

**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, 2022

OR

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

For the transition period from _____ to _____

Commission File Number: 001-40630

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. ☐

As of June 30, 2022, the last business day of the Registrant's most recently completed second fiscal quarter, the aggregate market value of the Registrant's common stock 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 \$102.6 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 March 1, 2023 there were 48,564,294 shares and 21,798,600 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 2023 Annual Meeting of Stockholders, which is to be filed no later than 120 days after December 31, 2022, 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, 2022 ("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," "intend," "may," "plan," "potential," "predict," "project," "pursue," "seek," "should," "target," "will" or "would" or the negative of these words or other similar 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 "Risk Factors" and elsewhere in this Annual Report including, but not limited to, the following:

- failure to further develop and maintain our brand;
- change in consumer preferences, perception and spending habits, particularly due to impacts of inflation, in the 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;
- 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;
- inability to compete in our intensely competitive categories;
- our history of losses and potential inability to achieve or maintain profitability;
- changes in the retail landscape or the loss of key retail customers;
- fluctuation in our net sales and earnings as a result of price concessions, promotional activities and chargebacks;
- the impact of the COVID-19 pandemic, any future pandemics or other disease outbreaks on our business, results of operations and financial condition;
- the impact of adverse global macroeconomic conditions, including rising interest rates, recession fears and inflationary pressures, and geopolitical events or conflicts;
- failure to attract, hire, train or retain qualified personnel, manage our future growth effectively or maintain our company culture;
- failure to introduce new products or successfully improve existing products;
- inaccurate or misleading marketing claims, whether or not substantiated;
- 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 at our independent third-party manufacturing and distribution facilities;
- concentration in our customer base and the loss of any large customer;
- extensive governmental regulation and enforcement if we are not in compliance with applicable requirements;
- dependence on distributions from Zevia LLC to pay any taxes and other expenses;
- changes in laws and regulations relating to beverage containers and packaging;
- impacts from our status, duty and liability exposure as a public benefit corporation;
- loss of any registered trademark or other intellectual property;
- inadequacy, failure, interruption or security breaches of our information technology systems and failure to comply with data privacy and information security laws and regulations; and
- other risks, uncertainties and factors set forth under "Item 1A. Risk Factors."

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 described herein and our 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> 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 web site 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 under the "Investors Relations" section of the website at <https://www.zevia.com>. 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 (e.g., @Zevia, #Zevia, #ZeviaLife and #LiveYourBest on Facebook, Instagram and Twitter). 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 sign up for and regularly follow our social media accounts. Users may automatically receive email alerts and other information about the Company when enrolling an email address by visiting "Request Email Alerts" in the "Investors" section of Zevia's website at <https://investors.zevia.com/>.

Our Business

We are a high-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" by B Lab, an independent non-profit organization, 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. We offer a variety of flavors across Soda, Energy Drinks, Organic Tea, Mixers, and Kidz drinks.

Our products are distributed and sold principally across the U.S. and Canada through a diverse network of major retailers in the grocery, drug, warehouse club, mass, natural, specialty outlets, and e-commerce channels. We believe consumers are increasingly seeking great tasting beverage options that are better-for-you which has benefited the Zevia® brand and resulted in over 1.6 billion cans of Zevia sold to date.

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 lifestyles and fostering an employee-centric culture.

As a public benefit corporation, we are guided by our mission to support the health of our consumers. Our 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 by choosing Zevia, our consumers have eliminated over 66,000 metric tons of sugar in their diets since 2011.

Sustainable packaging is one of the top priorities for us and we actively seek to minimize our environmental impact. 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 22,000 metric tons of plastic and eliminated one billion plastic bottles from littering our roadways, our waterways, and our communities since 2011. In addition, we reduce our use of packaging materials where possible. For example, we have eliminated both corrugate trays from our supply chain for our ten pack Soda items and plastic rings from our Canadian six pack Soda items, replacing those with a recyclable cardboard overwrap.

Our Brand

The Zevia® brand promise is to offer delicious beverages that are better-for-you and better for the environment. We take pride in reducing plastic waste by using only aluminum cans as beverage containers. We market Zevia under one unified brand across multiple beverage categories, including Soda, Energy Drinks, Organic Teas, Mixers, and Kidz 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 to every family member, time of day, and usage occasion. This is evidenced by our #1 brand ranking within carbonated soft drink brands in the Natural Channel according to SPINS, and our status as the #1 selling carbonated soft drink brand on Amazon in 2022 according to 1010data.

Our brand has grown significantly over the past decade, which has been largely tied to a dedicated and growing consumer base. In 2022, Zevia added 1.4 million more households to the brand and expanded purchasing options across new channels, such as warehouse club, with Zevia variety offerings that are designed to satisfy the entire household.

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 those starting families. 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 including Zevia as an incremental beverage choice to aid in supporting their balanced lifestyle. We believe Zevia consumers care about their diets and their planet, and are willing to pay a premium for those attributes. 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 the 12 months ending December 31, 2022, Zevia households increased their total spend on Zevia, purchased the brand more often, and spent more on the brand on every trip. Those households most engaged with the brand and purchasing multiple product lines increased their purchases even more, spending 2-3x more than the average for total Zevia households as they tried additional products across the Zevia portfolio.

Zero Sugar/Diet Sodas were a \$19.6 billion Carbonated Soft Drinks ("CSD") segment in 2022, growing 18% since 2021 according to SPINS. This better-for-you CSD segment has consistently outpaced other beverage categories in recent years highlighting the shifting consumer preferences. According to Numerator, our household penetration of 6.4% during the year ended December 31, 2022 versus 5.3% in the year ended December 31, 2021 is low compared to 40% to 70% penetration, respectively, of full and low calorie category brand leaders in the same time periods, and we see a meaningful opportunity to grow by increasing our brand trial alone.

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 15 core flavors and annual limited-time-offer flavors to drive excitement. Our Soda sales constituted approximately 88% of our net sales in 2022.

Energy. Energy drinks are zero sugar energy drinks that contain 120 mg of organic caffeine. We offer Energy in six flavors: Grapefruit, Kola, Mango Ginger, Raspberry Lime, Pineapple Paradise and Strawberry Kiwi. We released our Energy drinks in 2016.

Mixers. Mixers are our non-alcoholic mixers that are meant to complement any cocktail or mocktail or can be enjoyed straight out of the can. We offer Mixers in three flavors: Ginger Beer, Tonic and Lemon Lime with Bitters. We released our Mixers in 2017.

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.

Kidz. Kidz is our product line for kids, packaged in smaller cans for smaller hands, and the right size for lunch boxes and afternoon snacks. Our Kidz drinks are available in six 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 in both brick and mortar and e-commerce channels. We are an omnichannel brand found in more than 32,000 retailer locations across the traditional grocery, natural grocery, specialty outlets, warehouse club, and drug channels, and on e-commerce platforms.

Sales and Marketing and Consumer Outreach

Our marketing strategy is to build brand awareness and drive product trial, 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. 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 2022, Zevia re-engaged its product sampling activities, with the goal of driving increased consumer awareness and product trial. We believe our product sampling activities both in-store and at sampling events outside of the store drive trial and are key to winning share of market and increasing our household penetration.

From a messaging perspective, we aim to create authentic content that focuses on Zevia’s taste experience—flavor, sweetness, bubbles and enjoyment—without the guilt that comes from drinking sugary or artificially sweetened beverages. We believe that combining our focus on taste with the positive ESG benefits of our brand—zero sugar, zero plastic, and 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, Instagram and Twitter 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, 2022, our sales team is comprised of 26 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, improve the sustainability of our packaging formats and simplify our plant-based ingredients.

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 the formulas of our products to appeal to ensure they meet our shoppers’ 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 thoughtfully and strategically enter new segments within the beverage space and maximize share of stomach by offering flavors and beverages that can appeal to every family member.

Our team is also working to improve our ingredients and packaging. 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”). Each specific SG has a unique taste perception property, and is present in the leaf at widely differing percentages, driving cost differences between high-content SGs and low-content SGs. 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, that may meet or exceed our sensory 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.

Our Supply Chain

Our products are produced and distributed through an expansive supply network of third-party contract manufacturers, logistics providers and distribution centers. 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.

In the latter part of 2022, we implemented initiatives to transform our operations, including reducing our warehouse footprint to six U.S. and two Canadian warehouses that are aligned geographically and designed to optimize freight between our co-packers and customers, which will continue into 2023. We also ramped up repacking capabilities at seven of these eight facilities, utilizing automation where possible to rapidly deliver custom packs with regional efficiency. We also utilize a network of four consolidation locations to build more efficient freight into customers requiring full truckloads from multiple manufacturers. We periodically source freight lanes from carriers and freight brokers to help us manage costs, and seek to lock in rates for specified time periods. We continue to enhance utilization of our transportation management system to support tendering, management and costs associated with our freight and to get better visibility of delivery status.

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 extract is sourced through a multi-year supply agreement with a large multi-national ingredient company with international agriculture operations and substantial research and development capabilities. Although we do not view our stevia blend as a commodity ingredient, we are actively working 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 three flavor ingredient suppliers, as well as with our tea supplier. These suppliers produce and supply the unique flavor ingredients to our contract manufacturers. We do not have long-term supply agreements with these ingredient suppliers. For flavors and for our other ingredients, we continuously seek to diversify our sourcing strategies 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. We source beverage cans primarily through a major can manufacturer with whom we have a direct supply contract, as well as through contract manufacturers and opportunistic spot purchasing. As supply constraints on cans have eased over the past year, we have increased our focus on localized sourcing and copacker direct shipments.

Manufacturing and Supply Planning

We have relationships with five contract manufacturers who operate our manufacturing facilities across the U.S. and Canada. We are reducing the number of specific manufacturing locations from 17 to nine to simplify our supply chain and build broader strategic partnerships. This includes a new copacker ramping up production in the first fiscal quarter of 2023. 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. The majority of such agreements are pricing and volume-based forecasts rather than "take or pay"; however, we may tactically consider "take or pay" arrangements to improve assurance of supply for both co-pack volume and aluminum cans.

Quality Control

Upon receipt of ingredients, 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 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 maintain our status as the #1 total carbonated soft drink brand on Amazon, our e-commerce buyers are also heavily engaged with the brand offline. According to Numerator, 61% of Zevia shoppers who purchased us online in 2022 also purchased Zevia in brick-and-mortar retailers. Moreover, shoppers who bought Zevia products online spend 3.5x 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. In 2022 we gained both overall store distribution and increases in items carried in these existing channels. We increased our store count by more than 1,100 locations versus 2021 according to SPINS and Nielsen data. We also increased the number of overall Zevia items carried across retailers, particularly with the introduction of Sleek cans for immediate consumption and larger packs that satisfied consumer needs for stocking up at home. We believe that our brick-and-mortar retailers value Zevia's continued sales growth and margin profile with significant upside with both overall store count growth with major retailers and with expansion of items carried in each store.

Beyond these channels, we believe there is significant opportunity to continue expanding distribution and total item availability in the drug, warehouse club, and foodservice channels in order to be as present as possible where our shoppers are seeking to buy us.

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 a range of emerging brands.

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, 2022, we had 106 full-time team members in the United States, 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 and 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 during COVID-19

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 medical emergencies, power failure, bomb threat, fire safety, earthquake, and evacuation prevention practices. Beginning in January 2023, our LA-based employees returned to work in our headquarters, and all employees were provided a flexible schedule of working in the office or remotely depending on job responsibilities, company need and performance. We also transformed our business communications to video conferencing as our preferred communication format to allow for flexibility and cross-functionality for all locations.

Diversity, Equity and Inclusion

Our commitment to diversity, equity and inclusion starts at the top with a highly skilled, diverse executive leadership team and Board of Directors in terms of both gender and race, and representative by our Board of Directors and executive leadership team. We promote diversity, equity and inclusion at all levels of our organization, and our senior leadership team has developed a diversity and inclusion framework that is centered on minimizing subjectivity via data-driven decisions to reduce the risk of bias and ensure that everyone owns responsibility for inclusive behaviors and actions across the organization.

Zevia promotes equity through consistency and fairness with our people policies and practices that offer access, opportunity, and career growth for all team members equally. We have best practice standards across all stages of the employee lifecycle, including performance standards. We strive to make promotions, compensation and growth opportunities are impartial, just and transparent. We offer a consistent compensation policy across base salary, bonus, equity and benefit contributions. Everyone is an owner at Zevia and we work together as one team to deliver results and achieve performance.

Our Diversity, Equity and Inclusion ("DEI") Taskforce, comprised of a diverse group of representatives from all levels of the organization, aims to give our team members a voice in DEI 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 Taskforce prioritizes topics related to the lifecycle of an employee's experience at Zevia and through a DEI lens, offers suggestions for improvement. Team members participate in the DEI Taskforce for approximately 12-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.

In order to ensure that we are meeting 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. Our team also has access to participate 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 97 out of 100 for CEO Rating.

In 2022, the Company was recognized with the following seven awards from Comparably.com, measured by anonymous employee surveys: 2022 Best Company Outlook, 2022 Best Company Los Angeles, 2022 Best Company Perks & Benefits, 2022 Best Company Compensation, 2022 Best Company Career Growth, 2022 Best CEOs for Diversity, 2022 Best CEOs for Women.

Talent Acquisition

We hired 44 new team members in 2022, 77% of which were sourced by internal recruitment. As part of our DEI initiative, we have implemented best-in-class recruitment practices 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 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 fairly paid 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 the market to confirm we remain competitive in our hiring practices. We aim for equity and make conscious efforts to close the pay equity gap through market adjustments and new-hire offers considered with 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, dental, vision, voluntary life & AD&D, critical illness, hospital indemnity, accident, short-term and long-term disability insurance, health savings and flexible spending accounts, health savings accounts, pet insurance, legal access, and 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 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.

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 trainings include custom trainings by department and role, 100% participation in DEI training, and management training and development. In 2022, 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 80 total enrollments with 40% of those being new learners in 2022.

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 an online portal, incorporate short- and long-term career goals during each review, and 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 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 United States 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, state consumer protection laws and state warning and labeling laws, such as Proposition 65 in California. 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, 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, 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.

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 and federal levels, both in the U.S. and elsewhere.

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

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 and maintain our brand;
- change in consumer preferences, perception and spending habits, particularly due to impacts of inflation, in the 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;
- 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;
- inability to compete in our intensely competitive categories;
- our history of losses and potential inability to achieve or maintain profitability;
- changes in the retail landscape or the loss of key retail customers;
- fluctuation in our net sales and earnings as a result of price concessions, promotional activities and chargebacks;
- the impact of the COVID-19 pandemic, any future pandemics or other disease outbreaks on our business, results of operations and financial condition;
- the impact of adverse global macroeconomic conditions, including rising interest rates, recession fears and inflationary pressures, and geopolitical events or conflicts;
- failure to attract, hire, train or retain qualified personnel, manage our future growth effectively or maintain our company culture;
- failure to introduce new products or successfully improve existing products;
- inaccurate or misleading marketing claims, whether or not substantiated;
- 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 at our independent third-party manufacturing and distribution facilities;
- concentration in our customer base and loss of any large customer;
- extensive governmental regulation and enforcement if we are not in compliance with applicable requirements;
- dependence on distributions from Zevia LLC to pay any taxes and other expenses;
- changes in laws and regulations relating to beverage containers and packaging;
- impact from our status, duty and liability exposure as a public benefit corporation;
- loss of any registered trademark or other intellectual property; and
- inadequacy, failure, interruption or security breaches of our information technology systems and failure to comply with data privacy and information security laws and regulations.

Risks Relating to Our Business, Our Industry and Macroeconomic Conditions

If we fail to further develop and maintain 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.

We could be adversely affected by a change in consumer preferences, perception and spending habits in the 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. 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 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 the COVID-19 pandemic.

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. 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. In order to be able to deliver our products on a timely basis, we need to maintain adequate inventory levels of the desired products. If the inventory of our products held by our distributors and/or retailers is too high, they will not place orders for additional products, which could unfavorably impact our future sales and adversely affect our operating results. We also may not be able to promote our products effectively by our marketing and advertising campaigns and gain market acceptance. If our products fail to gain market acceptance, 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.

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.

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, increasing our operating costs and reducing 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, 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 or other incidents related to the consumption of our products, including allergies, excessive consumption or death to a consumer, could also adversely affect the price and availability of affected ingredients, resulting in higher costs, disruptions in supply and a 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. Any or all of these events may lead to a loss of consumer confidence and trust, could damage the goodwill associated with our brands and may cause consumers to choose other products and could negatively affect our business and financial performance. In addition, Zevia products are solely sweetened by highly purified stevia extract and do not contain Erythritol.

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

We operate in the highly competitive liquid refreshment 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.

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.

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 \$47.6 million in 2022 and \$87.7 million in 2021. 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, obtaining and storing ingredients and other products 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.

Changes in the retail landscape or the loss of key retail customers could adversely affect our 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 profitability. The consolidation of retail customers also increases the risk that a significant adverse impact on their business could have a corresponding material adverse impact on our business.

In 2022, our largest customer represented 15% of our net sales and our largest ten customers represented 73% of our net sales. In 2022, 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. Furthermore, as retailers consolidate, they may reduce the number of branded products they offer in order to accommodate private label products and generate more competitive terms from branded suppliers. Consequently, our financial results may fluctuate significantly from period to period based on the actions of one or more significant retailers. A retailer may take actions that affect us for reasons that we cannot always anticipate or control, such as their financial condition, changes in their business strategy or operations, the introduction of competing products or the perceived quality of our products. 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. In addition, our success depends in part on our ability to maintain good relationships with key retail customers.

If we fail to attract, hire, train or 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 employees who understand and appreciate our culture and can represent our brand effectively and establish credibility with our business partners 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.

In addition, our recent growth has placed significant demands on our management, financial, operational, technological and other resources. The anticipated growth and expansion of our business will place significant demands on our management and operations teams and require significant additional resources to meet our needs, which may not be available in a cost-effective manner, or at all.

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 brand, our business and competitive position could be materially harmed.

The COVID-19 pandemic, any future pandemics or other disease outbreaks could have a material adverse impact on our business, results of operations and financial condition.

The COVID-19 pandemic has had widespread impacts and may continue to have an adverse impact on the global society, economies, financial markets and consumer and business spending. While the U.S. and Canada have now begun to return to historical societal norms (such as employees returning to offices, fewer restrictions on public gatherings, etc.), the economic impact of the pandemic still lingers, with inflation and overall costs still higher than pre-pandemic levels. Our distributors, suppliers and contract manufacturers have experienced and may continue to experience the negative impact of the COVID-19 pandemic. We have begun a process to return our workforce to our corporate office on a hybrid schedule as of January 2023 and we expect to continue to move towards normalized practices while prioritizing the health and safety of our employees. We continue to work with our vendor base to mitigate risks to product supply and the costs associated with the existence of COVID-19. In addition to the impact on our distributors, suppliers and contract manufacturers, the COVID-19 pandemic, any future pandemics or other disease outbreaks and related public health measures have impacted and may continue to impact consumer preferences and demand for our products and thus may have a material impact on our business, results of operations and financial condition and such impact remains uncertain and unpredictable.

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, 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. Prolonged unfavorable economic conditions may have an adverse effect on our sales and profitability.

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 innovation products, which may generate less sales than existing, familiar products. On the other hand, failure to attempt to market and sell our innovation 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.

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 third-party 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 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 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. 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. 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. 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, we may not be able to obtain raw materials on a timely basis or in sufficient quantities to produce our products or meet the demand for our products.

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

All of our stevia inventory is grown and processed overseas, particularly in China. General trade tensions between the U.S. and China, which began escalating in 2018, could have a negative impact on our business. We currently source the majority of the stevia extract used in our products from one supplier and one region, which we have selected because they meet our specific requirements for a particular blend of leaf compounds. As a result of this concentration in our supply chain, any disruption in the supply, price, quality, availability or timely delivery of stevia from this supplier could adversely affect our business, performance, and results of operations. Additionally, the concentration of our supply of stevia extract 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."

Events that adversely affect our supplier of stevia extract and other raw materials could impair our ability to obtain raw material inventory in the quantities that we desire. Such events include problems with our suppliers' businesses, finances, labor relations, ability to import raw materials, costs, production, insurance and reputation, as well as natural disasters, fires or other catastrophic occurrences. We have in the past experienced interruptions in the supply of carbon dioxide. Future disruptions could have a material negative impact on our business operations.

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 us in order to meet our requirements, fill our orders in a timely manner or meet our strict quality standards. If we are unable to manage our supply chain effectively and ensure that our products are available to meet consumer demand, our operating costs could increase and our profit margins could decrease.

Substantial disruption at our independent third-party manufacturing and distribution facilities could occur.

We use third-party manufacturing companies to produce our products. Some of these manufacturers are also our direct competitors, or also manufacture and distribute products for our competitors. As independent companies, these manufacturers and distributors make their own business decisions. They have the right to determine whether, and to what extent, they produce and distribute our products, our competitors' products and 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. In addition, we may enter into 'take or pay' arrangements to improve assurance of supply for both co-pack volume and aluminum cans. In most cases, they 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 third-party contract manufacturers.

A disruption at our third-party manufacturing and distribution facilities could have a material adverse effect on our business. The disruption could occur for many reasons, 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. 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 time to start production, each of which could negatively affect our business and financial performance.

We sell a significant amount of our products to specific customers, and if we experience the loss of one or more of these customers and cannot replace them in a timely manner, our results of operations may be adversely affected.

We sell a substantial portion of our products to specific customers. Our largest customer in 2022 accounted for 15% of our net sales. No other customers represented more than 10% of our net sales in 2022. We expect that most of our sales will be made through a small number of customers for the foreseeable future. We do not have short-term or long-term commitments or minimum purchase volumes in our contracts with them that ensure future sales of our products. If we lose one or more of our 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.

Increase in the cost, disruption of supply or shortage of stevia sweetener or other ingredients, other 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 future experience similar disruptions in supply of raw materials. Our ability to continue to procure sufficient materials at reasonable prices will depend on future developments which are uncertain.

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 products resulting from a higher cost of ingredients, other raw materials, and packaging materials could affect affordability in some markets and reduce sales.

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

We currently rely upon third-party transportation providers for our product shipments. Our utilization of delivery services for shipments 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 providers to provide 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. In particular, the increase in volume of online shopping since the COVID-19 pandemic started has led to an increase in demand for shipping services and a corresponding increase in our transportation expense. We periodically change shipping companies, and we could face logistical difficulties that could adversely affect deliveries. In addition, we could incur costs and expend resources in connection with such change. Moreover, we may not be able to obtain terms as favorable as those we receive from the third-party transportation providers that we currently use, which in turn would increase our costs and thereby adversely affect our operating results.

Failure by independent third-party manufacturers and supplier 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 third-party 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 third-party 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 third-party 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 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 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, 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 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 manufacturers and suppliers are subject to a broad range of federal, state, 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, 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, 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 and local laws, they may be subject to adverse inspectional findings or enforcement actions, which could materially impact our ability to market our products, could result in their inability to continue to pack for us, 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 manufacturers, or our 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 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 organization 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 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 "Description of 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, any of which may adversely affect our business, results of operations and financial condition.

Litigation and regulatory enforcement 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, 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 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 law or regulations in Canada or any other jurisdictions we may enter in the future, or if we or our 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 68.7% 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 \$55.8 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 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.

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.

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.

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 provisions that:

- 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 only 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, our board of directors is required by the DGCL 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 or no experience prior to our IPO 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 beginning with this Annual Report for the year ended December 31, 2022, 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 will partially depend 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.

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 crew members and certain of our consultants, contract employees, suppliers and independent contractors, including some of our 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 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.

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

We are dependent on various information technology systems, including, but not limited to, networks, applications and outsourced services in connection with the operation of our business. 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 OneDrive for document storing, sharing and collaboration; as well as other platforms 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, viruses and security breaches. Any such damage or interruption could have a material adverse effect on our business.

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, 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. 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 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 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.

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.

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 requires us to maintain liquidity 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 credit facility 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. 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 2. Properties

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

We primarily utilize third-party distribution networks. During 2021, we purchased a 131,930 square feet warehouse facility in Evansville, Indiana for a total purchase price of \$1.7 million.

We believe that our current facilities are suitable and adequate to meet our current needs, but continue to evaluate opportunities for expansion to support our plans for growth and cost reduction. In addition, 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 March 1, 2023, there were 10 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 March 1, 2023, there were 51 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

Use of Proceeds and Recent Sales of Unregistered Securities

None

Item 6. Reserved

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

The following discussion contains forward-looking statements that involve risks and uncertainties. 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 on Form 10-K. 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 on Form 10-K. 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 high-growth 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, Mixers, and Kidz 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 one billion cans of Zevia sold to date.

IPO and Reorganization Transactions

On July 26, 2021, we completed our IPO of Class A common stock, in which we sold 10,700,000 shares to the underwriters. Shares of Class A common stock began trading on the New York Stock Exchange under the ticker symbol "ZVIA" on July 22, 2021. These shares were sold at an IPO price of \$14.00 per share for net proceeds of approximately \$139.7 million, after deducting underwriting discounts and commissions of \$10.1 million. As of December 31, 2022, Zevia PBC holds an economic interest of 68.7% in Zevia LLC and the remaining 31.3% represents the non-controlling interest.

Factors Affecting the Comparability of Our Results of Operations

As a result of a number of factors, our historical results of operations are not comparable from period to period and may not be comparable to our financial results of operations in future periods. Set forth below is a brief discussion of the key factors impacting the comparability of our results of operations.

Impact of the Reorganization Transactions

The Company is classified as a corporation for U.S. federal and state income tax purposes. Our accounting predecessor, Zevia LLC, was and is a flow-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. Zevia PBC is taxed as a C corporation and pays corporate federal, state and local taxes with respect to income allocated from Zevia LLC based on the Company's economic ownership interest in Zevia LLC, which was 68.7% and 53.4% as of December 31, 2022 and 2021, respectively. Accordingly, the historical results of operations and other financial information set forth in this Annual Report do not include a provision for U.S. federal income taxes for the periods prior to the IPO. Following the completion of the Reorganization Transactions, 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 68.7% and 53.4%, as of December 31, 2022 and 2021, 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.

Zevia LLC is the predecessor of the Company for financial reporting purposes. As a result, the consolidated financial statements of the Company recognize the assets and liabilities received in the Reorganization Transactions at their historical carrying amounts, as reflected in the historical consolidated financial statements of Zevia LLC, the accounting predecessor.

In connection with the Reorganization Transactions and the IPO, we entered into the TRA described in Note 17 - *Income Taxes and Tax Receivable Agreement* in the Notes to our Consolidated Financial Statements included in Part II, Item 8 of this Annual Report.

Initial Public Offering

In July 2021, the Company completed its IPO, which significantly impacted our cash, debt, and equity balances. Concurrent with the IPO, the Company also terminated its previous credit facility, which reduced our outstanding debt to zero, and our interest expense was significantly reduced in the second half of 2021 and in 2022 relative to historical results.

Equity-Based Compensation

In March 2021, Zevia LLC modified certain outstanding RSU awards originally granted in August 2020 to provide for vesting 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 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. In July 2021, Zevia modified all outstanding restricted phantom unit awards to permit settlement into shares, eliminating the existing cash-settlement provision. These modifications resulted in the revaluation of the awards in accordance with generally accepted accounting principles in the United States ("US GAAP"). No equity-based compensation had been recognized for all of the RSUs and restricted phantom awards as the qualifying vesting event (i.e., the IPO) was not probable. The Company recognized equity-based compensation expense of \$25.3 million and \$77.4 million for the years-ended December 31, 2022 and 2021, respectively, attributable to these RSUs and restricted phantom unit awards, as well as other outstanding RSUs issued prior to the IPO. As of December 31, 2022, the remaining unamortized fair value of the RSU awards will be recognized as equity-based compensation over the remaining service period of the awards which have a remaining vesting period of 25 months. Refer to Note 12 - *Equity-based Compensation* in the Notes to our Consolidated Financial Statements included in Part II, Item 8 of this Annual Report for unamortized equity-based compensation costs related to each type of equity-based incentive award.

Other Factors Affecting Our Performance

Macroeconomic Environment

The global economy, including the emergence of potential new variants of COVID-19 and its resulting impacts on the global economy, including supply chain challenges and labor shortages, have led to broad-based inflation in input costs, logistics, manufacturing and labor costs. During the year ended December 31, 2022, we experienced supply chain constraints and a significant inflationary impact compared to the prior year. These impacts have created headwinds for our products that we expect to continue into 2023. These inflationary 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, 2022 and 2021, respectively.

Components of Our Results of Operations

Net Sales

We generate net sales from sales of our products, including Soda, Energy Drinks, Organic Tea, Mixers, and Kidz drinks, to our customers, which include grocery distributors, national retailers, natural products retailers, warehouse club and 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 growth over the past two years and are expected to continue to be key drivers of our net sales growth 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 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 growth going forward, however sales levels in any given period may be impacted by seasonality and customers efforts to manage inventory.

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 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 aluminum cans. We expect over the long term that, as the scale of our business increases, we will purchase a greater percentage of our aluminum cans directly rather than through third-party manufacturers. We have long-term contracts with certain manufacturers governing pricing and other terms, but these contracts generally do not guarantee any minimum production volumes on the part of the manufacturers.

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. During the year ended December 31, 2022, the Company reclassified repackaging and handling costs from cost of goods sold to selling and marketing expenses as a result of an increasing trend in the occurrence of such fulfillment costs in the business. The Company believes this classification change better portrays the financial impacts of the fulfillment activities conducted by the Company. Refer to 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 amounts reclassified.

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 improvements, particularly in our supply chain.

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. 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, both as a result of the increased warehousing and distribution costs resulting from increased net sales, which we expect to be partially offset by our continued focus on cost improvements in our supply chain, and as a result of increased focus on marketing programs/spend.

General and Administrative Expenses

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 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. Over time, we expect our equity-based compensation expense to significantly decrease compared to the years ended December 31, 2022 and 2021, as a result of the expiration of the lockup period in January 2022, which coincided with the end of the vesting period for the majority of the awards granted pre-IPO, and the acceleration of expense in 2022 in connection with the retirement of certain employees.

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. 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 (expense), net

Other income (expense), 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,	
	2022	2021
<i>(in thousands, except per share amounts)</i>		
Net sales	\$ 163,181	\$ 138,172
Cost of goods sold	93,160	74,231
Gross profit	70,021	63,941
Operating expenses:		
Selling and marketing	52,869	45,130
General and administrative	36,793	27,516
Equity-based compensation	26,880	77,724
Depreciation and amortization	1,347	997
Total operating expenses	117,889	151,367
Loss from operations	(47,868)	(87,426)
Other income (expense), net	286	(207)
Loss before income taxes	(47,582)	(87,633)
Provision for income taxes	(65)	(34)
Net loss and comprehensive loss	(47,647)	(87,667)
Net loss attributable to Zevia LLC prior to the Reorganization Transactions	—	1,913
Loss attributable to noncontrolling interest	13,790	39,768
Net loss attributable to Zevia PBC	<u>\$ (33,857)</u>	<u>\$ (45,986)</u>

Net loss per share attributable to common stockholders

Basic	\$ (0.81)	\$ (1.33) ⁽¹⁾
Diluted	\$ (0.81)	\$ (1.33) ⁽¹⁾

(1) Represents earnings per share of Class A common stock and weighted-average shares of Class A common stock outstanding for the period from July 22, 2021 through December 31, 2021, the period following the Reorganization Transactions and IPO (see Note 16 of Notes to Consolidated Financial Statements)

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,	
	2022	2021
Net sales	100%	100%
Cost of goods sold	57%	54%
Gross profit	43%	46%
Operating expenses:		
Selling and marketing	32%	33%
General and administrative	23%	20%
Equity-based compensation	16%	56%
Depreciation and amortization	1%	1%
Total operating expenses	72%	110%
Loss from operations	(29)%	(63)%
Other income (expense), net	0%	(0)%
Loss before income taxes	(29)%	(63)%
Provision for income taxes	(0)%	(0)
Net loss and comprehensive loss	(29)%	(63)%
Net loss attributable to Zevia LLC prior to the Reorganization Transactions	0%	1%
Loss attributable to noncontrolling interest	8%	29%
Net loss attributable to Zevia PBC	<u>(21)%</u>	<u>(33)%</u>

Year Ended December 31, 2022 Compared to Year Ended December 31, 2021

Net Sales

<i>(in thousands)</i>	Year Ended December 31,		Change	
	2022	2021	Amount	Percentage
Net sales	\$ 163,181	\$ 138,172	\$ 25,009	18.1%

Net sales were \$163.2 million for the year ended December 31, 2022 as compared to \$138.2 million for the year ended December 31, 2021. Equivalized cases sold were 13.6 million for the year ended December 31, 2022 as compared to 12.3 million for the year ended December 31, 2021. Net sales growth was primarily driven by the 10.7% increase in the number of equivalized cases sold, including organic growth of \$14.3 million, new distribution expansion of \$6.3 million, and pricing increases of \$4.5 million. We define an equivalized case as a 288 fluid ounce case.

Cost of Goods Sold

(in thousands)	Year Ended December 31,		Change	
	2022	2021	Amount	Percentage
Cost of goods sold	\$ 93,160	\$ 74,231	\$ 18,929	25.5%

Cost of goods sold was \$93.2 million for the year ended December 31, 2022 as compared to \$74.2 million for the year ended December 31, 2021. The increase of \$18.9 million, or 25.5%, was primarily due to higher costs due to broad-based inflation resulting in \$11.0 million in higher cost of goods sold, and a 10.7% increase in the shipment of equivalized cases resulting in \$7.9 million in higher costs of goods sold.

Gross Profit and Gross Margin

(in thousands)	Year Ended December 31,		Change	
	2022	2021	Amount	Percentage
Gross profit	\$ 70,021	\$ 63,941	\$ 6,080	9.5%
Gross margin	42.9%	46.3%		

Gross profit was \$70.0 million for the year ended December 31, 2022 as compared to \$63.9 million for the year ended December 31, 2021. The increase in gross profit of \$6.1 million, or 9.5%, was primarily driven by higher net sales, partially offset by higher cost of goods sold.

Gross margin for the year ended December 31, 2022 declined to 42.9% from 46.3% in the prior-year period. The decline was primarily due to the impact of inflationary pressures partially offset by price increases.

Selling and Marketing Expenses

(in thousands)	Year Ended December 31,		Change	
	2022	2021	Amount	Percentage
Selling and marketing expenses	\$ 52,869	\$ 45,130	\$ 7,739	17.1%

Selling and marketing expenses were \$52.9 million for the year ended December 31, 2022 as compared to \$45.1 million for the year ended December 31, 2021. The increase of \$7.7 million or 17.1%, was largely due to \$3.0 million in higher freight and warehousing costs as a result of increases in equivalized cases produced and sold, higher repacking fees of \$2.7 million, and higher freight and warehousing costs of \$3.0 million due to inflation. These increases were partially offset by a reduction of non-working marketing costs of \$1.5 million.

General and Administrative Expenses

(in thousands)	Year Ended December 31,		Change	
	2022	2021	Amount	Percentage
General and administrative expenses	\$ 36,793	\$ 27,516	\$ 9,277	33.7%

General and administrative expenses were \$36.8 million for the year ended December 31, 2022 as compared to \$27.5 million for the year ended December 31, 2021. The increase of \$9.3 million, or 33.7%, was primarily driven by a \$8.2 million increase in headcount and personnel costs to support our growth, and a \$1.3 million increase in costs related to being a public company, including insurance, accounting and compliance, and legal and other professional fees.

Equity-Based Compensation Expense

(in thousands)	Year Ended December 31,		Change	
	2022	2021	Amount	Percentage
Equity-based compensation	\$ 26,880	\$ 77,724	\$ (50,844)	N/M

Equity-based compensation expense was \$26.9 million for the year ended December 31, 2022, of which \$3.1 million related to RSU awards and restricted phantom stock awards that vested at the expiration of the IPO lock-up period in January 2022, \$8.2 million related to RSU awards that were accelerated upon retirement of certain senior management employees, and the remaining \$15.6 million related to outstanding equity-based awards being recognized over the remaining service periods of the awards. Equity-based compensation expense was \$77.7 million for the year ended December 31, 2021, reflecting RSU awards and phantom stock awards that generally vested over six months following the IPO.

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, 2022, we had \$47.4 million in cash and cash equivalents. We believe that our cash and cash equivalents as of December 31, 2022, together with our operating activities and available borrowings under the Secured Revolving Line of Credit, 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 and increase headcount to promote growth. 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, the hostilities in Eastern Europe, 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 the 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.

Prior to our IPO, we had financed our operations through private sales of equity securities and through sales of our products. In connection with our IPO, which was completed on July 26, 2021, we sold an aggregate of 10,700,000 shares of our Class A common stock at an IPO price of \$14.00 per share and retained approximately \$90.1 million in net proceeds, after deducting underwriting discounts and commissions and giving effect to the use of proceeds thereto. In addition, we incurred \$8.4 million of offering costs in connection with the IPO. Upon consummation of the IPO, the Company became a holding company with no operations of its own. Accordingly, the Company will be 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, 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 \$65.7 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 \$55.8 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. 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. There have been no amounts drawn from 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.

We are required under the Secured Revolving Line of Credit 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, 2022, 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.

(in thousands)	Twelve Months Ended December 31,			
	2022		2021	
Cash (used in) provided by:				
Operating activities	\$	(20,778)	\$	(17,806)
Investing activities	\$	27,407	\$	(33,143)
Financing activities	\$	(2,340)	\$	79,123

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 \$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 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 used in operating activities of \$17.8 million for the year ended December 31, 2021 was primarily driven by a net loss of \$87.7 million and by a net decrease in cash related to changes in operating assets and liabilities of \$9.5 million, partially offset by non-cash expenses of \$79.4 million primarily related to equity-based compensation. Changes in cash flows related to operating assets and liabilities primarily consisted of a \$10.7 million increase in anticipation of future sales, a \$2.1 million increase in accounts receivable due to increase in net sales, and a \$2.5 million increase in prepaid expenses and other assets, primarily insurance expenses as a result of becoming a public company, partially offset by a \$6.4 million increase in accounts payable, accrued expenses and other current liabilities due to our overall growth.

Net Cash Provided by (Used in) Investing Activities

Net cash provided by investing activities of \$27.4 million for the year ended December 31, 2022 was primarily 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 used in investing activities of \$33.1 million for the year ended December 31, 2021 was primarily due to payments for purchases of short-term investments of \$30.0 million and capital expenditures of \$3.1 million, of which \$1.7 million was invested in a warehouse facility and the remaining capital expenditures were for software applications and computer equipment used in ongoing operations.

Net Cash (Used in) Provided by Financing Activities

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.

Net cash provided by financing activities of \$79.1 million for the year ended December 31, 2021 was due to our IPO of Class A common stock, in which received net proceeds of \$139.7 million, after deducting underwriting discounts and commissions of \$10.1 million. We paid offering expenses related to the IPO and the Reorganization of \$8.1 million. Upon the closing of the IPO, we used (i) approximately \$25.5 million to purchase Class B units and

corresponding shares of Class B common stock from certain Zevia LLC's unitholders, including certain members of our senior management, at a per-unit price equal to the per-share price paid by the underwriters for shares of Class A common stock, (ii) approximately \$0.4 million to cancel and cash-out outstanding options held by certain option holders, including certain members of our senior management, at a per-option price equal to the per-share price paid by the underwriters for shares of Class A common stock, and (iii) approximately \$23.7 million to pay the cash consideration to certain pre-IPO institutional investors in connection with the merger of the blocker corporations into Zevia PBC with Zevia PBC surviving. The IPO related amounts were partially offset by distribution to unitholders for tax payments of \$2.7 million.

Non-GAAP Financial Measures

We report our financial results in accordance with US 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. Adjusted EBITDA may in the future also 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 US GAAP. We believe that Adjusted EBITDA, when taken together with our financial results presented in accordance with US 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 US 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 US GAAP.

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

(in thousands)	Year Ended December 31,	
	2022	2021
Net loss and comprehensive loss	\$ (47,647)	\$ (87,667)
Other (income) expense, net*	(286)	207
Provision for income taxes	65	34
Depreciation and amortization	1,347	997
Equity-based compensation	26,880	77,724
Adjusted EBITDA	\$ (19,641)	\$ (8,705)

* 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 our corporate headquarters offices to extend the term through December 31, 2023 and expand the total square footage from 17,923 square feet to 20,185 square feet commencing on May 1, 2022. In January 2023, the Company extended the lease term through December 31, 2026.

The following table summarizes our significant contractual obligations as of December 31, 2022:

	Payments Due by Period				
	Total	Less Than One Year	1-3 Years	3-5 Years	More Than Five Years
			(in thousands)		
Rent obligations ⁽¹⁾	\$ 745	\$ 745	\$ —	\$ —	\$ —
Total	\$ 745	\$ 745	\$ —	\$ —	\$ —

⁽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, 2022.

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, 2022, 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 US 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 \$0.6 million and \$0.4 million for the years ended December 31, 2022 and 2021, 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. 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, 2022 or December 31, 2021.

We periodically write-down our inventory to the lower of cost and net realizable value based on our estimates that consider historical usage, future demand, and inventory production date. 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 valuation reserves, once established, are not reversed until the related inventory has been sold or scrapped. Inventory valuation reserves were \$0.4 million as of December 31, 2022 and 2021.

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 68.7% and 53.4% as of December 31, 2022 and 2021, 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 liabilities ("DTAs" and "DTLs") 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 deferred tax assets 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 deferred tax liabilities, 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 deferred tax assets will not be realized, we would increase the valuation allowance against deferred tax assets. 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 deferred tax assets 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

the judgment we 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, 2022, we have a full valuation allowance against deferred tax assets totaling \$72.7 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, 2022. 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 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 ("SOFR") 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, 2022, the Company has concluded, based on applicable accounting standards, that it was more likely than not that its deferred tax assets 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 deferred tax assets. The TRA liability that would be recognized if the associated tax benefits were determined to be fully realizable totaled \$55.8 million at December 31, 2022. If utilization of the deferred tax asset 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.

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. We have a two-year agreement effective June 1, 2021 with a large multi-national ingredient company for the supply of stevia on similar terms as our prior agreement with the same ingredient company, including fixed pricing for the duration of the term. 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.

The price for aluminum cans also fluctuates depending on market conditions. Our ability to continue to procure enough aluminum cans at reasonable prices will depend on future developments that are highly uncertain. For the year ended December 31, 2022, a hypothetical 10% increase or 10% decrease in the weighted average cost of aluminum would have resulted in an increase of approximately \$1.5 million or a decrease of \$1.5 million, respectively, to cost of goods sold.

We 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 United States or increase net sales outside of the United States 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, 2022 and 2021.

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 our 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, 2022 and 2021, the related consolidated statements of operations and comprehensive loss, consolidated statement of changes in redeemable convertible preferred units and equity (deficit), and consolidated statement of cash flows, for each of the two years in the period ended December 31, 2022, 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, 2022 and 2021, and the results of its operations and its cash flows for each of the two years in the period ended December 31, 2022, 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 U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether due to error or fraud. 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 10, 2023

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

ZEVIA PBC

CONSOLIDATED BALANCE SHEETS

(in thousands, except share and per share amounts)

	December 31, 2022	December 31, 2021
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 47,399	\$ 43,110
Short-term investments	—	30,000
Accounts receivable, net	11,077	9,047
Inventories	27,576	31,501
Prepaid expenses and other current assets	2,607	3,421
Total current assets	88,659	117,079
Property and equipment, net	4,641	3,169
Right-of-use assets under operating leases, net	708	211
Intangible assets, net	4,385	4,233
Other non-current assets	539	301
Total assets	\$ 98,932	\$ 124,993
LIABILITIES AND EQUITY		
Current liabilities:		
Accounts payable	\$ 8,023	\$ 13,492
Accrued expenses and other current liabilities	8,408	6,705
Current portion of operating lease liabilities	715	236
Total current liabilities	17,146	20,433
Operating lease liabilities, net of current portion	—	1
Total liabilities	17,146	20,434
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, 2022 and December 31, 2021.	—	—
Class A common stock, \$0.001 par value. 550,000,000 shares authorized, 47,774,046 and 34,463,417 shares issued and outstanding as of December 31, 2022 and December 31, 2021, respectively.	48	34
Class B common stock, \$0.001 par value. 250,000,000 shares authorized, 21,798,600 and 30,113,152 shares issued and outstanding as of December 31, 2022 and December 31, 2021, respectively.	22	30
Additional paid-in capital	189,724	174,404
Accumulated deficit	(79,843)	(45,986)
Total Zevia PBC stockholder's equity	109,951	128,482
Noncontrolling interests	(28,165)	(23,923)
Total equity	81,786	104,559
Total liabilities and equity	\$ 98,932	\$ 124,993

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

ZEVIA PBC

CONSOLIDATED STATEMENTS OF OPERATIONS AND COMPREHENSIVE LOSS

	Year Ended December 31,	
<i>(in thousands, except share and per share amounts)</i>	2022	2021
Net sales	\$ 163,181	\$ 138,172
Cost of goods sold	93,160	74,231
Gross profit	70,021	63,941
Operating expenses:		
Selling and marketing	52,869	45,130
General and administrative	36,793	27,516
Equity-based compensation	26,880	77,724
Depreciation and amortization	1,347	997
Total operating expenses	117,889	151,367
Loss from operations	(47,868)	(87,426)
Other income (expense), net	286	(207)
Loss before income taxes	(47,582)	(87,633)
Provision for income taxes	(65)	(34)
Net loss and comprehensive loss	(47,647)	(87,667)
Net loss attributable to Zevia LLC prior to the Reorganization Transactions	—	1,913
Loss attributable to noncontrolling interest	13,790	39,768
Net loss attributable to Zevia PBC	<u>\$ (33,857)</u>	<u>\$ (45,986)</u>
Net loss per share attributable to common stockholders		
Basic	\$ (0.81)	\$ (1.33) ⁽¹⁾
Diluted	\$ (0.81)	\$ (1.33) ⁽¹⁾
Weighted average common shares outstanding		
Basic	43,469,383	34,450,409
Diluted	43,469,383	34,450,409

(1) Represents earnings per share of Class A common stock and weighted-average shares of Class A common stock outstanding for the period from July 22, 2021 through December 31, 2021, the period following the reorganization transactions and initial public offering (see Note 16).

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

ZEVIA PBC

CONSOLIDATED STATEMENTS OF CHANGES IN REDEEMABLE CONVERTIBLE PREFERRED UNITS AND EQUITY (DEFICIT)

	Redeemable Convertible Preferred			Class A Common Stock			Class B Common Stock			Additional		Noncontrolling	Total
	Units	Amount	Members' Deficit	Shares	Amount	Shares	Amount	Shares	Amount	Paid in Capital	Accumulated Deficit	interest	Equity
<i>(in thousands, except for share amounts)</i>													
Balance at December 31, 2020	26,322,803	\$ 232,457	\$ (196,812)	—	\$ —	—	\$ —	—	\$ —	—	\$ —	—	\$ (196,812)
Exercise of common units prior to the Reorganization Transactions	—	—	10	—	—	—	—	—	—	—	—	—	10
Equity-based compensation prior to the Reorganization Transactions	—	—	73	—	—	—	—	—	—	—	—	—	73
Net loss prior to the Reorganization Transactions	—	—	(1,913)	—	—	—	—	—	—	—	—	—	(1,913)
Distributions to unitholders for tax payments	—	—	(2,669)	—	—	—	—	—	—	—	—	—	(2,669)
Balance prior to the Reorganization Transactions	26,322,803	232,457	(201,311)	—	—	—	—	—	—	—	—	—	(201,311)
Impact of Reorganization and IPO	—	—	—	—	—	—	—	—	—	—	—	—	—
Effect of the Reorganization Transactions	(26,322,803)	(232,457)	219,633	23,716,450	24	—	—	—	—	12,800	—	—	232,457
Issuance of Class A common stock in IPO, net of commission	—	—	—	6,900,000	7	—	—	—	—	90,073	—	—	90,080
Issuance of Class B units to Zevia LLC unitholders	—	—	—	—	—	—	—	30,114,488	30	(30)	—	—	—
Purchases of Zevia LLC units in connection with IPO	—	—	(2,037)	3,767,440	3	—	—	—	—	2,034	—	—	—
Cancellation of options in connection with IPO	—	—	(423)	32,560	—	—	—	—	—	425	—	—	2
Cancellation of options	—	—	—	—	—	—	—	—	—	(4)	—	—	(4)
Offering costs	—	—	—	—	—	—	—	—	—	(8,367)	—	—	(8,367)
Repurchase and cancellation of Zevia LLC units	—	—	(17)	—	—	—	—	(1,336)	—	—	—	—	(17)
Allocation of equity to noncontrolling interest	—	—	(15,845)	—	—	—	—	—	—	—	—	15,845	—
Exercise of stock options	—	—	—	46,967	—	—	—	—	—	(178)	—	—	(178)
Equity-based compensation	—	—	—	—	—	—	—	—	—	77,651	—	—	77,651
Net loss post-Reorganization Transactions	—	—	—	—	—	—	—	—	—	—	(45,986)	(39,768)	(85,754)
Balance at December 31, 2021	—	—	—	34,463,417	34	30,113,152	30	174,404	—	—	(45,986)	(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)	(13,790)	(47,647)
Balance at December 31, 2022	—	\$ —	—	47,774,046	\$ 48	21,798,600	\$ 22	\$ 189,724	\$ (79,843)	\$ (28,165)	\$ 81,786		

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

ZEZIA PBC

CONSOLIDATED STATEMENTS OF CASH FLOWS

(in thousands)	Year Ended December 31,	
	2022	2021
Operating activities:		
Net loss	\$ (47,647)	\$ (87,667)
Adjustments to reconcile net loss to net cash used in operating activities:		
Non-cash lease expense	653	562
Depreciation and amortization	1,347	997
Loss (gain) on sale of equipment	3	(4)
Amortization of debt issuance cost	64	94
Equity-based compensation	26,880	77,724
Changes in operating assets and liabilities:		
Accounts receivable, net	(2,030)	(2,062)
Inventories	3,925	(10,701)
Prepaid expenses and other assets	846	(2,481)
Accounts payable	(5,850)	4,396
Accrued expenses and other current liabilities	1,703	1,960
Operating lease liabilities	(672)	(624)
Net cash used in operating activities	(20,778)	(17,806)
Investing activities:		
Proceeds from maturities of short-term investments	30,000	—
Payments for purchases of short-term investments	—	(30,000)
Purchases of property, equipment and software	(2,593)	(3,143)
Net cash provided by (used in) investing activities	27,407	(33,143)
Financing activities:		
Proceeds from revolving line of credit ⁽¹⁾	—	74,721
Repayment of revolving line of credit ⁽¹⁾	—	(74,721)
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	124	—
Proceeds from exercise of common units	—	10
Exercise of stock options	—	(178)
Repurchase of Zevia LLC units	—	(17)
Distribution to unitholders for tax payments	—	(2,669)
Proceeds from issuance of Class A common stock sold in IPO, net of underwriting discounts and commissions	—	139,689
Use of proceeds from issuance of Class A common stock to purchase Zevia LLC Units	—	(49,609)
Cancellation of options in IPO	—	2
Cancellation of options	—	(4)
Payment of IPO costs	—	(8,101)
Net cash (used in) provided by financing activities	(2,340)	79,123
Net change from operating, investing, and financing activities	4,289	28,174
Cash and cash equivalents at beginning of period	43,110	14,936
Cash and cash equivalents at end of period	\$ 47,399	\$ 43,110
Non-cash investing and financing activities		
Capital expenditures included in accounts payable	\$ 506	\$ 125
Conversion of Class B common stock to Class A common stock	\$ 9,548	\$ —
Operating lease right-of-use assets obtained in exchange for lease liabilities	\$ 1,150	\$ —
Unpaid IPO offering costs	\$ —	\$ 266

Supplemental Disclosure of Cash Flow Information:

Cash paid for interest	\$ 64	\$ 148
Cash paid for income taxes	\$ 69	\$ -

- (1) Zevia PBC's revolving line of credit provides for daily drawdowns and repayments of amounts outstanding. As of December 31, 2021, no amounts were outstanding due to the termination of the line of credit in July 2021. Consistent with the provisions of ASC Topic 230, *Statement of Cash Flows*, Zevia PBC has presented daily draw-downs and repayments under its revolving line of credit with its lender on a gross basis in the consolidated statements of cash flows for the year ended December 31, 2021.

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") develops, markets, sells, and distributes a wide variety of zero sugar, zero calorie, non-GMO Project verified, gluten-free, Kosher, vegan, zero sodium carbonated and non-carbonated beverages under the Zevia® brand name that include a broad assortment of flavors across Soda, Energy Drinks, Organic Teas, Mixers, and Kidz drinks. Zevia PBC's products are distributed and sold principally across the United States of America ("U.S.") and Canada through a diverse network of major retailers (both brick-and-mortar and e-commerce), including grocery stores, natural products stores, warehouse clubs, and specialty outlets. Zevia PBC's products are manufactured and generally maintained at third-party beverage production and warehousing facilities located in both the United States and Canada.

Initial Public Offering and Reorganization Transactions

On July 21, 2021, the registration statement on Form S-1 of Zevia PBC was declared effective by the Securities and Exchange Commission ("SEC") related to the initial public offering ("IPO") of its Class A common stock. On July 22, 2021, the Company's Class A common stock began trading on the New York Stock Exchange under the ticker symbol "ZVIA". The Company completed the 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. The Company received aggregate net proceeds of approximately \$139.7 million after deducting underwriting discounts and commissions of \$10.1 million. The underwriters did not exercise their option to purchase 1,605,000 additional shares of Class A common stock and that option expired on August 20, 2021.

In connection with the IPO, the Company completed the following transactions ("Reorganization Transactions"):

- Zevia LLC recapitalized its common and preferred membership interests into a single class of common units and each common unit outstanding after giving effect thereto was reclassified as two Class B units on a one-to-two basis;
- The Company amended and restated its certificate of incorporation in its entirety to, among other things: (i) authorize 800,000,000 shares of common stock, 550,000,000 shares of which are designated as "Class A Common Stock" and 250,000,000 shares of which are designated as "Class B Common Stock;" and (ii) authorize 10,000,000 shares of undesignated preferred stock that may be issued from time to time by the Company's Board of Directors in one or more series and amended and restated its bylaws in their entirety to, among other things: (a) establish procedures relating to the presentation of stockholder proposals at stockholder meetings; (b) establish procedures relating to the nomination of directors; and (c) conform to the provisions of the amended and restated certificate;
- The limited liability company agreement of Zevia LLC was amended and restated (the "Amended and Restated Zevia LLC Agreement") to, among other things, provide for Class A units and Class B units and appoint the Company as the sole managing member of Zevia LLC;
- The Company assumed all outstanding equity awards of Zevia LLC on a one-to-two basis;
- The Amended and Restated Zevia LLC Agreement classified the interests acquired by the Company as Class A units, reclassified the interests held by the continuing members of Zevia LLC as Class B units and permits the continuing members of Zevia LLC to exchange Class B units for shares of Class A common stock on a one-for-one basis or, at the election of the Company, for cash. For each membership unit of Zevia LLC that is reclassified as a Class B unit, the Company issued one corresponding share of its Class B common stock to the continuing members;
- The Company contributed approximately \$90.1 million of the net proceeds of the IPO to Zevia LLC to acquire 6,900,000 newly issued Class A units of Zevia LLC at a per-unit price equal to the per-share price paid by the underwriters for shares of Class A common stock in the IPO. The Company retained \$81.7 million of the total IPO proceeds after \$8.4 million of offering costs. The retained proceeds will ultimately be used by the Company for working capital and other general corporate purposes;
- The Company used approximately \$25.5 million of the net proceeds of the IPO to purchase 1,956,142 Class B units and corresponding shares of Class B common stock from certain of Zevia LLC's unitholders, including certain members of senior management, at a per-unit price equal to the per-share price paid by the underwriters for shares of Class A common stock in the IPO. Such units were immediately converted into an equivalent number of Class A units;
- The Company used approximately \$0.4 million of the net proceeds of the IPO to cancel and cash-out of 32,560 outstanding options held by certain option holders, including certain members of senior management, at a per-option price equal to the per-share price paid by the underwriters for shares of Class A common stock in the IPO. The Company received an equivalent number of Class A units from Zevia LLC in exchange for the cancellation of such options;
- Zevia PBC formed a new, first-tier merger subsidiary with respect to each blocker company of certain pre-IPO institutional investors ("Direct Zevia Stockholders"), and contemporaneously with the IPO, each respective merger subsidiary merged with and into the respective blocker company, with the blocker company surviving. Immediately thereafter, each blocker company merged with and into Zevia PBC, with Zevia PBC surviving. As a result of the blocker mergers, the 100% owners of the blocker companies acquired an aggregate of 23,716,450 shares of newly issued Class A common stock and received approximately \$23.7 million in cash consideration in exchange for 1,811,298 previously-held Class B units, which were immediately converted into an equivalent number of Class A units in the hands of Zevia PBC, and the blocker companies ceased to own any Zevia LLC units; and
- The Company entered into an Amended and Restated Registration Rights Agreement with the Class B stockholders to provide for certain rights and restrictions after the IPO.

Immediately following the closing of the IPO on July 26, 2021, 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. This reorganization is accounted for as a reorganization of entities under common control. As a result, the consolidated financial statements of the Company will recognize the assets and liabilities received in the reorganization at their historical carrying amounts, as reflected in the historical financial statements of Zevia LLC. The Company has consolidated Zevia LLC in its financial statements and record a noncontrolling interest related to the Class B units held by the Class B stockholders on its consolidated balance sheet and statement of operations. As of December 31, 2022 and 2021, the Company held an economic interest of 68.7% and 53.4%, respectively, in Zevia LLC and the remaining 31.3% and 46.6%, respectively, represents the non-controlling interest.

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 United States ("US 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 voting 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*.

In connection with the IPO, the Company completed the Reorganization Transactions, which were accounted for consistent with a combination of entities under common control. As a result, the financial reports filed with the SEC by the Company subsequent to the Reorganization Transactions are prepared "as if" Zevia LLC is the accounting predecessor of the Company. The historical operations of Zevia LLC are deemed to be those of the Company. Thus, the consolidated financial statements included in this report reflect (i) the historical operating results and financial position of Zevia LLC prior to the Reorganization Transactions; (ii) the consolidated results of operations and financial position of the Company and Zevia LLC following the Reorganization Transactions; and (iii) the Company's equity structure for all periods presented. No step-up basis of intangible assets or goodwill was recorded.

On January 1, 2022, Zevia PBC and Zevia LLC entered into a service agreement to transfer the services of all employees of Zevia PBC 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 Zevia PBC. 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 Zevia PBC, for certain expenses for overhead, administrative, and other expenses, at Zevia PBC's discretion. For the year ended December 31, 2022, it was determined that the majority of such costs should be retained by Zevia PBC, 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.

Reclassifications

Certain amounts from prior periods have been reclassified in the consolidated balance sheet and consolidated statement of operations and comprehensive loss to conform to the current period presentation. For the activity in the periods prior to the IPO and Reorganization Transactions, common stock, additional paid-in capital, and accumulated deficit information has been combined and presented as member's deficit in the accompanying consolidated balance sheets and consolidated statements of changes in redeemable convertible preferred units and equity (deficit).

Consolidated Balance Sheet:

The following table presents the adjustments made to the Consolidated Balance Sheet as of December 31, 2021, in order to reclassify computer software costs from property and equipment, net, to intangible assets, net in accordance with Accounting Standard Codification ("ASC") Topic 350, Intangibles—Goodwill and Other:

<i>(in thousands)</i>	December 31, 2021 (as reported)	Adjustments	December 31, 2021 (adjusted)
Property and equipment, net	\$ 3,664	\$ (495)	\$ 3,169
Intangible assets, net	3,738	495	4,233

Consolidated Statement of Operations and Comprehensive Loss:

The following table presents the reclassifications made to the Consolidated Statements of Operations and Comprehensive Loss for the year ended December 31, 2021 in order to reclassify repackaging and handling costs from cost of goods sold to selling and marketing expenses. The Company believes this classification change better portrays the financial impacts of the fulfillment activities conducted by the Company. The Company made this change in classification during the year ended December 31, 2022 as a result of an increasing trend in the occurrence of such fulfillment costs in the business.

<i>(in thousands)</i>	Year Ended December 31, 2021 (as reported)	Reclassification	Year Ended December 31, 2021 (adjusted)
Cost of goods sold	\$ 76,958	\$ (2,727)	\$ 74,231
Gross profit	61,214	2,727	63,941
Selling and marketing expenses	42,403	2,727	45,130

Use of estimates

The preparation of the consolidated financial statements in accordance with US 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; reserves recorded for inventory obsolescence; the incremental borrowing rate for lease liabilities; allowance for doubtful accounts; recoverability of intangible assets; realization of deferred tax assets; and the determination of the fair value of equity instruments, including redeemable convertible preferred and common units, 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.

As of December 31, 2022, the Company's operations continued to be impacted by the effects of the COVID-19 pandemic including the emergence of new variants, with respect to broad-based inflation in input costs, logistics, manufacturing and labor costs. During the year ended December 31, 2022, the Company experienced significant inflationary impact, which has created headwinds that the Company expects to continue into 2023. The effects of the COVID-19 pandemic are expected to continue to impact global economies, and the Company will continue to monitor the situation and the effects on its business and operations, particularly if the COVID-19 pandemic, including the emergence of new variants, continues for an extended period of time.

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, 2022, the Company did not hold any investments. As of December 31, 2021, the Company held \$27.0 million of time deposits with contractual maturities of less than three months, which are classified as cash and cash equivalents on the consolidated balance sheets, and \$30 million of time deposits with contractual maturities of greater than three months but less than one year which are classified as short-term investments on the consolidated balance sheets.

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, short-term investments, accounts receivable, accounts payable, accrued expenses and other current liabilities. The carrying values of the Company's cash, short-term investments, accounts receivable, accounts payable, accrued expenses and other current liabilities approximated their fair values at December 31, 2022 and 2021 due to the short period of time to maturity or repayment. As of December 31, 2022 and 2021, all cash and cash equivalents and short-term investments were considered Level 1.

As of December 31, 2022 and 2021, 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, 2022 and 2021, 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, 2022 or December 31, 2021. Changes in the Allowance for Doubtful Accounts were as follows:

	Year Ended December 31,	
	2022	2021
Balance, beginning of the year	\$ 10	\$ —
Provision (recovery) for bad debt	(10)	10
Balance, end of the year	\$ —	\$ 10

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. Inventory valuation reserves were \$0.4 million as of December 31, 2022 and 2021.

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	2-7
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, 2022 and 2021.

Leases

The Company leases office space and vehicles under operating leases. 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, 2022 and 2021.

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 United States 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, 2022 and 2021, 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 \$0.3 million and \$0 million as of December 31, 2022 and 2021, 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 \$5.6 million and \$3.5 million as of December 31, 2022 and 2021, 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, in-bound 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, freight and warehousing for raw materials, bottling tolling fees, as well as shifting product mix. 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 \$15.4 million and \$13.2 million for the years ended December 31, 2022 and 2021, respectively.

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 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 \$11.1 million and \$12.6 million for the years ended December 31, 2022 and 2021, 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 derives its volatility from the average historical volatilities of several peer public companies over a period equivalent to the expected term of the awards. 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 based on the United States Treasury yield curve in effect at the time of grant. 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 United States 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) gains for the years ended December 31, 2022 and 2021 amounted to approximately \$0.2 million and \$0.0 million, respectively, and are included under other income (expense), 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 68.7% and 53.4% as of December 31, 2022 and 2021, 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 liabilities (“DTAs” and “DTLs”) 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 April 2021, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("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 US 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.

In August 2020, the FASB issued ASU No. 2020-06, *Debt – Debt with Conversion and Other Options (Subtopic 470-20) and Derivatives and Hedging – Contracts in Entity's Own Equity (Subtopic 815-40)*. This ASU reduces the number of accounting models for convertible debt instruments and convertible preferred stock, as well as amends the guidance for the derivatives scope exception for contracts in an entity's own equity to reduce form-over-substance-based accounting conclusions. In addition, this ASU improves and amends the related earnings per share guidance and requires the application of the if-converted method for calculating diluted earnings per share, with the treasury stock method no longer permissible. The ASU is applicable to the Company for fiscal years beginning after December 15, 2023, and interim periods within those fiscal years. Adoption is either a modified retrospective method or a fully retrospective method of transition. The Company early adopted the ASU as of January 1, 2021 and applied the accounting standard update in computing diluted earnings per share for its redeemable convertible preferred units. The adoption of ASU 2020-06 did not have a significant impact on the Company's financial statements.

In August 2018, the FASB issued ASU No. 2018-15, *Intangibles - Goodwill and Other - Internal Use Software (Subtopic 350-40): Customer's Accounting for Implementation Costs Incurred in a Cloud Computing Arrangement That Is a Service Contract*. The ASU aligns the requirements for capitalizing implementation costs incurred in a hosting arrangement that is a service contract with the requirements for capitalizing implementation costs incurred to develop or obtain internal use software. This ASU is effective for private companies for annual reporting periods beginning after December 15, 2020, and interim periods within annual periods beginning after December 15, 2021. The Company adopted the ASU as of January 1, 2021. The adoption of ASU 2018-15 did not have a significant impact on the Company's financial statements.

Recently Issued Accounting Pronouncements – Not Yet Adopted

In June 2016, the FASB issued 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 currently does not expect this guidance to have a significant impact on the Company's financial statements as it does not have a history of material credit losses.

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,	
	2022	2021
Retail sales	\$ 145,041	\$ 119,884
Online/e-commerce	\$ 18,140	\$ 18,288
Net sales	<u>\$ 163,181</u>	<u>\$ 138,172</u>

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

(in thousands)	Year Ended December 31,	
	2022	2021
United States	\$ 145,180	\$ 125,378
Canada	\$ 18,001	\$ 12,794
Net sales	<u>\$ 163,181</u>	<u>\$ 138,172</u>

Contract liabilities

The Company did not have any material unsatisfied performance obligations as of December 31, 2022 and December 31, 2021, respectively.

4. INVENTORIES

Inventories consist of the following as of:

<i>(in thousands)</i>	December 31, 2022	December 31, 2021
Raw materials	\$ 7,527	\$ 10,193
Finished goods	20,049	21,308
Inventories	<u>\$ 27,576</u>	<u>\$ 31,501</u>

5. PROPERTY AND EQUIPMENT, NET

Property and equipment consist of the following as of:

<i>(in thousands)</i>	December 31, 2022	December 31, 2021
Land	\$ 336	\$ 336
Leasehold improvements	463	463
Computer equipment and software	796 ⁽¹⁾	813 ⁽¹⁾
Furniture and equipment	544	521
Vehicles	197	38
Quality control and marketing equipment	1,635	532
Buildings and improvements	1,610	1,443
Assets not yet placed in service	1,128	456
	<u>6,709</u>	<u>4,602</u>
Less accumulated depreciation	(2,068)	(1,433)
Property and equipment, net	<u>\$ 4,641</u>	<u>\$ 3,169</u>

⁽¹⁾ During the year ended December 31, 2022, the Company reclassified computer software costs from property and equipment, net, to intangible assets, net. Refer to Note 2 - *Summary of Significant Accounting Policies* for amounts reclassified.

During the year ended December 31, 2021, the Company purchased a warehouse facility in Evansville, Indiana for a total purchase price of \$1.7 million. For the year ended December 31, 2022 and 2021, depreciation expense, including the amortization of leasehold improvements, amounted to approximately \$0.7 million and \$0.6 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, 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	<u>3,007</u>	<u>(2,470)</u>	<u>537</u>
		5,284	(3,899)	1,385
Trademarks	N/A	<u>3,000</u>	<u>—</u>	<u>3,000</u>
Intangible assets, net		<u>\$ 8,284</u>	<u>\$ (3,899)</u>	<u>\$ 4,385</u>

	December 31, 2021			
<i>(in thousands)</i>	Weighted-Average Remaining Useful Life	Gross Carrying Amount	Accumulated Amortization	Intangible Assets, Net
Software	1.3	\$ 1,440	\$ (945)	\$ 495
Customer relationships	3.7	<u>3,007</u>	<u>(2,269)</u>	<u>738</u>
		4,447	(3,214)	1,233
Trademarks	N/A	<u>3,000</u>	<u>—</u>	<u>3,000</u>
Intangible assets, net		<u>\$ 7,447</u>	<u>\$ (3,214)</u>	<u>\$ 4,233</u>

For the years ended December 31, 2022 and 2021, total amortization expense amounted to \$0.7 million and \$0.4 million, respectively, including \$0.4 million and \$0.2 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, 2022 and 2021.

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

<i>(in thousands)</i>	
2023	\$ 632
2024	563
2025	190
Expected amortization expense for intangible assets with definite lives	<u>\$ 1,385</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. There have been no amounts 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.

The Borrower is required under the Secured Revolving Line of Credit 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, 2022, the Company was in compliance with its liquidity covenant.

Credit Facility

In 2019, Zevia LLC entered into a loan agreement providing for a \$9.0 million revolving line of credit (the "Credit Facility") with Stonegate Asset Company II, LLC ("Stonegate"), with a maturity date in April 2022. Borrowings under the revolving line were secured by accounts receivable and inventory. In June 2020, Zevia amended the Credit Facility and increased it to \$12.0 million. As of December 31, 2021, the revolving line interest rate was 7.5% annual percentage rate and there was no outstanding balance. On June 1, 2021, Zevia extended the Credit Facility through April 2023 and there were no other modifications made to the terms and conditions. In July 2021 and subsequent to the IPO, Zevia terminated the Credit Facility. Early-termination fees were not material and were included in interest expense within other expenses, net in the accompanying consolidated statements of operations and comprehensive loss.

8. LEASES

The Company leases office space and vehicles. The leases have remaining lease terms of one to 15 months. On March 25, 2022, the Company entered into an amendment to the lease for its corporate headquarters offices to extend the term through December 31, 2023, and to expand the total square footage from 17,923 square feet to 20,185 square feet commencing on May 1, 2022. In January 2023, the Company extended the lease term through December 31, 2026. The Company's recognized lease costs include:

<i>(in thousands)</i>	Year Ended December 31,	
	2022	2021
Income Statement		
Operating lease cost ⁽¹⁾	\$ 705	\$ 605

⁽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,	
	2022	2021
Weighted-average remaining lease term (months)	12.0	4.6
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 various non-cancellable lease agreements providing for office space and vehicles that expire at various dates through 2023. Maturities of lease payments under non-cancellable leases were as follows:

<i>(in thousands)</i>	December 31, 2022	
2023	\$	745
Total lease payments		745
Less Imputed Interest		(30)
Present value of lease liabilities	\$	715

9. COMMITMENTS AND CONTINGENCIES

Purchase commitments

As of December 31, 2022, the Company does not have any material agreements with suppliers for the purchase of raw material with minimum purchase quantities.

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. The Company has not identified any material legal matters where it believes an unfavorable material outcome is reasonably possible and/or for which an estimate of possible losses can be made. Management does not believe that the resolution of these matters would have a material impact on the consolidated financial statements.

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, 2022 and 2021, the Company incurred contribution expense of \$0.5 million and \$0.4 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, 2022		December 31, 2021	
Accrued employee compensation benefits	\$	3,409	\$	3,032
Accrued direct selling costs		1,593		1,011
Accrued customer paid bottle deposits		1,253		774
Accrued other		2,153		1,888
Total	\$	8,408	\$	6,705

12. EQUITY-BASED COMPENSATION

In connection with the IPO, the Company assumed all outstanding equity awards of Zevia LLC on a one-to-two basis and assumed all equity incentive plans and related award agreements from Zevia LLC.

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, and (ii) a smaller number of shares determined by the Company's Board of Directors.

In October and November 2021, the Company amended outstanding RSU awards and outstanding stock options held by certain employees, in each case, to provide for accelerated vesting upon the holder's retirement on or after January 17, 2022. For this purpose, "retirement" generally includes 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 such retirement.

As of December 31, 2022, the 2021 Plan provides for future grants and/or issuances of up to approximately 2.5 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,			
	2022		2021	
Stock price	\$	3.40	\$	14.00
Exercise Price		3.93		14.00
Expected term (years) ⁽¹⁾		6.25		6.06
Expected volatility ⁽²⁾		62.7%		47.5%
Risk-Free interest rate ⁽³⁾		2.7%		0.9%
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 is based on the historical volatility of a selected peer group over a period equivalent to the expected term.

(3) The risk-free 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 we have 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, 2022 and 2021 was \$1.97 and \$6.39, respectively.

The following is a summary of stock option activity for the year ended December 31, 2022:

	Shares	Weighted average exercise price	Weighted average remaining life	Intrinsic value (in thousands)
Outstanding Balance as of January 1, 2022	1,409,693	\$ 2.30		
Granted	1,721,320	\$ 3.93		
Exercised	(246,415)	\$ 0.50		
Forfeited and expired	(114,844)	\$ 5.14		
Balance as of December 31, 2022	2,769,754	\$ 3.36	8.0	\$ 4,455
Exercisable at the end of the period	945,790	\$ 1.40	5.3	\$ 3,273
Vested and expected to vest	2,769,754	\$ 3.36	8.0	\$ 4,455

The total intrinsic values of options exercised during the year ended December 31, 2022 was \$0.9 million.

As of December 31, 2022, total unrecognized compensation expense related to unvested stock options was \$3.4 million, which is expected to be recognized over a weighted-average period of 3.2 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 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 in August 2020 ("the RSU Amendment"). The RSU Amendment changes 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 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, 2022, the remaining service period of the awards is 25 months.

In November 2021, the Company's Board of Directors approved an amendment to its equity-based compensation plans for certain 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 length of service and age, and they provide advance notice to the 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 was accelerated through their retirement date.

The following is a summary of RSU activity for the year ended December 31, 2022:

	Shares	Weighted average grant date fair value	Aggregate Intrinsic Value (in thousands)
Balance unvested shares at January 1, 2022	7,981,444	\$ 5.33	
Granted	1,121,740	\$ 3.41	
Vested	(6,445,278) *	\$ 5.58	
Forfeited	(97,316)	\$ 4.81	
Balance unvested at December 31, 2022	2,560,590	\$ 3.90	10,473
Expected to vest at December 31, 2022	2,560,590	\$ 3.90	10,473

*Shares vested includes 1,345,800 of RSUs which vested but are subject to a deferred settlement provision over the next three years and therefore have not been released.

As of December 31, 2022, total unrecognized compensation expense related to unvested RSUs was \$9.8 million, which is expected to be recognized over a weighted-average period of 2.3 years.

13. REDEEMABLE CONVERTIBLE PREFERRED UNITS

Prior to the IPO and the Reorganization Transactions, Zevia LLC had various classes of redeemable convertible preferred units ("preferred units") outstanding that were issued at various times since inception.

In connection with the IPO and the Reorganization Transactions, all outstanding preferred units were reclassified into a single class of common units and each common unit outstanding after giving effect thereto was reclassified as two Class B units on a one-to-two basis.

14. SEGMENT REPORTING

The Company has one operating and reporting segment which 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 accessed. 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.

15. 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,	
	2022	2021
Customer A	15%	17%
Customer B	*	16%
Customer C	*	11%
Customer D	*	11%

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

	December 31, 2022	December 31, 2021
Customer B	*	13%
Customer D	10%	15%
Customer E	17%	11%
Customer F	*	12%
Customer H	12%	*

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,	
	2022	2021
Vendor A	27%	28%
Vendor B	18%	22%
Vendor C	13%	13%

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

16. LOSS PER SHARE

Basic earnings (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 earnings 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. There were no shares of Class A or Class B common stock outstanding prior to July 22, 2021, therefore no earnings per share information has been presented for any period prior to that date.

Shares of the Company's Class B common stock do not share in the earnings or losses attributable to Zevia PBC and are therefore not participating securities. As such, separate presentation of basic and diluted earnings per share of Class B common stock under the two-class method has not been presented. Shares of the Company's Class B common stock are, however, considered potentially dilutive shares of Class A common stock because shares of Class B common stock, together with the related Zevia LLC Class B Common Units, are exchangeable into shares of Class A common stock on a one-for-one basis.

Prior to the IPO, the Zevia LLC membership structure included various classes of Preferred Units and Common units. The Company analyzed the calculation of earnings per unit for periods prior to the IPO and determined that it resulted in values that would not be meaningful to the users of these consolidated financial statements. Therefore, earnings per share information has not been presented for any period prior to the IPO.

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,	
	2022	2021
<i>(in thousands, except for share and per share amounts)</i>		
Net loss per share:		
Numerator:		
Net loss and comprehensive loss	\$ (47,647)	\$ (87,667)
Less: net loss attributable to Zevia LLC prior to the Reorganization Transactions	—	1,913
Less: net loss attributable to non-controlling interests	13,790	39,768
Add: adjustment to reallocate net loss to controlling interest	(1,298) ⁽¹⁾	—
Net loss to Zevia PBC	\$ (35,155)	\$ (45,986)
Denominator:		
Weighted-average shares of Class A common stock outstanding – basic	41,739,061	34,450,409
Add: weighted average shares of vested and unreleased RSUs	1,730,322 ⁽²⁾	—
Weighted-average basic and diluted shares	43,469,383	34,450,409
Loss per share of Class A common stock – basic	\$ (0.81)	\$ (1.33) ⁽³⁾
Loss per share of Class A common stock – diluted	\$ (0.81)	\$ (1.33) ⁽³⁾

⁽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 unreleased 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 unreleased 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.

⁽³⁾ Represents earnings per share of Class A common stock and weighted-average shares of Class A common stock outstanding for the period from July 22, 2021 through December 31, 2021, the period following the Reorganization Transactions and IPO.

Zevia LLC Class B Common Units, stock options and restricted stock units 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 net loss per share available to common stockholders:

	Year Ended December 31,	
	2022	2021
Zevia LLC Class B Common Units exchangeable to shares of Class A common Stock	26,023,476	30,113,152
Stock options	2,239,025	1,483,824
Restricted stock units	3,473,655	7,981,444

17. 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 68.7% and 53.4%, as of December 31, 2022 and 2021, respectively.

Income tax expense consists of the following:

	Year Ended December 31,	
	2022	2021
Current		
Federal	\$ —	\$ —
State	65	34
Total	65	34
Deferred		
Federal	—	—
State	—	—
Total	—	—
Provision for income taxes	\$ 65	\$ 34

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,	
	2022	2021
Tax computed at federal statutory rate	21.0%	21.0%
State tax, net of federal tax benefit	0.8%	1.7%
Permanent items and other	(0.8)%	0.0%
Non-controlling interests	(5.8)%	(10.0)%
Equity-based compensation	(9.2)%	(3.7)%
Valuation allowance	(6.1)%	(9.0)%
Effective Tax Rate	(0.1)%	0.0%

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 deferred tax assets consist of the following:

	Year Ended December 31,	
	2022	2021
Deferred tax assets		
Investment in Zevia LLC	\$ 53,427	\$ 47,955
Net operating loss carryforwards	15,970	4,144
Equity-based compensation	3,161	6,840
Other temporary differences	104	1
Total deferred tax assets	72,662	58,940
Valuation allowance for deferred tax assets	(72,662)	(58,940)
Net deferred tax assets	\$ —	\$ —

The Company records a valuation allowance to reduce deferred tax assets 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 deferred tax assets 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 \$72.7 and \$58.9 million as of December 31, 2022 and 2021, respectively, as it cannot conclude that it is more likely than not that the deferred tax assets 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,	
	2022	2021
Balance, beginning of the year	\$ 58,940	\$ —
Increases related to current year positions	13,722	58,940
Balance, end of the year	\$ 72,662	\$ 58,940

As of December 31, 2022, the Company has federal and state net operating loss carryforwards of \$66.2 million and \$36.8 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, 2022, 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 United States and various states. The Company is not currently under examination by any 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 United States enacted the CARES Act. The Cares Act is an emergency economic stimulus package that includes spending and tax breaks to strengthen the United States 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, 2022, 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 February 9, 2022, California enacted SB 113, which, among other changes, ends the temporary limitations on the utilization of net operating loss ("NOL") carryforwards and certain credits. Under previously enacted provisions, NOL carryforward deductions were suspended for tax years 2020-2022 for taxpayers with over \$1 million of California taxable income. The newly enacted legislation removes this limitation on NOL utilization for the 2022 tax year and removes the \$5 million cap on the usage of corporate income tax credits. There was no material impact from the provisions of SB 113 in 2022.

On August 16, 2022, the United States 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. The Company does not believe this legislation will have a material impact on our 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 SOFR 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, 2022, the Company has concluded, based on applicable accounting standards, that it was more likely than not that its deferred tax assets 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 deferred tax assets. The TRA liability that would be recognized if the associated tax benefits were determined to be fully realizable totaled \$55.8 million and \$45.6 million at December 31, 2022 and 2021, respectively. The increase in the TRA liability is primarily related to Class B to Class A exchanges during the year ended December 31, 2022. If utilization of the deferred tax asset 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.

18. UNAUDITED QUARTERLY INFORMATION

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 ⁽¹⁾	19,321 ⁽¹⁾	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) ⁽²⁾	(0.27) ⁽²⁾	(0.16) ⁽²⁾	(0.09)
Diluted earnings per share	(0.28) ⁽²⁾	(0.27) ⁽²⁾	(0.16) ⁽²⁾	(0.09)
Weighted-average shares of Class A Common Stock - basic and diluted	38,371,713 ⁽²⁾	42,051,987 ⁽²⁾	\$ 45,938,507 ⁽²⁾	47,368,849

The following summarizes selected unaudited quarterly financial data for the year ended December 31, 2021 (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	\$ 30,694	\$ 34,352	\$ 38,956	\$ 34,170
Gross profit	14,704 ⁽³⁾	16,673 ⁽³⁾	17,767 ⁽³⁾	14,797 ⁽³⁾
Loss from operations	243	(707)	(49,498) ⁽⁴⁾	(37,464) ⁽⁴⁾
Loss before income taxes	247	(749)	(49,711) ⁽⁴⁾	(37,420) ⁽⁴⁾
Net loss and comprehensive loss	247	(749)	(49,761)	(37,404)
Net loss attributable to Zevia PBC	—	—	(25,823)	(20,163)
Basic earnings per share	N/A ⁽⁵⁾	N/A ⁽⁵⁾	(0.75)	(0.59)
Diluted earnings per share	N/A ⁽⁵⁾	N/A ⁽⁵⁾	(0.75)	(0.59)
Weighted-average shares of Class A Common Stock - basic and diluted	N/A ⁽⁵⁾	N/A ⁽⁵⁾	34,440,982	34,450,409

⁽¹⁾ The Company reclassified \$1.3 million and \$1.9 million of expenses in the first and second quarter of 2022, respectively, which were previously recorded as cost of goods sold to selling and marketing expenses to conform to the current presentation.

⁽²⁾ The Company has revised basic and diluted earnings per share amounts for the first, second, and third quarters of 2022 to include the impact of vested but unreleased restricted stock units which were previously excluded from the respective basic and diluted earnings per share computations. The impact of this immaterial correction was to decrease both basic and diluted loss per share by \$0.02, \$0.01, and \$0.01, respectively, from the amounts previously reported in the Company's Form 10-Q for each of the respective first, second, and third quarters of 2022.

⁽³⁾ The Company reclassified \$0.5 million, \$0.4 million, \$0.8 million, and \$1.0 million of expenses in the first, second, third, and fourth quarter of 2021, respectively, which were previously recorded as cost of goods sold to selling and marketing expenses to conform to the current presentation.

⁽⁴⁾ Net loss in the second half of 2021 increased primarily due to \$45.7 million and \$31.9 million, respectively, of equity-based compensation in the third and fourth quarter of 2021 relating to restricted stock unit awards and phantom stock awards that generally vest over six months following the IPO.

⁽⁵⁾ Prior to the IPO, the Zevia LLC membership structure included various classes of Preferred Units and Common units. The Company analyzed the calculation of earnings per unit for periods prior to the IPO and determined that it resulted in values that would not be meaningful to the users of these consolidated financial statements. Therefore, earnings per share information has not been presented for the periods prior to the IPO.

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 Chief Financial Officer, evaluated the effectiveness of our disclosure controls and procedures as of December 31, 2022. Based on the foregoing evaluation, management determined that our disclosure controls and procedures were effective at the reasonable assurance level as of December 31, 2022.

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, 2022, 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, 2022.

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, 2022, 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.

Not applicable.

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 2023 Annual Meeting of Stockholders, which will be filed with the SEC no later than 120 days after December 31, 2022.

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 definitive Proxy Statement for our 2023 Annual Meeting of Stockholders, which will be filed with the SEC no later than 120 days after December 31, 2022.

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 definitive Proxy Statement for our 2023 Annual Meeting of Stockholders, which will be filed with the SEC no later than 120 days after December 31, 2022.

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 definitive Proxy Statement for our 2023 Annual Meeting of Stockholders, which will be filed with the SEC no later than 120 days after December 31, 2022.

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 definitive Proxy Statement for our 2023 Annual Meeting of Stockholders, which will be filed with the SEC no later than 120 days after December 31, 2022.

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	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).
3.2	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).
4.1	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)
10.1	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).
10.2	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).
10.3	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).
10.4	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).
10.8#	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).
10.9#	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).
10.10#	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).
10.11#	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).
10.12#	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).
10.13#	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).
10.14#	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).
10.15#	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).
10.16#	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).
10.17#	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).
10.18#	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).
10.19#	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).
10.20#	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).
10.24	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 Registrants Current Report on Form 8-K filed on February 24, 2022).

10.25#	Letter Agreement dated March 11, 2022, between Zevia PBC and Denise D. Beckles (incorporated herein by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K filed on April 26, 2022).
10.26#	Severance Agreement dated May 1, 2022, between Zevia PBC and Denise D. Beckles (incorporated herein by reference to Exhibit 10.2 to the Company's Current Report on Form 8-K filed on April 26, 2022).
10.27#	Letter Agreement dated March 18, 2022, between Zevia PBC and Quincy B. Troupe (incorporated herein by reference to Exhibit 10.3 to the Company's Current Report on Form 8-K filed on April 26, 2022).
10.28#	Letter Agreement dated June 13, 2022, between Zevia PBC and Quincy B. Troupe (incorporated herein by reference to Exhibit 10.4 to the Company's Current Report on Form 8-K filed on April 26, 2022).
10.29#	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).
10.30#	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).
10.31#	Separation Agreement and General Release of Claims dated May 6, 2022, between Zevia PBC and William D. Beech (incorporated herein by reference to Exhibit 10.1 of the Company's Quarterly Report on Form 10-Q filed on August 11, 2022).
10.32#	Addendum to Separation Agreement and General Release of Claims dated May 13, 2022, between Zevia PBC and William D. Beech (incorporated herein by reference to Exhibit 10.1 of the Company's Quarterly Report on Form 10-Q filed on August 11, 2022).
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.
101.INS*	Inline XBRL Instance Document
101.SCH*	Inline XBRL Taxonomy Extension Schema Document
101.CAL*	Inline XBRL Taxonomy Extension Calculation Linkbase Document
101.DEF*	Inline XBRL Taxonomy Extension Definition Linkbase Document
101.LAB*	Inline XBRL Taxonomy Extension Label Linkbase Document
101.PRE*	Inline XBRL Taxonomy Extension Presentation Linkbase Document
104	Cover Page Interactive Data File (formatted as Inline XBRL and contained in Exhibit 101)

* Filed herewith.

** Furnished herewith.

Management contract or compensatory plan or arrangement.

Item 16. Form 10-K Summary

None

SIGNATURES

Pursuant to the requirements 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 10, 2023

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: /s/ Amy E. Taylor
Name: Amy E. Taylor
Title: President and Chief Executive Officer, Director
(Principal Executive Officer)
Date: March 10, 2023

By: /s/ Denise D. Beckles
Name: Denise D. Beckles
Title: Chief Financial Officer
(Principal Financial Officer)
Date: March 10, 2023

By: /s/ Hany Mikhail
Name: Hany Mikhail
Title: Chief Accounting Officer
(Principal Accounting Officer)
Date: March 10, 2023

By: /s/ Padraic Spence
Name: Padraic Spence
Title: Director and Board Chair
Date: March 10, 2023

By: /s/ Jacqueline J. Hayes
Name: Jacqueline J. Hayes
Title: Director
Date: March 10, 2023

By: /s/ David J. Lee
Name: David J. Lee
Title: Director
Date: March 10, 2023

By: /s/ Rosemary L. Ripley
Name: Rosemary L. Ripley
Title: Director
Date: March 10, 2023

By: /s/ Andrew Ruben
Name: Andrew Ruben
Title: Director
Date: March 10, 2023

By: /s/ Julie G. Ruehl
Name: Julie G. Ruehl
Title: Director
Date: March 10, 2023

By: /s/ Justin Shaw
Name: Justin Shaw
Title: Director
Date: March 10, 2023

By: /s/ Philip H. O'Brien
Name: Philip H. O'Brien
Title: Director
Date: March 10, 2023

By: _____

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

SCHEDULE 14A
Proxy Statement Pursuant to Section 14(a)
of the Securities Exchange Act of 1934
(Amendment No.)

Filed by the Registrant ☒
Filed by a Party other than the Registrant ☐

Check the appropriate box:

- ☐ Preliminary Proxy Statement
☐ Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))
☒ Definitive Proxy Statement
☐ Definitive Additional Materials
☐ Soliciting Material Pursuant to §240.14a-12
-

Zevia PBC

(Name of Registrant as Specified in Its Charter)
(Name of Person(s) Filing Proxy Statement, if other than the Registrant)

Payment of Filing Fee (Check all boxes that apply):

- ☒ No fee required.
☐ Fee paid previously with preliminary materials.
☐ Fee computed on table in exhibit required by Item 25(b) per Exchange Act Rules 14a-6(i)(1) and 0-11.



15821 Ventura Blvd, Suite 145, Encino, CA 91436

LETTER FROM AMY TAYLOR, OUR PRESIDENT AND CHIEF EXECUTIVE OFFICER

Dear Zevia Stockholders:

The 2023 Annual Meeting of Stockholders (the "Annual Meeting") of Zevia PBC, a Delaware public benefit corporation ("Zevia" or the "Company"), will be held at JW Marriott Santa Monica Le Merigot, located at 1740 Ocean Avenue in Santa Monica, California 90401 on Thursday, June 15, 2023 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 three Class II 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, 2023. 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 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 U.S. Securities and Exchange Commission rules, we have elected to deliver our proxy materials to certain of our stockholders over 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 April 26, 2023, 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, 2022. 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 26, 2023



15821 Ventura Blvd, Suite 145, Encino, CA 91436

**NOTICE OF ANNUAL MEETING OF STOCKHOLDERS
OF ZEVIA PBC**

TIME: 9:00 a.m. Pacific Time
DATE: Thursday, June 15, 2023
LOCATION: JW Marriott Santa Monica Le Merigot, 1740 Ocean Avenue, Santa Monica, California 90401
RECORD DATE: Close of business on April 18, 2023

ITEMS OF BUSINESS:

1. To elect three Class II members of Zevia PBC's Board of Directors (the "Board") named, and for the term described, in the Proxy Statement;
2. To ratify the selection of Deloitte & Touche LLP as Zevia PBC's independent registered public accounting firm for the fiscal year ending December 31, 2023; and
3. To consider such other business as may properly come before the 2023 Annual Meeting of Stockholders (the "Annual Meeting") of Zevia PBC or any adjournment or postponement thereof.

Our Board recommends the approval of each of the first two proposals. Such other business will be transacted as may properly come before the Annual Meeting.

WHO MAY VOTE:

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 26, 2023

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ZEVIA PBC
15821 Ventura Blvd., Suite 145
Encino, CA 91436

**PROXY STATEMENT
FOR THE 2023 ANNUAL MEETING OF STOCKHOLDERS**

GENERAL INFORMATION

Important Notice Regarding the Availability of Proxy Materials for the 2023 Annual Meeting of Stockholders to Be Held on June 15, 2023. The Proxy Statement and Annual Report on Form 10-K for the fiscal year ended December 31, 2022 are available at www.proxyvote.com.

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 2023 Annual Meeting of Stockholders (the "Annual Meeting") to be held on June 15, 2023 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 26, 2023.

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

Pursuant to U.S. Securities and Exchange Commission ("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 our stockholders' receipt of proxy materials, lower 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 18, 2023 (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 49,317,263 shares of Class A common stock issued and outstanding and 21,260,609 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, 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:

- (1) election of three Class II director nominees named, and for the term described, in this Proxy Statement to serve until their successors are duly elected and qualified ("Proposal 1");
- (2) 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, 2023 ("Proposal 2"); and
- (3) to 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:

- (1) You may complete and submit a new proxy card, but it must bear a later date than the original proxy card;
- (2) You may submit new proxy instructions via telephone or the Internet;
- (3) You may 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; or
- (4) You may 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.

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 counted by Broadridge Financial Solutions, Inc., the Inspector of Elections appointed by the Board for the Annual Meeting.

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 director 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, 2023. 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 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 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: Note that the hotel does not offer self-parking. You may valet, park in nearby parking structures and lots, or find 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 participating in 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 This Proxy Solicitation?

We will pay the costs associated with the solicitation of proxies, including the preparation, assembly, printing and mailing of the proxy materials. We may also reimburse brokers, fiduciaries or custodians for the cost of forwarding proxy materials to beneficial owners of Common Shares held in "street name." Our employees, officers and directors may solicit proxies in person or via telephone 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 send a single set of proxy materials, including the Notice, this Proxy Statement and our Annual Report on Form 10-K for the fiscal year ended December 31, 2022, to any household at which two (2) or more stockholders reside, until such time as one or more of these stockholders notifies us that they wish to receive individual copies. This process is called "householding" and its purpose is to help reduce printing and mailing costs of proxy materials, as well as conserve 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 copy of our Annual Report on Form 10-K for the year ended December 31, 2022, 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

Our Board is currently comprised of nine 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, three Class II directors will be elected. Each director's term continues until the election and qualification of his or her successor, or until his or her office is otherwise vacated.

Upon recommendation by our Nominating and Enterprise Risk Management Committee ("Nominating Committee"), the Board has nominated David J. Lee, Rosemary L. Ripley, and Justin Shaw for election for a term of three years (through the 2026 annual meeting of stockholders) and until their successors have been duly elected and qualified, or until their office is otherwise vacated. Both Ms. Ripley and Mr. Shaw have served on our Board since prior to our initial public offering ("IPO") in 2021. Mr. Lee was appointed to our Board in July 2022 and was recommended by a third-party search firm.

Class II 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.

David J. Lee. 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. 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 continues to serve on its board. 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 at Del Monte Foods from 2004 to 2012, where he ran the global food business. 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 currently serves on the board of directors of Benson Hill, 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.

Rosemary L. Ripley. Ms. Ripley has served as a member of the Zevia board of directors since February 2012. She has worked at NGEN Partners, a growth equity investment firm, since November 2006, and currently serves as Managing Director. From 2010 until its acquisition by Carrier Corporation in 2021, Ms. Ripley served on the board of Nlyte, a software company for data centers. From 1990 to 2005, Ms. Ripley worked at the Altria Group where she accelerated growth at Kraft Foods and Miller Brewing Company through expansionary growth plans and transformative acquisitions. Prior to joining the Altria Group, she worked as an investment banker at Furman Selz and L.F. Rothschild, Unterberg, Towbin. She co-founded Circle Financial Group (now known as Circle Wealth Management), a multi-family investment advisory firm, where she served as Managing Director from March 2005 to October 2006. Ms. Ripley has served on numerous private company boards, and currently serves on the Supervisory Board of Heineken, NV, a brewing company. She also sits on the advisory board of the Yale Center for Business and the Environment and chairs the board of the Ripley Waterfowl Conservancy. Ms. Ripley earned her B.A. 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.

Justin Shaw. 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, Suez Water Technologies and Solutions, a water treatment company, Cardone Industries, an automotive parts manufacturer, 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 serving as Chairman of retailer 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.

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, 2023. 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,	
	2022	2021
Audit Fees (1)	\$ 830	\$ 2,742
Audit-Related Fees (2)	—	—
Tax Fees (3)	\$ 345	\$ 409
All Other Fees (4)	—	—
Total Fees	\$ 1,175	\$ 3,151

- (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. For 2021, includes \$1,958 for professional services and procedures associated with the Company's IPO.
- (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 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 auditor to perform other audit-related or non-audit services. The Audit Committee does not delegate its responsibility to approve services performed by our 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 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, 2022. 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, 2022.

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

Our business affairs are managed under the direction of our Board. Our Board has adopted a set of Principles of Corporate Governance as a framework for the governance of the Company, which is posted on our website located at <https://investors.zevia.com>, under "Corporate Governance."

Board Composition

Our Board consists of nine (9) 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 a recent public company, 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 three Class II nominees for election at the Annual Meeting.

Name	Age	Class	Term Expiration	Position	Committee Membership
Jacqueline J. Hayes	55	III	2024	Director	Nominating and Enterprise Risk Management Committee Environmental, Social and Governance Committee
David J. Lee	51	II	2023	Director	Audit Committee
Philip H. O'Brien	38	III	2024	Lead Independent Director	Compensation Committee Nominating and Enterprise Risk Management Committee
Rosemary L. Ripley	68	II	2023	Director	Audit Committee Environmental, Social and Governance Committee
Andrew "Andy" Ruben	50	I	2025	Director	Nominating and Enterprise Risk Management Committee Environmental, Social and Governance Committee
Julie G. Ruehl	57	III	2024	Director	Audit Committee Compensation Committee
Justin Shaw	53	II	2023	Director	Compensation Committee Nominating and Enterprise Risk Management Committee
Padraic "Paddy" L. Spence	55	I	2025	Chair of the Board of Directors	
Amy E. Taylor	51	I	2025	President, Chief Executive Officer; Director	

Class III Directors Continuing in Office

Jacqueline J. Hayes. Ms. Hayes has served as a member of the Zevia board of directors since March 2021. Ms. Hayes became the General Counsel of Warner Bros. Discovery - Studios and Networks, a business unit of Warner Bros. Discovery, Inc. ("WMD") resulting from the completed merger of AT&T Inc.'s WarnerMedia unit and Discovery Inc. in April 2022. At WMD, a premier standalone media and entertainment company, Ms. Hayes leads the legal teams of Warner Bros. Discovery - Studios and Networks who support all film, television and streaming content production. Ms. Hayes previously served as Executive Vice President and General Counsel of 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 several 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.

Philip H. O'Brien. Mr. O'Brien has served as a member of the Zevia board of directors since December 2020. Since September 2021, Mr. O'Brien has served on the board of directors of Wizeline, Inc., a global technology services company. Mr. O'Brien has been designated as a director by CDPQ and has served as Senior Director, Private Equity at CDPQ U.S. Inc., a subsidiary of CDPQ, since June 2019. Mr. O'Brien leads direct technology and consumer private equity investing for CDPQ in the U.S. and is based out of New York. Prior to CDPQ, Mr. O'Brien worked from April 2014 to May 2019 at the Abu Dhabi Investment Council ("ADIC"), a sovereign wealth fund, where he served as a Principal and led the firm's North American direct Private Equity investing activities. Prior to ADIC, Mr. O'Brien worked in private equity investment at Levine Leichtman Capital Partners and The Carlyle Group's U.S. Buyout Fund. He was also an investment banker within Deutsche Bank Securities' Industrials Group. Mr. O'Brien previously served on the board of directors of Hilco Trading, LLC, an investment company, from October 2019 to August 2021. Mr. O'Brien earned his B.A. in Economics from Princeton University and his M.B.A. from Columbia Business School. He is also a Chartered Financial Analyst (CFA). Mr. O'Brien is qualified to serve on our Board as a result of his extensive investment and finance experience, as well as his experience in technology, IT, cybersecurity, mergers and acquisitions, and experience with a range of companies in the consumer space.

Julie G. Ruehl. Ms. Ruehl has served as a member of the Zevia board of directors since March 2021. She also currently serves on the boards of Wine.com, a leading online wine retailer in the United States, and Wizeline, Inc., a global technology services company. Specifically, in March 2022, Ms. Ruehl was appointed to the board of Wine.com, where she also serves as the chair of the audit committee; and in November 2021, Ms. Ruehl began serving on the board of Wizeline, Inc., where she also serves as the chair of the audit committee and as a member of the compensation committee. 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, 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 at that time. 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 a senior financial position with Sanmina Corporation, a global provider of electronics manufacturing services, prior to which she served as an Audit Partner at Arthur Andersen LLP. 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 legal and 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.

Class I Directors Continuing in Office

Andrew "Andy" Ruben. Mr. Ruben has served as a member of the Zevia board of directors since December 2020. In 2022, Mr. Ruben transitioned to Executive Chairman of Trove Recommerce, Inc., a company that provides technology, logistics and expertise for apparel resale, after serving as its Chief Executive Officer and director since founding Trove in 2012. 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 experience as Chief Executive Officer of Trove.

Padraic "Paddy" L. Spence. 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.

Amy E. Taylor. 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.

Director Nomination Process

Pursuant to the Principles of Corporate Governance, the Nominating Committee seeks to create a board of directors that represents diversity as to age, race, gender, ethnicity, and sexual orientation. The Board is committed to a diversified membership. 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, demonstrated teamwork, and the ability to bring unique and diverse perspectives and understandings to the Board.

Role and Responsibilities of the Board

The Board, which is elected by the Company's stockholders, oversees the management of the Company and its business. 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 Chief Executive Officer (the "CEO") and other senior management and setting their compensation.
- Planning for CEO and senior management succession and overseeing senior management development.
- Reviewing the Company's strategies and monitoring their implementation and results.
- Overseeing the integrity of the Company's financial statements and the Company's financial reporting process.
- Overseeing the Company's processes for assessing and managing risk.
- Overseeing legal and regulatory compliance.
- Engaging in succession planning for the Board and key leadership roles on the Board and its committees.
- Nominating the Company's director candidates and appointing committee members.
- Shaping effective corporate governance.
- Overseeing the Company's commitment to its public benefit purpose and the performance of its ESG initiatives.
- Providing advice and counsel to management regarding significant issues facing the Company and reviewing and approving significant corporate actions.

Board Leadership Structure

We do not have a formal policy regarding whether the role of the Chair of the Board ("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. In addition, Mr. O'Brien has been designated by the Board to serve as Lead Independent Director. In accordance with our Principles of Corporate Governance, in such role, Mr. O'Brien 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 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 management and assessment of risks and the implementation of processes and controls to mitigate their effects on the Company.

Director Independence

The Board has affirmatively determined that each of Jacqueline J. Hayes, David J. Lee, Philip H. O'Brien, Rosemary L. Ripley, Andy Ruben, Julie G. Ruehl, and Justin Shaw does not have relationships that would interfere with the exercise of their independent judgment in carrying out the

responsibilities as a director and each qualifies as an "independent director" as such term is defined by the applicable rules and regulations of the New York Stock Exchange ("NYSE"). Brian W. McGuigan and Quincy B. Troupe, our former directors, were each determined to be independent during the period they served on the Board. In making these determinations, the Board considered current and prior relationships of each non-employee director with Zevia and all other facts and circumstances deemed relevant in determining their independence, including beneficial ownership of our capital stock by each non-employee director and the transactions involving them.

Criteria for Board Membership

The Nominating Committee considers and makes recommendations to the Board regarding the size, structure, composition and functioning of the Board. In addition, the Nominating Committee engages in succession planning for the Board and key leadership roles on the Board and its committees. The Nominating Committee is also 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. The Board's criteria include leadership experience; financial expertise; food, beverage or consumer products industry experience; branding, sales and marketing experience; logistics and distribution experience; a demonstrated commitment to sustainability, including ESG matters; a demonstrated commitment to representing the long-term interests of the Company's stakeholders consistent with the Company's public benefit corporation status; and ability to bring unique and diverse perspectives and understandings to the Board. 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 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, which it engaged in 2022, 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 actively seeks to achieve a diversity of occupational and personal backgrounds on the Board, including diversity with respect to demographics such as gender, race, ethnic and national background, geography, age and sexual orientation and 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 search firm the Committee engages 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.

In 2022, our Board consisted of individuals with diverse and complementary financial, governance and regulatory, industry, and public company operating expertise. Currently, the Board has four directors who identify as women, four directors who identify as minorities (including diversity of ethnic background and country of origin, and sexual orientation), and seven independent directors. Of our nine directors, one is age 61+, six are 51-60, and two are age 50 or under.

Board Committees

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. Members serve on these committees until their resignation or until otherwise determined by our Board. Each of these committees is empowered to retain outside advisors as it deems appropriate, regularly reports its activities to the full Board and has a written charter, which are posted on our website located at <https://investors.zevia.com>, under "Governance."

Audit Committee

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.

David J. Lee, Rosemary L. Ripley, and Julie G. Ruehl currently serve as members of our Audit Committee. 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 of Mr. Lee, Ms. Ripley and Ms. Ruehl 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

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 2022 to provide advice regarding the amount and form of executive and director compensation for approximately \$156,115 and leadership advisory services for approximately \$167,993. 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.

Philip H. O'Brien, Julie G. Ruehl, and Justin Shaw currently serve as members of our Compensation Committee. Each of Mr. O'Brien, Ms. Ruehl, and Mr. Shaw qualifies as "independent" for purposes of Rule 10C-1 of the Exchange Act and under the NYSE listing standards.

Compensation Committee 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

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.

Jacqueline J. Hayes, Philip H. O'Brien, Andy Ruben, and Justin Shaw currently serve as members of our Nominating Committee and each qualify as "independent" under the NYSE listing standards.

Environmental, Social and Governance Committee

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.

Jacqueline J. Hayes, Rosemary L. Ripley, and Andy Ruben currently serve as members of our ESG Committee and each qualify as "independent" under the NYSE listing standards.

Director Compensation

The Board has adopted a Director Compensation Policy pursuant to which members of the Board who are not employees or officers of the Company, CDPQ, NGEN Partners or Laird Norton or their respective affiliates, receive the following compensation:

- Annual cash retainer of \$40,000 for service on the Board;
- Annual committee chair cash retainers of \$20,000 for the Audit Committee, \$15,000 for the Compensation Committee, and \$10,000 for each of the Nominating Committee and the ESG Committee;
- Annual committee membership cash retainers (for service other than as committee chair) of \$10,000 for the Audit Committee, \$7,500 for the Compensation Committee, and \$5,000 for each of the Nominating Committee and the ESG Committee; and
- Annual equity grant of restricted stock units ("RSUs") under the Company's 2021 Equity Incentive Plan (the "2021 Plan") with a value of approximately \$85,000, subject to vesting on the earlier of the first anniversary of the date of grant or the next annual meeting of our stockholders.

Under the Director Compensation 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. In accordance with the terms of the Director Compensation Policy, in March 2022, each eligible member of the Board received a grant of 5,607 RSUs which vested on the date of our 2022 annual meeting of stockholders for each eligible director's service for the period between the IPO and our 2022 annual meeting of stockholders. Following our 2022 annual meeting of stockholders, in connection with the terms of the Director Compensation Policy, each eligible member of the Board received a grant of 29,825 RSUs which vest on the earlier of June 9, 2023 or our 2023 annual meeting of stockholders. In connection with his appointment to the Board, Mr. Lee received a grant of 22,257 RSUs, reflecting a pro-rated portion of the \$85,000 annual grant, which vest on the earlier of August 10, 2023 or our 2023 annual meeting of stockholders.

In October 2022, the Board amended the Director Compensation Policy to remove the exclusion of members of the Board who are employees or officers of NGEN Partners. As a result of such amendment, Ms. Ripley became eligible to receive compensation under the Director Compensation Policy and received a grant of 16,147 RSUs, reflecting a pro-rated portion of the \$85,000 annual grant, which vests on the earlier of October 17, 2023 or our 2023 annual meeting of stockholders.

Fiscal Year 2022 Director Compensation Table

The table below sets forth the compensation earned or paid to our directors during the fiscal year ended December 31, 2022 (the "2022 Fiscal Year"). During the 2022 Fiscal Year, Mr. Spence and Ms. Taylor did not receive any additional compensation for service on our Board. Their compensation and the compensation received by Mr. Troupe for his service on our Board prior to his appointment as Chief Operating Officer for the 2022 Fiscal Year is set forth in the [Summary Compensation Table](#) in the "Executive Compensation" section below. Beginning January 1, 2023, Mr. Spence will receive director compensation consistent with the Director Compensation Policy.

Name	Fees Earned or Paid in Cash (\$)	Stock Awards (\$)(1)	Total (\$)
Jacqueline J. Hayes	\$ 55,000	\$ 108,102	\$ 163,102
David J. Lee (2)	\$ 22,418	\$ 75,451	\$ 97,869
Brian W. McGuigan (3)	—	—	—
Philip H. O'Brien	—	—	—
Rosemary L. Ripley	\$ 11,452	\$ 58,452	\$ 69,904
Andrew "Andy" Ruben	\$ 55,000	\$ 108,102	\$ 163,102
Julie G. Ruehl	\$ 67,500	\$ 108,102	\$ 175,602
Justin Shaw	—	—	—

- (1) Amounts in this column represent the grant date fair value of restricted stock units ("RSUs") granted to the applicable director in 2022, calculated in accordance with FASB Accounting Standards, Codification Topic 718 ("FASB ASC 718") based on the closing price of our Class A common stock on the applicable date of grant (\$4.12 for the RSUs granted on March 17, 2022, \$2.85 for the RSUs granted on June 9, 2022, \$3.39 for the RSUs granted to Mr. Lee on August 10, 2022 and \$3.62 for the RSUs granted to Ms. Ripley on October 17, 2022). 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, 2022. The following RSUs were outstanding as of December 31, 2022: Ms. Hayes, 49,825 RSUs; Mr. Lee, 22,257; Ms. Ripley, 16,147; Mr. Ruben, 49,825 RSUs; Ms. Ruehl, 49,825 RSUs; 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. Lee joined the Board on July 20, 2022.
- (3) Mr. McGuigan retired from the Board at our 2022 annual meeting of stockholders.

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.

Service on Other Boards

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 the board of more than one other public company, in addition to our Board.

Other Corporate Governance Practices and Policies

Director Attendance

The Board met 7 times during the year ended December 31, 2022. During 2022, 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. Directors are expected to attend the annual meeting of stockholders absent unusual or extenuating circumstances. All ten of our directors then serving on the Board attended our 2022 annual meeting of stockholders.

Stockholder Communications

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, on behalf of the Company. Directors may participate in discussions with stockholders and other stakeholders on issues where board-level involvement is appropriate. In addition, the Board oversees the Company's stockholder engagement efforts, with assistance from its committees. 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.

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).

Director Education

We encourage our directors to participate in continuing education programs and to stay up-to-date on corporate governance and other matters relevant to board services by providing them with membership to a leading professional organization that focuses on educating corporate board members on leading boardroom practices and provides seminars, webinars, and/or presentations, materials related to subjects that would provide additional education and ability to best serve our stockholders, and opportunities to network with other corporate board members.

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 addresses, among other things, conflicts of interest, compliance with disclosure controls and procedures and internal controls over financial reporting, corporate opportunities and 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, financial or accounting officer, or controller on our website at www.investors.zevia.com.

Anti-Hedging Policy

Under our Insider Trading Policy our employees, including our 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.

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 in 2022 with an increase in score from 80 to 91.2, reflecting our recent ESG improvements as we entered into our second year of operations as a public company.

Our Mission 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 wellbeing of our employees in a supportive and empowering environment, and (iii) forge an enduring profitable business. Our approach is to advance the Zevia mission 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 mission to support the health of individuals and the communities we serve by creating zero calorie, naturally sweetened beverages. This purpose sets the foundation for our existence, as we strive to make the world a better place. 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 March 10, 2023, by choosing Zevia, our consumers have eliminated over 66,000 metric tons of sugar from their diets since 2011.
- **Providing Access:** We are committed to supporting underserved communities. As of March 10, 2023, our products are priced at an average retail cost per ounce of \$0.07, representing the 37th 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 packaging formats and 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 March 10, 2023, we have saved over 22,000 metric tons of plastic and eliminated one billion plastic bottles from littering our roadways, our waterways, and our communities since 2011. In addition, we reduce our use of packaging materials where possible. For example, we have eliminated both corrugate trays from our supply chain for our ten pack Soda items and plastic rings from our Canadian six pack Soda items, replacing those with a recyclable cardboard overwrap. Further, one of our main ingredients, stevia, typically requires fewer agricultural water resources to produce compared to sugar, furthering our sustainability mission.
- **Creating An Inclusive Company Culture:** Our social impact mission extends beyond the 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 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 lifestyles 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**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*	51	President and Chief Executive Officer; Director
Denise D. Beckles	58	Chief Financial Officer
Greig P. DeBow, Jr.	51	Chief Commercial Officer
Hany Mikhail	51	Chief Accounting Officer
Lorna R. Simms	58	Senior Vice President, General Counsel and Corporate Secretary
Quincy B. Troupe	57	Chief Operating Officer

* For biographical information, see "Corporate Governance" above.

Denise D. Beckles. Ms. Beckles has served as our Chief Financial Officer since May 2022. She has thirty years of experience primarily in the Consumer Goods and Financial Services industries. Prior to joining Zevia, she served as Chief Financial Officer of Sol de Janeiro, a global body care company from July 2020 to May 2022, and as Chief Operating Officer from January 2021 until May 2022. At Sol de Janeiro, Ms. Beckles was responsible for Finance, IT, Legal, HR, Operations and Supply Chain functions. She was instrumental in the completion of the sale of a majority stake of the company to L'Occitane. Prior to joining Sol de Janeiro, Ms. Beckles served as the Chief Financial Officer, beginning October 2018, and Executive Board Member, from August 2019, for Revolution Foods, a \$250 million foodservice company serving the K-12 education market. From June 2017 to February 2018, Ms. Beckles served as the Chief Financial Officer for Godiva's North American business and from December 2015 to February 2018 as the Chief Strategy Officer for the global business. She also spent over five years with Pernod Ricard USA where she held various senior leadership roles in finance, strategy and business development and previously, had received best-in-class finance training with General Electric. Since August 2022, Ms. Beckles has served as a director on the board of directors King Arthur Baking Company, America's oldest flour company and provider of baking resources. Ms. Beckles earned her B.S. in Accounting and Finance and her M.B.A. from Clarkson University.

Greig P. DeBow, Jr. 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. 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 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. 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.

Quincy B. Troupe. Mr. Troupe has served as our Chief Operating Officer since June 2022, and previously served as a member of the Zevia board of directors from June 2021 to June 2022. From January 2016 to April 2022, Mr. Troupe served as Senior Vice President of Supply Chain at The Boston Beer Company. At Boston Beer, a beer brewery, he led a multi-year capacity and capability expansion program that enabled Boston Beer to more than double in size and become one of the fastest growing beverage companies in the world, and he contributed to the significant annual savings to help fuel Boston Beer's continued growth. Mr. Troupe is a 25-year veteran of the consumer-packaged goods, food and beverage industry, and has served in a variety of roles including in manufacturing, engineering, supply chain strategy and planning, human resources and enterprise shared services. From 2010 to 2015, he served as Vice President of Supply Chain and subsequently, Vice President of Manufacturing and Supply Chain Strategy for the Pepperidge Farm brand at Campbell Soup Company, a packaged food company. Prior to Campbell Soup, from 1997 to 2010, Mr. Troupe served in various roles at Mars, Incorporated, a packaged food company, including most recently, as Director of Mars Chocolate Innovation and Operating Systems. From 1994 to 1997, Mr. Troupe served as Shift Site Manager and subsequently, Process and Packaging Area Manager at Abbott Laboratories, a medical device company. Mr. Troupe earned his B.S. in Mechanical Engineering from the State University of New York at Stony Brook.

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 detailing the compensation of our executives. This section discusses the material elements of compensation awarded to, earned by or paid to each principal executive officer of the Company during 2022 and the two next most highly compensated executive officers of the Company. The following individuals are referred to as the “Named Executive Officers” or “NEOs.”

Name	Position
Amy E. Taylor	President and Chief Executive Officer (1)
Denise D. Beckles	Chief Financial Officer (2)
Quincy B. Troupe	Chief Operating Officer (3)
Padraic "Paddy" L. Spence	Former Chief Executive Officer (1)

- (1) Effective August 1, 2022, Ms. Taylor succeeded Mr. Spence as Chief Executive Officer of the Company. At such time, Mr. Spence transitioned to non-employee Chair of the Board.
- (2) Ms. Beckles assumed the role of Chief Financial Officer on May 3, 2022.
- (3) Mr. Troupe was previously a member of the Board of Directors of the Company and assumed the position of Chief Operating Officer on June 13, 2022.

2022 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, 2022 (the “2022 Fiscal Year”) and December 31, 2021.

Name and Principal Position	Year	Salary \$(1)	Bonus \$(2)	Stock Awards \$(3)	Option Awards \$(4)	Non-Equity Incentive Plan Compensation \$(5)	All Other Compensation \$(6)	Total (\$)
Amy E. Taylor President and CEO	2022	\$ 485,222	\$ 200,000	\$ 319,601	\$ 1,160,930	\$ 48,522	\$ 96,400	\$ 2,310,675
Denise D. Beckles Chief Financial Officer	2022	\$ 259,091	\$ 307,245	\$ 425,000	\$ 425,000	\$ 102,755	—	\$ 1,519,091
Quincy B. Troupe Chief Operating Officer	2022	\$ 208,542	\$ 100,000	\$ 348,101	\$ 325,000	\$ 85,000	\$ 26,867	\$ 1,093,510
Padraic "Paddy" L. Spence Former CEO	2022	\$ 59,002	—	\$ 611,478	\$ 614,010	—	\$ 2,360	\$ 1,286,850
	2021	\$ 190,779	—	\$ 2,730,000	—	—	\$ 11,600	\$ 2,932,379

- (1) For the 2022 Fiscal Year, the amount reflected in this column for Mr. Spence represents payment of accrued but unused vacation, which was required under California law to be paid at the time he ceased to be an employee.
- (2) Amounts in this column for the 2022 Fiscal Year reflect (i) sign-on and retention bonuses granted to the NEOs, as described in more detail under “Narrative Disclosure to Summary Compensation Table—Employment Letters” below and (ii) for Ms. Beckles, \$57,245 of her annual bonus earned for performance during the 2022 Fiscal Year reflecting the portion attributed to the discretionary increase of her bonus, as described in more detail under “Narrative Disclosure to Summary Compensation Table—2022 Annual Bonuses” below.
- (3) Amounts in this column represent the grant date fair value of RSUs granted to the NEO in the applicable year, calculated in accordance with FASB ASC 718 based on the closing price of our Class A common stock on the applicable date of grant (\$4.12 for the RSUs granted to Ms. Taylor and Messrs. Troupe and Spence on March 17, 2022, \$2.24 for the RSUs granted to Ms. Beckles on May 17, 2022 and \$2.65 for the RSUs granted to Mr. Troupe on June 14, 2022). 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, 2022. For more information regarding the RSUs granted during the 2022 Fiscal Year see “Narrative Disclosure to Summary Compensation Table—Long-Term Incentive Compensation” below. In addition to the annual equity award received in connection with his appointment, Mr. Troupe also received a grant of 5,607 RSUs as part of grants made to non-employee directors in March 2022, as described in more detail under “Director Compensation” above.
- (4) Amounts in this column represent the grant date fair value of stock options granted to the NEOs in the applicable year, 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, 2022. For more information regarding the stock options granted during the 2022 Fiscal Year see “Narrative Disclosure to Summary Compensation Table—Long-Term Incentive Compensation” below.
- (5) Amounts in this column represent annual bonuses earned for performance during the 2022 Fiscal Year that were paid to each NEO in early 2023. For more information regarding our 2022 annual bonus program, see “Narrative Disclosure to Summary Compensation Table—2022 Annual Bonuses” below.
- (6) Amounts in this column include Zevia’s contributions under its 401(k) plan, relocation reimbursements and related tax gross-ups and fees received for service as a member of the Board prior to employment, as set forth below:

Name	Zevia 401(k) Contributions (\$)	Relocation Reimbursement (\$)	Relocation Tax Gross-Up (\$)	Director Cash Fees (\$)	Total (\$)
Amy E. Taylor	\$ 22,381	\$ 50,000	\$ 24,019	—	\$ 96,400
Denise D. Beckles	—	—	—	—	—
Quincy B. Troupe	\$ 4,228	—	—	\$ 22,639	\$ 26,867
Padraic "Paddy" L. Spence	\$ 2,360	—	—	—	\$ 2,360

Narrative Disclosure to Summary Compensation Table

Employment Letters

Ms. Taylor

In connection with her promotion to President and Chief Executive Officer, we entered into a promotion letter with Ms. Taylor. The promotion letter provides for the following compensation: (i) an annual base salary of \$600,000; (ii) relocation reimbursement of up to \$50,000, grossed up to cover applicable tax withholdings; (iii) a \$200,000 retention bonus, which is subject to repayment in full upon a termination for cause or a resignation without good reason on or prior to August 1, 2023 and 50% repayment if such a termination occurs after August 1, 2023, but on or prior to August 1, 2024; (iv) target annual bonus of 100% of base salary for the 2022 Fiscal Year; (v) a grant of 463,745 stock options, one-half of which were premium-priced with a \$7.50 exercise price; and (vi) eligibility to receive a long-term incentive award for 2023 with the size of such award equal to the lesser of: (a) 1% of the outstanding equity of Company or (b) a grant date fair value equal to \$1.8 million.

Ms. Beckles

In connection with her appointment as Chief Financial officer, we entered into an offer letter with Ms. Beckles. The offer letter provides for the following compensation: (i) an annual base salary of \$400,000, (ii) a target annual bonus equal to 75% of base salary, pro-rated for the 2022 Fiscal Year, (iii) a \$250,000 sign-on bonus, payable one-half within 30 days of her start date and one-half six months thereafter, subject to repayment in the event Ms. Beckles voluntarily resigns or is terminated for cause within the first 12 months of employment, (iv) a relocation allowance of \$100,000, grossed up for taxes, and (v) eligibility to receive a long-term incentive award valued at \$850,000.

Mr. Troupe

In connection with his appointment as Chief Operating Officer, we entered into an offer letter with Mr. Troupe. The offer letter provides for the following compensation: (i) an annual base salary of \$385,000, (ii) a target annual bonus equal to 75% of base salary, pro-rated for the 2022 Fiscal Year, (iii) a \$100,000 sign-on bonus, payable one-half within 30 days of his start date and one-half six months thereafter, subject to repayment in the event Mr. Troupe voluntarily resigns or is terminated for cause within the first 12 months of employment, and (iv) eligibility to receive a target long-term incentive award valued at \$650,000.

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. In March 2022, Ms. Taylor's annual base salary was increased from \$400,000 to \$412,000 in recognition of her performance during 2022. Ms. Taylor received an additional base salary increase on August 1, 2022 in connection with her promotion to President and Chief Executive Officer, as described above. As in the second half of 2021, Mr. Spence did not receive an annual base salary during 2022. The annual base salaries of the NEOs as of December 31, 2022 are set forth below:

Name	Base Salary (as of 12/31/2022)
Amy E. Taylor	\$ 600,000
Denise D. Beckles	\$ 400,000
Quincy B. Troupe	\$ 385,000
Padraic "Paddy" L. Spence	—

2022 Annual Bonuses

Each of our NEOs, other than Mr. Spence, was eligible to participate in the Company's annual bonus program for 2022. At the beginning of 2022 (or in connection with their respective appointments), the Compensation Committee established target bonuses for the NEOs (other than Mr. Spence) as well as the performance metrics applicable to the 2022 annual bonus program.

Under the 2022 annual bonus program, payouts were earned based on the Company's performance with respect to net sales (weighted 55%), pre-incentive compensation adjusted EBITDA (weighted 35%) and qualitative goals (weighted 10%). Following the end of the 2022 Fiscal Year, the Compensation Committee reviewed the Company's performance against these performance metrics and determined that the net sales portion of the program was achieved with a 68.87% payout, the pre-incentive compensation adjusted EBITDA portion was achieved below threshold, and the qualitative goals portion was achieved with a 150% payout, resulting in a total performance payout of 52.88% of target.

After reviewing Company performance, upon recommendation by Ms. Taylor, the Compensation Committee determined to use its discretion to reduce Ms. Taylor's payout to 10% of her earned salary for the 2022 Fiscal Year so that the additional amounts may be used to instead reward members of management who exceeded expectations during the 2022 Fiscal Year. As such, Ms. Beckles received an increased 2022 annual bonus in light of her individual performance. Each NEO's (other than Mr. Spence) 2022 target bonus and the 2022 annual bonuses approved by the Compensation Committee are set forth below:

Name	2022 Target Bonus (% of Salary)	2022 Annual Bonus
Amy E. Taylor	100%	\$ 48,522
Denise D. Beckles	75%	\$ 160,000
Quincy B. Troupe	75%	\$ 85,000

Long-Term Incentive Compensation

In March 2022, the Board, upon recommendation by the Compensation Committee, approved annual equity awards to each NEO who was employed at such time in the form of stock options (representing 50% of the total grant) and RSUs (representing 50% of the total grant) under the 2021 Plan. Subsequently, in connection with their respective appointments, the Board, upon recommendation by the Compensation Committee, approved similar annual equity awards to Ms. Beckles and Mr. Troupe. These stock options and RSUs vest in equal annual installments on each of the first four anniversaries of the applicable date of grant (March 17, 2022 for Ms. Taylor and Mr. Spence, May 17, 2022 for Ms. Beckles and June 14, 2022 for Mr. Troupe). The table below sets forth the number of stock options and RSUs granted to each NEO as part of the 2022 annual equity awards.

Name	2022 Stock Options	2022 RSUs
Amy E. Taylor	127,549	77,573
Denise D. Beckles	317,575	189,732
Quincy B. Troupe	203,125	122,645
Padraic "Paddy" L. Spence	244,035	148,417

In accordance with the terms of her promotion letter described above, on August 1, 2022, the Board granted Ms. Taylor a total of 463,745 stock options, 231,873 with an exercise price equal to the closing price on the date of grant and 231,872 with an exercise price of \$7.50 (representing a premium to the closing price on the date of grant). The stock options vest in equal annual installments on each of the first four anniversaries of August 1, 2022.

As compensation for his service as a member of the Board of Directors, Mr. Troupe also received an award of 5,607 RSUs, with a grant date value of \$23,101, on March 17, 2022. These RSUs vested in full on June 2, 2022, the date of the Company's 2022 annual meeting of stockholders.

Outstanding Equity Awards at 2022 Fiscal Year-End

The table below reflects information regarding outstanding stock options and RSUs held by the NEOs as of December 31, 2022.

		Option Awards				Stock Awards	
		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)
Name	Grant Date						
Amy E. Taylor							
Options	7/21/2021	18,750	31,250 (4)	\$ 14.00	7/21/2031		
Options	3/17/2022	—	127,549	\$ 4.12	3/17/2032		
Options	8/1/2022	—	231,873	\$ 3.55	8/1/2032		
Options	8/1/2022	—	231,872	\$ 7.50	8/1/2032		
RSUs	3/17/2022					77,573	\$ 317,274
Denise D. Beckles							
Options	5/17/2022	—	317,575	\$ 2.24	5/17/2032		
RSUs	5/17/2022					189,732	\$ 776,004
Quincy B. Troupe							
Options	6/14/2022	—	203,125	\$ 2.65	6/14/2032		
RSUs	6/14/2022					122,642	\$ 501,606
Padraic "Paddy" L. Spence							
Options	6/7/2019	224,710	5,000 (5)	\$ 0.01	12/31/2028		
Options	3/17/2022	—	244,035	\$ 4.12	3/17/2032		
RSUs	8/31/2020					1,527,768 (6)	\$ 6,248,571
RSUs	3/17/2022					148,417	\$ 607,026

(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) Except as otherwise specified, 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 \$4.09 per share on December 30, 2022, the last trading day of the 2022 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 vested on January 1, 2023.

(6) These RSUs vest ratably on a monthly basis through January 17, 2025, subject to the NEO's continued service.

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 2022, 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.

Severance Agreements

In connection with Ms. Taylor's promotion, 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 Ms. Taylor's base salary and her target annual bonus, payable in installments over 12 months (or, if the qualifying termination occurs 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.

In connection with their respective appointments, we entered in severance agreements with Ms. Beckles and Mr. Troupe to provide certain protections in the event of qualifying terminations 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) severance payments equal to the NEO's base salary, payable in installments over 12 months; (ii) partially subsidized COBRA premiums for the 12-month period following termination; and (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. However, if the qualifying termination occurs within 18 months following a change in control of the Company, in lieu of clause (i) above, the NEO would receive a lump sum severance payment equal to the sum of the NEO's base salary and target annual bonus.

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.

Mr. Spence Resignation

Prior to stepping down as Chief Executive Officer, Mr. Spence was also party to a severance agreement which terminated in connection with his resignation. Mr. Spence did not receive any severance or other termination benefits in connection with his resignation; however, his outstanding equity awards continue to vest in accordance with their terms subject to his continued service on the Board.

EQUITY COMPENSATION PLAN INFORMATION

The following table sets forth information about our Class A common stock that may be issued under equity compensation plans as of December 31, 2022.

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>	2,877,614	\$ 4.81	2,512,306
Equity Compensation Plans Not Approved by Security Holders			
<i>2020 Incentive Plan</i>	1,328,500	—	—
<i>2011 Unit Incentive Plan</i>	921,436	\$ 0.40	—
<i>Restricted Stock Unit Awards</i>	1,548,594	—	—
Total	6,676,144	\$ 3.34	2,512,306

(1) This column reflects all RSUs and options granted under the applicable plan and outstanding as of December 31, 2022.

(2) This column reflects the weighted-average exercise price of options granted under the applicable plan that were outstanding as of December 31, 2022. 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, 2022. 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 13, 2023 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 13, 2023. Common Shares issuable upon exercise of options or warrants currently exercisable or exchangeable within 60 days of April 13, 2023 or Common Shares issuable upon vesting of restricted stock units that may vest within 60 days of April 13, 2023, 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 49,314,930 shares of Class A common stock outstanding and 21,260,609 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	Total Voting Power
Greater Than 5% Stockholders				
CDP Investissements Inc. (1)	22,022,092	—	22,022,092	31.20%
White Pine LLC (2)	2,213,846	4,955,938	7,169,784	10.16%
Entities affiliated with Northwood Ventures LLC (3)	—	5,346,552	5,346,552	7.58%
Entities affiliated with NGEN (4)	1,694,358	3,591,906	5,286,264	7.49%
NEOs, Directors and Nominees				
Padraic "Paddy" L. Spence (5)	1,040,351	1,440,808	2,481,159	3.50%
Amy E. Taylor (6)	172,807	—	172,807	*
Denise D. Beckles (7)	126,827	—	126,827	*
Quincy B. Troupe	23,579	—	23,579	*
Jacqueline J. Hayes	25,607	—	25,607	*
David J. Lee	—	—	—	*
Philip H. O'Brien	—	—	—	*
Rosemary L. Ripley (4)	1,694,358	3,591,906	5,286,264	7.49%
Andrew "Andy" Ruben	25,607	—	25,607	*
Julie G. Ruehl	45,607	—	45,607	*
Justin Shaw	—	—	—	*
All Current Executive Officers and Directors as a group (14 persons) (8)	3,246,527	5,032,714	8,279,241	11.63%
All D&Os and 5%+ Holders	27,482,465	15,335,204	42,817,669	60.15%

* 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 21, 2023, and was derived from a (i) Schedule 13G/A filed with the SEC on February 14, 2023 that reported shared voting and investment power over 2,463,846 shares of Class A common stock and 4,955,938 shares of Class B common stock, and (ii) Form 4 filed with the SEC on February 23, 2023 that reported a disposition of 250,000 shares of Class A common stock, resulting in ownership of 2,213,846 shares of Class A 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 July 26, 2021, and was derived from a Schedule 13G filed with the SEC on September 22, 2021 that reported (a) Northwood Ventures LLC's sole voting and dispositive power over 4,544,570 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 801,982 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 October 19, 2022, and was derived from a (i) Form 4 filed with the SEC on July 28, 2021 and (ii) Form 4 filed with the SEC on October 19, 2022. Consists of (a) 1,694,358 shares of Class A common stock and 872,648 shares of Class B common stock held by NGEN III LP ("NGEN III"); (b) 2,493,594 shares of Class B common stock held by NGEN Zevia SPV ("NGEN Zevia"); and (c) 225,664 shares of Class B 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) 627,409 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) 290,718 shares of Class A common stock issuable upon the exercise of options currently exercisable or exercisable within 60 days of April 13, 2023; and (i) 122,224 shares of Class A common stock issuable upon the vesting of restricted stock units within 60 days of April 13, 2023.
- (6) Consists of (a) 45,834 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) 54,807 shares of Class A common stock issuable upon the exercise of options currently exercisable or exercisable within 60 days of April 13, 2023; and (c) 66,666 shares of Class A common stock issuable upon the vesting of restricted stock units within 60 days of April 13, 2023.
- (7) Consists of (a) 79,394 shares of Class A common stock issuable upon the exercise of options currently exercisable or exercisable within 60 days of April 13, 2023; and (b) 47,433 shares of Class A common stock issuable upon the vesting of restricted stock units within 60 days of April 13, 2023.
- (8) Includes (a) 441,890 shares of Class A common stock issuable upon the exercise of options currently exercisable or exercisable within 60 days of April 13, 2023; and (b) 169,657 shares of Class A common stock issuable upon the vesting of restricted stock units within 60 days of April 13, 2023.

CERTAIN RELATIONSHIPS AND RELATED PERSON TRANSACTIONS

Related Person Transaction Policy

We have implemented a written 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 our policy, a related person transaction 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 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 appropriate in light of the facts and circumstances.

Prior to approving any transaction with a related party, the Audit Committee will consider the material facts as to the related party's relationship with us or interest in the transaction and either approve or disapprove of entry into the transaction. If advance review and approval of the transaction is not reasonably feasible, then the 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 Business Conduct and Ethics, 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 transaction, the Audit Committee will take into account, among other factors it deems appropriate, whether the 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 the transaction. The Audit Committee shall prohibit any transaction (including those deemed pre-approved by the Audit Committee under our policy) if it determines the transaction to be inconsistent with the interests of the Company and its stockholders.

Related Person Transactions

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," the following is a description of certain relationships and transactions since January 1, 2021, 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 2024 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 28, 2023. The submission of a stockholder proposal does not guarantee that it will be included 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 2024 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 2024 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 16, 2024 and no later than the close of business (6:00 p.m. Pacific Time) on March 17, 2024. 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 2024 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 16, 2024.

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.



ZEVIA PBC
15621 VENTURA BLVD.
SUITE 145
ENCINO, 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 14, 2023. 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 14, 2023. 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:

V05721-P90977

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 2026.

Nominees:

1a. David J. Lee

For Against Abstain

☐ ☐ ☐

1b. Rosemary L. Ripley

☐ ☐ ☐

1c. Justin Shaw

☐ ☐ ☐

For Against Abstain

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, 2023.

☐ ☐ ☐

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.

V05722-P90977

**ZEVIA PBC
Annual Meeting of Stockholders
June 15, 2023, 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, Denise D. Beckles and Lorna R. Simms, and each of them, with the power to act without the other and to appoint her 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 15, 2023, at 9:00 AM PT, at JW Marriott Santa Monica Le Merigot 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

