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 April 3, 2023

OR

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

For the transition period from _________ to _________
Commission File Number: 001-38417

BurgerFi International, Inc.

(Exact name of Registrant as specified in its Charter)

Delaware	**82-2418815**
(State or other jurisdiction of incorporation or organization)	**(I.R.S. Employer Identification No.)**
200 West Cypress Creek Rd., Suite 220 **Fort Lauderdale, FL**	**33309**
(Address of principal executive offices)	**(Zip Code)**

(954) 618-2000
(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	**BFI**	**The Nasdaq Stock Market LLC**
Redeemable warrants, each exercisable for one share of common stock at an exercise price of $11.50 per share	**BFIIW**	**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.

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

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

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

The number of shares of the registrant's Common Stock outstanding as of May 12, 2023 was 23,853,927

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Forward-Looking and Cautionary Statements

This Quarterly Report on Form 10-Q contains forward-looking statementsas defined in the Private Securities Litigation Reform Act of 1995. Forward-looking statements may appear throughout this Quarterly Report on Form 10-Q, including without limitation, the following sections: Part 1, Item 2. *"Management's Discussion and Analysis of Financial Condition and Results of Operations."* Forward-looking statements generally can be identified by words such as *"anticipates," "believes," "estimates," "expects," "intends," "plans," "predicts," "projects," "will be," "will continue," "will likely result,"* and similar expressions. These forward-looking statements are based on current expectations and assumptions that are subject to risks and uncertainties, which could cause our actual results to differ materially from those reflected in the forward-looking statements. Factors that could cause or contribute to such differences include, but are not limited to, those discussed in our Annual Report on Form 10-K for the year ended January 2, 2023 and this Quarterly Report on Form 10-Q, and in particular, the risks discussed under the caption *"Risk Factors"* in Item 1A of such reports and those discussed in other documents we file with the Securities and Exchange Commission (the*"SEC"*). We undertake no obligation to revise or publicly release the results of any revision to these forward-looking statements, except as required by law. Given these risks and uncertainties, readers are cautioned not to place undue reliance on such forward-looking statements.

Part I. Financial Information.

Item 1. Financial Statements.

BurgerFi International Inc., and Subsidiaries
Consolidated Balance Sheets

(in thousands, except for per share data)	Unaudited April 3, 2023	January 2, 2023
Assets		
Current Assets		
Cash	$ 9,026	$ 11,917
Accounts receivable, net	1,971	1,926
Inventory	1,450	1,320
Assets held for sale	1,482	732
Prepaid expenses and other current assets	3,095	2,564
Total Current Assets	**17,024**	**18,459**
Property & equipment, net	19,120	19,371
Operating right-of-use assets, net	45,131	45,741
Goodwill	31,621	31,621
Intangible assets, net	157,335	160,208
Other assets	990	1,380
Total Assets	**$ 271,221**	**$ 276,780**
Liabilities and Stockholders' Equity		
Current Liabilities		
Accounts payable - trade and other	$ 8,797	$ 8,464
Accrued expenses	8,698	10,589
Short-term operating lease liability	12,735	9,924
Short-term borrowings, including finance leases	3,490	4,985
Other current liabilities	2,983	6,241
Total Current Liabilities	**36,703**	**40,203**
Non-Current Liabilities		
Long-term borrowings, including finance leases	50,523	53,794
Redeemable preferred stock, $0.0001 par value, 10,000,000 shares authorized, 2,120,000 shares issued and outstanding as of April 3, 2023 and January 2, 2023, $53 million principal redemption value	52,439	51,418
Long-term operating lease liability	40,166	40,748
Related party note payable	14,374	9,235
Deferred income taxes	1,223	1,223
Other non-current liabilities	1,325	1,212
Total Liabilities	**196,753**	**197,833**
Commitments and Contingencies - Note 8		
Stockholders' Equity		
Common stock, $0.0001 par value, 100,000,000 shares authorized, 23,823,105 and 22,257,772 shares issued and outstanding as of April 3, 2023 and January 2, 2023, respectively	2	2
Additional paid-in capital	310,768	306,096
Accumulated deficit	(236,302)	(227,151)
Total Stockholders' Equity	74,468	78,947
Total Liabilities and Stockholders' Equity	**$ 271,221**	**$ 276,780**

See accompanying notes to consolidated financial statements.

BurgerFi International Inc., and Subsidiaries
Consolidated Statements of Operations
(Unaudited)

(in thousands, except for per share data)	Quarter Ended April 3, 2023	Quarter Ended March 31, 2022
Revenue		
Restaurant sales	$ 43,316	$ 42,359
Royalty and other fees	1,969	2,103
Royalty - brand development and co-op	441	471
Total Revenue	**45,726**	**44,933**
Restaurant level operating expenses:		
Food, beverage and paper costs	11,611	12,807
Labor and related expenses	13,216	12,583
Other operating expenses	7,456	7,192
Occupancy and related expenses	3,834	3,833
General and administrative expenses	6,573	6,030
Depreciation and amortization expense	3,227	4,444
Share-based compensation expense	4,674	7,376
Brand development, co-op and advertising expenses	1,096	714
Store closure costs	121	514
Restructuring costs	918	—
Pre-opening costs	—	474
Total Operating Expenses	**52,726**	**55,967**
Operating Loss	**(7,000)**	**(11,034)**
Interest expense, net	(2,078)	(2,071)
Loss on change in value of warrant liability	(73)	(534)
Other loss	—	(33)
Loss before income taxes	**(9,151)**	**(13,672)**
Income tax benefit	—	112
Net loss	**(9,151)**	**(13,560)**
Weighted average common shares outstanding:		
Basic	**23,568,032**	**21,962,165**
Diluted	**23,568,032**	**21,962,165**
Net loss per common share:		
Basic	**$ (0.39)**	**$ (0.62)**
Diluted	**$ (0.39)**	**$ (0.62)**

See accompanying notes to consolidated financial statements.

BurgerFi International Inc., and Subsidiaries
Consolidated Statements of Changes in Stockholders' Equity
(Unaudited)

(in thousands, except for share data)	Common Stock Shares	Common Stock Amount	Additional Paid-in Capital	Accumulated Deficit	Total
Balance as of December 31, 2021	**21,303,500**	**$ 2**	**$ 296,992**	**$ (123,719)**	**$ 173,275**
Share-based compensation	—	—	7,376	—	7,376
Vested shares issued	727,162	—	—	—	—
Shares issued in acquisition of Anthony's*	123,131	—	—	—	—
Shares withheld for taxes	(111,210)	—	(985)	—	(985)
Net income	—	—	—	(13,560)	(13,560)
Balance as of March 31, 2022	**22,042,583**	**$ 2**	**$ 303,383**	**$ (137,279)**	**$ 166,106**

(in thousands, except for share data)	Common Stock Shares	Common Stock Amount	Additional Paid-in Capital	Accumulated Deficit	Total
Balance as of January 2, 2023	**22,257,772**	**$ 2**	**$ 306,096**	**$ (227,151)**	**$ 78,947**
Share-based compensation	—	—	4,674	—	4,674
Vested shares issued	1,639,174	—	—	—	—
Shares issued in legal settlement	200,000	—	351	—	351
Shares withheld for taxes	(273,841)	—	(353)	—	(353)
Net loss	—	—	—	(9,151)	(9,151)
Balance as of April 3, 2023	**23,823,105**	**$ 2**	**$ 310,768**	**$ (236,302)**	**$ 74,468**

**Timing of share issuance differs from recognition of related financial statement dollar amounts.*

See accompanying notes to consolidated financial statements.

BurgerFi International Inc., and Subsidiaries
Consolidated Statements of Cash Flows
(Unaudited)

(in thousands)	Quarter Ended April 3, 2023	Quarter Ended March 31, 2022
Cash Flows (Used In) Provided By Operating Activities		
Net loss	$ (9,151)	$ (13,560)
Adjustments to reconcile net loss income to net cash (used in) provided by operating activities		
Depreciation and amortization	3,227	4,444
Share-based compensation	4,674	7,376
Loss on legal settlement	131	—
Non-cash lease cost	123	478
Loss on change in value of warrant liability	73	534
Loss on disposal of property and equipment	20	312
Deferred income taxes	—	(112)
Other non-cash interest	1,167	1,090
Other, net	(242)	(45)
Changes in operating assets and liabilities		
Accounts receivable	(194)	209
Inventory	(108)	(48)
Prepaid expenses and other assets	(20)	580
Accounts payable - trade	426	(63)
Accrued expenses and other current liabilities	(2,176)	1,566
Other long-term liabilities	89	(900)
Cash Flows (Used In) Provided By Operating Activities	(1,961)	1,861
Net Cash Flows Used In Investing Activities		
Purchases of property and equipment	(802)	(693)
Net Cash Flows Used In Investing Activities	(802)	(693)
Net Cash Flows Used In Financing Activities		
Payments on borrowings	(4,836)	(1,713)
Proceeds from related party note payable	5,100	—
Tax payments for restricted stock upon vesting	(353)	(985)
Repayments of finance leases	(39)	(36)
Net Cash Flows Used in Financing Activities	**(128)**	**(2,734)**
Net Decrease in Cash and Cash Equivalents	(2,891)	(1,566)
Cash and Cash Equivalents, beginning of quarter	11,917	14,889
Cash and Cash Equivalents, end of quarter	**$ 9,026**	**13,323**

Supplemental cash flow disclosures:		
Cash paid for interest	**$ 1,562**	**$ 728**
Fair value of net liabilities assumed in legal settlement	**$ (79)**	**$ —**
Fair value of common stock issued in legal settlement	**$ (351)**	**$ —**
ROU assets obtained in the exchange for lease liabilities:		
Finance leases	**$ —**	**$ 855**
Operating leases	**$ 1,433**	**$ 421**

See accompanying notes to consolidated financial statements.

1. Organization

BurgerFi International, Inc. and its wholly owned subsidiaries (*"BurgerFi," or the "Company," also "we," "us," and "our"*), is a multi-brand restaurant company that develops, markets and acquires fast-casual and premium-casual dining restaurant concepts around the world, including corporate-owned stores and franchises located in the United States, Puerto Rico and Saudi Arabia.

As of April 3, 2023, the Company had 172 franchised and corporate-owned restaurants of the two following brands:

BurgerFi. BurgerFi is a fast-casual "better burger" concept with 112 franchised and corporate-owned restaurants as of April 3, 2023, offering burgers, hot dogs, crispy chicken, frozen custard, hand-cut fries, shakes, beer, wine and more.

Anthony's. Anthony's is a pizza and wing brand that operated 60 corporate-owned casual restaurant locations, as of April 3, 2023. The concept is centered around a coal fired oven, and its menu offers "well-done" pizza, coal fired chicken wings, homemade meatballs, and a variety of handcrafted sandwiches and salads.

Corporate-owned stores and Franchised stores

Store activity for the quarter ended April 3, 2023 and the year ended January 2, 2023 is as follows:

	April 3, 2023			January 2, 2023		
	Corporate-owned	**Franchised**	**Total**	**Corporate-owned**	**Franchised**	**Total**
Total BurgerFi and Anthony's	**87**	**85**	**172**	**85**	**89**	**174**
BurgerFi stores, beginning of the period	25	89	114	25	93	118
BurgerFi stores opened	—	2	2	3	8	11
BurgerFi stores acquired / (transferred)	2	(2)	—	(3)	3	—
BurgerFi stores closed	—	(4)	(4)	—	(15)	(15)
BurgerFi total stores, end of the period	**27**	**85**	**112**	**25**	**89**	**114**
Anthony's stores, beginning of period	60	—	60	61	—	61
Anthony's stores closed	**—**	**—**	**—**	**(1)**	**—**	**(1)**
Anthony's total stores, end of the period	**60**	**—**	**60**	**60**	**—**	**60**

End of quarter and end of year store totals included one international store at April 3, 2023 and January 2, 2023.

2. Summary of Significant Accounting Policies

Basis of Presentation

The accompanying consolidated financial statements are unaudited and have been prepared in accordance U.S. generally accepted accounting principles ("U.S. *GAAP"*) for interim financial information and with the instructions for Form 10-Q and Rule 8-03 of Regulation S-X. Pursuant to these rules and regulations, certain information and footnote disclosures normally included in the annual audited consolidated financial statements prepared in accordance with U.S. GAAP have been condensed or omitted. The accompanying consolidated balance sheet as of January 2, 2023 is derived from the Company's audited financial statements as of that date. Because certain information and footnote disclosures have been condensed or omitted, these consolidated financial statements should be read in conjunction with the audited consolidated financial statements and notes thereto as of and for the year ended January 2, 2023 contained in the Company's Annual Report on Form 10-K for the year ended January 2, 2023 (the "2022 Form 10-K").

On July 28, 2022, our Board of Directors approved the change to a 52-53-week fiscal year ending on the Monday nearest to December 31 of each year in order to improve the alignment of financial and business processes following the acquisition of Anthony's. Our first fiscal quarter of 2023 ended on April 3, 2023. Our current fiscal year will end on January 1, 2024. As of March 31, 2022, the BurgerFi brand operated on a calendar year-end and the Anthony's brand operated on a 52-53-week fiscal year. Differences arising from the different fiscal period-ends were not deemed material for the quarter ended March 31, 2022.

Principles of Consolidation

The consolidated financial statements present the consolidated financial position, results from operations and cash flows of BurgerFi International, Inc., and its wholly owned subsidiaries. All material balances and transactions between the entities have been eliminated in consolidation.

Reclassifications

Certain reclassifications have been made to the prior year presentation to conform to the current year presentation.

Use of Estimates

The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingencies at the date of the unaudited consolidated financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

New Accounting Pronouncements

The Company reviewed all recently issued accounting pronouncements and concluded that they were not applicable or not expected to have a significant impact on the accompanying Consolidated Financial Statements.

Employer Retention Tax Credits

As of April 3, 2023 and January 2, 2023, the Company had $1.5 million of receivables related to the Taxpayer Certainty and Disaster Relief Act of 2020 included in prepaid expenses and other current assets in the accompanying consolidated balance sheets.

Prepaid expenses

The Company routinely issues prepayments to landlords, insurers and vendors in the ordinary course of business. As of April 3, 2023 and January 2, 2023, the Company had $1.5 million and $0.9 million, respectively of prepayments included in prepaid expenses and other current assets in the accompanying consolidated balance sheets.

Assets Held for Sale

The Company has classified assets held for sale in the accompanying consolidated balance sheets $1.5 million as of April 3, 2023 and $0.7 million as of January 2, 2023 of certain store property and equipment, and intangible assets that the Company expects to be sold within one year. Assets held for sale are reviewed each reporting period to ensure that the fair value less cost to sell exceeds the carrying value.

In February 2020, the Company entered into an asset purchase agreement with an unrelated third party for the sale of substantially all of the assets used in connection with the operation of BF Dania Beach, LLC. The closing of this transaction has been delayed due to additional negotiation that has been on-going. In the event the transaction is terminated, the Company will begin operating this BurgerFi restaurant, and return the deposit of $0.9 million included in other current assets to the unrelated third-party purchaser. Assets used in the operations of BF Dania Beach, LLC totaling $0.7 million have been classified as held for sale in the accompanying consolidated balance sheets as of April 3, 2023 and January 2,

2023. In March 2023, the Company approved a plan for sale of an intangible asset of an Anthony's location with a carrying value of $0.8 million, which is classified as held for sale in the accompanying consolidated balance sheets as of April 3, 2023.

Other Current Liabilities

The Company incurs liabilities associated with the sale of gift cards and gift certificates. As of April 3, 2023 and January 2, 2023, the Company had $1.1 million and $1.8 million, respectively of gift card and gift certificate liabilities included in other current liabilities on the accompanying consolidated balance sheets.

The Company incurs liabilities resulting from its customer loyalty program. As of April 3, 2023 and January 2, 2023, the Company had $0.9 million and $0.8 million, respectively of liabilities for loyalty program in the accompanying consolidated balance sheets.

3 Property & Equipment

Property and equipment consisted of the following:

(in thousands)	**April 3, 2023**	**January 2, 2023**
Leasehold improvements	$ 17,443	$ 17,029
Kitchen equipment and other equipment	8,381	8,196
Computers and office equipment	1,507	1,468
Furniture and fixtures	2,865	2,677
Vehicles	42	37
	30,238	**29,407**
Less: Accumulated depreciation and amortization	(11,118)	(10,036)
Property and equipment – net	**$ 19,120**	**$ 19,371**

Depreciation and amortization expense on property and equipment totaled $1.1 million and $2.3 million for the quarters ended April 3, 2023 and March 31, 2022, respectively.

4. Goodwill and Intangible Assets, Net

The following is a summary of the components of goodwill and intangible assets, net:

	April 3, 2023			January 2, 2023		
(in thousands)	Amount	Accumulated Amortization	Net Carrying Value	Amount	Accumulated Amortization	Net Carrying Value
Intangible assets subject to amortization:						
Franchise agreements	$ 24,839	$ (8,132)	$ 16,707	$ 24,839	$ (7,245)	$ 17,594
BurgerFi trade names / trademarks	83,035	(6,343)	76,692	83,035	(5,650)	77,385
Anthony's trade names / trademarks	60,691	(2,866)	57,825	60,691	(2,360)	58,331
License agreement	1,176	(1,097)	79	1,176	(1,063)	113
VegeFi product	135	(31)	104	135	(28)	107
Subtotal	169,876	(18,469)	151,407	169,876	(16,346)	153,530
Liquor licenses	$ 5,928	$ —	$ 5,928	$ 6,678	$ —	$ 6,678
Total intangible assets, net			$ 157,335			$ 160,208
Goodwill:						
BurgerFi	$ —			$ —		
Anthony's	31,621			31,621		
Total	$ 31,621			$ 31,621		

Intangible asset amortization expense for the quarters ended April 3, 2023 and March 31, 2022 was $2.1 million and $2.1 million, respectively.

5. Contract Liabilities

A roll forward of unearned revenue is as follows:

(in thousands)	Quarter Ended April 3, 2023	Quarter Ended March 31, 2022
Balance, beginning of period	$ 1,092	$ 2,577
Initial/Transfer franchise fees received	156	143
Revenue recognized for stores open and transfers during period	(68)	(49)
Revenue recognized related to franchise agreement terminations	(41)	(75)
Other unearned revenue (recognized) received	(24)	(28)
Balance, end of period	$ 1,115	$ 2,568

Franchise Revenue

Revenue recognized during the quarters ended was as follows:

(in thousands)	Quarter Ended April 3, 2023	Quarter Ended March 31, 2022
Franchise Fees	$ 133	$ 152

6 Net Loss Per Share

Net Loss per common share is computed by dividing Net Loss by the weighted average number of common shares outstanding for the period. The Company has considered the effect of (1) warrants outstanding to purchase 15,063,800 shares of common stock and (2)75,000 shares of common stock and warrants to purchase75,000 shares of common stock in the unit purchase option, (3) 1,602,472 shares of restricted stock unit grants in the calculation of income per share, and (4) the impact of any dividends associated with our redeemable preferred stock. As the effect of these on the computation of net loss per common share would have been anti-dilutive, they were excluded from the weighted average number of common shares outstanding.

Basic and diluted net loss per common share is calculated as follows:

(in thousands, except for per share data)	Quarter Ended	
Numerator:	April 3, 2023	March 31, 2022
Net loss attributable to common stockholders	$ (9,151)	$ (13,560)
Denominator:		
Diluted weighted-average shares outstanding	23,568,032	21,962,165
Basic net loss per common share	$ (0.39)	$ (0.62)
Diluted net loss per common share	$ (0.39)	$ (0.62)

For the quarter ended April 3, 2023 and March 31, 2022, there were no dilutive warrants.

7. Related Party Transactions

The Company is affiliated with various entities through common control and ownership.

On January 23, 2023, the Company settled a claim filed by a significant stockholder. The settlement resulted in the transfer of five BurgerFi entities from the stockholder to the Company of which two were operating stores and three were entities that historically had operated stores but have since closed. The fair value of consideration paid in the settlement was $0.9 million and included $0.5 million in cash and the issuance of 200,000 shares in common stock valued at $0.4 million. The fair value of net liabilities assumed in the transaction was $0.1 million which included lease liabilities and operating assets and liabilities including property and equipment of two operating stores, net of pre-existing liabilities accrued.

The accompanying consolidated balance sheets as of January 2, 2023 reflect amounts related to periodic advances between the Company and these entities for working capital and other needs as due from related companies or due to related companies, as appropriate. There were no amounts due from related companies as of April 3, 2023 as a result of the settlement with the significant stockholder. There was approximately $0.3 million due from related parties included in other assets in the accompanying consolidated balance sheets as of January 2, 2023.

The Company received royalty revenue from the two operating stores that were transferred as a result of the settlement with the significant stockholder of $0.1 million for the quarter ended March 31, 2022.

The Company leased building space for its former corporate office from an entity under common ownership with a significant stockholder. This lease had a 36-month term, effective January 1, 2020. In January 2022, the Company exercised its right to terminate this lease effective as of July 2022. For the quarter ended March 31, 2022, rent expense related to this lease was approximately $0.1 million.

Pursuant to a lease amendment entered into in February 2022, the Company leases building space for its corporate office from an entity controlled by the Company's Executive Chairman of the Board. This lease has a 10-year term with an option to renew. For the quarters ended April 3, 2023 and March 31, 2022, rent expense was approximately $0.2 million and $0.1 million, respectively.

The Company has an independent contractor agreement with a corporation (the *"Consultant"*) for which the Chief Operating Officer (the *"Consultant Principal"*) of Lionheart Capital, LLC, an entity controlled by the Company's Executive Chairman of the Board, serves as President. Pursuant to the terms of the agreements, the Consultant shall provide certain strategic advisory services to the Company in exchange for total annual cash compensation and expense reimbursements of $0.1 million, payable monthly.

On January 3, 2023, the Company awarded the Consultant Principal an $0.1 million bonus in connection with the Company's amendment and extension of its credit facility and granted the Consultant Principal 38,000 unrestricted shares of common stock of the Company. The Company recorded share-based compensation associated with this grant of approximately $0.2 million during the quarter ended April 3, 2023.

On January 3, 2022, the Company granted the Consultant Principal 37,959, respectively, of unrestricted shares of common stock of the Company. The Company recorded share-based compensation associated with this grant of approximately $0.2 million during the quarter ended March 31, 2022.

8. Commitments and Contingencies

Litigation

John Walker, Individually and On Behalf of all Other Similarly Situated v. BurgerFi International, Inc. et al (in the United States District Court, Southern District of Florida, Case No. 023-cv-60657). On April 6, 2023, John Walker, on behalf of himself and other similarly situated plaintiffs, filed a class action lawsuit against the Company and certain current and former executives alleging that the Company violated certain securities laws by making false and misleading statements or failed to disclose that (1) the Company had overstated the effectiveness of its acquisition and growth strategies, and (2) the

Company had misrepresented the purported benefits of the Anthony's acquisition and the post-acquisition business and financial prospects of the Company. We believe that all claims are meritless and plan to vigorously defend these allegations. Management is unable to determine the likelihood of a loss or range of loss, if any, which may result from the case described above, and, therefore, no contingent liability has been recorded as of January 2, 2023 or April 3, 2023; any losses, however, may be material to the Company's financial position and results of operations.

John Rosatti, as Trustee of the John Rosatti Revocable Trust U/A/D 08/27/2001 (the "JR Trust") v. BurgerFi International, Inc.(In the Circuit Court for the Eleventh Judicial Circuit, Florida, File No. 146578749). On March 28, 2022, the JR Trust filed a suit against BurgerFi alleging that the JR Trust suffered losses in excess of $10 million relating to BurgerFi's alleged failure to timely file a registration rights agreement. The parties entered into a settlement agreement on January 11, 2023, whereby (i) the Company agreed to pay Mr. Rosatti $0.5 million in cash and issue him 200,000 shares of BFI common stock and, (ii) Mr. Rosatti agreed to transfer the assets and liabilities of the five former JR Trust stores to the Company. This settlement agreement, which the Company values on a net basis to be approximately $0.9 million of value transferred to Mr. Rosatti, resolved all remaining disputes between the parties, and Mr. Rosatti withdrew the related lawsuits against the Company.

Second 82nd SM, LLC v. BF NY 82, LLC, BurgerFi International, LLC and BurgerFi International, Inc. (In the Supreme Court of the State of New York County of New York, having index No. 654907/2021 filed August 11, 2021). A lawsuit was filed by Second 82 nd SM, LLC ("*Landlord*") against BF NY 82, LLC ("*Tenant*") whereby Landlord brought a seven-count lawsuit for, among other things, breach of the lease agreement and underlying guaranty of the lease. The amount of damages Landlord is seeking approximately $1.5 million, which constitutes back rent, late charges, real estate taxes, illuminated sign charges and water/sewer charges. On November 3, 2021, the Company filed a Motion to Dismiss the Complaint. On November 17, 2021, the Tenant filed an Answer to Landlord's Complaint and a cross claim against the Company, which the Company answered on December 7, 2021. On December 22, 2021, the Company filed its Response in Opposition to Landlord's Motion for Summary Judgment and Memo in further Support of its Motion to Dismiss. The Company turned over possession of the property to the landlord, and the parties continue to discuss possible settlement, including payment of certain rent amounts to the Landlord. As of April 3, 2023, the Company is unable to predict the ultimate outcome of this matter, however, losses may be material to the Company's financial position and results of operations.

Lion Point Capital, L.P.("Lion Point") v. BurgerFi International, Inc. (Supreme Court of the State of New York County of New York, Index No. 653099/2022, filed August 26, 2022 A lawsuit filed by Lion Point against the Company, alleging that the Company failed to timely register Lion Point's shares in violation of the registration rights agreement to which Lion Point is a party, which allegedly resulted in losses in excess of $26 million. In November 2022, as amended in February 2023, the Company filed its answer to the complaint and continues to believe that all claims are meritless and plans to vigorously defend these allegations. Management is unable to determine the likelihood of a loss or range of loss, if any, which may result from the case described above, and, therefore, no contingent liability has been recorded as of January 2, 2023 or April 3, 2023; any losses, however, may be material to the Company's financial position and results of operations.

Burger Guys of Dania Pointe, et. al. v. BFI, LLC(Circuit Court of the 15th Judicial Circuit in and for Palm Beach County, Florida, Case No. 50-2021-CA -006501-XXXX-MB *filed May 21, 2021).* In response to a demand letter issued by BurgerFi to Gino Gargiulo, a former franchisee, demanding that Mr. Gargiulo pay the balance owed under an asset purchase agreement wherein BurgerFi sold the Dania Beach, Florida BurgerFi location to Mr. Gargiulo, Mr. Gargiulo filed suit against BurgerFi claiming, in addition to other matters, that no further monies are owed under the asset purchase agreement and alleges that the Company is responsible for one of Mr. Gargiulo's failed franchises in Sunny Isles, Florida, losses he has allegedly sustained at his Dania Beach location, and reimbursement of expenses in connection with his marketing company. Mr. Gargiulo seeks damages in excess of $2 million in the aggregate. The parties attended mediation on January 20, 2022, which ended in an impasse. Mr. Gargiulo amended his complaint in April 2022, which, among other matters, amended the defendant parties. In October 2022, the Company filed an additional motion to dismiss the amended complaint and a motion to stay discovery. In January 2023, Mr. Gargiulo filed a third amended complaint. In March 2023, the Company filed an answer to Mr. Gargiulo's complaint and a counterclaim against Mr. Gargiulo relating to the breach of the asset purchase agreement discussed above. The matter is scheduled for trial in the second half of 2023. We believe that all Mr. Gargiulo claims are meritless, and the Company plans to vigorously defend these allegations. Management is unable to determine the likelihood of a loss or range of loss, if any, which may result from the case described above, and, therefore, no contingent liability has been recorded as of January 2, 2023 or April 3, 2023; any losses, however, may be material to the Company's financial position and results of operations.

All Round Food Bakery Products, Inc. v. BurgerFi International, LLC and Neri's Bakery Products, Inc. et al(Supreme Court Westchester County, New York (Index Number 52170-2020)). In a suit filed in February 2020, the plaintiff, All Round Food Bakery Products, Inc. (*"All Round Food"*) alleges breach of contract and lost profits in excess of $1 million over the course of the supply agreement with the Company and Neri's Bakery Products, Inc. ("*Neri's*" and together with the Company, the *"Defendants"*). The Defendants assert, among other matters, that the supply agreement amongst the parties, whereby All Round Food was warehousing BurgerFi products produced by Neri's, was terminated when All Round Food failed to cure its material breach of the supply agreement after due notice. The parties attended additional court ordered mediation in March 2023 to attempt to resolve the dispute, however, no resolution was reached. We believe that all claims are meritless, and the Company plans to vigorously defend these allegations. Management is unable to determine the likelihood of a loss or range of loss, if any, which may result from the case described above, and, therefore, no contingent liability has been recorded as of January 2, 2023 or April 3, 2023; any losses, however, may be material to the Company's financial position and results of operations.

Employment Related Claims.

In July 2021, the Company received a demand letter from the attorney of one of its now former hourly restaurant employees. The letter alleges that the former employee was sexually harassed by one of her co-workers. The demand letter claims that the Company discriminated and retaliated against the former employee based on her gender and age and also alleged intentional infliction of emotional distress, negligent hiring, negligent training, and negligent supervision. While the Company entered into a partial settlement with the former employee in December 2022 for a *de minimus* cash amount relating solely to the discrimination claim, the other claims remain.

While the Company believes that all claims of the above mentioned Employment Related Claims, which are covered under the Company's insurance policies, are meritless, and it plans to defend these allegations, it is reasonably possible that the Company may ultimately be required to pay substantial damages to the claimants, which could be up to $0.5 million or more in aggregate compensatory damages, attorneys' fees and costs. Management believes that any liability, in excess of applicable insurance coverages or accruals, which may result from these claims, would not be significant to the Company's financial position or results of operations.

General Liability and Other Claims.

The Company is subject to other legal proceedings and claims that arise during the normal course of business, including landlord disputes, slip and fall cases, and various food related matters. While it intends to vigorously defend these matters, it is reasonably possible that the Company may be required to pay substantial damages to the claimants. Management believes that any liability, in excess of applicable insurance coverages or accruals, which may result from these claims, would not be significant to the Company's financial position or results of operations.

Purchase Commitments

From time to time, we enter into purchase commitments for certain food commodities in the normal course of business. As of April 3, 2023, we entered into approximately $3.1 million in unconditional purchase obligations over the next twelve months.

9. Leases

The Company has entered into various lease agreements. For the quarters ended April 3, 2023 and March 31, 2022 rent expense was approximately $3.1 million, and $3.3 million, respectively. These lease agreements expire on various dates through 2032 and have renewal options.

The components of lease expense for the quarters ended April 3, 2023 and March 31, 2022 is as follows:

(in thousands)	Classification	Quarter Ended April 3, 2023	Quarter Ended March 31, 2022
Operating lease cost	Occupancy and related expenses Pre-opening costs Store closure costs	$ 3,107	$ 3,251
Finance lease cost:			
Amortization of right-of-use assets	Depreciation and amortization expense	58	52
Interest on lease liabilities	Interest expense	14	12
Less: Sublease income	Occupancy and related expenses	(47)	(47)
Total lease cost		**$ 3,132**	**$ 3,268**

The maturity of the Company's operating and finance lease liabilities as of April 3, 2023 is as follows:

(in thousands)	Operating Leases	Finance Leases
2023	$ 12,733	$ 148
2024	11,431	184
2025	9,947	170
2026	8,131	159
2027	6,710	152
2028	5,384	134
Thereafter	8,427	118
Total undiscounted lease payments	**62,763**	**1,065**
Less: present value adjustment	9,862	171
Total net lease liabilities	**$ 52,901**	**$ 894**

As most of the Company's leases do not provide an implicit rate, the Company uses its incremental borrowing rate based on the information available at the commencement date in determining the present value of lease payments. The Company gives consideration to its recent debt issuances as well as publicly available data for instruments with similar characteristics when calculating its incremental borrowing rates.

A summary of lease terms and discount rates for finance and operating leases is as follows:

	Quarter Ended April 3, 2023	Quarter Ended March 31, 2022
Weighted-average remaining lease term (in years)		
Operating leases	5.9	6.6
Finance leases	6.1	6.6
Weighted-average discount rate		
Operating leases	6.3 %	6.0 %
Finance leases	6.0 %	6.0 %

10. Debt

(in thousands)	April 3, 2023	January 2, 2023
Term loan	$ 53,694	$ 54,507
Related party note payable	15,100	10,000
Revolving line of credit	—	4,000
Other notes payable	759	780
Finance lease liability	894	933
Total Debt	**$ 70,447**	**$ 70,220**
Less: Unamortized debt discount to related party note	(726)	(765)
Less: Unamortized debt issuance costs	(1,334)	(1,441)
Total Debt, net	**68,387**	**68,014**
Less: Short-term borrowings, including finance leases	(3,490)	(4,985)
Total Long-term borrowings, including finance leases and related party note payable	**$ 64,897**	**$ 63,029**

The Company is party to a credit agreement with a syndicate of commercial banks (as amended, the *"Credit Agreement"*). which, provides the Company with lender financing structured as a $53.7 million term loan and a $4.0 million available under the line of credit as of April 3, 2023, with a maturity date of September 30, 2025.

On February 1, 2023, the Credit Agreement was amended through the Fourteenth Amendment and subsequently on February 24, 2023 further amended through the Fifteenth Amendment resulting in the Company and its subsidiaries entering into a Secured Promissory Note (the "*Note"*) with CP7 Warming Bag L.P., an affiliate of L. Catterton Fund L.P., as lender (the "*Junior Lender*"), pursuant to which the Junior Lender continued, amended and restated that certain delayed draw term loan (the "Delayed Draw Term Loan") of $ 10.0 million, under the Credit Agreement, which is junior subordinated secured indebtedness, and also provided $5.1 million of new junior subordinated secured indebtedness, to the Company (collectively (the "Junior Indebtedness"), for a total of $15.1 million in junior subordinated secured debt on terms reasonably acceptable to the Required Lenders (as defined in the Credit Agreement), including, without limitation, that (1) such indebtedness shall not mature until at least two (2) years after the maturity date of the credit facility of September 30, 2025; (2) no payments of cash interest shall be made on such indebtedness until after the repayment in full of the obligations under the Credit Agreement; and (3) no scheduled or voluntary payments of principal shall be made until after the repayment in full of the obligations under the Credit Agreement.

The terms of the amended Credit Agreement require the Company to repay the principal of the term loan in quarterly installments with the balance due at the maturity date, as follows:

in thousands	
2023	$ 3,254
2024	$ 3,254
2025	$ 47,186
Total	$ 53,694

The term loan and revolving line of credit are secured by substantially all of the Company's assets and incur interest on outstanding amounts at the following rates per annum through maturity:

Time Period	Interest Rate
Through December 31, 2022	6.75%
From January 1, 2023 through June 15 2023	6.75%
From June 16, 2023 through December 31, 2023	6.75%
From January 1, 2024 through June 15, 2024	7.25%
From June 16, 2024 through maturity	7.75%

The Delayed Draw Term Loan is a non-interest bearing loan and accordingly was recorded at fair value as part of the Anthony's acquisition which resulted in a debt discount of approximately $1.3 million and is being amortized over the period of the Delayed Draw Term Loan. For the quarters ended April 3, 2023 and March 31, 2022, the Company recorded $0.1 million for each period as amortization of the debt discount which is included within interest expense in the accompanying consolidated statements of operations.

The Junior Indebtedness, which accrues interest at4% per annum (i) is secured by a second lien on substantially all of the assets of the the Company and the subsidiary guarantors (the "*Guarantors*") pursuant to the terms and that certain Guaranty and Security Agreement, dated February 24, 2023, by and among the Guarantors and the junior lender, (ii) is subject to the terms of that certain Intercreditor and Subordination Agreement dated February 24, 2023, by and between the Administrative Agent and the junior lender and acknowledged by the borrowers and the guarantors, and (iii) matures on the date that is the second anniversary of the maturity date under the Credit Agreement (the "*Junior Maturity Date*") (September 30, 2027, based on the maturity date under the Credit Agreement of September 30, 2025).

Under the terms of the Junior Indebtedness, no payments of cash interest or payments of principal shall be due until the Junior Maturity Date, and no voluntary prepayments may be made on the Junior Indebtedness prior to the Junior Maturity Date until after the repayment in full of the obligations under the Credit Agreement.

The Company had $14.4 million and $9.2 million recorded, net of unamortized discount of $0.7 million and $0.8 million under the Junior Indebtedness as of April 3, 2023 and January 2, 2023, respectively, included in related party note payable in the accompanying consolidated balance sheets.

The amendments to the Credit Agreement and the Delayed Draw Term Loan were accounted for as modifications of debt in the Company's accompanying consolidated financial statements.

For the quarters ended April 3, 2023 and March 31, 2022, interest expense consisted of:

(in thousands)	**Quarter Ended April 3, 2023**	**Quarter Ended March 31, 2022**
Interest on credit agreement	$ 1,051	$ 806
Amortization of debt issuance costs	106	181
Amortization of related party note discount	39	128
Non-cash interest on redeemable preferred stock	1,022	945
Other interest expense (income)	(140)	11
	$ 2,078	**$ 2,071**

11. Income Taxes

For the quarter ended April 3, 2023, the Company's effective income tax rate was0.0%. The difference from the U.S. corporate statutory federal income tax rate of 21%, is primarily the result of the valuation allowance applied to reduce the Company’s deferred tax assets to the amount that is more likely than not to be realized. For the quarter ended March 31, 2022, the Company's effective income tax rate was 0.8%, differing from the U.S. corporate statutory federal income tax rate of 21%, and the difference is primarily the result of the valuation allowance applied to reduce the Company’s deferred tax assets to the amount that is more likely than not to be realized. As of April 3, 2023, the Company had unrecognized tax benefits of $0.2 million.

12. Stockholders' Equity

Common Stock

The Company is authorized to issue 100,000,000 shares of common stock with a par value of $0.0001 per share. Holders of the Company’s common stock are entitled to one vote for each share. At April 3, 2023 and January 2, 2023, there were 23,823,105 shares and 22,257,772 shares of common stock outstanding, respectively.

Preferred Stock

The Company is authorized to issue 10,000,000 shares of preferred stock with a par value of $0.0001 per share with such designation, rights and preferences as may be determined from time to time by the Company’s Board of Directors. As of April 3, 2023 and January 2, 2023, there were 2,120,000 shares of preferred stock outstanding.

On February 24, 2023, the Company filed an amended and restated certificate of designation, (the “*A&R CoD*”), which among other matters, added a provision providing that in the event the Company fails to timely redeem any shares of Series A Preferred Stock on November 3, 2027, the applicable dividend rate shall automatically increase to the lesser of (A) the sum of 10% plus the 2% applicable default rate (with such aggregate rate increasing by an additional0.35% per quarter from and after November 3, 2027), or (B) the maximum rate that may be applied under applicable law, unless waived in writing by a majority of the outstanding shares of Series A Junior Preferred Stock.

The A&R CoD also added a provision providing that in the event the Company fails to timely redeem any shares of Series A Junior Preferred Stock in connection with a Qualified Financing (as defined in the A&R CoD) on November 3, 2027 (a “*Default*”), the Company agrees to promptly commence a debt or equity financing transaction or sale process to solicit proposals for the sale of the Company and its subsidiaries (or, alternatively, the sale of material assets) designed to yield the maximum cash proceeds to the Company available for redemption of the Series A Junior Preferred Stock as promptly as practicable, but in any event, within 12 months from the date of the Default. If on or after November 3, 2026, the Company is aware that it is reasonably unlikely to have sufficient cash to timely effect the redemption in full of the Series A Junior Preferred Stock when first due, the Company shall, prior to such anticipated due date, take reasonable steps to engage an investment banking firm of national standing (and other appropriate professionals) to conduct preparatory work for such a financing transaction and sale process of the Company and its subsidiaries to provide for such transaction to occur as promptly as possible after any failure for a timely redemption of the Series A Junior Preferred Stock.

The Series A Junior Preferred Stock ranks senior to the Common Stock and may be redeemed at the option of the Company at any time and must be redeemed by the Company in limited circumstances. The Series A Junior Preferred Stock shall not have voting rights or conversion rights.

Warrants and Options

As of April 3, 2023, the Company had the following warrants and options outstanding: 15,063,800 warrants outstanding, each exercisable for one share of common stock at an exercise price of $11.50 including 11,468,800 in public warrants, 3,000,000 in private placement warrants ("private warrants"), 445,000 in Private Warrants and 150,000 in Working Capital Warrants, 75,000 Unit Purchase Option ("UPO") units that are exercisable for one share of common stock at an exercise price of $10.00 and warrants exercisable for one share of common stock at an exercise price of $11.50. The public warrants expire in December 2025.

Warrant Liability

The Company has private warrants which include provisions that affect the settlement amount. Such variables are outside of those used to determine the fair value of a fixed-for-fixed instrument, and as such, the warrants are accounted for as liabilities in accordance with ASC 815-40, Derivatives and Hedging, with changes in fair value included in the accompanying consolidated statements of operations.

The warrant liability was $0.3 million and $0.2 million at April 3, 2023 and January 2, 2023, respectively and is included in other non-current liabilities on the accompanying consolidated balance sheets. The loss on change in value of warrant liability for the quarters ended April 3, 2023 and March 31, 2022 was $0.1 million and $0.5 million, respectively and is recognized in the accompanying consolidated statement of operations.

The following is an analysis of changes in the warrant liability:

	April 3, 2023	
(in thousands)	**Quarter Ended**	
Warrant liability at January 2, 2023	$	195
Loss during the period		73
Warrant liability at April 3, 2023	$	268

The fair value of the warrants are determined using the publicly-traded price of our common stock on the valuation dates of $1.30 on April 3, 2023 and $1.26 on January 2, 2023. See Note 13, *"Fair Value Measurements*."

Share-Based Compensation

The Company has the ability to grant stock options, stock appreciation rights, restricted stock, restricted stock units, other share-based awards and performance compensation awards to current or prospective employees, directors, officers, consultants or advisors under the Company's 2020 Omnibus Equity Incentive Plan (the *"Plan"*).

On January 5, 2023, the Company filed a Registration Statement with the SEC to register 1,112,889 additional shares of common stock, $0.0001 par value per share, of the Company under the Plan, pursuant to the "evergreen" provision of the Plan providing for an automatic increase in the number of shares reserved for issuance under the Plan.

As of April 3, 2023 and January 2, 2023, there were approximately 300,000 and 600,000 shares of common stock available for future grants under the Plan, respectively.

Restricted Stock Unit Awards

The following table summarizes activity of restricted stock units during the quarter ended April 3, 2023:

	Number of Restricted Stock Units	Weighted Average Grant Date Fair Value
Non-vested at January 2, 2023	1,445,600	$ 11.68
Granted	547,460	1.27
Vested	(297,436)	14.33
Forfeited	(93,152)	6.23
Non-vested at April 3, 2023	**1,602,472**	**$ 7.87**

Share-based compensation expense recognized during quarters ended April 3, 2023 and March 31, 2022 was approximately $4.7 million and $7.4 million, respectively. As of April 3, 2023, there was approximately $8.6 million of total unrecognized compensation cost related to unvested restricted stock units or performance-based restricted stock unit awards to be recognized over a weighted average period of 1.6 years.

13. Fair Value Measurements

Fair values of financial instruments are estimated using public market prices, quotes from financial institutions, and other available information. The fair values of cash equivalents, receivables, net, accounts payable and short-term debt approximate their carrying amounts due to their short duration.

The following tables summarize the fair values of financial instruments measured at fair value on a recurring basis as of April 3, 2023 and January 2, 2023.

	Items Measured at Fair Value at April 3, 2023		
(in thousands)	Quoted prices in active market for identical assets (liabilities) (Level 1)	Significant other observable inputs (Level 2)	Significant unobservable inputs (Level 3)
Warrant liability	—	268	—
Total	**$ —**	**$ 268**	**$ —**

	Items Measured at Fair Value at January 2, 2023		
(in thousands)	Quoted prices in active market for identical assets (liabilities) (Level 1)	Significant other observable inputs (Level 2)	Significant unobservable inputs (Level 3)
Warrant liability	—	195	—
Total	**$ —**	**$ 195**	**$ —**

In estimating our fair value disclosures for financial instruments, we use the following methods and assumptions:
The fair value of the Company warrant liability is measured at fair value on a recurring basis, classified as Level 2 in the fair value hierarchy. The fair value of the private placement warrants, private warrants, and working capital warrants are determined using the publicly-traded price of its common stock on the valuation dates of $1.30 on April 3, 2023 and $1.26 on January 2, 2023. The fair value is calculated using the Black-Scholes option-pricing model. The Black-Scholes model requires us to make assumptions and judgments about the variables used in the calculation, including the expected term, expected volatility, risk-free interest rate, dividend rate and service period. The calculated warrant price for private warrants was $0.07 and $0.05 on April 3, 2023 and January 2, 2023.

The input variables for the Black-Scholes are noted in the table below:

	April 3, 2023	January 2, 2023
Risk-free interest rate	3.73 %	4.14 %
Expected life in years	2.7	3.0
Expected volatility	75.0 %	68.0 %
Expected dividend yield	— %	— %

Assets and liabilities that are measured at fair value on a non-recurring basis include our long-lived assets and definite-lived intangible assets which are adjusted to fair value upon impairment. In determining fair value, we used an income-based approach. As a number of assumptions and estimates were involved that are largely unobservable, they are classified as Level 3 inputs within the fair value hierarchy. Assumptions used in these forecasts are consistent with internal planning, and include revenue growth rates, royalties, gross margins, and operating expense in relation to the current economic environment and the Company's future expectations.

14. Segment Information

The Company has two operating and reportable segments: BurgerFi and Anthony's.

The Company's measure of segment income is Adjusted EBITDA. We define Adjusted EBITDA as net loss before share-based compensation expense, depreciation and amortization expense, interest expense (which includes accretion on the value of preferred stock and interest accretion on related party note), restructuring costs, merger, acquisition and integration costs, legal settlements, store closure costs, pre-opening costs, loss on change in value of warrant liability and income tax benefit. Although the Company had historically considered net income to be an appropriate measure of segment profit and loss, management believes Adjusted EBITDA is a more meaningful measure of the Company's performance.

Adjusted EBITDA is used by the Company to evaluate its performance, both internally and as compared with its peers, because this measure excludes certain items that may not be indicative of the Company's operating performance, as well as items that can vary widely across different industries or among companies within the same industry. The Company believes that this adjusted measure provides a baseline for analyzing trends in its underlying business.

The following table presents segment revenue and a reconciliation of adjusted EBITDA to net loss by segment:

	Consolidated		BurgerFi		Anthony's	
(in thousands)	Quarter Ended April 3, 2023	Quarter Ended March 31, 2022	Quarter Ended April 3, 2023	Quarter Ended March 31, 2022	Quarter Ended April 3, 2023	Quarter Ended March 31, 2022
Revenue by Segment	**$ 45,726**	**$ 44,933**	**$ 12,581**	**$ 12,396**	**$ 33,145**	**$ 32,537**
Adjusted EBITDA Reconciliation by Segment:						
Net (loss) income	**$ (9,151)**	**$ (13,560)**	**$ (9,597)**	**$ (12,960)**	**$ 446**	**$ (600)**
Share-based compensation expense	4,674	7,376	4,674	7,376	—	—
Depreciation and amortization expense	3,227	4,444	2,090	2,507	1,137	1,937
Interest expense	2,078	2,071	918	965	1,160	1,106
Restructuring costs	918	—	665	—	253	—
Merger, acquisition and integration costs	328	412	328	346	—	66
Legal settlements	282	125	282	125	—	—
Store closure costs	121	514	65	534	56	(20)
Loss on change in value of warrant liability	73	534	73	534	—	—
Pre-opening costs	—	474	—	474	—	—
Income tax benefit	—	(112)	—	(110)	—	(2)
Adjusted EBITDA	**$ 2,550**	**$ 2,278**	**$ (502)**	**$ (209)**	**$ 3,052**	**$ 2,487**

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 unaudited consolidated financial statements and related notes thereto included elsewhere in this Quarterly Report on Form 10-Q, as well as the audited consolidated financial statements and the related notes thereto in our Annual Report on Form 10-K for the fiscal year ended January 2, 2023 (the "2022 Form 10-K"). Our actual results could differ materially from those discussed in the forward-looking statements. Factors that could cause such differences are discussed in the sections of this Quarterly Report on Form 10-Q titled "Forward-Looking and Cautionary Statements" and "Item 1A. Risk Factors," and in Part I. "Item 1A. Risk Factors" in the 2022 Form 10-K.

Overview

The Company is a leading multi-brand restaurant company that develops, markets and acquires fast-casual and premium-casual dining restaurant concepts around the world, including corporate-owned stores and franchises. As of April 3, 2023, we were the owner and franchisor of the two following brands:

BurgerFi. BurgerFi is a fast-casual "better burger" concept, renowned for delivering an exceptional, all-natural premium "better burger" experience in a refined, contemporary environment. BurgerFi's chef-driven menu offerings and eco-friendly restaurant design drive our brand communication. It offers a classic American menu of premium burgers, hot dogs, crispy chicken, frozen custard, hand-cut fries, shakes, beer, wine and more. Originally founded in 2011 in Lauderdale-by-the-Sea, Florida, the purpose was simple – "RedeFining" the way the world eats burgers by providing an upscale burger offering, at a fast-casual price point. BurgerFi is committed to an uncompromising and rewarding dining experience that promises fresh food of transparent quality. Since its inception, BurgerFi has grown to 112 BurgerFi locations, and as of April 3, 2023, was comprised of 27 corporate-owned restaurants and 85 franchised restaurants in two countries including 21 states within the United States, as well as Puerto Rico.

BurgerFi was named "The Very Best Burger" at the 2023 edition of the nationally acclaimed SOBE Wine and Food Festival, "Best Fast Casual Restaurant" in USA Today's 10Best 2022 Readers' Choice Awards for the second consecutive year, QSR Magazine's Breakout Brand of 2020 and Fast Casual's 2021 #1 Brand of the Year. In 2021, Consumer Reports'awarded BurgerFi an "A-Grade Angus Beef" rating for the third consecutive year.

Anthony's. Anthony's is a premium pizza and wing brand operating 60 corporate-owned casual restaurant locations, as of April 3, 2023. Anthony's prides itself on serving fresh, never frozen, high-quality ingredients. The concept is centered around a 900-degree coal fired oven, and its menu offers "well-done" pizza, coal fired chicken wings, homemade meatballs, and a variety of handcrafted sandwiches and salads. The restaurants also feature a deep wine and craft beer selection to round out the menu. The pizzas are prepared using a unique coal fired oven to quickly seal in natural flavors while creating a lightly charred crust. Anthony's provides a differentiated offering among its casual dining peers driven by its coal fired oven, which enables the use of fresh, high-quality ingredients with quicker ticket times.

Since its inception in 2002, the Anthony's brand has grown to 60 corporate-owned locations, as of April 3, 2023, primarily along the East coast and has restaurants in eight states, including Florida (28), Pennsylvania (12), New Jersey (8), New York (5), Massachusetts (4), Delaware (2), Maryland (1), and Rhode Island (1).

Anthony's was named "The Best Pizza Chain in America" by USA Today's Great American Bites and "Top 3 Best Major Pizza Chain" by Mashed in 2021.

Segments

We have two operating and reportable segments: (1) BurgerFi and (2) Anthony's. Our business generates revenue from the following sources: (i) restaurant sales, (ii) royalty and other fees, consisting primarily of royalties based on a percentage of sales reported by franchised restaurants and paid by franchisees, and (iii) franchise fees, consisting primarily of licensing fees paid by franchisees.

Key Metrics

The following key metrics are important indicators of the overall direction of our business, including trends in sales and the effectiveness of our marketing, operating, and growth initiatives:

	Consolidated	
(in thousands except for percentage data)	**Quarter Ended April 3, 2023**	**Quarter Ended March 31, 2022**
Systemwide Restaurant Sales	$ 73,445	$ 73,096
Systemwide Restaurant Sales Growth	— %	7 %
Systemwide Restaurant Same Store Sales Growth	(1) %	3 %
Corporate-Owned Restaurant Sales	$ 43,310	$ 41,978
Corporate-Owned Restaurant Sales Growth	3 %	14 %
Corporate-Owned Restaurant Same Store Sales Growth	1 %	9 %
Franchise Restaurant Sales	$ 30,135	$ 31,119
Franchise Restaurant Sales Growth	(3) %	(2)%
Franchise Restaurant Same Store Sales Growth	(3) %	(4)%
Digital Channel % of Systemwide Sales	32 %	37 %

	Quarter Ended April 3, 2023		Quarter Ended March 31, 2022	
(in thousands, except for percentage data)	**BurgerFi**	**Anthony's**	**BurgerFi**	**Anthony's2**
Systemwide Restaurant Sales	$ 40,300	$ 33,145	$ 40,559	$ 32,537
Systemwide Restaurant Sales Growth	(1)%	2 %	2 %	13 %
Systemwide Restaurant Same-Store Sales Growth	(4)%	3 %	(5)%	13 %
Corporate-Owned Restaurant Sales	$ 10,165	$ 33,145	$ 9,441	$ 32,537
Corporate-Owned Restaurant Sales Growth	8 %	2 %	16 %	13 %
Corporate-Owned Restaurant Same-Store Sales Growth	(6)%	3 %	(8)%	13 %
Franchise Restaurant Sales	$ 30,135	N/A	$ 31,119	N/A
Franchise Restaurant Sales Growth	(3)%	N/A	(2)%	N/A
Franchise Restaurant Same-Store Sales Growth	(3)%	N/A	(4)%	N/A
Digital Channel % of Systemwide Sales	30 %	34 %	36 %	39 %

Systemwide Restaurant Sales

"Systemwide Restaurant Sales" are not revenues to the Company, however the Company records royalty revenue based as a percentage of Systemwide Restaurant Sales. Systemwide Restaurant Sales is presented as informational data in order to understand the aggregation of franchised stores sales, ghost kitchen and corporate-owned store sales performance. Systemwide Restaurant Sales growth refers to the percentage change in sales at all franchised restaurants, ghost kitchens and corporate-owned restaurants in one period from the same period in the prior year. Systemwide Restaurant Same-Store Sales growth refers to the percentage change in sales at all franchised restaurants, ghost kitchens, and corporate-owned restaurants once the restaurant has been in operation after 14 months. See definition below under *Digital Channel* discussion for Same-Store Sales.

Corporate-Owned Restaurant Sales

"Corporate-Owned Restaurant Sales" represent the sales generated only by corporate-owned restaurants. Corporate-Owned Restaurant Sales growth refers to the percentage change in sales at all corporate-owned restaurants in one period from the same period in the prior year. Corporate-Owned Restaurant Same-Store Sales growth refers to the percentage change in sales at all corporate-owned restaurants once the restaurant has been in operation after 14 months. These measures highlight the performance of existing corporate-owned restaurants.

Franchise Restaurant Sales

"Franchise Restaurant Sales" represent the sales generated only by franchisee-owned restaurants and are not recorded as revenue, however, the royalties based on a percentage of these franchise restaurant sales are recorded as revenue. Franchise Restaurant Sales growth refers to the percentage change in sales at all franchised restaurants in one period from the same period in the prior year. Franchise Restaurant Same-Store Sales growth refers to the percentage change in sales at all franchised restaurants once the restaurant has been in operation after 14 months. These measures highlight the performance of existing franchised restaurants.

Same-Store Sales

We use the measure of "Same Store Sales" to evaluate the performance of our store base, which excludes the impact of new stores and closed stores, in both periods under comparison. We include a restaurant in the calculation of Same-Store Sales once it has been in operation after 14 months. A restaurant that is temporarily closed, is included in the Same-Store Sales computation. A restaurant that is closed permanently, such as upon termination of the lease, or other permanent closure, is immediately removed from the Same-Store Sales computation. Our calculation of Same-Store Sales may not be comparable to others in the industry.

Digital Channel % of Systemwide Sales

We use the measure of "Digital Channel" % of systemwide sales to evaluate the performance of our investments made in our digital platform and partnerships with third party delivery partners. We believe our digital platform capabilities are a vital element to continuing to serve our customers and will continue to be a differentiator for the Company as compared to some of our competitors. Digital Channel as percentages of systemwide sales are indicative of the sales placed through our digital platforms and the percentage of those digital sales when compared to total sales at all our franchised and corporate-owned restaurants.

Unless otherwise stated, "Systemwide Restaurant Sales", "Systemwide Sales Growth", and "Same-Store Sales" are presented on a systemwide basis, which means they include franchise restaurants and corporate-owned restaurants. Franchise restaurant sales represent sales at all franchise restaurants and are revenues to our franchisees. We do not record franchise sales as revenues; however, our royalty revenues and brand royalty revenues are calculated based on a percentage of franchise sales.

By providing these key metrics, we believe we are enhancing investors' understanding of our business as well as assisting investors in evaluating how well we are executing our strategic initiatives.

Results of Operations

The tables below present our results of operations as reported in our consolidated financial statements in accordance with accounting principles generally accepted in the United States ("*U.S. GAAP*").

(in thousands, except for per share data)	Quarter Ended	
Revenue	**April 3, 2023**	**March 31, 2022**
Restaurant sales	$ 43,316	$ 42,359
Royalty and other fees	1,969	2,103
Royalty - brand development and co-op	441	471
Total Revenue	**45,726**	**44,933**
Restaurant level operating expenses:		
Food, beverage and paper costs	11,611	12,807
Labor and related expenses	13,216	12,583
Other operating expenses	7,456	7,192
Occupancy and related expenses	3,834	3,833
General and administrative expenses	6,573	6,030
Depreciation and amortization expense	3,227	4,444
Share-based compensation expense	4,674	7,376
Brand development, co-op and advertising expenses	1,096	714
Store closure costs	121	514
Restructuring costs	918	—
Pre-opening costs	—	474
Total Operating Expenses	**52,726**	**55,967**
Operating Loss	**(7,000)**	**(11,034)**
Interest expense, net	(2,078)	(2,071)
Loss on change in value of warrant liability	(73)	(534)
Other loss	—	(33)
Loss before income taxes	**(9,151)**	**(13,672)**
Income tax benefit	—	112
Net loss	**$ (9,151)**	**$ (13,560)**

Revenue

The following table presents our revenue by segment:

	Quarter Ended	
(in thousands)	April 3, 2023	March 31, 2022
BurgerFi	$ 12,581	$ 12,396
Anthony's	33,145	32,537
Total Consolidated	**$ 45,726**	**$ 44,933**

Comparison of the quarter ended April 3, 2023 and March 31, 2022

Restaurant Sales

For the quarter ended April 3, 2023, the Company's restaurant sales increased by approximately $1.0 million or 2% as compared to the quarter ended March 31, 2022. This increase was primarily driven by the additional revenue from new restaurants opened during the period and an increase in same-store sales at Anthony's, partially offset by a decrease in same-store sales at BurgerFi.

Restaurant Level Operating Expenses

Restaurant level operating expenses are as follows:

	Quarter Ended April 3, 2023		Quarter Ended March 31, 2022	
(in thousands, except for percentage data)	In dollars	As a % of restaurant sales	In dollars	As a % of restaurant sales
Consolidated:				
Restaurant Sales	**$ 43,316**	**100 %**	**$ 42,359**	**100 %**
Restaurant level operating expenses:				
Food, beverage and paper costs	11,611	26.8 %	12,807	30.2 %
Labor and related expenses	13,216	30.5 %	12,583	29.7 %
Other operating expenses	7,456	17.2 %	7,192	17.0 %
Occupancy and related expenses	3,834	8.9 %	3,833	9.0 %
Total	**$ 36,117**	**83.4 %**	**$ 36,415**	**86.0 %**
Anthony's:				
Restaurant Sales	**$ 33,145**	**100 %**	**$ 32,537**	**100 %**
Restaurant level operating expenses:				
Food, beverage and paper costs	8,663	26.1 %	9,777	30.0 %
Labor and related expenses	10,240	30.9 %	9,833	30.2 %
Other operating expenses	5,369	16.2 %	5,249	16.1 %
Occupancy and related expenses	2,953	8.9 %	2,873	8.8 %
Total	**$ 27,225**	**82.1 %**	**$ 27,732**	**85.2 %**
BurgerFi:				
Restaurant Sales	**$ 10,171**	**100 %**	**$ 9,822**	**100 %**
Restaurant level operating expenses:				
Food, beverage and paper costs	2,948	29.0 %	3,030	30.8 %
Labor and related expenses	2,976	29.3 %	2,750	28.0 %
Other operating expenses	2,087	20.5 %	1,943	19.8 %
Occupancy and related expenses	881	8.7 %	960	9.8 %
Total	**$ 8,892**	**87.4 %**	**$ 8,683**	**88.4 %**

Total consolidated restaurant level operating expenses as a percentage of restaurant sales was 83.4% for the quarter ended April 3, 2023 as compared to 86.0% for the quarter ended March 31, 2022, an improvement of 260 basis points. For the BurgerFi brand, restaurant-level operating expenses, as a percentage of sales, improved 100 basis points for the first quarter of 2023, compared to the first quarter of 2022, primarily due to lower food costs partially offset by lower leverage on sales. For the Anthony's brand, restaurant-level operating expenses, as a percentage of sales, improved 310 basis points for the first quarter of 2023, compared to the first quarter of 2022, driven primarily from lower food costs.

Food, Beverage and Paper Costs

Food, beverage, and paper costs for the quarter ended April 3, 2023 decreased approximately $1.2 million, or 9% as compared to the quarter ended March 31, 2022. As a percentage of corporate-owned restaurant sales, food, beverage and paper costs were 26.8% for the quarter ended April 3, 2023 as compared to 30.2% for the quarter ended March 31, 2022. This decrease was primarily attributable to lower food costs for the Anthony’s brand, which contributed approximately $1.1 million, or 92% of the decrease.

Labor and Related Expenses

Labor and related expenses for the quarter ended April 3, 2023 increased by approximately $0.6 million, or 5% as compared to the quarter ended March 31, 2022. As a percentage of corporate-owned restaurant sales, labor and related expenses were 30.5% for the quarter ended April 3, 2023 as compared to 29.7% for the quarter ended March 31, 2022. As a percentage of corporate-owned restaurant sales, labor and related expenses were 30.5% for the quarter ended April 3, 2023 as compared to 29.7% for the quarter ended March 31, 2022. This 80 basis points increase is primarily due to higher hourly wages at both brands and more BurgerFi corporate stores operating in the current quarter when compared to the same quarter of the prior year.

Other Operating Expenses

Other operating expenses for the quarter ended April 3, 2023 increased by approximately $0.3 million, or 4% as compared to the quarter ended March 31, 2022. As a percentage of corporate-owned restaurant sales, other operating expenses were 17.2% for the quarter ended April 3, 2023 as compared to 17.0% for the quarter ended March 31, 2022. This 20 basis points increase primarily relates to more BurgerFi corporate stores operating in the current quarter when compared to the same quarter of the prior year.

Occupancy and Related Expenses

Occupancy and related expenses for the quarter ended April 3, 2023 remained consistent quarter over quarter. As a percentage of corporate-owned restaurant sales, occupancy and related expenses were 8.9% for the quarter ended April 3, 2023 as compared to 9.0% for the quarter ended March 31, 2022. The slight improvement as a percentage of corporate-owned restaurant sales was due to improved sales leverage coming from the Anthony's brand.

General and Administrative Expenses

General and administrative expenses for the quarter ended April 3, 2023 increased by approximately $0.5 million, or 9% as compared to the quarter ended March 31, 2022. The increase was due to higher wages and professional fees incurred during the quarter ended April 3, 2023 as compared to the quarter ended March 31, 2022.

Depreciation and Amortization Expense

Depreciation and amortization expense was $3.2 million for the quarter ended April 3, 2023 as compared to $4.4 million for the quarter ended March 31, 2022. This decrease was primarily related to lower asset values due to fully depreciated assets and as a result of impairments recorded during the prior year.

Share-Based Compensation Expense

Share-based compensation expense was $4.7 million for the quarter ended April 3, 2023 as compared to $7.4 million for the quarter ended March 31, 2022 primarily due to lower value of restricted stock unit grants during the quarter ended April 3, 2023 as compared to the prior period.

Brand Development, Co-op and Advertising Expense

Brand development, co-op and advertising expense was $1.1 million for the quarter ended April 3, 2023 as compared to $0.7 million for the quarter ended March 31, 2022. This increase primarily relates to the timing of advertising activities in the early part of 2023 when compared to the same quarter in the prior year.

Store Closure Costs

Store closure costs were $0.1 million for the quarter ended April 3, 2023 as compared to $0.5 million for the quarter ended March 31, 2022 primarily as a result of lower closure related activities during the first quarter of 2023 when compared to the corresponding period in 2022.

Restructuring Costs

Restructuring costs for the quarter ended April 3, 2023 of $0.9 million primarily related to professional fees and other costs incurred in connection with our Credit Facility requirements to raise additional capital or debt. See Note 10, "*Debt*," for further discussion of our credit facilities and indebtedness.

Pre-opening Costs

We had no pre-opening costs for the quarter ended April 3, 2023 compared to $0.5 million for the quarter ended March 31, 2022 due to having no corporate-owned store pre-opening activities in the first quarter of 2023.

Interest Expense

Interest expense was approximately $2.1 million during both quarters ended April 3, 2023 and March 31, 2022. Interest expense primarily resulted from interest associated with our senior credit facility, interest accretion on the related party note and the accretion in value of our outstanding preferred stock.

Loss on Change in Value of Warrant Liability

The Company recorded a non-cash loss of approximately $0.1 million during the quarter ended April 3, 2023 compared to a non-cash loss of approximately $0.5 million during the quarter ended March 31, 2022 related to a change in the fair value of the warrant liability as a result of an increase in the market price of our outstanding warrants.

Income Tax Benefit (Expense)

For the quarter ended April 3, 2023, the Company recorded no income tax expense or benefit. This resulted in an effective tax rate of 0%. For the quarter ended March 31, 2022, the Company recorded de minimis income tax expense due to valuation allowance, which resulted in an effective tax rate of 0.8%. The difference from the U.S. corporate statutory federal income tax rate of 21%, is primarily the result of the valuation allowance applied to reduce the Company's deferred tax assets to the amount that is more likely than not to be realized.

Net Loss

Net loss was $9.2 million compared with a net loss of $13.6 million, for the quarters ended April 3, 2023 and 2022, respectively. The change was primarily due to lower share-based compensation expense and lower depreciation and amortization expense than the prior period.

Adjusted EBITDA

Adjusted EBITDA was approximately $2.6 million and $2.3 million for the quarters ended April 3, 2023 and March 31, 2022, respectively. The increase in Adjusted EBITDA for the quarter ended April 3, 2023 is primarily the result of corporate-owned restaurant sales growth and, lower restaurant operating expenses as a percentage of sales, partially offset by higher general and administrative expenses and brand development, co-op and advertising expense. Please see below for reconciliation of non-U.S. GAAP financial measure Adjusted EBITDA to the most directly comparable U.S. GAAP measure, net (loss) income on a consolidated basis and by segment.

Non-U.S. GAAP Financial Measures

As appropriate, we supplement our reported U.S. GAAP financial information with certain non-U.S. GAAP financial measures, including adjusted earnings before interest, income taxes, depreciation and amortization ("*Adjusted EBITDA*"). We define Adjusted EBITDA as net loss before share-based compensation expense, depreciation and amortization expense, interest expense (which includes accretion on the value of preferred stock and interest accretion on related party note), restructuring costs, merger, acquisition and integration costs, legal settlements, store closure costs, pre-opening costs, loss on change in value of warrant liability and income tax benefit.

We use Adjusted EBITDA to evaluate our performance, both internally and as compared with our peers, because this measure excludes certain items that may not be indicative of our core operating results, as well as items that can vary widely across different industries or among companies within the same industry. We believe that this adjusted measure provides a baseline for analyzing trends in our underlying business.

We believe that this non-U.S. GAAP financial measure provides meaningful information and helps investors understand our financial results and assess our prospects for future performance. Because non-U.S. GAAP financial measures are not standardized, it may not be possible to compare these financial measures with other companies' non-U.S. GAAP financial measures having the same or similar names. These financial measures should not be considered in isolation from, as substitutes for, or alternative measures of, reported net income or diluted earnings per share, and should be viewed in conjunction with the most comparable U.S. GAAP financial measures and the provided reconciliations thereto. We believe this non-U.S. GAAP financial measure, when viewed together with our U.S. GAAP results and the related reconciliations, provides a more complete understanding of our business. We strongly encourage investors to review our consolidated financial statements and publicly filed reports in their entirety and not rely on any single financial measure.

Below is a reconciliation of Non-U.S. GAAP Adjusted EBITDA to the most directly comparable U.S. GAAP measure, net loss on a consolidated basis and by segment for the quarters ending April 3, 2023 and March 31, 2022:

	Consolidated		**BurgerFi**		**Anthony's**	
Quarter Ended *(in thousands)*	**April 3, 2023**	**March 31, 2022**	**April 3, 2023**	**March 31, 2022**	**April 3, 2023**	**March 31, 2022**
Net (loss) income	**$ (9,151)**	**$ (13,560)**	**$ (9,597)**	**$ (12,960)**	**$ 446**	**$ (600)**
Share-based compensation expense	4,674	7,376	4,674	7,376	—	—
Depreciation and amortization expense	3,227	4,444	2,090	2,507	1,137	1,937
Interest expense	2,078	2,071	918	965	1,160	1,106
Restructuring costs	918	—	665	—	253	—
Merger, acquisition and integration	328	412	328	346	—	66
Legal settlements	282	125	282	125	—	—
Store closure costs	121	514	65	534	56	(20)
Loss on change in value of warrant liability	73	534	73	534	—	—
Pre-opening costs	—	474	—	474	—	—
Income tax benefit	—	(112)	—	(110)	—	(2)
Adjusted EBITDA	**$ 2,550**	**$ 2,278**	**$ (502)**	**$ (209)**	**$ 3,052**	**$ 2,487**

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Liquidity and Capital Resources

Our primary sources of liquidity are cash from operations, cash and cash equivalents on hand and availability on our line of credit. As of April 3, 2023, we had liquidity of $13.0 million, comprised of a cash balance of $9.0 million and $4.0 million of undrawn availability on our line of credit.

Our primary requirements for liquidity are to fund our working capital needs, operating and finance lease obligations, capital expenditures and general corporate needs. Our requirements for working capital are generally not significant because our guests pay for their food and beverage purchases in cash or on debit or credit cards at the time of the sale and we are able to sell many of our inventory items before payment is due to the supplier of such items. Our ongoing capital expenditures are principally related to light remodels and equipment replacement, as well as investments in our digital and corporate infrastructure. We estimate our capital expenditures will be approximately $2.0 million for the year ending January 1, 2024.

We have implemented, and may continue to further implement price increases to mitigate the inflationary effects of food and labor costs, however we cannot predict the long-term impact of these negative economic conditions on our restaurant profitability.

We currently believe we are able to pay our obligations as they become due for at least the next 12 months and for the foreseeable future, with our cash flow generated from operations and our cash on hand balance and availability under our line of credit.

The following table presents the summary cash flow information for the periods indicated:

	Quarter Ended	
(in thousands)	**April 3, 2023**	**March 31, 2022**
Net cash (used in) provided by:		
Operating activities	$ (1,961)	$ 1,861
Investing activities	(802)	(693)
Financing activities	(128)	(2,734)
Net decrease in cash	**$ (2,891)**	**$ (1,566)**

Cash Flows (Used in) Provided by Operating Activities

During the quarter ended April 3, 2023, cash flows used in operating activities were approximately $2.0 million. The cash flows used in operating activities resulted from a net loss of $9.2 million, which was primarily related to depreciation and amortization expense of $3.2 million, share-based compensation expense of $4.7 million and non-cash interest expense of $1.2 million. Additionally, changes in operating assets and liabilities resulted in a net liability decrease of approximately $2.0 million, which was mainly due to a net decrease in accrued expenses and other current liabilities primarily as a result of legal settlements and professional services related to obtaining financing under the amended credit agreement.

Cash Flows Used in Investing Activities

During the quarter ended April 3, 2023, cash flows used in investing activities were approximately $0.8 million, which were primarily related to purchases of property and equipment for minor remodels and equipment replacements.

Cash Flows Used in Financing Activities

During the quarter ended April 3, 2023, cash flows used in financing activities were approximately $0.1 million, which were primarily related to principal payments on borrowings of approximately $4.8 million, which included repayment of $4.0 million on our line of credit and $0.8 million repayment on our term loan, offset by proceeds from borrowings of $5.1 million primarily due to the related party note.

Credit Agreement

The Company is party to a credit agreement with a syndicate of commercial banks (as amended, the *"Credit Agreement"*). which, provides the Company with lender financing structured as a $53.7 million term loan and a $4.0 million line of credit as of April 3, 2023, with a maturity date of September 30, 2025.

On February 1, 2023, the Credit Agreement was amended through the Fourteenth Amendment and subsequently on February 24, 2023 further amended through the Fifteenth Amendment resulting in the Company and its subsidiaries entering into a Secured Promissory Note (the "*Note"*) with CP7 Warming Bag L.P., an affiliate of L. Catterton Fund L.P., as lender (the "*Junior Lender*"), pursuant to which the Junior Lender continued, amended and restated that certain delayed draw term loan (the "Delayed Draw Term Loan") of $10.0 million, under the Credit Agreement, which is junior subordinated secured indebtedness, and also provided $5.1 million of new junior subordinated secured indebtedness, to the Company (collectively (the "Junior Indebtedness"), for a total of $15.1 million in junior subordinated secured debt on terms reasonably acceptable to the Required Lenders (as defined in the Credit Agreement), including, without limitation, that (1) such indebtedness shall not mature until at least two (2) years after the maturity date of the credit facility of September 30, 2025; (2) no payments of cash interest shall be made on such indebtedness until after the repayment in full of the obligations under the Credit Agreement; and (3) no scheduled or voluntary payments of principal shall be made until after the repayment in full of the obligations under the Credit Agreement.

We had recorded $14.4 million, net of unamortized discount of $0.7 million under the Junior Indebtedness as of April 3, 2023 included in related party note payable in the accompanying consolidated balance sheets.

Information regarding our Credit Agreement can be found under Note 10, "*Debt*," to the Consolidated Financial Statements included within this report.

Critical Accounting Policies and Use of Estimates

For information regarding our Critical Accounting Policies and Estimates, see the "Critical Accounting Policies and Estimates" section of "Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations" in our 2022 Annual Report on Form 10-K, filed with the U.S. Securities and Exchange Commission. During the quarter ended April 3, 2023, there were no material changes in our critical accounting estimates or policies.

Item 3. Quantitative and Qualitative Disclosures About Market Risk.

Not applicable.

Item 4. Controls and Procedures.

Evaluation of Disclosure Controls and Procedures. As of the end of the period covered by this Form 10-Q, our management, with the participation of our Chief Executive Officer and Chief Financial Officer, evaluated the effectiveness of the design and operation of our disclosure controls and procedures (as defined in Rule 13a-15(e) under the Exchange Act. We maintain disclosure controls and procedures designed to ensure that information required to be disclosed in reports filed or submitted by us under the Exchange Act is recorded, processed, summarized and reported within time periods specified in the SEC's rules and forms. Disclosure controls and procedures include, without limitation, controls and procedures designed to ensure that information required to be disclosed by us in the reports that we file or submit under the Exchange Act is accumulated and communicated to management, including our Chief Executive Officer and Chief Financial Officer, or persons performing similar functions, as appropriate to allow timely decisions regarding required disclosure. Based on management's evaluation, our Chief Executive Officer and Chief Financial Officer concluded that our disclosure controls and procedures were effective at the reasonable assurance level as of April 3, 2023.

Changes in Internal Control Over Financial Reporting. There have been no changes in the Company's internal control over financial reporting during the quarter ended April 3, 2023 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

Information regarding our legal proceedings can be found under the Contingencies sections of Note 8,*"Commitments and Contingencies," t*o the Consolidated Financial Statements included within this report.

Item 1A. Risk Factors

Our business, financial condition, operating results, and cash flows may be impacted by a number of factors, many of which are beyond our control, including those set forth in the 2022 Form 10-K, the occurrence of any one of which could have a material adverse effect on our actual results.

There here have been no material changes to the risk factors disclosed in the 2022 Form 10-K.

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds

On January 23, 2023, the Company issued 200,000 shares of common stock to the John Rosatti Revocable Trust U/A/D 08/272001, a significant stockholder of the Company and an accredited investor (the "*JR Trust*"), as part of a settlement agreement with Mr. John Rosatti, as described in this report. In exchange for such shares and other cash consideration, the Company received assets and liabilities of five former JR Trust stores. The shares, which were issued pursuant to an exemption from registration provided by Section 4(a)(2) of the Securities Act of 1933, as amended, were valued at $0.4 million in the aggregate in the exchange for assets.

Item 5. Other Information

None.

Item 6. Exhibits

The Exhibit Index below contains a list of exhibits filed or furnished with this Form 10-Q.

Exhibit Index

Exhibit No.	Description
2.1	Amendment to the Amended and Restated Stock Purchase Agreement, dated February 24, 2023, by and among Hot Air, Inc., Cardboard Box LLC and the Company (Incorporated by reference to Exhibit 2.4 to the registrant's Annual Report on Form 10-K filed by the registrant on April 3, 2023)

3.1	Amended and Restated Certificate of Designation of Series A Preferred Stock of BurgerFi International, Inc. (Incorporated by reference to Exhibit 3.1 to the registrant's Current Report on Form 8-K filed by the registrant on February 27, 2023)
10.1	Second Amended Employment Agreement between Michael Rabinovitch and the Company, dated January 3, 2023 (Incorporated by reference to Exhibit 10.3 to the registrant's Current Report on Form 8-K filed by the registrant on January 6, 2023)
10.2	Voting Agreement among BurgerFi International Inc., the John Rosatti Revocable Trust U/A/D 08/27/2001 and John Rosatti, dated March 15, 2023 (Incorporated by reference to Exhibit 10.1 to the registrant's Current Report on Form 8-K filed by the registrant on March 16, 2023)
10.3	Unrestricted Stock Award Agreement between Ophir Sternberg and BurgerFi International Inc., dated January 3, 2023 (Incorporated by reference to Exhibit 10.1 to the registrant's Current Report on Form 8-K filed by the registrant on January 6, 2023)
10.4	Unrestricted Stock Award Agreement between Michael Rabinovitch and BurgerFi International Inc., dated January 3, 2023 (Incorporated by reference to Exhibit 10.2 to the registrant's Current Report on Form 8-K filed by the registrant on January 6, 2023)
10.5	Fourteenth Amendment to Credit Agreement, dated February 1, 2023, by and among the Company, the Company's subsidiaries, Plastic Tripod, Inc., the subsidiary guarantors party thereto, Regions Bank, as administrative agent for the lenders, collateral agent for the lenders, a lender, swingline lender and issuance bank, Cadence Bank, as a lender, Webster Bank, National Association, as a lender, Synovus Bank, as a lender, and the other lenders party from time to time thereto (Incorporated by reference to Exhibit 10.1 to the registrant's Current Report on Form 8-K filed by the registrant on February 2, 2023)
10.6	Fifteenth Amendment to Credit Agreement, dated February 24, 2023, by and among the Company, the Company's subsidiaries, Plastic Tripod, Inc., the subsidiary guarantors party thereto, Regions Bank, as administrative agent for the lenders, collateral agent for the lenders, a lender, swingline lender and issuance bank, Cadence Bank, as a lender, Webster Bank, National Association, as a lender, Synovus Bank, as a lender, and the other lenders party from time to time thereto (Incorporated by reference to Exhibit 10.44 to the registrant's Annual Report on Form 10-K filed by the registrant on April 3, 2023)
10.7	Secured Promissory Note, dated February 24, 2023, by Company and Plastic Tripod, Inc.in favor of CP7 Warming Bag, L.P (Incorporated by reference to Exhibit 10.45 to the registrant's Annual Report on Form 10-K filed by the registrant on April 3, 2023)
10.8	Guaranty and Security Agreement, dated February 24, 2023, by and among the Company, Hot Air, Inc., ACFP Management, Inc., Anthony's Pizza Holding Company, LLC, the subsidiary guarantors party thereto, and CP7 Warming Bag, L.P., as lender. (Incorporated by reference to Exhibit 10.46 to the registrant's Annual Report on Form 10-K filed by the registrant on April 3, 2023)
10.9	Intercreditor and Subordination Agreement, dated February 24, 2023, by and between Regions Bank, as administrative agent and collateral agent for the senior creditors and CP7 Warming Bag, LP (Incorporated by reference to Exhibit 10.47 to the registrant's Annual Report on Form 10-K filed by the registrant on April 3, 2023)
10.10*	Amended and Restated Employment Agreement, effective as of May 8, 2023, by and between BurgerFi International, Inc. and John Iannucci
31.1*	Certifications required by Section 302(a) of the Sarbanes-Oxley Act of 2002.
31.2*	Certifications required by Section 302(a) of the Sarbanes-Oxley Act of 2002.
32.1**	Certifications required by Section 906 of the Sarbanes-Oxley Act of 2002.
32.2**	Certifications required by Section 906 of the Sarbanes-Oxley Act of 2002.
101.SCH	Inline XBRL Taxonomy Extension Schema
101.CAL	Inline XBRL Taxonomy Extension Calculation Linkbase
101.DEF	Inline XBRL Taxonomy Extension Definition Linkbase

101.LAB	Inline XBRL Taxonomy Extension Label Linkbase
101.PRE	Inline XBRL Taxonomy Extension Presentation Linkbase
104	The cover page from the Company’s Quarterly Report on Form 10-Q for the period ended April 3, 2023 has been formatted in Inline XBRL.

* Filed herewith.
** Furnished.

SIGNATURES

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

Dated: May 17, 2023

BurgerFi International, Inc.

By: *[/s/ Ian Baines]*
Ian Baines
Chief Executive Officer (Principal Executive Officer)

By: */s/ Michael Rabinovitch*
Michael Rabinovitch
Chief Financial Officer (Principal Financial and Accounting Officer)

BURGERFI INTERNATIONAL, INC.

AMENDED AND RESTATED EMPLOYMENT AGREEMENT

THIS AMENDED AND RESTATED EMPLOYMENT AGREEMENT (" ***Agreement***") is made and entered into effective as of May 8, 2023, by and between BurgerFi International, Inc., a Delaware corporation ("***Company***"), and John Iannucci, a Florida resident ("***Employee***").

WITNESSETH:

WHEREAS, the Company and Employee are party to that certain Employment Agreement, dated as of June 22, 2022, whereby Employee was hired as the Chief Operating Officer of the Company's Anthony's Coal Fired Pizza & Wings brand;

WHEREAS, the Company desires to engage Employee as its Chief Operating Officer for all of the Company's brands, including BurgerFi and Anthony's Coal Fire Pizza & Wings (" ***COO – BurgerFi***"), and Employee desires to work with Company, to render Employee's duties (set forth in Section 3 below) to Company.

NOW, THEREFORE, in consideration of the mutual promises set forth herein, and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the parties hereto hereby agree as follows:

1. Recitals and Exhibits. The foregoing recitals and any exhibits referred to herein and attached hereto are true and correct and are incorporated herein by this reference.

2. Engagement. In exchange for the compensation set forth in Section 5 below and subject to the other terms and conditions hereinafter set forth, Company hereby engages Employee as COO – BurgerFi, on an exclusive basis, to render Employee's duties set forth in Section 3 hereof as an at-will Employee of Company and Employee hereby accepts such engagement.

3. Employee Duties. Subject to the terms and conditions herein, Employee shall serve as Company's exclusive employee, working under the direction of the Chief Executive Officer of Company.

3.1 Employee shall perform the duties consistent with Employee's title and position and such other duties commensurate with such position and title as shall be specified or designated by Company from time to time. The principal place of performance by Employee of Employee's duties hereunder shall be Broward County, Florida or such other location of the corporate offices from time to time; provided, however, that Employee may be required to reasonably travel outside of such area in connection with the performance of Employee's duties.

3.2 Employee agrees to comply with all applicable laws and governmental rules, orders and regulations, and to conduct its business and activities so as to maintain and increase the goodwill and reputation of Company.

3.3 Employee acknowledges Company's interest in maintaining and promoting Company's reputation for quality and service. From time to time, Company may establish reasonable policies, procedures and requirements that will be applicable and disseminated to its Employees. Employee hereby agrees to strictly comply with all such policies, procedures and requirements.

3.4 Subject to the proviso below in Section 3.6, Employee shall devote his or her entire business time, energy and skill to Employee's services under this Agreement.

3.5 Employee will use his or her best efforts to promote and serve the interests of Company and perform Employee's duties and obligations hereunder in a diligent, trustworthy, businesslike, efficient and lawful manner.

3.6 Employee will not engage in any activity that, directly or indirectly, impairs or conflicts with the performance of Employee's obligations and duties to Company; provided, however, that the foregoing shall not prevent Employee from managing Employee's personal affairs and passive personal investments, including participating in charitable, civic, educational, professional or community affairs, so long as, in the aggregate, any such activities do not unreasonably interfere or conflict with Employee's duties hereunder or create a potential business or fiduciary conflict with Company, as reasonably determined by Company.

4. At Will Employment. Employee's employment commenced as of June 22, 2022 (the "***Commencement Date***") and shall continue thereafter, unless terminated as provided by Section 6 below. Employment with Company is "at-will." This means that either Employee or Company may terminate the employment relationship, for any reason, at any time, subject to Section 6 below.

5. Compensation. As compensation in full for the performance of Employee's duties hereunder, Employee shall receive the following:

5.1 Salary. An annual salary of $375,000 (the "***Base Salary***"), subject to applicable withholdings and deductions and paid in 24 or 26 installments, every other week or twice each month, as other employees of Company are paid, subject to review at the end of each fiscal year by the Compensation Committee of the Board of Directors in consultation with the Chief Executive Officer. Employee acknowledges and agrees that Employee may be paid by a parent company or other affiliate of Company ("***Paymaster***"). Notwithstanding payment by Paymaster or reimbursement by an affiliate, Employee acknowledges and agrees that his or her sole contractual arrangement is with Company, Employee is not an employee of Paymaster or any affiliate, and Employee shall not have any claims against Paymaster or any affiliate relating to or arising out of Employee's engagement by Company.

5.2 Bonus. Employee shall have the opportunity to earn an annual performance bonus of up to 40% of Employee's Base Salary.

5.3 Restricted Stock Units. The ability to earn up to 35,000 shares of Company common stock through a restricted stock unit grant (the "***Restricted Stock Unit Grant***"), effective as of the Grant Date, through the Plan. Such Restricted Stock Unit Grant shall vest in four equal installments equal amounts (*i.e*., 8,750 each) at the yearly anniversary of the Grant Date for each of the first four years of employment with Company, subject to Employee's achievement of the Key Performance Indicators set forth on Exhibit A hereto for the prior fiscal year, as determined in March of the year following such fiscal year, so long as Employee is still an employee in good standing at the time of each such anniversary, subject to the terms and conditions of the Restricted Stock Unit Award Agreement annexed hereto as Exhibit B.

5.4 Benchmark Restricted Stock Units. Eligibility to receive up to an additional 60,000 shares of Company common stock through a restricted stock unit grant ("***Benchmark Restricted Stock Unit Grant***"), effective as of the Grant Date, pursuant to the terms and conditions of the Restricted Stock Unit Award Agreement annexed hereto as Exhibit B, upon achievement by Company of the following benchmarks: (i) 15,000 restricted stock units, if during calendar year 2022 the last reported closing price of Company's common stock for any 20 trading days within any consecutive 30 trading day period is greater than or equal to $11.00 per share; (ii) 15,000 restricted stock units, if during calendar year 2023 the last reported closing price of Company's common stock for any 20 trading days within any consecutive 30 trading day period is greater than or equal to $11.00 per share; (iii) 15,000 restricted stock units, if during calendar year 2024 the last reported closing price of Company's common stock for any 20 trading days within any consecutive 30 trading day period is greater than or equal to $13.00 per share; and (iv) 15,000 restricted stock units, if during calendar year 2025 the last reported closing price of Company's common stock for any 20 trading days within any consecutive 30 trading day period is greater than or equal to $15.00 per share.

5.5 Benefits. The right to receive or participate in all employee benefit programs and perquisites generally established by Company from time to time for employees similarly situated to Employee, subject to the general eligibility requirements and other terms of such programs and perquisites, and subject to Company's right to amend, terminate or take other similar action with respect to any such programs and perquisites.

5.6 Vehicle Allowance. The right to receive a vehicle allowance amounting to $800 per month.

5.7 Relocation Allowance. Employee shall be entitled to reimbursement of up to $25,000 of costs incurred by Employee in connection with the sale of his former residence or relocation costs for up to thirty-six (36) months from the Commencement Date. Without limiting the foregoing, to the extent any of the relocation costs that are paid or reimbursed by the Company pursuant to this Section 5.7 are treated by the Company as compensation income to Employee (the "***Relocation Payments***"), the Company shall provide Employee with an additional gross-up payment (the "***Relocation Gross-Up Payment***") equal to the federal income, state income and employment taxes imposed on the Relocation Payments and such Relocation Gross-Up Payment, so that the net amount received by Executive pursuant to this Section 5.7 shall equal the amount Employee would have received had such Relocation Payments not been subject to such federal income, state income or employment taxes; provided that such Relocation Gross-Up Payment (if any) shall be made to Employee no later than the end of the calendar year following the year in which the taxes were remitted to the relevant taxing authorities.

5.8 Vacation and Other Paid Time Off. Four (4) weeks of paid time off, including vacation, sick days and any other paid time off, each year in accordance with then current Company policy. Employee shall be entitled to an additional week of paid time off following the first anniversary of the Commencement Date and another week of paid time off after the third anniversary.

5.9 Change in Control. If there is a Change of Control (as defined in the Plan) during the time Employee is still an employee in good standing, all unearned restricted stock units awarded under the Restricted Stock Unit Grant and the Benchmark Restricted Stock Unit Grant shall be deemed to have been earned and vested immediately prior to the Change of Control.

6. Termination. This Agreement shall be for at-will employment and shall continue until the occurrence of one of the below events. Upon the termination of Employee's engagement hereunder, Company shall have no further liability hereunder, except to pay Employee all compensation earned by Employee as of the date of termination and as set forth in this Section 6. Employee's engagement and rights hereunder may be terminated as follows: (i) by Employee, as the case may be, immediately upon a breach of this Agreement that, if possible to be cured, has gone uncured for at least 30 days following written notice thereof; (ii) by Company, following at least thirty (30) days' written notice to Employee; (iii) by Employee, following at least thirty (30) days' written notice to Company; or (iv) by the written agreement of Employee and Company.

6.1 Severance. Upon termination of this Agreement by the Company without Cause at any time following the one-year anniversary of the Commencement Date (the "***Termination Date***"), the Company shall:

(i) pay all accrued and unpaid Base Salary and accrued and unused vacation pay, payable within thirty (30) days of the date of termination, and all accrued and vested benefits through the date of termination, payable in accordance with the terms of the applicable benefit plan;

(ii) pay any Annual Bonus for any prior completed fiscal year that has been determined but not paid as of the date of termination, payable within thirty (30) days of the date of termination;

(iii) a pro-rata portion (based on days worked through the date of termination) of the Annual Bonus for the fiscal year of termination that the Employee would have earned for such year had employment continued, based on actual performance results for the full annual performance period, payable at the time that annual bonuses are paid to active executives of the Company (but in no event later than 75 days after the end of the fiscal year in which termination occurs);

(iv) continued payment ("***Severance Pay***") of the Employee's Base Salary, payable in equal installments in accordance with the Company's payroll practices (not less frequently than monthly), for a period of six (6) months after the Termination Date commencing on the first payroll period after the Employee executes a general release on behalf of the Company in connection with such termination (the "***Severance Period***"); provided, however, the Severance Pay due to the Employee shall be reduced by the amount of any earnings from employment, including self-employment or other contract-for-hire work, earned or received by the Employee during the Severance Period;

(v) if the Employee timely and properly elects health continuation coverage under the Consolidated Omnibus Budget Reconciliation Act of 1985 ("***COBRA***"), reimburse, grossed up for any applicable taxes, the Employee for the monthly COBRA premium paid by the Employee for the Employee and the Employee's dependents. Such reimbursement shall be paid to the Employee on the fifth (5) of the month immediately following the month in which the Employee timely remits the premium payment. The Employee shall be eligible to receive such reimbursement until the earliest of: (a) the six (6)-month anniversary of the Termination Date; (b) the date the Employee is no longer eligible to receive COBRA continuation coverage; and (c) the date on which the Employee receives substantially similar coverage from another employer or other source.

6.2 For purposes of this Agreement, "Cause" shall mean:

(i) Employee's engaging in dishonesty, fraud, misappropriation, or embezzlement with respect to Company or in connection with the performance of his or her duties;

(ii) Employee's willful misconduct, recklessness or gross negligence that materially injures Company, whether such harm is economic or non-economic, including, but not limited to, material injury to their respective businesses or reputations;

(iii) Employee's conviction or plea of guilty or nolo contendere to any felony or to any misdemeanor involving moral turpitude;

(iv) Employee's continued and willful refusal to follow the reasonable and lawful directives that are assigned to Employee by the Chief Executive Officer or the Board, which, if curable, has not been cured by Employee within thirty (30) days after Employee's receipt of written notice from Company;

(v) Employee's breach of any material employment or other policy of Company, including but not limited to sexual harassment, other unlawful harassment, workplace discrimination or substance abuse, as reasonably determined by Company, which, if curable, has not been cured by Employee within thirty (30) days after Employee's receipt of written notice from Company; or

(vi) Employee's material breach of this Agreement or any other agreement applicable to Employee, which, if curable, has not been cured by Employee within thirty (30) days after receipt of written notice from Company stating with reasonable specificity the nature of such breach.

6.3 Upon termination, Employee shall:

(i) Deliver to Company all documents, data, records, and all other materials which are provided by Company to Employee, including any Confidential Information;

(ii) Take all such reasonable actions as shall be requested in writing from time to time by Company consistent with the foregoing and for the orderly transition of the services provided by Employee to either Company or to a new employee, in the discretion of Company.

7. Confidential Information and Competition. Employee has entered into that certain Agreement Regarding Confidential Information and Prohibiting Competition attached hereto as Exhibit C, the terms and conditions of which are hereby incorporated by this reference and agrees that nothing herein shall limit or restrict the obligations of Employee thereunder or enforcement of the terms thereof. As used herein, the term "***Confidential Information***" shall have the meaning set forth in the Agreement Regarding Confidential Information and Prohibiting Competition. This Section 7 and the Agreement Regarding Confidential Information and Prohibiting Competition shall survive the termination of this Agreement and Employee's engagement hereunder.

8. Trade Names and Trademarks. Employee agrees that he will use only such trade names, trademarks or other designations of Company or any simulations thereof as may be authorized in writing by Company. All such use shall be in accordance with Company's instructions and any such authorization may be withdrawn or modified at any time. Employee will, in the event this Agreement is terminated, cease all use of any of Company's trade names, trademarks or other designations or other simulations thereof. Employee will not register or attempt to register or assert any right of ownership in any of Company's trade names, trademarks or other designations or any simulations thereof. Employee shall immediately notify Company in writing upon learning of any potential or actual infringement of any trademark, patent, copyright or other proprietary right owned by or licensed to Company, or of any actual or potential infringement by Company of the rights of any third party.

9. Miscellaneous.

9.1 Notices. Any notice required or permitted to be delivered to any party under the provisions of this Agreement shall be deemed to have been duly given (a) upon hand delivery thereof, (b) upon telefax or email and written confirmation of transmission, (c) upon proof of delivery and receipt of any overnight deliveries, or (d) on the third (3rd) business day after mailing United States registered or certified mail, return receipt requested, postage prepaid, addressed to each party as follows:

To Company:	200 West Cypress Creek Road, Suite 220 Fort Lauderdale, FL 33309 Attn: Chief Legal Officer & Corporate Secretary
To Employee:	to the address set forth on the signature page

or to such other address or such other person as any party shall designate, in writing, to the others for such purposes and in the manner set forth in this Section.

9.2 Accuracy of Statements. No representation or warranty contained in this Agreement, and no statement delivered, or information supplied to any party pursuant hereto, contains an untrue statement of material fact or omits to state a material fact necessary to make the statements or information contained herein or therein not misleading. The representations and warranties made in this Agreement will be continued and will remain true and complete in all material respects and will survive the execution of the transactions contemplated hereby.

9.3 Entire Agreement. This Agreement sets forth all the promises, covenants, agreements, conditions and understandings between the parties hereto, and supersedes all prior and contemporaneous agreements, understandings, inducements or conditions, expressed or implied, oral or written, except as herein contained.

9.4 Binding Effect; Assignment. This Agreement shall be binding upon the parties hereto, their heirs, administrators, successors and assigns. Except as otherwise provided in this Agreement, no party may assign or transfer its interests herein, or delegate its duties hereunder, without the written consent of the other party. Any assignment or delegation of duties in violation of this provision shall be null and void.

9.5 Amendment. The parties hereby irrevocably agree that no attempted amendment, modification, termination, discharge or change of this Agreement shall be valid and effective, unless the parties shall unanimously agree in writing to such amendment.

9.6 No Waiver. No waiver of any provision of this Agreement shall be effective unless it is in writing and signed by the party against whom it is asserted, and any such written waiver shall only be applicable to the specific instance to which it relates and shall not be deemed to be a continuing or future waiver.

9.7 Gender and Use of Singular and Plural. All pronouns shall be deemed to refer to the masculine, feminine, neuter, singular or plural, as the identity of the party or parties, or their personal Employees, successors and assigns may require.

9.8 Headings. The article and section headings contained in this Agreement are inserted for convenience only and shall not affect in any way the meaning or interpretation of the Agreement.

9.9 Governing Law. This Agreement shall be construed in accordance with the laws of the State of Florida and any proceeding arising between the parties in any manner pertaining or related to this Agreement shall, to the extent permitted by law, be held in Broward County, Florida.

9.10 Further Assurances. The parties hereto will execute and deliver such further instruments and do such further acts and things as may be reasonably required to carry out the intent and purposes of this Agreement.

9.11 Litigation. If any party hereto is required to take any action or engage in litigation against any other party hereto, either as plaintiff or as defendant, in order to enforce or defend any rights under this Agreement, and such litigation results in a final judgment in favor of such party, then the party or parties against whom said final judgment is obtained shall reimburse the prevailing party for all direct, indirect or incidental expenses incurred, including, but not limited to, all attorneys' fees, court costs and other expenses incurred throughout all negotiations, trials or appeals undertaken in order to enforce the prevailing party's rights hereunder.

9.12 Mediation. Any controversy or claim arising out of or relating to this Agreement, or the breach thereof, shall be settled by a mediation administered by a mutually agreed upon mediator and, except as set forth below, the cost of any such mediation shall be shared equally by all parties thereto. Any judgment on the award rendered by the mediator(s) may be entered in any court having jurisdiction thereof. During any mediation related to the Agreement, the parties shall continue to perform their respective obligations under this Agreement. The prevailing party in any enforcement of this Agreement shall be entitled to recover all costs and expenses of such enforcement, including costs of litigation, and attorneys' fees, costs, and expenses, at trial through appeal.

9.13 Indemnification; D&O Insurance.

(i) Company hereby agrees to indemnify Employee and to defend and hold him harmless to the fullest extent permitted by law and under the by-laws of Company against and in respect to any and all actions, suits, proceedings, claims, demands, judgments, costs, expenses (including reasonable attorney's fees at all levels of proceedings), losses, and damages resulting from Employee's good faith performance of his or her duties and obligations hereunder. This Section 9.13 shall survive the termination of this Agreement and Employee's engagement hereunder.

(ii) Company shall purchase and maintain insurance, at its expense, to protect itself and Employee while serving in such capacity to Company or on behalf of Company as an officer or director or employee of any affiliate of Company.

9.14 Counterparts. This Agreement may be executed in counterparts and by facsimile and/or e-mail .pdf, each of which shall constitute originals and all of which, when taken together, shall constitute the same original instrument, legally binding all parties to this Agreement.

[Signatures on the Following Page.]

With full power and authority and intending to be legally bound, the parties hereto have executed this Agreement as of the date first above written.

COMPANY:

/s/ Michelle Zavolta
Michelle Zavolta, Chief People Officer

EMPLOYEE:

By: /s/ John Iannucci

John Iannucci

EXHIBIT A

Key Performance Indicators (KPIs)

Vesting of the installments of the Restricted Stock Unit Grant shall also be subject to meeting the following performance criteria. Each performance measure listed below is to be measured from each fiscal year (each such year, a "***Measurement Year***").

1. Fifty percent (50%) based on achievement of adjusted EBITDA[1] plan.
2. Fifty percent (50%) based on achievement of Revenue plan.

[1] Calculated as net income calculated in accordance with generally accepted accounting principles, adjusted to exclude the adverse impact of items attributable to (a) income taxes, (b) costs or losses attributable to the issuance of debt, equity or acquisitions or dispositions of stock or assets, (c) any changes in accounting standards or treatments that may be required or permitted by the Financial Accounting Standards Board or Public Company Accounting Oversight Board or adopted by Company after the adjusted EBITDA goal is established, (d) restructuring activities, (e) impairment or disposals of long-lived assets, goodwill or other intangible assets, (f) any business interruption event, (g) negative impacts of legal settlement and defense costs, including tax matters, (h) costs associated with replacing information technology systems, (i) pre-opening costs and (j) negative impacts related to the finalization of purchase price allocation of acquired entities.

EXHIBIT B

RESTRICTED STOCK UNIT AWARD AGREEMENTS

EXHIBIT C

BURGERFI INTERNATIONAL, INC. AGREEMENT REGARDING CONFIDENTIAL INFORMATION AND PROHIBITING COMPETITION

I, the undersigned employee of BurgerFi International, Inc., a Delaware corporation (the "***Company***"), am entering into this Agreement in consideration of my employment by the Company. The Company is in the business of operating (i) gourmet fast food and quick service casual restaurants focused on all-natural hamburgers, vegetarian burgers, hormone-free chicken, and other complementary food offerings, as well as (ii) casual restaurants serving fresh, never frozen and quality ingredients centered around a 900-degree coal fired oven with menu offerings including "well-done" pizza, coal fired chicken wings, homemade meatballs, and a variety of handcrafted sandwiches and salads (collectively, the "***Company's Business***"). I hereby acknowledge that, in conjunction with the performance of my duties as an employee of the Company, I will be exposed to, making use of, acquiring and adding to confidential information of a special and unique nature and value affecting and relating to the Company and its financial operations, including, but not limited to: the Company's Business, the identity of the Company's clients, the prices being charged by the Company to such clients, the Company's contracts, business records and other records, the Company's trade secrets, customer lists, vendors and vendor lists, recipes, billing forms, methods, and procedures, trade names, manuals, photographs, samples, literature, sales aids of every kind, software, advertising methods and strategies, information regarding advertising locations, style and wording of all advertising, plans for expansion or marketing strategies, and other similar information relating to the Company and the Company's Business (all the foregoing being hereinafter referred to collectively as "***Confidential Information***"). I agree that the Confidential Information is a trade secret of, and is owned solely by, the Company.

I acknowledge that the disclosure of Confidential Information to competitors of the Company would cause the Company irreparable injury. Because I have been and will be exposed to Confidential Information, the Company requires, as a condition to my employment with the Company, that I, the undersigned, execute and deliver to the Company this legally binding agreement ("***Agreement***"), which is intended to protect the Company from my unauthorized use of the Confidential Information and to prohibit the Company's competitors from receiving the benefits of my knowledge of the Company's Business or the specialized training that the Company has provided or will provide to me. This Agreement does not obligate the Company to employ or retain me for any specific length of time. Although the Company seeks to retain valued employees and independent contractors, employment with the Company remains terminable by the Company "at will."

I agree that all Confidential Information is owned exclusively by the Company, that I may use the Confidential Information only when permitted by the Company and only for the benefit of the Company, that at all times during and subsequent to my employment with the Company, I will not disclose any Confidential Information to any other person or entity for any reason whatsoever, and that I will at all times take such actions as shall be necessary to maintain the confidentiality of the Confidential Information and to prevent its unauthorized disclosure.

I agree that, upon the Company's demand, whether verbal or written, I will promptly deliver as directed, without retaining copies, all materials and media in my possession that contain Confidential Information or that relate to the Company's Business. I agree that the fact that I had knowledge, or that others may have had knowledge, of Confidential Information prior to the execution of this Agreement shall not in any way limit or affect my obligations under this Agreement.

I agree that all copyrightable, patentable or unpatentable business information, and other proprietary information, inventions, techniques, know-how, materials and Confidential Information created by me during my employment with the Company, together with all rights relating to said property, are the exclusive property of the Company and its assigns. I further agree that this Agreement constitutes a "Work for Hire" with respect to any copyrightable works created by me during my employment with the Company. I agree to execute all documents, including, but not limited to, assignments of rights, that the Company may request to assist in establishing its ownership of such property.

During the term of my employment with the Company, I will not directly or indirectly, in any location, operate, organize, maintain, establish, manage, own, participate in, or in any manner whatsoever, individually or through any corporation, firm or organization of which I shall be affiliated in any manner whatsoever, have any interest in, whether as owner, investor, operator, partner, stockholder, director, trustee, officer, mortgagee, employee, independent contractor, principal, agent, consultant or otherwise, any other business or venture which engages in the Company's Business, or is otherwise in competition with Company or any assigns of the Company, unless such activity shall have been previously agreed to in writing by Company and its successors and assigns (I acknowledge that the Company's Business is advertised and conducted throughout the United States, and accordingly that this covenant against competition shall extend to the entire United States). Further, during the term of my employment with the Company and for a period of two (2) years thereafter (the "***Restricted Period***"), I will not: (i) directly or indirectly, divert from the Company or its successors or assigns, any proprietary product or service of the Company, or cause any client or account of the Company to cease using or acquiring the Company's products or services; or (ii) directly or indirectly, solicit for employment, employ or otherwise engage the services of, any employees, independent contractors, vendors, agents, or consultants of the Company or its successors or assigns; provided, however, that nothing set forth herein shall limit Employee's right to compete with Company and to work for any competitor of Company after termination of this Agreement.

I acknowledge that I may be performing services at one or more locations that are shared facilities with other entities that may be affiliates of the Company ("***Affiliated Entities***"). The Affiliated Entities each have their own respective confidential information like that described as the Company's Confidential Information, and that the Affiliated Entities intend that such confidential information remain confidential under agreements like this agreement. If I should be exposed to or learn of any such confidential information, I agree that it is protected information that shall be owned by the Affiliated Entities in the same manner as the Confidential Information is owned and protected by the Company. Further, I agree that in no event shall any such confidential information be used by me for the purpose of competing with, or to solicit customers, employees, agents or independent contractors of, the Company or any Affiliated Entity. The Affiliated Entities are intended third party beneficiaries for the purpose of enforcing the foregoing.

I agree that if I breach or threaten to breach this Agreement, the Company will be entitled to receive, in addition to all other remedies to which it may be entitled at law or in equity, temporary and permanent injunctions prohibiting any breach of this Agreement by me, or by my partners, agents, representatives, servants, employers, employees, independent contractors and all persons directly or indirectly acting for or with me. In the event the Company obtains a temporary or permanent injunction, I agree that any such injunction shall compute the two (2) year restriction from the date the injunction is entered. The Company shall also be entitled to receive from me reimbursement of all its reasonable attorneys' and other legal fees and costs that it incurs in enforcing this Agreement, inclusive of all such fees and costs incurred with respect to all negotiations, trial and appellate proceedings. This Agreement shall be interpreted under the laws of the State of Florida, and the venue for any proceedings under this Agreement shall be Palm Beach County, Florida. I hereby submit to the jurisdiction of any state or federal courts in Palm Beach County, Florida for purposes of the foregoing. The terms of this Agreement shall survive the termination of my employment by the Company.

Any controversy or claim arising out of or relating to this Agreement, or the breach thereof, shall be settled by a mediation administered by a mutually agreed upon mediator and, except as set forth below, the cost of any such mediation shall be shared equally by all parties thereto. Any judgment on the award rendered by the mediator(s) may be entered in any court having jurisdiction thereof. During any mediation related to the Agreement, the parties shall continue to perform their respective obligations under this Agreement. The prevailing party in any enforcement of this Agreement shall be entitled to recover all costs and expenses of such enforcement, including costs of litigation, and attorneys’ fees, costs, and expenses, at trial through appeal.

I agree that the restrictions contained in this Agreement are fair and reasonably necessary to protect the legitimate business interests of the Company and will not unfairly restrict my ability to find gainful work in my field. I also agree that if a court determines that any of the restrictions in this Agreement are unenforceable, the court, in so establishing a substitute restriction, shall recognize that I agree that the restrictions described above be imposed and maintained to the maximum lawful extent. I hereby certify that no representative or agent of the Company has represented, expressly or otherwise, that the Company would not seek to enforce this Agreement. The provisions contained herein shall be binding upon me as an independent obligation and shall be enforceable even if there is or is claimed to be a breach of this Agreement or any other agreement, understanding, commitment or promise by the Company. The Company’s failure or refusal to enforce any of the terms contained in this Agreement against any other employee or independent contractor or former employee or independent contractor for any reason, shall not constitute a defense to the enforcement of this Agreement against me.

I agree that I will not at any time (during or after my employment with the Company) disparage the reputation of the Company, or its customers, vendors, merchants, officers, members, manager, directors, agents, employees or independent contractors.

By executing this Agreement in the space provided below I confirm that I have read, understand and agree to all the provisions of this Agreement and that I agree to be legally bound by the terms of this Agreement. This Agreement is for the benefit of and may be enforced by the Company, its successors and assigns. This Agreement shall supersede and replace any prior confidentiality and non-competition agreements entered into between Company and Employee.

Agreed to as of June 22, 2022

By: /s/ John Iannucci
Name: John Iannucci

Exhibit 31.1

CERTIFICATIONS REQUIRED BY SECTION 302(A)
OF SARBANES-OXLEY ACT OF 2002

I, Ian Baines, certify that:

1. I have reviewed this quarterly report on Form 10-Q of BurgerFi International, 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 quarterly report;
3. Based on my knowledge, the financial statements, and other financial information included in this quarterly 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 quarterly 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)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
    a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this quarterly 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 quarterly 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 quarterly report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting.
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: May 17, 2023

By: */s/ Ian Baines*
Ian Baines
Chief Executive Officer
(Principal Executive Officer)

Exhibit 31.2

CERTIFICATIONS REQUIRED BY SECTION 302(A)
OF SARBANES-OXLEY ACT OF 2002

I, Michael Rabinovitch, certify that:

1. I have reviewed this quarterly report on Form 10-Q of BurgerFi International, 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 quarterly report;

3. Based on my knowledge, the financial statements, and other financial information included in this quarterly 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 quarterly 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)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

    a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this quarterly 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 quarterly 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 quarterly report any change in the registrant’s internal control over financial reporting that occurred during the registrant’s most recent fiscal quarter that has materially affected, or is reasonably likely to materially affect, the registrant’s internal control over financial reporting.

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: May 17, 2023

By: */s/ Michael Rabinovitch*
Michael Rabinovitch
Chief Financial Officer
(Principal Financial and Accounting Officer)

Exhibit 32.1

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

In connection with the Quarterly Report of BurgerFi International, Inc. (the "Company") on Form 10-Q for the period ended April 3, 2023 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Ian Baines, Chief Executive Officer of the Company, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that, to the best of my knowledge:

(1) The Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

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

Date: May 17, 2023

By: */s/ Ian Baines*
Ian Baines
Chief Executive Officer
(Principal Executive Officer)

The certification set forth above is being furnished as an exhibit solely pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 and is not being filed as part of the Quarterly Report on Form 10-Q for the period ended April 3, 2023, or as a separate disclosure document of the Company or the certifying officers.

Exhibit 32.2

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

In connection with the Quarterly Report of BurgerFi International, Inc. (the “Company”) on Form 10-Q for the period ended April 3, 2023 as filed with the Securities and Exchange Commission on the date hereof (the “Report”), I, Michael Rabinovitch, Chief Financial Officer of the Company, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that, to the best of my knowledge:

(1) The Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

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

Date: May 17, 2023

By: *<u>/s/ Michael Rabinovitch</u>*
Michael Rabinovitch
Chief Financial Officer
(Principal Financial and Accounting Officer)

The certification set forth above is being furnished as an exhibit solely pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 and is not being filed as part of the Quarterly Report on Form 10-Q for the period ended April 3, 2023, or as a separate disclosure document of the Company or the certifying officers.