4)%	(47,794)	(30.7)%
Net loss	(38,496)	(71.1)%	(8,213)	(14.2)%	(86,757)	(48.3)%	(75,205)	(48.3)%

Results of Operations for the Three Months Ended September 30, 2022 Compared to the Three Months Ended September 30, 2021.

Net revenue

Net revenue decreased by \$3.9 million, or 6.7%, to \$54.1 million for the three months ended September 30, 2022 as compared to \$58.0 million for the comparable period in 2021. The decrease was driven by a \$10.3 million decline in branded revenue, partially offset by growth in private label and other revenues of \$6.4 million. Branded revenue was impacted by a \$6.2 million trade spend increase, which consisted of a \$1.2 million increase in slotting fees as we focused on brand expansion of Tattooed Chef branded products into additional retail stores across the country. In addition, branded revenue was impacted by lower revenue in a tier-1 club and retail account, which has declined \$15.0 million as compared to the prior year period. Private label and other revenues revenue growth is primarily driven by full quarter contribution from BCI, which was not part of the Company in the year ago period.

Cost of goods sold

Cost of goods sold increased \$5.0 million, or 9.4%, to \$58.0 million for the three months ended September 30, 2022 as compared to \$53.0 million for the comparable period in 2021. Cost of goods sold, as a percentage of revenue, increased to 107.2% for the three months ended September 30, 2022 from 91.4% for the three months ended September 30, 2021. The increase in cost of goods sold is primarily due to continued inflationary pressures pushing labor and freight to 34.1% of net revenue from 24.9% of net revenue as compared to the prior year three month period. We have seen increases as a percentage of revenue spanning freight, packaging, raw materials, and labor. This was compounded during the three months ended September 30, 2022 by the acquisition of the new manufacturing facility, which is expected to be accretive in the fourth quarter of 2022, but increased our fixed costs including rent and depreciation expenses in the third quarter. As these new facilities are not yet operating at full capacity, our fixed cost as a percentage of net revenue is higher than the comparable period in 2021.

Gross (Loss) Profit

Gross (loss) profit decreased \$8.9 million, or 178.6%, to \$(3.9) million for the three months ended September 30, 2022 as compared to \$5.0 million for the comparable period in 2021. Gross margin for the three months ended September 30, 2022 was (7.2)%, as compared to 8.6% for the three months ended September 30, 2021.

Operating expenses

Operating expenses increased \$18.8 million, or 146.8%, to \$31.6 million for the three months ended September 30, 2022 as compared to \$12.8 million for the comparable period in 2021. The increase is primarily due to a \$7.0 million increase in stock based compensation, a \$4.6 million increase in marketing and advertising expenses, a \$2.5 million increase in outside services expense, a \$2.0 million increase in payroll related expenses and a \$0.7 million increase in facility expenses.

The increase in stock based compensation is driven by shares issued under our employee equity incentive plan. Investments in marketing and advertising expenses continue to grow brand awareness and accelerate Tattooed Chef brand growth. Increases in outside services and payroll related expenses is primarily driven by the Sarbanes-Oxley Act of 2002 ("SOX") and public company reporting requirements.

Income tax benefit

Income tax benefit decreased \$0.2 million, or 95.7%, to \$0.01 million for the three months ended September 30, 2022 as compared to \$0.3 million for the comparable period in 2021.

Net Loss

For the three months ended September 30, 2022, we had a net loss of \$38.5 million, compared to a net loss of \$8.2 million for the three months ended September 30, 2021. The increase in net loss was mainly driven by increased operating expenses and inflationary impacts on cost of goods sold.

Results of Operations for the Nine Months Ended September 30, 2022 Compared to the Nine Months Ended September 30, 2021.

Net revenue

Net revenue increased by \$23.9 million, or 15.3%, to \$179.5 million for the nine months ended September 30, 2022 as compared to \$155.7 million for the comparable period in 2021. The increase was driven by \$16.7 million increase in private label product revenue, and a \$8.4 million increase in other revenues, both primarily driven by the sales generated from NMFD and BCI, partially offset by a \$1.1 million decline in Tattooed Chef branded product revenue. The decline in branded product net revenue was driven by a \$8.2 million increase in trade spend related to those same products partially offset by a \$7.1 million increase in branded product sales. Trade is elevated in the nine months ended September 30, 2022 as compared to the prior year results due to higher slotting fees as our revenue mix has shifted towards retail and the reclassification of the multi-vender mailer program from operating expenses into trade spend.

Cost of goods sold

Cost of goods sold increased \$40.7 million, or 29.1%, to \$180.2 million for the nine months ended September 30, 2022 as compared to \$139.6 million for the comparable period in 2021. Cost of goods sold, as a percentage of revenue, increased to 100.4% for the nine months ended September 30, 2022 from 89.7% for the nine months ended September 30, 2021. The

increase in cost of goods sold is primarily driven by continued inflationary pressures on freight and labor costs as well as increases in fixed costs including facility and depreciation expenses resulting from new manufacturing and storage facilities and fixed assets acquired in 2021 and 2022. As these new facilities are not yet operating at full capacity, the fixed cost as a percentage of revenue is higher than the comparable period in 2021.

Gross Profit

Gross profit decreased \$16.8 million, or 104.2%, to \$(0.7) million for the nine months ended September 30, 2022 as compared to \$16.1 million for the comparable period in 2021. Gross margin for the nine months ended September 30, 2022 was (0.4)%, as compared to 10.3% for the nine months ended September 30, 2021.

Operating expenses

Operating expenses increased \$38.5 million, or 94.3%, to \$79.3 million for the nine months ended September 30, 2022 as compared to \$40.8 million for the comparable period in 2021. The increase is primarily driven by a \$12.7 million increase in marketing and advertising expense, a \$7.2 million increase in outside service expenses, a \$6.2 million increase in stock based compensation, a \$4.5 million increase in payroll related expenses, a \$2.5 million increase in outside cold storage expenses, a \$1.6 million increase in equipment and supplies and a \$1.0 million increase in facility related expenses.

The increase in marketing and advertising expenses are driven by continued focus on building brand awareness and accelerating Tattooed Chef brand growth. Higher outside service and payroll related expenses are primarily driven by public company cost, specifically costs associated with the filing of restated financials and preparations for SOX compliance. The increase in stock based compensation is driven by shares issued under our employee equity incentive plan. Increases in post-manufacture cold storage expenses is due to elevated levels of finished good inventory as compared to the prior year period. The increase in facility related expenses is driven by new facilities consummated in 2022 as compared to 2021.

Income tax expense

Income tax expense decreased \$47.1 million, or 98.5%, to \$0.7 million for the nine months ended September 30, 2022 as compared to \$47.8 million for the comparable period in 2021. The decrease was mainly driven by \$47.8 million income tax expense recognized during the comparable period of 2021, which resulted from a full valuation allowance recognition with respect to our deferred tax assets. We continue to use a full valuation allowance established against our net deferred tax assets in the U.S.

Net Loss

For the nine months ended September 30, 2022, we had a net loss of \$86.8 million, compared to a net loss of \$75.2 million for the nine months ended September 30, 2021. The increase in net loss was mainly driven by increased operating expenses and inflationary impacts on cost of goods sold.

Non-GAAP Financial Measures

We use non-GAAP financial information and believe it is useful to investors as it provides additional information to facilitate comparisons of historical operating results, identify trends in operating results, and provide additional insight on how the management team evaluates the business. Our management team uses Adjusted EBITDA to make operating and strategic decisions, evaluate performance and comply with indebtedness related reporting requirements. Below are details on this non-GAAP measure and the non-GAAP adjustments that the management team makes in the definition of Adjusted EBITDA. The adjustments generally fall within the categories of non-cash items, acquisition and integration costs, business transformation initiatives, and infrequent or unusual losses and gains in a non-recurring nature. We believe this non-GAAP measure should be considered along with net income, the most closely related GAAP financial measure. Reconciliations between Adjusted EBITDA and net income are below, and discussion regarding underlying GAAP results throughout this Management's Discussion and Analysis of Financial Condition and Results of Operations.

As new events or circumstances arise, the definition of Adjusted EBITDA could change. When the definitions change, we will provide the updated definition and present the related non-GAAP historical results on a comparable basis.

We define EBITDA as net income before interest, taxes, depreciation and amortization. Adjusted EBITDA further adjusts EBITDA by adding back non-cash compensation expenses, non-recurring expenses, and other non-operational charges. Adjusted EBITDA is one of the key performance indicators we use in evaluating our operating performance and in making

financial, operating, and planning decisions. We believe Adjusted EBITDA is useful to the readers of this quarterly report on Form 10-Q in the evaluation of our operating performance.

The following table provides a reconciliation from net income to Adjusted EBITDA for the three and nine months ended September 30, 2022, and 2021:

(in thousands)	Three Months Ended September 30,		Nine Months Ended September 30,	
	2022	2021	2022	2021
Net loss	\$ (38,496)	\$ (8,213)	\$ (86,757)	\$ (75,205)
Interest expense	230	45	313	159
Income tax expense	(11)	(255)	700	47,794
Depreciation and amortization	1,729	1,066	4,772	2,553
EBITDA	(36,548)	(7,357)	(80,972)	(24,699)
Adjustments				
Stock compensation expense	7,821	842	10,523	4,344
Loss on foreign currency forward contracts	1,939	717	5,011	2,694
Gain on warrant remeasurement	(13)	(218)	(681)	(167)
Unrealized foreign currency losses	900	—	1,526	—
Acquisition expenses	113	281	337	1,007
UMB ATM transaction	—	126	—	148
Enterprise resource planning (“ERP”) related expenses	137	—	475	—
Dispute resolution and related fees	147	465	147	465
Total adjustments	11,044	2,213	17,338	8,491
Adjusted EBITDA	\$ (25,504)	\$ (5,144)	\$ (63,634)	\$ (16,208)

Our Adjusted EBITDA loss was \$25.5 million and \$63.6 million for the three and nine months ended September 30, 2022, respectively, compared to Adjusted EBITDA loss of \$5.1 million and \$16.2 million for the three and nine months ended September 30, 2021, respectively. The increase in Adjusted EBITDA loss was primarily driven by higher operating expenses, inflationary impacts on cost of sales leading to lower profitability and higher fixed operating costs as compared to the prior year periods.

Liquidity, Capital Resources and Going Concern

As of September 30, 2022, we had \$14.2 million in cash and cash equivalents. The cash outflow during the nine months ended September 30, 2022 is primarily attributable to \$20.0 million in marketing and promotional spend to raise our brand awareness, \$26.9 million capital expenditures and continued losses from operating activities. The capital expenditures are for automation and robotic machinery that is intended to improve our production efficiency and reduce labor cost.

Indebtedness

See Note 14 *Indebtedness* to the Financial Statements for details regarding our indebtedness.

Liquidity and going concern

We generally fund our short-term and long-term liquidity needs through a combination of cash on hand, cash flows generated from operations, and available borrowings under our Credit Facility (See “— *Indebtedness*” above). Our management regularly reviews certain liquidity measures to monitor performance.

See Note 2 *Basis of Presentation and Significant Accounting Policies* under “— *Going Concern Consideration*” to the Financial Statements for details regarding our going concern consideration. We have historically incurred losses and expect to continue to generate operating losses and consume cash resources in the near term. These conditions raise substantial doubt about our ability to continue as a going concern for a period of twelve months from the date the Financial Statements are issued and may cause us continue to be unable to maintain compliance with our financial covenants giving the lender

the right to accelerate repayment of the debt. We have implemented and continue to implement plans to achieve operating profitability and positive cash flow, including various margin improvement initiatives, the optimization of our pricing strategy, and new product innovation.

We will seek outside capital for the foreseeable future until such time that we can begin generating positive cash flow. However, there can be no assurances that we will be able to obtain additional capital on terms acceptable to us or at all. Our ability to raise additional capital may be adversely impacted by the potential worsening of global economic conditions, including inflationary pressures, and the recent disruptions to, and volatility in, the credit and financial markets in the United States.

Cash Flows

The following section presents the major components of net cash flows from and used in operating, investing and financing activities for the nine months ended September 30, 2022 and 2021:

(in thousands)	Nine Months Ended September 30,		Change	
	2022	2021	Amount	%
Cash (used in) provided by:				
Operating activities	\$ (67,286)	(33,125)	\$ (34,161)	
Investing activities	(30,083)	(46,966)	16,883	
Financing activities	19,629	78,116	(58,487)	
Net decrease in cash	\$ (77,740)	\$ (1,975)	\$ (75,765)	

Operating Activities

For the nine months ended September 30, 2022, net cash used in operating activities was \$67.3 million, primarily driven by the net loss of \$86.8 million, partially offset by non-cash items, which included stock compensation expense of \$10.5 million, depreciation and amortization expense of \$4.8 million, unrealized forward contract loss of \$2.8 million and unrealized foreign currency losses of \$1.5 million. Working capital consumed cash of \$0.5 million driven by a \$21.8 million increase in inventory, partially offset by a \$21.1 million increase in accounts payable, accrued expenses and other current liabilities.

For the nine months ended September 30, 2021, net cash used in operating activities was \$33.1 million, primarily driven by the net loss of \$75.2 million, partially offset by non-cash items which include a net change in deferred taxes of \$47.1 million, stock compensation expense of \$4.3 million, depreciation expense of \$2.6 million, and unrealized forward contract loss of \$2.3 million. Working capital consumed cash of \$14.1 million driven by an \$3.6 million increase in inventory, a \$3.3 million increase in accounts receivable due to increased revenue, a \$2.1 million increase in prepaid expenses and other current assets, and a \$5.1 million decrease in accounts payable, accrued expenses and other current liabilities.

Investing Activities

Net cash used in investing activities relates to capital expenditures to support growth and investment in property, plant and equipment to expand production capacity, tenant improvements, and to a lesser extent, replacement of existing equipment.

For the nine months ended September 30, 2022, net cash used in investing activities was \$30.1 million as compared to \$47.0 million for the nine months ended September 30, 2021. Cash used in both periods consisted primarily of capital expenditures to improve efficiency and output from our current facilities and, included the expansion of existing production capacity through the acquisition of NMFD and Karsten and assets acquisitions in both of the 2021 period and 2022 period.

Financing Activities

For the nine months ended September 30, 2022, net cash provided by financing activities was \$19.6 million, primarily from \$18.9 million of net borrowings under our line of credit. For the nine months ended September 30, 2021, net cash provided by financing activities was \$78.1 million, primarily from \$74.3 million due to warrant exercises and net borrowings under the line of credit of \$3.3 million to support working capital requirements to fund continued growth.

Critical Accounting Policies and Estimates

There have been no material changes to our critical accounting policies and estimates from the information provided in Item 7, “Management’s Discussion and Analysis of Financial Condition and Results of Operations”, included in our Annual Report on Form 10-K/A for the fiscal year ended December 31, 2021 (“Form 10-K/A”).

Recent Accounting Pronouncements

The information required by this Item is incorporated herein by reference to *Note 3 Recently Issued Accounting Pronouncements* in Part I, Item 1 of this Quarterly Report on Form 10-Q.

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

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

Interest Rate Risk

Our exposure to market risk for changes in interest rates relates primarily to our cash that consists of amounts held by third-party financial institutions and our long-term debt. Our treasury policy has as its primary objective to preserve principal without significantly increasing risk. We generally held our cash with financial institutions without investment activities, therefore we are not exposed to increasing interest rate risk. Our variable rate indebtedness subjects us to interest rate risk, which could cause our debt obligations to increase along with the interest rate increase. Our long-term debt is carried at amortized cost and thus fluctuations in interest rates do not impact our condensed consolidated financial statements. However, the fair value of our long term debt, which pays interest at a fixed rate, will generally fluctuate with movements of interest rates, increasing in periods of declining rates of interest and declining in periods of increasing rates of interest.

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. We manage the impact of the ingredients costs through select raw material contracts with growers and cooperatives in Italy that allow us to better control ingredient costs.

We source many of our vegetables from Italy, which is one of the largest organic crop areas in the European Union. We engage the services of an agronomist to help with forecasting and scheduling. Based in part on these forecasts, we obtain written commitments from a number of growers and cooperatives to grow certain crops in specified amounts for agreed upon prices, confirmed by purchase orders issued closer to the start of each harvesting season. In addition, we utilize multiple growers across various regions in Italy and are not dependent on any single grower for any single commodity. These commitments provide us with consistent supply throughout the growing season to support our year-round production schedule.

We source strawberries and certain other crops in the United States but are not bound by purchase agreements for the crops sourced in the United States. Acai purée was primarily sourced from Brazil through an American supplier and we buy, at one time, all of our organic Acai that we need for the whole year. We have secured our source of organic Acai for 2022. While we substantially single source this ingredient, we believe there to be ample supply in the market. In 2021, we engaged two additional suppliers to supply Acai purée and we are currently in process to contract another supplier, which would be our fourth supplier, in 2022.

We rely on a sole supplier for liquid nitrogen, Messer LLC, which is used to freeze products during the manufacturing process. We have entered into an agreement that expires in 2025 with Messer LLC to provide up to 120% of our monthly requirements of liquid nitrogen.

During the nine months ended September 30, 2022, a hypothetical 10% increase or 10% decrease in the weighted-average cost of our primary ingredients, would have resulted in a corresponding increase or decrease of approximately \$9.5 million to cost of goods sold. We are working to expand our supply chain to ensure the certainty of supply of the highest quality raw materials that meet our demanding requirements for quality and intend to enter into long-term contracts to better ensure stability of prices of our ingredients.

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 subsidiary, transaction gains and losses associated with intercompany loans with foreign subsidiary and transactions denominated in currencies other than a location's functional currency. Our foreign entity, Ittella Italy, uses its local currency as the functional currency. 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 income (expense)". Transaction gains and losses on long-term intra-entity transactions are recorded as a component of "Other comprehensive income (loss)" in the condensed consolidated statements of operations and comprehensive 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.

Translation losses, net of tax, reported as cumulative translation adjustments through "Other comprehensive income (loss)" were \$0.5 million and \$1.4 million for the three and nine months ended September 30, 2022, respectively. Foreign currency transaction losses included in "Other income (expense)" were \$2.8 million and \$6.5 million for the three and nine months ended September 30, 2022, respectively.

Inflation Risk

Historically, inflation did not have a material effect on our business, results of operations, or financial condition. Starting in fiscal 2021, some of our ingredient, packaging, freight and storage costs have increased at a rapid rate. We expect the pressures of cost inflation to continue into the remaining of fiscal 2022. In addition, the escalation of the conflict between Russia and Ukraine, including international sanctions in response to that conflict, could result in further inflationary pressures and increase disruption to supply chains, all of which could result in additional increases in the cost of our ingredients, packaging, freight and storage.

We use a variety of strategies to offset inflation costs. However, we may not be able to generate sufficient productivity improvements or implement price increases to fully offset these cost increases or do so on an acceptable timeline. Our inability or failure to do so could harm our business, results of operations and financial condition.

ITEM 4. CONTROLS AND PROCEDURES

Evaluation of Disclosure Controls and Procedures

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

Our Chief Executive Officer and Chief Financial Officer have evaluated the effectiveness of our disclosure controls and procedures as of September 30, 2022 and, based on this evaluation, have concluded that due to the material weaknesses in our internal control over financial reporting previously identified in Part II, Item 9A of our Annual Report on Form 10-K/A for the year ended December 31, 2021, our disclosure controls and procedures were not effective as of September 30, 2022. These material weaknesses resulted in the restatements of our financial statements as described herein and in Amendment No. 1 to our Annual Report on Form 10-K/A for the year ended December 31, 2021, Amendment No. 1 to our Quarterly Report on Form 10-Q/A for the three months ended March 31, 2022 and 2021, Amendment No. 1 to our Quarterly Report on Form 10-Q/A for the three and six months ended June 30, 2022 and 2021, and this Quarterly Report on Form 10-Q for the three and nine months ended September 30, 2021.

Remediation of Material Weaknesses

Our remediation efforts previously disclosed in Part II, Item 9A of our Annual Report on Form 10-K/A for the year ended December 31, 2021 to address the identified material weaknesses are ongoing. In the quarter ended September 30, 2022, we continued our hiring of additional finance and accounting leaders and external resources to segregate key functions within our financial and information technology processes and improve our management review controls. In addition, we established a Disclosure Committee whose purpose is to discuss the completeness and accuracy of the disclosures in our

consolidated financial statements and manage our certification process pursuant to Section 302 of the Sarbanes-Oxley Act of 2002. While we believe the steps taken to date and those planned for future implementation will improve the effectiveness of our internal control over financial reporting, we have not completed all remediation efforts.

The material weaknesses cannot be considered remediated until applicable controls have operated for a sufficient period of time and management has concluded, through testing, that these controls are operating effectively. Accordingly, we will continue to monitor and evaluate the effectiveness of our internal control over financial reporting.

Changes in Internal Control Over Financial Reporting

In 2021, we began a multi-year implementation of a new ERP system, which replaced our existing core financial system at our Paramount location in January 2022, and will replace our existing core financial systems at certain other locations and acquired locations in the future. The ERP system is designed to accurately maintain the Company's financial records, enhance the flow of financial information, improve data management and provide timely information to our management team. As the phased implementation of the new ERP system progresses, we may change our processes and procedures which, in turn, could result in changes to our internal control over financial reporting. As such changes occur, we will evaluate quarterly whether such changes materially affect our internal control over financial reporting.

Other than the ongoing steps being taken to implement the remediation plan described above and under Part II, Item 9A in our Annual Report on Form 10-K for the year ended December 31, 2021, and the ERP system implementation described above, there have been no other changes in internal control over financial reporting that occurred during the quarter ended September 30, 2022 that have materially affected, or are reasonably likely to materially affect, the Company's internal control over financial reporting.

PART II - OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS.

The information required by this Item is incorporated herein by reference to *Note 18 Commitments and Contingencies* in Part I, Item 1, of this Quarterly Report on Form 10-Q.

ITEM 1A. RISK FACTORS.

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

Our recurring losses and significant accumulated deficit have raised substantial doubt regarding our ability to continue as a going concern.

See *Note 2 Basis of Presentation and Significant Accounting Policies* under "--Going Concern Consideration" to the Financial Statements for details regarding our going concern consideration. We have historically incurred losses and expect to continue to generate operating losses and consume cash resources in the near term. These conditions raise substantial doubt about our ability to continue as a going concern for a period of twelve months from the date the Financial Statements are issued and may cause us to continue to be unable to maintain compliance with our financial covenant giving the lender the right to accelerate repayment of the debt. We have implemented and continue to implement plans to achieve operating profitability, including various margin improvement initiatives, the optimization of our pricing strategy, and new product innovation.

We will seek outside capital for the foreseeable future until such time that we can begin generating positive cash flow. However, there can be no assurances that we will be able to obtain additional capital on terms acceptable to us or at all. Our ability to raise additional capital may be adversely impacted by the potential worsening of global economic conditions, including inflationary pressures, and the recent disruptions to, and volatility in, the credit and financial markets in the United States.

Increasing tensions between the United States and Russia, and other effects of the ongoing conflict in Ukraine, could negatively impact our business, results of operations, and financial condition.

While we do not operate in Russia or Ukraine, the increasing tensions between the United States and Russia and the other effects of the ongoing conflict in Ukraine, have resulted in many broader economic impacts such as the United States imposing sanctions and bans against Russia and Russian products imported into the United States. Such sanctions and bans have and may continue to impact commodity pricing such as fuel and energy costs, making it more expensive for us and our carriers to deliver products to our customers. Recently, the surging of energy cost in Europe adversely impacted our growers and our manufacturing subsidiary in Italy. Further sanctions, bans or other economic actions in response to the ongoing conflict in Ukraine could result in a further increase in costs, disruptions to our supply chain, or a lack of consumer confidence resulting in reduced demand. Any of them could further negatively impact our business, results of operations, and financial condition.

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

None.

ITEM 3. DEFAULTS UPON SENIOR SECURITIES.

None.

ITEM 4. MINE SAFETY DISCLOSURES.

Not applicable.

ITEM 5. OTHER INFORMATION.

None.

ITEM 6. EXHIBITS.

The following exhibits are filed as part of, or incorporated by reference into, this Quarterly Report.

No.	Description of Exhibit	Incorporated by Reference		
		Schedule/Form	Exhibits	Filing Date
2.1	Agreement and Plan of Merger, dated as of June 11, 2020, entered into by and among Forum, Sprout Merger Sub, Inc., Myjojo, Inc., a Delaware corporation, and Salvatore Galletti, in his capacity as the holder representative on August 10, 2020	8-K	2.1	6/12/2020
2.2	First Amendment to the Merger Agreement entered into by and among Forum, Sprout Merger Sub, Inc., Myjojo, Inc., a Delaware corporation, and Salvatore Galletti, in his capacity as the holder representative on August 10, 2020	8-K	2.1	8/11/2020
3.1	Amended and Restated Certificate of Incorporation	8-A12B/A	3.1	10/15/2020
3.2	Amended and Restated Bylaws	8-A12B/A	3.2	10/15/2020
4.1	Form of Warrant Agreement between Continental Stock Transfer & Trust Company, LLC and Forum	S-1/A	4.4	7/18/2018
4.2	Amended Form of Warrant Agreement between Continental Stock Transfer & Trust Company, LLC and Forum	S-3	4.4	10/27/2021
10.1	Amended and Restated loan and security agreement loan between UMB Bank N.A and Itella International, LLC and each Affiliate, effective as of June 30, 2022.	10-Q	10.1	08/09/2022
31.1*	Certification of Principal Executive Officer Pursuant to Securities Exchange Act Rules 13a-14(a) and 15(d)-14(a), as adopted Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.			
31.2*	Certification of Principal Financial Officer Pursuant to Securities Exchange Act Rules 13a-14(a) and 15(d)-14(a), as adopted Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.			
32.1**	Certification of Principal Executive Officer Pursuant to 18 U.S.C. Section 1350, as adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.			
32.2**	Certification of Principal Financial Officer Pursuant to 18 U.S.C. Section 1350, as adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.			
101.INS	Inline XBRL Instance Document			
101.SCH	Inline XBRL Taxonomy Extension Schema Document			
101.CAL	Inline XBRL Taxonomy Extension Calculation Linkbase Document			
101.DEF	Inline XBRL Taxonomy Extension Definition Linkbase Document			
101.LAB	Inline XBRL Taxonomy Extension Label Linkbase Document			
101.PRE	Inline XBRL Taxonomy Extension Presentation Linkbase Document			
104	Cover Page Interactive Data File (formatted as Inline XBRL and contained in Exhibit 101). 36			

* Filed herewith.

**Furnished herewith.

SIGNATURES

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

TATTOOED CHEF, INC.

Date: November 16, 2022

By: /s/ Salvatore Galletti
Name: Salvatore Galletti
Title: Chief Executive Officer
(Principal Executive Officer)

Date: November 16, 2022

By: /s/ Stephanie Dieckmann
Name: Stephanie Dieckmann
Title: Chief Financial Officer
(Principal Financial and Accounting Officer)

CERTIFICATIONS

I, Salvatore Galletti, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Tattooed Chef, 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 and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) for the registrant and have:
 - a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b) 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 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: November 16, 2022

By: /s/ Salvatore Galletti
Salvatore Galletti
Chief Executive Officer
(Principal Executive Officer)

CERTIFICATIONS

I, Stephanie Dieckmann, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Tattooed Chef, 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 and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) for the registrant and have:
 - a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b) 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 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: November 16, 2022

By: /s/ Stephanie Dieckmann

Stephanie Dieckmann

Chief Financial Officer

(Principal Financial and Accounting Officer)

**CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADDED BY
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

In connection with the Quarterly Report of Tattooed Chef, Inc. (the "Company") on Form 10-Q for the quarterly period ended September 30, 2022, as filed with the Securities and Exchange Commission (the "Report"), I, Salvatore Galletti, Chief Executive Officer of the Company, certify, pursuant to 18 U.S.C. §1350, as added by §906 of the Sarbanes-Oxley Act of 2002, that:

1. The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
2. To my knowledge, the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company as of and for the period covered by the Report.

Date: November 16, 2022

By: /s/ Salvatore Galletti
Salvatore Galletti
Chief Executive Officer
(Principal Executive Officer)

This certification shall not be deemed "filed" for purposes of Section 18 of the Exchange Act, or incorporated by reference in any filing under the Securities Act of 1933, as amended, or the Exchange Act, except as shall be expressly set forth by specific reference in such a filing.

**CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADDED BY
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

In connection with the Quarterly Report of Tattooed Chef, Inc. (the "Company") on Form 10-Q for the quarterly period ended September 30, 2022, as filed with the Securities and Exchange Commission (the "Report"), I, Stephanie Dieckmann, Chief Financial Officer of the Company, certify, pursuant to 18 U.S.C. §1350, as added by §906 of the Sarbanes-Oxley Act of 2002, that:

1. The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
2. To my knowledge, the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company as of and for the period covered by the Report.

Date: November 16, 2022

By: /s/ Stephanie Dieckmann

Stephanie Dieckmann

Chief Financial Officer

(Principal Financial and Accounting Officer)

This certification shall not be deemed "filed" for purposes of Section 18 of the Exchange Act, or incorporated by reference in any filing under the Securities Act of 1933, as amended, or the Exchange Act, except as shall be expressly set forth by specific reference in such a filing.