



15821 Ventura Blvd, Suite 135, Encino, CA 91436

2024

ANNUAL REPORT TO STOCKHOLDERS

**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549**

FORM 10-K

(Mark One)

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

For the fiscal year ended December 31, 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: 001-40630

Zevia PBC

(Exact Name of Registrant as Specified in its Charter)

Delaware
(State or Other Jurisdiction of
Incorporation or Organization)

86-2862492
(I.R.S. Employer
Identification Number)

15821 Ventura Blvd., Suite 135

Encino, CA 91436

(855) 469-3842

(Address including Zip Code, and Telephone Number including Area Code, of Registrant's Principal Executive Offices)

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

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Class A common stock, par value \$0.001 per share	ZVIA	New York Stock Exchange

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

Indicate by check mark if the Registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. YES NO

Indicate by check mark if the Registrant is not required to file reports pursuant to Section 13 or 15(d) of the Act. YES NO

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

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

Indicate by check mark whether the Registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, 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	<input type="checkbox"/>	Accelerated filer	<input checked="" type="checkbox"/>
Non-accelerated filer	<input type="checkbox"/>	Smaller reporting company	<input checked="" type="checkbox"/>
Emerging growth company	<input checked="" type="checkbox"/>		

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

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

If securities are registered pursuant to Section 12(b) of the Act, indicate by check mark whether the financial statements of the Registrant included in the filing reflect the correction of an error to previously issued financial statements.

Indicate by check mark whether any of those error corrections are restatements that required a recovery analysis of incentive-based compensation received by any of the registrant's executive officers during the relevant recovery period pursuant to §240.10D-1(b).

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

As of June 30, 2023, the last business day of the Registrant's most recently completed second fiscal quarter, the aggregate market value of the Registrant's voting and non-voting common equity held by non-affiliates (treating directors, executive officers and beneficial owners of 10% or more of the Registrant's common stock outstanding as of that date, for this purpose, as affiliates) was approximately \$204.3 million (based on the closing sales price of the Registrant's Class A common stock on the New York Stock Exchange on that date). This determination of affiliate status is not necessarily a conclusive determination for other purposes.

As of February 29, 2024 there were 54,566,858 shares and 17,283,177 shares of the Registrant's Class A and Class B common stock outstanding, respectively, \$0.001 par value per share.

DOCUMENTS INCORPORATED BY REFERENCE

Portions of the Registrant's definitive proxy statement for use in connection with its 2024 Annual Meeting of Stockholders, which is to be filed no later than 120 days after December 31, 2023, are incorporated by reference into Part III of this Annual Report on Form 10-K.

Auditor Firm Id: 34

Auditor Name: Deloitte & Touche LLP

Auditor Location: Los Angeles, California

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CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING STATEMENTS

This Annual Report on Form 10-K for the fiscal year ended December 31, 2023 (“Annual Report”) contains “forward-looking statements” within the meaning of Section 27A of the Securities Act of 1933, as amended (the “Securities Act”), and Section 21E of the Securities Exchange Act of 1934, as amended (the “Exchange Act”) about us and our industry that involve substantial known and unknown risks and uncertainties. All statements other than statements of historical facts contained in this Annual Report, including, without limitation, statements regarding our future results of operations or financial condition, business strategy, expectations about shifting market demand and consumer preferences, ability to effectively compete, commitment to creating ESG impact, human capital objectives, validity of our trademarks and other intellectual property, impact of government regulations, liquidity and capital requirements, and plans and objectives of management for future operations, are forward-looking statements. In some cases, you can identify forward-looking statements because they contain words such as “anticipate,” “believe,” “consider,” “contemplate,” “continue,” “could,” “estimate,” “expect,” “forecast,” “guidance,” “intend,” “may,” “on track,” “outlook,” “plan,” “potential,” “predict,” “project,” “pursue,” “seek,” “should,” “target,” “will” or “would” or the negative of these words or other similar words, terms or expressions.

You should not rely on forward-looking statements as predictions of future events. We have based the forward-looking statements contained in this Annual Report primarily on our current expectations and projections about future events and trends that we believe may affect our business, financial condition and operating results. The outcome of the events described in these forward-looking statements is subject to risks, uncertainties and other factors described in the section titled “Item 1A. Risk Factors” and elsewhere in this Annual Report.

Moreover, we operate in a very competitive and rapidly changing environment. New risks and uncertainties emerge from time to time, and it is not possible for us to predict all risks and uncertainties that could have an impact on the forward-looking statements contained in this Annual Report. The results, events and circumstances reflected in the forward-looking statements may not be achieved or occur, and actual results, events or circumstances could differ materially from those described in the forward-looking statements.

In addition, statements that “we believe” and similar statements reflect our beliefs and opinions on the relevant subject. These statements are based on information available to us as of the date of this Annual Report and while we believe that information provides a reasonable basis for these statements, that information may be limited or incomplete. Our statements should not be read to indicate that we have conducted an exhaustive inquiry into, or review of, all relevant information. These statements are inherently uncertain, and investors are cautioned not to unduly rely on these statements.

The forward-looking statements made in this Annual Report relate only to events as of the date on which the statements are made. We undertake no obligation to update any forward-looking statements made in this Annual Report to reflect events or circumstances after the date of this Annual Report or to reflect new information or the occurrence of unanticipated events, except as required by applicable law. We may not actually achieve the plans, intentions or expectations disclosed in our forward-looking statements, and you should not place undue reliance on our forward-looking statements. Our forward-looking statements do not reflect the potential impact of any future acquisitions, mergers, dispositions, joint ventures or investments.

PART I

Item 1. Business

Overview

Zevia PBC (“Zevia PBC”) was incorporated as a Delaware public benefit corporation on March 23, 2021, and prior to the consummation of the reorganization and initial public offering (“IPO”), did not conduct any activities other than those incidental to our formation and the IPO. In connection with the completion of the IPO on July 26, 2021, Zevia PBC became a holding company, and its sole material asset is a controlling equity interest in Zevia LLC, a Delaware limited liability company (“Zevia LLC”). As the sole managing member of Zevia LLC, Zevia PBC operates and controls all of the business and affairs of Zevia LLC and, through Zevia LLC, conducts its business. Subsequent to July 26, 2021, Zevia PBC consolidates the results of Zevia LLC with a non-controlling interest reflected for the portion of Zevia LLC not owned by Zevia PBC. For more information about our holding company reorganization, see the section titled “Organizational Structure—The Reorganization” in the prospectus dated July 21, 2021, and filed with the U.S. Securities and Exchange Commission (“SEC”) on July 23, 2021.

References in this Annual Report to “Zevia PBC” refer to Zevia PBC and not to any of its subsidiaries unless the context indicates otherwise. References in this Annual Report to “Zevia,” the “Company,” “we,” “us,” and “our” refer (1) prior to the consummation of the Reorganization Transactions (as defined in Note 1 - *Description of Business* in the Notes to our Consolidated Financial Statements included in Part II, Item 8 of this Annual Report), to Zevia LLC, and (2) after the consummation of the Reorganization Transactions, to Zevia PBC and its consolidated subsidiaries unless the context indicates otherwise.

Available Information

We make available, free of charge, on the “Investors Relations” section of our website, <https://www.zevia.com> (“Zevia Investor Relations website”) our annual reports on Form 10-K, quarterly reports on Form 10-Q, current reports on Form 8-K and amendments to those reports we file with or furnish to the SEC pursuant to Section 13(a) or 15(d) of the Exchange Act as soon as reasonably practicable after we electronically file the information with, or furnish it to, the SEC. The SEC also maintains a website that contains reports, proxy and information statements, and other information regarding issuers, such as the Company, that file electronically with the SEC. The address of the site is <http://www.sec.gov>.

Our amended and restated certificate of incorporation, amended and restated bylaws, corporate governance principles, charters of the Audit, Compensation, Nominating and Enterprise Risk Management, and Environmental, Social and Governance (“ESG”) committees, our code of business conduct and ethics may be found on the Zevia Investor Relations website. The information on the Company’s website is not incorporated by reference in this Annual Report or in any other report or document we file with the SEC, and any references to our website are intended to be inactive textual references only.

We routinely announce material information to investors, stockholders and the marketplace using SEC filings, press releases, public conference calls, webcasts and the Zevia Investor Relations website. We also intend to use certain social media channels as a means of disclosing information about us and our products to consumers, our customers, investors and the public (such as @Zevia and #Zevia on Facebook and Instagram). The information posted on social media channels is not incorporated by reference in this Annual Report or in any other report or document we file with the SEC. While not all of the information that the Company posts to the Zevia Investor Relations website or to social media accounts is of a material nature, some information could be deemed to be material. Accordingly, the Company encourages investors, stockholders, the media, and others interested in Zevia to review the information that it shares at the “Investors” link located at the bottom of our webpage at <https://investors.zevia.com/> and to subscribe to and regularly follow our social media accounts. Users may automatically receive email alerts and other information about the Company when enrolling an email address by visiting “Request Email Alerts” in the “Investors” section of Zevia’s website at <https://investors.zevia.com/>.

Our Business

We are a growth beverage company that develops, markets, sells, and distributes great tasting, naturally sweetened, zero sugar beverages made with simple, plant-based ingredients. We have been designated as a “Certified B Corporation” by B Lab, an independent non-profit organization, in addition to being a Delaware public benefit corporation. We are focused on addressing the global health challenges resulting from excess sugar consumption by offering a broad portfolio of zero sugar, zero calorie, naturally sweetened beverages. All Zevia® beverages are Non-GMO Project verified, gluten-free, Kosher, vegan and zero sodium. We offer a variety of flavors across Soda, Energy Drinks, Organic Tea, and Kids drinks.

Our products are distributed and sold principally across the United States (“U.S.”) and Canada through a diverse network of major retailers in the food, drug, warehouse club, mass, natural, convenience and e-commerce channels and in grocery and natural product stores and specialty outlets. We believe that consumers increasingly select beverage products based on taste, ingredients and fit with today’s consumer preferences, which has benefited the Zevia® brand and resulted in over 1.9 billion cans of Zevia sold to date.

Our Brand

The Zevia® brand promise is to offer delicious beverages that are better-for-you and better for the environment. We market Zevia under one unified brand across multiple beverage categories, including Soda, Energy Drinks, Organic Teas, and Kids drinks. We believe our brand has extensive consumer reach potential, as we deliver beverage offerings with a diversity of flavors and categories that we believe appeal across multiple usage occasions, need states, and times of day, for a wide range of people across age groups. This is evidenced by our ranking among the top carbonated soft drink brands in the Natural Channel and on Amazon according to syndicated data sources SPINS and 1010data for 2023.

Our brand has grown significantly over the past decade, which has been largely tied to an engaged and growing consumer base, broadening distribution across retail channels. In 2023, close to 7 million U.S. households purchased Zevia products across more than 34,000 retail locations.

Our consumers are our best advocates, and their loyalty is rooted in their alignment with our messaging and mission. Our consumer base over-indexes to Gen Z and Millennials, particularly among Millennial parents. We believe this consumer base favors better-for-you options that support a balanced lifestyle and that they are driven less by discounts than some other demographic groups. We believe Zevia consumers are heavily beverage engaged and migrate from other traditional full-calorie and low-calorie soda brands to choose Zevia as an incremental beverage choice to aid in supporting their balanced lifestyle without sacrificing great taste. We believe Zevia consumers care about their health, their diets, and their planet and are willing to pay a premium for beverage attributes that support those considerations. Zevia drinkers have historically increased their brand spending over time and tend to spend more on average than traditional shoppers within the soft drink, energy and ready-to-drink tea categories. According to Numerator data for 2023, Zevia households increased their spend on Zevia for the year versus 2022. Those households who made multiple purchases across package lines were even more engaged, more than doubling their spend on the brand versus the total average Zevia households in the year.

We believe Zevia is positioned well within the total Zero Sugar/Diet Soda segment of total Carbonated Soft Drinks as an affordable naturally sweetened, better-for-you option. Zero Sugar/Diet sodas were a \$10.3 billion dollar segment, growing +14% across Grocery, Mass, Drug, Club, and Natural Channels in 2023 according to Spins/Circana data through December 31, 2023. According to Numerator data through December 31, 2023, Zevia finished 2023 with U.S. household penetration of 5.3% for the full year of 2023 compared to 40% - 70% penetration, respectively, of more mainstream full and zero sugar category brand leaders over the same period. We believe Zevia has a meaningful opportunity to increase brand trial to capture more share in this growth leading segment of beverage over time.

Our Products

Since our founding in 2007, we have grown from three flavors of soda to a platform brand with multiple product lines that each have several flavor variations. Each of our product lines has been carefully crafted for consumer enjoyment, with the goal of ensuring that flavor is not sacrificed in the process of eliminating sugar and artificial ingredients, including coloring and flavors. In addition, continuous improvement is a Zevia core value, and as such we strategically reformulate our products from time to time to further enhance taste and simplify ingredients.

Soda. Soda, our flagship product released in 2008, is the better-for-you alternative to conventional sodas and diet sodas with no artificial ingredients. Our Soda is available in 14 flavors across multiple packs, variety packs, and in limited time-offer flavors to drive excitement. Our Soda sales constituted approximately 91% of our net sales in 2023.

Energy. Energy drinks are zero sugar energy drinks that contain 120 mg of organic caffeine. We offer Energy in eight flavors. We released our Energy drinks in 2016.

Organic Tea. Our Organic Tea is a pioneer in the zero calorie, naturally sweetened ready-to-drink tea segment, and was released in 2018. Zevia Organic Tea is USDA Organic and brewed with Fair Trade Certified Tea. We offer Organic Tea in eight flavors, including two caffeine-free options.

Kids. Kids is our product line for kids, packaged in smaller cans for smaller hands, and the right size for lunch boxes and afternoon snacks. Our Kids drinks are available in four kid-friendly flavors and were released in 2020.

We benefit from sustained shifts across the liquid refreshment beverage market. We believe consumers are becoming more health conscious and focused on reducing sugar in their diets and are increasingly averse to added sugars. Many consumers are making choices with sustainability in mind, including plastic waste reduction. As a great-tasting, clean label beverage supporting a positive environmental and social impact, we are positioned to appeal to a broad range of consumer needs in our current markets and beyond.

Consumers can purchase our products both in brick and mortar stores and through e-commerce channels. We are an omnichannel brand found in more than 34,000 retailer locations across the traditional grocery, natural grocery, specialty outlets, warehouse club, drug and convenience channels, and on e-commerce platforms.

ESG and Social Impact

Our focus on ESG is core to how we conduct our business, and we believe this focus makes us a more successful company. We are dedicated to acting responsibly and strive to do our part in making the world a better place with every drink. We are committed to creating real ESG impact through combatting the harmful effects of sugar, reducing plastic waste, democratizing healthier options and fostering an employee-centric culture.

As a public benefit corporation, we are guided by our mission of creating a world of better-for-you flavor, better for the people and the planet. Our products help consumers reduce their sugar intake and avoid artificial sweeteners by offering a refreshing and enjoyable zero sugar, naturally sweetened alternative to high-sugar and artificially sweetened competitors. We estimate that by choosing Zevia, our consumers have avoided over 79,000 metric tons of sugar in their diets since 2011.

Sustainable packaging is one of our top priorities and we actively seek to minimize our environmental impact. We take pride in reducing plastic waste by using only aluminum cans as beverage containers. Since our founding in 2007, we have never sold a beverage in a plastic bottle. Through only using aluminum cans, we estimate that we have saved over 26,000 metric tons of plastic and consumption of our products has resulted in the avoidance of over one billion plastic bottles since 2011. In addition, we reduce our use of packaging materials where possible. For example, we no longer produce any of our products with plastic rings, replacing them with a recyclable cardboard overwrap.

Within our mission is the initiative to provide products that are better for the planet. Our main ingredient, after carbonated water, is stevia sweetener, which is extracted from the leaves of the stevia rebaudiana plant, containing many different naturally occurring sweet compounds called steviol glycosides ("SG"). We are thrilled to offer a great tasting better-for-you beverage sweetened only with SG, which uses less than 1/10th of the land used to produce the same amount of sugar sweetness from sugar cane, and we believe that less land usage means less water and energy usage.

Our suppliers are required to comply with the high standards set forth in our vendor code of conduct, including prohibiting child labor, human trafficking, and discrimination, and promoting diversity, safe and healthy workplaces, and business integrity.

Sales and Marketing and Consumer Outreach

Our marketing strategy from launch has been to drive product trial and customer conversion, targeting consumers as close to the point of purchase as possible, as we believe that many purchasing decisions are made in-store during the shopping experience. As such, we seek to deploy funding to enhance our presence at shelf, including shelf tags, product displays and other means to build consumer awareness and consideration. We also deploy marketing funds in-store, through advertising and couponing vehicles, and around the store via geotargeted digital advertising and offers. In addition, we seek to raise awareness of the Zevia® brand through advertising programs targeted to key lifestyle segments such as families and healthy lifestyle enthusiasts.

In 2024, we expect to invest in marketing out of store to drive awareness and consideration of the Zevia brand, purchase intent, and subsequently conversion.

We aim to create authentic content that focuses on Zevia's taste experience—flavor, sweetness, bubbles and enjoyment—without drinking sugary or artificially sweetened beverages. We believe that combining our focus on taste with the positive sugar reduction and natural sweetener health benefits of our brand—zero sugar, zero plastic, and naturally sweetened products that are affordable to consumers across a broad range of income brackets—creates a compelling proposition that will drive both initial product trial and ongoing brand consumption.

We are undertaking a number of initiatives to increase product trial and enhance brand messaging through awareness-building tactics, which include an improved approach to digital-first marketing, innovation, sampling, and expanding distribution. Our omnichannel approach engages with consumers over multiple touchpoints throughout their product discovery journey, stimulating trial, and leverages our brand awareness to grow cross-portfolio velocities and market share.

We maintain a website at <https://www.zevia.com>, which serves as the most comprehensive source of information regarding our products. Our website is used as a platform to introduce our entire brand portfolio, promote and sell our products, provide news, share recipes, highlight nutritional facts and provide general information on where to purchase our products.

We also use social media platforms such as Facebook and Instagram for online collaboration to support our brand awareness strategy. These platforms allow us to directly engage with our consumers and publish content related to our products, activities and Company and to better connect with potential and existing consumers.

Sales

As of December 31, 2023, our sales team is comprised of 27 people. The team works in close coordination with a national network of broker and distributor sales teams that gives us access to accounts across the U.S.

Innovation

Innovation is an integral part of what we do. We regularly look for ways to improve product taste, expand our offerings across categories and usage occasions, and improve the sustainability of our packaging formats.

Our product development team collaborates across our organization and supplier base to identify areas to improve our existing offerings and create new offerings. Our development team coordinates the creation, testing, launch and improvement of our products in collaboration with our suppliers. We employ in-house food scientists to help create the next iterations of our products.

We have refined certain formulas of our products to help appeal to and meet our consumers' evolving taste profile and have launched line and flavor extensions within existing categories to further fulfill consumer needs. Our robust pipeline of new category innovations is expected to allow us to continue to thoughtfully and strategically innovate within the beverage space and maximize share of stomach by offering flavors and beverages that can appeal to a variety of usage occasions.

Our product development team is also working to improve our ingredients and packaging. We regularly refine our stevia blend in an effort to maintain leadership in our sweetener system and currently use a specific stevia extract product that contains a particular blend of SGs that was found to perform the best across our beverage platform, providing more rounded sweetness with minimal aftertaste commonly associated with other stevia sweeteners. In addition, we continue to evaluate and research alternate ingredients, including plant-based sweeteners other than stevia extract, which may meet or exceed our sensory, sustainability, and cost standards. We also assess how we can reduce our carbon footprint and plastic waste through our packaging. We believe that by consistently offering great tasting products that are all zero calorie and naturally sweetened, with sustainable packaging under one brand, we can attract consumers to our new flavors and categories.

Supply Chain

Our products are produced and distributed through a network of third-party contract manufacturers, suppliers of stevia, and freight and warehouse providers that we have strategically curated. We have valuable, long-standing relationships across our supply chain, and we work closely with our external supply chain partners to try to maximize forward-looking capacity and take a thoughtful approach to how we can leverage our existing relationships with our innovation efforts.

During the fourth quarter of 2023, we made a strategic change in how our products are manufactured. Beginning in the first quarter of 2024, our contract manufacturers are responsible for the procurement of raw materials to produce our products, which are then sold to us as finished goods. We believe this change should allow us to leverage the purchasing power of our contract manufacturers and further diversify, as well as enable us with the flexibility to scale the business. We also onboarded a new global transportation management company in the first quarter of 2024 to support the optimization of the procurement of freight and associated freight management activities to improve our cost management. We believe both of these changes will better optimize our supply chain in order to help support future growth and drive increasing returns as we scale the business.

Ingredients and Ingredient Suppliers

The principal ingredients of our beverages, aside from carbonated water, are stevia sweetener, flavors, and citric acid. All Zevia products are solely sweetened with highly purified stevia leaf extract. Zevia products do not contain erythritol. All Zevia beverages are zero sugar and naturally sweetened with plant-based ingredients that are Non-GMO Project verified. Our stevia leaf extract is procured by our contract manufacturers and sourced from a large multi-national ingredient company with whom we have a long-standing relationship through a two-year agreement that was entered into October 15, 2023, which includes fixed pricing for the duration of the term. During 2023, we also tested and approved the use of another stevia leaf extract supplier, whose stevia leaf is derived from a region different than the above supplier. Although we do not view our stevia blend as a commodity ingredient, we continue to seek to diversify sourcing to help de-risk supply and cost shocks from potential global disruptions. Our product development team provides ongoing sensory and cost evaluation of competing stevia extract products as well as other plant-based sweeteners as a means of planning alternate sources of supply that meet or exceed our sensory expectations.

Flavors are developed in collaboration with our product development team and our flavor ingredient suppliers. These suppliers produce and supply the unique flavor ingredients to our contract manufacturers, and as our contract manufacturers procure these ingredients, we do not have long-term supply agreements with these ingredient suppliers. For flavors and stevia leaf extract, we continue to seek to diversify our approved sources in order to de-risk potential ingredient supply interruptions.

Packaging and Packaging Suppliers

We have chosen aluminum beverage cans as our primary packaging containers, which have the highest recycling rate of any beverage packaging format and a low carbon footprint in the supply chain. Our contract manufacturers source beverage cans through major can manufacturers.

Manufacturing and Supply Planning

We have relationships with three contract manufacturers that operate manufacturing facilities across the U.S. and Canada. We expect to continue seeking out other potential partnerships that provide cost competitiveness, responsiveness, and geographic growth potential. We also multi-source package types where volumes allow to mitigate supply risk in the event of a disruption at a specific facility and to disperse production geographically to reduce freight miles driven to distribute our products. Our contracts are typically in the form of multi-year master service agreements that define overall commercial and legal terms, while volume forecasts, production costs and other services are typically re-evaluated annually or as needed.

Quality Control

We receive certifications from our suppliers in order to confirm that they meet our specifications. Contract manufacturers perform in-process quality checks common to the carbonated soft drink industry, throughout the manufacturing process. We provide beverage specifications for every unique formula, as well as Zevia-specific quality requirements to our contract manufacturers so that they comply with our unique needs.

Zevia personnel also conduct a secondary layer of quality control checks to identify any potential quality discrepancies not reported or identified by our contract manufacturers, and to document their ongoing performance. Our quality team places specific inventory on hold at all inventory locations if either the contract manufacturer or our quality team identifies any suspected discrepancy, to allow for immediate investigation and corrective action if necessary.

Distribution

We believe we have created a meaningful flywheel for consumer acquisition in which shoppers are able to discover, learn about and purchase our brand online and offline across multiple channels and platforms. Our online platforms serve as trial generating and transaction intensification opportunities, allowing for full Zevia portfolio offerings, including our bestselling variety packs, which stimulate significant consumer engagement. In addition to helping Zevia remain one of the top-selling carbonated soft drink brands on Amazon in 2023, our e-commerce buyers are also heavily engaged with the brand offline. According to Numerator more than half of Zevia shoppers who purchased us online in 2023 also purchased Zevia in brick-and-mortar retailers. Moreover, shoppers who bought Zevia products online spend 2.5x more on our brand across all channels on average.

Offline, we have strong, long-standing relationships with grocery, drug, warehouse club, mass, natural, and specialty retailers with whom we can grow distribution and sales through increased store penetration and shelf space. We lost distribution on a temporary basis due to supply chain challenges in 2023, but we expect to regain this distribution in 2024. We sold in more than 34,000 retail locations in 2023 according to SPINS and Nielsen data. We believe that our brick-and-mortar retailers value Zevia's continued sales growth and higher margin profile, giving us confidence that we can expand our presence over time in terms of store count and number of items carried. Beyond these channels, we believe there is significant opportunity to continue expanding distribution and total item availability in the mass, drug, warehouse club, convenience, and foodservice channels, putting Zevia at arm's reach for consumers.

Competition

We believe we compete broadly with all categories of liquid refreshment beverages. The beverage industry is highly competitive and continues to evolve in response to changing consumer preferences. Competition is generally based on brand recognition, taste, quality, price, ingredients, availability, selection and convenience, as well as factors related to corporate responsibility and sustainability. We believe we compete effectively with respect to each of these factors. Our competitors in the beverage market include category leaders such as The Coca-Cola Company, Keurig Dr. Pepper, PepsiCo, Inc., National Beverage Corp., Monster Energy, and Red Bull, as well as established naturally positioned soda brands like Virgils and Reeds and emerging better-for-you functional soda brands like Poppi and Olipop.

Human Capital Resources

Zevia's passion to democratize healthier lifestyles – by providing affordable, better-for-you, naturally sweetened beverages without sugar or calories and never in plastic containers – is reflected in the organization's people and culture. We offer a diverse, inclusive, and challenging work environment comprised of team members who are representative of the communities we serve. Our core values – passion, respect, gratitude, learning, a positive attitude, teamwork, continuous improvement, and living our best, – are at the foundation of our strategies to drive our mission and business. In order for us to attract and retain the best talent, we have an inclusive, strategic, and well-defined human capital planning process and a management approach that aligns to our business needs and mission.

As of December 31, 2023, we had 111 full-time team members in the U.S, and 4 full-time team members in Canada. We also utilize independent contractors and temporary personnel to supplement our workforce. None of our team members is represented by a labor union. We maintain a strong relationship with our team members and have never experienced a labor-related work stoppage.

Our Board of Directors provides oversight on certain human capital management matters, including through its Compensation Committee, which is responsible for governance over policies regarding human capital and compensation practices, including executive compensation, diversity, inclusion, pay equity, recruiting, retention, training and development, safety, and creating a working environment consistent with our culture, objectives and strategy.

Employee Health and Safety

As a values-driven organization, the health, safety, and well-being of our team members is our top priority. We prioritize safety for all employees through a combination of education, training, and safety-related policies, while also maintaining compliance with applicable regulations, including Occupational Safety and Health Administration (OSHA) guidelines and mandates by local health authorities. Specifically, we implement custom Injury and Illness Prevention Programs for our headquarters including safety training for our innovation lab, medical emergencies, power failure, bomb threat, fire safety, earthquake, and evacuation prevention practices.

Diversity, Equity, Inclusion & Belonging

Our commitment to diversity, equity, inclusion and belonging is focused on promoting equal employment opportunities and starts at the top with a highly skilled, diverse executive leadership team and Board of Directors in terms of both gender and race. We promote diversity, equity, inclusion, and belonging across our organization, via framework that is centered on providing equal opportunities and minimizing subjectivity via data-driven decisions to reduce the risk of bias and help ensure that everyone owns responsibility for inclusive behaviors and actions across the organization.

Zevia promotes equity through consistency and fairness with our people policies and practices that are designed to offer access, opportunity, and career growth for all team members equally. We have best practice standards across various stages of the employee lifecycle, including performance standards. We strive to make promotions, compensation, and growth opportunities impartial, just, and transparent. We maintain a consistent compensation policy across base salary, bonus, equity in the form of Restricted Stock Units (“RSUs”) and stock options, and benefit contributions. We believe everyone is an owner at Zevia, and we work together as one team to deliver results and achieve performance.

Our Diversity, Equity, Inclusion and Belonging (“DEI&B”) Taskforce, comprised of a diverse group of representatives across the organization, aims to give our team members a voice in DEI&B work and allows different perspectives to shape and hold accountable and transparent our people policies and practices. In partnership with our People team, the DEI&B Taskforce prioritizes topics related to the lifecycle of an employee’s experience at Zevia and through a DEI&B lens, offers suggestions for improvement. In the latter part of 2023, the team also worked on defining equity and developing long-term initiatives and objectives. Team members participate in the DEI&B Taskforce for twelve-months and regularly report on its work, priorities, and accomplishments to the overall organization, to foster transparency and trust.

Culture and Engagement

Our team drives the success of our brand, and every leadership or full team engagement features a conscious effort to engage and communicate with a focus on our values. Our People team manages themes for contests, celebrations across diverse interests through the year, mental health resources, open surveys, team communication platforms, and training on resource access.

To meet our human capital objectives, we frequently utilize internal employee surveys to understand the effectiveness of our people programs and where we can improve across the organization. In 2023, we launched a semi-annual engagement survey and monitored employee feedback for continuous improvements in culture with a focus on high-performance and people-centric initiatives. Our team also has access to and participated in independent third-party surveys through Comparably.com, providing qualitative results that reported a rating of 4.5 out of 5 stars for Company Culture, and 95 out of 100 for CEO Rating.

In 2023, the Company was recognized with the following three awards from Comparably.com, measured by anonymous employee surveys: 2023 Best CEO for small to mid-size companies, 2023 Best CEOs for Women, and 2023 Best Company for Career Growth.

Talent Acquisition

We hired 40 new team members in 2023, 85% of which were sourced by internal recruitment. As part of our DEI initiative, we have implemented recruitment practices designed to remove bias in the selection process and we reflect our values to candidates through job description language using gender-neutral pronouns, no video calls during the first interview, and standard assessments for applicable roles. We find candidates through a wide variety of sources to expand diversity, we offer flexible education requirements by role, and structure interviews with consistent processes to promote equal employment opportunities and minimize bias. We conduct transparent, collaborative and panel interviews for group input on all hires.

Benefits and Compensation Strategies

We strive to attract and retain diverse, high caliber individuals who raise the talent bar by offering competitive compensation and benefit packages, regardless of their gender, race, or other personal characteristics. Our compensation program is designed to ensure our talented team is paid fairly and equitably, and well rewarded for performance. The foundation of our compensation policy is a base salary and a performance-based bonus with targets tied to the Company’s annual financial performance. We regularly review and survey our compensation and benefit programs against market to confirm we remain competitive in our hiring practices. We aim for equal pay for equal work and make conscious efforts to close the pay equity gap through market adjustments and new-hire offers considered via thorough and transparent analysis.

Every full-time team member is eligible to receive equity-based compensation, which provides a sense of ownership and next-level engagement among employees at all levels. Zevia also offers a Fortune-500 style benefits package that incorporates a robust contribution for all tiers of coverage to include: medical, health savings account employer contribution, dental, vision, group and voluntary life & AD&D, critical illness, hospital indemnity, accident, short-term and long-term disability insurance, flexible spending accounts, pet insurance, legal access, and individual disability (ID) protection. We offer a 401(k) Safe Harbor Retirement savings plan with Company matching contributions and no vesting schedule. We have comprehensive paid time off and sick policies, paid bereavement, holidays, flexible schedules, remote and hybrid work, employee assistance programs, and a generous parental leave policy.

Our policies apply worldwide, with competitive benefit packages for all team members consistently applied but tailored to market-specific practices by country.

Training and Organizational Development

Our team members have access to various internal and external formal training and development courses to support individual growth. We offer an annual professional development allowance for continued advancement, with focus on a team member's career path at Zevia. We seek to promote from our internal talent pool as part of our enterprise-wide succession plan. Our internal training includes custom content by department and role, 100% participation in unconscious bias training, and management training and development. In 2023, we continued with our Zevia University initiative where we offer unlimited courses online for all levels of employees to enhance soft skills, professional acumen, and discipline-specific skills. We had 185 total course enrollments with 33% of those being new learners in 2023.

Performance Management

We are focused on setting clear and specific expectations for performance that align with individual strengths and company objectives. We believe in a customized approach, where high performers are rewarded. Our managers also conduct 90-day reviews for new hires, mid-year reviews to formally track performance, and annual reviews for all employees, goals management throughout the year via our Human Resources Information System platform and incorporate short- and long-term career goals during each review. We also conduct regular one-on-one sessions to provide feedback, coaching and support. Our approach is designed to foster accountability, transparency, and recognition, which we believe drives both retention and high performance.

Seasonality

As is typical in the beverage industry, sales of our beverages are seasonal, with the highest sales volumes generally occurring in the second and third fiscal quarters, which correspond to the warmer months of the year in our major markets.

Trademarks and Other Intellectual Property

We own domestic and international trademarks and other proprietary rights that are important to our business, including our principal trademark, Zevia®. Depending upon the jurisdiction, trademarks are valid as long as they are used in the regular course of trade and/or their registrations are properly maintained. All of our material trademarks are registered with the U.S. Patent and Trademark Office. Our trademarks are valuable assets that reinforce the distinctiveness of our brand to our consumers. We have applied for or have trademark registrations internationally as well. We believe the protection of our trademarks and domain names is important to our success.

We aggressively protect our intellectual property rights by relying on trademark laws and other laws related to proprietary rights around the world. Our domain name is <https://www.zevia.com>.

Government Regulation

In the normal course of our business, we are subject to a variety of federal, state, provincial and local laws and regulations in the countries in which we do business. Regulations apply to many aspects of our business, including our products and their ingredients, manufacturing, safety, labeling, transportation, recycling, advertising and sales.

Our products and sales of our products are regulated in the U.S. as conventional foods. Our products and their manufacturing, labeling, marketing and sale in the U.S. are subject to stringent regulations and standards established by, among others, the U.S. Federal Trade Commission ("FTC"), the U.S. Food and Drug Administration ("FDA"), the U.S. Department of Agriculture ("USDA"), the U.S. Environmental Protection Agency ("EPA"), OSHA and similar state and local agencies. The regulations and standards include various aspects of the Federal Food, Drug, and Cosmetic Act ("FDCA"), the Federal Trade Commission Act, the Food Safety Modernization Act, the Lanham Act, the Robinson-Patman Act, the Clayton Antitrust Act of 1914, workplace health and safety laws, state consumer protection laws and state warning and labeling laws, such as Safe Drinking Water and Toxic Enforcement Act of 1986 ("Proposition 65") in California, and the Federal Insecticide, Fungicide, and Rodenticide Act. Under these statutes, federal and state agencies regulate, among other things, the manufacturing, preparation, quality control, import, export, packaging, labeling, storage, recordkeeping, marketing, advertising, promotion, distribution, fair pricing, safety, and/or adverse event reporting of conventional foods. Among other things, manufacturers of conventional foods must meet current good manufacturing practices ("cGMPs") and other requirements applicable to the manufacturing, packaging, labeling and holding of foods. In addition, our products are manufactured pursuant to special certification programs such as those for organic, Kosher, Global Food Safety Initiative, and non-GMO products among others, and we must comply with strict standards imposed by federal, state, and third-party certifying organizations.

Pursuant to the Food Safety Modernization Act ("FSMA"), the FDA promulgated additional requirements to enhance food safety and prevent food contamination, including more frequent inspections and increased recordkeeping and traceability requirements. The FSMA also holds imported foods to the same standards as domestic foods. The FDA requires that certain nutrient and product information appear on product labels and that the labels and labeling be truthful and not misleading. Similarly, the FTC requires that marketing and advertising claims be truthful, not misleading, not deceptive to customers and substantiated by adequate scientific data. We are also restricted from making certain claims about our products, including health claims, claims that our products treat, cure, mitigate or prevent disease or claims regarding the effects of our products on the structure or function of the body except under certain limited circumstances.

We are required to comply with federal, state, and local environmental laws and regulations such as restrictions on certain packaging containing per- and polyfluoroalkyl substances (PFAS), and bottle deposit ordinances. We continue to monitor the applicable regulations and seek to create policies and practices designed to abide by all applicable environmental laws, rules, regulations, and ordinances applicable to our business and products. While our compliance to date has not had, and is not expected to have, a material financial effect on our business or our operations, our obligations for compliance may become more burdensome as more restrictive requirements or regulations may be imposed or enacted in the future.

Products that do not comply with any governmental or third-party regulations and standards may be considered adulterated or misbranded and we may face adverse consequences, including but not limited to, warning or untitled letters, product withdrawals or recalls, product seizures, relabeling or repackaging, total or partial suspensions of manufacturing or distribution, import holds, injunctions, fines, civil penalties, civil law suits, or criminal prosecution.

Various states, provinces and other authorities require deposits, eco-taxes or fees on certain products or packaging. Similar legislation or regulations may be proposed in the future at local, state, provincial and federal levels, both in the U.S. and elsewhere.

We are also subject to labor and employment laws, laws governing advertising, safety regulations and other laws, including consumer protection regulations that regulate retailers.

In addition, we are subject to federal and state laws and regulations related to cybersecurity, privacy and data protection, including the California Consumer Privacy Act (effective as of January 1, 2020), by the California Privacy Rights Act (effective as of January 1, 2023), the Virginia Consumer Data Protection Act, (effective as of January 1, 2023), the Colorado Privacy Act (effective as of July 1, 2023), the Connecticut Data Privacy Act (effective as of July 1, 2023), and the Utah Consumer Privacy Act (effective as of December 31, 2023). Additional U.S. privacy laws continue to be proposed. We continue to monitor the U.S. privacy and data protection law landscape, evaluate the potential impact on our business, and develop strategies to maintain our privacy and data protection compliance programs and policies.

In Canada, the manufacture, distribution, marketing and sale of our products are also subject to compliance with similar laws, rules and regulations.

Item 1A. Risk Factors.

RISK FACTORS

We are providing the following summary of the risk factors contained in this Annual Report. We encourage you to carefully review the full risk factors immediately following this summary as well as the other information contained in this Annual Report, including our consolidated financial statements and the related notes. The occurrence of any of the following risks, as well as any risks or uncertainties not currently known to us or that we currently do not believe to be material, could materially and adversely affect our business, results of operations and financial condition, which may adversely affect the trading price of our Class A common stock.

Summary of Risk Factors

This summary should be read in conjunction with the remainder of this “Risk Factors” section and should not be relied upon as an exhaustive summary of the material risks facing our business. The occurrence of any of these risks could harm our business, financial condition, results of operations and/or growth prospects or cause our actual results to differ materially from those contained in forward-looking statements we have made in this Annual Report and those we may make from time to time. You should consider all of the risk factors described in our public filings when evaluating our business. The following is a summary of the principal factors that make an investment in the Company speculative or risky:

- failure to further develop, maintain, and promote our brand;
- changes in the retail landscape or the loss of key retail customers;
- product safety and quality concerns, including those relating to our plant-based sweetening system, which could negatively affect our business by exposing us to lawsuits, product recalls or regulatory enforcement actions, increasing our operating costs and reducing demand for our product offerings;
- change in consumer preferences, perception and spending habits, particularly due to impacts of inflation, in the commercial beverage industry and on zero sugar, naturally sweetened products, and failure to develop or enrich our product offerings or gain market acceptance of our products, including new offerings;
- inability to compete in our intensely competitive industry;
- fluctuation in our net sales and earnings as a result of price concessions, promotional activities and chargebacks;
- failure to introduce new products or successfully improve existing products;
- inaccurate or misleading marketing claims, whether or not substantiated;
- loss of any registered trademark or other intellectual property or actual or alleged claims of infringement of intellectual property rights;
- our history of losses and potential inability to achieve or maintain profitability;
- failure to attract, hire, train or retain qualified personnel, manage our future growth effectively or maintain our company culture;
- the impact of adverse global macroeconomic conditions, including relatively high interest rates, recession fears and inflationary pressures, and geopolitical events or conflicts;
- climate change, adverse weather conditions, natural disasters and other natural conditions;
- difficulties and challenges associated with expansion into new markets;
- inability to obtain raw materials on a timely basis or in sufficient quantities to produce our products or meet the demand for our products due to reliance on a limited number of third-party suppliers and trade tensions between the U.S. and China;
- substantial disruption within our supply chain or distribution channels, including disruption at our contract manufacturers, warehouse and distribution facilities, failure by our transportation providers to facilitate on-time deliveries, or our own failure to accurately forecast;
- extensive governmental regulation and enforcement if we are not in compliance with applicable requirements;
- changes in laws and regulations relating to beverage containers and packaging as well as marketing and labeling;
- dependence on distributions from Zevia LLC to pay any taxes and other expenses;
- impact from our status, duty and liability exposure as a public benefit corporation;
- inadequacy, failure, interruption or security breaches of our information technology systems and failure to comply with data privacy and information security laws and regulations.
- the impact of any future pandemics, epidemics, or other disease outbreaks on our business, results of operations and financial condition;

Risks Relating to Our Business, Our Industry and Macroeconomic Conditions

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

We believe our continued success depends on our ability to maintain and grow the value of the Zevia® brand. Because our products are comprised of a handful of simple ingredients that are readily available in the market and we do not depend on a particular flavor as we are continually reformulating and remodifying flavors, we are particularly dependent on maintaining the success of our brand and reputation.

Maintaining, promoting and positioning our brand and reputation will depend on, among other factors, the success of our plant-based product offerings, food safety, quality assurance, marketing and merchandising efforts and our ability to provide a consistent, high-quality customer experience. Any negative publicity, regardless of its accuracy, could materially adversely affect our business. Brand value is based on perceptions of subjective qualities, and any incident that erodes the loyalty of our customers, suppliers or manufacturers, including adverse publicity or a governmental investigation or litigation, could significantly reduce the value of our brand and significantly damage our business. Furthermore, as existing ecommerce and media platforms continue to rapidly evolve and new platforms develop, we must continue to maintain a presence on these platforms and establish presences on new or emerging platforms to maintain our brand. If we are unable to cost-effectively use these platforms as marketing tools, our ability to maintain and acquire consumers and our operations could suffer.

The commercial beverage industry is subject to rapid and frequent changes in consumer demands. Therefore, we may not be able to promote our products effectively through our marketing and advertising campaigns and enhance our brand recognition amongst consumers. If our products fail to gain market acceptance, cannot keep pace with nutritional, scientific, or regulatory developments or changing consumer preferences, are restricted by regulatory requirements or have quality issues, we may not be able to fully recover costs and expenses incurred in our operations, and our business, financial condition or results of operations could be materially and adversely affected.

Changes in the retail landscape or the loss of key retail customers that cannot be replaced in a timely manner could adversely affect our results of operations and financial performance.

The consumer-packaged goods industry is being affected by the trend toward consolidation in, and blurring of, the lines between retail channels. Larger retailers have sought lower prices from us, demanded increased marketing or promotional expenditures, and have and may continue to use their distribution networks to introduce and develop private label brands, any of which could negatively affect our profitability. The consolidation of retail customers may reduce the number of branded products they offer in order to accommodate private label products and increase the risk that a significant adverse impact on their business could have a corresponding material adverse impact on our business.

We sell a substantial portion of our products to specific customers. In 2023, our largest customer represented 13% of our net sales and our second largest customer represented 10% of our net sales, and our largest ten customers represented 73% of our net sales. No other customers represented more than 10% of our net sales in 2023. In 2023, the e-commerce channel represented approximately 11% of our net sales. The loss of any large customer, the reduction of purchasing levels or the cancellation of any business from a large customer for an extended length of time could negatively impact our sales and profitability. We expect that most of our sales will be made through a small number of customers for the foreseeable future. For these customers, we do not have short-term or long-term commitments in our contracts that ensure future sales of our products. If we lose one or more of our significant customers and cannot replace the customer in a timely manner or at all, our business, results of operation and financial condition may be materially adversely affected. Similarly, if we do not maintain our relationship with existing customers or develop relationships with new customers, the growth of our business may be adversely affected and our business may be harmed. Consequently, our financial results may fluctuate significantly from period to period based on the actions of one or more significant retailers. A retailer may take actions that affect us for reasons that we cannot always anticipate or control, such as their financial condition, changes in their business strategy or operations, a reduction in the number of brands they carry, a reduction or shift of shelf space, the introduction of competing products or the perceived quality of our products. There can be no assurance that retailers will provide sufficient, or any, shelf space, nor that online retailers will provide online access to, or adequate product visibility on, their platform. Despite operating in different channels, our retailers sometimes develop their own beverages that compete for the same consumers. Because of actual or perceived conflicts resulting from this competition, retailers may take actions that negatively affect us. For example, we have had retailers develop brands that compete with our brand and as a result, saw a shift in our shelf space in store to private label and competitive products. In addition, our success depends in part on our ability to maintain good relationships with key retail customers.

Product safety and quality concerns, including relating to our plant-based sweetening system, could negatively affect our business by exposing us to lawsuits, product recalls or regulatory enforcement actions, or our brand dilution, which could increase our operating costs and reduce demand for our product offerings.

The success of our business depends in part on our ability to maintain consumer confidence in the safety and quality of all of our products, including relating to our plant-based sweetening system. The sale of products for human use and consumption involves the risk of injury or illness to consumers. We are subject to and are required to maintain compliance with various quality, environmental, health and safety supply chain standards. A failure or perceived failure to meet our quality or safety standards and comply with applicable regulations, including product adulteration, contamination, or tampering, or allegations of mislabeling, whether actual or perceived, could occur in our operations or those of our contract manufacturers, distributors or suppliers. This could result in time consuming and expensive production interruptions, negative publicity, the destruction of product inventory, the discontinuation of sales or our relationships with customers, contract manufacturers, distributors, or suppliers, the dilution of our brand, lost sales due to the unavailability of product for a period of time and higher-than-anticipated rates of returns of goods. The occurrence of health-related illnesses, public health concerns, or other incidents related to the consumption of our products, including allergies, excessive consumption or death to a consumer, could also adversely affect consumer perceptions and affinity for our brand, harm our reputation, and affect the price and availability of affected ingredients, resulting in higher costs and disruptions in supply, which could cause a material reduction in our sales.

Noncompliance with applicable food product quality and safety regulations can result in enforcement action by applicable regulatory agencies, including product recalls, market withdrawals, product seizures, warning letters, injunctions, or criminal or civil liability. Such incidents could also expose us to product liability, negligence or other lawsuits, including consumer class action lawsuits. Any claims brought against us may exceed the limits or be outside the scope of our existing or future insurance policy coverage. Any judgment against us that is more than our policy limits, not covered by our policies or not subject to insurance would have to be paid by us, which would affect our results of operations and financial condition. Moreover, negative publicity also could be generated from false, unfounded or nominal liability claims or limited recalls.

Negative publicity surrounding the health effects of our plant-based sweetening system or other ingredients in our products could have an adverse effect on our business including reports that stevia extract or plant-based sweeteners (or another ingredient) cause adverse effects on consumer health, whether founded or unfounded. Future similar founded or unfounded claims could cause customers or consumers to reduce the number of our products that they purchase or stop buying our products altogether. Additionally, negative information on social media or networking websites about our products or any ingredients included in our products, even if inaccurate or malicious, could generate adverse publicity that could damage the reputation of our brand or the Company. Any or all of these events may lead to a loss of consumer confidence and trust, could damage the goodwill associated with our brand, cause consumers to choose other products, and negatively affect our business and financial performance.

We could be adversely affected by a change in consumer preferences, perception and spending habits in the commercial beverage industry and on naturally sweetened products, and failure to develop or enrich our product offerings or gain market acceptance of our new products including any new offerings, could have a negative effect on our business.

We have positioned our brand to capitalize on growing consumer interest in plant-based, clean label, ethically produced and great-tasting beverages, particularly those sweetened with stevia extract or other plant-based sweeteners as an alternative to sugar or artificial sweeteners. Our products are solely sweetened by highly purified stevia extract and do not contain Erythritol. The market in which we operate is subject to changes in consumer preference, perception and spending habits. Our performance depends significantly on factors that may affect the level and pattern of consumer spending in the commercial beverage industry market in which we operate. Such factors include consumer preference, consumer confidence, consumer income, consumer perception of the safety and quality of our products and shifts in the perceived value for our products relative to alternatives. Media coverage regarding the safety or quality of, or diet or health issues relating to, our products or the raw materials, ingredients (particularly stevia or other plant-based sweeteners) or processes involved in their manufacturing may damage consumer confidence in our products. A general decline in the consumption of our products could occur at any time as a result of change in consumer preference, perception, confidence and spending habits, including an unwillingness or inability to purchase our products due to financial hardship or increased price sensitivity, which may be exacerbated by the effects of inflation and global public health concerns such as epidemics and pandemics.

The success of our products depends on a number of factors, including continued market acceptance of stevia, our ability to accurately anticipate changes in market demand and consumer preferences, our ability to differentiate the quality of our products from those of our competitors, the effectiveness of our marketing and advertising campaigns for our products, consumer purchasing power, and macro-economic factors. We may not be successful in developing products that respond to changing trends in consumer preferences in a timely manner or at all. If we do not accurately anticipate the future demand for a particular product or the time it will take to obtain new inventory, our inventory levels may be inadequate and our results of operations may be negatively impacted.

In addition, in many of our markets, consumer shopping patterns evolve with rapidly shifting preferences among e-commerce, brick and mortar, and digitally supported shopping. If we fail to address changes in consumer product and shopping preferences, or do not successfully anticipate and prepare for future changes in such preferences, our share of sales, revenue growth and overall financial results could be negatively affected.

If we are unable to compete in our intensely competitive industry, our business may not grow or succeed.

We operate in the highly competitive commercial beverage industry that continues to evolve in response to changing consumer preferences. Some of our competitors, such as The Coca-Cola Company, Keurig Dr. Pepper, PepsiCo, Inc., National Beverage Corp., Monster Energy, and Red Bull, are multinational corporations with significantly greater financial resources than us. These competitors can use their resources and scale to rapidly respond to competitive pressures and changes in consumer preferences by introducing new products, changing their route to market, reducing prices or increasing promotional activities. We also compete with a range of emerging brands, including a number of smaller brands and a variety of smaller, regional and private label manufacturers. Smaller companies may be more innovative, better able to bring new products to market and better able to quickly exploit and serve niche markets. If we are unable to effectively compete in the commercial beverage industry, we may not be able to maintain or improve the market position of our brand.

Our sales may be negatively affected by numerous factors, including our inability to maintain or increase prices, our inability to effectively promote our products, our inability to move out of niche locations in-store to broader appeal category locations due to competitor and retailer actions, our inability to increase or sustain our volume of shelf space in-store or obtain optimal presence on store shelves to display our products, ineffective advertising and marketing campaigns, new entrants into the market, the decision of wholesalers, retailers or consumers to purchase competitors' products instead of ours, and increased marketing costs and in-store placement and slotting fees due to our competitors' willingness to spend aggressively. Competitive pressures may also cause us to reduce prices we charge customers or may restrict our ability to increase such prices. In order to remain competitive, we may also need to increase our marketing and advertising spend, which could have an impact on our operating results.

Our net sales and earnings may fluctuate as a result of price concessions, promotional activities and chargebacks.

We are often required to grant retailers price concessions that negatively impact our margins and our profitability in order to compete with our larger competitors with significantly greater financial resources. If we are not able to lower our cost structure adequately in response to such competitive customer pricing, and if we are not able to attract and retain a profitable customer mix and a profitable product mix, our profitability could continue to be adversely affected.

In addition, we periodically offer sales incentives through various programs to customers and consumers, including temporary price reductions, off-invoice discounts, retailer advertisements, product coupons and other trade activities. We also periodically provide chargebacks to our retailers, which include credits or discounts on the sale of our products to consumers. The cost associated with promotions and chargebacks is estimated and recorded as a reduction in net sales. We anticipate that these price concessions and promotional activities could adversely impact our net sales and that changes in such activities could adversely impact period-over-period results. If we are not accurate in predicting the performance of such promotions, or in estimating chargebacks, our business, financial condition and results of operations would be adversely affected. Additionally, unforeseen issues with the workforce of our supply chain or retailers failing to execute on the proposed timeline for the promotions could prohibit us from executing planned promotions and programs and have an adverse effect on our planned volume performance.

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

Part of our growth strategy depends on our ability to develop and market new products and improvements to our existing products that meet our standards for quality and appeal to consumer preferences. The success of our innovation and product development efforts is affected by our ability to anticipate changes in consumer preferences, the technical capability of our innovation staff in developing and testing product prototypes, including complying with applicable governmental regulations, and the success of our management and sales and marketing teams in introducing and marketing new products. Our innovation team is regularly working to enhance the taste of our beverages and quality of our ingredients, including expanding to additional flavors and categories. Failure to develop and market new products that appeal to consumers may lead to a decrease in our growth, sales and profitability. If we are unsuccessful in meeting our objectives with respect to new or improved products, our business could be harmed. Further, efforts to market and sell our innovation products as incremental placements to existing products on-shelf could potentially lead to the discontinuation of existing products to make room for the innovative products, which may generate less sales than existing, familiar products. On the other hand, failure to attempt to market and sell our innovative products could limit the potential incremental revenue those products might provide.

Inaccurate or misleading marketing claims may harm our brand and business.

Although we take measures to ensure that public information about our company and brand is accurate, compliant with regulations and substantiated by factual analysis and research, we may be subject to claims that such information is false or misleading. Even if such claims are disproven, any negative publicity surrounding an assertion that our marketing materials are inaccurate could cause consumers to lose confidence in the safety and quality of our products. In addition, a judgment against us could lead to further litigation and have a material adverse effect on our business, financial condition, results of operations or liquidity. Our use of social media influencers for product promotion and marketing may expose us to risk that such content could contain problematic, inaccurate, or misleading product or marketing claims. These influencers could also engage in behavior that reflects poorly on our brand. Any claims or behavior by such influencers may be attributed to us and expose us to fines, monetary liabilities, or could harm our brand reputation all of which could have an adverse impact on our business and operations.

The loss of any registered trademark or other intellectual property or actual or alleged claims of infringement or violation of intellectual property rights could hurt our business.

We utilize intellectual property in our business. Our trademarks are valuable assets that reinforce our brand and consumers' favorable perception of our products. We have invested a significant amount of money in establishing and promoting our trademarked brands. Our continued success depends, to a significant degree, upon our ability to protect and preserve our intellectual property.

We rely on confidentiality agreements and trademark law to protect our intellectual property rights. Our confidentiality agreements with our employees and certain of our consultants, contract employees, suppliers and independent contractors, including some of our contract manufacturers who use our formulations to manufacture our products, generally require that all information made known to them be kept strictly confidential. Further, some of our formulations have been developed by or with our suppliers and contract manufacturers. As a result, we may not be able to prevent others from independently developing and using similar formulations.

We cannot assure you that the steps we have taken to protect our intellectual property rights are adequate, that our intellectual property rights can be successfully defended and asserted in the future or that third parties will not infringe upon or misappropriate any such rights. In addition, our trademark rights and related registrations may be challenged in the future and could be canceled or narrowed. Failure to protect our trademark rights could prevent us in the future from challenging third parties who use names and logos similar to our trademarks, which may in turn cause consumer confusion or negatively affect consumers' perception of our brand and products. Failure to protect our rights could also prevent us from entering into new markets or territories in the future.

Moreover, intellectual property disputes, proceedings, misappropriation or infringement claims may result in a significant distraction for management, diversion of resources, and significant expense, which may not be recoverable regardless of whether we are successful. Such proceedings may be protracted with no certainty of success, and an adverse outcome could subject us to liabilities, force us to cease use of certain trademarks or other intellectual property or force us to enter into licenses with others. Any one of these occurrences may have an adverse effect on our business, financial condition and results of operations.

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

We have experienced net losses in each year since our inception. We incurred net losses of \$28.3 million in 2023 and of \$47.6 million in 2022. We anticipate that our operating expenses, excluding equity-based compensation, will increase over time as we continue to invest in growing our business, increasing our customer base, supplier network and contract manufacturers, and expanding our marketing channels. Our expansion efforts may prove more expensive than we anticipate, and there is no guarantee that these efforts will translate into sufficient sales to cover our expenses and result in profits. We incur significant expenses in developing our innovative products and obtaining, storing, and marketing our products. In addition, many of our expenses are fixed. Accordingly, we may not be able to achieve profitability, and we may continue to incur significant losses in the future.

If we fail to attract, hire, train and retain qualified personnel, manage our future growth effectively or maintain our company culture, our business could be materially adversely affected.

Our growth and success depends in part upon our ability to attract, hire, train and retain a sufficient number of highly qualified and skilled employees who understand and appreciate our culture and can represent our brand effectively and establish credibility with our business partners, retailers and consumers. Any of our employees may terminate his or her employment with us at any time. If we are unable to attract, hire and retain employees capable of meeting our business needs and expectations, our business and brand image may be impaired. The failure to meet our staffing needs or any material increase in unplanned turnover rates of our employees may adversely affect our business, results of operations and financial condition.

We believe our culture and our brand have been key contributors to our success to date and promote a sense of greater purpose and fulfillment in our employees. The continued work on our culture is necessary for our continued success as we build our employer brand. If we fail to maintain our company culture or focus on our employer brand while developing our current employees and integrating new employees, our business and competitive position could be materially harmed.

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

Adverse and uncertain economic conditions, including the impacts of inflation, may impact distributor, retailer and consumer demand for our products. In addition, our ability to manage normal commercial relationships with our suppliers, contract manufacturers, distributors, retailers and creditors may suffer. Consumers may shift purchases to lower-priced or other perceived value offerings during economic downturns and periods of high inflation. In addition, consumers may choose to purchase private label products rather than branded products because they are generally less expensive. Distributors and retailers may become more conservative in response to these conditions and seek to reduce their inventories. Our results of operations depend upon, among other things, our ability to maintain and increase sales volume with our existing distributors, retailer customers, our ability to attract new consumers, the financial condition of our consumers and our ability to provide products that appeal to consumers at the right price. This past year, inflationary pressures raised overall supply chain costs and manufacturing and labor costs, which impacted our margins. Prolonged unfavorable economic conditions may have an adverse effect on our sales and profitability.

Climate change may negatively affect our business and operations.

We believe greenhouse gases in the atmosphere have and will continue to have an adverse impact on global temperatures, weather patterns and the frequency and severity of extreme weather and natural disasters. As climate change has a negative effect on agricultural productivity, we may be subject to decreased availability or less favorable pricing for certain commodities that are necessary for our products, such as stevia extract. As a result of climate change, we are and may continue to be subjected to decreased availability of water, deteriorated quality of water or less favorable pricing for water, which could adversely impact our contract manufacturers' operations, as well as the agricultural businesses of our suppliers, which rely on the availability and quality of water. As demand for water continues to increase, water becomes scarcer, and the quality of available water deteriorates, we may incur increased manufacturing costs or face capacity constraints that could adversely affect our profitability or net sales.

Adverse weather conditions, fires, natural disasters, crop disease, pests and other natural conditions can impose significant costs and losses on our business.

Agricultural products, including the stevia rebaudiana plant, are vulnerable to adverse weather conditions, including severe rains, drought and temperature extremes, floods and windstorms, which are common but difficult to predict. Agricultural products also are vulnerable to crop disease and to pests, which may vary in severity and effect, depending on the stage of production at the time of infection or infestation, the type of treatment applied and climate conditions. Unfavorable growing conditions caused by these factors can reduce both crop size and crop quality and, in extreme cases, entire harvests may be lost. Additionally, adverse weather or natural disasters, including fires, earthquakes, winter storms, floods, droughts, or volcanic events, could impact manufacturing and business facilities, which could result in significant costs and meaningfully reduce our capacity to fulfill orders and maintain normal business operations. These factors may result in lower sales volume and increased costs of raw materials and manufacturing. Incremental costs, including transportation, may also be incurred if we need to find alternate short-term supplies of products from alternative areas. These factors can increase costs, decrease revenues and lead to additional charges to earnings, which may have a material adverse effect on our business, results of operations and financial condition.

Similarly, an earthquake, fire, tsunami, tornado or other natural disaster could seriously disrupt our entire business. Our corporate offices and research and development functions are located in Los Angeles, California. The impact of an earthquake, fire or tsunami, or both, or other natural disasters in the Los Angeles area on our facilities and overall operations is difficult to predict, but such a natural disaster could seriously disrupt our entire business. Our insurance may not adequately cover our losses and expenses in the event of such a natural disaster. As a result, natural disasters, such as an earthquake, fire or tsunami in the Los Angeles area or in areas where our contract manufacturers are located, could lead to substantial losses.

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

We intend to expand our global footprint in order to enter into new markets, including expanding into countries other than those in which we currently operate. It may be difficult for us to understand and accurately predict taste preferences and purchasing habits of consumers in these new geographic markets as we have little experience with consumer preferences outside the United States and Canada. We will also face increased competition with larger competitors who have stronger established brands in such markets. The political, legal and social systems of certain territories pose difficult challenges related to establishing and maintaining control and ownership of our brand and intellectual property, as well as mitigating the risk of diverted sales to other territories and/or sales diverted into the U.S. It is also costly to establish, develop and maintain international operations and develop and promote our brands in international markets and we may face adverse tax consequences, tariffs, and barriers to trade. Our expansion may involve expanding into less developed countries, which may have less political, social or economic stability and less developed infrastructure and legal systems. By expanding into other territories, we may be subject to additional product labeling and quality requirements, which could require us to market our products differently or change the formula of certain products to meet local standards in order to commercialize. As we expand our business into new countries, we may encounter regulatory, legal, personnel, technological and other difficulties that increase our expenses and/or delay our ability to become profitable in such countries, which may have a material adverse effect on our business and brand. Compliance with applicable regulatory requirements regarding the export of our products may create delays in the introduction of our products in international markets or, in some cases, prevent the export of our products to some countries altogether. The adoption and expansion of trade restrictions, the occurrence of a trade war, or other governmental action related to tariffs or trade agreements or policies has the potential to adversely impact demand for our products and our costs and could have an adverse effect on our business and brand.

Risks Relating to Our Relationships with Third Parties

Because we rely on a limited number of third-party suppliers to supply our contract manufacturers, raw materials may not be able to be obtained on a timely basis or in sufficient quantities for such contract manufacturers to produce our products and we may not be able to then meet demand for our products.

We rely on a limited number of suppliers to supply our contract manufacturers with raw materials to make our products. Our financial performance depends in part on our contract manufacturer's ability to arrange for the purchase of raw materials in sufficient quantities at competitive prices. We are not assured of continued supply or pricing of raw materials to our contract manufacturers. Any of our suppliers could discontinue or seek to alter their relationship with our contract manufacturers.

A majority of the stevia extract used in our products is currently sourced from one supplier, which we have selected because they meet our specific requirements for a particular blend of leaf compounds. General trade tensions between the U.S. and China, which began escalating in 2018, could have a negative impact on our business. Any disruption in the stevia extract supply, price, quality, availability or timely delivery could adversely affect our business, performance, and results of operations. Additionally, our contract manufacturers' sourcing of the majority of the stevia extract used in our products from one supplier increases the risk of significant supply disruptions from local and regional events. For more information regarding contract terms, see the section of this Annual Report captioned "*Business—Our Supply Chain.*"

Our business' success depends on third party logistics. We currently work with contract manufacturers to store, ship, and otherwise support our distribution of products to our customers and retail partners. Our ability to meet customer and retail partner expectations, manage inventory, complete sales, and achieve objectives for operating efficiencies and growth depends on the proper operation of these contract manufacturers' distribution facilities, the development or expansion of additional distribution capabilities, and the timely performance of services by third parties. Problems with our contract manufacturers' business, finances, labor relations, ability to obtain raw materials, costs, production, insurance and reputation, as well as natural disasters, fires, or other catastrophic occurrences could adversely affect the success of our business.

We seek alternative sources of stevia extract and other plant-based ingredients to use in our products, but we may not be successful in diversifying the raw materials we use in our products. If we need to replace an existing supplier, there can be no assurance that supplies of raw materials will be available when required on acceptable terms, or that a new supplier would allocate sufficient capacity to our contract manufacturers in order to produce sufficient products to meet our requirements, fill our orders in a timely manner, meet our strict quality standards, and ensure that we can supply enough products to meet consumer demand. Additionally, alternative sourcing could increase our contract manufacturers' product costs to Zevia, which could decrease our profit margins. If we are unable to manage our supply chain effectively and ensure that our products are available to meet consumer demand, our operating costs could increase and our profit margins could decrease.

Increase in the cost, disruption of supply or shortage of stevia sweetener or other ingredients or raw materials, packaging materials, aluminum cans or other containers could harm our business.

We use various ingredients in our beverage products, including stevia sweetener and flavor ingredients relating to consumable products, aluminum cans and other packaging materials. The prices for ingredients, other raw materials, packaging materials and aluminum cans fluctuate depending on market conditions. We have previously experienced challenges in sourcing aluminum for our cans, and could in the future experience similar disruptions in supply of our finished beverage products.

Substantial increases in the prices of stevia sweetener, our other ingredients, other raw materials, and packaging materials, to the extent they cannot be recouped through increases in the prices of finished beverage products, could increase operating costs for us and companies we do business with and reduce our profitability. Increases in the prices of our finished beverage products resulting from a higher cost of ingredients, other raw materials, and packaging materials could affect affordability in some markets and reduce sales.

Disruption within our supply chain or distribution channels, including with respect to packaging, transportation, labor and other inputs, could have an adverse effect on our business, financial condition and results of operations.

We rely on third-party warehousing and fulfillment service providers to receive, store, repack, fulfill, and load our products for shipment in the U.S. and Canada. These third-party warehousing and fulfillment service providers distribute our products to our distributors and retail-direct customers through transportation partners. Our business depends in large part on the orderly operation of this distribution process, which in turn depends on timely availability of finished good products from our contract manufacturers, successful on-time transfer and real-time tracking information of our products for outbound and inbound shipping, and effective operations at the warehouses and distribution locations. Any increase in transportation costs (including increases in fuel costs), shipping costs or warehouse costs, port or supplier-side delays, reductions in the transportation capacity of carriers, labor strikes or shortages in the transportation industry, disruptions to the national and international transportation infrastructure, decreased warehouse availability and unexpected delivery interruptions or delays may increase the cost of, and adversely impact, our logistics and our ability to provide quality and timely service to our distributors and retail-direct customers.

We also may not adequately anticipate changing demands on our distribution system, including the effect of any expansion or reduction we may need to implement, the number or the location of our warehouses/fulfillment locations to meet increased complexity or changes in demand. Any of these factors could cause interruptions and delays in delivery of products or result in increased costs. For example, during the second, third, and fourth quarters of 2023, in connection with certain initiatives to streamline our supply chain, we faced short-term supply chain logistics challenges which hindered fulfillment and impacted net sales results for the quarter. In the fourth quarter of 2023, we implemented measures to address these challenges and restored service levels.

Events beyond our control could damage the facilities of our warehousing and fulfillment service providers, render them inoperable, effect the flow of product to and from these locations, or impact our ability to manage our partners, making it difficult or impossible for us to process customer or consumer orders for an extended period of time. We could also incur significantly higher costs and longer lead times associated with distributing inventory during the time it takes for our third-party providers to reopen, replace or bring the capacity back to normal levels for their warehouses/fulfillment locations and logistics capabilities after a disruption.

An increase in costs, a sustained interruption in the supply, or a shortage of some of the ingredients or other raw materials used in our products, supplier quality and reliability issues, trade disruptions, and changes in supply chain could in the future negatively impact our net sales, gross margins, selling expenses, and results of operations. The inability to fulfill, or any delays in processing, customer or consumer orders from the warehousing/fulfillment locations of our providers or any quality issues could result in the loss of consumers, retail partners or distributors, or the issuances of penalties and chargebacks, and may also adversely affect our reputation. Our success with our retail customers and distribution partners depends on their timely receipt of products for sale, and any repeated, intermittent or long-term disruption in, or failures of, the operations of the warehouses/fulfillment locations of our partners could result in their lower sales and profitability, which in turn could result in a loss of their loyalty to our products, including loss of shelf space for our products. The insurance we maintain for business interruption may not cover all of these risks, or be sufficient to cover all of our potential losses, and may not continue to be available to us on acceptable terms, if at all, and any insurance proceeds may not be paid to us in a timely manner. Additionally, we may need to continue to update and expand our systems to manage these warehouse/fulfillment locations and related systems to support our business growth and increasing complexity.

Substantial disruption at our independent contract manufacturing and distribution facilities could occur.

We do not directly manufacture our products, but instead use established contract manufacturing companies to produce our products. Some of these contract manufacturers are also our direct competitors, or manufacture and distribute products for our competitors. As independent companies, these contract manufacturers and distributors make their own business decisions. They have the right to determine whether, and to what extent, they produce our products, and our competitors' products, and to what extent they produce and distribute their own products. They may devote more resources to other products, prioritize their own products, or take other actions detrimental to our products or brand. These contract manufacturers and distributors may not be able to fulfill our future demand, could charge rates that make using their services inefficient or cost prohibitive to us or may simply not be able or willing to provide their services to us on a timely basis or at all. In the event of any disruption or delay, whether caused by a rift in our relationship or the inability of our contract manufacturers to manufacture our products as required, we would need to secure the services of alternative companies. We may be unable to onboard alternative contract manufacturers at commercially reasonable rates and/or within a reasonably short time period and any such transition could be costly. If any of these events were to occur, our business, financial condition and results of operations would be adversely affected.

We may enter into 'take or pay' arrangements to improve assurance of supply for both co-pack volume and aluminum cans. In most cases, these contract manufacturers and distributors are able to terminate their manufacturing and distribution arrangements with us without cause. We may need to increase support for our brands in their territories to protect our route to market and may not be able to pass price increases through to them. Their financial condition could also be adversely affected by conditions beyond their control, and their business could suffer as a result. Deteriorating economic conditions could negatively impact the financial viability of these contract manufacturers and distributors.

In addition, a disruption at our contract manufacturing and distribution facilities., including fire, natural disasters, weather, water scarcity, manufacturing problems, disease, epidemics and pandemics, strikes, transportation or supply interruption, contractual dispute, government regulation, cybersecurity attacks or terrorism, could have a material adverse effect on our business. Moreover, if demand increases more than we forecast, we will need to acquire additional capacity. Alternative facilities with sufficient capacity or capabilities may not be available, may cost substantially more than existing facilities or may take a significant amount of time to start production, each of which could negatively affect our business and financial performance.

Failure by independent third party transportation providers to facilitate delivery of our products on time, or at all, could result in lost sales.

We currently rely upon a third-party transportation broker to procure providers to ship our products. If we fail to meet our shipping schedules, we could damage our relationships with distributors and/or retailers, increase our distribution costs and/or cause sales opportunities to be delayed or lost, including losing shelf space in stores. Our utilization of broker services for the shipment of our products is subject to risks that are beyond our control, including availability of trucking capacity and increases in fuel prices, which would increase our shipping costs, and employee strikes or work stoppages and inclement weather, which may impact the ability of our transportation broker to procure delivery services that adequately meet our shipping needs. Any failure to deliver products to our customers in a timely and accurate manner may damage our reputation and brand and may cause us to lose customers.

Failure by independent contract manufacturers and suppliers to comply with ethical business practices could harm our brand reputation and business.

Although we have implemented policies and procedures to promote compliance with applicable laws and regulations, including requiring our contract manufacturers and suppliers to agree to our Supplier Code of Conduct, we cannot guarantee their compliance with ethical business practices and applicable laws and regulations. If our contract manufacturers and suppliers do not comply with applicable laws, regulations, employment practices, human rights standards, quality standards, environmental standards, and other applicable standards and practices, our brand reputation could be harmed and we could be exposed to investigations, product recalls, product liability claims, regulatory enforcement, litigation, monetary liability, and additional costs that could negatively impact our results of operations. If our contract manufacturers and suppliers do not comply with our set standards and specifications, we may also be forced to seek alternative partners which could disrupt our operations and adversely affect our business.

Our results of operations could be harmed if we are unable to accurately forecast demand for our products, revenue and costs, including maintaining adequate inventory levels.

Revenue and results of operations are difficult to accurately forecast as they are subject to a number of uncertainties, including the volume, timing, and type of orders we receive across our various channels, as well as our ability to plan for and model future growth. Forecasts may be particularly challenging as we expand into new markets and geographies and develop and market new products. We depend on our forecasts of demand for various products to make purchase decisions and to manage our inventory. We need to maintain adequate levels of certain products in order to be able to deliver our beverages on time. If the inventory of our products held by our distributors and/or retailers is too high, they would not place orders for additional products, and if the inventory of our products held by our distributors and/or retailers is too low, we could lose shelf space, either of which could unfavorably impact our future sales and adversely affect our operating results. We cannot be sure the same growth rates and trends are meaningful predictors of future growth. If our assumptions prove to be wrong, for reasons such as a change in demand for our products, increasing competition, our inability to streamline and optimize manufacturing capacity for specific products, our inability to effectively and timely resolve any supply chain logistics challenges, rapid changes in product cycles and pricing, or a decrease in the growth of our overall market, our operating and financial results could differ materially from our expectations, and our business could suffer.

Risks Relating to Governmental Regulation

We and our contract manufacturers and suppliers are subject to extensive governmental regulation and may be subject to enforcement if we are not in compliance with applicable requirements.

We and our contract manufacturers and suppliers are subject to a broad range of federal, state, provincial and local laws and regulations that govern, among other issues, the testing, design, development, formulation, manufacturing, storage, product safety, labeling, distribution, marketing, sales, advertising and post-market reporting of foods. These include laws administered by the FDA, the FTC, the USDA, Health Canada (including the Food and Drugs Act in Canada), and other federal, state, provincial and local regulatory authorities. Because we market products that are regulated as food, we and the companies that pack our products are subject to the requirements of the FDCA and regulations promulgated thereunder by the FDA. The statute and regulations govern, among other things, the production, composition, ingredients, packaging, labeling, storage, transportation, and safety of beverages. The FDA requires that facilities that produce food products comply with a range of requirements, including hazard analysis and preventative controls regulations, cGMPs requirements, and supplier verification requirements. Production facilities are subject to periodic inspection by federal, state, provincial and local authorities. If we cannot successfully contract with manufacturers for our products and if they cannot conform to our specifications and the strict regulatory requirements of the FDA and applicable state, provincial and local laws, they may be subject to adverse inspection findings or enforcement actions, which could materially impact our ability to market our products, could result in their inability to continue to manufacture our products, or could result in a recall of our products that have already been distributed.

Our products are subject to the FDA's comprehensive regulatory authority under the FDCA, as well as by other regulatory authorities which regulate the manufacturing, preparation, quality control, import, export, packaging, labeling, storing, transportation, marketing, advertising, promotion, distribution, safety, and/or adverse event reporting of foods. Among other things, manufacturers of conventional foods must meet applicable cGMPs and certain requirements that govern the constituents, packaging, labeling and holding of foods. Failure by us, our contract manufacturers, or suppliers to comply with these regulations could result in, by way of example, significant fines, criminal and civil liability, product seizures, recalls, withdrawals, or other enforcement action. Any of these actions would have a materially adverse effect on our business, financial condition, results of operations and prospects.

Our products and their manufacturing, labeling, marketing and sale are also subject to various aspects of the Federal Trade Commission Act, the Robinson-Patman Act, the Food Safety Modernization Act, the Lanham Act, Canada's Food and Drugs Act and Regulations, state consumer protection laws and state warning and labeling laws, such as Proposition 65 in California. Various states, provinces and other authorities require deposits, eco-taxes or fees on certain products or packaging. Similar legislation or regulations may be proposed in the future at local, state and federal levels, both in the U.S. and elsewhere. In addition, various jurisdictions may seek to adopt significant additional product labeling or warning requirements or limitations on the marketing or sale of our products as a result of what they contain or allegations that they cause adverse health effects.

Additionally, we rely on independent third-party certification, including certifications of certain products or ingredients as "organic" and "Non-GMO" to differentiate the quality of our products from those of our competitors. We must comply with the requirements of the independent third-party organizations or certification authorities in order to maintain these labels. The loss of any certifications could impact consumer's perception of our brand and products, including the health and wellness attributes, safety, and quality of our products, and could harm our brand reputation and adversely affect our business and results of operations. Failure by us, our contract manufacturers, or our suppliers to comply with applicable laws and regulations or to obtain and maintain necessary permits, licenses, and registrations relating to our operations could subject us to administrative and civil penalties, including significant fines, injunctions, product recalls or seizures, withdrawals, warning letters, restrictions on the production or marketing of our products, or refusals to permit the import or export of products, civil liability, criminal liability or sanctions, or other enforcement actions. Any of these actions would result in a material effect on our operating results and business and financial condition, including increased operating costs. For more information regarding government regulations, see the section of this Annual Report captioned "*Business—Government Regulation.*"

Our policies and procedures are designed to comply with all applicable laws, accounting and reporting requirements, tax rules and other regulations and requirements, including those imposed by the SEC, the Internal Revenue Service ("IRS"), the U.S. Department of Health & Human Services, the FDA, the Food and Drugs Act in Canada, Health Canada, the FTC, the USDA, the EPA, OSHA, the U.S. Department of Justice, state and local governments, and by comparable entities in foreign countries, as well as applicable trade, labor, sanitation, safety, environmental, labeling, anti-bribery and corruption and merchandise laws.

Changes in laws and regulations, or the adoption of new laws or regulations, relating to beverage containers and packaging could increase our costs, reduce demand for our products, and otherwise adversely affect our business, results of operations and financial condition.

Proposals relating to beverage container deposits, recycling, eco-tax and/or product stewardship have been introduced in various jurisdictions in the U.S. and overseas, and we anticipate that similar legislation or regulations may be proposed in the future at local, state and federal levels, both in the U.S. and elsewhere. Consumers' increased concerns and changing attitudes about solid waste streams and environmental responsibility and the related publicity could result in the adoption of such legislation or regulations. If these types of requirements are adopted and implemented on a large scale in any of the major markets in which we operate, they could affect our costs or require changes in our distribution model, which could reduce our net operating revenues and profitability.

The regulatory environment in which we operate could change significantly and adversely in the future. Any change in manufacturing, labeling, warning, quality, health, or packaging requirements for our products may lead to an increase in costs and interruptions in production, either of which could adversely affect our operations and financial condition. New or revised government laws and regulations and changes in enforcement priorities of regulators could inhibit sales of our products or result in additional compliance costs and, in the event of non-compliance, civil remedies, including fines, enforcement actions, injunctions, withdrawals, recalls or seizures and confiscations, as well as potential criminal sanctions. A change in laws and regulations could also increase our manufacturing costs, if for example our products become subject to new sales taxes. Any of these things may adversely affect our business, results of operations and financial condition.

Regulatory enforcement actions and litigation concerning marketing and labeling of our products could adversely affect our business and reputation.

The marketing and labeling of any food product in recent years has brought increased risk that consumers will bring class action lawsuits and that the FTC and/or state attorneys general will bring legal action concerning the truth and accuracy of the marketing and labeling of the product, seek removal of a product from the marketplace, and/or impose fines and penalties. Products that we sell carry claims as to their ingredients or health and wellness related attributes, including the term "natural" or other express or implied statements relating to the ingredients or health and wellness related attributes of our products. Although the FDA and the USDA each has issued statements regarding the appropriate use of the word "natural," there is no single, official U.S. government regulation defining the term "natural" for use in the food industry, which is true for many other label statements in the better-for-you and functionally-focused food industry. The lack of regulatory definition for "natural" and other label statements has contributed to legal challenges against many consumer products companies, and plaintiffs have commenced legal actions against several food companies that market "natural" products and/or product ingredients, asserting false, misleading and deceptive advertising and labeling claims, including claims related to genetically modified ingredients. In limited circumstances, the FDA has taken regulatory action against products labeled "natural" that contain synthetic ingredients, chemicals, processing and/or components. As a result of such legal or regulatory challenges, consumers may avoid purchasing products from us or seek alternatives, even if the basis for the claim is unfounded.

In recent years, the FTC and state attorneys general have initiated numerous investigations of dietary and nutritional supplement companies and products. Even when unmerited, class claims, action by the FTC or state attorneys general enforcement actions can be expensive to defend and adversely affect our reputation with existing and potential customers and consumers and our corporate and brand image, which could have a material and adverse effect on our business, financial condition or results of operations. The number of private consumer class actions relating to false or deceptive advertising against cosmetic, food, beverage and nutritional supplement manufacturers has increased in recent years. In addition, the FDA has aggressively enforced its regulations with respect to different types of product claims that may or may not be made for food products. These events could interrupt the marketing and sales of our products, severely damage our brand reputation and public image, increase our legal expenses, result in product recalls or litigation, and impede our ability to deliver our products in sufficient quantities or quality, which could result in a material adverse effect on our business, financial condition, results of operations and cash flows. Any of these claims could fall under an exception in our insurance policy, exceed our coverage, or not be covered at all by our insurance policies, causing us to incur the costs and suffer losses, which could adversely affect the business and results of operations.

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

We are subject to regulations internationally where we distribute and/or will sell our products. Our products are subject to numerous food safety and other laws and regulations relating to the sourcing, manufacturing, storing, labeling, marketing, advertising and distribution of these products. Currently, our only market outside the United States is Canada. If regulators determine that the labeling and/or composition of any of our products is not in compliance with laws or regulations in Canada or any other jurisdictions we may enter in the future, or if we or our contract manufacturers otherwise fail to comply with applicable laws and regulations in Canada or any other jurisdictions we may enter in the future, we could be subject to civil remedies or penalties, such as fines, injunctions, recalls or seizures, warning letters, restrictions on the marketing or manufacturing of the products, or refusals to permit the import or export of products, as well as potential criminal sanctions. In addition, enforcement of existing laws and regulations, changes in legal requirements and/or evolving interpretations of existing regulatory requirements may result in increased compliance costs and create other obligations, financial or otherwise, that could adversely affect our business, financial condition or operating results.

In addition, if we expand our international operations, we could be adversely affected by violations of the U.S. Foreign Corrupt Practices Act and similar worldwide anti-bribery laws, which generally prohibit companies and their intermediaries from making improper payments to non-U.S. officials or other third parties for the purpose of obtaining or retaining business. While our policies mandate compliance with these anti-bribery laws, our internal control policies and procedures may not protect us from reckless or criminal acts committed by our employees or agents. Violations of these laws, or allegations of such violations, could disrupt our business, impact our reputation, and result in a material adverse effect on our results of operations, cash flows and financial condition.

Risks Relating to Tax Matters

The Company is dependent on distributions from Zevia LLC to pay any taxes and other expenses, including payments under the Tax Receivable Agreement.

The Company is a holding company and, its only business is to act as the managing member of Zevia LLC, and its only material assets are Class A units representing approximately 75.8% of the membership interests of Zevia LLC. The Company does not have any independent means of generating revenue. We anticipate that Zevia LLC will continue to be treated as a partnership for U.S. federal income tax purposes and, as such, generally will not be subject to any entity-level U.S. federal income tax. Instead, taxable income will be allocated to the members of Zevia LLC. Accordingly, the Company will be required to pay income taxes on its allocable share of any net taxable income of Zevia LLC. We intend to cause Zevia LLC to make distributions to each of its members, including the Company, in an amount intended to enable each member to pay all applicable taxes on taxable income allocable to such member and to allow the Company to make payments under the Tax Receivable Agreement ("TRA"). If the amount of tax distributions to be made exceeds the amount of funds available for distribution, the Company shall receive the full amount of its tax distribution before the other members receive any distribution and the balance, if any, of funds available for distribution shall be distributed to the other members pro rata in accordance with their assumed tax liabilities. To the extent that the Company needs funds, and Zevia LLC is restricted from making such distributions under applicable laws or regulations, or is otherwise unable to provide such funds, it could materially and adversely affect the Company's ability to pay taxes and other expenses, including payments under the TRA, and affect our liquidity and financial condition. In addition, although we do not currently expect to pay dividends, such restrictions could affect our ability to pay dividends, if declared.

The Internal Revenue Service (IRS) might challenge the tax basis step-ups and other tax benefits we receive in connection with the IPO and the related transactions and in connection with future acquisitions of Zevia LLC units.

The Company acquired Zevia LLC units held directly by other members of Zevia LLC in connection with the IPO and may in the future acquire such units in exchange for shares of our Class A common stock or, at our election, cash. Those acquisitions and exchanges resulted or are expected to result in increases in the tax basis of the assets of Zevia LLC that otherwise would not have been available. These increases in tax basis are expected to increase (for tax purposes) the Company's depreciation and amortization and, together with other tax benefits, reduce the amount of tax that the Company would otherwise be required to pay, although it is possible that the IRS might challenge all or part of these tax basis increases or other tax benefits, and a court might sustain such a challenge. The Company's ability to achieve benefits from any tax basis increases or other tax benefits will depend upon a number of factors, as discussed below, including the timing and amount of our future income. We will not be reimbursed for any payments previously made under the TRA if the basis increases or other tax benefits described above are successfully challenged by the IRS or another taxing authority. As a result, in certain circumstances, payments could be made under the TRA in excess of our ultimate cash tax savings.

The Company will be required to pay over to continuing members of Zevia LLC and the Direct Zevia Stockholders most of the tax benefits the Company receives from tax basis step-ups (and certain other tax benefits) attributable to its acquisition of units of Zevia LLC in connection with the IPO and in the future, and the amount of those payments are expected to be substantial.

The Company entered into the TRA with continuing members of Zevia LLC (not including the Company) and certain pre-IPO institutional investors ("the Direct Zevia Stockholders"). The TRA provides for payment by the Company to continuing members of Zevia LLC (not including the Company) and the Direct Zevia Stockholders of 85% of the amount of the net cash tax savings, if any, that the Company realizes (or, under certain circumstances, is deemed to realize) as a result of (i) increases in tax basis (and utilization of certain other tax benefits) resulting from the Company's acquisition of a continuing member's Zevia LLC units in connection with the IPO and in future exchanges, (ii) certain favorable tax attributes we acquired from the blocker companies in the blocker mergers and (iii) payments the Company makes under the TRA (including tax benefits related to imputed interest). Generally, payments under the TRA will be made to the continuing members of Zevia LLC (not including the Company) and to the Direct Zevia Stockholders pro rata based on their relative percentage ownership of Zevia LLC immediately prior to the Reorganization. Such payments will reduce the cash provided by the tax savings generated from the previously described transactions with the members of Zevia LLC and the Direct Zevia Stockholders that would otherwise have been available to the Company for other uses, including reinvestment or dividends to the Company Class A stockholders. The Company will retain the benefit of the remaining 15% of these net cash tax savings.

The term of the TRA commenced upon the completion of the IPO and will continue until all tax benefits that are subject to the TRA have been utilized or have expired, unless we exercise our right to terminate a TRA (or it is terminated due to a change in control or our breach of a material obligation thereunder), in which case the Company will be required to make the termination payment specified in that TRA. In addition, payments we make under the TRA will be increased by any interest accrued from the due date (without extensions) of the corresponding tax return. Based on certain assumptions, including no material changes in the relevant tax law and that we earn sufficient taxable income to realize the full tax benefit of the increased amortization of our assets and the net operating losses (and similar items), we expect that future payments to the continuing members of Zevia LLC (not including the Company) in respect of the IPO will be approximately \$56.2 million in the aggregate, although the actual future payments to the continuing members of Zevia LLC will vary based on the factors discussed below, and estimating the amount and timing of payments that may be made under the TRA is by its nature imprecise, as the calculation of amounts payable depends on a variety of factors and future events. We expect to receive distributions from Zevia LLC in order to make any required payments under the TRA. To the extent such distributions or our cash resources are insufficient to meet our obligations under the TRA as a result of timing discrepancies or otherwise, such payments may be deferred for up to six months and would accrue interest until paid.

The actual increase in tax basis, as well as the amount and timing of any payments under the TRA, will vary depending on a number of factors, including the price of our Class A common stock at the time of the exchange; the timing of future exchanges; the extent to which exchanges are taxable; the amount and timing of the utilization of tax attributes; the amount, timing and character of the Company's income; the U.S. federal, state and local tax rates then applicable; the amount of each exchanging unitholder's tax basis in its units at the time of the relevant exchange; the depreciation and amortization periods that apply to the increases in tax basis; the timing and amount of any earlier payments that the Company may have made under the TRA and the portion of the Company's payments under the TRA that constitute imputed interest or give rise to depreciable or amortizable tax basis. We expect that, as a result of the increases in the tax basis of the tangible and intangible assets of Zevia LLC attributable to the acquired or exchanged Zevia LLC interests, and certain other tax benefits, the payments that the Company will be required to make to the holders of rights under the TRA will be substantial. There may be a material negative effect on our financial condition and liquidity if, as described below, the payments under the TRA exceed the actual benefits the Company receives in respect of the tax attributes subject to the TRA and/or distributions to the Company by Zevia LLC are not sufficient to permit the Company to make payments under the TRA.

In certain circumstances, payments under the TRA may be accelerated and/or significantly exceed the actual tax benefits, if any, that the Company actually realizes.

The TRA provides that if (i) the Company exercises its right to early termination of the TRA in whole (that is, with respect to all benefits due to all beneficiaries under the TRA) or in part (that is, with respect to some benefits due to all beneficiaries under the TRA), (ii) the Company experiences certain changes in control, (iii) the TRA is rejected in certain bankruptcy proceedings, (iv) the Company fails (subject to certain exceptions) to make a payment under the TRA within 180 days after the due date or (v) the Company materially breaches its obligations under the TRA, the Company will be obligated to make an early termination payment to holders of rights under the TRA equal to the present value of all payments that would be required to be paid by the Company under the TRA. The amount of such payments will be determined on the basis of certain assumptions in the TRA, including (i) the assumption that the Company would have enough taxable income in the future to fully utilize the tax benefit resulting from the tax assets that are the subject of the TRA, (ii) the assumption that any item of loss deduction or credit generated by a basis adjustment or imputed interest arising in a taxable year preceding the taxable year that includes an early termination will be used by the Company ratably from such taxable year through the earlier of (x) the scheduled expiration of such tax item or (y) 15 years; (iii) the assumption that any non-amortizable assets are deemed to be disposed of in a fully taxable transaction on the fifteenth anniversary of the earlier of the basis adjustment and the early termination date; (iv) the assumption that U.S. federal, state and local tax rates will be the same as in effect on the early termination date, unless scheduled to change; and (v) the assumption that any units of Zevia LLC (other than those held by the Company) outstanding on the termination date are deemed to be exchanged for an amount equal to the market value of the corresponding number of shares of Class A common stock on the termination date. Any early termination payment may be made significantly in advance of the actual realization, if any, of the future tax benefits to which the termination payment relates. The amount of the early termination payment is determined by discounting the present value of all payments that would be required to be paid by the Company under the TRA at a rate equal to the lesser of (a) 6.5% and (b) the Secured Overnight Financing Rate, as reported by the Wall Street Journal plus 400 basis points. Moreover, as a result of an elective early termination, a change in control or the Company's material breach of its obligations under the TRA, the Company could be required to make payments under the TRA that exceed its actual cash savings under that TRA. Thus, the Company's obligations under the TRA could have a substantial negative effect on its financial condition and liquidity and could have the effect of delaying, deferring or preventing certain mergers, asset sales, or other forms of business combinations or changes of control. We cannot assure you that we will be able to finance any early termination payment. It is also possible that the actual benefits ultimately realized by us may be significantly less than were projected in the computation of the early termination payment. We will not be reimbursed if the actual benefits ultimately realized by us are less than were projected in the computation of the early termination payment.

Payments under the TRA will be based on the tax reporting positions that we will determine and the IRS or another tax authority may challenge all or part of the tax basis increases, as well as other related tax positions we take, and a court could sustain such a challenge. If any tax benefits that have given rise to payments under the TRA are subsequently disallowed, the Company would be entitled to reduce future amounts otherwise payable to a holder of rights under the TRA to the extent the holder has received excess payments. However, the required final and binding determination that a holder of rights under the TRA has received excess payments may not be made for a number of years following commencement of any challenge, and the Company will not be permitted to reduce its payments under the TRA until there has been a final and binding determination, by which time sufficient subsequent payments under such TRA may not be available to offset prior payments for disallowed benefits. The Company will not be reimbursed for any payments previously made under either of the TRA if the basis increases described above are successfully challenged by the IRS or another taxing authority. As a result, in certain circumstances, payments could be made under the TRA that are significantly in excess of the benefit that the Company actually realizes in respect of the increases in tax basis (and utilization of certain other tax benefits) and the Company may not be able to recoup those payments, which could adversely affect the Company's financial condition and liquidity.

In certain circumstances, Zevia LLC will be required to make distributions to us and the existing members of Zevia LLC, and the distributions that Zevia LLC will be required to make may be substantial.

Zevia LLC is expected to continue to be treated as a partnership for U.S. federal income tax purposes and, as such, is not subject to U.S. federal income tax. Instead, taxable income will be allocated to members, including the Company. Pursuant to the Zevia LLC Operating Agreement, Zevia LLC will make tax distributions to its members, including the Company, which generally will be made pro rata based on the ownership of Zevia LLC units, calculated using an assumed tax rate, to help each of the members to pay taxes on that member's allocable share of Zevia LLC's net taxable income. Under applicable tax rules, Zevia LLC is required to allocate net taxable income disproportionately to its members in certain circumstances. Because tax distributions will be determined based on the member who is allocated the largest amount of taxable income on a per unit basis and on an assumed tax rate that is the highest possible rate applicable to any member, but will be made pro rata based on ownership of Zevia LLC units, Zevia LLC will be required to make tax distributions that, in the aggregate, will likely exceed the aggregate amount of taxes payable by its members with respect to the allocation of Zevia LLC income.

Funds used by Zevia LLC to satisfy its tax distribution obligations will not be available for reinvestment in our business. Moreover, the tax distributions Zevia LLC will be required to make may be substantial, and may significantly exceed (as a percentage of Zevia LLC's income) the overall effective tax rate applicable to a similarly situated corporate taxpayer. In addition, because these payments will be calculated with reference to an assumed tax rate, and because of the disproportionate allocation of net taxable income, these payments likely will significantly exceed the actual tax liability for many of the existing members of Zevia LLC.

As a result of potential differences in the amount of net taxable income allocable to us and to the existing members of Zevia LLC, as well as the use of an assumed tax rate in calculating Zevia LLC's distribution obligations, we may receive distributions significantly in excess of our tax liabilities and obligations to make payments under the TRA. We may choose to manage these excess distributions through a number of different approaches, including through the payment of dividends to our Class A common stockholders or by applying them to other corporate purposes.

Pursuant to regulations issued under Section 162(m) of the Internal Revenue Code of 1986, as amended (the "Code"), the Company may not be permitted to deduct its distributive share of compensation expense to the extent that the compensation was paid by Zevia LLC to certain of the Company's covered employees, potentially resulting in additional U.S. federal income tax liability for the Company and reducing cash available for distribution to the Company's stockholders and/or for the payment of other expenses and obligations of the Company.

Section 162(m) of the Code disallows the deduction by any publicly held corporation of applicable employee compensation paid with respect to any covered employee to the extent that such compensation for the taxable year exceeds \$1,000,000. A "covered employee" means any employee of the taxpayer if the employee (a) is the principal executive officer ("PEO") or principal financial officer ("PFO") of the taxpayer at any time during the taxable year, or was an individual acting in such a capacity, (b) was among the three highest compensated executive officers for the taxable year (other than the PEO or PFO or an individual acting in such a capacity), or (c) was a covered employee of the taxpayer (or any predecessor) for any preceding taxable year beginning after December 31, 2016. Pursuant to final regulations released for publication in the Federal Register by the IRS and the United States Department of the Treasury on December 30, 2020 (the 162(m) Regulations), the Company will not be permitted to claim a deduction for the distributive share of compensation expense of Zevia LLC allocated to it to the extent that such distributive share, plus the amount of any compensation paid directly by the Company, exceeds \$1,000,000 with respect to a covered employee, even if Zevia LLC, rather than the Company, pays the compensation. The 162(m) Regulations were effective upon publication of final regulations in the Federal Register but apply to any deduction for compensation that is otherwise allowable for a taxable year ended on or after December 20, 2019. However, the 162(m) Regulations do not apply to compensation paid pursuant to a written binding contract in effect on December 20, 2019 that is not materially modified after that date. Accordingly, to the extent that the Company is disallowed a deduction for its distributive share of compensation expense under Section 162(m) of the Code, it may result in additional U.S. federal income tax liability for the Company and/or reduce cash available for distribution to the Company's stockholders or for the payment of other expenses and obligations of the Company.

Future changes to tax laws or our effective tax rate could materially and adversely affect our company and reduce net returns to our stockholders.

Our treatment is subject to the enactment of, or changes in, tax laws, regulations and treaties, or the interpretation thereof, tax policy initiatives and reforms under consideration and the practices of tax authorities in various jurisdictions. Such changes may include (but are not limited to) the taxation of operating income, investment income, dividends received or (in the specific context of withholding tax) dividends paid, or the taxation of partnerships and other passthrough entities. In addition, the Group of Twenty, the OECD, the U.S. Congress and Treasury Department and other government agencies in jurisdictions where we and our affiliates do business have focused on issues related to the taxation of multinational corporations, including, but not limited to, transfer pricing, country-by-country reporting and base erosion. As a result, the tax laws in the United States and in jurisdictions which we do business could change on a prospective or retroactive basis, and any such changes could have an adverse effect on our worldwide tax liabilities, business, financial condition and results of operations. We are unable to predict what tax reform may be proposed or enacted in the future or what effect such changes would have on our business, but such changes, to the extent they are brought into tax legislation, regulations, policies or practices, could affect our financial position and overall or effective tax rates in the future in countries where we have operations, reduce post-tax returns to our stockholders, and increase the complexity, burden and cost of tax compliance.

Our businesses are subject to income taxation in the United States. Tax rates at the federal, state and local levels may be subject to significant change. If our effective tax rate increases, our operating results and cash flow could be adversely affected. Our effective income tax rate can vary significantly between periods due to a number of complex factors including, but not limited to, projected levels of taxable income in each jurisdiction, tax audits conducted and settled by various tax authorities, and adjustments to income taxes upon finalization of income tax returns.

We may be required to pay additional taxes because of the U.S. federal partnership audit rules and potentially also state and local tax rules.

Under the U.S. federal partnership audit rules, subject to certain exceptions, audit adjustments to items of income, gain, loss, deduction, or credit of an entity (and any holder's share thereof) are determined, and taxes, interest, and penalties attributable thereto, are assessed and collected, at the entity level. Zevia LLC (or any of its applicable subsidiaries or other entities in which Zevia LLC directly or indirectly invests that are treated as partnerships for U.S. federal income tax purposes) may be required to pay additional taxes, interest and penalties as a result of an audit adjustment, and Zevia PBC, as a member of Zevia LLC (or such other entities), could be required to indirectly bear the economic burden of those taxes, interest, and penalties even though we may not otherwise have been required to pay additional corporate-level taxes as a result of the related audit adjustment. Audit adjustments for state or local tax purposes could similarly result in Zevia LLC (or any of its applicable subsidiaries or other entities in which Zevia LLC directly or indirectly invests) being required to pay or indirectly bear the economic burden of state or local taxes and associated interest, and penalties.

Under certain circumstances, Zevia LLC or an entity in which Zevia LLC directly or indirectly invests may be eligible to make an election to cause members of Zevia LLC (or such other entity) to take into account the amount of any understatement, including any interest and penalties, in accordance with such member's share in Zevia LLC in the year under audit. We will decide whether or not to cause Zevia LLC to make this election; however, there are circumstances in which the election may not be available and, in the case of an entity in which Zevia LLC directly or indirectly invests, such decision may be outside of our control. If Zevia LLC or an entity in which Zevia LLC directly or indirectly invests does not make this election, the then-current members of Zevia LLC (including Zevia PBC) could economically bear the burden of the understatement.

If Zevia LLC were to become a publicly traded partnership taxable as a corporation for U.S. federal income tax purposes, Zevia PBC and Zevia LLC might be subject to potentially significant tax inefficiencies, and Zevia PBC would not be able to recover payments previously made by it under the TRA, even if the corresponding tax benefits were subsequently determined to have been unavailable due to such status.

We intend to operate such that Zevia LLC does not become a publicly traded partnership taxable as a corporation for U.S. federal income tax purposes. A “publicly traded partnership” is an entity that otherwise would be treated as a partnership for U.S. federal income tax purposes, the interests of which are traded on an established securities market or readily tradable on a secondary market or the substantial equivalent thereof. Under certain circumstances, exchanges of Zevia LLC units pursuant to the Zevia LLC Operating Agreement or other transfers of Zevia LLC units could cause Zevia LLC to be treated like a publicly traded partnership. From time to time the U.S. Congress has considered legislation to change the tax treatment of partnerships and there can be no assurance that any such legislation will not be enacted or if enacted will not be adverse to us.

If Zevia LLC were to become a publicly traded partnership taxable as a corporation for U.S. federal income tax purposes, significant tax inefficiencies might result for Zevia PBC and Zevia LLC, including as a result of Zevia PBC’s inability to file a consolidated U.S. federal income tax return with Zevia LLC. In addition, Zevia PBC may not be able to realize tax benefits covered under the TRA and would not be able to recover any payments previously made by it under the TRA, even if the corresponding tax benefits (including any claimed increase in the tax basis of Zevia LLC’s assets) were subsequently determined to have been unavailable.

Risks Relating to Ownership of Our Common Stock

The market price of our Class A common stock has been and may continue to be volatile or may decline regardless of our operating performance, and you could lose all or part of your investment.

The market price of our common stock has been volatile. The market price of our Class A common stock has been and may continue to fluctuate significantly in response to numerous factors, some of which are beyond our control and may not be related to our operating performance, including:

- announcements of new products, commercial relationships, acquisitions or other events by us or our competitors;
- price and volume fluctuations in the overall stock market from time to time;
- significant volatility in the market price and trading volume of food and beverage companies in general and of companies in the commercial beverage industry in particular;
- addition or loss of significant customers or other developments with respect to significant customers;
- fluctuations in the trading volume of our shares or the size of our public float;
- actual or anticipated changes or fluctuations in our operating results;
- whether our operating results meet the expectations of securities analysts or investors;
- actual or anticipated changes in the expectations of investors or securities analysts;
- litigation involving us, our industry, or both;
- regulatory developments in the U.S., foreign countries, or both applicable to our products;
- general economic conditions and trends;
- major catastrophic events;
- sales of large blocks of our Class A common stock;
- departures of key employees; or
- an adverse impact on the company from any of the other risks cited in this report.

In addition, if the stock market for beverage companies, or the stock market generally, experiences a loss of investor confidence, the trading price of our Class A common stock could decline for reasons unrelated to our business, operating results or financial condition. Stock prices of many beverage companies have fluctuated in a manner unrelated or disproportionate to the operating performance of those companies. The trading price of our Class A common stock might also decline in reaction to events that affect other companies in our industry even if these events do not directly affect us. At the time of the IPO, we determined the initial public offering price for our common stock through negotiations with the underwriters, and the negotiated price may not be indicative of the market price of our common stock currently. For example, the market value of our common stock has decreased substantially from the initial public offering price. As a result of these and other factors, you may be unable to resell your shares of our common stock at or above the price you paid. In the past, stockholders have filed securities class action litigation following periods of market volatility. If we were to become involved in securities litigation, it could subject us to substantial costs, divert resources and the attention of management from our business, and adversely affect our business.

As a public benefit corporation, our duty to balance a variety of interests may result in actions that do not maximize stockholder value.

We have elected to be classified as a public benefit corporation under the Delaware General Corporation Law ("DGCL"). As a public benefit corporation, our board of directors has a duty to balance (i) the pecuniary interest of our stockholders, (ii) the best interests of those materially affected by our conduct and (iii) specific public benefits identified in our charter documents. While we believe our public benefit designation and obligation will benefit our stockholders, in balancing these interests our board of directors may take actions that do not maximize stockholder value. Any benefits to stockholders resulting from our public benefit purposes may not materialize within the timeframe we expect or at all, and our status as a public benefit corporation may negatively impact stockholders. For example:

- we may choose to revise our policies in ways that we believe will be beneficial to our stakeholders, including our employees, customers and local communities, even though the changes may be costly;
- we may take actions, such as building state-of-the-art facilities with technology and quality control mechanisms that exceed the requirements of USDA and the FDA, even though these actions may be more costly than other alternatives;
- we may be influenced to pursue programs and services to demonstrate our commitment to the communities to which we serve and bringing ethically produced products to customers even though there is no immediate return to our stockholders; or
- in responding to a possible proposal to acquire the company, our board of directors may be influenced by the interests of our stakeholders, including our employees, customers and local communities, whose interests may be different from the interests of our stockholders.

As a public benefit corporation, we may become subject to increased derivative litigation concerning our duty to balance stockholder and public benefit interests, the occurrence of which may have an adverse impact on our financial condition and results of operations.

We have elected to be a public benefit corporation under the DGCL. Stockholders of a Delaware public benefit corporation (if they, individually or collectively, own at least 2% of its outstanding capital stock or the lesser of such percentage or shares of at least \$2 million in market value) are entitled to file a derivative lawsuit claiming that its directors failed to balance stockholder and public benefit interests. This potential liability does not exist for traditional corporations. Therefore, we may be subject to the possibility of increased derivative litigation, which could cause us to incur additional expenses and liabilities and would require the attention of management and, as a result, may adversely impact management's ability to effectively execute our strategy. Any such derivative litigation may be costly and have an adverse impact on our financial condition and results of operations.

Our status as a public benefit corporation and a Certified B Corporation may not result in the benefits that we anticipate.

We have elected to be classified as a public benefit corporation under the DGCL. As a public benefit corporation, we are required to balance the pecuniary interests of the stockholders, the best interests of those materially affected by the corporation's conduct and the specific public benefit or public benefits identified in our amended and restated certificate of incorporation. In addition, there is no assurance that the expected positive impact from being a public benefit corporation will be realized as we may be unable or slow to realize the benefits we expect from actions taken to benefit our stakeholders, including our employees, customers and local communities, which could adversely affect our business, financial condition and results of operations, which in turn could cause our stock price to decline. Accordingly, being a public benefit corporation and complying with our related obligations could negatively impact our ability to provide the highest possible return to our stockholders.

As a public benefit corporation, we are required to disclose to stockholders a report at least biennially on our overall public benefit performance and on our assessment of our success in achieving our specific public benefit purpose. If we are not timely or are unable to provide this report, or if the report is not viewed favorably by parties doing business with us or regulators or others reviewing our credentials, our reputation and status as a public benefit corporation may be harmed.

While not required by the DGCL or the terms of our amended and restated certificate of incorporation, we have elected to have our social and environmental performance, accountability and transparency assessed against the proprietary criteria established by an independent non-profit organization. As a result of this assessment, we have been designated as a "Certified B Corporation," which refers to companies that are certified as meeting certain levels of social and environmental performance, accountability and transparency. The standards for Certified B Corporation certification are set by an independent organization and may change over time. Currently, Certified B corporations are required to recertify as a Certified B Corporation once every three years. Our reputation could be harmed if we lose our status as a Certified B Corporation, whether by our choice or by our failure to continue to meet the certification requirements, if that failure or change were to create a perception that we are more focused on financial performance and are no longer as committed to the values shared by Certified B Corporations. Likewise, our reputation could be harmed if our publicly reported Certified B Corporation score declines.

We do not intend to pay dividends for the foreseeable future and, as a result, stockholders' ability to achieve a return on their investment will depend on appreciation in the price of our Class A common stock.

We do not intend to pay any cash dividends in the foreseeable future. We anticipate that we will retain all of our future earnings for use in the development of our business and for general corporate purposes. Any determination to pay dividends in the future will be at the discretion of our board of directors. Accordingly, investors must rely on sales of their Class A common stock after price appreciation, which may never occur, as the only way to realize any future gains on their investments.

Our charter documents and the DGCL could discourage takeover attempts and other corporate governance changes.

Our amended and restated certificate of incorporation and amended and restated bylaws currently in effect contain provisions that could delay or prevent a change in control of our company. These provisions could also make it difficult for stockholders to elect directors that are not nominated by the current members of our board of directors or take other corporate actions, including effecting changes in our management. These provisions include the following:

- our board of directors is classified into three classes of directors with staggered three-year terms. Commencing with the annual meeting of stockholders to be held in 2027, directors of each class the term of which shall then expire shall be elected to hold office for a one-year term;
- directors are only able to be removed from office with the affirmative vote of at least 66 2/3% of the voting power of all shares of our common stock then outstanding and, until the annual meeting of stockholders to be held in 2027, only for cause;
- authorize the issuance of “blank check” preferred stock that our board of directors could use to implement a stockholder rights plan;
- prohibit stockholder action by written consent, which requires stockholder actions to be taken at a meeting of our stockholders;
- establish advance notice requirements for nominations for election to our board of directors or for proposing matters that can be acted upon by stockholders at annual stockholder meetings;
- provide the board of directors with sole authorization to establish the number of directors and fill director vacancies;
- certain provisions of our amended and restated certificate of incorporation may only be amended with the approval of at least 66 2/3% of the voting power of all shares of our common stock then outstanding;
- the board of directors is expressly authorized to make, alter, or repeal our amended and restated bylaws and that our stockholders may amend our bylaws only with the approval of at least 66 2/3% of the voting power of all shares of our common stock then outstanding; and
- special meetings of the stockholders may only be called by the stockholders upon the written request of one or more stockholders of record that own, or who are acting on behalf of persons who own, shares representing 25% or more of the voting power of the then outstanding shares of capital stock entitled to vote on the matter or matters to be brought before the proposed special meeting.

In addition, as a Delaware corporation, we are subject to Section 203 of the DGCL. These provisions may prohibit large stockholders, in particular those owning 15% or more of our outstanding voting stock, from merging or combining with us for a period of time. In addition, our credit facility includes, and other debt instruments we may enter into in the future may include, provisions entitling the lenders to demand immediate repayment of all borrowings upon the occurrence of certain change of control events relating to our company, which also could discourage, delay or prevent a business combination transaction.

Also, as a public benefit corporation under the DGCL, our board of directors is required to manage or direct our business and affairs in a manner that balances the pecuniary interests of our stockholders, the best interests of those materially affected by our conduct, and the specific public benefits identified in our amended and restated certificate of incorporation. Additionally, pursuant to our amended and restated certificate of incorporation, a vote of at least 66 2/3% of our outstanding shares of voting stock is required for matters directly or indirectly amending or removing our public benefit purpose. We believe that our public benefit corporation status will make it more difficult for another party to obtain control of us without maintaining our public benefit corporation status and purpose. Any of the foregoing provisions could limit the price that investors might be willing to pay in the future for shares of our common stock, and they could deter potential acquirers of our company, thereby reducing the likelihood that you would receive a premium for your shares of our common stock in an acquisition.

Our amended and restated certificate of incorporation includes an exclusive forum clause, which could limit our stockholders’ ability to obtain a favorable judicial forum for disputes with us.

Our amended and restated certificate of incorporation provides that the Court of Chancery of the State of Delaware shall be the sole and exclusive forum for any complaint asserting any internal corporate claims, including claims in the right of the Company that are based upon a violation of a duty by a current or former director, officer, employee or stockholder in such capacity, or as to which the DGCL confers jurisdiction upon the Court of Chancery. In addition, our amended and restated certificate of incorporation provides that the federal district courts of the United States will be the exclusive forum for resolving any complaint asserting a cause of action arising under the Securities Act. We note, however, that there is uncertainty as to whether a court would enforce this provision and that investors cannot waive compliance with the federal securities laws and the rules and regulations thereunder. Section 22 of the Securities Act creates concurrent jurisdiction for state and federal courts over all suits brought to enforce any duty or liability created by the Securities Act or the rules and regulations thereunder. This forum selection provision will not apply to claims brought to enforce a duty or liability created by the Exchange Act.

This choice of forum provision may limit a stockholder’s ability to bring a claim in other judicial forums for disputes with us or our directors, officers or other employees, which may discourage lawsuits against us and our directors, officers and other employees in jurisdictions other than Delaware, or federal courts, in the case of claims arising under the Securities Act. Alternatively, if a court were to find the choice of forum provision contained in our amended and restated certificate of incorporation inapplicable or unenforceable in an action, we may incur additional costs associated with resolving such action in other jurisdictions, which could have a material adverse effect on our business, financial condition or results of operations.

Any person or entity purchasing or otherwise acquiring any interest in shares of our capital stock is deemed to have notice of and consented to the foregoing provisions. The exclusive forum clause may limit our stockholders’ ability to obtain a favorable judicial forum for disputes with us.

General Risk Factors

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

As a public company, we are subject to the reporting requirements of the Exchange Act, and the listing requirements of the New York Stock Exchange, and other applicable securities rules and regulations, and will be required to comply with the applicable requirements of the Sarbanes-Oxley Act and the Dodd-Frank Wall Street Reform and Consumer Protection Act. Compliance with these rules and regulations have increased and will likely continue to increase our legal and financial compliance costs, make some activities more difficult, time-consuming or costly and increase demand on our systems and resources. Among other things, the Exchange Act requires that we file annual, quarterly and current reports with respect to our business and operating results and maintain effective disclosure controls and procedures and internal controls over financial reporting. Increasing governmental and societal attention to ESG matters has resulted and could continue to result in new laws and requirements, including expanded disclosure requirements that are expected to continue to expand the nature, scope and complexity on which we are required to report. Significant resources and management oversight will be required to maintain and, if required, improve our disclosure controls and procedures and internal controls over financial reporting to meet this standard. As a result, management's attention may be diverted from other business concerns, which could harm our business and operating results. We may need to hire more employees in the future to comply with these requirements, which will increase our costs and expenses.

These rules and regulations have resulted and are expected to continue to result in our incurring legal and financial compliance costs and have made and are expected to continue to make some activities more time-consuming and costly. For example, these rules and regulations have made and may continue to make it more expensive for us to obtain director and officer liability insurance, and we may be required to accept reduced policy limits and coverage or incur substantially higher costs to obtain the same or similar coverage. These factors could also make it more difficult for us to attract and retain qualified members of our board of directors, particularly to serve on our audit committee and compensation committee, and qualified executive officers.

Our management team has limited experience managing a public company.

Most members of our management team have had limited experience managing a publicly traded company, interacting with public company investors, and complying with the increasingly complex laws, rules and regulations that govern public companies. There are significant obligations we are subject to relating to reporting, procedures and internal controls, and our management team may not successfully or efficiently manage our public company obligations. These obligations and added scrutiny require significant attention from our management and could divert their attention away from the day-to-day management of our business, which could adversely affect our business, operating results and financial condition.

Reduced reporting and disclosure requirements applicable to us as an emerging growth company ("EGC") could make our Class A common stock less attractive to investors.

We are an EGC and, for as long as we continue to be an EGC, we may choose to continue to take advantage of exemptions from various reporting requirements applicable to other public companies. Consequently, we are not required to have our independent registered public accounting firm audit our internal control over financial reporting under Section 404(b) of the Sarbanes-Oxley Act, and we are subject to reduced disclosure obligations regarding executive compensation in our periodic reports and proxy statements and exemptions from the requirements of holding a nonbinding advisory vote on executive compensation and on the frequency of such votes as well as stockholder approval of any golden parachute payments not previously approved. In addition, the Jumpstart Our Business Startups Act (the "JOBS Act") provides that an EGC can take advantage of an extended transition period for complying with new or revised accounting standards. We have elected to take advantage of the extended transition period. As a result, our financial statements may not be comparable to companies that comply with new or revised accounting pronouncements as of the dates such pronouncements are effective for public companies. We will remain an EGC until the earliest of: (i) the end of the fiscal year following the fifth anniversary of the IPO, (ii) the first fiscal year after our annual gross revenue is \$1.235 billion or more, (iii) the date on which we have, during the previous three-year period, issued more than \$1 billion in nonconvertible debt securities or (iv) the end of any fiscal year in which the market value of our Class A common stock held by non-affiliates exceeded \$700 million as of the end of the second quarter of that fiscal year. We cannot predict whether investors will find our Class A common stock less attractive if we choose to rely on these exemptions. If some investors find our Class A common stock less attractive as a result of any choices to reduce future disclosure, there may be a less active trading market for our Class A common stock, and the price of our Class A common stock may be more volatile.

We have a limited operating history at our current scale, which may make it difficult to evaluate our business and future prospects.

We began commercial operations in 2011 and went public on July 21, 2021. As a result of our relatively short operating history at our current scale, we have limited financial data that can be used to evaluate our business and future prospects. Any evaluation of our business and prospects must be considered in light of our limited operating history, which may not be indicative of future performance. Because of our limited operating history, we face increased risks, uncertainties, expenses, and difficulties, including the risks and uncertainties discussed in this section.

If we fail to maintain or implement effective internal controls, we may not be able to report financial results accurately or on a timely basis, or to detect fraud, which could have a material adverse effect on our business and the per share price of our Class A common stock.

The Sarbanes-Oxley Act requires, among other things, that we maintain effective disclosure controls and procedures, and internal control over financial reporting. We are continuing to refine our disclosure controls and other procedures that are designed to ensure that information required to be disclosed by us in the reports that we file with the SEC is recorded, processed, summarized and reported within the time periods specified in SEC rules and forms. We have expended significant resources in order to maintain and improve the effectiveness of our disclosure controls and procedures and internal control over financial reporting.

As a public company, we are required to document and test our internal control over financial reporting pursuant to Section 404 of the Sarbanes-Oxley Act so that our management can certify as to the effectiveness of our internal control over financial reporting. Section 404(a) of the Sarbanes-Oxley Act, or Section 404(a), requires that management assess and report annually on the effectiveness of our internal control over financial reporting and identify any material weaknesses in our internal control over financial reporting. Although Section 404(b) of the Sarbanes-Oxley Act (“Section 404(b)”) would require our independent registered public accounting firm to issue an annual report that addresses the effectiveness of our internal control over financial reporting, we have opted to rely on the exemptions provided in the JOBS Act, and consequently will not be required to comply with the SEC rules that implement Section 404(b) until such time as we are no longer an EGC. At such time, our independent registered public accounting firm may issue a report that is adverse in the event it is not satisfied with the level at which our internal control over financial reporting is documented, designed or operating. In order to comply with these rules, we expect to incur additional expenses and devote increased management effort. To maintain and improve the effectiveness of our disclosure controls and procedures, we have committed, and will need to continue to commit, significant resources, hire additional staff and provide additional management oversight.

Our current controls and any new controls that we develop may become inadequate because of changes in conditions in our business. Weaknesses in our disclosure controls or our internal control over financial reporting may be discovered in the future. Any failure to develop or maintain effective controls, or any difficulties encountered in their implementation or improvement, could harm our operating results or cause us to fail to meet our reporting obligations and may result in a restatement of our financial statements for prior periods. Any failure to implement and maintain effective internal control over financial reporting could also adversely affect the results of management reports and independent registered public accounting firm audits of our internal control over financial reporting that we will eventually be required to include in our periodic reports that will be filed with the SEC. Ineffective disclosure controls and procedures, and internal control over financial reporting could also cause investors to lose confidence in our reported financial and other information, which would likely have a negative effect on the market price of our Class A common stock. In addition, if we are unable to continue to meet these requirements, we may not be able to remain listed on the New York Stock Exchange.

Any failure to maintain effective disclosure controls and internal control over financial reporting could have a material and adverse effect on our business and operating results, and cause a decline in the market price of our Class A common stock.

If securities or industry analysts do not publish research or reports about our business, or publish inaccurate or unfavorable research reports about our business, our share price and trading volume could decline.

The trading market for our Class A common stock partially depends on the research and reports that securities or industry analysts publish about us or our business. We do not have any control over these analysts. If one or more of the analysts who cover us should downgrade our shares or change their opinion of our business prospects, our share price would likely decline. If one or more of these analysts ceases coverage of our company or fails to regularly publish reports on us, we could lose visibility in the financial markets, which could cause our share price or trading volume to decline.

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

We are dependent on various information technology systems, including, but not limited to, networks, applications and outsourced services in connection with the operation of our business. No operational applications are physically hosted on our premises, although we do manage internal file servers. Most of our applications are operated in the cloud, either as Software as a Service (SaaS) platforms or hosted services. Key third-party, cloud-based systems include NetSuite, an enterprise resource planning system used for executing purchase orders and other key operational and accounting transactions; Microsoft Office 365 for document storing, sharing and collaboration; as well as other platforms, including Paylocity, to manage activities including, but not limited to, payroll and personnel data. Supply plans are driven by our demand plan, both of which are updated monthly and as needed, using Smoothie, also a SaaS application. A failure of our information technology systems to perform as we anticipate could disrupt our business and result in transaction errors, processing inefficiencies and loss of sales, causing our business to suffer. In addition, our information technology systems may be vulnerable to damage or interruption from circumstances beyond our control, including fire, natural disasters, systems failures, and/or viruses. Any such damage or interruption could have a material adverse effect on our business.

If we or any of our customers, suppliers, or vendors incur a security breach, data protection breach, or cyberattack, this could disrupt our internal operations and negatively impact our revenue and cash flows, result in increased expenses, damage our reputation, and adversely affect our stock price.

We use computers in substantially all aspects of our business operations. We also use mobile devices, social networking, email, and other online activities to connect with our employees, suppliers, contract manufacturers, distributors, customers and consumers. Such uses give rise to cybersecurity risks, including security breaches, espionage, system disruption, theft and inadvertent release of information. Our business involves the storage and transmission of numerous classes of sensitive and/or confidential information, including customers' and suppliers' information, private information about employees and financial and strategic information about us and our business partners. Further, as we pursue new initiatives that improve our operations and cost structure, we will also be expanding and improving our information technologies, resulting in a larger technological presence and corresponding exposure to cybersecurity risk. If we fail to assess and identify cybersecurity risks associated with new initiatives, we may become increasingly vulnerable to such risks. Such risks may involve ransomware or other malicious software programs that exploit information security vulnerabilities. Additionally, we have been subject to security breaches and cyber incidents in the past and our preventative measures and incident response efforts may not be entirely effective at preventing future breaches. While we maintain cybersecurity insurance policies, our cybersecurity insurance carrier may challenge the coverage and leave us with payment out of pocket for all costs associated with any such breach. In addition, the increase in certain of our employees working remotely has resulted in increased demand on our information technology infrastructure, which can be subject to failure, disruption or unavailability, and increased vulnerability to cyberattacks and other cyber incidents. The theft, destruction, loss, misappropriation, or release of sensitive and/or confidential information, or interference with our information technology systems or the technology systems of third parties on which we rely, could result in business disruption, negative publicity, brand damage, violation of privacy laws, loss of customers, potential liability, remediation costs and competitive disadvantage all of which could have a material adverse effect on our business, financial condition or results of operations. We could also be required to spend significant financial and other resources to remedy the damage caused by one of these events or to repair or replace networks and information systems.

Our actual or perceived failure to comply with privacy, data protection and information security laws, regulations and obligations could harm our business.

We are subject to numerous federal, state, local and international laws and regulations regarding privacy, data protection, information security and the storing, sharing, use, processing, transfer, disclosure and protection of personal information and other content and data, which we refer to collectively as privacy laws, the scope of which is changing, subject to differing interpretations and may be inconsistent among US states, countries, or conflict with other laws, regulations or other obligations. We are also subject to the terms of our privacy policies and obligations to our consumers, customers and other third parties related to privacy, data protection and information security. We strive to comply with applicable privacy laws; however, the regulatory framework for privacy and data protection worldwide is, and is likely to remain for the foreseeable future, varied, and it is possible that these or other actual obligations may be interpreted and applied in a manner that is inconsistent from one jurisdiction to another.

California also recently enacted legislation affording consumers expanded privacy protections: the California Consumer Privacy Act of 2018, or CCPA, went into effect as of January 1, 2020 and was subject to enforcement starting July 1, 2020. Additionally, the California Attorney General issued CCPA regulations that add additional requirements on businesses. The potential effects of this legislation and the related CCPA regulations may require us to incur substantial costs and expenses in an effort to comply. For example, the CCPA gives California residents (including employees, with the enactment of the California Privacy Rights Act of 2020 ("CPRA")) expanded rights to transparency, access, correction, portability, and deletion of their personal information, opt out of certain personal information selling and sharing and detailed information about how their personal information is collected and used. The CCPA also provides for civil penalties for violations, as well as a private right of action for data breaches that may increase data breach litigation. The CPRA significantly modifies the CCPA, potentially resulting in further uncertainty and requiring us to incur additional costs and expenses in efforts to comply. The enactment of the CCPA and CPRA is prompting similar legislative developments in other states in the United States, which could create the potential for a patchwork of overlapping but different state laws, and is inspiring federal legislation. For example, we are also subject to the privacy laws discussed under the section of this Annual Report captioned "Business—Government Regulation" and various other state laws where we sell our products.

Further, some countries also are considering or have passed legislation requiring local storage and processing of data, or similar requirements, which could increase the cost and complexity of operating our products and services and other aspects of our business.

With laws and regulations such as the CCPA/CPRA imposing new and relatively burdensome obligations, and with substantial uncertainty over the interpretation and application of these and other laws and regulations, there is a risk that the requirements of these or other laws and regulations, or of contractual or other obligations relating to privacy, data protection or information security, are interpreted or applied in a manner that is, or is alleged to be, inconsistent with our management and processing practices, our policies or procedures, or the features of our products and services. As a result, adverse developments with respect to these laws and regulations could have an adverse effect on our business, financial condition, results of operations and prospects. We rely on a variety of marketing techniques and practices, including email and social media marketing, online targeted advertising, cookie-based processing, and postal mail to sell our products and services and to attract new consumers, and we, and our vendors, are subject to various current and future data protection laws and data protection obligations that govern marketing and advertising practices. Governmental authorities continue to evaluate the privacy implications inherent in the use of third-party "cookies" and other methods of online tracking for behavioral advertising and other purposes, such as by regulating the level of consumer notice and consent required before a company can employ cookies or other electronic tracking tools or the use of data gathered with such tools. We may face challenges in addressing their requirements and making any necessary changes to our policies and practices, and we may find it necessary or appropriate to assume additional burdens with respect to data handling, to restrict our data processing or otherwise to modify our data handling practices and to incur significant costs and expenses in these efforts. Any failure or perceived failure by us to comply with our privacy policies, our privacy, data protection or information security-related obligations to customers or other third parties or any of our other legal obligations relating to privacy, data protection or information security may result in governmental investigations or enforcement actions, litigation, claims or public statements against us by consumer advocacy groups or others, and could result in significant liability or cause our customers to lose trust in us, which could have an adverse effect on our reputation and business. Furthermore, the costs of compliance with, and other burdens imposed by, the laws, regulations and policies that are applicable to the businesses of our customers may limit the adoption and use of, and reduce the overall demand for, our products and services.

Additionally, if third parties we work with, such as vendors or developers, violate applicable laws or regulations or our contracts and policies, such violations may also put our customers', suppliers or other third parties' content and personal information at risk and could in turn have an adverse effect on our business. Any significant change to applicable privacy laws or relevant industry practices could increase our costs and require us to modify our platform, applications and features, possibly in a material manner, which we may be unable to complete and may limit our ability to store and process customer data or develop new applications and features.

There is no assurance that our current or any new security controls over personal data, the training of employees and vendors on data privacy and data security, and the policies, procedures and practices we implemented or may implement in the future will prevent the improper disclosure of personal data. Improper disclosure of personal data in violation of applicable personal data protection laws could harm our reputation, cause loss of consumer confidence, subject us to government enforcement actions, or result in private litigation against us, any of which could result in loss of revenue, increased costs, liability for monetary damages, fines and/or criminal prosecution, and could negatively affect our business and operating results.

Any future pandemics, epidemics, or other disease outbreaks could have a material adverse impact on our business, results of operations and financial condition.

Any future pandemics or epidemics may have an adverse impact on the global society, economies, financial markets and consumer and business spending. In addition to the impact on our distributors, contract manufacturers and their suppliers, any future pandemics, epidemics, or other disease outbreaks and related public health measures could impact consumer preferences and demand for our products, government regulations and restrictions, transportation and route to market, and availability of raw materials and thus may have a material impact on our business, results of operations and financial condition and such impact remains uncertain and unpredictable.

Risks Related to Our Indebtedness and Liquidity

We may not be able to secure additional financing on favorable terms, or at all, to meet our future capital needs, which may in turn impair our growth.

We intend to continue to grow our business, which may require additional capital to develop new products or enhance our platform, expand distribution, improve our operating infrastructure or finance working capital requirements. Accordingly, we may need to engage in additional equity or debt financings to secure additional capital. If we raise additional funds through future issuances of equity or convertible debt securities, our existing stockholders could suffer significant dilution, and any new equity securities we issue could have rights, preferences and privileges superior to those of holders of our Class A common stock. Any debt financing that we secure in the future could involve restrictive covenants relating to our capital raising activities and other financial and operational matters, which may make it more difficult for us to obtain additional capital and to pursue business opportunities. If we are unable to secure additional funding on favorable terms, or at all, when we require it, our ability to continue to grow our business to react to market conditions could be impaired and our business may be harmed.

Covenants in our credit facility could adversely impact our operations

Our asset-based credit facility contains a liquidity covenant that required us to maintain liquidity of \$7.0 million at all times until December 31, 2023. Thereafter, we must satisfy a financial covenant requiring a minimum fixed charge coverage ratio of 1.00 to 1.00 as of the last day of any fiscal quarter following the occurrence of certain events of default that are continuing or any day on which availability under the credit facility is less than the greater of \$3.0 million and 17.5% of the borrowing base, and must again satisfy such financial covenant as of the last day of each fiscal quarter thereafter until such time as there are no events of default and availability has been above such threshold for 30 consecutive days. The agreement governing our credit facility also contains, among other things, customary representations, warranties and default provisions and customary restrictions on making investments, incurring indebtedness, prepaying junior debt, granting liens and making stockholder distributions. The terms of our credit facility may restrict our current and future operations and could adversely affect our ability to finance our future operations or capital needs or to execute business strategies in the means or manner desired. In addition, complying with these covenants may make it more difficult for us to successfully execute our business strategy, invest in our growth strategy and compete against companies who are not subject to such restrictions. We may not be able to generate sufficient cash flow or sales to meet the financial covenant or pay the principal or interest owed under our credit facility.

If we are unable to comply with our payment requirements, our lender may accelerate our obligations under our credit facility and foreclose upon the collateral, or we may be forced to sell assets, restructure our indebtedness or seek additional equity capital, which would dilute our stockholders' interests. If we fail to comply with our covenants under our credit facility, it could result in an event of default under the agreement and our lender could, among other things, make the entire debt immediately due and payable. If this occurs, we might not be able to repay our debt or borrow sufficient funds to refinance it. Even if new financing is available, it may not be on terms that are favorable to us.

Item 1B. Unresolved Staff Comments

None.

Item 1C. Cybersecurity

We recognize the critical importance of maintaining the safety and security of our systems and data and have a holistic process for assessing, identifying, and managing material risks from cybersecurity threats. This process is supported by both management and our Board of Directors.

To prevent, detect, mitigate, and remediate information security threats, including a cybersecurity incident and/or threat, we maintain a cyber risk management process managed by our Senior Vice President, Operations ("SVP, Operations") who reports to our CEO. The SVP, Operations works with the Vice President, Deputy General Counsel ("Legal") on cybersecurity strategy, policy, training, standards, architecture, and processes. We have invested, and expect to continue to invest, in resources for the protection and safeguarding of our information technology systems, including, but not limited to, networks, applications, and outsourced technology services in connection with the operation of our business. These resources are designed to detect and respond to cyber incidents that may result in unauthorized access to, ransomware, damages, or destruction of, our information and systems.

Risk Management and Strategy

Cybersecurity risk is a direct responsibility of management and the Company's information technology ("IT") team. Working cross-functionally with Legal, our SVP, Operations oversees the IT team that regularly monitors and assesses cybersecurity risks, implements measures designed to mitigate such risks and their associated effects on the Company and personal data collected, stored, and processed in our systems, and manages our information security training and cybersecurity awareness program. We consider cybersecurity, along with other significant risks that we face, within our overall enterprise risk management framework.

Our approach to cybersecurity risk management includes the following:

- **Multi-Layered Defense and Monitoring** – We work to protect our computing environments from cybersecurity threats through multi-layered defenses and monitoring efforts to identify cybersecurity threats, and to help prevent future attacks. We utilize data analytics systems to detect anomalies and identify cyber threats. From time to time, we engage third-party consultants or other advisors to assist in assessing, identifying, and/or managing cybersecurity threats. We also periodically use our internal audit partner to conduct additional reviews and assessments.
- **Insider Threats** – We maintain organizational controls such as limited access, and access removal for terminated employees, designed to minimize insider threats, and address potential risks from within our Company. Our measures and controls are informed by industry practices, and designed to be consistent with applicable law, including privacy and other considerations.
- **Third Party Risk Assessments** – We conduct privacy and information security risk assessments before sharing or allowing the hosting of sensitive data in computing environments managed by third parties.
- **Training and Awareness** – We provide awareness training to our employees to help identify, avoid and mitigate cybersecurity threats. Our employees with network access are required to participate annually in training, including phishing simulations and other awareness training. We also periodically host tabletop exercises with management and other employees to practice rapid cyber incident response.
- **Supplier Engagement** – Our standard terms and conditions contain contractual provisions requiring that our third-party suppliers disclose to us the technical and organizational measures they maintain, the standards and certifications by which they are evaluated for information and cyber security, and their cybersecurity insurance protection level. We seek to mitigate risk by evaluating the foregoing against any potential cyber-related risks depending on the nature of the services being provided.

Governance

Our Board of Directors is responsible for overseeing our enterprise risk management activities in general, and each of our Board committees assists the Board in the role of risk oversight. The Nominating and Enterprise Risk Management ("NERM") Committee of the Board of Directors specifically assists the Board in its oversight of risks related to cybersecurity. In accordance with its charter, the NERM Committee receives regular reports at each of its quarterly meetings from management, including the SVP, Operations. Such reporting includes updates on the Company's cybersecurity program, information security matters, the evolving cybersecurity threat environment, applicable privacy law compliance, and the Company's mitigation plans and evolving mitigation strategy. The Chair of the NERM Committee regularly reports to the Board of Directors on cybersecurity risks and other related matters. In addition, both the NERM Committee and the Audit Committee, in a joint meeting, receive an update on the Company's risk management process and the risk trends related to cybersecurity at least annually. Management reports to the NERM Committee and/or the Board of Directors in between meetings as appropriate regarding any significant cyber events.

To date we have not identified any cybersecurity threat or incident that has materially affected the Company or our financial position, results of operations and/or cash flows, but we face certain ongoing cybersecurity risk threats that, if realized, are reasonably likely to materially affect us. We continue to invest in the cybersecurity and resiliency of our networks and enhance our internal controls and processes, which are designed to help protect our systems and infrastructure, and the information they contain. For more information regarding the risks we face from cybersecurity threats, please see Part I, Item 1A. "Risk Factors" included in this Annual Report.

Item 2. Properties

Our corporate headquarters offices are located in Encino, California and consists of approximately 20,185 square feet of leased space pursuant to a lease that expires on December 31, 2026.

We utilize third-party distribution networks.

We believe that our current facilities are suitable and adequate to meet our current needs. We continue to evaluate opportunities to support our future plans for growth and cost reduction. We believe that additional or alternative space to support future use and expansion will be available on reasonable commercial terms.

Item 3. Legal Proceedings

We are not subject to any material legal proceedings.

Item 4. Mine Safety Disclosures.

Not applicable.

PART II

Item 5. Market for Registrant’s Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities

Market Information for Class A Common Stock

Our Class A common stock has been listed on the New York Stock Exchange under the symbol “ZVIA” since July 22, 2021. Prior to that date, there was no public trading market for our Class A common stock.

Our Class B common stock is neither listed nor traded.

Holders of Record

As of February 29, 2024, there were 18 holders of record of our Class A common stock. The actual number of stockholders is greater than this number of record holders and includes stockholders who are beneficial owners but whose shares are held in street name by brokers and other nominees.

As of February 29, 2024, there were 42 holders of record of our Class B common stock.

Dividend Policy

We have never declared or paid cash dividends on our capital stock. We currently intend to retain all available funds and future earnings and we have no present intention to pay cash dividends on our common stock. We may enter into credit agreements or other borrowing arrangements in the future that will restrict our ability to declare or pay cash dividends or make distributions on our capital stock. Any determination to pay dividends to holders of our common stock will be at the discretion of our board of directors and will depend upon many factors, including our financial condition, results of operations, projections, liquidity, earnings, legal requirements, restrictions in our existing and any future debt agreements and other factors that our board of directors deems relevant.

Issuer Repurchases of Equity Securities

None

Recent Sales of Unregistered Securities

None

Item 6. [Reserved]

Not applicable.

Item 7. MANAGEMENT’S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS.

The following discussion contains forward-looking statements that involve risks and uncertainties. The following discussion of our financial condition and results of operations should be read in conjunction with our consolidated financial statements and the related notes and other financial information included elsewhere in this Annual Report. Our actual results may differ materially from those discussed in the forward-looking statements as a result of various factors, including those set forth in Part I, Item 1A. “Risk Factors” and other sections of this Annual Report. The financial data discussed below reflects the historical results of operations and financial position of the Company. References in this Annual Report to “Zevia,” the “Company,” “we,” “us,” and “our” refer (1) prior to the consummation of the Reorganization Transactions, to Zevia LLC, and (2) after the consummation of the Reorganization Transactions, to Zevia PBC and its consolidated subsidiaries unless the context indicates otherwise. Our historical results are not necessarily indicative of the results that may be expected for any period in the future.

Overview

We are a growth beverage company that develops, markets, sells, and distributes great tasting, zero sugar beverages made with simple, plant-based ingredients. We are a Delaware public benefit corporation and have been designated as a “Certified B Corporation,” and are focused on addressing the global health challenges resulting from excess sugar consumption by offering a broad portfolio of zero sugar, zero calorie, naturally sweetened beverages. All Zevia® beverages are Non-GMO Project verified, gluten-free, Kosher, vegan and zero sodium and include a variety of flavors across Soda, Energy Drinks, Organic Tea, and Kids drinks. Our products are distributed and sold principally across the U.S. and Canada through a diverse network of major retailers in the food, drug, warehouse club, mass, natural and e-commerce channels and in grocery and natural product stores and specialty outlets. We believe that consumers increasingly select beverage products based on taste, ingredients and fit with today’s consumer preferences, which has benefited the Zevia® brand and resulted in over 1.9 billion cans of Zevia sold to date.

Key Events During 2023

During 2023, we implemented certain initiatives designed to transform our operations in order to help support our continued growth, enhance our customer service, and drive efficiencies. During the second, third, and fourth quarters, in connection with those initiatives, we faced short-term supply chain logistics challenges which hindered fulfillment and adversely impacted net sales results and selling and marketing expenses in these quarters, specifically freight and warehousing costs as a result of increased inventory production levels, leading to higher storage and production costs. We implemented measures that addressed these challenges and restored service levels to previous levels, including changes in the supply chain organization and leadership, pausing certain actions of our supply chain transition, and further automation of inventory reporting and processing for greater visibility.

We also introduced a brand refresh during the year, bringing a new logo and brand identity, in order to improve on-shelf visibility and continue to support our growth. This initiative included the optimization of the brand portfolio and the discontinuation of selected SKUs as we continue to drive focus on our highest potential products.

During the fourth quarter of 2023, we made a strategic change in how our products are manufactured. Beginning in the first quarter of 2024, our contract manufacturers are responsible for the procurement of raw materials to produce our products, which are then sold to us as finished goods. We believe this change should allow us to leverage the purchasing power of our contract manufacturers and further diversify, as well as enable us with the flexibility to scale the business. We also onboarded a new global transportation management company in the first quarter of 2024 to support the optimization of the procurement of freight and associated freight management activities to improve our cost management. We believe both of these changes will better optimize our supply chain in order to help support future growth and drive increasing returns as we scale the business.

Factors Affecting Our Performance

Macroeconomic Environment

In addition to the supply chain challenges discussed above, a number of external factors, including the global economy, global health emergencies, inflationary pressures, relatively high interest rates, volatility in the financial markets, recession fears, financial institution instability, any potential shutdown of the U.S. government, global hostilities, including the military conflicts in Ukraine and Israel and the surrounding areas, and political tensions between the U.S. and China have impacted and may continue to impact transportation, labor, and commodity costs. During the year ended December 31, 2023, we continued to experience slightly higher operating costs, including logistics, manufacturing and labor costs, which we expect to continue into 2024. These pressures have and are expected to continue to impact our margins and operating results. We, along with our competitors, have increased pricing on a number of products in response to widespread inflation. These pricing increases may result in future reductions in volume.

The following summarizes the components of our results of operations for the years ended December 31, 2023 and 2022, respectively.

Components of Our Results of Operations

Net Sales

We generate net sales from the sales of our products, including Soda, Energy Drinks, Organic Tea, and Kids drinks, to our customers, which include grocery distributors, national retailers, natural products retailers, warehouse club retailers and retailers with e-commerce channels, in the U.S. and Canada.

We offer our customers sales incentives that are designed to support the distribution of our products to consumers. These incentives include discounts, trade promotions, price allowances and product placement fees. The amounts for these incentives are deducted from gross sales to arrive at our net sales.

The following factors and trends in our business have driven net sales over the past two years and are expected to continue to be key drivers of our net sales for the foreseeable future:

- leveraging our platform and mission to grow brand awareness, increase velocity and expand our consumer base;
- continuing to grow our strong relationships across our retailer network and retain and expand distribution amongst new and existing channels, both in-store and online; and
- continuous innovation efforts, enhancement of existing products, and introduction of additional flavors within existing categories, as well as entering into new categories.

We expect both new distribution and increased organic sales from existing outlets and pricing strategies to contribute to our future growth; however, sales levels in any given period may continue to be impacted by seasonality, increased level of competition, customers efforts to manage inventory, and our ability to fulfill customer demands.

We sell our products in the U.S. and Canada, direct to retailers and also through distributors. We do not have short- or long- term sales commitments with our customers.

Cost of Goods Sold

Cost of goods sold consists of all costs to acquire and manufacture our products, including the cost of ingredients, raw materials, packaging, in-bound freight and logistics and third-party production fees. Our cost of goods sold is subject to price fluctuations in the marketplace, particularly in the price of aluminum and other raw materials, as well as in the cost of production, packaging, in-bound freight and logistics. Our results of operations depend on our contract manufacturers ability to arrange for the purchase of raw materials and the production of our products in sufficient quantities at competitive prices. We have long-term contracts with certain suppliers of stevia and certain third-party contract manufacturers governing quality control, regulatory compliance, pricing and other terms, but these contracts generally do not guarantee any minimum purchase commitments to our third-party contract manufacturers. Beginning the first quarter of 2024, our third-party contract manufacturers procure packaging and ingredient materials to manufacture our products according to our submitted rolling forecasts, with the initial three months of each forecast generally constituting our purchase commitment.

We expect our cost of goods sold to increase in absolute dollars as our volume increases.

We elected to classify shipping and handling costs for salable product outside of cost of goods sold, in selling and marketing expenses in our consolidated statements of operations and comprehensive loss. As a result, our gross profit and profit margin may not be comparable to other entities that present shipping and handling costs as a component of cost of goods sold.

Gross Profit

Gross profit consists of our net sales less costs of goods sold. Our gross profit and gross margin are affected by the mix of distribution channels of our net sales in each period, as well as the level of discounts and promotions offered during the period. Gross profit may be favorably impacted by leveraging our asset-light business model and through increased distribution direct to retailers, the increased scale of our business and our continued focus on cost and efficiency improvements.

Operating Expenses

Selling and Marketing Expenses

Selling and marketing expenses consist primarily of warehousing and distribution costs and advertising and marketing expenses. Warehousing and distribution costs include storage, transfer, repacking and handling fees and out-bound freight and delivery charges. Advertising and marketing expenses consist of variable costs associated with production and media buying of marketing programs and trade events, as well as sampling and in-store demonstration costs. Selling and marketing expenses also includes the incremental costs of obtaining contracts, such as sales commissions.

Our selling and marketing expenses are expected to increase in absolute dollars in the long-term, both as a result of the increased warehousing and distribution costs resulting from increased net sales and as a result of increased focus on marketing programs/spend, which we expect to be partially offset by our continued focus on cost improvements in our supply chain. Our selling expenses are expected to decrease in the short-term compared to the prior year as a result of the historical supply chain logistics challenges encountered during 2023 – refer to the Key Events During 2023 section above for additional information.

General and Administrative Expenses

General and administrative expenses include all salary and other personnel expenses (other than equity-based compensation expense) for our employees, including employees related to management, marketing, sales, product development, quality control, accounting, information technology and other functions. Our general and administrative expenses are expected to grow in absolute dollars but decline as a percentage of net sales over time.

Equity-Based Compensation Expense

Equity-based compensation expense consists of the recorded expense of equity-based compensation for our employees and, if any, for certain consultants and service providers who are non-employees. We record equity-based compensation expense for employee grants using grant date fair value for RSUs or a Black-Scholes valuation model to calculate the fair value of stock options by date granted. Equity-based compensation cost for RSU awards is measured based on the closing fair market value of the Zevia LLC Class B unit or the Zevia PBC Class A common stock, as applicable, on the date of grant. Our equity-based compensation expense is expected to remain relatively consistent in absolute dollars but decline as a percentage of net sales over time.

Depreciation and Amortization

Depreciation is primarily related to computer equipment, quality control and marketing equipment, and leasehold improvements. Intangible assets subject to amortization consist of customer relationships and software applications. Non-amortizable intangible assets consist of trademarks, which represent the Company's exclusive ownership of the Zevia® brand used in connection with the manufacturing, marketing, and distribution of its beverages. We also own several other trademarks in both the U.S. and in foreign countries. Depreciation and amortization expense is expected to increase in-line with ongoing capital expenditures as our business grows.

Other income, net

Other income, net consists primarily of interest income (expense), and foreign currency (loss) gains.

Results of Operations

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

	Year Ended December 31,	
	2023	2022
<i>(in thousands, except per share amounts)</i>		
Net sales	\$ 166,424	\$ 163,181
Cost of goods sold	91,666	93,160
Gross profit	74,758	70,021
Operating expenses:		
Selling and marketing	62,312	52,869
General and administrative	31,495	36,793
Equity-based compensation	8,279	26,880
Depreciation and amortization	1,615	1,347
Total operating expenses	103,701	117,889
Loss from operations	(28,943)	(47,868)
Other income, net	673	286
Loss before income taxes	(28,270)	(47,582)
Provision for income taxes	52	65
Net loss and comprehensive loss	(28,322)	(47,647)
Loss attributable to noncontrolling interest	6,828	13,790
Net loss attributable to Zevia PBC	\$ (21,494)	\$ (33,857)
Net loss per share attributable to common stockholders		
Basic	\$ (0.41)	\$ (0.81)
Diluted	\$ (0.41)	\$ (0.81)

The following table presents selected items in our consolidated statements of operations and comprehensive loss as a percentage of net sales for the respective periods presented. Percentages may not sum due to rounding:

	Year Ended December 31,	
	2023	2022
Net sales	100%	100%
Cost of goods sold	55%	57%
Gross profit	45%	43%
Operating expenses:		
Selling and marketing	37%	32%
General and administrative	19%	23%
Equity-based compensation	5%	16%
Depreciation and amortization	1%	1%
Total operating expenses	62%	72%
Loss from operations	(17)%	(29)%
Other income, net	0%	0%
Loss before income taxes	(17)%	(29)%
Provision for income taxes	0%	0
Net loss and comprehensive loss	(17)%	(29)%
Loss attributable to noncontrolling interest	4%	8%
Net loss attributable to Zevia PBC	(13)%	(21)%

Year Ended December 31, 2023 Compared to Year Ended December 31, 2022

Net Sales

<i>(in thousands)</i>	Year Ended December 31,		Change	
	2023	2022	Amount	Percentage
Net sales	\$ 166,424	\$ 163,181	\$ 3,243	2.0%

Net sales were \$166.4 million for the year ended December 31, 2023 as compared to \$163.2 million for the year ended December 31, 2022. Equivalized cases sold were 12.7 million for the year ended December 31, 2023 as compared to 13.6 million for the year ended December 31, 2022. Net sales growth was primarily driven by pricing increases of \$11.5 million, partially offset by a decrease in the number of equivalized cases sold that resulted in \$8.3 million lower net sales, which was mainly caused by short-term supply chain logistics challenges hindering fulfillment discussed in the Key Events During 2023 section above. We define an equivalized case as a 288 fluid ounce case.

Cost of Goods Sold

<i>(in thousands)</i>	Year Ended December 31,		Change	
	2023	2022	Amount	Percentage
Cost of goods sold	\$ 91,666	\$ 93,160	\$ (1,494)	(1.6)%

Cost of goods sold was \$91.7 million for the year ended December 31, 2023 as compared to \$93.2 million for the year ended December 31, 2022. The decrease of \$1.5 million, or 1.6%, was primarily due to a 6.9%, or \$6.4 million decrease in the shipment of equivalized cases and \$0.4 million lower cost of goods sold as a result of product mix and manufacturing costs, partially offset by higher inventory losses of \$5.3 million generally related to raw materials as a result of the brand refresh rollout timing, discontinuation of certain SKUs as a result of portfolio management optimization, and the procurement change with our contract manufacturers discussed in the Key Events During 2023 section above.

Gross Profit and Gross Margin

<i>(in thousands)</i>	Year Ended December 31,		Change	
	2023	2022	Amount	Percentage
Gross profit	\$ 74,758	\$ 70,021	\$ 4,737	6.8%
Gross margin	44.9%	42.9%		2.0

Gross profit was \$74.8 million for the year ended December 31, 2023 as compared to \$70.0 million for the year ended December 31, 2022. The increase in gross profit of \$4.7 million, or 6.8%, was primarily driven by pricing increases taken in 2022 and 2023, partially offset by lower volumes and higher inventory losses.

Gross margin for the year ended December 31, 2023 improved to 44.9% from 42.9% in the prior-year period. The improvement was primarily due to pricing increases taken in 2022 and 2023, partially offset by higher inventory losses.

Selling and Marketing Expenses

<i>(in thousands)</i>	Year Ended December 31,				Change		
	2023		2022		Amount	Percentage	
Selling and marketing expenses	\$	62,312	\$	52,869	\$	9,443	17.9%

Selling and marketing expenses were \$62.3 million for the year ended December 31, 2023 as compared to \$52.9 million for the year ended December 31, 2022. The increase of \$9.4 million, or 17.9%, was primarily due to \$6.0 million of higher freight transfer costs related to short-term supply chain logistics challenges hindering fulfillment discussed in the Key Events During 2023 section above, and \$5.3 million higher warehousing costs resulting from increased level of handling and storage costs which were driven by higher levels of inventory production, partially offset by a decrease in freight out of \$1.3 million that resulted from lower shipments of equalized cases and a reduction of non-working marketing costs offset by higher spend related to the brand-refresh rollout of \$0.6 million.

General and Administrative Expenses

<i>(in thousands)</i>	Year Ended December 31,				Change		
	2023		2022		Amount	Percentage	
General and administrative expenses	\$	31,495	\$	36,793	\$	(5,298)	(14.4)%

General and administrative expenses were \$31.5 million for the year ended December 31, 2023 as compared to \$36.8 million for the year ended December 31, 2022. The decrease of \$5.3 million, or 14.4%, was primarily driven by a \$2.6 million decrease in employee related costs, and \$2.8 million decrease driven by cost productivity initiatives.

Equity-Based Compensation Expense

<i>(in thousands)</i>	Year Ended December 31,				Change		
	2023		2022		Amount	Percentage	
Equity-based compensation	\$	8,279	\$	26,880	\$	(18,601)	(69.2)%

Equity-based compensation expense was \$8.3 million for the year ended December 31, 2023 as compared to \$26.9 million for the year ended December 31, 2022 primarily related to outstanding equity-based awards being recognized over the remaining service periods of the awards. The decrease of \$18.6 million was primarily driven by \$11.2 million of lower equity-based compensation expense due to the acceleration of vesting of RSU awards upon retirement of senior management employees during 2022, \$5.9 million of expense related to the accelerated method of expense recognition on certain equity awards issued in connection with the Company's IPO in 2021, and \$2.7 million related to RSU and restricted phantom stock awards that vested over six months following the IPO in the prior year, partially offset by \$1.2 million of equity-based compensation expense related to new equity awards granted.

Seasonality

Generally, we experience greater demand for our products during the second and third fiscal quarters, which correspond to the warmer months of the year in our major markets. As our business continues to grow, we expect to see continued seasonality effects, with net sales tending to be greater in the second and third quarters of the year.

Liquidity and Capital Resources

Liquidity and Capital Resources

As of December 31, 2023, we had \$32.0 million in cash and cash equivalents. We believe that our cash and cash equivalents as of December 31, 2023, together with our operating activities and available borrowings under the Secured Revolving Line of Credit (as defined below), will provide adequate liquidity for ongoing operations, planned capital expenditures and other investments beyond the next 12 months.

Our principal sources of liquidity are our existing cash and cash equivalents, cash generated from sales of our products, and borrowing capacity currently available under our Secured Revolving Line of Credit. Our primary cash needs are for operating expenses, working capital, and capital expenditures to support the growth in our business.

Future capital requirements will depend on many factors, including our rate of revenue growth, gross margin and the level of expenditures in all areas of the Company. In future years, we may experience an increase in operating and capital expenditures from time to time, as needed, as we expand business activities. To the extent that existing capital resources and sales growth are not sufficient to fund future activities, we may seek alternative financing through additional equity or debt financing transactions. Additional funds may not be available on terms favorable to us or at all. Also, we will continue to assess our liquidity needs in light of current and future global health emergencies, inflationary pressures, relatively high interest rates, volatility in the financial markets, recession fears, financial institution instability, any potential shutdown of the U.S. government, current and future global hostilities, and political tensions between the U.S. and China that may continue to disrupt and impact the global and national economies and global financial markets. If any disruption continues into the future, we may not be able to access the financial markets and could experience an inability to access additional capital, which could negatively affect our operations in the future. Failure to raise additional capital, if and when needed, could have a material adverse effect on our financial position, results of operations, and cash flows.

The Company is a holding company and is the sole managing member of Zevia LLC. The Company operates and controls all of the business and affairs of Zevia LLC. Accordingly, the Company is dependent on distributions from Zevia LLC to pay its taxes, its obligations under the TRA and other expenses. Any future credit facilities may impose limitations on the ability of Zevia LLC to pay dividends to the Company.

In connection with the IPO and the Reorganization Transactions in July 2021, the Direct Zevia Stockholders and certain continuing members of Zevia LLC received the right to receive future payments pursuant to the TRA. The amount payable under the TRA will be based on an annual calculation of the reduction in our U.S. federal, state and local taxes resulting from the utilization of certain pre-IPO tax attributes and tax benefits resulting from sales and exchanges by continuing members of Zevia LLC. See “*Certain Relationships and Related Party Transactions—Tax Receivable Agreement*” included in the prospectus dated July 21, 2021 and filed with the SEC on July 23, 2021. We expect that the payments that we may be required to make under the TRA may be substantial. Assuming no material changes in the relevant tax law and that we earn sufficient taxable income to realize all tax benefits that are subject to the TRA, we expect that the reduction in tax payments for us associated with the federal, state and local tax benefits described above would aggregate to approximately \$66.1 million through 2037. Under such scenario we would be required to pay the Direct Zevia Stockholders and certain continuing members of Zevia LLC 85% of such amount, or \$56.2 million through 2037.

The actual amounts may materially differ from these hypothetical amounts, as potential future reductions in tax payments for us and TRA payments by us will be calculated using prevailing tax rates applicable to us over the life of the TRA and will be dependent on us generating sufficient future taxable income to realize the benefit.

We cannot reasonably estimate future annual payments under the TRA given the difficulty in determining those estimates as they are dependent on a number of factors, including the extent of exchanges by continuing Zevia LLC unitholders, the associated fair value of the underlying Zevia LLC units at the time of those exchanges, the tax rates applicable, our future income, and the associated tax benefits that might be realized that would trigger a TRA payment requirement.

However, a significant portion of any potential future payments under the TRA is anticipated to be payable over 15 years, consistent with the period over which the associated tax deductions would be realized by us, assuming Zevia LLC generates sufficient income to utilize the deductions. If sufficient income is not generated by Zevia LLC, the associated taxable income of Zevia will be impacted and the associated tax benefits to be realized will be limited, thereby similarly reducing the associated TRA payments to be made. Given the length of time over which payments would be payable, the impact to liquidity in any single year is greatly reduced.

Although the timing and extent of future payments could vary significantly under the TRA for the factors discussed above, we anticipate funding payments from the TRA from cash flows generated from operations.

Credit Facility

ABL Credit Facility

On February 22, 2022, we obtained a revolving credit facility (the “Secured Revolving Line of Credit”) by entering into a Loan and Security Agreement with Bank of America, N.A (the “Loan and Security Agreement”). Under the Secured Revolving Line of Credit, we may draw funds up to an amount not to exceed the lesser of (i) a \$20 million revolving commitment and (ii) a borrowing base which is comprised of inventory and receivables. Up to \$2 million of the Secured Revolving Line of Credit may be used for letter of credit issuances with the option to increase the commitment under the Secured Revolving Line of Credit by up to \$10 million, subject to certain conditions. The Secured Revolving Line of Credit matures on February 22, 2027. As of December 31, 2023, no amounts were drawn under the Secured Revolving Line of Credit. The Secured Revolving Line of Credit is secured by a first priority security interest in substantially all of the Company’s assets.

Loans under the Secured Revolving Line of Credit bear interest based on either, at our option, the Bloomberg Short-Term Bank Yield Index rate plus an applicable margin between 1.50% to 2.00% or the Base Rate (customarily defined) plus an applicable margin between 0.50% to 1.00% with margin, in each case, determined by the average daily availability under the Secured Revolving Line of Credit.

Under the Secured Revolving Line of Credit, we are required to comply with certain covenants, including, among others, by maintaining Liquidity (as defined therein) of \$7 million at all times until December 31, 2023. Thereafter, we must satisfy a financial covenant requiring a minimum fixed charge coverage ratio of 1.00 to 1.00 as of the last day of any fiscal quarter following the occurrence of certain events of default that are continuing or any day on which availability under the Secured Revolving Line of Credit is less than the greater of \$3 million and 17.5% of the borrowing base, and must again satisfy such financial covenant as of the last day of each fiscal quarter thereafter until such time as there are no events of default and availability has been above such threshold for 30 consecutive days. As of December 31, 2023, the Company was in compliance with its liquidity covenant.

Cash Flows

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

<i>(in thousands)</i>	Twelve Months Ended December 31,	
	2023	2022
Cash (used in) provided by:		
Operating activities	\$ (16,274)	\$ (20,778)
Investing activities	\$ 805	\$ 27,407
Financing activities	\$ 25	\$ (2,340)

Net Cash Used in Operating Activities

Our cash flows used in operating activities are primarily influenced by working capital requirements.

Net cash used in operating activities of \$16.3 million for the year ended December 31, 2023 was primarily driven by a net loss of \$28.3 million, partially offset by non-cash expenses of \$11.0 million primarily related to equity-based compensation and depreciation and amortization expense and a net increase in cash related to changes in operating assets and liabilities of \$1.0 million. Changes in cash flows related to operating assets and liabilities were primarily due to a net increase of \$11.2 million in accounts payable, accrued expenses and other current liabilities due to timing of purchases/payments and increased production of inventory, partially offset by an increase in inventories of \$7.0 million due to increased production of inventory as a result of the supply chain logistics challenges discussed in the Key Events During 2023, and an increase in prepaid expenses and other assets of \$2.6 million, primarily due to an increase in prepaid deposits related to the sale of raw materials.

Net cash used in operating activities of \$20.8 million for the year ended December 31, 2022 was primarily driven by a net loss of \$47.6 million and by a net decrease in cash related to changes in operating assets and liabilities of \$2.1 million, partially offset by non-cash expenses of \$28.9 million primarily related to equity-based compensation and depreciation and amortization expense. Changes in cash flows related to operating assets and liabilities were primarily due to an increase in accounts receivable of \$2.0 million due to increases in net sales and a decrease in accounts in accounts payable and accrued expenses and other current liabilities of \$4.1 million, primarily due to timing of inventory purchases, partially offset by decrease in inventories of \$3.9 million due to timing of inventory purchases and a \$0.8 million decrease in prepaid expenses and other assets, primarily insurance expenses as a result of becoming a public company.

Net Cash Provided by Investing Activities

Net cash provided by investing activities of \$0.8 million for the year ended December 31, 2023 was due to proceeds from sales of property, equipment, and software of \$2.4 million, primarily the sale of our warehouse and related assets for \$2.3 million, partially offset by capital expenditures of \$1.6 million for the purchase of marketing fixtures, software applications and computer equipment used in ongoing operations.

Net cash provided by investing activities of \$27.4 million for the year ended December 31, 2022 was due to proceeds from maturities of short-term investments of \$30.0 million, offset by capital expenditures of \$2.6 million for the purchase of marketing fixtures, software applications and computer equipment used in ongoing operations.

Net Cash Provided by (Used in) Financing Activities

Net cash provided by financing activities of \$25 thousand for the year ended December 31, 2023 was due to proceeds from the exercise of stock options.

Net cash used in financing activities of \$2.3 million for the year ended December 31, 2022 was primarily due to minimum tax withholdings paid on behalf of employees for net share settlements of \$2.1 million and payment of debt issuance costs of \$0.3 million in connection with the Secured Revolving Line of Credit.

Non-GAAP Financial Measures

We report our financial results in accordance with U.S. GAAP. However, management believes that Adjusted EBITDA, a non-GAAP financial measure, provides investors with additional useful information in evaluating our operating performance.

We calculate Adjusted EBITDA as net loss adjusted to exclude: (1) other income (expense), net, which includes interest (income) expense, foreign currency (gains) losses, and (gains) losses on disposal of fixed assets, (2) provision (benefit) for income taxes, (3) depreciation and amortization, and (4) equity-based compensation. Also, Adjusted EBITDA may in the future be adjusted for amounts impacting net income related to the TRA liability and other infrequent and unusual transactions.

Adjusted EBITDA is a financial measure that is not required by, or presented in accordance with U.S. GAAP. We believe that Adjusted EBITDA, when taken together with our financial results presented in accordance with U.S. GAAP, provides meaningful supplemental information regarding our operating performance and facilitates internal comparisons of our historical operating performance on a more consistent basis by excluding certain items that may not be indicative of our business, results of operations or outlook. In particular, we believe that the use of Adjusted EBITDA is helpful to our investors as it is a measure used by management in assessing the health of our business, determining incentive compensation and evaluating our operating performance, as well as for internal planning and forecasting purposes.

Adjusted EBITDA is presented for supplemental informational purposes only, has limitations as an analytical tool and should not be considered in isolation or as a substitute for financial information presented in accordance with U.S. GAAP. Some of the limitations of Adjusted EBITDA include that (1) it does not properly reflect capital commitments to be paid in the future, (2) although depreciation and amortization are non-cash charges, the underlying assets may need to be replaced and Adjusted EBITDA does not reflect these capital expenditures, (3) it does not consider the impact of equity-based compensation expense, including the potential dilutive impact thereof, and (4) it does not reflect other non-operating expenses, including interest (income) expense, foreign currency (gains)/losses and (gains)/losses on disposal of fixed assets. In addition, our use of Adjusted EBITDA may not be comparable to similarly-titled measures of other companies because they may not calculate Adjusted EBITDA in the same manner, limiting its usefulness as a comparative measure. Because of these limitations, when evaluating our performance, you should consider Adjusted EBITDA alongside other financial measures, including our net income (loss) and other results stated in accordance with U.S. GAAP.

The following table presents a reconciliation of net loss, the most directly comparable financial measure stated in accordance with U.S. GAAP, to Adjusted EBITDA for the periods presented:

<i>(in thousands)</i>	Year Ended December 31,	
	2023	2022
Net loss and comprehensive loss	\$ (28,322)	\$ (47,647)
Other income, net*	(673)	(286)
Provision for income taxes	52	65
Depreciation and amortization	1,615	1,347
Equity-based compensation	8,279	26,880
Adjusted EBITDA	\$ (19,049)	\$ (19,641)

* Includes interest (income) expense, foreign currency (gains) losses, and (gains) losses on disposal of fixed assets.

Commitments

Effective March 2022, the Company entered into an amendment to the lease for its corporate headquarters offices to extend the lease term through December 31, 2023 and expand the total square footage from 17,923 square feet to 20,185 square feet which commenced on May 1, 2022. In January 2023, the Company further extended the lease term through December 31, 2026.

The following table summarizes our significant contractual obligations as of December 31, 2023:

	Payments Due by Period				
	Total	Less Than One Year	1-3 Years	3-5 Years	More Than Five Years
	<i>(in thousands)</i>				
Rent obligations ⁽¹⁾	\$ 2,187	\$ 702	\$ 1,485	\$ —	\$ —
Total	\$ 2,187	\$ 702	\$ 1,485	\$ —	\$ —

⁽¹⁾ Real estate lease payments

Our inventory purchase commitments are generally short-term in nature and have ordinary commercial terms. We did not have any material long-term inventory purchase commitments as of December 31, 2023. Our contract manufacturers are obligated to fulfill against purchase orders that are aligned with our forecast based on terms and conditions of the contract. Our forecasts provided to our contract manufacturers are short term in nature and at no time extend beyond a year.

Our leases generally consist of long-term operating leases, which are payable monthly and relate to our office space. For a further discussion on our debt and operating lease commitments as of December 31, 2023, see the sections above as well as Note 7 - *Debt*, and Note 8 - *Leases*, in the Notes to our Consolidated Financial Statements included in Part II, Item 8 of this Annual Report.

We expect to satisfy these commitments through a combination of cash on hand and cash generated from sales of our products.

Critical Accounting Policies and Estimates

Our consolidated financial statements and the related notes thereto included elsewhere in this Annual Report on Form 10-K are prepared in accordance with U.S. GAAP. The preparation of financial statements requires us to make estimates and assumptions that affect the reported amounts of assets, liabilities, sales, costs and expenses and related disclosures. We base our estimates on historical experience and on various other assumptions that we believe to be reasonable under the circumstances. Actual results could differ significantly from our estimates. To the extent that there are differences between our estimates and actual results, our future financial statement presentation, financial condition, results of operations and cash flows will be affected.

Critical accounting estimates are those that we consider the most important to the portrayal of our financial condition and operating results because they require our most difficult, subjective or complex judgments, often as a result of the need to make estimates about the effect of matters that are inherently uncertain. See Note 2. *Summary of Significant Accounting Policies*, in the Notes to our Consolidated Financial Statements included in Part II, Item 8 of this Annual Report, for information about these policies as well as a description of our other accounting policies. Our critical accounting estimates are described below.

Revenue Recognition

We recognize revenue when performance obligations under the terms of a contract with the customer are satisfied. Accruals for customer incentives and allowances, sales returns and marketing programs are established for the expected payout based on contractual terms, volume-based metrics and/or historical trends. These incentives and discounts include cash discounts, price allowances, volume-based rebates, product placement fees and certain other financial support for items such as trade promotions, displays, new products, consumer incentives and advertising assistance.

Our customer incentives and allowances contain uncertainties because it requires management to make assumptions and to apply judgment regarding our contractual terms in order to estimate our customer participation and volume performance levels which impact the revenue recognition. Our estimates are based primarily on a combination of known or historical transaction experiences. Differences between estimated expenses and actual costs are normally insignificant and are recognized to earnings in the period differences are determined.

Additionally, judgment is required to ensure the classification of the spend is correctly recorded as either a reduction from gross sales or advertising and marketing expense, which is a component of our selling and marketing expenses.

A 10% change in the accrual for customer incentives and allowances would have affected our income from operations by \$0.4 million and \$0.6 million for the years ended December 31, 2023 and 2022, respectively.

Inventories

Inventories consist of raw materials and finished goods. Raw materials include costs for the Company's ingredients and packaging inventories. The costs of finished goods inventories include production fees from third-party manufacturers. Inventories are stated at the lower of average cost or net realizable value. The Company regularly reviews whether the net realizable value of its inventory is lower than its carrying value. Indicators that could result in inventory write downs include age of inventory, damaged inventory, slow moving products, and products at the end of their life cycles. These factors are impacted by market and economic conditions and changes in strategic direction. The calculation of our inventory valuation, specifically the write-down for excess or obsolete inventories, requires management to make assumptions and to apply judgment regarding forecasted customer demand that may turn out to be inaccurate. Inventory net realizable value adjustments, once established, are not reversed until the related inventory has been sold or scrapped. While management believes that inventory is appropriately stated at the lower of average cost or net realizable value, judgment is involved in determining the net realizable value of inventory. The lower of average cost or net realizable value adjustments were not material at December 31, 2023 or December 31, 2022.

Income Taxes

The Company is the managing member of Zevia LLC and, as a result, consolidates the financial results of Zevia LLC in the consolidated financial statements. Zevia LLC is a pass-through entity for U.S. federal and most applicable state and local income tax purposes. As an entity classified as a partnership for tax purposes, Zevia LLC is not subject to U.S. federal and certain state and local income taxes. Any taxable income or loss generated by Zevia LLC is passed through to its members, including the Company. The Company is taxed as a C corporation and pays corporate federal, state and local taxes with respect to income allocated from Zevia LLC based on Zevia PBC's economic interest in Zevia LLC, which was 75.8% and 68.7% as of December 31, 2023 and 2022, respectively. Subsequent changes in economic ownership in Zevia LLC of the Company can occur as Zevia LLC holders may convert their shares of Class B common stock into an equivalent number of shares of Class A common stock with income (loss) allocated to the Company based on the economic interest applicable during each reporting period.

The Company accounts for income taxes under the asset and liability method, which requires the recognition of deferred tax assets and deferred tax liabilities ("DTAs" and "DTLs," respectively) for the expected future tax consequences of events that have been included in the financial statements. Under this method, we determine DTAs and DTLs on the basis of the differences between the financial statement and tax bases of assets and liabilities by using enacted tax rates in effect for the year in which the differences are expected to reverse. The effect of a change in tax rates on DTAs and DTLs is recognized in income in the period that includes the enactment date.

We record a valuation allowance to reduce DTAs to the amount that we believe is more likely than not to be realized. In assessing the need for a valuation allowance, we consider all positive and negative evidence, including scheduled reversals of DTLs, historical levels of income, projections of future income, expectations and risk associated with estimates of future taxable income and ongoing prudent and practical tax planning strategies. To the extent that we believe it is more likely than not that some portion of our DTAs will not be realized, we would increase the valuation allowance against DTAs. The determination of recording or releasing a tax valuation allowance is made, in part, pursuant to an assessment performed by management regarding the likelihood that we will generate sufficient future taxable income against which the benefits of our DTAs may or may not be realized. This assessment requires management to exercise significant judgment and make estimates with respect to our ability to generate revenue, gross profits, operating income and taxable income in future periods. Although we believe that our judgment used is reasonable, actual results can differ due to a change in market conditions, changes in tax laws and other factors. As of December 31, 2023, we have a full valuation allowance against DTAs totaling \$75.5 million.

In accordance with ASC 740, Income Taxes we perform a comprehensive review of uncertain tax positions regularly. The guidance prescribes a recognition threshold and measurement attribute for the financial statement recognition and measurement of a tax position taken, or expected to be taken, in a tax return. We determine the tax liability for uncertain tax positions based on a two-step process. The first step is to determine whether it is more likely than not based on technical merits that each income tax position would be sustained upon examination. The second step is to measure the tax benefit as the largest amount that has a greater than 50% likelihood of being realized upon ultimate settlement with a tax authority that has full knowledge of all relevant information. The assessment of each tax position requires significant judgment and estimates. All tax positions are periodically analyzed and adjusted as a result of events, such as the resolution of tax audits, issuance of new regulations or new case law, negotiations with tax authorities, and expiration of statutes of limitations. We did not record any unrecognized tax benefit as of December 31, 2023. We recognize both accrued interest and penalties, when appropriate, in income taxes in the accompanying consolidated statements of operations and comprehensive loss.

Tax Receivable Agreement

The Company expects to obtain an increase in its share of tax basis in the net assets of Zevia LLC when Class B units are exchanged by the holders of Class B units for shares of Class A common stock of the Company and upon certain qualifying transactions. Each change in outstanding shares of Class A common stock of the Company results in a corresponding change in the Company's ownership of Class A units of Zevia LLC. The Company intends to treat any exchanges of Class B units as direct purchases of LLC interests for U.S. federal income tax purposes. These increases in tax basis may reduce the amounts that Zevia PBC would otherwise pay in the future to various taxing authorities. They may also decrease gains (or increase losses) on future dispositions of certain capital assets to the extent tax basis is allocated to those capital assets.

In connection with the IPO, the Company entered into a Tax Receivable Agreement ("TRA") with continuing members of Zevia LLC and the shareholders of blocker companies of certain pre-IPO institutional investors (the "Direct Zevia Stockholders"). In the event that such parties exchange any or all of their Class B units for Class A common stock, the TRA requires the Company to make payments to such holders for 85% of the tax benefits realized, or in some cases deemed to be realized, by the Company by such exchange as a result of (i) certain favorable tax attributes acquired from the blocker companies in the course of mergers related to the IPO (including net operating losses and the blocker companies' allocable share of existing tax basis), (ii) increases in tax basis resulting from Zevia PBC's acquisition of continuing members' Zevia LLC units in connection with the IPO and in future exchanges and, (iii) tax basis increases attributable to payments made under the TRA (including tax benefits related to imputed interest). The annual tax benefits are computed by calculating the income taxes due, including such tax benefits, and the income taxes due without such benefits. The Company expects to benefit from the remaining 15% of any tax benefits that it may actually realize. The TRA payments are not conditioned upon any continued ownership interest in Zevia LLC or the Company. To the extent that the Company is unable to timely make payments under the TRA for any reason, such payments generally will be deferred and will accrue interest until paid.

The timing and amount of aggregate payments due under the TRA may vary based on a number of factors, including the amount and timing of the taxable income the Company generates each year and the tax rate then applicable. The Company calculates the liability under the TRA using a complex TRA model, which includes an assumption related to the fair market value of assets. Payments are generally due under the TRA within a specified period of time following the filing of the Company's tax return for the taxable year with respect to which the payment obligation arises, although interest on such payments will begin to accrue at a rate of the Secured Overnight Financing Rate plus 300 basis points from the due date (without extensions) of such tax return.

The amount of existing tax basis and the anticipated tax basis adjustments will vary depending upon a number of factors, including our blended federal and state tax rate and the amount and timing of our income, the increase in the Zevia's allocable share of existing tax basis and the tax basis adjustment of the tangible and intangible assets of the Company upon the exchange of Zevia LLC units for shares of Class A common stock, and our possible utilization of certain tax attributes. As a result, payments that Zevia PBC may make under the TRA could be substantial.

The TRA provides that if (i) certain mergers, asset sales, other forms of business combinations, or other changes of control were to occur; (ii) there is a material uncured breach of any obligations under the TRA; or (iii) the Company elects an early termination of the TRA, then the TRA will terminate and the Company's obligations, or the Company's successor's obligations, under the TRA will accelerate and become due and payable, based on certain assumptions, including an assumption that the Company would have sufficient taxable income to fully utilize all potential future tax benefits that are subject to the TRA and that any Class B units that have not been exchanged are deemed exchanged for the fair market value of the Company's Class A common stock at the time of termination.

As of December 31, 2023, the Company believes based on applicable accounting standards, that it was more likely than not that its DTAs subject to the TRA would not be realized as of December 31, 2023; therefore, the Company has not recorded a liability related to the tax savings it may realize from utilization of such DTAs. The TRA liability that would be recognized if the associated tax benefits were determined to be fully realizable totaled \$56.2 million and \$55.8 million at December 31, 2023 and 2022, respectively. The increase in the TRA liability is primarily related to Class B to Class A exchanges during the year ended December 31, 2023. If utilization of the DTAs subject to the TRA becomes more likely than not in the future, the Company will record a liability related to the TRA, which will be recognized as an expense within its consolidated statements of operations and comprehensive loss.

Recent Accounting Pronouncements

Refer to Note 2 - *Summary of Significant Accounting Policies* in the Notes to our Consolidated Financial Statements included in this Annual Report for a discussion of recently issued accounting pronouncements not yet adopted.

Emerging Growth Company Status

We are an “emerging growth company,” as defined in the JOBS Act, and we may take advantage of certain exemptions from various reporting requirements that are applicable to other public companies that are not “emerging growth companies.” We may take advantage of these exemptions until we are no longer an “emerging growth company.” Section 107 of the JOBS Act provides that an “emerging growth company” can take advantage of the extended transition period afforded by the JOBS Act for the implementation of new or revised accounting standards. We have elected to use the extended transition period for complying with new or revised accounting standards and as a result of this election, our financial statements may not be comparable to companies that comply with public company effective dates. We may take advantage of these exemptions up until the last day of the fiscal year following the fifth anniversary of the IPO or such earlier time that we are no longer an emerging growth company. We would cease to be an emerging growth company if any of the following events occur: (i) we have more than \$1.235 billion in annual revenue, (ii) we have more than \$700.0 million in market value of our Class A common stock held by non-affiliates (and we have been a public company for at least 12 months and have filed one annual report on Form 10-K) or (iii) we issue more than \$1.0 billion of non-convertible debt securities over a three-year period.

Item 7A. Quantitative and Qualitative Disclosures About Market Risk.

We are exposed to certain market risks in the ordinary course of our business. These risks primarily consist of raw material prices, foreign exchange, inflation and commodities as follows:

Raw Material Risk

Our profitability is dependent on, among other things, our ability to anticipate and react to raw material costs. Currently, a key ingredient in our products is stevia extract. Our stevia leaf extract is procured by our contract manufacturers and sourced from a large multi-national ingredient company with whom we have a long-standing relationship through a two-year agreement that was entered into effective October 15, 2023 which includes fixed pricing for the duration of the term. During 2023, we also tested and approved the use of another stevia leaf extract supplier, whose stevia leaf is derived from a region different than the above supplier. We continue to seek to diversify alternative sources of supply to mitigate potential supply disruptions. However, there can be no assurance that we will be able to secure alternative sources of supply. Additionally, the prices of stevia and other ingredients we use are subject to many factors beyond our control, such as market conditions, climate change, supply chain challenges, and adverse weather conditions.

Our aluminum cans are procured by our contract manufacturers through various can manufacturers. The price for aluminum cans also fluctuates depending on market conditions. Our contract manufacturers ability to continue to procure enough aluminum cans at reasonable prices will depend on future developments that are highly uncertain.

We, along with our contract manufacturers, are working to diversify our sources of supply and intend to enter into additional long-term contracts to better ensure stability of prices of our raw materials.

Foreign Exchange Risk

The majority of our sales and costs are denominated in U.S. dollars and are not subject to foreign exchange risk. As we source some ingredients and packaging materials from international sources, our results of operations could be impacted by changes in exchange rates. We sell and distribute our products to Canadian customers, who are invoiced and remit payment in Canadian dollars. All Canadian dollar transactions are translated into U.S. dollars using period-end rates of exchange for assets and liabilities, and average rates of exchange for the period for sales and expenses. To the extent we increase sourcing from outside the U.S. or increase net sales outside of the U.S. that are denominated in currencies other than the U.S. dollar, the impact of changes in exchange rates on our results of operations would increase. Foreign exchange gains and losses were not material for the years ended December 31, 2023 and 2022.

Inflation Risk

We believe that inflation has had a material effect on our business, results of operations, and financial condition. If our costs were to become subject to further and prolonged significant inflationary pressures, we may not be able to fully offset such higher costs through price increases. Our inability or failure to do so could harm our business, results of operations and financial condition.

Commodity Risk

We are subject to market risks with respect to commodities because our ability to recover increased costs through higher pricing may be limited by the competitive environment in which we operate. Our principal commodities risks relate to purchases of aluminum, diesel fuel, cartons and corrugate.

Item 8. Financial Statements and Supplementary Data.

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REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Stockholders and the Board of Directors of
Zevia PBC:

Opinion on the Financial Statements

We have audited the accompanying consolidated balance sheets of Zevia PBC and its subsidiary (the “Company”) as of December 31, 2023 and 2022, the related consolidated statements of operations and comprehensive loss, consolidated statements of changes in equity, and consolidated statements of cash flows for each of the two years in the period ended December 31, 2023, and the related notes (collectively referred to as the “financial statements”). In our opinion, the financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2023 and 2022, and the results of its operations and its cash flows for each of the two years in the period ended December 31, 2023, in conformity with accounting principles generally accepted in the United States of America.

Basis for Opinion

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

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether due to error or fraud. The Company is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. As part of our audits, we are required to obtain an understanding of internal control over financial reporting but not for the purpose of expressing an opinion on the effectiveness of the Company’s internal control over financial reporting. Accordingly, we express no such opinion.

Our audits included performing procedures to assess the risks of material misstatement of the financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that our audits provide a reasonable basis for our opinion.

/s/ Deloitte & Touche LLP

Los Angeles, California
March 6, 2024

We have served as the Company’s auditor since 2020.

ZEVIA PBC

CONSOLIDATED BALANCE SHEETS

<i>(in thousands, except share and per share amounts)</i>	December 31, 2023	December 31, 2022
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 31,955	\$ 47,399
Accounts receivable, net	11,119	11,077
Inventories	34,550	27,576
Prepaid expenses and other current assets	5,063	2,607
Total current assets	82,687	88,659
Property and equipment, net	2,109	4,641
Right-of-use assets under operating leases, net	1,959	708
Intangible assets, net	3,523	4,385
Other non-current assets	579	539
Total assets	\$ 90,857	\$ 98,932
LIABILITIES AND EQUITY		
Current liabilities:		
Accounts payable	\$ 21,169	\$ 8,023
Accrued expenses and other current liabilities	5,973	8,408
Current portion of operating lease liabilities	575	715
Total current liabilities	27,717	17,146
Operating lease liabilities, net of current portion	1,373	—
Total liabilities	29,090	17,146
Commitments and contingencies (Note 9)		
Stockholders' equity		
Preferred Stock, \$0.001 par value. 10,000,000 shares authorized, no shares issued and outstanding as of December 31, 2023 and December 31, 2022.	—	—
Class A common stock, \$0.001 par value. 550,000,000 shares authorized, 54,220,017 and 47,774,046 shares issued and outstanding as of December 31, 2023 and December 31, 2022, respectively.	54	48
Class B common stock, \$0.001 par value. 250,000,000 shares authorized, 17,283,177 and 21,798,600 shares issued and outstanding as of December 31, 2023 and December 31, 2022, respectively.	17	22
Additional paid-in capital	191,144	189,724
Accumulated deficit	(101,337)	(79,843)
Total Zevia PBC stockholders' equity	89,878	109,951
Noncontrolling interests	(28,111)	(28,165)
Total equity	61,767	81,786
Total liabilities and equity	\$ 90,857	\$ 98,932

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

ZEVIA PBC

CONSOLIDATED STATEMENTS OF OPERATIONS AND COMPREHENSIVE LOSS

<i>(in thousands, except share and per share amounts)</i>	Year Ended December 31,	
	2023	2022
Net sales	\$ 166,424	\$ 163,181
Cost of goods sold	91,666	93,160
Gross profit	<u>74,758</u>	<u>70,021</u>
Operating expenses:		
Selling and marketing	62,312	52,869
General and administrative	31,495	36,793
Equity-based compensation	8,279	26,880
Depreciation and amortization	1,615	1,347
Total operating expenses	<u>103,701</u>	<u>117,889</u>
Loss from operations	(28,943)	(47,868)
Other income, net	673	286
Loss before income taxes	(28,270)	(47,582)
Provision for income taxes	52	65
Net loss and comprehensive loss	(28,322)	(47,647)
Loss attributable to noncontrolling interest	6,828	13,790
Net loss attributable to Zevia PBC	<u>\$ (21,494)</u>	<u>\$ (33,857)</u>
Net loss per share attributable to common stockholders		
Basic	\$ (0.41)	\$ (0.81)
Diluted	\$ (0.41)	\$ (0.81)
Weighted average common shares outstanding		
Basic	50,618,758	43,469,383
Diluted	50,618,758	43,469,383

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

ZEVIA PBC

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

	Class A Common Stock		Class B Common Stock		Additional Paid in Capital		Accumulated Deficit	Noncontrolling interest	Total Equity		
(in thousands, except for share amounts)	Shares	Amount	Shares	Amount							
Balance at January 1, 2022	34,463,417	\$	30,113,152	\$	30	\$	174,404	\$	(23,923)	\$	104,559
Vesting and release of common stock under equity incentive plans, net	4,749,662		6		—		(2,136)		—		(2,130)
Exchange of Class B common stock for Class A common stock	8,314,552		8	(8,314,552)	(8)		(9,548)		9,548		—
Exercise of stock options	246,415		—		—		124		—		124
Equity-based compensation	—		—		—		26,880		—		26,880
Net loss	—		—		—		—		(33,857)		(47,647)
Balance at December 31, 2022	47,774,046	\$	48	\$	22	\$	189,724	\$	(79,843)	\$	81,786
Vesting and release of common stock under equity incentive plans, net	1,848,288		1		—		(1)		—		—
Exchange of Class B common stock for Class A common stock	4,454,900		5	(4,454,900)	(5)		(6,883)		6,883		—
Disposition of cost method investment in redemption of Class B common stock	—		—		—		—		(1)		(1)
Exercise of stock options	142,783		—		—		25		—		25
Equity-based compensation	—		—		—		8,279		—		8,279
Net loss	—		—		—		—		(6,828)		(6,828)
Balance at December 31, 2023	54,220,017	\$	54	\$	17	\$	191,144	\$	(101,337)	\$	61,767

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

ZEVIA PBC

CONSOLIDATED STATEMENTS OF CASH FLOWS

<i>(in thousands)</i>	Year Ended December 31,	
	2023	2022
Operating activities:		
Net loss	\$ (28,322)	\$ (47,647)
Adjustments to reconcile net loss to net cash provided by (used in) operating activities:		
Non-cash lease expense	567	653
Depreciation and amortization	1,615	1,347
Loss on disposal of property, equipment and software, net	480	3
Amortization of debt issuance cost	76	64
Equity-based compensation	8,279	26,880
Changes in operating assets and liabilities:		
Accounts receivable, net	(42)	(2,030)
Inventories	(6,974)	3,925
Prepaid expenses and other assets	(2,573)	846
Accounts payable	13,640	(5,850)
Accrued expenses and other current liabilities	(2,435)	1,703
Operating lease liabilities	(585)	(672)
Net cash used in operating activities	(16,274)	(20,778)
Investing activities:		
Proceeds from maturities of short-term investments	—	30,000
Purchases of property, equipment and software	(1,624)	(2,593)
Proceeds from sales of property and equipment	2,429	—
Net cash provided by investing activities	805	27,407
Financing activities:		
Payment of debt issuance costs	—	(334)
Minimum tax withholding paid on behalf of employees for net share settlement	—	(2,130)
Proceeds from exercise of stock options	25	124
Net cash provided by (used in) financing activities	25	(2,340)
Net change from operating, investing, and financing activities	(15,444)	4,289
Cash and cash equivalents at beginning of period	47,399	43,110
Cash and cash equivalents at end of period	\$ 31,955	\$ 47,399
Non-cash investing and financing activities		
Capital expenditures included in accounts payable	\$ 12	\$ 506
Conversion of Class B common stock to Class A common stock	\$ 6,883	\$ 9,548
Operating lease right-of-use assets obtained in exchange for lease liabilities	\$ 1,818	\$ 1,150
Supplemental Disclosure of Cash Flow Information:		
Cash paid for interest	\$ 79	\$ 64
Cash paid for income taxes	\$ 127	\$ 69

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

ZEVIA PBC

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1. DESCRIPTION OF BUSINESS

Organization and operations

Zevia PBC (the “Company,” “we,” “us,” “our”), is a growth beverage company that develops, markets, sells, and distributes great tasting, zero sugar beverages made with simple, plant-based ingredients. We are a Delaware public benefit corporation and have been designated as a “Certified B Corporation,” and are focused on addressing the global health challenges resulting from excess sugar consumption by offering a broad portfolio of zero sugar, zero calorie, naturally sweetened beverages. All Zevia® beverages are Non-GMO Project verified, gluten-free, Kosher, vegan and zero sodium and include a variety of flavors across Soda, Energy Drinks, Organic Tea, and Kids drinks. Our products are distributed and sold principally across the United States (“U.S.”) and Canada through a diverse network of major retailers in the food, drug, warehouse club, mass, natural and e-commerce channels and in grocery and natural product stores and specialty outlets. The Company’s products are manufactured and maintained at third-party beverage production and warehousing facilities located in both the U.S. and Canada.

The Company completed its initial public offering (“IPO”) of 10,700,000 shares of its Class A common stock at an offering price of \$14.00 per share on July 26, 2021. Its Class A common stock is listed on the New York Stock Exchange trading under the ticker symbol “ZVIA.” In connection with the IPO, the Company also completed certain reorganization transactions (the “Reorganization Transactions”), pursuant to which Zevia LLC became the predecessor of the Company for financial reporting purposes. The Company is a holding company, and its sole material asset is its controlling equity interest in Zevia LLC. As the sole managing member of Zevia LLC, the Company operates and controls all of the business and affairs of Zevia LLC.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of presentation

The accompanying consolidated financial statements have been prepared in accordance with generally accepted accounting principles in the U.S. (“U.S. GAAP”).

Principles of Consolidation

The consolidated financial statements include the accounts of the Company and its subsidiary, Zevia LLC, that it controls due to ownership of a majority equity interest. All intercompany transactions and balances have been eliminated in consolidation.

The Company owns a majority economic interest in, and operates and controls all of the businesses and affairs of, Zevia LLC. Accordingly, the Company has prepared these consolidated financial statements in accordance with Accounting Standards Codification (“ASC”) Topic 810, *Consolidation*.

On January 1, 2022, the Company and Zevia LLC entered into a service agreement to transfer the services of all employees of the Company to Zevia LLC. Under terms of the service agreement between the entities, the payroll costs of employees are borne by Zevia LLC while certain other non-payroll costs, such as those associated with stock compensation arrangements, remain with the Company. In addition, pursuant to the Thirteenth Amended and Restated Limited Liability Company Agreement of Zevia LLC, dated as of July 21, 2021, Zevia LLC shall reimburse the Company for certain expenses for overhead, administrative, and other expenses, at the Company’s discretion. For the years ended December 31, 2023 and 2022, it was determined that the majority of such costs will be retained by the Company, with certain costs directly attributable to Zevia LLC being borne by that entity. These costs impacted the amount of net loss reported by Zevia LLC and consequently impacted the amount allocated to noncontrolling interest.

Use of estimates

The preparation of the consolidated financial statements in accordance with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, as well as the reported amount of net sales and expenses during the reporting period. Actual results could differ from those estimates. Significant estimates made by the Company relate to: net sales and associated cost recognition; the useful lives assigned to and the recoverability of property and equipment; adjustments recorded for inventory obsolescence and adjustments made for net realizable value; the incremental borrowing rate for lease liabilities; allowance for doubtful accounts; the useful lives assigned to and the recoverability of intangible assets; realization of deferred tax assets; and the determination of the fair value of equity instruments, including restricted unit awards, and equity-based compensation awards. On an ongoing basis, the Company evaluates its estimates compared to historical experience and trends, which form the basis for making judgments about the carrying value of its assets and liabilities.

At December 31, 2023, the Company’s operations continued to be impacted by higher manufacturing, freight, and labor costs as a result of the short-term supply chain logistics challenges during 2023, which the Company does not expect to continue in 2024, as well as increased operating costs as a result of the global economy and political and economic uncertainties, which the Company expects to continue in 2024. The Company will continue to monitor the economic environment, including any impact from current and future global events, and their effects on its business and operations.

Cash, cash equivalents and investments

Cash and cash equivalents include cash and investments in short-term, highly liquid securities, with original maturities of three months or less. Investments with original maturities at the date of acquisition of more than three months are classified as short-term investments or long-term investments based on the remaining contractual maturity of the security at the reporting date. As of December 31, 2023 and 2022, the Company did not hold any investments.

The Company maintains cash deposits with high credit quality financial institutions. The deposits with these financial institutions may exceed the federally insured limits; however, these deposits typically are redeemable upon demand. The Company has not experienced any loss because of these deposits and does not expect to incur any losses in the future.

Fair value of financial instruments

Fair value is the exchange price that would be received for an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date. Subsequent changes in fair value of these financial assets and liabilities are recognized in earnings or other comprehensive income when they occur. When determining the fair value measurements for assets and liabilities which are required to be recorded at fair value, the Company considers the principal or most advantageous market in which the Company would transact and the market-based risk measurement or assumptions that market participants would use in pricing the assets or liabilities, such as inherent risk, transfer restrictions, and credit risk. The three-level hierarchy for disclosure of fair value measurements is as follows:

- Level 1. Quoted prices in active markets for identical assets or liabilities.
- Level 2. Inputs other than Level 1 inputs that are observable for the asset or liability, either directly or indirectly, such as quoted prices for similar assets or liabilities in active markets, quoted prices for identical or similar assets or liabilities in markets that are not active, or market-corroborated inputs.
- Level 3. Unobservable inputs for the asset or liability.

The Company's material financial instruments consist primarily of cash and cash equivalents, accounts receivable, accounts payable, accrued expenses and other current liabilities. The carrying values of the Company's cash and cash equivalents, accounts receivable, accounts payable, accrued expenses and other current liabilities approximated their fair values at December 31, 2023 and 2022 due to the short period of time to maturity or repayment. As of December 31, 2023 and 2022, all cash and cash equivalents were considered Level 1.

As of December 31, 2023 and 2022, the Company did not have any assets or liabilities measured on a recurring basis without observable market values that would require a high level of judgment to determine fair value (Level 3).

The Company recognizes transfers between levels of the fair value hierarchy as of the end of the reporting period. For the years ended December 31, 2023 and 2022, there were no transfers between levels of the fair value hierarchy.

Other comprehensive loss

The nature of the Company's operations does not give rise to consequential other comprehensive loss.

Accounts receivable and allowance for doubtful accounts

Trade receivables are recorded at net realizable value, which includes an appropriate allowance for doubtful accounts. Credit is extended to customers based on an evaluation of their financial condition, credit rating, and trade references. The Company monitors exposure to credit losses and maintains an allowance for anticipated losses based on each customer's credit condition and payment behavior. The Company's accounts receivable balance is net of an allowance for doubtful accounts. The allowance for doubtful accounts was not material at December 31, 2023 and 2022. Changes in the Allowance for Doubtful Accounts were as follows:

	Year Ended December 31,	
	2023	2022
Balance, beginning of the year	\$ —	\$ 10
Recovery of bad debt	—	(10)
Balance, end of the year	\$ —	\$ —

Inventories

Inventories consist of raw materials and finished goods. Raw materials include costs for the Company's ingredients and packaging inventories. The costs of finished goods inventories include production fees from third-party manufacturers. Inventories are stated at the lower of average cost or net realizable value. The Company regularly reviews whether the net realizable value of its inventory is lower than its carrying value. Indicators that could result in inventory write downs include age of inventory, damaged inventory, slow moving products, and products at the end of their life cycles. While management believes that inventory is appropriately stated at the lower of average cost or net realizable value, judgment is involved in determining the net realizable value of inventory.

Prepaid expenses

Prepaid expenses represent amounts paid in advance for products or services to be delivered in the future and are included within prepaid expenses and other current assets in the accompanying consolidated balance sheets. Prepaid expenses are expensed as incurred and were \$1.8 million and \$2.3 million as of December 31, 2023 and 2022, respectively.

Property and equipment, net

Property and equipment are recorded at cost. Additions, replacements, and leasehold improvements are capitalized, while maintenance and repairs that do not extend the useful life of an asset are expensed as incurred. Leasehold improvements are amortized using the straight-line method over the shorter of the remaining lease term or the estimated useful life of the improvement. When assets are retired or otherwise disposed, the cost and accumulated depreciation are removed from the respective accounts and any related gain or loss is recognized.

Depreciation and amortization are computed using the following estimated useful lives of the assets:

<u>Asset</u>	<u>Years</u>
Leasehold improvements	Shorter of lease term or estimated useful life
Computer equipment	3
Furniture and equipment	4-7
Vehicles	5
Quality control equipment	2-5
Buildings and improvements	7-30

The Company periodically reviews long-lived assets for impairment whenever events or changes in circumstances indicate that their carrying amount may not be recoverable. In order to assess recoverability, the Company compares the estimated undiscounted future pre-tax cash flows from the use of the group of assets, as defined, to the carrying amount of such assets. Measurement of an impairment loss is based on the excess of the carrying amount of the group of assets over the long-lived asset's fair value. The Company did not recognize any impairment charges associated with long-lived assets during the years ended December 31, 2023 and 2022.

Leases

The Company leases office space. Right of use ("ROU") lease assets represent the Company's right to use an underlying asset for the lease term, and lease liabilities represent the obligation to make lease payments. Both the ROU lease asset and liability are recognized as of the lease commencement date based on the present value of the lease payments over the lease term. The Company's leases do not provide an implicit borrowing rate that can readily be determined. Therefore, the Company applies a discount rate based on the incremental borrowing rate, which is determined using the Company's synthetic credit rating and other information available as of the lease commencement date. ROU lease assets also include any lease payments made before their contractual due dates and exclude any lease incentives.

The Company's lease agreements may include options to extend the lease term or to terminate the lease early. The Company includes options to extend or terminate leases upon determination of the ROU lease asset and liability when it is reasonably certain the Company will exercise these options. Operating lease expense attributable to lease payments is recognized on a straight-line basis over the lease term and is included in general, and administrative expense on the consolidated statements of operations and comprehensive loss.

The Company has lease arrangements that include lease and non-lease components. The non-lease components in the arrangements are not significant when compared to the lease components. For all leases, the Company accounts for the lease and non-lease components as a single component.

The Company evaluates ROU assets for impairment consistent under the impairment of long-lived assets policy.

The Company had no material finance leases as of December 31, 2023 and 2022.

Intangible assets, net

Intangible assets subject to amortization consist of customer relationships, which were acquired and are amortized over their estimated useful life of 15 years and computer software costs which are amortized over their estimated useful life of three years. In accordance with Accounting Standard Codification ("ASC") *Topic 350, Intangibles—Goodwill and Other*, intangible assets with definite lives are treated as a long-lived asset and are evaluated for impairment whenever events or changes in circumstances indicate that the asset's carrying amount may not be recoverable. If impaired, the asset is written down to its estimated fair market value, which is generally measured by discounting future cash flows.

Non-amortizable intangible assets consist of trademarks which represent the Company's exclusive ownership of the Zevia® brand used in connection with the manufacture, marketing, and distribution of its carbonated beverages. The Company also owns several other trademarks in both the U.S. and in foreign countries. Intangible assets not subject to amortization are evaluated for impairment annually, or sooner if management believes such assets may be impaired. An impairment loss is recognized if the asset's carrying amount exceeds its estimated fair market value. For the years ended December 31, 2023 and 2022, no impairment losses were recorded.

Certain external and internal computer software costs acquired for internal use are capitalized. Training costs and maintenance are expensed as incurred, while upgrades and enhancements are capitalized if it is probable that such expenditures will result in additional functionality. Capitalized costs are included within intangible assets, net.

Debt issuance cost

Costs incurred in connection with securing a revolving line of credit agreement are capitalized. These costs are amortized over the term of the credit agreement. Debt issuance costs are included in Other non-current assets in the accompanying consolidated balance sheets. Net debt issuance costs totaled \$0.2 million and \$0.3 million as of December 31, 2023 and 2022, respectively.

Customer incentives and allowances

The Company offers its customers sales incentives that are designed to support the distribution of its products to consumers. These incentives and discounts include cash discounts, price allowances, volume-based rebates, product placement fees and certain other financial support for items such as trade promotions, displays, new products, consumer incentives and advertising assistance. These amounts are deducted from gross sales and are included under Net sales in the accompanying consolidated statements of operations and comprehensive loss. The Company maintains an allowance representing the estimated cost of certain customer incentives incurred but not yet realized as of the end of each respective year, which is recorded as an offset against customer accounts receivable, and is included under Accounts receivable, net in the accompanying consolidated balance sheets. The customer incentives and allowances were \$4.1 million and \$5.6 million as of December 31, 2023 and 2022, respectively.

Revenue recognition

The Company recognizes revenue when performance obligations under the terms of a contract with the customer are satisfied. Product sales occur once control is transferred either upon shipment or delivery to the customer. Revenue is measured as the amount of consideration the Company expects to receive in exchange for transferring goods, net of accruals for customer incentives and allowances. The amount of consideration the Company receives and revenue the Company recognizes varies with changes in customer incentives the Company offers to its customers.

Customer incentives and allowances are estimated based on agreed upon terms as well as historical trends and current economic and market conditions, while cash discounts are based on trade terms and require management judgment with respect to estimating customer participation and performance levels. Differences between such estimated expenses and actual expenses for promotional and other allowance costs have historically been insignificant and are recognized in earnings in the period such differences are determined.

The Company accounts for costs associated with shipping and handling activities that occur after the transfer of control as a fulfillment activity, instead of a separate performance obligation.

The Company excludes from the transaction price those amounts which relate to sales and other taxes that are assessed by governmental authorities and that are imposed and concurrent with a specific revenue-producing transaction and collected by the Company from a customer.

The Company's general payment terms are short-term in duration. The Company does not have significant financing components or payment terms.

Cost of goods sold

Cost of goods sold consists of all costs to acquire and manufacture the Company's products including the cost of the various ingredients, packaging, inbound freight and logistics, and third-party production fees—which are typically incurred at a flat rate per case produced—and all other costs incurred to bring the product to salable condition. The Company's cost of goods sold is generally subject to price fluctuations in the marketplace for aluminum, logistics costs such as fuel, inbound freight, bottling tolling fees, as well as shifting product mix.

Selling and marketing expenses

Selling and marketing expenses in the accompanying consolidated statements of operations and comprehensive loss include warehousing and distribution costs, shipping and handling costs, advertising, and marketing costs, which generally are expensed as incurred. Warehousing and distribution costs include storage, transfer, repacking and handling fees, and out-bound freight and delivery charges. The Company has elected to classify shipping and handling costs for salable product outside of cost of goods sold, in selling and marketing expenses in the accompanying consolidated statements of operations and comprehensive loss. Such costs amounted to approximately \$14.2 million and \$15.4 million for the years ended December 31, 2023 and 2022, respectively.

The Company expenses sales and marketing costs as incurred. Advertising and marketing expenses represent costs associated with the promotion of the Zevia® brand and products as outlined in ASC Topic 730-25, *Other Expenses – Advertising Costs*, such as those for digital and other forms of advertising. Advertising and marketing expenses amounted to approximately \$10.5 million and \$11.1 million for the years ended December 31, 2023 and 2022, respectively.

General and administrative expenses

General and administrative expenses in the accompanying consolidated statements of operations and comprehensive loss include personnel-related expenses, including salaries, bonuses, and benefits, technology expenses, professional fees, facility costs, including insurance, utilities and rent relating to our headquarters, and overhead costs. These costs are expensed as incurred.

Equity-based compensation expense

The Company records equity-based compensation expense for employees and nonemployees under the provisions of ASC Topic 718, *Compensation—Stock compensation* (“ASC 718”), using a Black-Scholes-Merton option pricing model to calculate the fair value of stock options by date granted. The determination of the grant date fair value of stock options issued is affected by a number of variables, including the fair value of the Company’s common stock, the expected common stock price volatility over the expected life of the options, the expected term of the stock option, risk-free interest rates, and the expected dividend yield of the Company’s common stock. The Company derived its expected volatility for grants issued prior to July 21, 2023 (which is the two-year anniversary of the Company’s IPO) based on the average historical volatilities of several peer public companies over a period equivalent to the expected term of the awards, and its expected volatility for grants issued subsequent to July 21, 2023 based on historical volatility of the Company’s stock. The Company estimates the expected term based on the simplified method prescribed by guidance provided by the Securities and Exchange Commission. This decision was based on the lack of relevant historical data due to the Company’s limited experience for the Company’s common stock. The risk-free interest rate is an interpolation of yields on U.S. Treasury securities with maturities equivalent to the expected term. Expected dividend yield is 0.0% as the Company has not paid and does not anticipate paying dividends on its common stock. The fair value of stock options is recognized as expense on a straight-line basis over the requisite service period, which is typically four years. Equity-based compensation cost for restricted stock awards is measured based on the fair market value of the Company’s common stock at the date of grant and is recognized as expense over the requisite service period, which is the vesting period on a straight-line basis. Forfeitures are recognized as incurred.

Depreciation and Amortization

Depreciation is primarily related to building and related improvements, computer equipment, quality control and marketing equipment, and leasehold improvements. Intangible assets subject to amortization consist of customer relationships and software applications. Non-amortizable intangible assets consist of trademarks, which represent the Company’s exclusive ownership of the Zevia® brand used in connection with the manufacturing, marketing, and distribution of its beverages. The Company also owns several other trademarks in both the U.S. and in foreign countries.

Foreign currency transactions

The functional currency of the Company is the U.S. dollar. The Company sells and distributes its products to Canadian customers, who are invoiced and remit payment in Canadian dollars. All Canadian dollar transactions are translated into U.S. dollars using period-end rates of exchange for assets and liabilities, and average rates of exchange for the period for net sales and expenses. Foreign currency transaction losses for the years ended December 31, 2023 and 2022 amounted to approximately \$0.0 million and \$0.2 million, respectively, and are included under other income, net in the accompanying consolidated statements of operations and comprehensive loss.

Income Taxes

The Company is the managing member of Zevia LLC and, as a result, consolidates the financial results of Zevia LLC in the consolidated financial statements. Zevia LLC is a pass-through entity for U.S. federal and most applicable state and local income tax purposes. As an entity classified as a partnership for tax purposes, Zevia LLC is not subject to U.S. federal and certain state and local income taxes. Any taxable income or loss generated by Zevia LLC is passed through to its members, including the Company. The Company is taxed as a corporation and pays corporate federal, state and local taxes with respect to income allocated from Zevia LLC based on the Company’s economic interest in Zevia LLC, which was 75.8% and 68.7% as of December 31, 2023 and 2022, respectively. Subsequent changes in economic ownership in Zevia LLC of the Company can occur as Zevia LLC holders may convert their shares of Class B common stock into an equivalent number of shares of Class A common stock with income (loss) allocated to the Company based on the economic interest applicable during each reporting period.

The Company accounts for income taxes under the asset and liability method, which requires the recognition of deferred tax assets and deferred tax liabilities (“DTAs” and “DTLs,” respectively) for the expected future tax consequences of events that have been included in the financial statements. Under this method, we determine DTAs and DTLs on the basis of the differences between the financial statement and tax bases of assets and liabilities by using enacted tax rates in effect for the year in which the differences are expected to reverse. The effect of a change in tax rates on DTAs and DTLs is recognized in income in the period that includes the enactment date. We recognize DTAs to the extent that we believe that these assets are more likely than not to be realized. In making such a determination, we consider all available positive and negative evidence, including future reversals of existing taxable temporary differences, projected future taxable income, tax-planning strategies, carryback potential if permitted under the tax law, and results of recent operations. If we determine that we would be able to realize our DTAs in the future in excess of their net recorded amount, we would make an adjustment to the DTA valuation allowance, which would reduce the provision for income taxes.

The Company records uncertain tax positions in accordance with ASC 740, *Income Taxes* on the basis of a two-step process in which (1) we determine whether it is more likely than not that the tax positions will be sustained on the basis of the technical merits of the position and (2) for those tax positions that meet the more-likely-than-not recognition threshold, we recognize the largest amount of tax benefit that is more than 50 percent likely to be realized upon ultimate settlement with the related tax authority. We recognize both accrued interest and penalties, when appropriate, in provision for income taxes in the accompanying consolidated statements of operations and comprehensive loss.

Recent accounting pronouncements

The Company is an emerging growth company, as defined in the Jumpstart Our Business Startups Act (“JOBS Act”). Under the JOBS Act, emerging growth companies can delay adopting new or revised accounting standards issued subsequent to the enactment of the JOBS Act until those standards apply to private companies. The Company has elected to use this extended transition period for complying with new or revised accounting standards that have different effective dates for public and private companies until the earlier of the date that it (i) is no longer an emerging growth company or (ii) affirmatively and irrevocably opts out of the extended transition period provided in the JOBS Act. As a result, the consolidated financial statements may not be comparable to companies that comply with the new or revised accounting pronouncements as of public company effective dates.

Recently Issued Accounting Pronouncements – Recently Adopted

In June 2016, the Financial Accounting Standards Board (“FASB”) issued Accounting Standards Update (“ASU”) No. 2016-13, *Financial Instruments – Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments*. This ASU provides for a new impairment model that requires measurement and recognition of expected credit losses for most financial assets held. The ASU is effective for private companies for annual periods, and interim periods within those annual periods, beginning after December 15, 2022. The Company adopted ASU No. 2016-13 as of January 1, 2023. The adoption of ASU No. 2016-13 did not have a significant impact on the Company’s financial statements.

In April 2021, the FASB issued ASU No. 2021-04, which included Topic 260, *Earnings Per Share* and Topic 718, *Compensation - Stock Compensation*. This guidance clarifies and reduces diversity in an issuer’s accounting for modifications or exchanges of freestanding equity-classified written call options due to a lack of explicit guidance in the FASB Codification. This ASU is effective for all entities for fiscal years beginning after December 15, 2021. Early adoption is permitted. The Company adopted ASU 2021-04 as of January 1, 2022. The adoption of ASU 2021-04 did not have a significant impact on the Company’s financial statements as the Company does not have freestanding equity-classified written call options.

In December 2019, the FASB issued ASU No. 2019-12, *Income Taxes (Topic 740) Simplifying the Accounting for Income Taxes*. This ASU improves areas of U.S. GAAP and reduces cost and complexity while maintaining usefulness. The main provisions remove certain exceptions, including the exception to the general methodology for calculating income taxes in an interim period when a year-to-date loss exceeds the anticipated loss for the year. In addition, the amendments simplify income tax accounting in the areas such as income based franchise taxes, eliminating the requirements to allocate consolidated current and deferred tax expense in certain instances and a requirement that an entity reflects the effect of enacted changes in tax laws or rates in the annual effective tax rate computation in the interim period that includes the enactment date. This ASU is effective for private companies for annual reporting periods beginning after December 15, 2021, and interim periods within annual periods beginning after December 15, 2022. The Company adopted ASU 2019-12 as of January 1, 2022. The adoption of ASU 2019-12 did not have a significant impact on the Company’s financial statements.

Recently Issued Accounting Pronouncements – Not Yet Adopted

In November 2023, the FASB issues ASU No. 2023-07, *Segment Reporting (Topic 280): Improvements to Reportable Segment Disclosures*. This ASU requires entities to disclose information about their reportable segments’ significant expenses and other segment items on an interim and annual basis. Public entities with a single reportable segment are required to apply the disclosure requirements in ASU 2023-07, as well as all existing segment disclosures and reconciliation requirements in ASC 280 on an interim and annual basis. ASU 2023-07 is effective for fiscal years beginning after December 15, 2023, and for interim periods within fiscal years beginning after December 15, 2024, with early adoption permitted. The Company is currently evaluating the impact of adopting this guidance.

In December 2023, the FASB issued ASU No. 2023-09 *Income Taxes (Topic 740) Improvements to Income Tax Disclosures*. The guidance requires disaggregated information about a reporting entity’s effective tax rate reconciliation as well as information on income taxes paid. The guidance is intended to benefit investors by providing more detailed income tax disclosures that would be useful in making capital allocation decisions. The ASU is effective for private companies for annual periods beginning after December 15, 2025. The guidance will be applied on a prospective basis with the option to apply the standard retrospectively. The Company is currently evaluating the impact of adopting this guidance while early adoption is permitted.

Any other recently issued accounting pronouncements are neither relevant, nor expected to have a material impact on the Company’s financial statements.

3. REVENUES

Disaggregation of Revenue

The Company’s products are distributed and sold principally across the U.S. and Canada through a diverse network of major retailers, including: grocery stores, natural products stores, specialty outlets, and warehouse clubs; and through online/e-commerce channels. The following table disaggregates the Company’s sales by channel:

(in thousands)	Year Ended December 31,	
	2023	2022
Retail sales	\$ 148,299	\$ 145,041
Online/e-commerce	18,125	18,140
Net sales	<u>\$ 166,424</u>	<u>\$ 163,181</u>

The following table disaggregates the Company’s sales by geographic location of the respective customers:

(in thousands)	Year Ended December 31,	
	2023	2022
U.S.	\$ 149,466	\$ 145,180
Canada	16,958	18,001
Net sales	<u>\$ 166,424</u>	<u>\$ 163,181</u>

Contract liabilities

The Company did not have any material unsatisfied performance obligations as of December 31, 2023 and December 31, 2022, respectively.

4. INVENTORIES

Inventories consist of the following as of:

<i>(in thousands)</i>	December 31, 2023		December 31, 2022	
Raw materials	\$	4,714	\$	7,527
Finished goods		29,836		20,049
Inventories	\$	<u>34,550</u>	\$	<u>27,576</u>

5. PROPERTY AND EQUIPMENT, NET

Property and equipment consist of the following as of:

<i>(in thousands)</i>	December 31, 2023		December 31, 2022	
Land	\$	—	\$	336
Leasehold improvements		1,167		463
Computer equipment and software		677		796
Furniture and equipment		785		544
Vehicles		—		197
Quality control and marketing equipment		1,782		1,635
Buildings and improvements		—		1,610
Assets not yet placed in service		101		1,128
		<u>4,512</u>		<u>6,709</u>
Less accumulated depreciation		(2,403)		(2,068)
Property and equipment, net	\$	<u>2,109</u>	\$	<u>4,641</u>

For the year ended December 31, 2023 and 2022, depreciation expense, including the amortization of leasehold improvements, amounted to approximately \$1.0 million and \$0.7 million, respectively. These amounts are included under depreciation and amortization in the accompanying consolidated statements of operations and comprehensive loss.

6. INTANGIBLE ASSETS, NET

The following table provides information pertaining to the Company's intangible assets as of:

December 31, 2023				
<i>(in thousands)</i>	Weighted-Average Remaining Useful Life	Gross Carrying Amount	Accumulated Amortization	Intangible Assets, Net
Software	1.4	\$ 1,164	\$ (978)	\$ 186
Customer relationships	1.7	3,007	(2,670)	337
		4,171	(3,648)	523
Trademarks	N/A	3,000	—	3,000
Intangible assets, net		<u>\$ 7,171</u>	<u>\$ (3,648)</u>	<u>\$ 3,523</u>

December 31, 2022				
<i>(in thousands)</i>	Weighted-Average Remaining Useful Life	Gross Carrying Amount	Accumulated Amortization	Intangible Assets, Net
Software	2.0	\$ 2,277	\$ (1,429)	\$ 848
Customer relationships	2.7	3,007	(2,470)	537
		5,284	(3,899)	1,385
Trademarks	N/A	3,000	—	3,000
Intangible assets, net		<u>\$ 8,284</u>	<u>\$ (3,899)</u>	<u>\$ 4,385</u>

For the years ended December 31, 2023 and 2022, total amortization expense amounted to \$0.6 million and \$0.7 million, respectively, including \$0.4 million and \$0.4 million, respectively, of amortization expense related to software. No impairment losses have been recorded on any of the Company's intangible assets for the years ended December 31, 2023 and 2022.

Amortization expense for intangible assets with definite lives is expected to be as follows:

<i>(in thousands)</i>	
2024	346
2025	170
2026	7
Expected amortization expense for intangible assets with definite lives	<u>\$ 523</u>

7. DEBT

ABL Credit Facility

On February 22, 2022, Zevia LLC (the “Borrower”) obtained a revolving credit facility (the “Secured Revolving Line of Credit”) by entering into a Loan and Security Agreement with Bank of America, N.A. (the “Loan and Security Agreement”). The Borrower may draw funds under the Secured Revolving Line of Credit up to an amount not to exceed the lesser of (i) a \$20 million revolving commitment and (ii) a borrowing base which is comprised of inventory and receivables. Up to \$2 million of the Secured Revolving Line of Credit may be used for letter of credit issuances and the Borrower has the option to increase the commitment under the Secured Revolving Line of Credit by up to \$10 million, subject to certain conditions. The Secured Revolving Line of Credit matures on February 22, 2027. As of December 31, 2023, no amounts were drawn under the Secured Revolving Line of Credit. The Secured Revolving Line of Credit is secured by a first priority security interest in substantially all of the Company’s assets.

Loans under the Secured Revolving Line of Credit bear interest based on either, at the Borrower’s option, the Bloomberg Short-Term Bank Yield Index rate plus an applicable margin between 1.50% to 2.00% or the Base Rate (customarily defined) plus an applicable margin between 0.50% to 1.00% with margin, in each case, determined by the average daily availability under the Secured Revolving Line of Credit.

Under the Secured Revolving Line of Credit, the Borrower is required to comply with certain covenants, including, among others, by maintaining Liquidity (as defined therein) of \$7 million at all times until December 31, 2023. Thereafter, the Borrower must satisfy a financial covenant requiring a minimum fixed charge coverage ratio of 1.00 to 1.00 as of the last day of any fiscal quarter following the occurrence of certain events of default that are continuing or any day on which availability under the Secured Revolving Line of Credit is less than the greater of \$3 million and 17.5% of the borrowing base, and must again satisfy such financial covenant as of the last day of each fiscal quarter thereafter until such time as there are no events of default and availability has been above such threshold for 30 consecutive days. As of December 31, 2023, the Company was in compliance with its liquidity covenant.

8. LEASES

The Company leases its office space which has a remaining lease term of 36 months. In January 2023, the Company entered into an amendment to the lease for its corporate headquarters offices to extend the term through December 31, 2026. The Company’s recognized lease costs include:

<i>(in thousands)</i>	Year Ended December 31,	
	2023	2022
Statements of Operations and Comprehensive Loss		
Operating lease cost ⁽¹⁾	\$ 734	\$ 705

⁽¹⁾ Operating lease cost is recorded within general and administrative expenses in the accompanying consolidated statements of operations and comprehensive loss.

	Year Ended December 31,	
	2023	2022
Weighted-average remaining lease term (months)	36.0	12.0
Weighted-average discount rate	7.6%	7.6%

The Company’s variable lease costs and short-term lease costs were not material.

The Company is obligated under a non-cancelable lease agreement providing for office space that expires on December 31, 2026. Maturities of lease payments under the non-cancelable lease were as follows:

<i>(in thousands)</i>	December 31, 2023	
2024	\$	702
2025		729
2026		756
Total lease payments		2,187
Less imputed interest		(239)
Present value of lease liabilities	\$	1,948

9. COMMITMENTS AND CONTINGENCIES

Purchase commitments

As of December 31, 2023, the Company does not have any material agreements with suppliers for the purchase of raw material with minimum purchase quantities. Our contract manufacturers are obligated to fulfill against purchase orders that are aligned with our forecast based on terms and conditions of the contract. Our forecasts provided to our contract manufacturers are short term in nature and at no time extend beyond a year.

Legal proceedings

The Company is involved from time to time in various claims, proceedings, and litigation. The Company establishes reserves for specific legal proceedings when it determines that the likelihood of an unfavorable outcome is probable, and the amount of loss can be reasonably estimated. Management does not believe that the resolution of these matters would have a material impact on the consolidated financial statements. The Company has not identified any legal matters where it believes a material loss is reasonably possible.

10. EMPLOYEE BENEFIT PLAN

Employees of the Company may participate in the Zevia LLC 401(k) Plan (the “Plan”), a defined contribution plan which qualifies under Section 401(k) of the Internal Revenue Code. Participating employees may contribute from 1% to 90% of their pre-tax earnings, up to the statutory limit. Effective January 1, 2020, the Company began offering matching contributions to the Plan of up to 4% of employee pre-tax earnings. For the years ended December 31, 2023 and 2022, the Company incurred contribution expense of \$0.5 million and \$0.5 million, respectively.

11. BALANCE SHEET COMPONENTS

Accrued Expenses and Other Current Liabilities

Accrued expenses and other current liabilities consisted of the following as of:

<i>(in thousands)</i>	December 31, 2023		December 31, 2022	
Accrued employee compensation benefits	\$	1,526	\$	3,409
Accrued direct selling costs		1,113		1,593
Accrued customer paid bottle deposits		1,734		1,253
Accrued other		1,600		2,153
Total	\$	<u>5,973</u>	\$	<u>8,408</u>

12. EQUITY-BASED COMPENSATION

In July 2021, prior to the IPO, the Company adopted the Zevia PBC 2021 Equity Incentive Plan (the “2021 Plan”) under which the Company may grant options, stock appreciation rights, restricted stock units (“RSUs”), restricted stock awards, other equity-based awards and incentive bonuses to employees, officers, non-employee directors and other service providers of the Company and its affiliates.

The number of shares available for issuance under the 2021 Plan is increased on January 1 of each year beginning in 2022 and ending with a final increase in 2031 in an amount equal to the lesser of: (i) 5% of the total number of shares of Class A common stock outstanding on the preceding December 31, or (ii) a smaller number of shares determined by the Company’s Board of Directors.

In October and November 2021, the Company’s Board of Directors approved an amendment to its equity-based compensation plans for a certain number of employees to allow immediate vesting upon retirement of all outstanding RSUs and stock options, and to extend the exercisability of outstanding stock options up to five years after retirement, if they meet certain conditions, including a resignation after the holder has reached 50 years of age with at least 10 years of service to the Company, so long as the holder provides advance notice of his or her resignation to the Company’s Board of Directors. During the year ended December 31, 2022, three employees, retired from the Company and all outstanding awards and related stock compensation expense of \$8.2 million, respectively, were accelerated through their retirement dates.

As of December 31, 2023, the 2021 Plan provides for future grants and/or issuances of up to approximately 2.7 million shares of our common stock. Equity-based awards under our employee compensation plans are made with newly issued shares reserved for this purpose.

Stock Options

The Company uses a Black-Scholes valuation model to measure stock option expense as of each respective grant date. Generally, stock option grants vest ratably over four years, have a ten-year term, and have an exercise price equal to the fair market value as of the grant date. The fair value of stock options is amortized to expense over the vesting period.

The fair value of stock option awards granted during the period was determined on the grant date using the Black-Scholes valuation model based on the following weighted-average assumptions:

	Year Ended December 31,			
	2023		2022	
Stock price	\$	2.90	\$	3.40
Exercise Price		2.90		3.93
Expected term (years) ⁽¹⁾		6.25		6.25
Expected volatility ⁽²⁾		65.4%		62.7%
Risk-Free interest rate ⁽³⁾		3.6%		2.7%
Dividend yield ⁽⁴⁾		0.0%		0.0%

⁽¹⁾ Expected term represents the estimated period of time until an award is exercised and was determined using the simplified method.

⁽²⁾ Expected volatility for grants issued prior to July 21, 2023 (which is the two-year anniversary of the Company’s IPO) is based on the historical volatility of a selected peer group over a period equivalent to the expected term, and expected volatility for grants issued subsequent to July 21, 2023 is based on historical volatility of the Company’s stock.

⁽³⁾ The risk-free interest rate is an interpolation of yields on U.S. Treasury securities with maturities equivalent to the expected term.

⁽⁴⁾ We have assumed a dividend yield of zero as the Company has no plans to declare dividends in the foreseeable future.

The weighted average grant date fair values for stock options granted for the years ended December 31, 2023 and 2022 was \$1.81 and \$1.97, respectively.

The following is a summary of stock option activity for the year ended December 31, 2023:

	Shares	Weighted average exercise price	Weighted average remaining life	Intrinsic value (in thousands)
Outstanding Balance as of January 1, 2023	2,769,754	\$ 3.36		
Granted	1,472,639	\$ 2.90		
Exercised	(142,783)	\$ 0.19		
Forfeited and expired	(1,018,707)	\$ 3.00		
Balance as of December 31, 2023	3,080,903	\$ 3.40	7.7	\$ 1,230
Exercisable at the end of the period	1,111,816	\$ 2.67	5.6	\$ 1,230
Vested and expected to vest	3,080,903	\$ 3.40	7.7	\$ 1,230

The total intrinsic values of options exercised during the year ended December 31, 2023 was \$0.4 million.

As of December 31, 2023, total unrecognized compensation expense related to unvested stock options was \$3.3 million, which is expected to be recognized over a weighted-average period of 2.8 years.

Restricted Phantom Units and Restricted Stock Units

In July 2021, the Company's Board of Directors approved an amendment to 2,422,644 restricted phantom units (the "Restricted Phantom Units") previously granted by Zevia LLC (the "Phantom Unit Amendment"). The Phantom Unit Amendment changed the settlement feature of all outstanding Restricted Phantom Units so that following vesting, each award of Restricted Phantom Units would be settled in shares of Class A common stock having a fair market value equal to (i) the number of Restricted Phantom Units subject to such award, *multiplied* by (ii) the difference between the fair market value of a share of Class A common stock and the grant date price per Restricted Phantom Unit. All other terms related to the Restricted Phantom Units remained unchanged. As a result of the Phantom Unit Amendment, the estimated fair value of the modified awards was \$33.9 million and was recognized as an expense over the vesting period through January 2022 subsequent to the performance condition being met.

In March 2021, the Company's Board of Directors also approved an amendment to the RSUs granted by Zevia LLC in August 2020 ("the RSU Amendment"). The RSU Amendment changed the vesting of such RSUs to occur as follows: (i) in the event of a change of control, the RSUs shall vest effective as of such change of control or (ii) in the event of an initial public offering as in the case of the IPO, the RSUs shall vest in equal monthly installments over a 36-month period following the termination of any lockup period and shall be subject to the participant's continued employment through such vesting date. Additionally, settlement shall occur within 30 days following the vesting of the RSUs and the participant shall be entitled to receive one share of Class A common stock for each vested RSU. All other terms remained unchanged. As a result of the RSU Amendment, the estimated fair value of the modified awards was \$48.9 million and are being recognized as expense over the vesting period subsequent to the performance condition being met. As of December 31, 2023, the remaining service period of the awards is 13 months.

The following is a summary of RSU activity for the year ended December 31, 2023:

	Shares	Weighted average grant date fair value	Aggregate Intrinsic Value (in thousands)
Balance unvested shares at January 1, 2023	2,560,590	\$ 3.90	
Granted	1,276,876	\$ 3.08	
Vested	(1,103,160)	\$ 3.92	
Forfeited	(560,253)	\$ 2.84	
Balance unvested at December 31, 2023	2,174,053	\$ 3.68	\$ 4,370
Expected to vest at December 31, 2023	2,174,053	\$ 3.68	\$ 4,370

As of December 31, 2023, total unrecognized compensation expense related to unvested RSUs was \$5.2 million, which is expected to be recognized over a weighted-average period of 2.2 years.

As of December 31, 2023 and 2022, there were 593,672 and 1,345,800, respectively, of RSUs outstanding which vested in 2022 but are subjected to a deferred settlement provision over the next two years and therefore have not been released. As a result, these RSUs are not included in the table above.

13. SEGMENT REPORTING

The Company has one operating and reporting segment, and operates as a product portfolio with a single business platform. In reaching this conclusion, management considered the definition of the Chief Operating Decision Maker ("CODM"); how the business is defined by the CODM; the nature of the information provided to the CODM and how that information is used to make operating decisions; and how resources and performance are assessed. The Company's CODM is the Chief Executive Officer. The results of the operations are provided to and analyzed by the CODM at the Company's level and accordingly, key resource decisions and assessment of performance are performed at the Company's level. The Company has a common management team across all product lines and does not manage these products as individual businesses and as a result, cash flows are not distinct.

14. MAJOR CUSTOMERS, ACCOUNTS RECEIVABLE AND VENDOR CONCENTRATION

The table below represents the Company's major customers that accounted for more than 10% of total net sales for the periods:

	Year Ended December 31,	
	2023	2022
Customer A	13%	15%
Customer B	10%	*

The table below represents the Company's customers that accounted for more than 10% of total accounts receivable, net as of:

	December 31, 2023	December 31, 2022
Customer B	13%	*
Customer D	*	10%
Customer E	*	17%
Customer H	*	12%
Customer I	18%	*

The table below represents raw material vendors that accounted for more than 10% of all raw material purchases for the periods:

	Year Ended December 31,	
	2023	2022
Vendor A	21%	27%
Vendor B	15%	18%
Vendor C	12%	13%
Vendor E	16%	*

* Less than 10% of total net sales, accounts receivable, net or raw material purchases in the respective periods.

15. LOSS PER SHARE

Basic loss per share of Class A common stock is computed by dividing net loss attributable to the Company for the period by the weighted-average number of shares of Class A common stock outstanding during the same period. Diluted loss per share of Class A common stock is computed by dividing net loss attributable to the Company by the weighted-average number of shares of Class A common stock outstanding adjusted to give effect to potentially dilutive securities and assumed conversion of Class B common stock into shares of Class A common stock on a one-for-one basis using the if-converted method.

The following table sets forth reconciliations of the numerators and denominators used to compute basic and diluted earnings per share of Class A common stock:

	Year Ended December 31,	
	2023	2022
<i>(in thousands, except for share and per share amounts)</i>		
Net loss per share:		
Numerator:		
Net loss and comprehensive loss	\$ (28,322)	\$ (47,647)
Less: net loss attributable to non-controlling interests	6,828	13,790
Add: adjustment to reallocate net loss to controlling interest	800 ⁽¹⁾	(1,298) ⁽¹⁾
Net loss to Zevia PBC - basic	\$ (20,694)	\$ (35,155)
Denominator:		
Weighted-average shares of Class A common stock outstanding – basic	49,898,784	41,739,061
Add: weighted average shares of vested and unleased RSUs	719,974 ⁽²⁾	1,730,322 ⁽²⁾
Weighted-average basic and diluted shares	50,618,758	43,469,383
Loss per share of Class A common stock – basic	\$ (0.41)	\$ (0.81)
Loss per share of Class A common stock – diluted	\$ (0.41)	\$ (0.81)

⁽¹⁾ The numerator for the basic and diluted loss per share is adjusted for additional losses being attributed to controlling interest as a result of the impacts of vested but unleased RSUs being included in the denominator of the basic and diluted loss per share.

⁽²⁾ The denominator for basic and diluted loss per share includes vested and unleased RSUs as there are no conditions that would prevent these RSUs from being issued in the future as shares of Class A common stock except for the mere passage of time.

Zevia LLC Class B Common Units, stock options and RSUs were evaluated under the treasury stock method for potential dilutive effects and were determined to be anti-dilutive. The following weighted average outstanding shares were excluded from the computation of diluted loss per share available to Class A common stockholders as they were anti-dilutive:

	Year Ended December 31,	
	2023	2022
Zevia LLC Class B Common Units exchangeable to shares of Class A common stock	20,891,366	26,023,476
Stock options	3,407,679	2,239,025
Restricted stock units	2,647,975	3,473,655

16. INCOME TAXES AND TAX RECEIVABLE AGREEMENT

Income Taxes

The Company is the managing member of Zevia LLC and as a result, consolidates the financial results of Zevia LLC in the consolidated financial statements of Zevia PBC. Zevia LLC is a pass-through entity for U.S. federal and most applicable state and local income tax purposes following the Reorganization Transactions effected in connection with the IPO. As an entity classified as a partnership for tax purposes, Zevia LLC is not subject to U.S. federal and certain state and local income taxes. Any taxable income or loss generated by Zevia LLC is passed through to its members, including the Company. The Company is taxed as a C corporation and pays corporate federal, state and local taxes with respect to income allocated from Zevia LLC based on Zevia PBC's economic interest in Zevia LLC, which was 75.8% and 68.7%, as of December 31, 2023 and 2022, respectively.

Income tax expense consists of the following:

	Year Ended December 31,	
	2023	2022
Current		
Federal	\$ —	\$ —
State	52	65
Total	52	65
Deferred		
Federal	—	—
State	—	—
Total	—	—
Provision for income taxes	\$ 52	\$ 65

A reconciliation between the Company's effective tax rate and the applicable U.S. federal statutory income tax rate is summarized as follows:

	Year Ended December 31,	
	2023	2022
Tax computed at federal statutory rate	21.0%	21.0%
State tax, net of federal tax benefit	1.0%	0.8%
Permanent items and other	(0.6)%	(0.8)%
Non-controlling interests	(8.7)%	(5.8)%
Equity-based compensation	(3.5)%	(9.2)%
Valuation allowance	(9.5)%	(6.1)%
Effective Tax Rate	(0.3)%	(0.1)%

Deferred income taxes reflect the net tax effects of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes. The components that comprise the Company's net DTAs consist of the following:

	Year Ended December 31,	
	2023	2022
Deferred tax assets		
Investment in Zevia LLC	\$ 53,081	\$ 53,427
Net operating loss carryforwards	20,488	15,970
Equity-based compensation	1,795	3,161
Other temporary differences	177	104
Total deferred tax assets	75,541	72,662
Valuation allowance for deferred tax assets	(75,541)	(72,662)
Net deferred tax assets	\$ —	\$ —

The Company records a valuation allowance to reduce DTAs to the amount the Company believes is more likely than not to be realized. The determination of recording or releasing tax valuation allowances is made, in part, pursuant to an assessment performed by management regarding the likelihood that the Company will generate sufficient future taxable income against which benefits of the DTAs may or may not be realized. This assessment requires management to exercise significant judgment and make estimates with respect to the Company's ability to generate revenue, gross profits, operating income and taxable income in future periods. The Company has recorded a full valuation allowance of \$75.5 and \$72.7 million as of December 31, 2023 and 2022, respectively, as it cannot conclude that it is more likely than not that the DTAs will be realized primarily due to the generation of pre-tax book losses from its inception.

The following table summarizes the activity related to the Company's valuation allowance:

	Year Ended December 31,	
	2023	2022
Balance, beginning of the year	\$ 72,662	\$ 58,940
Increases related to current year positions	2,879	13,722
Balance, end of the year	\$ 75,541	\$ 72,662

As of December 31, 2023, the Company has federal and state net operating loss carryforwards of \$83.7 million and \$55.4 million, respectively. The federal net operating loss can be carried forward indefinitely but are limited to 80% utilization against future taxable income each year in accordance with the Tax Cuts and Jobs Act of 2017. The state net operating loss carryforwards will begin to expire in 2031 unless previously utilized by the Company.

The Company recognizes liabilities for uncertain tax positions based on a two-step process. The first step is to evaluate the tax position for recognition by determining if the weight of available evidence indicates that it is more likely than not that the position will be sustained on audit, including resolution of related appeals or litigation processes, if any. The second step is to measure the tax benefit as the largest amount that is more than 50% likely of being realized upon settlement. While the Company believes that it has appropriate support for the positions taken on its tax returns, the Company regularly assesses the potential outcome of examinations by tax authorities in determining the adequacy of its provision for income taxes.

As of December 31, 2023, the Company has no uncertain tax positions and does not expect a significant change in unrecognized tax benefits during the next 12 months.

The Company is subject to taxation in the U.S. and various states. The Company is currently under the audit examinations by Texas for taxable years 2019-2021. As of December 31, 2023, the Company believes there will be no change of significance in its recorded tax positions and accordingly, no liability for uncertain tax benefits has been recorded. The Company is not currently under examination by any other taxing authorities. Due to the carryover of tax attributes, the statute of limitations is currently open for tax years since inception for Zevia PBC.

On March 27, 2020, the U.S. enacted the CARES Act. The CARES Act is an emergency economic stimulus package that includes spending and tax breaks to strengthen the U.S. economy and fund a nationwide effort to curtail the effect of COVID-19. The CARES Act provides sweeping tax changes in response to the COVID-19 pandemic, some of the more significant provisions are amending certain provisions of the previously enacted Tax Cuts and Jobs Act related to depreciable property and net operating losses, deferral of payroll taxes, and the Paycheck Protection program. At December 31, 2023, the Company has not booked any income tax provision or benefit for the impact for the CARES Act due to its recent incorporation and the pass-through treatment of Zevia, LLC.

On August 16, 2022, the U.S. enacted the Inflation Reduction Act of 2022 (“IRA”), which includes a 15% book-income alternative minimum tax on corporations with average applicable financial statement income over \$1 billion for any three year period ending with 2022 or later and a 1% excise tax on the fair market value of stock that is repurchased by publicly-traded U.S. corporations or their specified affiliates. The alternative minimum tax and the excise tax are effective in taxable years beginning after December 31, 2022. The IRA also includes provisions intended to mitigate climate change by, among others, providing tax credit incentives for reductions in greenhouse gas emissions. This legislation did not have a material impact on the consolidated financial statements.

Tax Receivable Agreement

The Company expects to obtain an increase in its share of tax basis in the net assets of Zevia, LLC when Class B units are exchanged by the holders of Class B units for shares of Class A common stock of the Company and upon certain qualifying transactions. Each change in outstanding shares of Class A common stock of the Company results in a corresponding change in the Company’s ownership of Class A units of Zevia, LLC. The Company intends to treat any exchanges of Class B units as direct purchases of LLC interests for U.S. federal income tax purposes. These increases in tax basis may reduce the amounts that Zevia PBC would otherwise pay in the future to various taxing authorities. They may also decrease gains (or increase losses) on future dispositions of certain capital assets to the extent tax basis is allocated to those capital assets.

In connection with the IPO, the Company entered into a Tax Receivable Agreement (“TRA”) with continuing members of Zevia LLC and the Direct Zevia Stockholders. In the event that such parties exchange any or all of their Class B units for Class A common stock, the TRA requires the Company to make payments to such holders for 85% of the tax benefits realized, or in some cases deemed to be realized, by the Company by such exchange as a result of (i) certain favorable tax attributes acquired from the Blocker Companies in the Mergers (including net operating losses and the Blocker Companies’ allocable share of existing tax basis), (ii) increases in tax basis resulting from Zevia PBC’s acquisition of continuing member’s Zevia LLC units in connection with the IPO and in future exchanges and, (iii) tax basis increases attributable to payments made under the TRA (including tax benefits related to imputed interest). The annual tax benefits are computed by calculating the income taxes due, including such tax benefits, and the income taxes due without such benefits. The Company expects to benefit from the remaining 15% of any tax benefits that it may actually realize. The TRA payments are not conditioned upon any continued ownership interest in Zevia, LLC or the Company. To the extent that the Company is unable to timely make payments under the TRA for any reason, such payments generally will be deferred and will accrue interest until paid.

The timing and amount of aggregate payments due under the TRA may vary based on a number of factors, including the amount and timing of the taxable income the Company generates each year and the tax rate then applicable. The Company calculates the liability under the TRA using a complex TRA model, which includes an assumption related to the fair market value of assets. Payments are generally due under the TRA within a specified period of time following the filing of the Company’s tax return for the taxable year with respect to which the payment obligation arises, although interest on such payments will begin to accrue at a rate of the Secured Overnight Financing Rate plus 300 basis points from the due date (without extensions) of such tax return.

The TRA provides that if (i) certain mergers, asset sales, other forms of business combinations, or other changes of control were to occur; (ii) there is a material uncured breach of any obligations under the TRA; or (iii) the Company elects an early termination of the TRA, then the TRA will terminate and the Company’s obligations, or the Company’s successor’s obligations, under the TRA will accelerate and become due and payable, based on certain assumptions, including an assumption that the Company would have sufficient taxable income to fully utilize all potential future tax benefits that are subject to the TRA and that any Class B units that have not been exchanged are deemed exchanged for the fair market value of the Company’s Class A common stock at the time of termination.

As of December 31, 2023, the Company has concluded, based on applicable accounting standards, that it was more likely than not that its DTAs subject to the TRA would not be realized; therefore, the Company has not recorded a liability related to the tax savings it may realize from utilization of such DTAs. The TRA liability that would be recognized if the associated tax benefits were determined to be fully realizable totaled \$56.2 million and \$55.8 million at December 31, 2023 and 2022, respectively. The increase in the TRA liability is primarily related to Class B to Class A exchanges during the year ended December 31, 2023. If utilization of the DTAs subject to the TRA becomes more likely than not in the future, the Company will record a liability related to the TRA which will be recognized as expense within its consolidated statements of operations.

17. UNAUDITED QUARTERLY INFORMATION

The following summarizes selected unaudited quarterly financial data for the year ended December 31, 2023 (amounts may not sum due to rounding):

<i>(in thousands, except share and per share amounts)</i>	<u>First Quarter</u>	<u>Second Quarter</u>	<u>Third Quarter</u>	<u>Fourth Quarter</u>
Net sales	\$ 43,300	\$ 42,241	\$ 43,089	\$ 37,794
Gross profit	20,105	19,692	19,572	15,389 ⁽²⁾
Loss from operations	(3,251)	(5,377)	(11,420) ⁽¹⁾	(8,895) ⁽³⁾
Loss before income taxes	(2,911)	(4,974)	(11,255) ⁽¹⁾	(9,130) ⁽³⁾
Net loss and comprehensive loss	(2,912)	(5,009)	(11,250) ⁽¹⁾	(9,151) ⁽³⁾
Net loss attributable to Zevia PBC	(2,091)	(3,931)	(8,217)	(7,255)
Basic earnings per share	(0.03)	(0.08)	(0.16)	(0.14)
Diluted earnings per share	(0.04)	(0.08)	(0.16)	(0.14)
Weighted-average shares of Class A Common Stock - basic	49,372,874	50,094,096	50,754,470	52,220,804
Weighted-average shares of Class A Common Stock - diluted	72,250,338	50,094,096	50,754,470	52,220,804

(1) Net loss in the third quarter of 2023 increased primarily due to short-term supply chain logistics challenges which hindered fulfillment and impacted net sales results and selling and marketing expenses.

(2) Gross profit decreased in the fourth quarter of 2023 primarily due to a decrease in volumes and higher inventory losses as a result of the brand refresh, SKU optimization, and procurement changes.

(3) Net loss in the fourth quarter of 2023 increased primarily due to short-term supply chain logistics challenges which hindered fulfillment and impacted net sales results and selling and marketing expenses, as well as higher inventory losses as a result of the brand refresh, SKU optimization, and procurement changes.

The following summarizes selected unaudited quarterly financial data for the year ended December 31, 2022 (amounts may not sum due to rounding):

<i>(in thousands, except share and per share amounts)</i>	<u>First Quarter</u>	<u>Second Quarter</u>	<u>Third Quarter</u>	<u>Fourth Quarter</u>
Net sales	\$ 38,034	\$ 45,542	\$ 44,239	\$ 35,366
Gross profit	15,879	19,321	19,168	15,653
Loss from operations	(17,555)	(14,743)	(9,221)	(6,349)
Loss before income taxes	(17,473)	(14,787)	(9,195)	(6,127)
Net loss and comprehensive loss	(17,485)	(14,796)	(9,196)	(6,170)
Net loss attributable to Zevia PBC	(10,898)	(11,090)	(7,484)	(4,385)
Basic earnings per share	(0.28)	(0.27)	(0.16)	(0.09)
Diluted earnings per share	(0.28)	(0.27)	(0.16)	(0.09)
Weighted-average shares of Class A Common Stock - basic	38,371,713	42,051,987	45,938,507	47,368,849
Weighted-average shares of Class A Common Stock - diluted	38,371,713	42,051,987	45,938,507	47,368,849

Item 9. Changes in and Disagreements with Accountants on Accounting and Financial Disclosure

None

Item 9A. Controls and Procedures.

Evaluation of Disclosure Controls and Procedures

We maintain “disclosure controls and procedures,” as defined in Rules 13a-15(e) and 15d-15(e) under the Exchange Act that are designed to ensure that information required to be disclosed in the reports that we file or submit under the Exchange Act is (1) recorded, processed, summarized and reported, within the time periods specified in the SEC’s rules and forms and (2) accumulated and communicated to our management including our principal executive officer and principal financial officer, to allow timely decisions regarding required disclosure.

Our management, with the participation of our Chief Executive Officer and Interim Chief Financial Officer, evaluated the effectiveness of our disclosure controls and procedures as of December 31, 2023. Based on the foregoing evaluation, management determined that our disclosure controls and procedures were effective at the reasonable assurance level as of December 31, 2023.

Management recognizes that any controls and procedures, no matter how well designed and operated, can provide only reasonable assurance of achieving their objectives and management necessarily applies its judgment in evaluating the cost-benefit relationship of possible controls and procedures.

Report on Internal Control over Financial Reporting

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

As of December 31, 2023, our management assessed the effectiveness of our internal control over financial reporting using the criteria set forth by the Committee of Sponsoring Organizations of the Treadway Commission in Internal Control-Integrated Framework. Based on this assessment, our management concluded that our internal control over financial reporting was effective as of December 31, 2023.

Attestation Report of Registered Public Accounting Firm

This Report does not include an attestation report of our internal controls from our independent registered public accounting firm due to our status as an “emerging growth company” as defined in Section 2(a) of the Securities Act, as modified by the Jumpstart Our Business Startups Act of 2012.

Changes in Internal Control over Financial Reporting.

Management determined that as of December 31, 2023, no changes in our internal control over financial reporting had occurred during the fiscal quarter then ended that materially affected or are reasonably likely to materially affect our internal control over financial reporting.

Item 9B. Other Information.

(b) None of our directors or executive officers adopted or terminated a Rule 10b5-1 trading arrangement or a non-Rule 10b5-1 trading arrangement during the quarter ended December 31, 2023, as such terms are defined under Item 408(a) of Regulation S-K.

Item 9C. Disclosure Regarding Foreign Jurisdictions that Prevent Inspections.

Not applicable.

PART III

Item 10. Directors, Executive Officers and Corporate Governance.

The information required by this item is incorporated by reference to the information set forth under the captions “Election of Directors,” “Corporate Governance,” “Executive Officers,” “Delinquent Section 16(a) Reports” (if applicable) and “Code of Business Conduct and Ethics” in the definitive Proxy Statement for our 2024 Annual Meeting of Stockholders, which will be filed with the SEC no later than 120 days after December 31, 2023 (the “2024 Proxy Statement”).

Item 11. Executive Compensation.

The information required by this item is incorporated by reference to the information set forth under the captions “Director Compensation” and “Executive Compensation” in the 2024 Proxy Statement.

Item 12. Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters.

The information required by this item is incorporated by reference to the information set forth under the captions “Security Ownership of Certain Beneficial Owners and Management” and “Equity Compensation Plan Information” in the 2024 Proxy Statement.

Item 13. Certain Relationships and Related Transactions, and Director Independence.

The information required by this item is incorporated by reference to the information set forth under the captions “Certain Relationships and Related Person Transactions” and “Director Independence” in the 2024 Proxy Statement.

Item 14. Principal Accountant Fees and Services.

The information required by this item is incorporated by reference to the information set forth under the caption “Principal Accountant Fees and Services” in the 2024 Proxy Statement.

PART IV

Item 15. Exhibits, Financial Statement Schedules.

The following documents are filed as a part of this Annual Report.

(a) Financial Statements

Our Consolidated Financial Statements are listed in the “Index to Consolidated Financial Statements” under Part II, Item 8 of this Annual Report.

(b) Financial Statement Schedules

All financial statement schedules are omitted because the information called for is not required or is shown either in the consolidated financial statements or in the notes thereto.

(c) Exhibits

The exhibits listed below are filed as part of this Annual Report, or are incorporated herein by reference, in each case as indicated below.

EXHIBIT INDEX

Exhibit No.	Description of Exhibit
3.1	<u>Amended and Restated Certificate of Incorporation (incorporated herein by reference to Exhibit 3.1 to the Company's Current Report on Form 8-K filed on July 26, 2021).</u>
3.2	<u>Amended and Restated Bylaws (incorporated herein by reference to Exhibit 3.2 to the Company's Current Report on Form 8-K filed on July 26, 2021).</u>
4.1	<u>Description of Securities (incorporated herein by reference to Exhibit 4.1 to the Company's Annual Report on Form 10-K filed on March 11, 2022)</u>
10.1	<u>Thirteenth Amended and Restated Limited Liability Company Agreement of Zevia LLC Agreement dated as of July 21, 2021 (incorporated by reference to Exhibit 10.1 of the Company's Periodic Report on Form 10-Q filed August 13, 2021).</u>
10.2	<u>Tax Receivable Agreement dated as of July 21, 2021 (incorporated by reference to Exhibit 10.2 of the Company's Periodic Report on Form 10-Q filed on August 13, 2021).</u>
10.3	<u>Zevia PBC Eleventh Amended and Restated Registration Rights Agreement dated July 21, 2021 (incorporated by reference to Exhibit 10.3 of the Company's Periodic Report on Form 10-Q, filed on August 13, 2021).</u>
10.4	<u>Form of Indemnification Agreement entered into with Directors and Executive Officers (incorporated by reference to Exhibit 10.4 of the Company's Registration Statement on Form S-1/A filed on July 12, 2021).</u>
10.5#	<u>Zevia PBC 2021 Equity Incentive Plan (incorporated herein by reference to Exhibit 99.1 to the Company's Registration Statement on Form S-8 filed on July 26, 2021).</u>
10.6#	<u>Form of Restricted Stock Unit Award Grant Notice and Standard Terms and Conditions under the Zevia PBC 2021 Equity Incentive Plan (incorporated herein by reference to Exhibit 99.2 to the Company's Registration Statement on Form S-8 filed on July 26, 2021).</u>
10.7#	<u>Form of Nonqualified Stock Options Grant Notice and Standard Terms and Conditions under the Zevia PBC 2021 Equity Incentive Plan (incorporated herein by reference to Exhibit 99.3 to the Company's Registration Statement on Form S-8 filed on July 26, 2021).</u>
10.8#	<u>Zevia 2020 Incentive Plan (incorporated herein by reference to Exhibit 10.6 of the Company's Registration Statement on Form S-1 filed on June 25, 2021).</u>
10.9#	<u>Form of Zevia LLC Notice of Restricted Class C Common Unit Award and Restricted Class C Common Unit Agreement (2020) (incorporated herein by reference to Exhibit 10.7 of the Company's Registration Statement on Form S-1 filed on June 25, 2021).</u>
10.10#	<u>Form of Zevia LLC Notice of Restricted Class C Common Unit Award and Restricted Class C Common Unit Agreement (2021) (incorporated herein by reference to Exhibit 10.8 of the Company's Registration Statement on Form S-1 filed on June 25, 2021).</u>
10.11#	<u>Form of Zevia LLC First Amendment to Notice of Restricted Class C Common Unit Award and Restricted Class C Common Unit Agreement (incorporated herein by reference to Exhibit 10.9 of the Company's Registration Statement on Form S-1 filed on June 25, 2021).</u>
10.12#	<u>Form of Zevia LLC Second Amendment to Notice of Restricted Class C Common Unit Award and Restricted Class C Common Unit Agreement (incorporated herein by reference to Exhibit 10.15 of Company's Annual Report on Form 10-K filed on March 11, 2022).</u>
10.13#	<u>Zevia LLC 2011 Unit Incentive Plan, as amended, and the Form of Unit Option Agreement (incorporated herein by reference to Exhibit 10.10 of the Company's Registration Statement on Form S-1 filed on June 25, 2021).</u>
10.14#	<u>Form of Zevia LLC 2011 Unit Incentive Plan, as amended, Second Amendment to Unit Option Agreement (incorporated herein by reference to Exhibit 10.17 of Company's Annual Report on Form 10-K filed on March 11, 2022).</u>
10.15#	<u>Form of Zevia LLC 2011 Unit Incentive Plan, as amended, Third Amendment to Unit Option Agreement (incorporated herein by reference to Exhibit 10.18 of Company's Annual Report on Form 10-K filed on March 11, 2022).</u>
10.16#	<u>Form of Zevia LLC Notice of Restricted Phantom Class C Common Unit Award and Restricted Phantom Class C Common Unit Agreement (incorporated herein by reference to Exhibit 10.11 of the Company's Registration Statement on Form S-1 filed on June 25, 2021).</u>
10.17#	<u>Form of Zevia LLC First Amendment to Notice of Restricted Phantom Class C Common Unit Award and Restricted Phantom Class C Common Unit Agreement (incorporated by reference to Exhibit 10.12 of the Company's Registration Statement on Form S-1/A filed on July 12, 2021).</u>
10.18	<u>Loan and Security Agreement, dated as of February 22, 2022, by and among Zevia LLC, certain of its subsidiaries from time to time joined hereto as borrowers, the financial institutions party thereto from time to time as Lenders and Bank of America, N.A., a national banking association, as agent for the Lenders thereto (incorporated herein by reference to Exhibit 10.1 of the Company's Current Report on Form 8-K filed on February 24, 2022).</u>

10.19#	Amended and Restated Offer Letter dated June 15, 2022, between Zevia PBC and Amy Taylor (incorporated herein by reference to Exhibit 10.3 of the Company's Quarterly Report on Form 10-Q filed on August 11, 2022).
10.20#	Amended and Restated Severance Agreement dated June 15, 2022, between Zevia PBC and Amy Taylor (incorporated herein by reference to Exhibit 10.4 of the Company's Quarterly Report on Form 10-Q filed on August 11, 2022).
10.21#	Separation Agreement and General Release of Claims between the Company and Quincy B. Troupe (incorporated herein by reference to Exhibit 10.1 of the Company's Quarterly Report on Form 10-Q filed on November 7, 2023).
10.22#	Letter Agreement between the Company and Florence Neubauer (incorporated herein by reference to Exhibit 10.2 of the Company's Quarterly Report on Form 10-Q filed on November 7, 2023).
10.23#	Severance Agreement between the Company and Florence Neubauer (incorporated herein by reference to Exhibit 10.3 of the Company's Quarterly Report on Form 10-Q filed on November 7, 2023).
10.24##*	Form of Restricted Stock Unit Award Grant Notice and Standard Terms and Conditions under the Zevia PBC 2021 Equity Incentive Plan (for U.S. Employee SVP+)
10.25##*	Form of Nonqualified Stock Options Grant Notice and Standard Terms and Conditions under the Zevia PBC 2021 Equity Incentive Plan (for U.S. Employee SVP+)
10.26##*	Form of Restricted Stock Unit Award Grant Notice and Standard Terms and Conditions under the Zevia PBC 2021 Equity Incentive Plan (for Board Director)
21.1*	Subsidiaries of the Company.
23.1*	Consent of Independent Registered Accounting Firm
31.1*	Certification of Principal Executive Officer Pursuant to Rules 13a-14(a) and 15d-14(a) under the Securities Exchange Act of 1934, as Adopted Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
31.2*	Certification of Principal Financial Officer Pursuant to Rules 13a-14(a) and 15d-14(a) under the Securities Exchange Act of 1934, as Adopted Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
32**	Certification of Principal Executive Officer and Principal Financial Officer Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
97*	Zevia PBC Clawback Policy
101.INS*	Inline XBRL Instance Document
101.SCH*	Inline XBRL Taxonomy Extension Schema With Embedded Linkbase Documents
104	Cover Page Interactive Data File (formatted as Inline XBRL and contained in Exhibit 101)

* Filed herewith.

** Furnished herewith.

Management contract or compensatory plan or arrangement.

Item 16. Form 10-K Summary

None.

SIGNATURES

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

Zevia PBC
By: /s/ Amy E. Taylor
Name: Amy E. Taylor
Title: President and Chief Executive Officer
(Principal Executive Officer)
Date: March 6, 2024

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

By: <u>/s/ Amy E. Taylor</u>	By: <u>/s/ Girish Satya</u>
Name: Amy E. Taylor	Name: Girish Satya
Title: President and Chief Executive Officer, Director (Principal Executive Officer)	Title: Chief Financial Officer (Principal Financial Officer)
Date: March 6, 2024	Date: March 6, 2024

By: <u>/s/ Hany Mikhail</u>	By: <u>/s/ Padraic Spence</u>
Name: Hany Mikhail	Name: Padraic Spence
Title: Chief Accounting Officer (Principal Accounting Officer)	Title: Director and Board Chair
Date: March 6, 2024	Date: March 6, 2024

By: <u>/s/ Jacqueline J. Hayes</u>	By: <u>/s/ David J. Lee</u>
Name: Jacqueline J. Hayes	Name: David J. Lee
Title: Director	Title: Director
Date: March 6, 2024	Date: March 6, 2024

By: <u>/s/ Rosemary L. Ripley</u>	By: <u>/s/ Andrew Ruben</u>
Name: Rosemary L. Ripley	Name: Andrew Ruben
Title: Director	Title: Director
Date: March 6, 2024	Date: March 6, 2024

By: <u>/s/ Julie G. Ruehl</u>	By: <u>/s/ Justin Shaw</u>
Name: Julie G. Ruehl	Name: Justin Shaw
Title: Director	Title: Director
Date: March 6, 2024	Date: March 6, 2024

Annual Grant – U.S. Employee Form for SVP+

**ZEVIA PBC
2021 EQUITY INCENTIVE PLAN**

**GRANT NOTICE FOR
RESTRICTED STOCK UNIT AWARD**

FOR GOOD AND VALUABLE CONSIDERATION, Zevia PBC (the “*Company*”), hereby grants to the Participant named below the number of Restricted Stock Units (the “*RSUs*”) specified below (the “*Award*”) under the Zevia PBC 2021 Equity Incentive Plan (the “*Plan*”). Each RSU represents the right to receive one share of Common Stock, upon the terms and subject to the conditions set forth in this Grant Notice, the Plan and the Standard Terms and Conditions (the “*Standard Terms and Conditions*”) promulgated under such Plan and attached hereto as Exhibit A. This Award is granted pursuant to the Plan and is subject to and qualified in its entirety by the Standard Terms and Conditions. Capitalized terms not otherwise defined herein shall have the meanings set forth in the Plan.

Name of Participant:									
Grant Date:									
Number of RSUs:									
Vesting Schedule:	<p>Subject to the Plan and the Standard Terms and Conditions, the RSUs shall vest in accordance with the following schedule, so long as the Participant does not incur a Termination of Employment from the Grant Date through each vesting date:</p> <table border="1" style="margin-left: 40px;"> <thead> <tr> <th style="text-align: center;">Vesting Date</th> <th style="text-align: center;">Percentage of RSUs That Become Vested</th> </tr> </thead> <tbody> <tr> <td> </td> <td> </td> </tr> <tr> <td> </td> <td> </td> </tr> <tr> <td> </td> <td> </td> </tr> </tbody> </table>	Vesting Date	Percentage of RSUs That Become Vested						
Vesting Date	Percentage of RSUs That Become Vested								

By accepting this Grant Notice, the Participant acknowledges that the Participant has received and read, and agrees that this Award shall be subject to, the terms of this Grant Notice, the Plan, and the Standard Terms and Conditions.

ZEVIA PBC

By: _____

Name:

Title:

PARTICIPANT

[Name]

EXHIBIT A

ZEVIA PBC 2021 EQUITY INCENTIVE PLAN

STANDARD TERMS AND CONDITIONS FOR RESTRICTED STOCK UNITS

These Standard Terms and Conditions apply to the Award of Restricted Stock Units granted pursuant to the Zevia PBC 2021 Equity Incentive Plan (the “*Plan*”), which are evidenced by a Grant Notice or an action of the Committee that specifically refers to these Standard Terms and Conditions. In addition to these Standard Terms and Conditions, the Restricted Stock Units shall be subject to the terms of the Plan, which are incorporated into these Standard Terms and Conditions by this reference. Capitalized terms not otherwise defined herein shall have the meanings set forth in the Plan.

1. TERMS OF RESTRICTED STOCK UNITS

Zevia PBC (the “*Company*”) has granted to the Participant named in the Grant Notice provided to said Participant herewith (the “*Grant Notice*”) an award of Restricted Stock Units (the “*Award*” or “*RSUs*”) specified in the Grant Notice, with each Restricted Stock Unit representing the right to receive one share of Common Stock. The Award is subject to the conditions set forth in the Grant Notice, these Standard Terms and Conditions and the Plan. For purposes of these Standard Terms and Conditions and the Grant Notice, any reference to the Company shall include a reference to any Subsidiary.

2. VESTING AND SETTLEMENT OF RESTRICTED STOCK UNITS

(a) The Award shall not be vested as of the Grant Date set forth in the Grant Notice and shall be forfeitable unless and until otherwise vested pursuant to the terms of the Grant Notice and these Standard Terms and Conditions. After the Grant Date, subject to termination or acceleration as provided in these Standard Terms and Conditions and the Plan, the Award shall become vested as described in the Grant Notice with respect to that number of Restricted Stock Units as set forth in the Grant Notice. Restricted Stock Units that have vested and are no longer subject to forfeiture are referred to herein as “*Vested RSUs*.” Restricted Stock Units awarded hereunder that are not vested and remain subject to forfeiture are referred to herein as “*Unvested RSUs*.”

(b) As soon as administratively practicable following the vesting of the RSUs pursuant to the Grant Notice and this Section 2, but in no event later than 30 days after each vesting date, the Company shall deliver to the Participant shares of Common Stock equal to the number of Vested RSUs.

(c) If the Participant’s Termination of Employment is as a result of the Participant’s death or Disability, all then Unvested RSUs shall become Vested RSUs effective as of the date of such Termination of Employment.

(d) If the Participant's Termination of Employment is as a result of a Qualifying Termination (as defined below), all then Unvested RSUs shall become Vested RSUs effective as of the date of such Termination of Employment, subject to the Participant's execution and non-revocation of a release of claims, in the form provided by the Company within the time period specified therein.

(e) Upon the Participant's Termination of Employment for any other reason not set forth in Section 2(c) or 2(d), any then Unvested RSUs held by the Participant shall be forfeited and canceled, for no consideration as of the date of the Participant's Termination of Employment.

(f) As used in this Section 2:

(i) "**Good Reason**" has the meaning set forth in the Severance Agreement by and between the Company and the Participant.

(ii) "**Qualifying Termination**" means the Participant's Termination of Employment by the Company without Cause or by the Participant for Good Reason, in each case, on or within 18 months following the consummation of a Change in Control.

3. RIGHTS AS STOCKHOLDER; DIVIDEND EQUIVALENTS

(g) The Participant shall not be, nor have any of the rights or privileges of, a stockholder of the Company in respect of any RSUs (including any voting rights or rights to dividends or distributions paid on shares of Common Stock, except as provided in Section 3(b)) unless and until shares of Common Stock settled for such RSUs shall have been issued by the Company to the Participant (as evidenced by the appropriate entry on the books of the Company or of a duly authorized transfer agent of the Company).

(h) Notwithstanding the foregoing, from and after the Grant Date and until the earlier of (i) the Participant's receipt of Common Stock upon settlement of RSUs and (ii) the time when the Participant's right to receive Common Stock upon settlement of RSUs is forfeited, on the date that the Company pays a cash dividend (if any) to holders of Common Stock generally, the Participant shall be entitled, as a Dividend Equivalent, to a number of additional whole RSUs determined by dividing (i) the product of (A) the dollar amount of such cash dividend paid per share of Common Stock and (B) the total number of outstanding RSUs (including dividend equivalents paid thereon) held by the Participant on the record date for such dividend, by (ii) the Fair Market Value per share of Common Stock on the date such dividend is paid to holders of Common Stock generally. Such Dividend Equivalents (if any) shall be subject to the same terms and conditions and shall be settled or forfeited in the same manner and at the same time as the RSUs to which the Dividend Equivalents were credited.

4. RESTRICTIONS ON REALES OF SHARES

The Company may impose such restrictions, conditions or limitations as it determines appropriate as to the timing and manner of any resales by the Participant or other subsequent transfers by the Participant of any shares of Common Stock issued pursuant to Vested RSUs, including (a) restrictions under an insider trading policy, (b) restrictions designed to delay and/or coordinate the timing and manner of sales by the Participant and other holders and (c) restrictions as to the

use of a specified brokerage firm for such resales or other transfers.

5. INCOME TAXES

To the extent required by applicable federal, state, local or foreign law, the Participant shall make arrangements satisfactory to the Company for the satisfaction of any withholding tax obligations that arise by reason of the grant or vesting of the RSUs. The Company shall not be required to issue shares or to recognize the disposition of such shares until such obligations are satisfied.

6. NON-TRANSFERABILITY OF AWARD

Except as permitted by the Committee or as permitted under Section 17 of the Plan, the Award may not be sold, assigned, transferred, pledged or otherwise directly or indirectly encumbered or disposed of other than by will or the laws of descent and distribution.

7. OTHER AGREEMENTS SUPERSEDED

The Grant Notice, these Standard Terms and Conditions and the Plan constitute the entire understanding between the Participant and the Company regarding the Award. Any prior agreements, commitments or negotiations concerning the Award are superseded.

8. LIMITATION OF INTEREST IN SHARES SUBJECT TO RESTRICTED STOCK UNITS

Neither the Participant (individually or as a member of a group) nor any beneficiary or other person claiming under or through the Participant shall have any right, title, interest, or privilege in or to any shares of Common Stock allocated or reserved for the purpose of the Plan or subject to the Grant Notice or these Standard Terms and Conditions except as to such shares of Common Stock, if any, as shall have been issued to such person in connection with the Award. Nothing in the Plan, in the Grant Notice, these Standard Terms and Conditions or any other instrument executed pursuant to the Plan shall confer upon the Participant any right to continue in the Company's employ or service nor limit in any way the Company's right to terminate the Participant's employment at any time for any reason.

9. NO LIABILITY OF COMPANY

The Company and any affiliate which is in existence or hereafter comes into existence shall not be liable to the Participant or any other person as to: (a) the non-issuance or sale of shares of Common Stock as to which the Company has been unable to obtain from any regulatory body having jurisdiction the authority deemed by the Company's counsel to be necessary to the lawful issuance and sale of any shares hereunder; and (b) any tax consequence expected, but not realized, by the Participant or other person due to the receipt or settlement of the Award.

10. GENERAL

(i) In the event that any provision of the Grant Notice or these Standard Terms and Conditions is declared to be illegal, invalid or otherwise unenforceable by a court of competent jurisdiction, such provision shall be reformed, if possible, to the extent necessary to render it legal,

valid and enforceable, or otherwise deleted, and the remainder of the Grant Notice and these Standard Terms and Conditions shall not be affected except to the extent necessary to reform or delete such illegal, invalid or unenforceable provision.

(j) The headings preceding the text of the sections hereof are inserted solely for convenience of reference, and shall not constitute a part of the Grant Notice or these Standard Terms and Conditions, nor shall they affect its meaning, construction or effect. Words in the masculine gender shall include the feminine gender, and where appropriate, the plural shall include the singular and the singular shall include the plural. The use herein of the word “including” following any general statement, term or matter shall not be construed to limit such statement, term or matter to the specific items or matters set forth immediately following such word or to similar items or matters, whether or not non-limiting language (such as “without limitation”, “but not limited to”, or words of similar import) is used with reference thereto, but rather shall be deemed to refer to all other items or matters that could reasonably fall within the broadest possible scope of such general statement, term or matter. References herein to any agreement, instrument or other document means such agreement, instrument or other document as amended, supplemented and modified from time to time to the extent permitted by the provisions thereof and not prohibited by the Plan, the Grant Notice or these Standard Terms and Conditions. Unless the context requires otherwise, all references to laws and regulations refer to such laws and regulations as they may be amended from time to time, and references to particular provisions of laws or regulations include a reference to the corresponding provisions of any succeeding law or regulation.

(k) The Grant Notice and these Standard Terms and Conditions shall inure to the benefit of and be binding upon the parties hereto and their respective permitted heirs, beneficiaries, successors and assigns.

(l) The Grant Notice and these Standard Terms and Conditions shall be construed in accordance with and governed by the laws of the State of Delaware, without regard to principles of conflicts of law.

(m) In the event of any conflict between the Grant Notice, these Standard Terms and Conditions and the Plan, the Grant Notice and these Standard Terms and Conditions shall control. In the event of any conflict between the Grant Notice and these Standard Terms and Conditions, the Grant Notice shall control.

(n) All questions arising under the Plan, the Grant Notice or under these Standard Terms and Conditions shall be decided by the Committee in its total and absolute discretion.

11. CLAWBACK

The Restricted Stock Units and any shares of Common Stock issued pursuant to the Vested RSUs will be subject to recoupment in accordance with any clawback policy adopted by the Company. No recovery of compensation under such a clawback policy will be an event giving rise to a right to resign for “good reason” or “constructive termination” (or similar term) under any agreement with the Company. By accepting the Award, the Participant is agreeing to be bound by any such clawback policy, as in effect or as may be adopted and/or modified from time to time by the

Company in its discretion.

12. ELECTRONIC DELIVERY

By executing the Grant Notice, the Participant hereby consents to the delivery of information (including information required to be delivered to the Participant pursuant to applicable securities laws) regarding the Company and the Subsidiaries, the Plan, and the Restricted Stock Units via Company web site or other electronic delivery.

Annual Grant – U.S. Employee Form for SVP+

**ZEVIA PBC
2021 EQUITY INCENTIVE PLAN**

**GRANT NOTICE FOR
NONQUALIFIED STOCK OPTIONS**

FOR GOOD AND VALUABLE CONSIDERATION, Zevia PBC (the “*Company*”) hereby grants to the Participant named below the Nonqualified Stock Option (the “*Option*”) to purchase any part or all of the number of shares of Common Stock that are covered by this Option at the Exercise Price per share, each specified below, and upon the terms and subject to the conditions set forth in this Grant Notice, the Zevia PBC 2021 Equity Incentive Plan (the “*Plan*”) and the Standard Terms and Conditions (the “*Standard Terms and Conditions*”) promulgated under such Plan and attached hereto as Exhibit A. This Option is granted pursuant to the Plan and is subject to and qualified in its entirety by the Standard Terms and Conditions. This Option is not intended to qualify as an incentive stock option under Section 422 of the Code. Capitalized terms not otherwise defined herein shall have the meanings set forth in the Plan.

Name of Participant:											
Grant Date:											
Number of Shares of Common Stock covered by Option:											
Exercise Price Per Share:											
Expiration Date:											
Vesting Schedule:	<p>Subject to the Plan and the Standard Terms and Conditions, the Option shall vest and become exercisable in accordance with the following schedule, so long as the Participant does not incur a Termination of Employment from the Grant Date through each vesting date:</p> <table border="1"> <thead> <tr> <th>Vesting Date</th> <th>Cumulative Percentage of the Option That Is Exercisable</th> </tr> </thead> <tbody> <tr> <td></td> <td></td> </tr> <tr> <td></td> <td></td> </tr> <tr> <td></td> <td></td> </tr> <tr> <td></td> <td></td> </tr> </tbody> </table>	Vesting Date	Cumulative Percentage of the Option That Is Exercisable								
Vesting Date	Cumulative Percentage of the Option That Is Exercisable										

By accepting this Grant Notice, the Participant acknowledges that the Participant has received and read, and agrees that this Option shall be subject to, the terms of this Grant Notice, the Plan and the Standard Terms and Conditions.

ZEVIA PBC

By: _____
Name:
Title:

PARTICIPANT

[Name]

EXHIBIT A

ZEVIA PBC 2021 EQUITY INCENTIVE PLAN

STANDARD TERMS AND CONDITIONS FOR NONQUALIFIED STOCK OPTIONS

These Standard Terms and Conditions apply to the Options granted pursuant to the Zevia PBC 2021 Equity Incentive Plan (the “*Plan*”), which are identified as nonqualified stock options and are evidenced by a Grant Notice or an action of the Committee that specifically refers to these Standard Terms and Conditions. In addition to these Standard Terms and Conditions, the Option shall be subject to the terms of the Plan, which are incorporated into these Standard Terms and Conditions by this reference. Capitalized terms not otherwise defined herein shall have the meanings set forth in the Plan.

1. TERMS OF OPTION

Zevia PBC (the “*Company*”) has granted to the Participant named in the Grant Notice provided to said Participant herewith (the “*Grant Notice*”) a Nonqualified Stock Option (the “*Option*”) to purchase up to the number of shares of Common Stock at a per share Exercise Price, each as set forth in the Grant Notice. The Option is subject to the conditions set forth in the Grant Notice, these Standard Terms and Conditions, and the Plan. For purposes of these Standard Terms and Conditions and the Grant Notice, any reference to the Company shall include a reference to any Subsidiary.

2. NONQUALIFIED STOCK OPTION

The Option is not intended to be an incentive stock option under Section 422 of the Code and will be interpreted accordingly.

3. EXERCISE OF OPTION

(a) The Option shall not be exercisable as of the Grant Date set forth in the Grant Notice. After the Grant Date, to the extent not previously exercised, and subject to termination or acceleration as provided in these Standard Terms and Conditions and the Plan, the Option shall be exercisable only to the extent it is or becomes vested, as described in the Grant Notice, to purchase up to that number of shares of Common Stock as set forth in the Grant Notice; provided, that (except as set forth in Section 4(a)) the Participant remains employed with the Company and does not experience a Termination of Employment. The vesting period and/or exercisability of the Option may be adjusted by the Committee to reflect the decreased level of employment during any period in which the Participant is on an approved leave of absence or is employed on a less than full time basis.

(b) To exercise the Option (or any part thereof), the Participant shall deliver to the Company a “Notice of Exercise” in a form specified by the Committee, specifying the number of whole shares of Common Stock that the Participant wishes to purchase and how the Participant’s

shares of Common Stock should be registered (in the Participant's name only or in the Participant's and the Participant's spouse's names as community property or as joint tenants with right of survivorship).

(c) The exercise price (the "***Exercise Price***") of the Option is set forth in the Grant Notice. The Company shall not be obligated to issue any shares of Common Stock until the Participant shall have paid the total Exercise Price for that number of shares of Common Stock. The Exercise Price may be paid in Common Stock, cash or a combination thereof, including an irrevocable commitment by a broker to pay over such amount from a sale of the Common Stock issuable under the Option, the delivery of previously owned Common Stock, withholding of shares of Common Stock otherwise deliverable upon exercise of the Option (but only to the extent share withholding is made available to the Participant by the Company), or in such other manners as may be permitted by the Committee.

(d) Fractional shares may not be exercised. Shares of Common Stock will be issued as soon as practical after exercise. Notwithstanding the above, the Company shall not be obligated to deliver any shares of Common Stock during any period when the Company determines that the exercisability of the Option or the delivery of shares of Common Stock hereunder would violate Company policy or any federal, state or other applicable laws.

4. EXPIRATION OF OPTION; ACCELERATED VESTING

The Option shall expire and cease to be exercisable as of the earlier of (i) the Expiration Date set forth in the Grant Notice or (ii) the date specified below in connection with the Participant's Termination of Employment:

(a) If the Participant's Termination of Employment is as a result of the Participant's death or Disability, (i) the entire Option shall be fully vested and exercisable and (ii) the Participant may exercise any portion of the Option until the date that is 12-months following the Termination Date.

(b) If the Participant's Termination of Employment is as a result of a Qualifying Termination (as defined below), (i) subject to the Participant's execution and non-revocation of a release of claims, in a form provided by the Company within the time period specified therein, the entire Option shall be fully vested and exercisable and (ii) the Participant may exercise any portion of the Option until the date that is 90 days following the Termination Date.

(c) If the Participant's Termination of Employment is by the Company for Cause, the entire Option, whether or not then vested and exercisable, shall be immediately forfeited and canceled, for no consideration, as of Termination Date.

(d) If the Participant's Termination of Employment is for any reason other than as set forth in Section 4(a), 4(b) or 4(c), the Participant may exercise any portion of the Option that is vested and exercisable as of the Termination Date until the date that is 90 days following the Termination Date.

(e) Any portion of the Option that is not vested and exercisable at the time of a Termination of Employment (after taking into account any accelerated vesting under this Section

4, the Grant Notice, Section 16 of the Plan or any other agreement between the Participant and the Company) shall be forfeited and canceled, for no consideration, as of the Termination Date.

(f) As used in this Section 4:

(i) “**Good Reason**” has the meaning set forth in the Severance Agreement by and between the Company and the Participant.

(ii) “**Qualifying Termination**” means the Participant’s Termination of Employment by the Company without Cause or by the Participant for Good Reason, in each case, on or within 18 months following the consummation of a Change in Control.

(iii) “**Termination Date**” means the date of the Participant’s Termination of Employment.

5. RESTRICTIONS ON REALES OF SHARES ACQUIRED PURSUANT TO OPTION EXERCISE

The Company may impose such restrictions, conditions or limitations as it determines appropriate as to the timing and manner of any resales by the Participant or other subsequent transfers by the Participant of any shares of Common Stock issued as a result of the exercise of the Option, including (a) restrictions under an insider trading policy, (b) restrictions designed to delay and/or coordinate the timing and manner of sales by the Participant and other optionholders and (c) restrictions as to the use of a specified brokerage firm for such resales or other transfers.

6. INCOME TAXES

The Company shall not deliver shares of Common Stock in respect of the exercise of any Option unless and until the Participant has made arrangements satisfactory to the Company to satisfy applicable withholding tax obligations. Unless the Participant pays the withholding tax obligations to the Company by cash or check in connection with the exercise of the Option (including an irrevocable commitment by a broker to pay over such amount from a sale of the Common Stock issuable under the Option), withholding may be effected, at the Company’s election, by withholding Common Stock issuable in connection with the exercise of the Option (provided that shares of Common Stock may be withheld only to the extent that such withholding will not result in adverse accounting treatment for the Company). The Participant acknowledges that the Company shall have the right to deduct any taxes required to be withheld by law in connection with the exercise of the Option from any amounts payable by it to the Participant (including future cash wages).

7. NON-TRANSFERABILITY OF OPTION

Except as permitted by the Committee or as permitted under Section 17 of the Plan, the Participant may not assign or transfer the Option to anyone other than by will or the laws of descent and distribution and the Option shall be exercisable only by the Participant during his or her lifetime. The Company may cancel the Option if the Participant attempts to assign or transfer it in a manner inconsistent with this Section 7.

8. OTHER AGREEMENTS SUPERSEDED

The Grant Notice, these Standard Terms and Conditions and the Plan constitute the entire understanding between the Participant and the Company regarding the Option. Any prior agreements, commitments or negotiations concerning the Option are superseded.

9. LIMITATION OF INTEREST IN SHARES SUBJECT TO OPTION

Neither the Participant (individually or as a member of a group) nor any beneficiary or other person claiming under or through the Participant shall have any right, title, interest, or privilege in or to any shares of Common Stock allocated or reserved for the purpose of the Plan or subject to the Grant Notice or these Standard Terms and Conditions except as to such shares of Common Stock, if any, as shall have been issued to such person upon exercise of the Option or any part of it. Nothing in the Plan, in the Grant Notice, these Standard Terms and Conditions or any other instrument executed pursuant to the Plan shall confer upon the Participant any right to continue in the Company's employ or service nor limit in any way the Company's right to terminate the Participant's employment at any time for any reason.

10. NO LIABILITY OF COMPANY

The Company and any affiliate which is in existence or hereafter comes into existence shall not be liable to the Participant or any other person as to: (a) the non-issuance or sale of shares of Common Stock as to which the Company has been unable to obtain from any regulatory body having jurisdiction the authority deemed by the Company's counsel to be necessary to the lawful issuance and sale of any shares hereunder; and (b) any tax consequence expected, but not realized, by the Participant or other person due to the receipt, exercise or settlement of any Option granted hereunder.

11. GENERAL

(a) In the event that any provision of the Grant Notice or these Standard Terms and Conditions is declared to be illegal, invalid or otherwise unenforceable by a court of competent jurisdiction, such provision shall be reformed, if possible, to the extent necessary to render it legal, valid and enforceable, or otherwise deleted, and the remainder of the Grant Notice and these Standard Terms and Conditions shall not be affected except to the extent necessary to reform or delete such illegal, invalid or unenforceable provision.

(b) The headings preceding the text of the sections hereof are inserted solely for convenience of reference, and shall not constitute a part of the Grant Notice and these Standard Terms and Conditions, nor shall they affect its meaning, construction or effect. Words in the masculine gender shall include the feminine gender, and where appropriate, the plural shall include the singular and the singular shall include the plural. The use herein of the word "including" following any general statement, term or matter shall not be construed to limit such statement, term or matter to the specific items or matters set forth immediately following such word or to similar items or matters, whether or not non-limiting language (such as "without limitation", "but not limited to", or words of similar import) is used with reference thereto, but rather shall be deemed to refer to all other items or matters that could reasonably fall within the broadest possible scope of such general statement, term or matter. References herein to any agreement, instrument

or other document means such agreement, instrument or other document as amended, supplemented and modified from time to time to the extent permitted by the provisions thereof and not prohibited by the Plan, the Grant Notice or these Standard Terms and Conditions. Unless the context requires otherwise, all references to laws and regulations refer to such laws and regulations as they may be amended from time to time, and references to particular provisions of laws or regulations include a reference to the corresponding provisions of any succeeding law or regulation.

(c) The Grant Notice and these Standard Terms and Conditions shall inure to the benefit of and be binding upon the parties hereto and their respective permitted heirs, beneficiaries, successors and assigns.

(d) The Grant Notice and these Standard Terms and Conditions shall be construed in accordance with and governed by the laws of the State of Delaware, without regard to principles of conflicts of law.

(e) In the event of any conflict between the Grant Notice, these Standard Terms and Conditions and the Plan, the Grant Notice and these Standard Terms and Conditions shall control. In the event of any conflict between the Grant Notice and these Standard Terms and Conditions, the Grant Notice shall control.

(f) All questions arising under the Plan, the Grant Notice or under these Standard Terms and Conditions shall be decided by the Committee in its total and absolute discretion.

12. CLAWBACK

The Option and any shares of Common Stock issued upon exercise of the Option will be subject to recoupment in accordance with any clawback policy adopted by the Company. No recovery of compensation under such a clawback policy will be an event giving rise to a right to resign for “good reason” or “constructive termination” (or similar term) under any agreement with the Company. By accepting the Option, the Participant is agreeing to be bound by any such clawback policy, as in effect or as may be adopted and/or modified from time to time by the Company in its discretion.

13. ELECTRONIC DELIVERY

By executing the Grant Notice, the Participant hereby consents to the delivery of information (including information required to be delivered to the Participant pursuant to applicable securities laws) regarding the Company and the Subsidiaries, the Plan, the Option and the Common Stock via Company web site or other electronic delivery.

Annual Grant – Director Form

**ZEVIA PBC
2021 EQUITY INCENTIVE PLAN**

**GRANT NOTICE FOR
RESTRICTED STOCK UNIT AWARD**

(BOARD DIRECTOR)

FOR GOOD AND VALUABLE CONSIDERATION, Zevia PBC (the “*Company*”), hereby grants to the Participant named below the number of Restricted Stock Units (the “*RSUs*”) specified below (the “*Award*”) under the Zevia PBC 2021 Equity Incentive Plan (the “*Plan*”). Each RSU represents the right to receive one share of Common Stock, upon the terms and subject to the conditions set forth in this Grant Notice, the Plan and the Standard Terms and Conditions (the “*Standard Terms and Conditions*”) promulgated under such Plan and attached hereto as Exhibit A. This Award is granted pursuant to the Plan and is subject to and qualified in its entirety by the Standard Terms and Conditions. Capitalized terms not otherwise defined herein shall have the meanings set forth in the Plan.

Name of Participant:	
Grant Date:	
Number of RSUs:	
Vesting Schedule:	Subject to the Plan and the Standard Terms and Conditions, the RSUs shall vest on the earlier to occur of (i) the first anniversary of the Grant Date or (ii) the Company’s next annual meeting of stockholders, in each case, so long as the Participant does not incur a Termination of Employment from the Grant Date through such vesting date.

By accepting this Grant Notice, the Participant acknowledges that the Participant has received and read, and agrees that this Award shall be subject to, the terms of this Grant Notice, the Plan, and the Standard Terms and Conditions.

ZEVIA PBC

By: _____

Name:

Title:

PARTICIPANT

[Name]

EXHIBIT A

**ZEVIA PBC
2021 EQUITY INCENTIVE PLAN**

**STANDARD TERMS AND CONDITIONS FOR
RESTRICTED STOCK UNITS**

(BOARD DIRECTOR)

These Standard Terms and Conditions apply to the Award of Restricted Stock Units granted pursuant to the Zevia PBC 2021 Equity Incentive Plan (the “*Plan*”), which are evidenced by a Grant Notice or an action of the Committee that specifically refers to these Standard Terms and Conditions. In addition to these Standard Terms and Conditions, the Restricted Stock Units shall be subject to the terms of the Plan, which are incorporated into these Standard Terms and Conditions by this reference. Capitalized terms not otherwise defined herein shall have the meanings set forth in the Plan.

1. TERMS OF RESTRICTED STOCK UNITS

Zevia PBC (the “*Company*”) has granted to the Participant named in the Grant Notice provided to said Participant herewith (the “*Grant Notice*”) an award of Restricted Stock Units (the “*Award*” or “*RSUs*”) specified in the Grant Notice, with each Restricted Stock Unit representing the right to receive one share of Common Stock. The Award is subject to the conditions set forth in the Grant Notice, these Standard Terms and Conditions and the Plan. For purposes of these Standard Terms and Conditions and the Grant Notice, any reference to the Company shall include a reference to any Subsidiary.

2. VESTING AND SETTLEMENT OF RESTRICTED STOCK UNITS

(a) The Award shall not be vested as of the Grant Date set forth in the Grant Notice and shall be forfeitable unless and until otherwise vested pursuant to the terms of the Grant Notice and these Standard Terms and Conditions. After the Grant Date, subject to termination or acceleration as provided in these Standard Terms and Conditions and the Plan, the Award shall become vested as described in the Grant Notice with respect to that number of Restricted Stock Units as set forth in the Grant Notice. Restricted Stock Units that have vested and are no longer subject to forfeiture are referred to herein as “*Vested RSUs*.” Restricted Stock Units awarded hereunder that are not vested and remain subject to forfeiture are referred to herein as “*Unvested RSUs*.”

(b) As soon as administratively practicable following the vesting of the RSUs pursuant to the Grant Notice and this Section 2, but in no event later than 30 days after each vesting date, the Company shall deliver to the Participant shares of Common Stock equal to the number of Vested RSUs.

(c) If the Participant’s Termination of Employment is as a result of the Participant’s

death or Disability, all of the Unvested RSUs shall become Vested RSUs effective as of the date of such Termination of Employment.

(d) In the event of a Change in Control, all then Unvested RSUs shall become Vested RSUs effective as of immediately prior to the consummation of such Change in Control.

(e) Upon the Participant's Termination of Employment for any other reason not set forth in Section 2(c), any then Unvested RSUs held by the Participant shall be forfeited and canceled, for no consideration as of the date of the Participant's Termination of Employment.

3. RIGHTS AS STOCKHOLDER; DIVIDEND EQUIVALENTS

(f) The Participant shall not be, nor have any of the rights or privileges of, a stockholder of the Company in respect of any RSUs (including any voting rights or rights to dividends or distributions paid on shares of Common Stock, except as provided in Section 3(b)) unless and until shares of Common Stock settled for such RSUs shall have been issued by the Company to the Participant (as evidenced by the appropriate entry on the books of the Company or of a duly authorized transfer agent of the Company).

(g) Notwithstanding the foregoing, from and after the Grant Date and until the earlier of (i) the Participant's receipt of Common Stock upon settlement of RSUs and (ii) the time when the Participant's right to receive Common Stock upon settlement of RSUs is forfeited, on the date that the Company pays a cash dividend (if any) to holders of Common Stock generally, the Participant shall be entitled, as a Dividend Equivalent, to a number of additional whole RSUs determined by dividing (i) the product of (A) the dollar amount of such cash dividend paid per share of Common Stock and (B) the total number of outstanding RSUs (including dividend equivalents paid thereon) held by the Participant on the record date for such dividend, by (ii) the Fair Market Value per share of Common Stock on the date such dividend is paid to holders of Common Stock generally. Such Dividend Equivalents (if any) shall be subject to the same terms and conditions and shall be settled or forfeited in the same manner and at the same time as the RSUs to which the Dividend Equivalents were credited.

4. RESTRICTIONS ON REALES OF SHARES

The Company may impose such restrictions, conditions or limitations as it determines appropriate as to the timing and manner of any resales by the Participant or other subsequent transfers by the Participant of any shares of Common Stock issued pursuant to Vested RSUs, including (a) restrictions under an insider trading policy, (b) restrictions designed to delay and/or coordinate the timing and manner of sales by the Participant and other holders and (c) restrictions as to the use of a specified brokerage firm for such resales or other transfers.

5. INCOME TAXES

To the extent required by applicable federal, state, local or foreign law, the Participant shall make arrangements satisfactory to the Company for the satisfaction of any withholding tax obligations that arise by reason of the grant or vesting of the RSUs. The Company shall not be required to issue shares or to recognize the disposition of such shares until such obligations are satisfied.

6. NON-TRANSFERABILITY OF AWARD

Except as permitted by the Committee or as permitted under Section 17 of the Plan, the Award may not be sold, assigned, transferred, pledged or otherwise directly or indirectly encumbered or disposed of other than by will or the laws of descent and distribution.

7. OTHER AGREEMENTS SUPERSEDED

The Grant Notice, these Standard Terms and Conditions and the Plan constitute the entire understanding between the Participant and the Company regarding the Award. Any prior agreements, commitments or negotiations concerning the Award are superseded.

8. LIMITATION OF INTEREST IN SHARES SUBJECT TO RESTRICTED STOCK UNITS

Neither the Participant (individually or as a member of a group) nor any beneficiary or other person claiming under or through the Participant shall have any right, title, interest, or privilege in or to any shares of Common Stock allocated or reserved for the purpose of the Plan or subject to the Grant Notice or these Standard Terms and Conditions except as to such shares of Common Stock, if any, as shall have been issued to such person in connection with the Award. Nothing in the Plan, in the Grant Notice, these Standard Terms and Conditions or any other instrument executed pursuant to the Plan shall confer upon the Participant any right to continue in the Company's employ or service nor limit in any way the Company's right to terminate the Participant's employment at any time for any reason.

9. NO LIABILITY OF COMPANY

The Company and any affiliate which is in existence or hereafter comes into existence shall not be liable to the Participant or any other person as to: (a) the non-issuance or sale of shares of Common Stock as to which the Company has been unable to obtain from any regulatory body having jurisdiction the authority deemed by the Company's counsel to be necessary to the lawful issuance and sale of any shares hereunder; and (b) any tax consequence expected, but not realized, by the Participant or other person due to the receipt or settlement of the Award.

10. GENERAL

(h) In the event that any provision of the Grant Notice or these Standard Terms and Conditions is declared to be illegal, invalid or otherwise unenforceable by a court of competent jurisdiction, such provision shall be reformed, if possible, to the extent necessary to render it legal, valid and enforceable, or otherwise deleted, and the remainder of the Grant Notice and these Standard Terms and Conditions shall not be affected except to the extent necessary to reform or delete such illegal, invalid or unenforceable provision.

(i) The headings preceding the text of the sections hereof are inserted solely for convenience of reference, and shall not constitute a part of the Grant Notice or these Standard Terms and Conditions, nor shall they affect its meaning, construction or effect. Words in the masculine gender shall include the feminine gender, and where appropriate, the plural shall include the singular and the singular shall include the plural. The use herein of the word

“including” following any general statement, term or matter shall not be construed to limit such statement, term or matter to the specific items or matters set forth immediately following such word or to similar items or matters, whether or not non-limiting language (such as “without limitation”, “but not limited to”, or words of similar import) is used with reference thereto, but rather shall be deemed to refer to all other items or matters that could reasonably fall within the broadest possible scope of such general statement, term or matter. References herein to any agreement, instrument or other document means such agreement, instrument or other document as amended, supplemented and modified from time to time to the extent permitted by the provisions thereof and not prohibited by the Plan, the Grant Notice or these Standard Terms and Conditions. Unless the context requires otherwise, all references to laws and regulations refer to such laws and regulations as they may be amended from time to time, and references to particular provisions of laws or regulations include a reference to the corresponding provisions of any succeeding law or regulation.

(j) The Grant Notice and these Standard Terms and Conditions shall inure to the benefit of and be binding upon the parties hereto and their respective permitted heirs, beneficiaries, successors and assigns.

(k) The Grant Notice and these Standard Terms and Conditions shall be construed in accordance with and governed by the laws of the State of Delaware, without regard to principles of conflicts of law.

(l) In the event of any conflict between the Grant Notice, these Standard Terms and Conditions and the Plan, the Grant Notice and these Standard Terms and Conditions shall control. In the event of any conflict between the Grant Notice and these Standard Terms and Conditions, the Grant Notice shall control.

(m) All questions arising under the Plan, the Grant Notice or under these Standard Terms and Conditions shall be decided by the Committee in its total and absolute discretion.

11. CLAWBACK

The Restricted Stock Units and any shares of Common Stock issued pursuant to the Vested RSUs will be subject to recoupment in accordance with any clawback policy adopted by the Company. No recovery of compensation under such a clawback policy will be an event giving rise to a right to resign for “good reason” or “constructive termination” (or similar term) under any agreement with the Company. By accepting the Award, the Participant is agreeing to be bound by any such clawback policy, as in effect or as may be adopted and/or modified from time to time by the Company in its discretion.

12. ELECTRONIC DELIVERY

By executing the Grant Notice, the Participant hereby consents to the delivery of information (including information required to be delivered to the Participant pursuant to applicable securities laws) regarding the Company and the Subsidiaries, the Plan, and the Restricted Stock Units via Company web site or other electronic delivery.

Subsidiaries of the Registrant

Name of Subsidiary	State or Other Jurisdiction of Incorporation or Organization
Zevia LLC	Delaware

CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

We consent to the incorporation by reference in Registration Statement Nos. 333-258175 and 333-273798 on Form S-8 of our report dated March 6, 2024, relating to the consolidated financial statements of Zevia PBC and its subsidiary appearing in this Annual Report on Form 10-K for the year ended December 31, 2023.

/s/ Deloitte & Touche LLP

Los Angeles, California
March 6, 2024

**CERTIFICATION PURSUANT TO
RULES 13a-14(a) AND 15d-14(a) UNDER THE SECURITIES EXCHANGE ACT OF 1934,
AS ADOPTED PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002**

I, Girish Satya, certify that:

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

By: /s/ Girish Satya
Name: Girish Satya
Title: Chief Financial Officer
(principal financial officer)

Date: March 6, 2024

Zevia PBC

**Certification of Principal Executive Officer and Principal Financial Officer 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 Annual Report on Form 10-K (the "Report") of Zevia PBC (the "Company") for the year ended December 31, 2023, as filed with the U.S. Securities and Exchange Commission on the date hereof, Amy E. Taylor, as Chief Executive Officer of the Company, and Girish Satya, as Chief Financial Officer of the Company, each hereby certifies, pursuant to 18 U.S.C. § 1350, as adopted pursuant to § 906 of the Sarbanes-Oxley Act of 2002, that, to each officer's 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.

/s/ AMY E. TAYLOR

Name: Amy E. Taylor

Title: President and Chief Executive Officer (principal executive officer)

Date: March 6, 2024

/s/ GIRISH SATYA

Name: Girish Satya

Title: Chief Financial Officer (principal financial officer)

Date: March 6, 2024

A signed original of this certification required by Section 906 has been provided to the Company and will be retained by the Company and furnished to the U.S. Securities and Exchange Commission or its staff upon request.

The foregoing certification is being furnished as an exhibit to the Report pursuant to Item 601(b)(32) of Regulation S-K and Section 1350 of Title 18 of the United States Code and, accordingly, is not being filed with the U.S. Securities and Exchange Commission as part of the Report and is not to be incorporated by reference into any filing of the Company under the Securities Act of 1933 or the Securities Exchange Act of 1934 (whether made before or after the date of the Report, irrespective of any general incorporation language contained in such filing).



ZEVIA PBC CLAWBACK POLICY

(dated October 2, 2023)

I. STATEMENT OF POLICY

The Board of Directors (the “Board”) of Zevia PBC (the “Company”) believes that it is in the best interests of the Company and its stockholders to create and maintain a culture that emphasizes integrity and accountability and that reinforces the Company’s pay-for-performance compensation philosophy. The Board has therefore adopted this Zevia PBC Clawback Policy (this “Policy”), which provides for the recoupment of Incentive-Based Compensation (as defined below) in the event of a Restatement (as defined below).

II. TERMS OF RECOUPMENT

- A. Covered Executives.** This Policy applies to any “executive officer” of the Company as defined under Rule 10D-1 (the “Covered Executives”).
- B. Accounting Restatement.** In the event the Company is required to prepare an accounting restatement of the Company’s financial statements due to material non-compliance with any financial reporting requirement under the federal securities laws (including any such correction that is material to the previously issued financial statements, or that would result in a material misstatement if the error were corrected in the current period or left uncorrected in the current period) (a “Restatement”), the Company will recover on a reasonably prompt basis the amount of any Incentive-Based Compensation Received by a Covered Executive during the Recovery Period that exceeds the amount that otherwise would have been Received had it been determined based on the restated financial statements.
- C. Incentive-Based Compensation.** For purposes of this Policy, “Incentive-Based Compensation” means any compensation granted, earned, or vested based in whole or in part on the Company’s attainment of a financial reporting measure that was Received by a person (i) on or after October 2, 2023 and after the person began service as a Covered Executive, and (ii) who served as a Covered Executive at any time during the performance period for the Incentive-Based Compensation. A financial reporting measure is (i) any measure that is determined and presented in accordance with the accounting principles used in preparing the Company’s financial statements and any measure derived wholly or in part from such a measure, and (ii) any measure based in whole or in part on the Company’s stock price or total stockholder return. Incentive-Based Compensation is

deemed to be “Received” in the fiscal period during which the relevant financial reporting measure is attained, regardless of when the compensation is actually paid or awarded.

- D. **Recovery Period.** For purposes of this Policy, “Recovery Period” means the three completed fiscal years immediately preceding the date that the Company is required to prepare the accounting restatement described in this Policy, all as determined pursuant to Rule 10D-1, and any transition period of less than nine months that is within or immediately following such three fiscal years.
- E. **Recoupment.** If the Committee determines the amount of Incentive-Based Compensation Received by a Covered Executive during a Recovery Period exceeds the amount that would have been Received if determined or calculated based on the Company’s restated financial results, such excess amount of Incentive-Based Compensation shall be subject to recoupment by the Company pursuant to this Policy. For Incentive-Based Compensation based on stock price or total stockholder return, the Committee will determine the amount based on a reasonable estimate of the effect of the accounting restatement on the relevant stock price or total stockholder return. In all cases, the calculation of the excess amount of Incentive-Based Compensation to be recovered will be determined without regard to any taxes paid with respect to such compensation. The Company will maintain documentation of all determinations and actions taken in complying with this Policy. Any determinations made by the Committee under this Policy shall be final and binding on all affected individuals.
- F. **Method of Recoupment.** The Company may effect any recovery pursuant to this Policy by requiring payment of such amount(s) to the Company, by set-off, by reducing future compensation, or by such other means or combination of means as the Committee determines to be appropriate. The Company need not recover the excess amount of Incentive-Based Compensation if and to the extent that the Committee determines that such recovery is impracticable, subject to and in accordance with any applicable exceptions under the New York Stock Exchange listing rules, and not required under Rule 10D-1, including if the Committee determines that the direct expense paid to a third party to assist in enforcing this Policy would exceed the amount to be recovered after making a reasonable attempt to recover such amounts. The Company is authorized to take appropriate steps to implement this Policy with respect to Incentive-Based Compensation arrangements with Covered Executives.

III. NO INDEMNIFICATION

The Company shall not indemnify any Covered Executives against the loss of any Incentive-Based Compensation recouped under this Policy, including by paying or reimbursing the Covered Executives for premiums for any insurance policy covering any potential losses.

IV. ADMINISTRATION; INTERPRETATION

This Policy is administered by the Compensation Committee of the Board (the "Committee"), subject to ratification by the independent members of the Board with respect to application of this Policy to the Company's Chief Executive Officer. This Policy is intended to comply with, and as applicable to be administered and interpreted consistent with, and subject to the exception set forth in, Listing Standard 303A.14 adopted by the New York Stock Exchange to implement Rule 10D-1 under the Securities Exchange Act of 1934, as amended (collectively, "Rule 10D-1").

The Committee is authorized to interpret and construe this Policy and to make all determinations necessary, appropriate, or advisable for the administration of this Policy consistent with Rule 10D-1. Subject to ratification by the independent members of the Board with respect to the application of this Policy to the Company's Chief Executive Officer, any determinations made by the Committee will be made in its sole discretion and are final, conclusive and binding on all affected individuals and need not be uniform with respect to all Covered Executives.

No recovery of compensation under this Policy will be an event giving rise to a right to resign for "good reason" or be deemed a "constructive termination" (or any similar term) as such terms are used in any agreement between any Covered Executive and the Company.

Headings are given to the sections and subsections of this Policy solely as a convenience to facilitate reference and shall not be deemed in any way material or relevant to the construction or interpretation of this Policy or any provision thereof. Words in the masculine gender shall include the feminine gender, and where appropriate, the plural shall include the singular and the singular shall include the plural. The use herein of the word "including" following any general statement, term or matter shall not be construed to limit such statement, term or matter to the specific items or matters set forth immediately following such word or to similar items or matters, whether or not non-limiting language (such as "without limitation", "but not limited to", or words of similar import) is used with reference thereto, but rather shall be deemed to refer to all other items or matters that could reasonably fall within the broadest possible scope of such general statement, term or matter. References herein to any agreement, instrument or other document means such agreement, instrument or other document as amended, supplemented and modified from time to time to the extent permitted by the provisions thereof and not prohibited by this Policy.

V. EFFECTIVE DATE

This Policy shall be effective as of October 2, 2023 (the "Effective Date") and shall apply to Incentive Compensation that is approved, awarded or granted to Covered Executives on or after the Effective Date. As of the Effective Date, this Policy shall supersede and replace that certain Zevia PBC Clawback Policy dated as of October 6, 2022 (the "Prior Policy"). Notwithstanding the foregoing, this Policy shall not affect any remedies or rights of recoupment that may become available to the Company under the Prior Policy with respect to any incentive compensation (or any portion thereof) that (i) was made, granted or Received prior to the Effective Date and (ii) is not recoverable under this Policy.

VI. AMENDMENT

Upon the recommendation of the Committee, the Board may amend or replace this Policy from time to time in its discretion.

VII. OTHER RECOUPMENT RIGHTS

The Committee intends that this Policy will be applied to the fullest extent of the law. The Committee may require that any employment agreement, equity award agreement, or similar agreement entered into on or after the Effective Date shall, as a condition to the grant of any benefit thereunder, require a Covered Executive to agree to abide by the terms of this Policy. Any right of recoupment under this Policy is in addition to, and not in lieu of, any other remedies or rights of recoupment that may be available to the Company pursuant to the terms of any other policy, any employment agreement or plan or award terms, and any other legal remedies available to the Company, including disciplinary action up to and including termination and institution of civil or criminal proceedings; provided that the Company shall not recoup amounts pursuant to such other policy, terms or remedies to the extent it is recovered pursuant to this Policy. Any right of recoupment under this Policy is in addition to, and is not in lieu of, any actions imposed by law enforcement agencies, regulators, or other authorities. Notwithstanding the generality of the foregoing, to the extent that the requirements under the provisions of Section 304 of the Sarbanes-Oxley Act of 2002 are broader than the provisions in this Policy, the provisions of such law will apply to the Company's Chief Executive Officer and Chief Financial Officer.

VIII. IMPRACTICABILITY

The Company shall recover Incentive-Based Compensation in accordance with this Policy unless such recovery would be impracticable, as determined by the Committee in accordance with Rule 10D-1.

IX. SUCCESSORS

This Policy shall be binding and enforceable against all Covered Executives and their beneficiaries, heirs, executors, administrators, or other legal representatives.



15821 Ventura Blvd, Suite 135, Encino, CA 91436

2024

**NOTICE OF ANNUAL MEETING OF
STOCKHOLDERS AND PROXY STATEMENT**

Letter from Our President and Chief Executive Officer

Dear Zevia Stockholders:

The 2024 Annual Meeting of Stockholders (the “**Annual Meeting**”) of Zevia PBC, a Delaware public benefit corporation (“**Zevia**” or the “**Company**”), will be held at Le Merigot Santa Monica, located at 1740 Ocean Avenue in Santa Monica, California 90401 on Tuesday, June 11, 2024 at 9:00 a.m., Pacific Time. The attached notice and Proxy Statement describe the formal business to be transacted at the meeting.

Details regarding the Annual Meeting, the business to be conducted at the Annual Meeting, and information about Zevia that you should consider when you vote your shares are described in the accompanying Proxy Statement.

The Annual Meeting is being held so that stockholders may consider the election of two Class III directors and the ratification of the selection of Deloitte & Touche LLP as our independent registered public accounting firm for the fiscal year ending December 31, 2024. The Board of Directors of the Company (the “**Board**”) has determined that the matters to be considered at the Annual Meeting are in the best interests of the Company and its stockholders. For the reasons set forth in the accompanying Proxy Statement, the Board unanimously recommends a vote “**FOR**” each matter to be considered. Such other business will be transacted as may properly come before the Annual Meeting.

Pursuant to the rules promulgated by the U.S. Securities and Exchange Commission (the “**SEC**”), we have elected to provide access to our proxy materials by notifying you of the availability of our proxy materials on the Internet. This delivery process allows us to provide stockholders with the information they need, while at the same time conserving natural resources and lowering the cost of delivery. On or about May 2, 2024, we intend to begin sending to our stockholders a Notice of Internet Availability of Proxy Materials (the “**Notice**”) containing instructions on how to access our Proxy Statement for the Annual Meeting and our Annual Report on Form 10-K for the fiscal year ended December 31, 2023. The Notice also provides instructions on how to vote online or by telephone and how to receive a paper copy of the proxy materials by mail.

It is important that your shares be represented and voted at the Annual Meeting. Whether or not you plan to attend the Annual Meeting in person, we encourage you to submit your proxy as soon as possible.

On behalf of management and our Board of Directors, we thank you for your continued support of Zevia.

By Order of the Board of Directors,






Amy E. Taylor
President and Chief Executive Officer

Encino, California
April 24, 2024

Notice of 2024 Annual Meeting of Stockholders

To the stockholders of Zevia PBC (the “Company”), you are cordially invited to attend the Company’s 2024 Annual Meeting of Stockholders (“Annual Meeting”). Please read the entire Proxy Statement carefully before voting.

Meeting Details

 Date & Time	 Location	 Who May Vote
Tuesday, June 11, 2024 9:00 a.m. Pacific Time	Le Merigot Santa Monica 1740 Ocean Avenue Santa Monica, CA 90401	Stockholders of record at the close of business on April 17, 2024

Items of Business

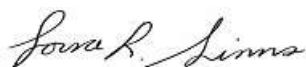
Proposals	Board Vote Recommendation
1 Election of two Class III members of Zevia PBC's Board of Directors (the “Board”) named, and for the term described, in the Proxy Statement.	“FOR” each director nominee
2 Ratification of the selection of Deloitte & Touche LLP as Zevia PBC's independent registered public accounting firm for the fiscal year ending December 31, 2024.	“FOR”

We will also conduct any other business properly brought before the Annual Meeting.

Only stockholders of record of our Class A common stock or Class B common stock at the close of business on the Record Date are entitled to notice of and to vote at the Annual Meeting or any adjournment or postponement thereof. Further information regarding voting rights and the matters to be voted upon is presented in the accompanying Proxy Statement.

Your vote is important. Whether or not you plan to attend the Annual Meeting in person or not, we encourage you to vote and submit your proxy by Internet by following the instructions on the Notice of Internet Availability of Proxy Materials that you previously received or, if you received printed copies of the proxy materials, by telephone or by using the proxy card or voting instruction form provided with the printed proxy materials to ensure your shares can be represented and voted at the Annual Meeting. You may change or revoke your proxy at any time before it is voted at the Annual Meeting. If you participate in and vote your shares at the Annual Meeting, your proxy will not be used.

By Order of the Board of Directors,



Lorna R. Simms
Senior Vice President, General Counsel and Corporate Secretary

Encino, California
April 24, 2024

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General Information

This section is intended to briefly provide general information and address some commonly asked questions regarding our Annual Meeting. They may not address all questions that may be important to you. Please refer to the more detailed information contained elsewhere in this Proxy Statement, appendices and the documents referred to in this Proxy Statement for more information.

Important Notice Regarding the Availability of Proxy Materials for the 2024 Annual Meeting of Stockholders to Be Held on June 11, 2024. The Proxy Statement and Annual Report on Form 10-K for the fiscal year ended December 31, 2023 (the “2023 Annual Report”) are available free of charge at www.proxyvote.com, a site that does not have “cookies” that identify visitors to the site.

What Is the Purpose of These Proxy Materials?

We are making these proxy materials available to you in connection with the solicitation of proxies by the Board of Directors (the “Board”) of Zevia PBC (“we,” “us,” “our,” “Zevia,” or the “Company”) for use at the 2024 Annual Meeting of Stockholders (the “Annual Meeting”) to be held on June 11, 2024 at 9:00 a.m. Pacific Time, or at any other time following adjournment or postponement thereof. You are invited to participate in the Annual Meeting and to vote on the proposals described in this Proxy Statement. The proxy materials are first being made available to our stockholders on or about April 24, 2024.

Why Did I Receive a Notice of Internet Availability of Proxy Materials?

Pursuant to U.S. Securities and Exchange Commission (the “SEC”) rules, we are furnishing the proxy materials to our stockholders primarily via the Internet instead of mailing printed copies. This process allows us to expedite to our stockholders’ receipt of the proxy materials, lower the costs of printing and mailing the proxy materials, and reduce the environmental impact of our Annual Meeting. If you received a Notice of Internet Availability of Proxy Materials (the “Notice”), you will not receive a printed copy of the proxy materials unless you request one. The Notice provides instructions on how to access the proxy materials for the Annual Meeting via the Internet, how to request a printed set of proxy materials and how to vote your shares.

Who Can Vote?

We have two classes of common stock: Class A and Class B, each of which has one vote per share on all matters submitted to a vote of stockholders. Only stockholders of record of our Class A common stock and Class B common stock (together, the “Common Shares”) at the close of business on April 17, 2024 (the “Record Date”) are entitled to notice of, and to vote on, the proposals described in this Proxy Statement at the Annual Meeting. At the close of business on the Record Date, there were 58,179,676 shares of Class A common stock issued and outstanding and 14,117,351 shares of Class B common stock issued and outstanding. Holders of our Class A common stock and Class B common stock will vote together as a single class on all matters presented to our stockholders for their vote or approval, except as provided in our amended and restated certificate of incorporation or as otherwise required by applicable law. Stockholders are not permitted to cumulate votes with respect to the election of directors.

What Is the Difference between Holding Common Shares as a Registered Stockholder and as a Beneficial Owner?

Registered Stockholder: Common Shares Registered in Your Name

If your Common Shares are registered directly in your name with our transfer agent, Equiniti Trust Company, LLC (formerly American Stock Transfer and Trust Company, LLC), you are considered to be, with respect to those Common Shares, the registered stockholder, and these proxy materials are being sent directly to you by us.

Beneficial Owner: Common Shares Registered in the Name of a Broker, Fiduciary or Custodian

If your Common Shares are held by a broker, fiduciary or custodian, you are considered the beneficial owner of Common Shares held in “street name,” and these proxy materials are being forwarded to you from that broker, fiduciary or custodian.

What Am I Voting on?

The proposals to be voted on at the Annual Meeting are as follows:

Election of two Class III director nominees named, and for the term described, in this Proxy Statement to serve until their successors are duly elected and qualified. (“**Proposal 1**”)

Ratification of the selection of Deloitte & Touche LLP (“**Deloitte**”) as the Company’s independent registered public accounting firm for the fiscal year ending December 31, 2024. (“**Proposal 2**”)

We will also consider such other business as may properly come before the Annual Meeting or any adjournment or postponement thereof.

How Does the Board Recommend That I Vote?

The Board recommends that you vote your Common Shares “**FOR**” each director nominee in Proposal 1 and “**FOR**” Proposal 2.

What If Another Matter Is Properly Brought before the Annual Meeting?

As of the date of filing this Proxy Statement, the Board knows of no other matters that will be presented for consideration at the Annual Meeting. If any other matters are properly brought before the Annual Meeting, it is the intention of the persons named as proxies in the proxy card to vote on such matters in accordance with their best judgment.

What Does It Mean If I Receive More Than One Set of Proxy Materials?

If you receive more than one set of proxy materials, your Common Shares may be registered in more than one name or held in different accounts. Please cast your vote with respect to each set of proxy materials that you receive to ensure that all of your Common Shares are voted.

How Do I Vote?

Registered Stockholder: Common Shares Registered in Your Name

If you are the registered stockholder, you may vote your Common Shares by proxy in advance of the Annual Meeting by Internet (at www.proxyvote.com) or, if you requested paper copies of the proxy materials, by completing and mailing a proxy card or by telephone (at 1-800-690-6903). Even if you plan to attend the Annual Meeting, we recommend that you also submit your vote in advance so that your vote can be counted if you later decide not to, or are unable to attend the Annual Meeting. You may also attend the Annual Meeting and vote in person.

Beneficial Owner: Common Shares Registered in the Name of a Broker, Fiduciary or Custodian

If you are the beneficial owner, you may direct your broker, fiduciary or custodian how to vote your Common Shares in advance of the Annual Meeting by following the instructions they provide. If you are the beneficial owner, you must obtain a “legal proxy” from the custodian, brokerage firm, or other nominee that holds your Common Shares (preferably at least five (5) days before the Annual Meeting) in order to attend, participate in and vote your Common Shares at the Annual Meeting.

What Happens If I Do Not Vote?

Registered Stockholder: Common Shares Registered in Your Name

If you are the registered stockholder, you should vote in one of the ways described above. If you do not vote by proxy or in person at the Annual Meeting, your Common Shares will not be voted at the Annual Meeting and will not be counted toward the quorum requirement.

Beneficial Owner: Common Shares Registered in the Name of a Broker, Fiduciary or Custodian

If you are the beneficial owner and do not direct your broker, fiduciary or custodian how to vote your Common Shares, your broker, fiduciary or custodian will only be able to vote your Common Shares with respect to proposals considered to be “routine.” Your broker, fiduciary or custodian is not entitled to vote your Common Shares with respect to “non-routine” proposals, which we refer to as a “broker non-vote.” Whether a proposal is considered routine or non-routine is subject to stock exchange rules and final determination by the stock exchange. Even with respect to routine matters, some brokers are choosing not to exercise discretionary voting authority. As a result, we urge you to direct your broker, fiduciary or custodian how to vote your Common Shares on all proposals to ensure that your vote is counted.

What If I Sign and Return a Proxy Card or Otherwise Vote but Do Not Indicate Specific Choices?

Registered Stockholder: Common Shares Registered in Your Name

The Common Shares represented by each signed and returned proxy will be voted at the Annual Meeting by the persons named as proxies in the proxy card in accordance with the instructions indicated on the proxy card. However, if you are the registered stockholder and sign and return your proxy card without giving specific instructions, the persons named as proxies in the proxy card will vote your Common Shares in accordance with the recommendations of the Board. Your shares will be counted toward the quorum requirement.

Beneficial Owner: Common Shares Registered in the Name of a Broker, Fiduciary or Custodian

If you are the beneficial owner and do not direct your broker, fiduciary or custodian how to vote your Common Shares, your broker, fiduciary or custodian will only be able to vote your shares with respect to proposals considered to be “routine.” Your broker, fiduciary or custodian is not entitled to vote your Common Shares with respect to “non-routine” proposals, resulting in a broker non-vote with respect to such proposals.

Can I Change My Vote after I Submit My Proxy?

Registered Stockholder: Common Shares Registered in Your Name

If you are the registered stockholder, you may revoke your proxy at any time before the final vote at the Annual Meeting in any of the following ways:

Complete and submit a new proxy card; but it must bear a later date than the original proxy card.	Submit new proxy instructions via telephone or the Internet.	Send a timely written notice that you are revoking your proxy to our Corporate Secretary at the address set forth on the first page of this Proxy Statement.	Attend the Annual Meeting and vote in person. However, your attendance at the Annual Meeting will not, by itself, revoke your proxy. You should request a ballot at the Annual Meeting.
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Your last submitted vote is the one that will be counted.

Beneficial Owner: Common Shares Registered in the Name of a Broker, Fiduciary or Custodian

If you are the beneficial owner, you must follow the instructions you receive from your broker, fiduciary or custodian with respect to changing your vote.

What Is the Quorum Requirement?

The holders of a majority of the Common Shares outstanding and entitled to vote at the Annual Meeting must be present at the Annual Meeting, either in person or represented by proxy, to constitute a quorum; provided however, that where a separate vote by a class or series or classes or series is required, a majority of the voting power of the stock of such class or series or classes or series outstanding and entitled to vote on that matter, present in person or represented by proxy, constitutes a quorum entitled to take action with respect to such matter. A quorum is required to transact business at the Annual Meeting.

Your Common Shares will be counted toward the quorum only if you submit a valid proxy (or a valid proxy is submitted on your behalf by your broker, fiduciary or custodian) or if you attend the Annual Meeting and vote. Abstentions and broker non-votes will be counted toward the quorum requirement. If there is no quorum, the chairperson of the Annual Meeting or the holders of a majority of Common Shares present at the Annual Meeting, either personally or by proxy, may adjourn or recess the Annual Meeting until a quorum is present or represented.

How Many Votes Are Required to Approve Each Proposal and How Are Votes Counted?

Votes will be tabulated by a representative from Broadridge Financial Solutions, Inc., the Inspector of Elections appointed by the Board to count the votes at the Annual Meeting, and each proposal will be counted separately.

Proposal 1: Election of Directors

We have adopted a majority voting standard for director elections. Each nominee for election as a director in an “uncontested election” (as is the case for the Annual Meeting), as described in our amended and restated bylaws (the “**Bylaws**”), will be elected as a director at the Annual Meeting if the number of votes cast for the nominee's election exceeds the number of votes cast against the nominee's election. Abstentions and broker non-votes, if any, will not be counted as votes cast on the matter and will have no effect on the outcome of the election. We have also adopted a director resignation policy that applies to any incumbent director nominee who does not receive a majority of the votes cast. We do not have cumulative voting rights for the election of directors.

Proposal 2: Ratification of Selection of Independent Registered Public Accounting Firm

The affirmative vote of at least a majority of Common Shares present or represented at the Annual Meeting and entitled to vote on the matter is required for the ratification of the selection of Deloitte as our independent registered public accounting firm for the fiscal year ending December 31, 2024. Abstentions have the same effect as a vote “AGAINST” the matter. Broker non-votes, if any, will have no effect on the outcome.

How Do I Attend the Annual Meeting in Person?

Only stockholders as of the Record Date are entitled to attend the Annual Meeting in person. Admission to the Annual Meeting will be on a first-come, first-served basis. Attendees should bring the appropriate materials described below in order to be admitted to the meeting.

Natural Persons. If you are a registered stockholder, your name will be on a list, and you will be able to gain entry with a government-issued photo identification, such as a driver's license, state-issued ID card or passport. If you are the beneficial owner, in order to gain entry you must present a government-issued photo identification and proof of beneficial share ownership as of the Record Date that includes the same name that is on your government-issued photo identification. Acceptable forms of proof of beneficial share ownership include your Notice, a copy of your proxy card or voting instruction form, if you received one, or an account or brokerage statement showing share ownership as of the Record Date.

Entities. If you are a director, officer, trustee or other legal representative of an entity that owns shares of the Company, you must present a government-issued photo identification, evidence that you are authorized to act on behalf of the entity at the Annual Meeting and, if the entity is a beneficial owner, proof of the entity's beneficial share ownership as of the Record Date.

Non-Stockholders. If you are not a stockholder and are not the representative of an entity that owns shares of the Company, you will be entitled to admission only if you are a proxy holder attending in lieu of a stockholder. To gain entry, you must present a government-issued photo identification and either a valid proxy from a registered stockholder authorizing you to vote the stockholder's shares or, if you are a proxy holder for a beneficial stockholder, a valid legal proxy from the record holder or the bank, brokerage firm or other nominee that holds shares on behalf of the beneficial stockholder.

Directions to the Annual Meeting:

From the south via I-5 North

- Take I-5 North to I-405 North toward LAX.
- Take I-405 North to I-10 West toward Santa Monica.
- Take Exit 1A for 4th St/5th St.
- Keep left at the fork, following signs for 4th St.
- Turn left onto 4th St.
- Turn right at the first cross street onto Olympic Dr.
- Turn left onto Ocean Ave.
- The hotel is on your immediate right.

From the north via US-101 South

- Take US-101 South/Ventura Fwy to I-405 South toward LAX.
- Take I-405 South to I-10 West toward Santa Monica.
- Take Exit 1A for 4th St/5th St.
- Keep left at the fork, following signs for 4th St.
- Turn left onto 4th St.
- Turn right at the first cross street onto Olympic Dr.
- Turn left onto Ocean Ave.
- The hotel is on your immediate right.

Parking Options (please note that the hotel does not offer self-parking)

➡ Hotel valet ➡ Parking structures and lots ➡ Metered street parking on Ocean Avenue and nearby streets

No cameras, video or recording equipment will be permitted at the Annual Meeting. Many cellular phones have built-in digital cameras, and while these phones may be brought into the Annual Meeting, the camera function may not be used at any time. Additional information regarding the rules and procedures for attending the Annual Meeting will be set forth in our meeting rules of conduct, which will be available to stockholders during the meeting.

Who Is Paying for the Annual Meeting and the Proxy Solicitation?

We will pay the costs associated with the Annual Meeting and the solicitation of proxies, including the preparation, assembly, printing and mailing of the proxy materials. We may also reimburse brokers, fiduciaries, or custodians for their reasonable costs of forwarding proxy materials to beneficial owners of Common Shares held in “street name.” Certain of our employees, officers, and directors may solicit proxies in person, by telephone, electronic communication, or the Internet. We will not pay additional compensation to our employees, officers, and directors for any of these services.

How Can I Find out the Voting Results?

We expect to announce preliminary voting results at the Annual Meeting. Final voting results will be published in a Current Report on Form 8-K to be filed with the SEC within four (4) business days after the Annual Meeting.

Delivery of Documents to Stockholders Sharing an Address, or “Householding”

SEC rules permit companies and intermediaries, such as brokers, to satisfy delivery requirements for proxy materials and notices and send a single set of proxy materials, including the Notice, this Proxy Statement and the 2023 Annual Report, to any household at which two (2) or more stockholders reside unless contrary instructions have been received from the affected stockholders. This process is commonly referred to as “householding” and provides costs savings for companies and helps the environment by conserving natural resources.

This year, a number of brokers with account holders who are our stockholders will be householding our proxy materials. A single copy of the proxy materials will be delivered to multiple stockholders sharing an address. Your broker will continue householding until notified otherwise by one or more of these stockholders. If, at any time, you no longer wish to participate in householding and would prefer to receive a separate copy of proxy materials, or if your household is receiving multiple copies and you wish to request that future deliveries be limited to a single copy, notify your broker. If you would like to request additional copies of the proxy materials, please send a written request to our Corporate Secretary at the address set forth on the first page of this Proxy Statement, visit www.proxyvote.com, or call 1-800-579-1639 and we will promptly provide them to you.

Availability of Additional Information

We will provide, free of charge, a printed copy of our 2023 Annual Report, including exhibits, on the written or oral request of any stockholder of the Company. Please send a written request to our Corporate Secretary at the address set forth on the first page of this Proxy Statement or call the number above.

Forward-Looking Statements

This Proxy Statement and other Company communications may contain forward-looking statements, within the meaning of the Private Securities Litigation Reform Act of 1995 (the “**Reform Act**”), that involve substantial known and unknown risks and uncertainties. All statements other than statements of historical fact contained in this Proxy Statement, including statements about our Board of Directors, corporate governance practices, executive compensation program, equity compensation utilization and environmental, social and governance (“**ESG**”) initiatives, are “forward-looking statements” as referred to in the Reform Act. Without limiting the generality of the preceding sentence, any time we use the words “may,” “will,” “can,” “estimate,” “project,” “intend,” “expect,” “believe,” “anticipate,” “continue,” “plan,” and similar expressions, we intend to clearly express that the information deals with possible future events and is forward-looking in nature.

Significant factors that could impact our future results are described in our Annual Reports on Form 10-K, Quarterly Reports on Form 10-Q, and Current Reports on Form 8-K filed with the SEC. We assume no obligation (and specifically disclaim any such obligation) to publicly update or revise any forward-looking statements, whether as a result of new information, future events or otherwise, except as required by law.

Website References

Website references throughout this document are inactive textual references and provided for convenience only, and the content on the referenced website is not incorporated herein by reference and does not constitute a part of the Proxy Statement.

Proposal 1: Election of Directors

Role of the Board of Directors

Our Board, which is elected by the Company’s stockholders, oversees the business and management of the Company. Our Board is currently comprised of eight (8) members. Our amended and restated certificate of incorporation provides that our Board consists of three staggered classes of directors designated as Class I, Class II, and Class III, with members of each class holding office for 3-year terms. At the Annual Meeting, two Class III directors will be elected. Commencing with the annual meeting of stockholders to be held in 2027, directors of each class with 3-year terms shall then expire and all directors shall be elected to hold office for 1-year terms thereafter.

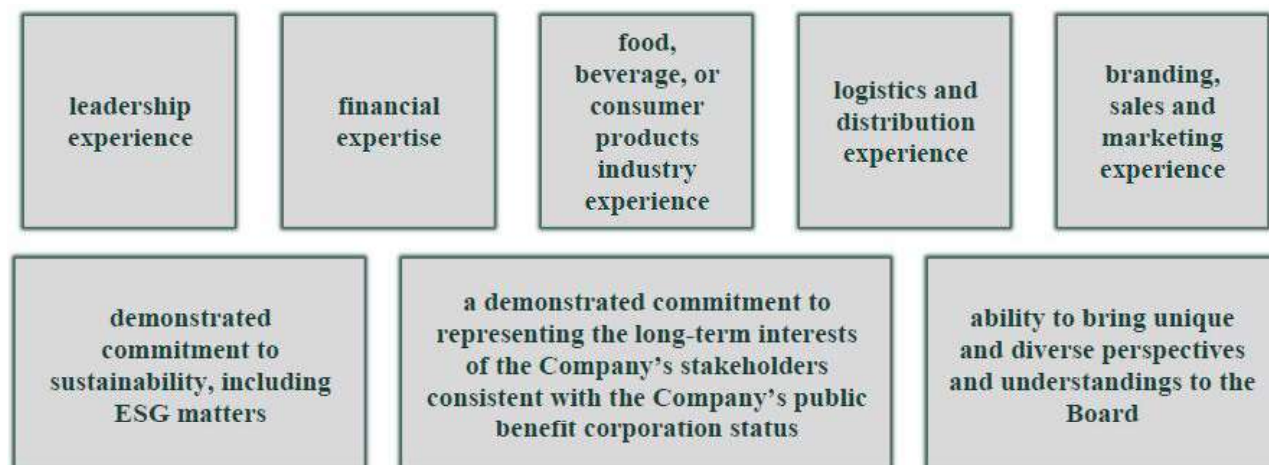
In September 2023, upon recommendation of the Nominating and Enterprise Risk Management Committee (the “**Nominating Committee**”), the Board accepted the offer of resignation from Philip H. O’Brien, a Class III director, at which point the Board decreased its size from nine (9) to eight (8) members and the size of Class III from three (3) to two (2) directors.

Director Nomination Process

Criteria for Board Membership

The Nominating Committee evaluates the composition of the Board annually to assess the skills and experience that are currently represented on the Board as a whole, and in individual directors, as well as the skills and experience that the Board may find valuable in the future. The Nominating Committee considers and makes recommendations to the Board regarding the size, structure, composition and functioning of the Board. The Nominating Committee engages in succession planning for the Board and key leadership roles on the Board and its committees. The Nominating Committee is responsible for establishing and overseeing processes and procedures for the selection and nomination of directors, and for developing and recommending Board membership criteria to the Board for approval and periodically reviewing these criteria.

Currently, the Board-approved criteria includes:



The Nominating Committee reviews the qualifications of director candidates and incumbent directors in light of criteria approved by the Board and recommends the Company’s candidates for nomination to the Board for election by the Company’s stockholders at the annual meeting. In identifying potential candidates for Board membership, the Nominating Committee considers recommendations from various sources, including, from time to time, third-party search firms, to assist it in locating qualified candidates.

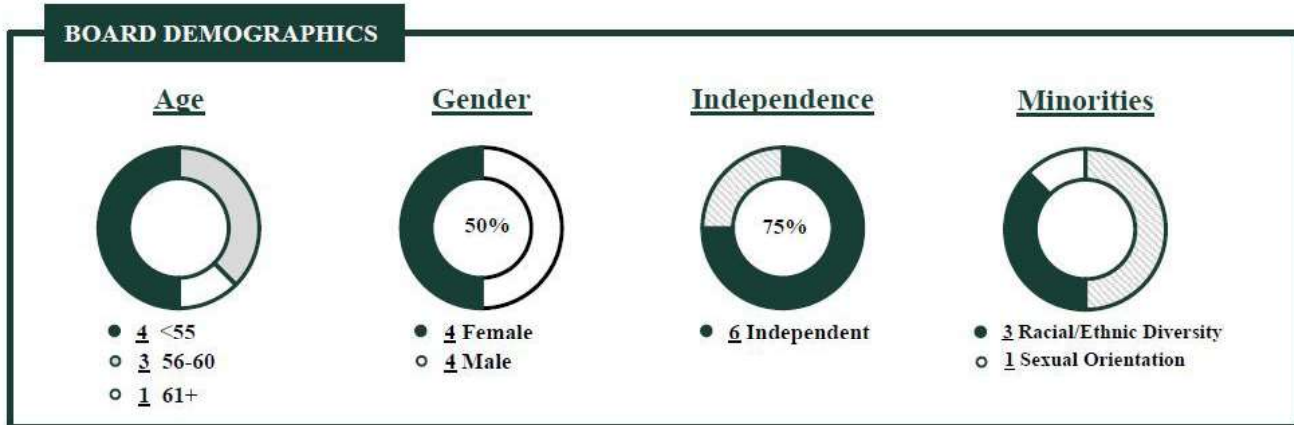
The Nominating Committee also considers director candidates recommended by Company stockholders and evaluates them in the same manner as it evaluates candidates recommended from other sources. Any such recommendation by stockholders should be submitted to the Nominating Committee as described under “**Stockholder Communications**” and should include the same information required under our Bylaws for nominating a director, as described under “**Stockholder Proposals and Director Nominations for Next Year's Annual Meeting.**”

Board Diversity

The Board is committed to a diversified membership and actively seeks to achieve a variety of occupational and personal backgrounds, including with respect to demographics such as gender, race, ethnicity and national background, geography, age, sexual orientation and other unique and diversified perspectives. As part of the search process for each new director, the Nominating Committee includes women and minorities in the pool of candidates (and instructs any third-party independent search firm engaged by the Committee to do so), and interviews at least one woman and one minority candidate. The Nominating Committee assesses its effectiveness in balancing these considerations in connection with its annual evaluation of the composition of the Board.

The Nominating Committee considers the Board's overall composition when seeking a potential new candidate, including whether the Board has an appropriate combination of professional experience, skills, knowledge, and variety of viewpoints and backgrounds in light of the Company's current and future business needs. The Nominating Committee also considers, among others, the character, expertise, sound judgment, ability to make independent analytical inquiries, business experiences, understanding of the Company's business environment, ability to make time commitments to the Company, and demonstrated teamwork.

Our Board consists of individuals with diverse and complementary business, leadership, financial, governance and regulatory, industry, and public company operating expertise. Several of our directors have experience on the boards of other companies and organizations, which provide an understanding of different business processes, challenges and strategies.



Director Independence and Independence Determinations

The Company’s Principles of Corporate Governance require that a majority of the Board, and all members of the Company’s Audit, Compensation, and Nominating committees, be comprised of individuals who qualify as an “**independent director**” as such term is defined by the applicable rules and regulations of the New York Stock Exchange (“NYSE”). This requires an affirmative determination by the Board that each such individual does not have a material relationship with the Company that would impair independence from management. In making these determinations, the Board considered transactions and relationships between the Company and its subsidiaries and affiliates on the one hand and, on the other hand, directors, immediate family members of directors, or entities of which a director or an immediate family member is an executive officer, general partner or significant equity holder. The Board also considered whether there were any transactions or relationships between any of these persons or entities and any members of the Company’s senior management or their affiliates.

Based on an annual evaluation performed, and recommendations made, by the Nominating Committee, the Board affirmatively determined that each of the following members of the Board, including all members serving on the Audit, Compensation, and Nominating committees, is independent of the Company and its management under the standards set forth above. In addition, none of these directors serve as an executive officer of a charitable organization to which the Company made contributions during fiscal year 2023.

Jacqueline J. Hayes

David J. Lee

Rosemary L. Ripley

Andrew Ruben

Julie G. Ruehl

Justin Shaw

Philip H. O’Brien, our former director, was determined to be independent during the period he served on the Board. The only members of the Board who are not independent are Amy E. Taylor, our current Chief Executive Officer (“CEO”) and the only employee member of the Board, and Padraic L. Spence, our former CEO and current Chair of the Board (the “Chair”).

Service on Other Boards and Audit Committees

Each member of the Board must have the time and ability to make constructive contributions to the Board as well as a clear commitment to fulfilling the fiduciary duties required of directors and serving the interest of the Company’s stockholders. To that end, directors may not serve on more than four public company boards in addition to our Board. The CEO and directors who are executive officers of public companies may not serve on more than two other public company boards, in addition to our Board. In addition, members of the Audit Committee may not serve on the audit committees of more than three other public companies without review and consideration by the Board.

Majority Vote Standard for Election of Directors

Each director nominee must be elected by a majority of the votes cast in an uncontested election. This means that the number of votes cast “FOR” a director nominee must exceed the number of votes cast “AGAINST” the director nominee. If a nominee who currently serves as a director is not re-elected, Delaware law provides that the director would continue to serve on the Board until his or her successor has been elected and qualified.

Director Resignation Policy

Pursuant to our Principles of Corporate Governance, if a nominee for director is not elected by a majority of the votes cast in an uncontested election and no successor has been elected at such meeting, the director is required to promptly tender his or her resignation to the Nominating Committee. In that situation, the Nominating Committee would make a recommendation to the Board about whether to accept or reject the resignation offer, or whether to take other action. Within ninety (90) days following certification of the election results, the Board would act on the Nominating Committee’s recommendation. If the Board determines that there is a compelling reason for such incumbent director to remain on the Board and does not accept the resignation, the director will continue to serve until his or her successor is duly elected, or his or her earlier resignation or removal. If a director’s resignation is accepted by the Board, then the Board, in its sole discretion, may fill any resulting vacancy or reduce the size of the Board. The director who tenders his or her resignation will not participate in either the Nominating Committee’s or the Board’s decision.

2024 Director Nominees

Upon recommendation by our Nominating Committee, the Board has nominated Jacqueline J. Hayes and Julie G. Ruehl for election as directors each to serve for a term of three years (through the 2027 annual meeting of stockholders) and until their successors have been duly elected and qualified, or until their office is otherwise vacated. Both Ms. Hayes and Ms. Ruehl have served on our Board since prior to our initial public offering (“IPO”) in 2021.

Class III Director Nominees

In making these nominations, the Board reviewed the backgrounds, qualifications, attributes, experiences and contributions to the Board of the director nominees. Biographical and other information regarding our director nominees, including the skills and experience considered by our Nominating Committee in determining to recommend them as nominees, is set forth below. See also “**Director Independence and Independence Determinations**” above for more information.

JACQUELINE J. HAYES	
<i>Age: 56</i> <i>Director Since 2021</i> <i>Independent Director</i>	Ms. Hayes has served as a member of the Zevia board of directors since March 2021. Ms. Hayes became the Executive Vice President and General Counsel of Studios & Networks for Warner Bros. Discovery, Inc. (“WBD”) resulting from the completed merger of AT&T Inc.’s WarnerMedia unit and Discovery Inc. in April 2022. At WBD, a premier standalone media and entertainment company, Ms. Hayes leads the legal teams of Studios & Networks which supports all U.S. film, television and streaming content production as well as WBD Games, Content Acquisitions, Consumer Products and Global Brands & Experiences. Ms. Hayes previously served as Executive Vice President and General Counsel of business units under Warner Media, LLC, a media and entertainment company, from August 2019 to April 2022. At Warner Media, Ms. Hayes served as chief counsel to three business units including Direct-to-Consumer, Sales and Distribution, and Technology and Operations. Prior to Warner Media, Ms. Hayes served as Senior Vice President and General Counsel of Warner Bros. Home Entertainment Inc., a home video distribution division of Warner Bros. Entertainment, from January 1998 to August 2019. Ms. Hayes served as an associate at three law firms, including Troop Meisinger Steuber and Pasich from January 1996 to January 1998, Goulston and Storrs, P.C. from July 1994 to December 1995, and Moses and Singer from September 1992 to June 1994. Ms. Hayes earned her B.A. from Harvard College and her J.D. from Harvard Law School. Ms. Hayes is qualified to serve on our Board as a result of her broad legal and corporate risk management experience in a consumer-facing business across a variety of business areas, including litigation, regulatory and government relations, mergers and acquisitions, risk management, cyber and IT risk, and legal and corporate governance.
Committees: Nominating and Enterprise Risk Management (Chair) Environmental, Social and Governance (member)	

JULIE G. RUEHL*Age: 58**Director Since 2021**Independent Director
Financial Expert*

Ms. Ruehl has served as a member of the Zevia board of directors since March 2021. From August 2017 until its acquisition by Carlyle Aviation Partners in August 2021, Ms. Ruehl served as the Chief Financial Officer of Fly Leasing Limited, a global commercial aircraft leasing company. Prior to Fly Leasing, from November 2011 to December 2015, Ms. Ruehl served as the Vice President and Chief Accounting Officer for Big Heart Pet Brands and for its predecessor, Del Monte Corporation, then one of the country’s largest producers, distributors and marketers of premium quality, branded pet products and food products for the U.S. retail market. From May 2005 to October 2011, Ms. Ruehl served in senior financial positions with Del Monte Corporation and its parent, Del Monte Foods Company. From 2002 to 2005, Ms. Ruehl served in senior financial positions with Sanmina Corporation, a global provider of electronics manufacturing services, prior to which she served as an Audit Partner at Arthur Andersen LLP. In December 2023, Ms. Ruehl joined the board of directors of Semtech Corporation, a high-performance semiconductor, IoT systems and cloud connectivity service provider, and was appointed to its audit committee. From November 2021 to January 2024, Ms. Ruehl served on the board of Wizeline, Inc., a global technology services company, where she also served as chair of the audit committee and served as a member of the compensation committee. From March 2022 to November 2023, Ms. Ruehl served on the board of Wine.com, the nation’s leading online wine retailer, and also served as chair of its audit committee.

Committees:

Audit (Chair)

Compensation (member)

Ms. Ruehl earned her B.S. in Accounting from Louisiana State University. Ms. Ruehl is qualified to serve on our Board as a result of her corporate governance, strategy development, mergers and acquisitions, financial expertise, public accounting and financial reporting experience, including having served as Chief Financial Officer of Fly Leasing, and extensive experience in the consumer-packaged goods industry.

Board Recommendation

The Board recommends a vote **FOR** the election of each of the director nominees set forth above.

Proposal 2: Ratification of Selection of Independent Registered Public Accounting Firm

Our Audit Committee has selected Deloitte as our independent registered public accounting firm to audit our consolidated financial statements for the fiscal year ending December 31, 2024. Deloitte has served as our independent registered public accounting firm since our IPO. In this Proposal 2 we are asking stockholders to vote to ratify this selection. Representatives of Deloitte are expected to be present at the Annual Meeting. They will have the opportunity to make a statement, if they desire to do so, and are expected to be available to respond to appropriate questions from stockholders.

Stockholder ratification of the selection of Deloitte as the Company's independent registered public accounting firm is not required by law or our Bylaws. However, we are seeking stockholder ratification as a matter of good corporate practice. If our stockholders fail to ratify the selection, the Audit Committee will reconsider its selection. Even if the selection is ratified, the Audit Committee, in its discretion, may direct the selection of a different independent registered public accounting firm at any time during the year if it determines that such a change would be in the best interests of the Company and our stockholders.

Principal Accountant Fees and Services

The following table summarizes the audit fees billed and expected to be billed by Deloitte for the indicated fiscal years and the fees billed by Deloitte for all other services rendered during the indicated fiscal years. All services associated with such fees were pre-approved by our Audit Committee in accordance with the “**Pre-Approval Policies and Procedures**” described below. Fees presented in thousands.

Fee Category	Year Ended December 31,	
	2023	2022
Audit Fees ⁽¹⁾	\$ 933	\$ 830
Audit-Related Fees ⁽²⁾	\$ —	\$ —
Tax Fees ⁽³⁾	\$ 80	\$ 345
All Other Fees ⁽⁴⁾	\$ —	\$ —
Total Fees	\$ 1,013	\$ 1,175

- (1) Consists of fees for professional services rendered for the audit of the Company's annual financial statements, review of quarterly financial statements, and advice on accounting matters directly related to the audit and audit services.
- (2) Consists of fees for audits and reviews not required under securities laws, as well as accounting consultations, compilations, and other assurance-related services.
- (3) Consists of fees for professional services related to preapproved permissible tax compliance and tax consulting services.
- (4) Consists of fees for other services.

Pre-Approval Policies and Procedures

Under the Company's Audit and Non-Audit Services Pre-Approval Policy (the “**Policy**”), the Audit Committee will approve, in advance, all audit and permissible non-audit services to be provided by our independent auditor and update, as appropriate, policies and procedures for the pre-approval of audit and permissible non-audit services to be provided by our independent auditor, to assure that these services do not impair such auditor's independence.

The Policy is reviewed from time to time in light of regulatory changes, developments in the Company's business and other factors. Management must obtain the specific prior approval of the Audit Committee for each engagement of our independent auditor to perform other audit-related or non-audit services. The Audit Committee does not delegate its responsibility to approve services performed by our independent auditor to any member of management. The Audit Committee has delegated authority to the Audit Committee chair to pre-approve any audit or non-audit service to be provided to us by our independent auditor, provided that the fees for such services do not exceed \$500,000. Any pre-approval of services by the Audit Committee chair pursuant to this delegated authority must be reported to the Audit Committee at its next regularly scheduled meeting.

Report of the Audit Committee

The Audit Committee has reviewed and discussed with management the audited financial statements for the fiscal year ended December 31, 2023. The Audit Committee has discussed with Deloitte, our independent registered public accounting firm, the matters required to be discussed by the applicable requirements of the Public Company Accounting Oversight Board (“**PCAOB**”) and the SEC. The Audit Committee has also received the written disclosures and the letter from Deloitte required by applicable requirements of the PCAOB regarding the firm’s communications with the Audit Committee concerning independence and has discussed with Deloitte the firm’s independence. Based on the foregoing, the Audit Committee has recommended to the Board that the audited financial statements be included in our Annual Report on Form 10-K for the fiscal year ended December 31, 2023.

Submitted by the Audit Committee of the Board:

Julie G. Ruehl (Chair)

David J. Lee

Rosemary L. Ripley

Board Recommendation

The Board recommends a vote **FOR** the ratification of selection of independent registered public accounting firm.

Corporate Governance

Principles of Corporate Governance

Our Board is committed to sound and effective corporate governance policies and high ethical standards and, has adopted a set of Principles of Corporate Governance (the “**Governance Principles**”) as a flexible framework within which the Board, assisted by its committees, can direct the affairs and business of the Company, engage in meaningful discussions with management to drive long-term growth for the benefit of the stockholders and other stakeholders, provide oversight of the Company’s operating plans and strategic objectives, and strengthen management accountability. The Governance Principles address, among other things, the composition and functions of the Board, director independence, compensation of directors, management succession and review, Board leadership, Board committees and selection of new directors. The Nominating Committee reviews the Governance Principles annually to reflect evolving corporate governance standards identified by stockholders and other stakeholders, and any changes to these Principles are recommended to the Board for review and approval. The Governance Principles are posted on our website located at <https://investors.zevia.com>, under “**Governance**.”

Board Composition

Our Board consists of eight (8) directors. In accordance with our amended and restated certificate of incorporation and Bylaws, the number of directors on our board of directors will be determined from time to time by the Board. Each director is to hold office until the next election of the class for which such director shall have been chosen and until his or her successor is duly elected and qualified or until his or her earlier death, resignation or removal. Vacancies and newly created directorships on the Board may be filled at any time by the remaining directors, whether resulting from an increase in the number of directors or the death, removal or resignation of a director.

Our amended and restated certificate of incorporation and Bylaws provide that any director may only be removed by the affirmative vote of at least 66 2/3% of the voting power of our outstanding Common Shares and, until the annual meeting of stockholders to be held in 2027, only for cause. Our amended and restated certificate of incorporation provides that the Board is divided into three classes of directors, with staggered 3-year terms, with the classes to be as nearly equal in number as possible. As a result, approximately 1/3 of the Board will be elected each year.

The classification of directors has the effect of making it more difficult for stockholders to change the composition of the Board. Although our Board believes that this is appropriate in the short-to-medium term for our Company following the IPO, in order to balance stockholder interests in the long term and as a matter of good corporate governance, we have adopted an automatic sunset of our classified Board. Commencing with the annual meeting of stockholders to be held in 2027, our Board will be fully declassified so that at and after such meeting, all directors will be elected for 1-year terms and will be up for election at each successive annual meeting.

The table below provides summary information about each of our current directors, including the two Class III nominees for election at the Annual Meeting.

	Name	Age	Director Since	Term Expiration	Independent	Committee Membership	
Continuing Directors	CLASS I	Andrew “Andy” Ruben	51	2020	2025	Yes	Nominating Committee ESG Committee (Chair)
		Padraic “Paddy” L. Spence	56	2021	2025	No	None
		Amy E. Taylor	52	2021	2025	No	None
Continuing Directors	CLASS II	David J. Lee	52	2022	2026	Yes	Audit Committee Compensation Committee
		Rosemary L. Ripley	69	2012	2026	Yes	Audit Committee ESG Committee
		Justin Shaw	54	2020	2026	Yes	Compensation Committee (Chair) Nominating Committee
Nominees	CLASS III	Jacqueline J. Hayes	56	2021	2027	Yes	Nominating Committee (Chair) ESG Committee
		Julie Garcia Ruehl	58	2021	2027	Yes	Audit Committee (Chair) Compensation Committee

Class I Directors Continuing in Office

ANDREW "ANDY" RUBEN	
<p><i>Age: 51</i></p> <p><i>Director Since 2020</i></p> <p><i>Lead Independent Director</i></p>	<p>Mr. Ruben has served as a member of the Zevia board of directors since December 2020. As of January 2024, Mr. Ruben serves as Chair of the Board of Directors of Trove Recommerce, Inc. ("Trove"), a company he founded in March 2012 and provides technology, logistics and expertise for apparel resale. Previously, from 2012 to April 2022, Mr. Ruben served as a director and Chief Executive Officer of Trove, and from May 2022 to December 2023, he served as its Executive Chair. Prior to Trove, from March 2002 to February 2012, Mr. Ruben served in various roles at Walmart Inc., a multinational retail corporation, including as Vice President of Corporate Strategy, Chief Sustainability Officer, Vice President of Private Brand Strategy and Operations, and Vice President of Omni-Channel. During his time at Walmart, he led a number of transformational efforts, including overseeing global corporate strategy, launching Walmart's sustainability efforts and leading omnichannel and e-commerce efforts. He is a TED speaker and has been recognized professionally as the Sam M. Walton Entrepreneur of the Year, a Retailing Rising Star by Chain Store Age and a 40 Under 40 Business Leader. Mr. Ruben currently serves on the Competitive Council at Cerberus Capital Management. Mr. Ruben earned his B.S. in Engineering and his M.B.A. from Washington University in St. Louis. Mr. Ruben is qualified to serve on our Board as a result of his extensive experience in the retail and consumer-packaged goods and beverage industries as well as his leadership in corporate sustainability and ESG initiatives, including his prior experience as Chief Executive Officer of Trove.</p>
<p>Committees:</p> <p>Environmental, Social and Governance (Chair)</p> <p>Nominating and Enterprise Risk Management (member)</p>	
<p>Term Expiration: 2025</p>	

PADRAIC "PADDY" L. SPENCE	
<p><i>Age: 56</i></p> <p><i>Director Since 2021</i></p> <p><i>Non-executive Chair of the Board</i></p>	<p>Mr. Spence has served as Chair of the Zevia board of directors since March 2021. Mr. Spence previously served as Zevia's Chief Executive Officer from March 2021 through July 2022. Prior to this role, he served as the Chief Executive Officer and a member of the board of directors of Zevia LLC, a subsidiary of Zevia PBC, since September 2010, when he acquired the company. Mr. Spence is a twenty-seven-year veteran of the natural and organic products industry. From 2005 to 2009, he served as President of Levlad, a personal care manufacturer known for its natural brand Nature's Gate. Prior to Levlad, Mr. Spence founded SPINS, LLC, a market research firm for the natural products industry, and served as its Chief Executive Officer from 1995 to 2003, then its Chairman until 2004 when it was sold to private investors. As the CEO of SPINS, he tracked the sales of more than 300,000 natural and organic products. From 1992 to 1995, Mr. Spence served as Vice President of Sales and Marketing for the Kashi Company, a manufacturer of natural cereals. He has also held positions at Harvard Business School's Division of Research, the Center for Leadership and Career Studies at Emory University, and within the United Parcel Service's International Marketing department. He previously served as lead independent director for Physicians Formula Inc., a cosmetics company. Mr. Spence earned his A.B. from Harvard College and his M.B.A. from Harvard Business School. Mr. Spence is qualified to serve on our Board as a result of his unique knowledge of our business, his prior experience as a director in a range of public and private companies and his deep experience in the natural and organic products industry.</p>
<p>Committees:</p> <p>None</p>	
<p>Term Expiration: 2025</p>	

AMY TAYLOR	
<p><i>Age: 52</i></p> <p><i>Director Since 2021</i></p> <p><i>President, Chief Executive Officer, and Director</i></p>	<p>Ms. Taylor has served as Zevia's Chief Executive Officer since August 2022, President since June 2021, and as a member of the Zevia board of directors since March 2021. From February 2000 to July 2020, Ms. Taylor served in various roles at Red Bull North America, a beverage company, including as President and Chief Marketing Officer from 2018 to 2020, Executive Vice President and General Manager for the East Business Unit from 2012 to 2018, and Vice President of Marketing from 2007 to 2012. During her time at Red Bull North America, she led the brand's overall strategic marketing and positioning in the United States and drove sales and marketing collaborations across twelve regions to deliver record-level growth and market share. Prior to joining Red Bull, Ms. Taylor worked in sports marketing. Ms. Taylor earned her B.A. from James Madison University and has completed the Executive Development Program at the Wharton School of the University of Pennsylvania. Ms. Taylor is qualified to serve on our Board as a result of her deep experience in the consumer-packaged goods and beverage industries, as well as her experience advising on consumer marketing and ESG matters.</p>
<p>Committees:</p> <p>None</p>	
<p>Term Expiration: 2025</p>	

Class II Directors Continuing in Office

DAVID J. LEE	
<p><i>Age: 52</i></p> <p><i>Director Since 2022</i></p> <p><i>Independent Director</i></p>	<p>Mr. Lee has served as a member of the Zevia board of directors since July 2022, and has over two decades of experience across retail and consumer industries driving business transformation, supply chain optimization, operations and finance. In November 2023, Mr. Lee was appointed as the Chief Operating Officer and Chief Financial Officer of Webtoon, a subsidiary of Naver Corporation, a technology company. He previously served as President of AppHarvest, a leading AgTech and sustainable food company building some of the country's largest indoor farms leveraging cutting-edge technology, from January 2021 through November 2022, and thereafter served on its board through November 2023. Prior to AppHarvest, Mr. Lee served as the Chief Operating Officer and Chief Financial Officer of Impossible Foods, from December 2015 to January 2021, where he led the business functions to transform it from a pre-revenue to hyper-growth company with global sales and a comprehensive commercial manufacturing and supply chain capability. Prior to Impossible Foods, Mr. Lee was the Chief Financial Officer of Zynga from April 2014 to December 2015 and was responsible for leading the finance and corporate development teams. Mr. Lee previously served as the Senior Vice President of Corporate Finance and Strategy at Best Buy from 2012 to 2014, where he led corporate finance during its turnaround, and as Senior Vice President of Consumer Products along with other various roles at Del Monte Foods from 2004 to 2012, where he ran the global food business from 2008 to 2010. Mr. Lee also spent time helping to turn around PG&E during the California Energy Crisis as Director of Strategic Planning serving as strategy consultant at McKinsey, in venture capital investing at EPVC, and in advertising at the Leo Burnett Company. Mr. Lee is the founder and chair of Inevitable Tech, a private company pioneering technology and plant science to serve the agriculture and food industries. Mr. Lee also currently serves on the board of directors of Benson Hill (NYSE: BHIL), a publicly traded food technology company, and is a Fellow at the Council of Korean Americans and a Fellow of the Network of Korean American Leaders. He earned his M.B.A. from the University of Chicago and a B.A. from Harvard College. Mr. Lee is qualified to serve on our Board as a result of his extensive experience in the consumer-packaged goods industry, operations and supply chain management, business transformation, financial expertise, including serving as chief financial officer for several public companies, strategy development, ESG matters, and governance experience, as well as his leadership on public boards.</p>
<p><u>Committees:</u></p> <p>Audit (member)</p> <p>Compensation (member)</p>	
<p>Term Expiration: 2026</p>	

ROSEMARY L. RIPLEY	
<p><i>Age: 69</i></p> <p><i>Director Since 2012</i></p> <p><i>Independent Director</i></p>	<p>Ms. Ripley has served as a member of the Zevia board of directors since February 2012. Ms. Ripley is a seasoned financial executive with experience in the consumer and technology industries. Ms. Ripley joined NGEN Partners, a growth equity investment firm, in November 2006, and currently serves as Managing Director. Ms. Ripley has served and continues to serve on numerous private company boards representing NGEN Partners. From 1990 to 2005, Ms. Ripley was an executive at the Altria Group where she led Corporate Business Development worldwide with a focus on accelerating growth at Kraft Foods and Miller Brewing Company. Prior to joining the Altria Group, she was a senior investment banker with L.F. Rothschild Unterberg Towbin, a leading banker to innovative technology companies. She also co-founded Circle Financial Group, a peer-to-peer network for high net worth women. Ms. Ripley currently serves on the Supervisory Board of Heineken, NV (OTCMKTS: HEINY), a brewing company. She also chairs the board of the Ripley Waterfowl Conservancy, a non-profit for rare and endangered birds. Ms. Ripley earned her B.A. cum laude and M.B.A. from Yale University. Ms. Ripley is qualified to serve on our Board as a result of her extensive growth equity investment experience, financial literacy, ESG matters, experience in the food and beverage and consumer-packaged goods industries, and board and governance experience in the beverage space.</p>
<p><u>Committees:</u></p> <p>Audit (member)</p> <p>Environmental, Social and Governance (member)</p>	
<p>Term Expiration: 2026</p>	

JUSTIN SHAW	
<p><i>Age: 54</i></p> <p><i>Director Since 2020</i></p> <p><i>Independent Director</i></p>	<p>Mr. Shaw has served as a member of the Zevia board of directors since December 2020. Mr. Shaw has been designated as a director by Caisse de dépôt et placement du Québec (“CDPQ”), an institutional investor based in Quebec, Canada, and, since October 2019, has served as CDPQ’s Operating Partner, Private Equity, Americas. Prior to CDPQ, he served as a Senior Operating Executive at Cerberus Capital Management for 18 years, where he worked with portfolio companies in various sectors, including aerospace, healthcare, energy, financial services and cybersecurity. Prior to joining Cerberus Capital Management, Mr. Shaw served in senior management roles including as Vice President, Strategy and Supply Chain at the Keane Group, interim Chief Financial Officer at Root9B, Director of Strategy and Development, then Vice President and General Manager at Rosenbluth Interactive. He has also held various leadership positions at IMS Health, Dun and Bradstreet and AlliedSignal. He began his career as a management consultant at Boston Consulting Group. Mr. Shaw currently serves on the boards of directors of Clarios, a business services and industrials company, Save A Lot, a grocery wholesaler and retailer, Shaw Media, a media company, and ICR, LLC, a strategic communications and advisory services company. He previously served on the boards of Navistar Defense, LLC, a military vehicle company, and Root9B LLC, a cybersecurity company. Mr. Shaw earned his B.S. from Harvard University and his M.B.A. from Harvard Business School. Mr. Shaw is qualified to serve on our Board as a result of his experience as an investor in a range of consumer-facing businesses, including previously serving as Chairman of Save A Lot, and his extensive experience in board and governance, operations and supply chain management, risk management, technology, IT and cybersecurity, strategy development and mergers and acquisitions.</p>
<p>Committees:</p> <p>Compensation (member)</p> <p>Nominating and Enterprise Risk Management (member)</p>	
<p>Term Expiration: 2026</p>	

See “2024 Director Nominees” for biographies of Class III Directors

Responsibilities of the Board

The Board selects the senior management team, which is responsible for operating the Company’s day-to-day business, and monitors the performance of senior management. Consistent with the oversight function of the Board, the Board’s core responsibilities include:

- ✓ Assessing the performance of the CEO and other senior management and setting their compensation.
- ✓ Engaging in succession planning for the Board and key leadership roles on the Board and its committees.
- ✓ Planning for CEO and senior management succession and overseeing senior management development
- ✓ Nominating the Company’s director candidates and appointing committee members.
- ✓ Reviewing the Company’s strategies and monitoring their implementation and results.
- ✓ Shaping effective corporate governance.
- ✓ Overseeing the integrity of the Company’s financial statements and the Company’s financial reporting process
- ✓ Overseeing the Company’s commitment to its public benefit purpose and the performance of its ESG initiatives.
- ✓ Overseeing the Company’s processes for assessing and managing risk.
- ✓ Providing advice and counsel to management regarding significant issues facing the Company and reviewing and approving significant corporate actions.
- ✓ Overseeing legal and regulatory compliance.

Board Leadership Structure

We do not have a formal policy regarding whether the role of the Chair and CEO should be separate or combined. Our Board has determined that we should maintain the flexibility to select the Chair and CEO and reorganize the leadership structure, from time to time, based on criteria that are in the Company’s best interests and the best interests of our stockholders and stakeholders. Accordingly, our Board may periodically review its leadership structure to evaluate whether the structure remains appropriate for the Company.

We currently separate the roles of Chair and CEO. The Board believes that separating the roles of CEO and Chair is appropriate for our current business and operating environment in that this leadership structure allows our CEO to focus on our day-to-day business while allowing our Chair to lead the Board in its fundamental role of providing independent advice to, and oversight of, management. The Board has designated Mr. Spence, Zevia’s former CEO and long-standing member of its Board, to serve as Chair. We believe Mr. Spence’s familiarity with the Company’s business, challenges and opportunities, and extensive knowledge of our industry qualifies him to serve as Chair and best positions him to guide and focus the Board’s time and attention on matters as appropriate. At this time, Mr. Spence is not independent and the independent directors of the Board have designated, Mr. Ruben to serve as Lead Independent Director. In accordance with our Governance Principles, in such role, Mr. Ruben has responsibility for: (a) presiding at meetings of the Board at which the Chair is not present, including executive sessions of the independent directors; (b) approving information sent to the Board; (c) approving the agenda and schedule for Board meetings to provide that there is sufficient time for discussion of all agenda items; (d) serving as liaison between the Chair and the independent directors; (e) being available for consultation and communication with major stockholders upon request; and (f) performing such other designated duties as the Board may determine from time to time. The Lead Independent Director also has the authority to call executive sessions of the independent directors.

The Board believes that its programs for overseeing risk, as described below, would be effective under a variety of leadership frameworks. Accordingly, the Board's risk oversight function did not significantly impact its selection of the current leadership structure.

Risk Oversight

Our Board, as a whole and at the committee level, has oversight responsibility relating to risks that could affect the corporate strategy, business objectives, compliance, operations and the financial condition and performance of the Company. In particular, the Nominating Committee is responsible for overseeing our risk management processes and advising the Board on risk management policies and procedures. In addition, the Nominating Committee receives advice and assistance from the Audit Committee with respect to the assessment of the adequacy of our risk management framework and the identification of financial and non-financial risks, from the Compensation Committee with respect to the identification of risks related to compensation and human capital management and from the Environmental, Social and Governance Committee ("**ESG Committee**") with respect to the identification of risks related to sustainability and corporate social responsibility matters. Our Board focuses its oversight on the most significant risks facing the Company and on its processes to identify, prioritize, assess, manage and mitigate those risks. Our Board and its committees receive regular reports from members of the Company's senior management on areas of material risk to the Company, including strategic, operational, financial, legal and regulatory risks. While our Board has an oversight role, management is principally tasked with direct responsibility for the management and assessment of risks and the implementation of processes and controls to mitigate their effects on the Company.

A fundamental part of risk management is not only understanding the risks a company faces and what steps management is taking to manage those risks, but also understanding what level of risk is appropriate for the Company. The involvement of the Board in setting the Company's business strategy is a key part of its assessment of management's appetite for risk and determination of what constitutes an appropriate level of risk for the Company. The Company's risk governance is facilitated through a top-down and bottom-up approach, with the tone established at the top by Ms. Taylor, our CEO, and other members of the senior leadership team. The Company conducts an enterprise risk management (ERM) process, led by the Company's Legal team, where risk is assessed periodically by key management members from each business team and corporate function, and is tasked with championing risk management practices and integrating them into their functional business team or function. The Legal team discusses and monitors the most significant enterprise risks in a cross-functional setting and evaluates and prioritizes company-wide risks with the senior leadership. The results of the enterprise risk assessment help senior leadership to prioritize the key risks that are first presented to, and evaluated by the Nominating Committee, and then presented to the Board. In addition to this annual presentation made to the full Board, the Audit Committee receives periodic updates on certain risk areas the Board has identified for focus, and the independent directors periodically discuss risk management during executive sessions without management present.

Director Attendance

The Board met eight (8) times during the year ended December 31, 2023. The non-employee directors met in eight (8) executive sessions during fiscal year 2023. During fiscal year 2023, each member of the Board attended at least 75% of the aggregate number of meetings of the Board and the committees on which he or she served during the period in which he or she was on the Board or committee. Pursuant to the Governance Principles, directors are expected to attend the annual meeting of stockholders absent unusual or extenuating circumstances. All of our directors then serving on the Board attended our 2023 annual meeting of stockholders.

Board Committee Responsibilities

Our Board's four standing committees are the Audit Committee, Compensation Committee, ESG Committee, and Nominating Committee, each of which has the composition and responsibilities described below. The Board delegates various responsibilities and authority to its committees. Members serve on these committees until their resignation or until otherwise determined by our Board. Each of these committees is empowered to engage outside advisors and counsel, as it deems appropriate, to assist each committee in its work, regularly reports its activities and actions to the full Board and has a written charter, which are posted on our website located at <https://investors.zevia.com>, under "**Governance.**" Each committee annually reviews its charter in light of new developments in applicable regulations and may make additional recommendations to the Board to reflect evolving best practices.

AUDIT COMMITTEE

Current Members:

Julie G. Ruehl (Chair)
David J. Lee (member)
Rosemary L. Ripley (member)

Number of meetings held in
2023: 10

The primary responsibilities of our Audit Committee are to oversee the audit function, accounting and financial reporting processes of the Company, including the audits of the Company's financial statements and the integrity of the financial statements, and the performance of our internal audit function and external audit processes. The Audit Committee also oversees the Company's compliance with legal and regulatory requirements and ethical standards adopted by the Company and assists the Board in fulfilling its oversight responsibilities by reviewing the financial information provided to stockholders and others, and the system of internal controls established by management and the Board. The Audit Committee oversees the independent auditors, including their qualifications and independence. However, committee members do not act as professional accountants or auditors, and their functions are not intended to duplicate or substitute for the activities of management, or the independent auditors. The Audit Committee has the authority to retain outside advisors as the committee determines appropriate to assist it in the performance of its functions.

Financial Expertise and Independence

Ms. Ruehl qualifies as an "audit committee financial expert" as such term is defined under the rules of the SEC implementing Section 407 of the Sarbanes-Oxley Act of 2002. Each member who served on the Audit Committee during 2023 is financially literate and qualifies as "independent" for purposes of Rule 10A-3 of the Exchange Act and under the NYSE listing standards. No member serves on the audit committee of more than three public company boards.

COMPENSATION COMMITTEE

Current Members:

Justin Shaw (Chair)
David J. Lee (member)
Julie G. Ruehl (member)

Number of meetings held in
2023: 5

The primary responsibility of our Compensation Committee is to assist the Board in discharging its responsibilities relating to compensation and other benefits for the Company's senior management, including executive officers and directors. The Compensation Committee oversees the Company's overall compensation philosophy, policies and programs including the administration thereof, and assess whether the Company's philosophy establishes appropriate incentives for management and employees.

Among its duties and responsibilities, the Compensation Committee reviews and approves corporate goals and objectives relevant to the total compensation of the CEO, evaluates the CEO's performance in light of those goals and objectives and recommends to the independent directors the CEO's compensation level, and sets compensation for other executive officers and employees at or above the level of Vice President after receiving the recommendation of the CEO. Our Compensation Committee also administers and has discretionary authority over the issuance of equity awards under our equity incentive plans. The Compensation Committee may delegate its authority to one or more subcommittees. The Compensation Committee has the authority to engage independent advisors, such as compensation consultants, to assist it in carrying out its responsibilities. The Compensation Committee engaged Pearl Meyer in 2023 to provide advice regarding the amount and form of executive and director compensation[A1]. The Compensation Committee has determined that (1) Pearl Meyer satisfies applicable independence criteria, and (2) none of Pearl Meyer's work with the Company raises any conflicts of interest, in each case under applicable NYSE listing rules and the rules and regulations established by the SEC.

Independence

Each member of the Compensation Committee qualifies as "independent" for purposes of Rule 10C-1 of the Exchange Act and under the NYSE listing standards.

Interlocks

None of the members of our Compensation Committee has at any time during the prior three (3) years been one of our officers or employees. None of our executive officers currently serves, or in the past fiscal year has served, as a member of the board or compensation committee of any entity that has one or more executive officers serving on our Board or Compensation Committee.

NOMINATING AND ENTERPRISE RISK MANAGEMENT COMMITTEE

Current Members:

Jacqueline J. Hayes (Chair)
 Andy Ruben (member)
 Justin Shaw (member)

Number of meetings held in
 2023: 5

Our Nominating Committee oversees all aspects of our risk management and corporate governance functions. The Nominating Committee makes recommendations to our Board regarding director candidates and assists our Board in determining its composition and committees.

The Nominating Committee, together with the Audit Committee, reviews and discusses the Company's practices with respect to risk assessment and risk oversight. The Nominating Committee, with the assistance of other Board committees for risk falling within their purview, also oversees major risks arising from the Company's activities and major risks impacting the Company's ability to achieve strategic objectives or opportunities to gain competitive advantage. The Nominating Committee also oversees the Company's crisis management framework and the adequacy of the Company's risk management frameworks and processes, including oversight of the adequacy of the Company's insurance coverage.

Independence

Each member of the Nominating Committee qualifies as "independent" under the NYSE listing standards.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE COMMITTEE

Current Members:

Andy Ruben (Chair)
 Jacqueline J. Hayes (member)
 Rosemary L. Ripley (member)

Number of meetings held in
 2023: 5

Our ESG Committee oversees the Company's ESG strategies and initiatives, including the Company's reporting on its ongoing commitment to diversity and inclusion, environmental, health and safety, social responsibility, governance, and other related matters and the Company's satisfaction of its expected ongoing obligations as a public benefit corporation and a Certified B Corporation.

Independence

Each member of the Nominating Committee qualifies as "independent" under the NYSE listing standards.

Director Compensation

Pursuant to its charter, the Compensation Committee is responsible for periodically reviewing the form and amount of compensation provided to our non-employee directors for their service on the Board and its committees and recommend changes in such compensation to the Board as appropriate. The Compensation Committee, together with its independent compensation consultant, Pearl Meyer, regularly reviews our non-employee directors' compensation program to ensure that it is appropriate in light of market circumstances and prevailing "best practices" for corporate governance and to determine its competitiveness against the compensation of the boards of directors of our peer group.

In connection with the departure of Mr. O'Brien in September 2023, the Nominating Committee recommended to the Board certain changes in Board leadership structure and board committee membership which changes were subsequently approved by the Board and, among others, resulted in, Mr. Ruben, being appointed as Lead Independent Director of the Board. In December 2023, the Compensation Committee, together with Pearl Meyer, reviewed the current director compensation and recommended changes to the Director Compensation Policy (the "Policy"). The Board amended the Policy pursuant to which members of the Board who are not employees or officers of the Company, CDPQ, or Laird Norton or their respective affiliates, effective as of January 1, 2024, receive the following compensation:

Annual Board retainer		\$	60,000
Additional annual retainer for non-executive chair of the Board and Lead Independent Director		\$	20,000
Annual grant of restricted stock units ("RSUs") ⁽¹⁾		\$	100,000 ⁽²⁾
Additional annual retainers for committee service			
		Chair	Member
Audit Committee	\$	20,000	\$ 10,000
Compensation Committee	\$	15,000	\$ 7,500
Nominating Committee	\$	10,000	\$ 5,000
ESG Committee	\$	10,000	\$ 5,000

(1) Annual equity grant of RSUs under the Company's 2021 Equity Incentive Plan (the "2021 Plan").

(2) An approximate value, subject to vesting on the earlier of the first anniversary of the date of grant or the Company's next annual meeting of stockholders.

Under the Policy, cash or equity retainers and fees due for any partial fiscal year of service are calculated and payable on a pro-rated basis. Additionally, directors are reimbursed for reasonable travel and miscellaneous expenses incurred in attending meetings and activities of our Board and its committees. Following our 2023 annual meeting of stockholders, in connection with the terms of the Policy, each eligible member of the Board received a grant of 18,359 RSUs which vest on the earlier of June 15, 2024, or our 2024 annual meeting of stockholders.

Fiscal Year 2023 Director Compensation Table

The table below sets forth the compensation earned or paid to our directors during the fiscal year ended December 31, 2023 (the “2023 Fiscal Year”). During the 2023 Fiscal Year, Ms. Taylor did not receive any additional compensation for service on our Board. Ms. Taylor’s compensation for the 2023 Fiscal Year is set forth in the [Summary Compensation Table](#) in the “Executive Compensation” section below.

Name	Fees Earned or Paid in Cash (\$)	Stock Awards (\$) ⁽¹⁾	Total (\$)
Jacqueline J. Hayes	\$ 55,000	\$ 85,002	\$ 140,002
David J. Lee	\$ 52,116	\$ 85,002	\$ 137,118
Philip H. O’Brien ⁽²⁾	\$ —	\$ —	\$ —
Rosemary L. Ripley	\$ 55,000	\$ 85,002	\$ 140,002
Andrew “Andy” Ruben	\$ 55,000	\$ 85,002	\$ 140,002
Julie G. Ruehl	\$ 67,500	\$ 85,002	\$ 152,502
Justin Shaw	\$ —	\$ —	\$ —
Padraic “Paddy” L. Spence	\$ 40,000	\$ 85,002	\$ 125,002

(1) Amounts in this column represent the grant date fair value of restricted stock units (“RSUs”) granted to the applicable director in 2023, calculated in accordance with FASB Accounting Standards, Codification Topic 718 (“FASB ASC 718”) based on the \$4.63 closing price of our Class A common stock on June 15, 2023, the date of grant. For more information regarding the assumptions regarding these calculations, see Note 12 of the notes to our consolidated financial statements included in our Annual Report on Form 10-K for the fiscal year ended December 31, 2023. The following RSUs were outstanding as of December 31, 2023: Ms. Hayes, 31,692; Mr. Lee, 18,359; Ms. Ripley, 18,359; Mr. Ruben, 18,359 RSUs; Ms. Ruehl, 31,692 RSUs; Mr. Spence, 924,096; and all other non-employee directors, 0 RSUs. The portion of these RSUs that is in excess of the 2022 Fiscal Year grants vested on the expiration of the lockup period following our IPO in January 2022 and are subject to deferred settlement in one-third increments on each of the first three anniversaries of the vesting date or, if earlier, the director’s separation from service or a change of control.

(2) Mr. O’Brien resigned from the Board effective on September 19, 2023.

Stock Ownership Guidelines

Our non-employee directors are subject to stock ownership guidelines adopted in June 2023. For more information regarding the stock ownership guidelines see “Compensation Policies – Stock Ownership Guidelines” on page 29.

Indemnification Agreements

We have entered into indemnification agreements with each of our directors and certain officers. The indemnification agreements require the Company to indemnify these directors and officers to the full extent permitted by Delaware law against any and all expenses (including advances of expenses), judgments, fines, penalties, and amounts paid in settlement incurred in connection with any claim against the indemnified person arising out of services as a director, officer, employee, trustee, agent, or fiduciary of the Company or for another entity at the request of the Company, and maintain directors and officers liability insurance coverage.

Other Corporate Governance Practices and Policies

Director Orientation and Continuing Education

In accordance with the Governance Principles, the Company has an orientation process for Board members that is designed to familiarize new directors with various aspects of the Company’s business, including strategy, operations, finances, risk management processes, compliance programs, and governance practices. We also encourage our directors to participate in continuing education programs and to stay abreast of corporate governance best practices in order to effectively discharge their duties and for other matters relevant to board services. Our directors are provided updates on corporate governance developments at regularly scheduled Board meetings, as well as membership to a leading professional organization that focuses on educating corporate board members on leading boardroom practices and with access to seminars, webinars, and/or presentations, and related materials that provide additional education, and opportunities to network with other corporate board members. The Company pays for attendance fees to participate in such programs and reimburses the directors for their reasonable out-of-pocket costs associated with attending these programs.

Code of Business Conduct and Ethics

Our Board has adopted a Code of Business Conduct and Ethics (“Code of Conduct”) that establishes the standards of ethical conduct applicable to all directors, officers and employees of the Company. The Code of Conduct addresses, among other things, conflicts of interest, use of Company systems and corporate assets, legal compliance, inside information, compliance with disclosure controls and procedures and internal controls over financial reporting, corporate opportunities, privacy, confidentiality requirements, and environmental matters. The Audit Committee is responsible for applying and interpreting our Code of Conduct in situations where questions are presented to it. We intend to disclose any amendments to the Code of Conduct or any waivers of its requirements applicable to our principal executive officer, principal financial officer or principal accounting officer or controller on our website at www.investors.zevia.com.

The Company has established a confidential hotline to assist its employees in complying with their ethical and legal obligations and to report suspected violations of applicable laws or Company policies or procedures. The hotline enables employees, vendors and the public to express their concerns about possible violations of law or Company policies by the Company and/or management without fear of retribution or retaliation of any kind. It is the Company's express policy that no retaliatory action be taken against any employee for using the hotline procedure. The hotline is operated by an independent third party, not by Company personnel. Information about how to access the hotline can be found in our Code of Conduct on our website located at <https://investors.zevia.com>, under "Governance."

Board and Committee Evaluations

The Board is committed to continuous improvement and recognizes the importance of a rigorous evaluation process to enhance Board performance and effectiveness. The evaluations focus on the Board's and each committee's and their respective members' performances and contributions to the Company as well as provide constructive feedback. The Nominating Committee is responsible for developing, administering and overseeing a formal evaluation process to assess the composition and performance of the Board and each committee on an annual basis. The assessment is conducted to identify opportunities for improvement and skill set needs, as well as to confirm that the Board, its committees, and individual members have the appropriate blend of diverse experiences and backgrounds and are effective and productive. As part of the process, each Director completes an evaluation form, or participates in an interview or other method the Nominating Committee utilizes to seek feedback. In addition, the Nominating Committee will summarize the results of the evaluations for presentation to the Board.

Our board evaluations are designed to solicit input and perspective on various topics, including:

- board structure, size and composition, including director skills and experience;
- committee structure and allocation of responsibilities;
- conduct of meetings, including cadence, length and opportunity for director input and meaningful discussion;
- materials and information, including quality, timeliness and relevance;
- director orientation and continuing education;
- director performance, including attendance, preparation and participation;
- access to management and internal and external experts, resources, and support;
- key areas of focus for the board, including strategy, ESG and ; sustainability, ERM, crisis management and stockholder engagement;
- committee structure and process, member and chair performance, duties and functions and management support; and
- performance of the board chair, including communication, relationship with management, availability, focus on appropriate issues and inclusiveness.

The Nominating Committee discusses opportunities and makes recommendations for improvement as appropriate to the full Board, which implements agreed upon improvements. The ability of individual directors to contribute to the Board is considered in connection with the re-nomination process.

Stockholder and Investor Engagement

Management and the Board are committed to a proactive stockholder and investor engagement program. We believe strong corporate governance should include meaningful dialogue with our stockholders and key stakeholders to understand their perspectives on our business and other matters that are important to them. The Board oversees the Company's stockholder engagement efforts, with support from its committees.

During fiscal 2023, members of the senior management team continued their active engagement with stockholders, including regular participation at analyst meetings and industry conferences. Our Investor Relations team communicated with institutional investors throughout the 2023 calendar year to gain their perspectives on current issues and address any questions or concerns. We will continue our stockholder engagement and investor outreach during fiscal year 2024, including our regular participation at industry conferences.

To enable the Company to speak with a single voice, as a general matter, senior management serves as the primary spokesperson for the Company and is responsible for communicating with various stakeholders, including stockholders. Directors may participate in discussions with stockholders and other stakeholders on issues where board-level involvement is appropriate. Directors shall refer all inquiries from stockholders, investors, other stakeholders and the press to the CEO or designated members of the senior management team and shall not comment for attribution or background without first discussing such matter with the CEO.

Stockholder Communications

Stockholders, interested stakeholders and parties may communicate with the Board or an individual director by sending written correspondence to the Corporate Secretary at the address set forth on the first page of this Proxy Statement. The Corporate Secretary will review each communication and forward to the Board or the individual director, where appropriate. The purpose of this screening is to allow the Board to avoid having to consider irrelevant or inappropriate communications (such as advertisements, solicitations and hostile communications).

Public Benefit Corporation Report

Zevia PBC is a public benefit corporation and certified B Corporation (“**B Corp**”) whose mission is to offer great tasting, accessible zero sugar plant-based beverage platform to help improve health on a global scale. In line with our mission to support the health of individuals and communities we live in, we elected to be treated as a public benefit corporation under Delaware law. Public benefit corporations are intended to produce a public benefit and to operate in a responsible and sustainable manner. While not required by Delaware law or the terms of our amended and restated certificate of incorporation, we have also elected to have our social and environmental performance, accountability, and transparency assessed against the proprietary criteria established by B Lab, an independent non-profit organization, to obtain and maintain our B Corp status.

Public Benefit Corporation

Under Delaware law, public benefit corporations are required to identify in their certificate of incorporation the public benefit or benefits they will promote and their directors have a duty to manage the affairs of the corporation in a manner that balances the pecuniary interests of the stockholders, the best interests of those materially affected by the corporation’s conduct and the specific public benefit or public benefits identified in the public benefit corporation’s certificate of incorporation.

Zevia PBC was incorporated as a Delaware public benefit corporation on March 23, 2021.

Certified B Corporation

A certified B Corp is a company that has voluntarily committed to improvement of its social and environmental performance and has been certified by B Lab after an assessment of its ESG standards. B Lab is a recognized nonprofit that measures a company’s social and environmental impact. In order to be designated as a Certified B Corporation, companies are required to assess their positive impact on society and the environment. The assessment evaluates how a company’s operations and business model impacts its workers, customers, suppliers, community and the environment using a 200-point scale. While the assessment varies depending on a company’s size (number of employees), sector and location, representative indicators in the assessment include payment above a living wage, employee benefits, stakeholder engagement, supporting underserved suppliers and environmental benefits from a company’s products or services. After completing the assessment, B Lab will verify the company’s score to determine if it meets the 80-point minimum bar for certification. The review process includes a phone review, a random selection of indicators for verifying documentation and a random selection of company locations for onsite reviews, including employee interviews and facility tours. Once certified, every Certified B Corporation must make its assessment score transparent on B Lab’s website. Acceptance as a Certified B Corporation and continued certification is at the sole discretion of B Lab. According to B Lab, a company that has earned B Corp certification has: (i) demonstrated high social and environmental performance, (ii) achieved corporate benefit status and applied a corporate governance structure that holds such company accountable to all stakeholders, and (iii) exhibited transparency by allowing reports of the company’s performance measurements against B Lab’s standards to be publicly available.

Zevia PBC has been a certified B Corp since June 2021 and was recertified on March 9, 2023, with an increase in score from 82 to 91.2, reflecting our recent ESG improvements as we entered into our second year of operations as a public company.

Our Purpose and Values

As provided in our amended and restated certificate of incorporation, our public benefit purpose is to: (i) create and provide better-for-you beverages, food or other products that support the health of our consumers and their communities, (ii) promote the well-being of our employees in a supportive and empowering environment, and (iii) forge an enduring profitable business. Our approach is to advance the Zevia purpose with a focus on global health for people and planet, removing sugar from the diets of the communities we serve, and replacing an increasing number of plastic bottles in our market as we continue to take better-for-you beverages mainstream, making them available and affordable to consumers across all income levels.

We are guided by our purpose of creating a world of better-for-you flavor, better for the people and the planet. We are dedicated to acting responsibly and committed to creating real ESG impact through combatting the harmful effects of sugar and to support the health of individuals and the communities we serve by creating zero calorie, naturally sweetened beverages. Our focus on ESG impact is core to how we do business, which we believe makes us a more successful company, and these ideals are embodied through our B Corp status.

The following is a summary of the areas we are acutely focused on and the progress we have made, which supports each of the public benefit objectives outlined in our amended and restated certificate of incorporation.

Improving Public Health	The U.S. Centers for Disease Control and Prevention warns that Americans are consuming too much added sugars in their diets, which can lead to health problems. One of the leading sources of added sugars in the U.S. diet is sugar-sweetened beverages. We believe that Zevia products help consumers reduce their sugar intake and avoid artificial ingredients by offering a refreshing and enjoyable zero sugar, naturally sweetened alternative to high sugar and artificially sweetened competitors. We estimate that, as of December 31, 2023, by choosing Zevia, our consumers have eliminated over 79,000 metric tons of sugar from their diets since 2011.
Providing Access	We are committed to supporting underserved communities. As of March 24, 2024, our products are priced at an average retail cost per ounce of \$0.08, representing the 33 rd percentile within all liquid refreshment beverages, which include all non-alcoholic ready-to-drink beverages, excluding dairy and non-dairy protein, and we believe are therefore affordable for a broad range of income brackets, making Zevia an economically attractive option for a wide range of consumers.
Delivering Sustainability	We actively seek to minimize our environmental impact and regularly re-evaluate our processes to limit environmental waste. Since our founding in 2007, we have never sold a beverage in a plastic bottle. Through only using aluminum cans, we estimate that, as of December 31, 2023, we have saved over 26,000 metric tons of plastic and consumption of our products has resulted in the avoidance of over one billion plastic bottles since 2011. In addition, we reduce our use of packaging materials where possible. For example, we no longer produce any of our products with plastic rings, replacing them with a recyclable cardboard overwrap. Further, one of our main ingredients, stevia, typically requires fewer agricultural land and water resources to produce compared to sugar, furthering our sustainability purpose.
Creating an Inclusive Company Culture	Our social impact purpose extends beyond the beverage can and is embedded in the way we treat our people – as evidence of this focus, all full-time Zevia employees receive an equity interest in the Company under our equity compensation plans, a fair wage, and competitive benefits.
Driving Positive Social Change	We are a Delaware public benefit corporation and have been designated as a “ Certified B Corporation ” in recognition that we balance profit and purpose to meet verified standards of social and environmental performance, public transparency and legal accountability.
ESG and Social Impact	We are dedicated to acting responsibly and committed to creating real ESG impact through combatting the harmful effects of sugar, reducing plastic waste, democratizing healthier beverage options and fostering an employee centric culture. Sustainable packaging is a top priority for us and we actively seek to minimize our environmental impact.

To assess our success in achieving our public benefit objectives outlined in our amended and restated certificate of incorporation, our Board carefully considers these objectives through the framework of the focus areas listed above and the interests of each of our stakeholder groups in its oversight of the Company. We believe that we have been successful in meeting these objectives and promoting these public benefits to our stakeholders. Our recertification as a Certified B Corporation reflects our continued commitment to these objectives.

Executive Officers

The following table sets forth certain information regarding our executive officers as of the date of this Proxy Statement. Our executive officers are appointed by and serve at the discretion of the Board, and each holds office until his or her successor is duly elected and qualified or until his or her earlier resignation or removal. No family relationship exists by or among our executive officers and directors.

Name	Age	Position
Amy E. Taylor*	52	President and Chief Executive Officer, Director
Girish Satya**	47	Executive Vice President and Chief Financial Officer
Greig P. DeBow, Jr.	52	Executive Vice President and Chief Commercial Officer
Hany Mikhail**	52	Senior Vice President and Chief Accounting Officer
Lorna R. Simms	59	Senior Vice President, General Counsel and Corporate Secretary

* For biographical information, see “Corporate Governance” on page 11.

** Effective May 11, 2024, Mr. Mikhail will no longer be serving as Chief Accounting Officer or as a Section 16 officer or executive officer, and Mr. Satya will become Principal Accounting Officer.

GIRISH SATYA

*Executive Vice President,
Chief Financial Officer*

Mr. Satya has served as our Chief Financial Officer since February 2024. Mr. Satya has over 20 years of experience serving as a financial executive, leading transactions, and handling capital management projects, corporate turnarounds, and spearheading financial and operational improvements for numerous global companies. Prior to joining the Company, and from 2021 to 2022, Mr. Satya served as Global Chief Financial Officer for Backcountry, a multi-brand, global e-commerce platform focused on consumer gear and apparel for the outdoor enthusiast, where he was responsible for overseeing the Company’s global finance, treasury, accounting, strategy, e-commerce and technology functions. From 2016 to 2021, Mr. Satya was a Principal at TSG Consumer Partners, a private equity firm (“TSG”), where he led the Portfolio Operations Group primarily focused on growth equity investments in middle-market companies in the branded consumer product and service sectors. Prior to TSG, he served as Chief Financial Officer for The Bay Club Company, a fitness and hospitality company based in San Francisco, from 2013 to 2016, and was responsible for finance, treasury, corporate development, facilities and real estate, and legal and human resources. Prior to that, he held senior financial and operations roles at several private equity-backed businesses from 2008 to 2013. Mr. Satya began his career as an Associate, Corporate Advisory Services at Arthur Andersen from 1999 to 2001 and later joined Alvarez & Marshal, a consulting firm focused on operational turnarounds and financial restructurings, as a management consultant from 2001 to 2006. Mr. Satya also serves on the board of Canyon Bicycles GmBH. Mr. Satya earned a B.S. in Economics from Fordham University and a MBA from the Booth School of Business at the University of Chicago.

GREIG P. DEBOW, JR.

*Executive Vice President,
Chief Commercial Officer*

Mr. DeBow has served as our Chief Commercial Officer since August 2022 and is responsible for driving market development through leadership across retail sales, eCommerce, business insights/category management and route-to-market. He has more than twenty-five years of experience in the beverage and consumer-packaged goods industries and leading companies’ commercial strategies to promote revenue growth and profitability. Prior to joining Zevia, Mr. DeBow served as Senior Vice President of Sales at Jack Link’s Protein Snacks, the number one meat snack provider worldwide from December 2020 to August 2022, where he contributed to building a highly profitable category-leading brand and delivered record sales growth and market share gains over a twenty-month period. Prior to Jack Link’s Protein Snacks, he served as Vice President of Sales & Distribution at Danone North America from August 2019 to December 2020, where he was responsible for the Convenience, Dollar, Discount, Drug, Export, and Distribution teams across four brand units with a \$510 million revenue base. Prior to Danone, he held a variety of roles of increasing responsibilities at Pabst Brewing Company from 2015 to 2019, and subsequently served as its Executive Vice President, National Accounts. Over the course of his career, Mr. DeBow acquired deep commercial leadership experience including sales, marketing and distribution, among others, at Standard Beverage Corporation, Red Bull North America, and PepsiCo. Mr. DeBow earned his B.B.A. in Marketing and Business from Texas A&M University.

HANY MIKHAIL

*Senior Vice President,
Chief Accounting Officer*

Mr. Mikhail has served as our Chief Accounting Officer since May 2021. Mr. Mikhail has over 20 years of financial and business experience in the consumer products, retail and manufacturing, media, technology, biotech and financial services industries. Prior to joining the Company, he was Senior Vice President and Corporate Controller of Worldwide Facilities, LLC, a wholesale insurance broker, managing general agent and program underwriter business, from October 2018 to May 2021. In his capacity, Mr. Mikhail managed the financial aspects of Worldwide Facilities, including treasury function, mergers and acquisitions and enterprise resource planning implementation. His previous experience includes working at Global Eagle Entertainment, a media and content company, from April 2014 to July 2018 as Vice President Special Projects, Corporate Controller, where he managed the financial accounting and reporting aspects of Global Eagle Entertainment, including mergers and acquisitions and process improvements, and Vice President of SOX Compliance, at Ernst & Young, LLP, from 2002 to 2014, as an Assurance Senior Manager, managing a broad range of clients in various industries, and at Arthur Andersen, LLP from 2000 to 2002, as Senior Assurance Accountant. Mr. Mikhail has a Bachelor of Commerce degree in Accounting from Tanta University in Egypt and is a Certified Public Accountant.

LORNA R. SIMMS

*Senior Vice President,
General Counsel, and
Corporate Secretary*

Ms. Simms has served as our Senior Vice President, General Counsel and Corporate Secretary since May 2021. Prior to joining Zevia, she served as Vice President, Associate General Counsel (Legal and Corporate Governance) and Corporate Secretary for the ODP Corporation, an office supply retail company that includes Office Depot and OfficeMax among its portfolio of brands, from March 2020 to May 2021, where she was responsible for legal and corporate governance matters, including regulatory compliance, commercial transactions, general corporate matters, corporate reorganizations, corporate policies, stock splits and subsidiary entity management. Prior to this role, Ms. Simms served as ODP's Senior Director, Assistant General Counsel (Securities and Transactions) and Assistant Secretary from January 2018 to February 2020. Prior to joining ODP, Ms. Simms served as Vice President, Chief Securities Counsel and Corporate Secretary for the ADT Corporation, a security solutions company, from November 2012 to September 2016, and as Senior Counsel and Assistant Secretary at The Williams Companies, Inc., an energy company, from 2011 to 2012. During her tenure at ADT and Williams, in addition to the similar responsibilities listed above, she handled capital market transactions, commercial transactions and provided counsel and advice on business matters and other financings. Ms. Simms has previously served as in-house counsel at several other publicly traded companies and began her career in private practice at several New York law firms. Ms. Simms earned her B.A. in Economics and International Relations from Boston University and her J.D. from the New York University School of Law.

Executive Compensation

The Company has opted to comply with the executive compensation rules applicable to “emerging growth companies” and “smaller reporting companies,” as such terms are defined under the Exchange Act, when disclosing the compensation of our executives. This section discusses the material elements of compensation awarded to, earned by, or paid to the Company’s principal executive officer during 2023, the two next most highly compensated executive officers of the Company, and two additional former executives who would have been the next two most highly compensated executive officers of the Company but for the fact that they were not executive officers as of December 31, 2023. Such individuals, as listed below, are referred to as the “Named Executive Officers” or “NEOs.”




Name	Title
Amy E. Taylor	President and Chief Executive Officer
Greig P. DeBow, Jr.	Executive Vice President and Chief Commercial Officer
Lorna R. Simms	Senior Vice President, General Counsel and Corporate Secretary
Quincy B. Troupe	Former Chief Operating Officer ⁽¹⁾
Denise D. Beckles	Former Chief Financial Officer ⁽²⁾

(1) The Company and Mr. Troupe mutually agreed to his separation of employment effective as of August 4, 2023.

(2) Ms. Beckles’ resignation as Chief Financial Officer was effective September 4, 2023.

Executive Compensation Philosophy

Our executive compensation policies and governance practices align our executives’ interests with those of our stockholders and reflect best practices without encouraging unnecessary risk taking. Our executive compensation philosophy is designed to achieve the following objectives:

Attract and Retain		Attract and retain high-quality leaders with a passion for driving high performance.
Reinforce Our Strategy		Align our incentive programs with our vision and business strategy.
Provide Competitive and Market-Based Compensation		Maintain a market-based compensation program that provides a competitive total target compensation opportunity approximating the market median.

2023 Summary Compensation Table

The table below sets forth the annual compensation earned by or granted to the NEOs during the fiscal years ended December 31, 2023 (the “2023 Fiscal Year”) and December 31, 2022.

Name and Principal Position	Year	Salary (\$)	Bonus (\$) ⁽¹⁾	Stock Awards (\$) ⁽²⁾	Option Awards (\$) ⁽³⁾	Non-Equity Incentive Plan Compensation (\$)	All Other Compensation (\$) ⁽⁴⁾	Total (\$)
Amy E. Taylor <i>President and CEO</i> ⁽⁵⁾	2023	\$ 615,833	\$ —	\$ 658,269	\$ 665,854	\$ —	\$ 24,131	\$ 1,964,087
	2022	\$ 485,222	\$ 200,000	\$ 319,601	\$ 1,160,930	\$ 48,522	\$ 96,400	\$ 2,310,675
Greig P. DeBow, Jr. <i>Executive Vice President and Chief Commercial Officer</i>	2023	\$ 393,798	\$ 150,000	\$ 219,423	\$ 221,951	\$ —	\$ 21,317	\$ 1,006,489
Lorna R. Simms <i>Senior Vice President, General Counsel and Corporate Secretary</i> ⁽⁶⁾	2023	\$ 319,167	\$ —	\$ 131,655	\$ 133,171	\$ —	\$ 11,083	\$ 595,076
Quincy B. Troupe <i>Former Chief Operating Officer</i>	2023	\$ 236,652	\$ —	\$ 296,037	\$ 221,951	\$ —	\$ 191,328	\$ 945,968
	2022	\$ 208,542	\$ 100,000	\$ 348,101	\$ 325,000	\$ 85,000	\$ 26,867	\$ 1,093,510
Denise D. Beckles <i>Former Chief Financial Officer</i>	2023	\$ 285,526	\$ —	\$ 292,563	\$ 295,936	\$ —	\$ 33,137	\$ 907,162
	2022	\$ 259,091	\$ 307,245	\$ 425,000	\$ 425,000	\$ 102,755	\$ —	\$ 1,519,091

(1) Amounts in this column for the 2023 Fiscal Year reflect the second installment of the sign-on bonus granted to Mr. DeBow, as described in more detail under “Narrative Disclosure to Summary Compensation Table—Employment Letters” below.

(2) Amounts in this column represent (i) the grant date fair value of RSUs granted to the NEO in the applicable year under the Zevia PBC 2021 Equity Incentive Plan (the “2021 Plan”), calculated in accordance with FASB ASC 718 based on the closing price of our Class A common stock on March 17, 2023, the date of grant, of \$3.00 and (ii) for Mr. Troupe, \$76,614, representing the incremental fair value of RSU award modifications resulting from the acceleration of 18,285 RSUs in connection with his termination, calculated as of July 21, 2023, the applicable modification date, in accordance with FASB ASC 718. For more information regarding the assumptions used in these calculations, see Note 12 of the notes to our consolidated financial statements included in our Annual Report

on Form 10-K for the fiscal year ended December 31, 2023. For more information regarding the RSUs granted during the 2023 Fiscal Year see “**Narrative Disclosure to Summary Compensation Table—Long-Term Incentive Compensation**” below.

- (3) Amounts in this column represent the grant date fair value of stock options granted to the NEOs in the applicable year under the 2021 Plan, calculated in accordance with FASB ASC 718. For more information regarding the assumptions used in these calculations, see Note 12 of the notes to our consolidated financial statements included in our Annual Report on Form 10-K for the fiscal year ended December 31, 2023. For more information regarding the stock options granted during the 2023 Fiscal Year see “**Narrative Disclosure to Summary Compensation Table—Long-Term Incentive Compensation**” below.
- (4) Amounts in this column include (i) Zevia’s contributions on behalf of the applicable NEO under its 401(k) plan, (ii) benefits and severance payments to Mr. Troupe under his separation agreement, as described in more detail under “**Additional Narrative Disclosure—Troupe Separation Agreement**” below, and (iii) payment of accrued but unused vacation as required by law in connection with the NEO’s termination of employment, as set forth below:

Name	Zevia 401(k) Contributions (\$)	Separation Agreement Benefits and Payments (\$)	Vacation Payout (\$)
Amy E. Taylor	\$ 24,131	\$ —	\$ —
Greig P. DeBow, Jr.	\$ 21,317	\$ —	\$ —
Lorna R. Simms	\$ 11,083	\$ —	\$ —
Quincy B. Troupe	\$ 10,430	\$ 163,750	\$ 17,148
Denise D. Beckles	\$ —	\$ —	\$ 33,137

(5) The Board appointed Ms. Taylor to serve as the Company’s CEO effective August 1, 2022.

(6) Ms. Simms was not an NEO in 2022.

Narrative Disclosure to Summary Compensation Table

Our Executive Compensation Decision-Making Process

Compensation Committee. The Compensation Committee oversees the Company’s overall compensation philosophy, policies and programs, including our executive compensation program and works closely with its independent compensation consultant, Pearl Meyer, to evaluate the effectiveness of our executive compensation program. The Compensation Committee’s responsibilities also include reviewing and approving the compensation of all executive officers, including our NEOs, other than the CEO, and reviewing and recommending for approval by the independent members of the Board the compensation of the CEO. In making compensation decisions, the Compensation Committee considers several factors including individual performance, market competitive benchmarking data (including from our compensation peer group, as described below), internal pay equity, and CEO pay recommendations (other than for herself).

Management. Our CEO, Ms. Taylor, presents compensation recommendations to the Compensation Committee regarding the target compensation opportunities for each executive officer other than herself based on an assessment of their performance, Company performance, pay relative to the competitive market, tenure, and internal pay equity considerations. The Compensation Committee reviews Ms. Taylor’s recommendations for the other executive officers in its decision-making process. The CEO is not present during Compensation Committee and Board meetings when her own compensation is being discussed or approved. Our Senior Vice President, People and our Senior Vice President, General Counsel and Corporate Secretary also attend the meetings to provide support to the CEO and the Compensation Committee as needed, as well as to provide information.

Independent Compensation Consultant. The Compensation Committee has retained Pearl Meyer as its independent compensation consultant to provide advice regarding executive and non-employee director compensation matters. Pearl Meyer generally provides input on the design of our executive compensation program, our compensation peer group and benchmarking, evolving market practices and the competitiveness of our program. The Compensation Committee assessed Pearl Meyer’s independence under the factors set forth in the SEC’s rules and concluded that Pearl Meyer was independent and that their services in 2023 did not raise any conflicts of interest.

Compensation Peer Group. The Compensation Committee believes benchmarking is a useful method to gauge both the compensation level and compensation mix for executives within competitive job markets that are relevant to the Company. With input from its independent compensation consultant, Pearl Meyer, the Compensation Committee conducts an annual review of our peer group to determine if any changes are appropriate. In choosing our peers, the Compensation Committee seeks to include U.S.-based companies in beverage, food and broad consumer products industries, with a comparable revenue and market capitalization scope and business characteristics and adequate disclosure of executive compensation practices to help ensure no pay anomalies exist that are inconsistent with the Company’s pay practices. Based on the foregoing, in April 2022 the Compensation Committee approved the following peer companies:

The Alkaline Water Company Inc.	The Duckhorn Portfolio, Inc.	Laird Superfood, Inc.	RiceBran Technologies
Better Choice Company Inc.	e.l.f. Beauty, Inc.	Natural Alternatives International, Inc.	Vital Farms, Inc.
Beyond Meat, Inc.	Freshpet, Inc.		Whole Earth Brands, Inc.
Celsius Holdings, Inc.	The Honest Company, Inc.	Nature’s Sunshine Products, Inc.	

At the April 2023 Compensation Committee meeting, Pearl Meyer recommended adjustments to the 2022 peer group, including the removal of The Alkaline Water Company Inc., Better Choice Company Inc., Laird Superfood, Inc., and RiceBran Technologies and the addition of Vintage Wine

Estates, Inc., The Vita Coco Company, Inc., and The Real Good Food Company, Inc.. The remaining companies in the 2022 peer group were unchanged and our 2023 peer group was comprised of the following companies:

Beyond Meat, Inc.	Freshpet, Inc.	Nature's Sunshine Products, Inc.	Vintage Wine Estates, Inc.
Celsius Holdings, Inc.	The Honest Company, Inc.		The Vita Coco Company, Inc.
The Duckhorn Portfolio, Inc.	Natural Alternatives International, Inc.	The Real Good Food Company, Inc.	Vital Farms, Inc.
e.l.f. Beauty, Inc.			Whole Earth Brands, Inc.

The Compensation Committee reviews the peer group data alongside general market survey data provided by its independent compensation consultant, Pearl Meyer, in assessing compensation levels for each NEO. We generally target the median compensation as a reference point for pay recommendations but compensation decisions also take into account other relevant factors, including an executive's role and responsibilities, performance, the importance of the executive's contributions towards meeting the Company's goals and objectives, experience and tenure, internal pay equity, special hiring situations, retention concerns, and other relevant factors. Target pay varies from the median based on the NEO's experience, performance, and any other factors that the Compensation Committee deems relevant.

Employment Letters

In connection with their respective appointments, we entered into offer or promotion letters with each NEO that provide for their initial compensation and benefits, including an initial base salary, annual bonus opportunity and initial equity awards. Ms. Taylor's promotion letter also included \$200,000 retention bonus, which was subject to full repayment had she been terminated for cause or resigned without good reason on or prior to August 1, 2023, and of which \$100,000 remains subject to repayment if such termination occurs after August 1, 2023 but on or prior to August 1, 2024. In addition, Mr. DeBow, Jr.'s offer letter included a sign-on bonus, of which the second and final installment of \$150,000 was paid in 2023.

Base Salary

Each NEO's base salary is a fixed component of compensation for performing specific job duties and functions and is established at a level commensurate with the NEO's expertise, experience and tenure. When reviewing and determining NEO base salaries, the Compensation Committee considers market and peer group data provided by its independent compensation consultant, Pearl Meyer, as well as the personal performance of each NEO. As a result of its review in March 2023, each of our NEOs received a salary increase. The annual base salaries of the NEOs as of December 31, 2022 and December 31, 2023 (or, for Mr. Troupe and Ms. Beckles, as of their termination date), as well as the percentage increase during Fiscal Year 2023, are set forth in the following table.

Name	Base Salary (as of 12/31/2022)	Base Salary (as of 12/31/2023)	Increase in Base Salary
Amy E. Taylor	\$ 600,000	\$ 620,000	3.34%
Greig P. DeBow, Jr.	\$ 385,000	\$ 400,000	3.90%
Lorna R. Simms	\$ 309,000	\$ 325,000	5.18%
Quincy B. Troupe	\$ 385,000	\$ 393,000	2.08%
Denise D. Beckles	\$ 400,000	\$ 420,000	5.00%

Annual Bonus

Each of our NEOs was eligible to participate in the Company's annual bonus program for 2023. At the beginning of 2023, the Compensation Committee established the following target bonuses for the NEOs as well as the performance metrics applicable to the 2023 annual bonus program.

Under the 2023 annual bonus program, payouts were earned based on the Company's performance with respect to net sales (weighted 50%), adjusted EBITDA (weighted 40%) and qualitative goals (weighted 10%). The Compensation Committee selected these metrics to incentivize strong performance across the key drivers of long-term value creation. The targets and performance levels for each financial metric were designed to be rigorous yet realistic and informed by the Company's annual financial goals.

Name	2023 Target Bonus (% of Salary)
Amy E. Taylor	100%
Greig P. DeBow, Jr.	75%
Lorna R. Simms	50%
Quincy B. Troupe	75%
Denise D. Beckles	75%

The 2023 annual bonus program contained a threshold of \$(10.0) million in adjusted EBITDA that was required to be achieved before an annual bonus under any of the metrics would be paid. Following the end of the 2023 Fiscal Year, the Compensation Committee reviewed the Company's performance and determined that actual Adjusted EBITDA performance of \$(19) million did not achieve the threshold level of performance and, therefore, no annual bonuses were earned for 2023.

Long-Term Incentive Compensation

In March 2023, the Board, upon recommendation by the Compensation Committee, approved annual equity awards to each NEO in the form of stock options (representing 50% of the total grant) and RSUs (representing 50% of the total grant) under the 2021 Plan. These stock options and RSUs vest in equal annual installments on each of the first four anniversaries of March 17, 2023, the date of grant. The table below sets forth the number of stock options and RSUs granted to each NEO as part of the 2023 annual equity awards.

In connection with his separation of employment, Mr. Troupe's separation agreement provided for the acceleration of 18,285 of the 2023 RSUs and forfeiture of all other unvested equity awards. Please refer to "Additional Narrative Disclosure – Troupe Separation Agreement" for more information on Mr. Troupe's separation benefits. Pursuant to the terms of her equity award agreements, Ms. Beckles' 2023 equity grants and other unvested equity awards were forfeited in connection with her resignation.

Name	2023 Stock Options	2023 RSUs
Amy E. Taylor	365,854	219,423
Greig P. DeBow, Jr.	121,951	73,141
Lorna R. Simms	73,171	43,885
Quincy B. Troupe	121,951	73,141
Denise D. Beckles	162,602	97,521

Outstanding Equity Awards at 2023 Fiscal Year-End

The table below reflects information regarding outstanding stock options and RSUs held by the NEOs as of December 31, 2023.

Name	Grant Date	Number of Securities Underlying Unexercised Options (#) Exercisable	Number of Securities Underlying Unexercised Options (#) Unexercisable ⁽¹⁾	Option Exercise Price (\$)	Option Expiration Date	Number of Shares or Units of Stock That Have Not Vested (#) ⁽²⁾	Market Value of Shares or Units of Stock That Have Not Vested (\$) ⁽³⁾
Amy E. Taylor							
Option	7/21/2021	31,250	18,750 ⁽⁴⁾	\$ 14.00	7/21/2031		
Option	3/17/2022	31,887	95,662	\$ 4.12	3/17/2032		
Option	8/1/2022	57,968	173,905	\$ 3.55	8/1/2032		
Option	8/1/2022	57,968	173,904	\$ 7.50	8/1/2032		
Option	3/17/2023	—	365,854	\$ 3.00	3/17/2033		
RSUs	3/17/2022					58,180	\$ 116,942
RSUs	3/17/2023					219,423	\$ 441,040
Greig P. DeBow, Jr.							
Options	8/10/2022	24,701	74,103	\$ 3.39	8/1/2032		
Options	3/17/2023	—	121,951	\$ 3.00	3/17/2033		
RSUs	8/10/2022					44,248	\$ 88,938
RSUs	3/17/2023					73,141	\$ 147,013
Lorna R. Simms							
Options	7/21/2021	3,875	2,125 ⁽⁵⁾	\$ 14.00	7/21/2031		
Options	3/17/2022	7,456	22,370	\$ 4.12	3/17/2032		
Options	3/17/2023	—	73,171	\$ 3.00	3/17/2033		
RSUs	3/17/2022					13,605	\$ 27,346
RSUs	3/17/2023					43,885	\$ 88,209
Quincy B. Troupe⁽⁶⁾							
Denise D. Beckles⁽⁶⁾							

(1) Except as otherwise specified, the stock options reflected in this column vest ratably on each of the first four anniversaries of the applicable grant date, subject to the NEO's continued service.

(2) The RSUs reflected in this column vest ratably on each of the first four anniversaries of the applicable grant date, subject to the NEO's continued service.

(3) The amounts in this column are based on the closing price of our Class A common stock of \$2.01 per share on December 29, 2023, the last trading day of the 2023 Fiscal Year.

(4) These stock options vest ratably on a monthly basis through June 28, 2025, subject to the NEO's continued service.

(5) These stock options vest ratably on a monthly basis through May 10, 2025, subject to the NEO's continued service.

(6) As of December 31, 2023, neither of Mr. Troupe or Ms. Beckles held stock options or unvested RSU awards.

Additional Narrative Disclosure

Retirement Benefits

The Company has not maintained, and does not currently maintain, a defined benefit pension plan or any non-qualified deferred compensation plans. The Company sponsors the Zevia PBC 401(k) and Profit Sharing Plan (the "401(k) Plan"), in which all employees with at least 3 months of service are eligible to participate. During 2023, the Company made safe harbor matching contributions equal to 100% of the first 3% of an employee's eligible compensation that is deferred and 50% of the next 2% of an employee's eligible compensation that is deferred. All such contributions are fully vested.

Potential Payments Upon Termination or Change in Control

Severance Agreements. In connection with Ms. Taylor’s promotion in 2022, we entered into an amended and restated severance agreement to provide certain protections in the event of qualifying terminations of employment. Upon Ms. Taylor’s termination of employment without cause or resignation for good reason, she will be eligible to receive the following severance benefits, subject to the execution of a release of claims in favor of the Company: (i) the sum of her base salary and target annual bonus, payable in installments over 12 months (or, if the qualifying termination had occurred prior to December 31, 2023, 150% of Ms. Taylor’s base salary plus her target annual bonus, payable in installments over 18 months); (ii) partially subsidized COBRA premiums for the 12-month period following termination; (iii) a pro-rata annual bonus for the year in which such termination occurs payable at the time bonuses are paid to other executives; and (iv) any earned but unpaid annual bonus for the year prior to the year of termination payable at the time bonuses are paid to other executives. However, if the qualifying termination occurs within 18 months following a change in control of the Company, in lieu of clause (i) above, Ms. Taylor would receive a lump sum severance payment equal to (a) 200% of her base salary plus (b) her target annual bonus.

Mr. DeBow and Ms. Simms are party to severance agreements that provide certain protections in the event of a qualifying termination of employment. Upon the NEO’s termination of employment without cause or resignation for good reason, the NEO will be eligible to receive the following severance benefits, subject to the execution of a release of claims in favor of the Company: (i) the sum of the NEO’s base salary and target annual bonus, payable in installments over 12 months (or, if such termination occurs within 18 months following a change in control of the Company, payable in a lump sum); (ii) partially subsidized COBRA premiums for the 12-month period following termination; (iii) any earned but unpaid annual bonus for the year prior to the year of termination payable at the time bonuses are paid to other executives; and, for Ms. Simms, (iv) a pro-rata annual bonus for the year in which such termination occurs payable at the time bonuses are paid to other executives. The severance agreements subject receipt of the severance benefits by the NEOs to continued compliance with non-competition, non-solicitation, confidentiality, and other standard restrictive covenants.

Prior to their terminations, Mr. Troupe and Ms. Beckles were also party to severance agreements with the Company. Mr. Troupe’s separation agreement, described below, superseded the terms of his severance agreement, and Ms. Beckles’ severance agreement terminated without any payout in connection with her resignation.

Troupe Separation Agreement. In connection with the termination of his employment, we entered into a separation agreement and general release of claims with Mr. Troupe on July 21, 2023, which provided for his termination of employment effective August 4, 2023. Under the terms of such agreement, Mr. Troupe was entitled to receive: (i) severance payments equal to \$196,500, payable in installments over six months; (ii) partially subsidized COBRA premiums for the six-month period following termination; and (iii) accelerated vesting of 18,285 unvested RSUs that were granted on March 17, 2023. Notwithstanding the terms of his severance agreement that was in effect prior to his separation, Mr. Troupe and the Company agreed to limit his severance pay to an amount equal to six months of his then-current base salary and provide for the acceleration of 18,285 RSUs in lieu of receiving an additional six additional months of severance pay.

Compensation Programs Risk Assessment

In 2023, the independent compensation consultant, Pearl Meyer, conducted a risk assessment of Zevia’s policies and programs relating to the compensation of employees, including those that apply to our executive officers. The Compensation Committee concluded that such programs and practices do not create risks that are reasonably likely to have a material adverse effect on us.

We have programs and features that are designed to ensure that our employees, including the NEOs, are not encouraged to take unnecessary risks in managing our business, including:

- Oversight of compensation programs (or components of programs) by the Compensation Committee and by a broad-based group of functions within the Company, including People, Legal, and Finance Departments;
- Oversight by the Compensation Committee (including negative discretion) to set targets, monitor performance, and determine final incentive award payouts;
- Majority of the annual incentives focused on the use of financial metrics based on our annual operating plan which is approved by the Board;
- Multi-year service-based vesting conditions with respect to equity-based awards;
- Stock ownership guidelines; and
- An incentive pay recoupment policy which provides for recoupment of incentive compensation in the event of a financial restatement.

We periodically monitor our incentive programs throughout the year to ensure that such programs do not encourage undue risk taking and appropriately balance risk and reward consistent with our enterprise risk management efforts.

Compensation Policies

Stock Ownership Guidelines.

To further align executive and stockholder interests, the Compensation Committee adopted stock ownership guidelines in June 2023 that require each of our NEOs and non-employee directors to own a minimum amount of our Class A common stock with a value equal to the designated multiple of their base salary or annual Board cash retainer, as applicable.

Title	Ownership Requirements
President and CEO	3x Base Salary
CEO Direct Reports	1x Base Salary
All Other Executive Leadership Team and Senior Leadership Team	0.5x Base Salary
Non-Employee Directors	3x Annual Board Cash Retainer

Until they achieve the requisite ownership level, individuals subject to the stock ownership guidelines are required to hold 50% of all shares received, net of taxes, after vesting or exercise of equity awards granted in 2023 or thereafter. Shares of Class A common stock held directly or by immediate family members and shares subject to outstanding RSUs (whether or vested or unvested) count towards satisfaction of the guidelines; however, shares subject to unexercised stock options (regardless of vesting) or unearned performance awards do not count. All of our currently employed NEOs and non-employee directors have achieved the requisite ownership guidelines or are in compliance with the holding requirements and on track to achieve the guidelines.

Rule 10D-1 Clawback Policy. In 2023, we adopted the Zevia PBC Clawback Policy, which is intended to comply with the requirements of the New York Stock Exchange Listing Standard 303A.14 implementing Rule 10D-1 under the Exchange Act. In the event the Company is required to prepare an accounting restatement of the Company's financial statements due to material non-compliance with any financial reporting requirement under the federal securities laws, the Company will recover, on a reasonably prompt basis, the excess incentive-based compensation received by any covered executive, including the NEOs, during the prior three fiscal years that exceeds the amount that the executive otherwise would have received had the incentive-based compensation been determined based on the restated financial statements.

Misconduct Clawback Policy. In February 2024, we adopted the Zevia PBC Executive Leadership Recoupment Policy, which provides the Compensation Committee with the ability to recoup time-based and performance-based equity awards and all cash bonuses received during the prior three years in the event any covered executive, including the currently employed NEOs, engages in conduct that constitutes (a) fraud or ethical misconduct contributing to the need for a financial restatement, (b) a willful violation of applicable law or material Company policy, or (c) an act of fraud, breach of fiduciary duty, material act of dishonesty, material misrepresentation or other willful misconduct.

Prohibition on Hedging and Pledging. Under our Insider Trading Policy our employees, including our NEOs, officers, directors and consultants, are prohibited from engaging in short-term or speculative transactions in Company securities, including (a) short-term trading (generally defined as selling Company securities within six months following a purchase); (b) short sales (selling Company securities they do not own); (c) transactions involving publicly traded options or other derivatives, such as trading in puts or calls with respect to Company securities; and (d) hedging transactions. Additionally, the Company prohibits its directors and Section 16 officers from pledging Company securities.

Equity Compensation Plan Information

The following table sets for information about our Class A common stock that may be issued under equity compensation plans as of December 31, 2023.

Plan Category	Number of Securities to be Issued Upon Exercise of Outstanding Options, Warrants and Rights (a) ⁽¹⁾	Weighted-Average Exercise Price of Outstanding Options, Warrants and Rights (b) ⁽²⁾	Number of Securities Remaining Available for Future Issuance Under Equity Compensation Plans (Excluding Securities Reflected in Column (a)) (c) ⁽³⁾
Equity Compensation Plans Approved by Security Holders			
<i>2021 Equity Incentive Plan</i>	3,717,158	\$ 4.34	2,741,846
Equity Compensation Plans Not Approved by Security Holders			
<i>2020 Incentive Plan</i>	582,139	\$ —	—
<i>2011 Unit Incentive Plan</i>	744,089	\$ 0.43	—
<i>Restricted Stock Unit Awards</i>	805,242		—
Total	5,848,628	3.40	2,741,846

(1) This column reflects all RSUs and options granted under the applicable plan and outstanding as of December 31, 2023.

(2) This column reflects the weighted-average exercise price of options granted under the applicable plan that were outstanding as of December 31, 2023. RSUs reflected in column (a) are not reflected in this column as they do not have an exercise price.

(3) This column reflects the total Common Shares remaining available for issuance under the applicable plan as of December 31, 2023. No further shares remain available for issuance under the 2020 Incentive Plan or the 2011 Unit Incentive Plan, and no further shares may be awarded as RSUs under the non-plan arrangement set forth in this table.

Certain Information About Our Common Stock

Security Ownership of Certain Beneficial Owners and Management

The following table presents information concerning the beneficial ownership of the shares of our Class A common stock and Class B common stock as of April 17, 2024 by (1) each of our directors, nominees and NEOs, (2) each person known to us to beneficially own more than 5% of the outstanding shares of our Class A common stock and Class B common stock, and (3) all of our current directors and executive officers as a group.

Beneficial ownership is determined in accordance with the rules of the SEC and generally includes voting or investment power over securities, including any Common Shares a person has the right to acquire within 60 days of April 17, 2024. Common Shares issuable upon exercise of options or warrants currently exercisable or exchangeable within 60 days of April 17, 2024 or Common Shares issuable upon vesting of restricted stock units that may vest within 60 days of April 17, 2024, as well as shares of Class A common stock issuable upon exchange of shares of Class B common stock are deemed outstanding solely for purposes of calculating the beneficial ownership percentage of the beneficial owner thereof. Accordingly, the percentage of class and percentage of total voting power of some beneficial owners may be lower than the percentage of class and percentage of total voting power of some other beneficial owners for whom a higher number of shares beneficially owned is reported. Except in cases where community property laws apply or as indicated in the footnotes to this table, we believe that each stockholder identified in the table possesses sole voting and investment power over all Common Shares shown as beneficially owned by the stockholder. The information does not necessarily indicate beneficial ownership for any other purpose.

The percentage ownership information shown in the column titled “Beneficial Ownership Percentage” in the table below is based on 58,179,676 shares of Class A common stock outstanding and 14,117,351 shares of Class B common stock outstanding as of the date of this table (plus any shares of Class A common stock and/or Class B common stock that such person has the right to acquire within 60 days after the date of this table).

Unless otherwise indicated, the address of each individual listed in this table is the Company’s address set forth on the first page of this Proxy Statement.

Name and Address of Beneficial Owner	Class A Common Stock	Class B Common Stock	Total Number	Beneficial Ownership Percentage
Greater Than 5% Stockholders				
CDP Investissements Inc. ⁽¹⁾	22,022,092	—	22,022,092	30.46 %
White Pine LLC ⁽²⁾	1,604,138	4,955,938	6,560,076	9.07 %
Entities affiliated with Northwood Ventures ⁽³⁾	2,673,276	2,673,276	5,346,552	7.40 %
Entities affiliated with NGEN ⁽⁴⁾	5,286,264	—	5,286,264	7.31 %
NEOs, Directors and Nominees				
Padraic “Paddy” L. Spence ⁽⁵⁾	1,505,894	1,440,808	2,946,702	4.05 %
Amy E. Taylor ⁽⁶⁾	469,046	—	469,046	*
Denise D. Beckles ⁽⁷⁾	31,668	—	31,668	*
Quincy B. Troupe ⁽⁸⁾	61,634	—	61,634	*
Greig P. DeBow, Jr. ⁽⁹⁾	76,684	—	76,684	*
Lorna R. Simms ⁽¹⁰⁾	95,506	—	95,506	*
Jacqueline J. Hayes ⁽¹¹⁾	60,458	—	60,458	*
David J. Lee ⁽¹²⁾	40,616	—	40,616	*
Rosemary L. Ripley ⁽⁴⁾⁽¹³⁾	5,320,770	—	5,320,770	7.36 %
Andrew “Andy” Ruben ⁽¹⁴⁾	60,458	—	60,458	*
Julie G. Ruehl ⁽¹⁵⁾	80,458	—	80,458	*
Justin Shaw	—	—	—	*
All Current Executive Officers and Directors as a group (12 persons)⁽¹⁶⁾	7,756,371	1,440,808	9,197,179	12.55 %
All Current D&Os and 5%+ Holders	34,055,877	9,070,022	43,125,899	58.83%

* Less than 1%

(1) The beneficial ownership information regarding CDP Investissements Inc. (“CDP”) is reported as of July 26, 2021, and was derived from a Schedule 13D filed with the SEC on August 5, 2021 that reported shared voting and investment power over 22,022,092 shares of Class A common stock. CDP is a wholly owned subsidiary of CDPQ. As a result, CDPQ may be deemed to be the indirect beneficial owner of the shares held by CDP. Investment and voting decisions are made by an investment committee of CDPQ. The address of CDP and CDPQ is c/o Caisse de dépôt et placement du Québec, 1000, place Jean-Paul-Riopelle, Montréal (Québec) H2Z 2B3, Canada.

(2) The beneficial ownership information regarding White Pine LLC (“White Pine”) is reported as of February 13, 2024, and was derived from a Schedule 13G filed with the SEC on February 13, 2024 that reported shared voting and investment power over 1,604,138 shares of Class A common stock and 4,955,938 shares of Class B common stock. White Pine is an indirect, wholly-owned subsidiary of Laird Norton Company, LLC (“Laird Norton”). Laird Norton Enterprises Inc. (“Laird Norton Enterprises”), a wholly owned subsidiary of Laird Norton, directly owns White Pine. Laird Norton Enterprises does not exercise independent

voting power over White Pine, but may act upon the approval of Laird Norton. As such, Laird Norton may be deemed to beneficially own the shares held by White Pine. The address of White Pine and Laird Norton is 801 2nd Ave, Suite 1700, Seattle, WA 98104.

- (3) The beneficial ownership information regarding Northwood (defined below) is reported as of the date of this table, and was derived from company records. Consists of (a) Northwood Ventures LLC's sole voting and dispositive power over (i) 2,272,285 shares of Class A common stock and (ii) 2,272,285 shares of Class B common stock; and (b) Northwood Capital Partners LLC's (together with Northwood Ventures LLC, "Northwood") sole voting power and dispositive power over (i) 400,991 shares of Class A common stock and (ii) 400,991 shares of Class B common stock. Peter Schiff is the majority owner of Northwood and as such may be deemed to be the indirect beneficial owner of the shares held by Northwood. The address of Northwood and Peter Schiff is 11450 Dixie Highway, Suite 101, Hobe Sound, Florida 33455.
- (4) The beneficial ownership information regarding NGEN is reported as of December 1, 2023, and was derived from the Form 4 filed on April 16, 2024. Consists of (a) 2,567,006 shares of Class A common stock held by NGEN III LP ("NGEN III"); (b) 2,493,594 shares of Class A common stock held by NGEN Zevia SPV ("NGEN Zevia"); and (c) 225,664 shares of Class A common stock held by NGEN-Mantra Holdings LLC ("NGEN-Mantra"). Voting and investment power with respect to the Common Shares held by NGEN III, NGEN Zevia, and NGEN-Mantra (collectively, the "NGEN Entities") may be deemed to be shared by certain affiliated entities. NGEN Partners III, L.L.C. ("NGEN Partners III") is the general partner of NGEN III; NGEN Zevia SPV Managers LLC ("NGEN Zevia SPV") is the managing member of NGEN Zevia; and NGEN Mantra Management Holdings LLC ("NGEN Mantra Holdings") is the managing member of NGEN-Mantra. Rosemary Ripley is a member of NGEN Partners III, NGEN Zevia SPV, and NGEN Mantra Holdings, and in her capacity as such, may be deemed to exercise shared voting and investment power over the Common Shares owned by NGEN III, LP, NGEN Zevia, and NGEN-Mantra. Ms. Ripley disclaims beneficial ownership of such Common Shares except to the extent of her pecuniary interest therein. The address of each of the NGEN Entities is 733 Third Avenue, New York, New York 10017.
- (5) Consists of (a) 1,013,584 shares of Class A common stock held by Paddy Spence; (b) 14,286 shares of Class B common shares held by Green & Grand Trust I, with respect to which Mr. Spence has investment and voting control; (c) 14,286 shares of Class B common shares held by Green & Grand Trust II, with respect to which Mr. Spence has investment and voting control; (d) 22,876 shares of Class B common shares held by The 2022 Greene & Grand Trust I DTD 6/23/2022, with respect to which Mr. Spence has investment and voting control; (e) 22,876 shares of Class B common shares held by The 2022 Greene & Grand Trust II DTD 6/23/2022, with respect to which Mr. Spence has investment and voting control; (f) 371,618 shares of Class B common shares held by L&H Trust, with respect to which Mr. Spence has investment and voting control; (g) 994,866 shares of Class B common shares held by Spence Family Trust, with respect to which Mr. Spence has investment and voting control; (h) 351,727 shares of Class A common stock issuable upon the exercise of options currently exercisable or exercisable within 60 days of April 17, 2024; and (i) 140,583 shares of Class A common stock issuable upon the vesting of restricted stock units within 60 days of April 17, 2024.
- (6) Consists of (a) 122,565 shares of Class A common stock held by Amy E. Taylor; (b) 5,500 shares of Class A common stock held indirectly by Ms. Taylor through her spouse; (c) 33,332 RSUs which are vested in full, subject to deferred settlement on January 17, 2025; and (d) 307,649 shares of Class A common stock issuable upon the exercise of options currently exercisable or exercisable within 60 days of April 17, 2024.
- (7) The beneficial ownership information regarding Ms. Beckles is reported as of September 4, 2023, and was derived from company records. As of the date of this table, Ms. Beckles held no stock options or unvested RSU awards granted to her in connection with her service to the Company.
- (8) The beneficial ownership information regarding Mr. Troupe is reported as of August 4, 2023, and was derived from company records. As of the date of this table, Mr. Troupe held no stock options or unvested RSU awards granted in connection with his service to the Company.
- (9) Consists of (a) 21,496 shares of Class A common stock held by Greig P. DeBow, Jr. and (b) 55,188 shares of Class A common stock issuable upon the exercise of options currently exercisable or exercisable within 60 days of April 17, 2024.
- (10) Consists of (a) 40,342 shares of Class A common stock held by Lorna R. Simms; (b) 17,334 RSUs which are vested in full, subject to deferred settlement on January 17, 2025; and (c) 37,830 shares of Class A common stock issuable upon the exercise of options currently exercisable or exercisable within 60 days of April 17, 2024.
- (11) Consists of (a) 42,099 shares of Class A common stock held by Jacqueline J. Hayes and (b) 18,359 shares of Class A common stock issuable upon the vesting of restricted stock units within 60 days of April 17, 2024.
- (12) Consists of (a) 22,257 shares of Class A common stock held by David J. Lee and (b) 18,359 shares of Class A common stock issuable upon the vesting of restricted stock units within 60 days of April 17, 2024.
- (13) Includes (a) 16,147 shares of Class A common stock held by Rosemary L. Ripley and (b) 18,359 shares of Class A common stock issuable upon the vesting of restricted stock units within 60 days of April 17, 2024.
- (14) Consists of (a) 42,099 shares of Class A common stock held by Andy Ruben and (b) 18,359 shares of Class A common stock issuable upon the vesting of restricted stock units within 60 days of April 17, 2024.
- (15) Consists of (a) 62,099 shares of Class A common stock held by Julie G. Ruehl and (b) 18,359 shares of Class A common stock issuable upon the vesting of restricted stock units within 60 days of April 17, 2024.
- (16) Includes (a) 21,440 shares of Class A common stock issuable upon the exercise of options currently exercisable or exercisable within 60 days of April 17, 2024.

Certain Relationships and Related Person Transactions

Related Person Transaction Policy

We have implemented a written policy, Related Person Transaction Policy and Procedures (the “**RPT Policy**”), pursuant to which the Audit Committee identifies, reviews and approves or ratifies transactions with our directors, officers and holders of more than 5% of our voting securities and their affiliates. For purposes of the RPT Policy, a related person transaction is referred to as an “**Interested Transaction**” and is any transaction, arrangement or relationship or series of similar transactions, arrangements or relationships (including any indebtedness or guarantee of indebtedness) in which (1) the Company or any of its subsidiaries is or will be a participant and (2) any Related Person has or will have a direct or indirect interest. A Related Person is any (1) person who is or was at any time (since the beginning of the Company’s last completed fiscal year, even if they do not presently serve in that role) an executive officer, director or nominee for election as a director, (2) greater than 5% beneficial owner of any class of the Company’s voting capital stock or (3) immediate family member of any of the foregoing. Transactions involving compensation for services provided to us as an employee or director, among other limited exceptions, are deemed to have standing pre-approval by the Audit Committee but may be specifically reviewed if our General Counsel determines it to be appropriate in light of the facts and circumstances relevant to the Interested Transaction.

Prior to approving any Interested Transaction, the Audit Committee will consider the material facts as to the related party’s relationship with us or interest in the Interested Transaction and either approve or disapprove of entry into the Interested Transaction. If advance review and approval of the Interested Transaction is not reasonably feasible, then such transaction will be reviewed and considered and, if the Audit Committee determines it to be appropriate and not inconsistent with the interests of the Company and its stockholders, ratified at the Audit Committee’s next regularly scheduled meeting. In addition, under our Code of Conduct, our employees and directors have an affirmative responsibility to avoid activities that create or give the appearance of a conflict of interest, and directors and executive officers must consult and seek prior approval of potential conflicts of interest from the Audit Committee. In determining whether to approve or ratify an Interested Transaction, the Audit Committee will take into account, among other factors it deems appropriate, whether such transaction is on terms no less favorable than terms generally available to an unaffiliated third-party under the same or similar circumstances and the extent of the Related Person’s interest in such transaction. The Audit Committee shall prohibit any Interested Transaction (including those deemed pre-approved by the Audit Committee under the RPT Policy) if it determines the Interested Transaction to be inconsistent with the interests of the Company and its stockholders.

Other than compensation arrangements, including employment, termination of employment and change in control arrangements, with our directors and executive officers, including those discussed in the sections titled “**Corporate Governance**” and “**Executive Compensation**,” there are no relationships and transactions since January 1, 2022, or any currently proposed transactions, involving our directors, executive officers, beneficial holders of more than 5% of our capital stock, or entities affiliated with them.

Other Matters

Stockholder Proposals and Director Nominations for Next Year's Annual Meeting

Pursuant to Rule 14a-8 of the Exchange Act, stockholders who wish to submit proposals for inclusion in the proxy statement for the 2025 Annual Meeting of Stockholders must send such proposals to our Corporate Secretary at the address set forth on the first page of this Proxy Statement. Such proposals must be received by us as of the close of business (6:00 p.m. Pacific Time) on December 25, 2024. The submission of a stockholder proposal does not guarantee that it will be included in the proxy statement.

As set forth in our Bylaws, if a stockholder intends to make a nomination for director election or present a proposal for other business (other than pursuant to Rule 14a-8 of the Exchange Act) at the 2025 Annual Meeting of Stockholders, the stockholder's notice must be received by our Corporate Secretary at the address set forth on the first page of this Proxy Statement no earlier than the 120th day and no later than the 90th day before the anniversary of the last annual meeting; provided, however, that if the date of the annual meeting is more than 30 days before or more than 60 days after such anniversary date, the stockholder's notice must be delivered no earlier than the 120th day prior to such annual meeting and no later than the close of business on the later of the 90th day prior to such annual meeting or the 10th day following the date on which public announcement of the date of such annual meeting is first made by the Company. Therefore, unless the 2025 Annual Meeting of Stockholders is more than 30 days before or more than 60 days after the anniversary of the Annual Meeting, notice of proposed nominations or proposals (other than pursuant to Rule 14a-8 of the Exchange Act) must be received by our Corporate Secretary no earlier than February 11, 2025 and no later than the close of business (6:00 p.m. Pacific Time) on March 13, 2025. If a stockholder fails to meet the deadlines or fails to satisfy the requirements of Rule 14a-4 of the Exchange Act, we may exercise discretionary voting authority under proxies we solicit to vote any such proposal as we determine appropriate.

In addition to satisfying the deadlines in the advance notice provisions of our Bylaws, a stockholder who intends to solicit proxies in support of nominees submitted under these advance notice provisions for the 2025 Annual Meeting of Stockholders must provide the notice required under Rule 14a-19 to the Corporate Secretary no later than the close of business (6:00 p.m. Pacific Time) on April 12, 2025.

Any stockholder proposal must be a proper matter for stockholder action and must comply either with Rule 14a-8 of the Exchange Act or the terms and conditions set forth in our Bylaws, as applicable. We reserve the right to reject, rule out of order or take other appropriate action with respect to any nomination or proposal that does not comply with these and other applicable requirements.

Delinquent Section 16(a) Reports

Section 16(a) of the Exchange Act requires our directors, executive officers and persons who beneficially own more than 10% of our outstanding common stock to file initial reports of their ownership of our equity securities and reports of changes in such ownership with the SEC within specified time periods. Based solely on a review of the Section 16(a) reports filed electronically with the SEC during or with respect to fiscal year 2023, we believe that all required reports were filed on a timely basis, except for the following: each of Amy E. Taylor, Denise D. Beckles, Hany Mikhail, Greig P. DeBow, Lorna R. Simms, Quincy B. Troupe, and Rosemary L. Ripley reported one late transaction on a Form 4 due to an administrative error.



ZEVIA PBC
 15827 VENTURA BLVD.
 SUITE 135
 ENGINO, CALIFORNIA 91436



**SCAN TO
 VIEW MATERIALS & VOTE**



VOTE BY INTERNET - www.proxyvote.com or scan the QR Barcode above
 Use the Internet to transmit your voting instructions and for electronic delivery of information. Vote by 11:59 PM ET on June 10, 2024. Have your proxy card in hand when you access the web site and follow the instructions to obtain your records and to create an electronic voting instruction form.

ELECTRONIC DELIVERY OF FUTURE PROXY MATERIALS
 If you would like to reduce the costs incurred by our company in mailing proxy materials, you can consent to receiving all future proxy statements, proxy cards and annual reports electronically via e-mail or the Internet. To sign up for electronic delivery, please follow the instructions above to vote using the Internet and, when prompted, indicate that you agree to receive or access proxy materials electronically in future years.

VOTE BY PHONE - 1-800-690-6903
 Use any touch-tone telephone to transmit your voting instructions. Vote by 11:59 PM ET on June 10, 2024. Have your proxy card in hand when you call and then follow the instructions.

VOTE BY MAIL
 Mark, sign and date your proxy card and return it in the postage-paid envelope we have provided or return it to Vote Processing, c/o Broadridge, 51 Mercedes Way, Edgewood, NY 11717.

TO VOTE, MARK BLOCKS BELOW IN BLUE OR BLACK INK AS FOLLOWS:

V30781-P07027

KEEP THIS PORTION FOR YOUR RECORDS
 DETACH AND RETURN THIS PORTION ONLY

THIS PROXY CARD IS VALID ONLY WHEN SIGNED AND DATED.

ZEVIA PBC

The Board of Directors recommends you vote FOR each of the nominees in Proposal 1 and FOR Proposal 2:

1. Election of Directors: To be elected for terms expiring in 2027.

Nominees:	For	Against	Abstain
1a. Jacqueline J. Hayes	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
1b. Julie G. Ruehl	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

2. Ratification of the selection of Deloitte & Touche LLP as Zevia PBC's independent registered public accounting firm for the fiscal year ending December 31, 2024. For Against Abstain

NOTE: In their discretion, the proxies are authorized to vote upon such other business as may properly come before the meeting or any adjournment or postponement thereof.

Please sign exactly as your name(s) appear(s) hereon. When signing as attorney, executor, administrator, or other fiduciary, please give full title as such. Joint owners should each sign personally. All holders must sign. If a corporation or partnership, please sign in full corporate or partnership name by authorized officer.

Signature (PLEASE SIGN WITHIN BOX) Date

Signature (Joint Owners) Date

Important Notice Regarding the Availability of Proxy Materials for the Annual Meeting:

The Notice and Proxy Statement and Annual Report are available at www.proxyvote.com.

V30782-P07027

**ZEVIA PBC
Annual Meeting of Stockholders
June 11, 2024, 9:00 AM PT**

This proxy is solicited on behalf of the Board of Directors of Zevia PBC

The undersigned hereby appoint(s) Amy E. Taylor, Girish Satya and Lorna R. Simms, and each of them, with the power to act without the other and to appoint their substitute, as proxies and attorneys-in-fact and hereby authorize(s) each of them to represent and to vote as designated on the reverse side of this form, all of the shares of capital stock of Zevia PBC the undersigned is/are entitled to vote at the Annual Meeting of Stockholders of Zevia PBC to be held on June 11, 2024, at 9:00 AM PT, at Le Merigot Santa Monica in Santa Monica, California, or any postponement or adjournment thereof, with all powers, which the undersigned would possess if present at the Annual Meeting. The undersigned hereby revoke(s) all proxies heretofore given by the undersigned to vote at the Annual Meeting and any adjournments or postponements thereof.

THIS PROXY CARD, WHEN PROPERLY EXECUTED, WILL BE VOTED IN THE MANNER DIRECTED HEREIN BY THE STOCKHOLDER(S) ON THE REVERSE SIDE OF THIS FORM. IF NO DIRECTION IS MADE, BUT THE CARD IS SIGNED, THIS PROXY CARD WILL BE VOTED IN ACCORDANCE WITH THE BOARD OF DIRECTORS' RECOMMENDATIONS AND IN THE DISCRETION OF THE PROXIES WITH RESPECT TO SUCH OTHER BUSINESS AS MAY PROPERLY COME BEFORE THE MEETING AND ANY POSTPONEMENTS OR ADJOURNMENTS THEREOF. IN THE EVENT THAT ANY OF THE NOMINEES NAMED ON THE REVERSE SIDE OF THIS FORM ARE UNAVAILABLE FOR ELECTION OR UNABLE TO SERVE, THE SHARES REPRESENTED BY THIS PROXY MAY BE VOTED FOR A SUBSTITUTE NOMINEE SELECTED BY THE BOARD OF DIRECTORS.

Continued and to be signed on reverse side