REFINITIV

DELTA REPORT

10-Q

ZVIA - ZEVIA PBC

10-Q - SEPTEMBER 30, 2023 COMPARED TO 10-Q - JUNE 30, 2023

The following comparison report has been automatically generated

TOTAL DELTAS	1201
CHANGES	253
DELETIONS	185
ADDITIONS	763

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

FORM 10-Q

(Mark One)

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

For the quarterly period ended June September 30, 2023

OR

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

For the transition period from to

Commission File Number: 001-40630

Zevia PBC

(Exact Name of Registrant as Specified in its Charter)

Delaware	**86-2862492**
(State or Other Jurisdiction of Incorporation or Organization)	**(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

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

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

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

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

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

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

As of August 1, 2023 November 1, 2023, there were 50,097,824 50,407,874 shares and 21,254,974 20,932,461 shares outstanding of the registrant’s Class A and Class B common stock, respectively, $0.001 par value per share.

Table of Contents

		Page
PART I	Financial Information	5
Item 1.	Condensed Consolidated Financial Statements (Unaudited)	5
	Condensed Consolidated Balance Sheets (Unaudited)	5
	Condensed Consolidated Statements of Operations and Comprehensive Loss (Unaudited)	6
	Condensed Consolidated Statements of Changes in Equity (Unaudited)	7
	Condensed Consolidated Statements of Cash Flows (Unaudited)	8 9
	Notes to Condensed Consolidated Financial Statements (Unaudited)	9 10
Item 2.	Management’s Discussion and Analysis of Financial Condition and Results of Operations	18 19
Item 3.	Quantitative and Qualitative Disclosures About Market Risk	26 27
Item 4.	Controls and Procedures	27 28

Part II.	Other Information	27 28
Item 1.	Legal Proceedings	27 28
Item 1A.	Risk Factors	27 28
Item 2.	Unregistered Sales of Equity Securities and Use of Proceeds	28
Item 3.	Defaults Upon Senior Securities	28
Item 4.	Mine Safety Disclosures	28
Item 5.	Other Information	28
Item 6.	Exhibits	29
	Signatures	30

CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING STATEMENTS

This Quarterly Report on Form 10-Q for the period ended June 30, 2023 September 30, 2023 ("Quarterly 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 Quarterly Report, including, without limitation, statements regarding our future results of operations or financial condition, business strategy, expectations about shifting market demand and consumer preferences, ability to effectively compete, commitment to creating ESG impact, human capital objectives, validity of our trademarks and other intellectual property, impact of government regulations, liquidity and capital requirements, and plans and objectives of management for future operations, are forward-looking statements. In some cases, you can identify forward-looking statements because they contain words such as "anticipate," "believe," "consider," "contemplate," "continue," "could," "estimate," "expect," "forecast," "guidance," "intend," "may," "on track," "outlook," "plan," "potential," "predict," "project," "pursue," "seek," "should," "target," "will" or "would" or the negative of these words or other similar words, terms or expressions.

You should not rely on forward-looking statements as predictions of future events. We have based the forward-looking statements contained in this Quarterly 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. All of the forward-looking statements are qualified in their entirety by reference to the factors discussed under Risk Factors in Part I, Item 1A of our Annual Report on Form 10-K filed with the U.S. Securities and Exchange Commission (the "SEC") on March 10, 2023 for the period ended December 31, 2022 ("Annual Report"), as well as our subsequent filings with the SEC. 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 Quarterly 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 negative affect our business by exposing us to lawsuits, product recalls or regulatory enforcement actions, increasing our operatir 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 any future pandemics or other public health crises on our business, results of operations and financial condition;
- the impact of adverse global macroeconomic conditions, including rising interest rates, instability in financial institutions, recession fears and inflationary pressures, the prospect of a shutdown of the U.S. federal government 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; markets and channels;
- inability to obtain raw materials on a timely basis or in sufficient quantities to produce our products or meet the demand f our products due to reliance on a limited number of third-party suppliers and trade tensions between the U.S. and China;
- our ability to address disruptions and logistics challenges in our supply chain;
- 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 da privacy and information security laws and regulations; and

- other risks, uncertainties and factors set forth under “Item 1A. Risk Factors.” of our Annual Report.

Moreover, we operate in a very competitive and rapidly changing environment. New risks and uncertainties emerge from time to time, and it is not possible for us to predict all risks and uncertainties that could have an impact on the forward-looking statements contained in this Quarterly 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 Quarterly 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 Quarterly 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 Quarterly Report to reflect events or circumstances after the date of this Quarterly 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 – FINANCIAL INFORMATION

ITEM 1 – CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

ZEVIA PBC

CONDENSED CONSOLIDATED BALANCE SHEETS (Unaudited)

(in thousands, except share and per share amounts)	**June 30, 2023**	**December 31, 2022**	**September 30, 2023**	**December 31, 2022**
ASSETS				
Current assets:				
Cash and cash equivalents	$ 47,030	$ 47,399	$ 38,542	$ 47,399
Accounts receivable, net	16,937	11,077	16,372	11,077

Inventories	37,596	27,576	49,398	27,576
Assets held-for-sale	2,224	—		
Prepaid expenses and other current assets	1,903	2,607	2,909	2,607
Total current assets	105,690	88,659	107,221	88,659
Property and equipment, net	2,874	4,641	2,472	4,641
Right-of-use assets under operating leases, net	2,245	708	2,103	708
Intangible assets, net	4,082	4,385	3,929	4,385
Other non-current assets	651	539	630	539
Total assets	$ 115,542	$ 98,932	$ 116,355	$ 98,932
LIABILITIES AND EQUITY				
Current liabilities:				
Accounts payable	$ 27,711	$ 8,023	$ 37,831	$ 8,023
Accrued expenses and other current liabilities	6,961	8,408	7,174	8,408
Current portion of operating lease liabilities	578	715	576	715
Total current liabilities	35,250	17,146	45,581	17,146
Operating lease liabilities, net of current portion	1,666	—	1,521	—
Total liabilities	36,916	17,146	47,102	17,146
Commitments and contingencies (Note 10)				
Stockholders' equity				
Preferred Stock, $0.001 par value. 10,000,000 shares authorized, no shares issued and outstanding as of June 30, 2023 and December 31, 2022.	—	—		

Class A common stock, $0.001 par value. 550,000,000 shares authorized, 49,775,389 and 47,774,046 shares issued and outstanding as of June 30, 2023 and December 31, 2022, respectively.	50	48		
Class B common stock, $0.001 par value. 250,000,000 shares authorized, 21,254,974 and 21,798,600 shares issued and outstanding as of June 30, 2023 and December 31, 2022, respectively.	21	22		
Preferred Stock, $0.001 par value. 10,000,000 shares authorized, no shares issued and outstanding as of September 30, 2023 and December 31, 2022.			—	—
Class A common stock, $0.001 par value. 550,000,000 shares authorized, 50,347,141 and 47,774,046 shares issued and outstanding as of September 30, 2023 and December 31, 2022, respectively.			50	48
Class B common stock, $0.001 par value. 250,000,000 shares authorized, 20,932,461 and 21,798,600 shares issued and outstanding as of September 30, 2023 and December 31, 2022, respectively.			21	22
Additional paid-in capital	193,752	189,724	195,268	189,724
Accumulated deficit	(85,865)	(79,843)	(94,082)	(79,843)
Total Zevia PBC stockholders' equity	107,958	109,951	101,257	109,951
Noncontrolling interests	(29,332)	(28,165)	(32,004)	(28,165)
Total equity	78,626	81,786	69,253	81,786
Total liabilities and equity	$ 115,542	$ 98,932	$ 116,355	$ 98,932

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

ZEVIA PBC

CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS AND COMPREHENSIVE LOSS (Unaudited)

(in thousands, except share and per share amounts)	Three Months Ended June 30,		Six Months Ended June 30,		Three Months Ended September 30,		Nine Months Ended September 30,	
	2023	2022	2023	2022	2023	2022	2023	2022
Net sales	$ 42,241	$ 45,542	$ 85,541	$ 83,576	$ 43,089	$ 44,239	$ 128,630	$ 127,815
Cost of goods sold	22,549	26,221	45,744	48,376	23,517	25,071	69,261	73,445
Gross profit	19,692	19,321	39,797	35,200	19,572	19,168	59,369	54,370
Operating expenses:								
Selling and marketing	16,100	15,875	28,012	29,928	20,455	12,916	48,467	42,845
General and administrative	6,207	9,818	14,852	19,947	8,250	8,310	23,102	28,257
Equity-based compensation	2,358	8,043	4,738	16,944	1,876	6,837	6,614	23,781
Depreciation and amortization	404	328	823	679	411	326	1,234	1,005
Total operating expenses	25,069	34,064	48,425	67,498	30,992	28,389	79,417	95,888
Loss from operations	(5,377)	(14,743)	(8,628)	(32,298)	(11,420)	(9,221)	(20,048)	(41,518)
Other income (expense), net	403	(44)	743	38				
Other income, net					165	26	908	64
Loss before income taxes	(4,974)	(14,787)	(7,885)	(32,260)	(11,255)	(9,195)	(19,140)	(41,454)
Provision for income taxes	35	9	36	21				
(Benefit) provision for income taxes					(5)	1	31	23

Net loss and comprehensive loss	(5,009)	(14,796)	(7,921)	(32,281)	(11,250)	(9,196)	(19,171)	(41,477)
Loss attributable to noncontrolling interest	1,078	3,706	1,899	10,293	3,033	1,712	4,932	12,005
Net loss attributable to Zevia PBC	$ (3,931)	$ (11,090)	$ (6,022)	$ (21,988)	$ (8,217)	$ (7,484)	$ (14,239)	$ (29,472)
Net loss per share attributable to common stockholders								
Basic	$ (0.08)	$ (0.27)	$ (0.11)	$ (0.56)	$ (0.16)	$ (0.16)	$ (0.27)	$ (0.72)
Diluted	$ (0.08)	$ (0.27)	$ (0.11)	$ (0.56)	$ (0.16)	$ (0.16)	$ (0.27)	$ (0.72)
Weighted average common shares outstanding								
Basic	50,094,096	42,051,987	49,735,478	40,232,598	50,754,470	45,938,507	50,074,992	42,155,463
Diluted	50,094,096	42,051,987	49,735,478	40,232,598	50,754,470	45,938,507	50,074,992	42,155,463

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

ZEVIA PBC

CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY (Unaudited)

(in thousands, except for share amounts)	Class A Common Stock		Class B Common Stock		Additional Paid in Capital	Accumulated Deficit	Noncontrolling interest	Total Equity	Class A Common Stock		Class B Common Stock		Additional Paid in Capital	Accumulated Deficit	Noncontrolling interest	Total Equity
	Shares	Amount	Shares	Amount					Shares	Amount	Shares	Amount				
Balance at January 1, 2023	47,774,046	$ 48	21,798,600	$ 22	$ 189,724	$ (79,843)	$ (28,165)	$ 81,786	47,774,046	$ 48	21,798,600	$ 22	$ 189,724	$ (79,843)	$ (28,165)	$ 81,786
Vesting and release of common stock under equity incentive plans, net	981,902	1	—	—	(1)	—	—	—	981,902	1	—	—	(1)	—	—	—
Exchange of Class B common stock for Class A common stock	537,991	1	(537,991)	(1)	(724)	—	724	—	537,991	1	(537,991)	(1)	(724)	—	724	—
Exercise of stock options	30,424	—	—	—	23	—	—	23	30,424	—	—	—	23	—	—	23
Equity-based compensation	—	—	—	—	2,380	—	—	2,380	—	—	—	—	2,380	—	—	2,380

Net loss	—	—	—	—	—	(2,091)	(821)	(2,912)	—	—	—	—	—	(2,091)	(821)	(2,912)
Balance at March 31, 2023	49,324,363	$ 50	21,260,609	$ 21	$ 191,402	$ (81,934)	$ (28,262)	$ 81,277	49,324,363	$ 50	21,260,609	$ 21	$ 191,402	$ (81,934)	$ (28,262)	$ 81,277
Vesting and release of common stock under equity incentive plans, net	436,722	—	—	—	—	—	—	—	436,722	—	—	—	—	—	—	—
Exchange of Class B common stock for Class A common stock	5,635	—	(5,635)	—	(8)	—	8	—	5,635	—	(5,635)	—	(8)	—	8	—
Exercise of stock options	8,669	—	—	—	—	—	—	—	8,669	—	—	—	—	—	—	—
Equity-based compensation	—	—	—	—	2,358	—	—	2,358	—	—	—	—	2,358	—	—	2,358
Net loss	—	—	—	—	—	(3,931)	(1,078)	(5,009)	—	—	—	—	—	(3,931)	(1,078)	(5,009)

Balance at June 30, 2023	49,775,389	$ 50	21,254,974	$ 21	$ 193,752	$ (85,865)	$ (29,332)	$ 78,626	49,775,389	$ 50	21,254,974	$ 21	$ 193,752	$ (85,865)	$ (29,332)	$ 78,626
Vesting and release of common stock under equity incentive plans, net									236,072	—	—	—	—	—	—	—
Exchange of Class B common stock for Class A common stock									261,990	—	(261,990)	—	(362)	—	362	—
Disposition of cost method investment in redemption of Class B common stock									—	—	(60,523)	—	—	—	(1)	(1)
Exercise of stock options									73,690	—	—	—	2	—	—	2

Equity-based compensation	—	—	—	—	1,876	—	—	1,876
Net loss	—	—	—	—	—	(8,217)	(3,033)	(11,250)
Balance at September 30, 2023	50,347,141	$ 50	20,932,461	$ 21	$ 195,268	$ (94,082)	$ (32,004)	$ 69,253

	Class A Common Stock		Class B Common Stock		Additional			
(in thousands, except for share amounts)	Shares	Amount	Shares	Amount	Paid in Capital	Accumulated Deficit	Noncontrolling interest	Total Equity
Balance at January 1, 2022	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	2,298,547	3	—	—	(2,133)	—	—	(2,130)
Exchange of Class B common stock for Class A common stock	1,970,802	2	(1,970,802)	(2)	(1,929)	—	1,929	—
Exercise of stock options	56,659	—	—	—	16	—	—	16
Equity-based compensation	—	—	—	—	8,901	—	—	8,901
Net loss	—	—	—	—	—	(10,898)	(6,587)	(17,485)
Balance at March 31, 2022	38,789,425	$ 39	28,142,350	$ 28	$ 179,259	$ (56,884)	$ (28,581)	$ 93,861
Vesting and release of common stock under equity incentive plans, net	917,664	1	—	—	(1)	—	—	—

Exchange of Class B common stock for Class A common stock	3,580,288	3	(3,580,288)	(3)	(4,153)	—	4,153	—
Exercise of stock options	119,381	—	—	—	91	—	—	91
Equity-based compensation	—	—	—	—	8,043	—	—	8,043
Net loss	—	—	—	—	—	(11,090)	(3,706)	(14,796)
Balance at June 30, 2022	43,406,758	$ 43	24,562,062	$ 25	$ 183,239	$ (67,974)	$ (28,134)	$ 87,199

(in thousands, except for share amounts)	**Class A Common Stock** Shares	**Class A Common Stock** Amount	**Class B Common Stock** Shares	**Class B Common Stock** Amount	**Additional Paid in Capital**	**Accumulated Deficit**	**Noncontrolling interest**	**Total Equity**
Balance at January 1, 2022	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	2,298,547	3	—	—	(2,133)	—	—	(2,130)
Exchange of Class B common stock for Class A common stock	1,970,802	2	(1,970,802)	(2)	(1,929)	—	1,929	—
Exercise of stock options	56,659	—	—	—	16	—	—	16
Equity-based compensation	—	—	—	—	8,901	—	—	8,901
Net loss	—	—	—	—	—	(10,898)	(6,587)	(17,485)
Balance at March 31, 2022	38,789,425	$ 39	28,142,350	$ 28	$ 179,259	$ (56,884)	$ (28,581)	$ 93,861
Vesting and release of common stock under equity incentive plans, net	917,664	1	—	—	(1)	—	—	—
Exchange of Class B common stock for Class A common stock	3,580,288	3	(3,580,288)	(3)	(4,153)	—	4,153	—
Exercise of stock options	119,381	—	—	—	91	—	—	91
Equity-based compensation	—	—	—	—	8,043	—	—	8,043
Net loss	—	—	—	—	—	(11,090)	(3,706)	(14,796)
Balance at June 30, 2022	43,406,758	$ 43	24,562,062	$ 25	$ 183,239	$ (67,974)	$ (28,134)	$ 87,199

Vesting and release of common stock under equity incentive plans, net	822,113	1	—	—	(1)	—	—	—
Exchange of Class B common stock for Class A common stock	551,846	1	(551,846)	(1)	(660)	—	660	—
Exercise of stock options	13,519	—	—	—	11	—	—	11
Equity-based compensation	—	—	—	—	6,837	—	—	6,837
Net loss	—	—	—	—	—	(7,484)	(1,712)	(9,196)
Balance at September 30, 2022	44,794,236	$ 45	24,010,216	$ 24	$ 189,426	$ (75,458)	$ (29,186)	$ 84,851

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

ZEVIA PBC

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS (Unaudited)

	Six Months Ended June 30,		Nine Months Ended September 30,	
(in thousands)	**2023**	**2022**	**2023**	**2022**
Operating activities:				
Net loss	$ (7,921)	$ (32,281)	$ (19,171)	$ (41,477)
Adjustments to reconcile net loss to net cash provided by (used in) operating activities:				
Non-cash lease expense	281	312	423	483
Depreciation and amortization	823	679	1,234	1,005
Loss on sale of equipment	3	3		
Loss on sale of property, equipment and software, net			101	3
Amortization of debt issuance cost	38	25	57	45
Equity-based compensation	4,738	16,944	6,614	23,781
Changes in operating assets and liabilities:				
Accounts receivable, net	(5,860)	(8,068)	(5,295)	(4,491)
Inventories	(10,020)	(2,423)	(21,822)	(5,782)

Prepaid expenses and other assets	554	1,371	(451)	97
Accounts payable	20,171	2,976	30,312	6,248
Accrued expenses and other current liabilities	(1,447)	1,242	(1,234)	1,245
Operating lease liabilities	(289)	(334)	(436)	(503)
Net cash provided by (used in) operating activities	1,071	(19,554)		
Net cash used in operating activities			(9,668)	(19,346)
Investing activities:				
Proceeds from maturities of short-term investments	—	30,000	—	30,000
Purchases of property, equipment and software	(1,532)	(1,557)	(1,557)	(2,182)
Proceeds from sales of property, equipment and software	69	—	2,343	—
Net cash (used in) provided by investing activities	(1,463)	28,443		
Net cash provided by investing activities			786	27,818
Financing activities:				
Payment of debt issuance costs	—	(328)	—	(334)
Minimum tax withholding paid on behalf of employees for net share settlement	—	(2,130)	—	(2,130)
Proceeds from exercise of stock options	23	107	25	118
Net cash provided by (used in) financing activities	23	(2,351)	25	(2,346)
Net change from operating, investing, and financing activities	(369)	6,538	(8,857)	6,126
Cash and cash equivalents at beginning of period	47,399	43,110	47,399	43,110
Cash and cash equivalents at end of period	$ 47,030	$ 49,648	$ 38,542	$ 49,236
Non-cash investing and financing activities				
Capital expenditures included in accounts payable	$ 23	$ 196	$ 2	$ 70
Conversion of Class B common stock to Class A common stock	$ 732	$ 6,082	$ 1,094	$ 6,742
Operating lease right-of-use assets obtained in exchange for lease liabilities	$ 1,818	$ 1,150	$ 1,818	$ 1,150
Supplemental Disclosure of Cash Flow Information:				
Cash paid for interest	$ 39	$ —	$ 59	$ —
Cash paid for income taxes	$ 70	$ —	$ 94	$ —

ZEVIA PBC

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

1. DESCRIPTION OF BUSINESS

Organization and operations

Zevia PBC (the "Company," "we," "us," "our"), is a 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 Kids drinks. Our products are distributed and sold principally across the United States ("U.S.") and Canada through a diverse network of major retailers in the food, drug, warehouse club, mass, natural and e-commerce channels and in grocery and natural product stores and specialty outlets. The Company's products are manufactured and maintained at third-party beverage production and warehousing facilities located in both the U.S. and Canada.

The Company completed its initial public offering ("IPO") of 10,700,000 shares of its Class A common stock at an offering price of $14.00 per share on July 26, 2021. Its Class A common stock is listed on the New York Stock Exchange trading under the ticker symbol "ZVIA."

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of presentation

The accompanying unaudited condensed consolidated financial statements have been prepared in accordance with generally accepted accounting principles in the United States ("US GAAP") for interim financial reporting and with the instructions to Form 10-Q and Article 10 of Regulation S-X. Accordingly, these financial statements do not include all information and footnotes required by US GAAP for complete financial statements and are not necessarily indicative of the results to be expected for the fiscal year ending December 31, 2023, or for any other interim period or any other future fiscal year. The condensed consolidated balance sheet as of December 31, 2022 included herein was derived from the audited financial statements as of that date but does not include all disclosures, including certain notes, required by US GAAP that are required on an annual reporting basis. Certain information and note disclosures normally included in the financial statements prepared in accordance with US GAAP have been omitted pursuant to such rules and regulations. Therefore, these interim financial statements should be read in conjunction with the financial statements for the fiscal year ended December 31, 2022 and accompanying notes included in the Annual Report. In the opinion of management, all adjustments (consisting of normal recurring adjustments) necessary for the fair presentation of the condensed consolidated financial statements for the periods presented have been reflected.

Principles of Consolidation

The unaudited condensed 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 business and affairs of, Zevia LLC. Accordingly, the Company has prepared these unaudited condensed consolidated financial statements in accordance with Accounting Standards Codification ("ASC") Topic 810, *Consolidation*.

On January 1, 2022, the Company and Zevia LLC entered into a service agreement to transfer the services of all employees of the Company to Zevia LLC. Under terms of the service agreement between the entities, the payroll costs of employees are borne by Zevia LLC while certain other non-payroll costs, such as those associated with stock compensation arrangements, remain with the Company. In addition, pursuant to the Thirteenth Amended and Restated Limited Liability Company Agreement of Zevia LLC, dated as of July 21, 2021, Zevia LLC shall reimburse the Company for certain expenses for overhead, administrative, and other expenses, at the Company's discretion. For the three and six nine months ended June 30, 2023 September 30, 2023 and 2022, we determined that the majority of such costs will be retained by the Company, with certain costs directly attributable to Zevia LLC being borne by that entity. These costs impacted the amount of net loss reported by Zevia LLC and consequently impacted the amount allocated to noncontrolling interest.

Reclassifications

Certain amounts from prior periods have been reclassified in the unaudited condensed consolidated statements of operations and comprehensive loss to conform to the current period presentation.

Unaudited Condensed Consolidated Statements of Operations and Comprehensive Loss:

The following table presents the reclassifications made to the unaudited Condensed Consolidated Statements of Operations and Comprehensive Loss for the three and six months ended June 30, 2023 and 2022 in order to reclassify repackaging and handling costs from cost of goods sold to selling and marketing expenses. The Company believes this classification change more accurately describes the financial impacts of the fulfillment activities conducted by the Company. The Company made this change in classification during the third quarter of 2022 as a result of an increasing trend in the occurrence of such fulfillment costs in the business.

(in thousands)	Three Months Ended June 30, 2022 (as reported)	Reclassification	Three Months Ended June 30, 2022 (adjusted)	Six Months Ended June 30, 2022 (as reported)	Reclassification	Six Months Ended June 30, 2022 (adjusted)
Cost of goods sold	$ 28,168	$ (1,947)	$ 26,221	$ 51,581	$ (3,205)	$ 48,376
Gross profit	17,374	1,947	19,321	31,995	3,205	35,200
Selling and marketing expenses	13,928	1,947	15,875	26,723	3,205	29,928

Use of estimates

The preparation of the unaudited condensed 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 amounts 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 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 June 30, 2023 September 30, 2023, the Company's operations continued to be impacted by higher operating costs as a result of disruptions and logistics challenges in our supply chain as well as the global economy and economic uncertainties which impacted logistics, manufacturing, and labor costs, which the Company expects to continue throughout 2023. The Company will continue to monitor the situation and the economic environment, including any impact from current and future global events, and their effects on its business and operations.

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 unaudited condensed consolidated financial statements may not be comparable to companies that comply with the new or revised accounting pronouncements as of public company effective dates.

Recently Issued Accounting Pronouncements – Recently Adopted

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

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:

	Three Months Ended June 30,		**Six Months Ended June 30,**		**Three Months Ended September 30,**		**Nine Months Ended September 30,**	
(in thousands)	**2023**	**2022**	**2023**	**2022**	**2023**	**2022**	**2023**	**2022**
Retail sales	$ 38,065	$ 39,596	$ 74,991	$ 73,761	$ 39,533	$ 39,287	$ 114,525	$ 113,047
Online/e-commerce	4,176	5,946	$ 10,550	9,815	3,556	4,952	$ 14,105	14,768
Net sales	$ 42,241	$ 45,542	$ 85,541	$ 83,576	$ 43,089	$ 44,239	$ 128,630	$ 127,815

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

	Three Months Ended June 30,		**Six Months Ended June 30,**		**Three Months Ended September 30,**		**Nine Months Ended September 30,**	
(in thousands)	**2023**	**2022**	**2023**	**2022**	**2023**	**2022**	**2023**	**2022**
United States	$ 37,840	$ 40,123	$ 77,187	$ 74,312	$ 38,499	$ 39,385	$ 115,686	$ 113,696
Canada	4,401	5,419	8,354	9,264	4,590	4,854	12,944	14,119
Net sales	$ 42,241	$ 45,542	$ 85,541	$ 83,576	$ 43,089	$ 44,239	$ 128,630	$ 127,815

Contract liabilities

The Company did not have any material unsatisfied performance obligations as of June 30, 2023 September 30, 2023 or December 31, 2022.

4. INVENTORIES

Inventories consist of the following as of:

(in thousands)	June 30, 2023	December 31, 2022	September 30, 2023	December 31, 2022
Raw materials	$ 13,861	$ 7,527	$ 12,197	$ 7,527
Finished goods	23,735	20,049	37,201	20,049
Inventories	$ 37,596	$ 27,576	$ 49,398	$ 27,576

5. ASSETS HELD-FOR-SALE

During the first quarter of 2023, the Company committed to a plan to sell its warehouse located in Evansville, Indiana. As a result, the Company recorded the related warehouse assets at the lower of carrying value or fair value less any costs to sell. As the fair value less any costs to sell exceeded the carrying value, the related assets were recorded at their carrying value and reclassified from property and equipment, net, to assets held-for-sale on the unaudited condensed consolidated balance sheet, and any resulting gain will be recognized upon closing of any proposed transaction. The Company ceased recording depreciation on property, plant and equipment as of the date the assets triggered held-for-sale accounting. As of June 30, 2023, the warehouse continued to meet the criteria to be classified as held-for-sale. On July 28, 2023, the Company completed the sale of the its warehouse and related assets. Refer to Note 17, assets located in Evansville, Indiana for net cash proceeds of $2.2 Subsequent Events, for further discussion million. The gain recognized on the sale of the assets. assets was not material.

6. PROPERTY AND EQUIPMENT, NET

Property and equipment, net, consists of the following as of:

(in thousands)	June 30, 2023	December 31, 2022	September 30, 2023	December 31, 2022
Land	$ —	$ 336	$ —	$ 336
Leasehold improvements	1,167	463	1,168	463

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Computer equipment and software	812	796	843	796
Furniture and equipment	787	544	783	544
Vehicles	116	196	80	196
Quality control and marketing equipment	1,958	1,636	2,028	1,636
Buildings and improvements	—	1,610	—	1,610
Assets not yet placed in service	397	1,128	125	1,128
	5,237	6,709	5,027	6,709
Less accumulated depreciation	(2,363)	(2,068)	(2,555)	(2,068)
Property and equipment, net	$ 2,874	$ 4,641	$ 2,472	$ 4,641

For the three months ended June 30, 2023 September 30, 2023 and 2022, depreciation expense, including the amortization of leasehold improvements, amounted to approximately $0.2 million and $0.1 0.2 million, respectively. For the six nine months ended June 30, 2023 September 30, 2023 and 2022, depreciation expense, including the amortization of leasehold improvements, amounted to approximately $0.5 0.7 million and $0.3 0.5 million, respectively. These amounts are included under depreciation and amortization in the accompanying unaudited condensed consolidated statements of operations and comprehensive loss.

7. INTANGIBLE ASSETS, NET

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

	June 30, 2023				**September 30, 2023**			
(in thousands)	**Weighted-Average Remaining Useful Life**	**Gross Carrying Amount**	**Accumulated Amortization**	**Intangible Assets, Net**	**Weighted-Average Remaining Useful Life**	**Gross Carrying Amount**	**Accumulated Amortization**	**Intangible Assets, Net**
Software	1.7	$ 2,097	$ (1,452)	$ 645	1.5	$ 2,097	$ (1,555)	$ 542
Customer relationships	2.2	3,007	(2,570)	437	2.0	3,007	(2,620)	387
		5,104	(4,022)	1,082		5,104	(4,175)	929

Trademarks	N/A	3,000	—	3,000	N/A	3,000	—	3,000
Intangible assets, net		$ 8,104	$ (4,022)	$ 4,082		$ 8,104	$ (4,175)	$ 3,929

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

For the three months ended June 30, 2023 September 30, 2023 and 2022, total amortization expense amounted to $0.2 million and $0.2 million, respectively, including $0.1 million and $0.1 million, respectively of amortization expense related to software. For the six nine months ended June 30, 2023 September 30, 2023 and 2022, total amortization expense amounted to $0.5 million and $0.6 million, respectively, including $0.3 million and $0.4 million, respectively, including $0.2 million and $0.3 million, respectively, of amortization expense related to software. These amounts are included under depreciation and amortization in the accompanying unaudited condensed consolidated statements of operations and comprehensive loss. No impairment losses have been recorded on any of the Company's intangible assets for the three and six nine months ended June 30, 2023 September 30, 2023 and 2022, respectively.

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

(in thousands)		
Remainder of 2023	$ 305	$ 152
2024	574	574
2025	203	203

Expected amortization expense for intangible assets with definite lives	$ 1,082	$ 929

8. 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.

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

9. LEASES

The Company leases its office space which has a remaining lease term of 42 39 months. In January 2023, the Company entered into an amendment to the lease for its corporate headquarters offices to extend the term through December 31, 2026. The Company's recognized lease costs include:

	Three Months Ended June 30,		Six Months Ended June 30,		Three Months Ended September 30,		Nine Months Ended September 30,	
(in thousands)	**2023**	**2022**	**2023**	**2022**	**2023**	**2022**	**2023**	**2022**

Income Statement								
Operating lease cost(1)	$ 183	$ 178	$ 367	$ 329	$ 183	$ 190	$ 550	$ 519

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

	Six Months Ended June 30,		**Nine Months Ended September 30,**	
	2023	**2022**	**2023**	**2022**
Weighted-average remaining lease term (months)	42.0	17.9	39.0	15.0
Weighted-average discount rate	7.6 %	7.6 %	7.6 %	7.6 %

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

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

(in thousands)	**June 30, 2023**	**September 30, 2023**
Remainder of 2023	$ 376	$ 188
2024	703	702
2025	729	729
2026	756	756
Total lease payments	2,564	2,375
Less imputed interest	(320)	(278)
Present value of lease liabilities	$ 2,244	$ 2,097

10. COMMITMENTS AND CONTINGENCIES

Purchase commitments

As of June 30, 2023 September 30, 2023, 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. Management does not believe that the resolution of these matters would have a material impact on the unaudited condensed consolidated financial statements. The Company has not identified any legal matters where it believes a material loss is reasonably possible.

11. BALANCE SHEET COMPONENTS

Accrued Expenses and Other Current Liabilities

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

(in thousands)	June 30, 2023	December 31, 2022	September 30, 2023	December 31, 2022
Accrued employee compensation benefits	$ 1,219	$ 3,409	$ 1,306	$ 3,409
Accrued direct selling costs	2,586	1,593	1,458	1,593
Accrued customer paid bottle deposits	1,500	1,253	1,591	1,253
Accrued other	1,656	2,153	2,819	2,153
Total	$ 6,961	$ 8,408	$ 7,174	$ 8,408

12. EQUITY-BASED COMPENSATION

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

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

In November 2021, the Company’s Board of Directors approved an amendment to its equity-based compensation plans for a certain number of employees to allow immediate vesting upon retirement of all outstanding RSUs and stock options, and to extend the exercisability of outstanding stock options up to five years after retirement, if they meet certain conditions, including a resignation after the holder has reached 50 years of age with at least 10 years of service to the Company, so long as the holder provides advance notice of his or her resignation to the Company’s Board of Directors. During the three months ended June 30, 2022 September 30, 2022, one employee, and during the six nine months ended June 30, 2022 September 30, 2022, two three employees, retired from the Company and all outstanding awards and related stock compensation expense of $3.8 million and $4.4 8.2 million, respectively, was were accelerated through their retirement dates.

As of June 30, 2023 September 30, 2023, the 2021 Plan provides for future grants and/or issuances of up to approximately 1.7 2.5 million shares of our common stock. Stock-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:

	Six Months Ended June 30,				Nine Months Ended September 30,			
	2023		2022		2023		2022	
Stock price	$	3.01	$	3.29	$	2.90	$	3.37
Exercise Price		3.01		3.29		2.90		3.91
Expected term (years) (1)		6.25		6.25		6.25		6.25
Expected volatility (2)		61.9 %		63.0 %		65.4 %		62.5 %
Risk-Free interest rate (3)		3.4 %		2.7 %		3.6 %		2.7 %
Dividend yield (4)		0.0 %		0.0 %		0.0 %		0.0 %

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

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

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

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

13 14

The weighted average grant date fair values for stock options granted for the six nine months ended June 30, 2023 September 30, 2023 and 2022 was $1.82 1.81 and $2.00 1.95, respectively.

The following is a summary of stock option activity for the six nine months ended June 30, 2023 September 30, 2023:

	Shares	Weighted average exercise price	Weighted average remaining life	Intrinsic value (*in thousands)*	Shares	Weighted average exercise price	Weighted average remaining life	Intrinsic value *(in thousands*)
Outstanding Balance as of January 1, 2023	2,769,754	$ 3.36			2,769,754	$ 3.36		
Granted	1,232,516	$ 3.00			1,472,639	$ 2.90		
Exercised	(39,093)	$ 0.61			(112,783)	$ 0.23		
Forfeited and expired	(56,139)	$ 4.13			(811,569)	$ 2.91		
Balance as of June 30, 2023	3,907,038	$ 3.26	8.3	$ 6,291				
Balance as of September 30, 2023					3,318,041	$ 3.37	7.7	$ 1,426
Exercisable at the end of the period	1,185,172	$ 2.01	6.0	$ 3,541	1,265,798	$ 2.55	5.4	$ 1,426
Vested and expected to vest	3,907,038	$ 3.26	8.3	$ 6,291	3,318,041	$ 3.37	7.7	$ 1,426

The total intrinsic values of stock options exercised during the six nine months ended June 30, 2023 September 30, 2023 was $0.1 0.3 million.

As of June 30, 2023 September 30, 2023, total unrecognized compensation expense related to unvested stock options was $4.9 3.8 million, which is expected to be recognized over a weighted-average period of 3.1 3.0 years.

Restricted Phantom Units and Restricted Stock Units

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

In March 2021, the Company's Board of Directors also approved an amendment to the RSUs granted by Zevia LLC in August 2020 ("the RSU Amendment"). The RSU Amendment changed the vesting of such RSUs to occur as follows: (i) in the event of a change of control, the RSUs shall vest effective as of such change of control or (ii) in the event of an initial public offering as in the case of the IPO, the RSUs shall vest in equal monthly installments over a 36-month period following the termination of any lockup period and shall be subject to the participant's continued employment through such vesting date. Additionally, settlement shall occur within 30 days following the vesting of the RSUs and the participant shall be entitled to receive one share of Class A common stock for each vested RSU. All other terms remained unchanged. As a result of the RSU Amendment, the estimated fair value of the modified awards was $48.9 million and are being recognized as expense over the vesting period subsequent to the performance condition being met. As of June 30, 2023 September 30, 2023, the remaining service period of the awards is 19 16 months.

The following is a summary of RSU activity for the six nine months ended June 30, 2023 September 30, 2023:

	Shares	Weighted average grant date fair value	Aggregate Intrinsic Value *(in thousands)*	Shares	Weighted average grant date fair value	Aggregate Intrinsic Value *(in thousands)*
Balance unvested shares at January 1, 2023	2,560,590	$ 3.90		2,560,590	$ 3.90	
Granted	1,112,821	$ 3.19		1,268,930	$ 3.09	
Vested	(694,030)	$ 3.78		(912,902)	$ 3.85	

Forfeited	(53,294)	$ 3.28		(512,959)	$ 2.80	
Balance unvested at June 30, 2023	2,926,087	$ 3.67	12,611			
Expected to vest at June 30, 2023	2,926,087	$ 3.67	12,611			
Balance unvested at September 30, 2023				2,403,659	$ 3.72	5,336
Expected to vest at September 30, 2023				2,403,659	$ 3.72	5,336

As of June 30, 2023 September 30, 2023, total unrecognized compensation expense related to unvested RSUs was $9.2 6.7 million, which is expected to be recognized over a weighted-average period of 2.5 2.3 years.

As of June 30, 2023 September 30, 2023, there were 614,206 597,006 of RSUs outstanding which vested in 2022 but are subjected to a deferred settlement provision over the next two years and therefore have not been released. As a result, these RSUs are not included in the table above.

13. SEGMENT REPORTING

The Company has one operating and reporting segment, and operates as a product portfolio with a single business platform. In reaching this conclusion, management considered the definition of the Chief Operating Decision Maker ("CODM"); how the business is defined by the CODM; the nature of the information provided to the CODM and how that information is used to make operating decisions; and how resources and performance are 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.

14. MAJOR CUSTOMERS, ACCOUNTS RECEIVABLE AND VENDOR CONCENTRATION

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

Three Months Ended June 30,		Six Months Ended June 30,		Three Months Ended September 30,		Nine Months Ended September 30,	
2023	2022	2023	2022	2023	2022	2023	2022

Customer A	11 %	13 %	13 %	16 %	13 %	15 %	13 %	16 %
Customer B	13 %	12 %	12 %	11 %	*	*	11 %	10 %
Customer C	*	11 %	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:

	June 30, 2023	December 31, 2022
Customer A	17 %	*
Customer B	13 %	*
Customer D	*	10 %
Customer E	*	17 %
Customer H	*	12 %

	September 30, 2023	December 31, 2022
Customer D	10 %	10 %
Customer E	13 %	17 %
Customer H	*	12 %

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

	Three Months Ended June 30,		Six Months Ended June 30,		Three Months Ended September 30,		Nine Months Ended September 30,	
	2023	2022	2023	2022	2023	2022	2023	2022
Vendor A	22 %	29 %	22 %	28 %	22 %	27 %	22 %	28 %
Vendor B	16 %	14 %	18 %	17 %	13 %	25 %	16 %	16 %

Vendor C	16 %	12 %	14 %	12 %	11 %	15 %	13 %	13 %
Vendor E	12 %	*	*	*	21 %	*	14 %	*

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

15. LOSS PER SHARE

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

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

	Three Months Ended June 30,		Six Months Ended June 30,		Three Months Ended September 30,		Nine Months Ended September 30,	
	2023	2022	2023	2022	2023	2022	2023	2022
(in thousands, except for share and per share amounts)								
Net loss per share:								
Numerator:								
Net loss and comprehensive loss	$ (5,009)	$ (14,796)	$ (7,921)	$ (32,281)	$ (11,250)	$ (9,196)	$ (19,171)	$ (41,477)
Less: net loss attributable to non-controlling interests	1,078	3,706	1,899	10,293	3,033	1,712	4,932	12,005

Add: adjustment to reallocate net loss to controlling interest	(9) [1]	(283) [1]	584 [1]	(70 9) [1]	(19) [1]	(41) [1]	603 [1]	(1,0 65) [1]
Net loss to Zevia PBC - basic	(3,9 $ 40)	(11, $ 373)	(5,4 $ 38)	(22, $ 697)	(8,2 $ 36)	(7,5 $ 25)	(13, $ 636)	(30, $ 537)
Denominator:								
Weighted-average shares of Class A common stock outstanding – basic	49,4 50,6 22	40,1 68,0 00	48,8 96,6 33	38,5 23,9 85	50,1 44,1 98	44,0 73,0 00	49,3 17,0 58	40,3 93,9 78
Add: weighted average shares of vested and unreleased RSUs	643, 474 [2]	1,88 3,98 7 [2]	838, 844 [2]	1,70 8,61 2 [2]	610, 272 [2]	1,86 5,50 7 [2]	757, 933 [2]	1,76 1,48 5 [2]
Weighted-average basic and diluted shares	50,0 94,0 96	42,0 51,9 87	49,7 35,4 78	40,2 32,5 98	50,7 54,4 70	45,9 38,5 07	50,0 74,9 92	42,1 55,4 63
Loss per share of Class A common stock – basic	(0.0 $ 8)	(0.2 $ 7) [3]	(0.1 $ 1)	(0.5 $ 6) [3]	(0.1 $ 6)	(0.1 $ 6)	(0.2 $ 7) [3]	(0.7 $ 2) [3]
Loss per share of Class A common stock – diluted	(0.0 $ 8)	(0.2 $ 7) [3]	(0.1 $ 1)	(0.5 $ 6) [3]	(0.1 $ 6)	(0.1 $ 6)	(0.2 $ 7) [3]	(0.7 $ 2) [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] Subsequent to the issuance of the Company's financial statements for the three and six nine months ended June 30, 2022 September 30, 2022, the Company revised basic and diluted earnings loss per share amounts for the first, second, and second third quarter of 2022 to include the impact of vested but unreleased RSUs which were previously excluded from the respective basic and diluted earnings loss per share computations. The impact of this immaterial correction was to decrease both basic and diluted loss per share by $0.01 from the amounts previously reported in the Company's Form 10-Q for the three and six nine months ended June 30, 2022 September 30, 2022.

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

	Three Months Ended June 30,		Six Months Ended June 30,		Three Months Ended September 30,		Nine Months Ended September 30,	
	2023	2022	2023	2022	2023	2022	2023	2022
Zevia LLC Class B Common Units exchangeable to shares of Class A common stock	21,258,875	27,080,067	21,444,021	28,229,324	20,952,967	24,394,109	21,278,538	26,936,871
Stock options	3,922,609	1,997,721	3,434,584	1,742,949	3,571,659	2,637,539	3,480,778	2,044,472
Restricted stock units	3,086,210	3,781,796	2,845,788	4,164,669	2,638,287	2,911,356	2,775,861	3,742,307

16. INCOME TAXES AND TAX RECEIVABLE AGREEMENT

Income Taxes

The Company is the managing member of Zevia LLC and as a result, consolidates the financial results of Zevia LLC in the unaudited condensed 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 70.1 70.6% and 68.7% as of June 30, 2023 September 30, 2023 and December 31, 2022, respectively.

The provision for income taxes differs from the amount of income tax computed by applying the applicable U.S. statutory federal income tax rate of 21% to income before provision of income taxes due to Zevia LLC's pass-through structure for U.S. income tax purposes, pass-through permanent differences, state franchise taxes, tax effects of stock-based compensation, and the valuation allowance against the deferred tax assets. Except for state franchise taxes, Zevia PBC did not recognize an income tax expense (benefit) on its share of pre-tax book loss, exclusive of the noncontrolling interest of 29.9 29.4%, due to the full valuation allowance against its deferred tax assets.

Tax Receivable Agreement

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

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

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

The 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 June 30, 2023 September 30, 2023, the Company believes 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 as of June 30, 2023 September 30, 2023; 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 $56.8 54.1 million and $55.8 million at June 30, 2023 September 30, 2023 and December 31, 2022, respectively. The increase in the TRA liability is primarily related to Class B to Class A exchanges during the three and six nine months ended June 30, 2023 September 30, 2023. If utilization of the DTAs subject to the TRA becomes more likely than not in the future, the Company will record a liability related to the TRA, which will be recognized as an expense within its condensed consolidated statements of operations and comprehensive loss.

17. SUBSEQUENT EVENTS

On July 21, 2023, the Company and Mr. Quincy B. Troupe, the Company's Chief Operating Officer, mutually agreed to terms pursuant to which Mr. Troupe will step down as the Company's Chief Operating Officer and separate from employment effective as of August 4, 2023. In connection with the departure, the Company and Mr. Troupe entered into a separation agreement and general release of claims providing for certain benefits upon effectiveness of the agreement, including (i) aggregate severance payments in an amount equal to $196,500 payable in equal installments in accordance with the Company's normal payroll practices for a six-month period, (ii) partial reimbursement of the COBRA premiums for Mr. Troupe and his covered dependents' participation in the Company's group health plans for up to six months, and (iii) acceleration of vesting of 18,285 RSUs.

On July 28, 2023, the Company completed the sale of its warehouse and related assets located in Evansville, Indiana for net cash proceeds of $2.2 million. The gain recognized on the sale of the warehouse was not material.

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

Overview

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

Key Events During the Second Third Quarter of 2023

We previously implemented certain critical initiatives designed to transform our operations in order to help support our continued growth, enhance our customer service, and drive efficiencies. During the second quarter, and third fiscal quarters, in connection with these initiatives, we faced short-term supply chain logistics challenges which hindered fulfillment and impacted net sales results and selling and marketing expenses in the quarter. these quarters. We have since implemented certain further measures that are designed to address these challenges and restore service levels including to previous levels, such as changes in the supply chain organization and leadership, and pausing certain actions of our supply chain transition, and further automation of inventory reporting and processing to provide higher visibility, and we currently expect to resolve these challenges by the end of 2023.

On July 28, 2023, we completed the sale of our warehouse and related assets located in Evansville, Indiana for net cash proceeds of $2.2 million. The gain recognized on the sale of the warehouse was not material.

Factors Affecting Our Performance

Macroeconomic Environment

In addition to the supply chain challenges discussed above, a number of external factors, including the global economy, current and future global health emergencies, inflationary pressures, rising interest rates, volatility in the financial markets, recession fears, financial institution instability, the potential shutdown of the U.S. government, global hostilities, in Eastern Europe, and political tensions between the U.S. and China have impacted and may continue to impact transportation, labor, and commodity costs. During the three and six nine months ended June 30, 2023 September 30, 2023, we continued to experience slightly higher operating costs, including logistics, manufacturing and labor costs, which we expect to continue throughout 2023. during the fourth quarter of 2023 and into 2024. These pressures have and are expected to continue to impact our margins and operating results. We, along with our competitors, have increased pricing on a number of products in response to widespread inflation. These pricing increases may result in future reductions in volume.

The following summarizes the components of our results of operations for the three and six nine months ended June 30, 2023 September 30, 2023 and 2022, respectively.

Components of Our Results of Operations

Net Sales

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

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

The following factors and trends in our business have driven net sales 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 future growth; however sales levels in any given period may continue to be impacted by seasonality, customers efforts to manage inventory, and our ability to fulfill customer demands.

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

Cost of Goods Sold

Cost of goods sold consists of all costs to acquire and manufacture our products, including the cost of ingredients, raw materials, packaging, in-bound freight and logistics and third-party production fees. Our cost of goods sold is subject to price fluctuations in the marketplace, particularly in the price of aluminum and other raw materials, as well as in the cost of production, packaging, in-bound freight and logistics. Our results of operations depend on our 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 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 unaudited condensed 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 third quarter of 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. As a result, we reclassified repackaging and handling costs from cost of goods sold to selling and marketing expenses for the three and six months ended June 30, 2022 to conform to the current presentation – refer to Note 2, *Summary of Significant Accounting Policies* included in the unaudited condensed consolidated financial statements of this Quarterly 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 and efficiency improvements.

Operating Expenses

Selling and Marketing Expenses

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

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

General and Administrative Expenses

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

Equity-Based Compensation Expense

Equity-based compensation expense consists of the recorded expense of equity-based compensation for our employees and, if any, for certain consultants and service providers who are non-employees. We record equity-based compensation expense for employee grants using grant date fair value for RSUs or a Black-Scholes valuation model to calculate the fair value of stock options by date granted. Equity-based compensation cost for RSU awards is measured based on the closing fair market value of the Zevia LLC Class B unit or the Zevia PBC Class A common stock, as applicable, on the date of grant. Throughout Through the remainder of 2023, we expect our equity-based compensation expense to continue to decrease compared to the year ended December 31, 2022, 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.

19 20

Results of Operations

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

	Three Months Ended June 30,		Six Months Ended June 30,		Three Months Ended September 30,		Nine Months Ended September 30,	
	2023	2022	2023	2022	2023	2022	2023	2022
(in thousands, except per share amounts)								
Net sales	$ 42,241	$ 45,542	$ 85,541	$ 83,576	$ 43,089	$ 44,239	$ 128,630	$ 127,815
Cost of goods sold	22,549	26,221	45,744	48,376	23,517	25,071	69,261	73,445
Gross profit	19,692	19,321	39,797	35,200	19,572	19,168	59,369	54,370
Operating expenses:								
Selling and marketing	16,100	15,875	28,012	29,928	20,455	12,916	48,467	42,845

General and administrative	6,207	9,818	14,852	19,947	8,250	8,310	23,102	28,257
Equity-based compensation	2,358	8,043	4,738	16,944	1,876	6,837	6,614	23,781
Depreciation and amortization	404	328	823	679	411	326	1,234	1,005
Total operating expenses	25,069	34,064	48,425	67,498	30,992	28,389	79,417	95,888
Loss from operations	(5,377)	(14,743)	(8,628)	(32,298)	(11,420)	(9,221)	(20,048)	(41,518)
Other income (expense), net	403	(44)	743	38				
Other income, net					165	26	908	64
Loss before income taxes	(4,974)	(14,787)	(7,885)	(32,260)	(11,255)	(9,195)	(19,140)	(41,454)
Provision for income taxes	35	9	36	21				
(Benefit) provision for income taxes					(5)	1	31	23
Net loss and comprehensive loss	(5,009)	(14,796)	(7,921)	(32,281)	(11,250)	(9,196)	(19,171)	(41,477)
Loss attributable to noncontrolling interest	1,078	3,706	1,899	10,293	3,033	1,712	4,932	12,005
Net loss attributable to Zevia PBC	$ (3,931)	$ (11,090)	$ (6,022)	$ (21,988)	$ (8,217)	$ (7,484)	$ (14,239)	$ (29,472)
Net loss per share attributable to common stockholders								
Basic	$ (0.08)	$ (0.27)	$ (0.11)	$ (0.56)	$ (0.16)	$ (0.16)	$ (0.27)	$ (0.72)
Diluted	$ (0.08)	$ (0.27)	$ (0.11)	$ (0.56)	$ (0.16)	$ (0.16)	$ (0.27)	$ (0.72)

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The following table presents selected items in our unaudited condensed 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:

	Three Months Ended June 30,		Six Months Ended June 30,		Three Months Ended September 30,		Nine Months Ended September 30,	
	2023	2022	2023	2022	2023	2022	2023	2022
Net sales	100 %	100 %	10 0 %	10 0 %	100 %	100 %	100 %	100 %
Cost of goods sold	53 %	58 %	53 %	58 %	55 %	57 %	54 %	57 %
Gross profit	47 %	42 %	47 %	42 %	45 %	43 %	46 %	43 %
Operating expenses:								
Selling and marketing	38 %	35 %	33 %	36 %	47 %	29 %	38 %	34 %
General and administrative	15 %	22 %	17 %	24 %	19 %	19 %	18 %	22 %
Equity-based compensation	6 %	18 %	6 %	20 %	4 %	15 %	5 %	19 %
Depreciation and amortization	1 %	1 %	1 %	1 %	1 %	1 %	1 %	1 %
Total operating expenses	59 %	75 %	57 %	81 %	72 %	64 %	62 %	75 %
Loss from operations	(13)%	(32)%	(10)%	(39)%	(27)%	(21)%	(16)%	(32)%
Other income (expense), net	1 %	(0)%	1 %	0 %				
Other income, net					0 %	0 %	1 %	0 %
Loss before income taxes	(12)%	(32)%	(9)%	(39)%	(26)%	(21)%	(15)%	(32)%
Provision for income taxes	0 %	0 %	0 %	0				
(Benefit) provision for income taxes					(0)%	0 %	0 %	0

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Net loss and comprehensive loss	(12)%	(32)%	(9)%	(39)%	(26)%	(21)%	(15)%	(32)%
Loss attributable to noncontrolling interest	3 %	8 %	2 %	12 %	7 %	4 %	4 %	9 %
Net loss attributable to Zevia PBC	(9)%	(24)%	(7)%	(26)%	(19)%	(17)%	(11)%	(23)%

Three Months Ended June 30, 2023 September 30, 2023 Compared to Three Months Ended June 30, 2022 September 30, 2022

Net Sales

	Three Months Ended June 30,		**Change**		**Three Months Ended September 30,**		**Change**	
(in thousands)	**2023**	**2022**	**Amount**	**Percentage**	**2023**	**2022**	**Amount**	**Percentage**
Net sales	$ 42,241	$ 45,542	$ (3,301)	(7.2)%	$ 43,089	$ 44,239	$ (1,150)	(2.6)%

Net sales were $42.2 million $43.1 million for the three months ended June 30, 2023 September 30, 2023 as compared to $45.5 million $44.2 million for the three months ended June 30, 2022 September 30, 2022. Equivalized cases sold were 3.3 million during the three months ended June 30, 2023 September 30, 2023 as compared to 3.9 million 3.6 million equivalized cases sold during the three months ended June 30, 2022 September 30, 2022. Net sales declines were primarily driven by a decrease in the number of equivalized cases sold, resulting in $6.9 million $2.7 million lower net sales primarily caused by short-term supply chain logistics challenges hindering fulfillment discussed in the Key Events During the Second Third Quarter of 2023 section above, partially offset by pricing increases of $3.6 million $1.5 million. We define an equivalized case as a 288 fluid ounce case.

Cost of Goods Sold

Three Months Ended June 30,		**Change**		**Three Months Ended September 30,**		**Change**	

(in thousands)	2023	2022	Amount	Percentage	2023	2022	Amount	Percentage
Cost of goods sold	$ 22,549	$ 26,221	$ (3,672)	(14.0)%	$ 23,517	$ 25,071	$ (1,554)	(6.2)%

Cost of goods sold was $22.5 million $23.5 million for the three months ended June 30, 2023 September 30, 2023 as compared to $26.2 million $25.1 million for the three months ended June 30, 2022 September 30, 2022. The decrease of $3.7 million $1.6 million, or 14.0% 6.2%, was primarily due to a 16.8% 8.2% decrease in the shipment of equivalized cases resulting in $4.4 million $2.1 million lower costs of goods sold, as well as favorable costs of goods sold from improved rates and product mix of $1.1 million, partially offset by slightly higher manufacturing costs as a result inventory losses primarily related to the exiting of inflationary pressures legacy warehouses and labor rates resulting in $0.7 million in higher cost the brand-refresh rollout of goods sold. $1.6 million.

Gross Profit and Gross Margin

	Three Months Ended June 30,		Change		Three Months Ended September 30,		Change	
(in thousands)	2023	2022	Amount	Percentage	2023	2022	Amount	Percentage
Gross profit	$ 19,692	$ 19,321	$ 371	1.9 %	$ 19,572	$ 19,168	$ 404	2.1 %
Gross margin	46.6 %	42.4 %			45.4 %	43.3 %		

Gross profit was $19.7 million $19.6 million for the three months ended June 30, 2023 September 30, 2023 as compared to $19.3 million $19.2 million for the three months ended June 30, 2022 September 30, 2022. The increase in gross profit of $0.4 million, or 1.9% 2.1%, was primarily driven by pricing increases taken in 2022 and 2023 as well as favorable cost of goods sold from improved rates and product mix, partially offset by lower volumes and slightly higher manufacturing costs as a result inventory losses related to the exiting of inflationary pressures legacy warehouses and labor rates. the brand-refresh rollout.

Gross margin for the three months ended June 30, 2023 September 30, 2023 improved to 46.6% 45.4% from 42.4% 43.3% in the prior-year period. The improvement was primarily due to pricing increases taken in 2022 and 2023 as well as favorable cost of goods sold from improved rates and product mix, partially offset by slightly higher manufacturing costs as a result inventory losses related to the exiting of inflationary pressures legacy warehouses and labor rates. the brand-refresh rollout.

Selling and Marketing Expenses

(in thousands)	Three Months Ended June 30, 2023	Three Months Ended June 30, 2022	Change Amount	Change Percentage	Three Months Ended September 30, 2023	Three Months Ended September 30, 2022	Change Amount	Change Percentage
Selling and marketing expenses	$ 16,100	$ 15,875	$ 225	1.4 %	$ 20,455	$ 12,916	$ 7,539	58.4 %

Selling and marketing expenses were $16.1 million $20.5 million for the three months ended June 30, 2023 September 30, 2023 as compared to $15.9 million $12.9 million for the three months ended June 30, 2022 September 30, 2022. The increase of $0.2 million $7.5 million, or 1.4% 58.4%, was largely primarily due to $1.6 million $4.4 million of higher freight transfers primarily due and freight transfer costs related to short-term supply chain logistics challenges hindering fulfillment discussed in the Key Events During the Third Quarter of 2023 section above, and an increase in marketing spend $3.1 million of $0.2 million due to the planned brand refresh, partially offset by lower freight and higher warehousing costs resulting from increased level of $1.6 million handling and storage costs driven by pricing increases and decreases in the shipment higher levels of equivalized cases. inventory production.

General and Administrative Expenses

(in thousands)	Three Months Ended June 30, 2023	Three Months Ended June 30, 2022	Change Amount	Change Percentage	Three Months Ended September 30, 2023	Three Months Ended September 30, 2022	Change Amount	Change Percentage
General and administrative expenses	$ 6,207	$ 9,818	$ (3,611)	(36.8)%	$ 8,250	$ 8,310	$ (60)	(0.7)%

General and administrative expenses were $6.2 million $8.3 million for the three months ended June 30, 2023 September 30, 2023 as compared to $9.8 million $8.3 million for the three months ended June 30, 2022 September 30, 2022. The decrease of $3.6 million $0.1 million, or 36.8% 0.7%, was primarily driven by a $2.4 million decrease in employee costs, and a $1.3 million decrease in public company costs and reductions in discretionary spend due to expense optimization initiatives.costs.

Equity-Based Compensation Expenses

	Three Months Ended June 30,		Change		Three Months Ended September 30,		Change	

(in thousands)	2023	2022	Amount	Percentage	2023	2022	Amount	Percentage
Equity-based compensation	$ 2,358	$ 8,043	$ (5,685)	N/M	$ 1,876	$ 6,837	$ (4,961)	(72.6)%

Equity-based compensation expense was $2.4 million $1.9 million for the three months ended June 30, 2023 September 30, 2023 as compared to $8.0 million $6.8 million for the three months ended June 30, 2022 September 30, 2022, primarily related to outstanding equity-based awards being recognized over the remaining service periods of the awards. The decrease of $5.7 million $5.0 million was primarily driven by $3.8 million of lower equity-based compensation expense due to the acceleration of vesting of RSU awards upon retirement of a senior management employee in the second quarter of 2022, and $1.0 million of expense relating to a senior management employee who retired in the third quarter of 2022, therefore there was no related expense in the second quarter of 2023. 2022. The remaining $1.5 million $1.2 million decrease was largely related to the accelerated method of expense recognition on certain equity awards issued in connection with the Company's IPO in 2021, partially offset by equity-based compensation expense related to new equity awards granted.

Six months Nine Months Ended June 30, 2023 September 30, 2023, Compared to Six months Nine Months Ended June 30, 2022 September 30, 2022

Net Sales

	Six Months Ended June 30,		Change		Nine Months Ended September 30,		Change	
(in thousands)	2023	2022	Amount	Percentage	2023	2022	Amount	Percentage
Net sales	$ 85,541	$ 83,576	$ 1,965	2.4 %	$ 128,630	$ 127,815	$ 815	0.6 %

Net sales were $85.5 million $128.6 million for the six nine months ended June 30, 2023 September 30, 2023 as compared to $83.6 million $127.8 million for the six nine months ended June 30, 2022 September 30, 2022. Equivalized cases sold were 6.6 million 9.9 million during the six nine months ended June 30, 2023 September 30, 2023 as compared to 7.3 million 10.9 million equivalized cases sold during the six nine months ended June 30, 2022 September 30, 2022. Net sales growth was primarily driven by pricing increases of $8.8 million $9.4 million, partially offset by a decrease in the number of equivalized cases sold, of $6.8 million, resulting in $8.6 million lower net sales, which was mainly caused by short-term supply chain logistics challenges hindering fulfillment discussed in the Key Events During the Second Third Quarter of 2023 section above. We define an equivalized case as a 288 fluid ounce case.

Cost of Goods Sold

(in thousands)	Six Months Ended June 30, 2023	Six Months Ended June 30, 2022	Change Amount	Change Percentage	Nine Months Ended September 30, 2023	Nine Months Ended September 30, 2022	Change Amount	Change Percentage
Cost of goods sold	$ 45,744	$ 48,376	$ (2,632)	(5.4)%	$ 69,261	$ 73,445	$ (4,184)	(5.7)%

Cost of goods sold was $45.7 million $69.3 million for the six nine months ended June 30, 2023 September 30, 2023 as compared to $48.4 million $73.4 million for the six nine months ended June 30, 2022 September 30, 2022. The decrease of $2.6 million $4.2 million, or 5.4% 5.7%, was primarily due to a 10.3% 9.6% decrease in the shipment of equivalized cases resulting in $5.0 million $7.0 million lower costs of goods sold, partially offset by higher inventory losses generally related to the exiting of legacy warehouses and the brand-refresh rollout of $2.4 million, and an increase of $0.4 million as a result of slightly higher manufacturing costs as a result of inflationary pressures and labor rates resulting in $2.4 million in higher cost of goods sold. rates.

Gross Profit and Gross Margin

(in thousands)	Six Months Ended June 30, 2023	Six Months Ended June 30, 2022	Change Amount	Change Percentage	Nine Months Ended September 30, 2023	Nine Months Ended September 30, 2022	Change Amount	Change Percentage
Gross profit	$ 39,797	$ 35,200	$ 4,597	13.1 %	$ 59,369	$ 54,370	$ 4,999	9.2 %
Gross margin	46.5 %	42.1 %			46.2 %	42.5 %		

Gross profit was $39.8 million $59.4 million for the six nine months ended June 30, 2023 September 30, 2023 as compared to $35.2 million $54.4 million for the six nine months ended June 30, 2022 September 30, 2022. The increase in gross profit of $4.6 million $5.0 million, or 13.1% 9.2%, was primarily driven by pricing increases taken in 2022 and 2023, partially offset by lower volumes, and slightly higher manufacturing costs as a result of inflationary pressures and labor rates. rates, and higher inventory losses primarily related to the exiting of legacy warehouses and the brand-refresh rollout.

Gross margin for the six nine months ended June 30, 2023 September 30, 2023 improved to 46.5% 46.2% from 42.1% 42.5% in the prior-year period. The improvement was primarily due to pricing increases taken in 2022 and 2023, partially offset by slightly higher manufacturing costs as a result of inflationary pressures and labor rates.rates and higher inventory losses primarily related to the exiting of legacy warehouses and the brand-refresh rollout.

Selling and Marketing Expenses

	Six Months Ended June 30,		Change		Nine Months Ended September 30,		Change	
(in thousands)	**2023**	**2022**	**Amount**	**Percentage**	**2023**	**2022**	**Amount**	**Percentage**
Selling and marketing expenses	$ 28,012	$ 29,928	$ (1,916)	(6.4)%	$ 48,467	$ 42,845	$ 5,622	13.1 %

Selling and marketing expenses were $28.0 million $48.5 million for the six nine months ended June 30, 2023 September 30, 2023 as compared to $29.9 million $42.8 million for the six nine months ended June 30, 2022 September 30, 2022. The decrease increase of $1.9 million $5.6 million, or 6.4% 13.1%, was largely primarily due to lower $4.1 million of higher freight transfer costs related to short-term supply chain logistics challenges hindering fulfillment discussed in the Key Events During the Third Quarter of 2023 section above, and $3.4 million higher warehousing costs resulting from increased level of $2.2 million handling and storage costs driven by pricing increases and higher levels of inventory production, partially offset by a decrease in freight out of $1.2 million as a result of decreases in the shipment of equivalized cases and a reduction of non-working marketing costs offset by higher spend related to the planned brand refresh brand-refresh rollout of $0.7 million, partially offset by $0.9 million of higher freight transfers primarily caused by short-term supply chain logistics challenges hindering fulfillment. .

General and Administrative Expenses

	Six Months Ended June 30,		Change		Nine Months Ended September 30,		Change	
(in thousands)	**2023**	**2022**	**Amount**	**Percentage**	**2023**	**2022**	**Amount**	**Percentage**
General and administrative expenses	$ 14,852	$ 19,947	$ (5,095)	(25.5)%	$ 23,102	$ 28,257	$ (5,155)	(18.2)%

General and administrative expenses were $14.9 million $23.1 million for the six nine months ended June 30, 2023 September 30, 2023 as compared to $19.9 million $28.3 million for the six nine months ended June 30, 2022 September 30, 2022. The decrease of

$5.1 million $5.2 million, or 25.5% 18.2%, was primarily driven by a $2.6 million $2.7 million decrease in employee costs, and $2.1 million $2.5 million decrease in public company costs and reductions in discretionary spend due to expense optimization initiatives.

Equity-Based Compensation Expense

(in thousands)	Six Months Ended June 30, 2023	Six Months Ended June 30, 2022	Change Amount	Change Percentage	Nine Months Ended September 30, 2023	Nine Months Ended September 30, 2022	Change Amount	Change Percentage
Equity-based compensation	$ 4,738	$ 16,944	$ (12,206)	N/M	$ 6,614	$ 23,781	$ (17,167)	(72.2)%

Equity-based compensation expense was $4.7 million $6.6 million for the six nine months ended June 30, 2023 September 30, 2023 as compared to $16.9 million $23.8 million for the six nine months ended June 30, 2022 September 30, 2022, primarily related to outstanding equity-based awards being recognized over the remaining service periods of the awards. The decrease of $12.2 million $17.2 million was primarily driven by $5.0 million $10.8 million of lower equity-based compensation expense due to the acceleration of vesting of restricted stock unit RSU awards upon retirement of senior management employees in during the first half of 2022, and $2.1 million of expense relating to a senior management employee who retired in the third quarter of 2022 therefore there was no related expense in the second quarter of 2023. The remaining decrease was largely due to $3.4 million nine months ended September 30, 2022, $4.7 million of expense related to the accelerated method of expense recognition on certain equity awards issued in connection with the Company's IPO in 2021, and $2.8 million $2.7 million related to RSU and restricted phantom stock awards that vested over six months following the IPO in the prior year, partially offset by equity-based compensation expense related to new equity awards granted.

Seasonality

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

Liquidity and Capital Resources

Liquidity and Capital Resources

As of June 30, 2023 September 30, 2023, we had $47.0 million $38.5 million in cash and cash equivalents. We believe that our cash and cash equivalents as of June 30, 2023 September 30, 2023, together with our operating activities and available borrowings under the Secured Revolving Line of Credit (as defined below), will provide adequate liquidity for ongoing operations, planned capital expenditures and other investments beyond the next 12 months.

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

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

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

In connection with the IPO and the Reorganization Transactions in July 2021, the Direct Zevia Stockholders and certain continuing members of Zevia LLC received the right to receive future payments pursuant to the TRA. The amount payable under the TRA will be based on an annual calculation of the reduction in our U.S. federal, state and local taxes resulting from the utilization of certain pre-IPO tax attributes and tax benefits resulting from sales and exchanges by continuing members of Zevia LLC. See "*Certain Relationships and Related Party Transactions—Tax Receivable Agreement*" included in the prospectus dated July 21, 2021 and filed with the SEC on July 23, 2021. We expect that the payments that we may be required to make under the TRA may be substantial. Assuming no material changes in the relevant tax law and that we earn sufficient taxable income to realize all tax benefits that are subject to the TRA, we expect that the reduction in tax payments for us associated with the federal, state and local tax benefits described above would aggregate to approximately $66.8 million $63.6 million through 2037. Under such scenario we would be required to pay the Direct Zevia Stockholders and certain continuing members of Zevia LLC 85% of such amount, or $56.8 million $54.1 million through 2037.

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

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

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

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

Credit Facility

ABL Credit Facility

On February 22, 2022, we obtained a revolving credit facility (the “Secured Revolving Line of Credit”) by entering into a Loan and Security Agreement with Bank of America, N.A (the “Loan and Security Agreement”). Under the Secured Revolving Line of Credit, we may draw funds up to an amount not to exceed the lesser of (i) a $20 million revolving commitment and (ii) a borrowing base which is comprised of inventory and receivables. Up to $2 million of the Secured Revolving Line of Credit may be used for letter of credit issuances with the option to increase the commitment under the Secured Revolving Line of Credit by up to $10 million, subject to certain conditions. The Secured Revolving Line of Credit matures on February 22, 2027. 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 our option, the Bloomberg Short-Term Bank Yield Index rate plus an applicable margin between 1.50% to 2.00% or the Base Rate (customarily defined) plus an applicable margin between 0.50% to 1.00% with margin, in each case, determined by the average daily availability under the Secured Revolving Line of Credit.

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

Cash Flows

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

(in thousands)	Six Months Ended June 30, 2023		Six Months Ended June 30, 2022		Nine Months Ended September 30, 2023		Nine Months Ended September 30, 2022	
Cash provided by (used in):								
Cash (used in) provided by:								
Operating activities	$	1,071	$	(19,554)	$	(9,668)	$	(19,346)
Investing activities	$	(1,463)	$	28,443	$	786	$	27,818
Financing activities	$	23	$	(2,351)	$	25	$	(2,346)

Net Cash Provided By (Used in) Used in Operating Activities

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

Net cash provided by used in operating activities of $1.1 million $9.7 million for the six nine months ended June 30, 2023 September 30, 2023 was primarily driven by a net loss of $19.2 million, partially offset by non-cash expenses of $8.4 million primarily related to equity-based compensation and depreciation and amortization expense and a net increase in cash related to changes in operating assets and liabilities of $3.1 million and non-cash expenses of $5.9 million primarily related to equity-based compensation and depreciation and amortization expense, partially offset by a net loss of $7.9 million $1.1 million. Changes in cash flows related to operating assets and liabilities were primarily due to an increase of $18.7 million $29.1 million in accounts payable, accrued expenses and other current liabilities due to timing of purchases and increased production of inventory, and a decrease in prepaid expenses and other assets of $0.6 million primarily due to amortization of prepaid insurance policies, partially offset by an increase in inventories of $21.8 million due to increased production of inventory as a result of the supply chain logistics challenges discussed in the Key Events During the Third Quarter of 2023, increase in accounts receivable of $5.9 million $5.3 million due to timing of invoices, and an increase in inventories prepaid expenses and other assets of $10.0 million $0.5 million due to timing of purchases and build-up of inventory to support future sales.prepayments.

Net cash used in operating activities of $19.6 million $19.3 million for the six nine months ended June 30, 2022 September 30, 2022 was primarily driven by net loss of $32.3 million $41.5 million and by a net decrease in cash related to changes in operating assets and liabilities of $5.2 million $3.2 million, partially offset by non-cash expenses of $18.0 million $25.3 million primarily related to equity-based compensation. Changes in cash flows related to operating assets and liabilities primarily consisted of a $8.1 million increase $4.5 million increases in accounts receivable due to increase in net sales, a $2.4 million $5.8 million increase in inventory due to the timing of inventory purchases and the anticipation of future sales, partially offset by a $1.4 million $0.1 million decrease in prepaid expenses and other assets primarily related to amortization of prepaid insurance policies, and a $4.2 million $7.5 million increase in accounts payable, accrued expenses and other current liabilities due to our overall growth.

Net Cash (Used in) Provided by Investing Activities

Net cash used in provided by investing activities of $1.5 million $0.8 million for the six nine months ended June 30, 2023 September 30, 2023 was primarily due to proceeds from the sale of its warehouse and related assets of $2.3 million, partially offset by purchases of property, equipment, and software of $1.5 million $1.6 million for leasehold improvements and computer equipment and software used in ongoing operations.

Net cash provided by investing activities of $28.4 million $27.8 million for the six nine months ended June 30, 2022 September 30, 2022 was primarily due to proceeds from maturities of short-term investments of $30.0 million, offset by purchases of property, equipment and software of $1.6 million $2.2 million for marketing fixtures, software applications and computer equipment used in ongoing operations.

Net Cash Provided By (Used in) Financing Activities

Net cash provided by financing activities of $23 $25 thousand for the six nine months ended June 30, 2023 September 30, 2023 was primarily due to proceeds from the exercise of stock options.

Net cash used in financing activities of $2.4 million $2.3 million for the six nine months ended June 30, 2022 September 30, 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 closing of the transaction of the Loan and Security Agreement.

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:

	Three Months Ended June 30,		**Six Months Ended June 30,**		**Three Months Ended September 30,**		**Nine Months Ended September 30,**	
(in thousands)	**2023**	**2022**	**2023**	**2022**	**2023**	**2022**	**2023**	**2022**
Net loss and comprehensive loss	$ (5,009)	$ (14,796)	$ (7,921)	$ (32,281)	$ (11,250)	$ (9,196)	$ (19,171)	$ (41,477)
Other (income) expense, net*	(403)	44	(743)	(38)				
Provision for income taxes	35	9	36	21				
Other income, net*					(165)	(26)	(908)	(64)
(Benefit) provision for income taxes					(5)	1	31	23
Depreciation and amortization	404	328	823	679	411	326	1,234	1,005
Equity-based compensation	2,358	8,043	4,738	16,944	1,876	6,837	6,614	23,781

Adjusted EBITDA	$ (2,615)	$ (6,372)	$ (3,067)	$ (14,675)	$ (9,133)	$ (2,058)	$ (12,200)	$ (16,732)

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

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 June 30, 2023 September 30, 2023, see the sections above including Note 8, *Debt*, and Note 9, *Leases*, included in the unaudited condensed consolidated financial statements of this Quarterly Report.

Our inventory purchase commitments are generally short-term in nature and have ordinary customary commercial terms. We did not have any material long-term inventory purchase commitments as of June 30, 2023 September 30, 2023.

Critical Accounting Policies and Estimates

Our unaudited condensed consolidated financial statements and the related notes thereto included elsewhere in this Quarterly Report 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.

There have been no material changes to our critical accounting policies from those discussed in our Annual Report.

Recent Accounting Pronouncements

Refer to Note 2, *Summary of Significant Accounting Policies,* included in the unaudited condensed consolidated financial statements of this Quarterly Report for a discussion of recently issued accounting pronouncements not yet adopted. pronouncements.

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 3. 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 October 15, 2023 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. This agreement expired on May 30, 2023 and was extended through September 15, 2023, and we are actively in discussions with the ingredient company about negotiating a new agreement. We are also in the process of identifying alternative sources of supply to mitigate potential supply disruptions. However, there can be no assurance that we will be able to renew our current agreement or secure alternative sources of supply. The possible expiration or non-renewal of the agreement with the ingredient company or renewal of the agreement on less favorable terms could have a material adverse effect on our business and results of operations. Additionally, the prices of stevia and other ingredients we use are subject to many factors beyond our control, such as market conditions, climate change, supply chain challenges, and adverse weather conditions.

The price for aluminum cans 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 six nine months ended June 30, 2023 September 30, 2023, a hypothetical 10% increase or 10% decrease in the weighted average cost of aluminum would have resulted in an increase of approximately $0.6 million $0.9 million or a decrease of $0.6 million $0.9 million, respectively, to cost of goods sold.

We continue to seek and to diversify our sources of supply and intend to enter into additional long-term contracts to better ensure stability of prices of our raw materials.

Foreign Exchange Risk

The majority of our sales and costs are denominated in U.S. dollars and are not subject to foreign exchange risk. As we source some ingredients and packaging materials from international sources, our results of operations could be impacted by changes in exchange rates. We sell and distribute our products to Canadian customers, who are invoiced and remit payment in Canadian dollars. All Canadian dollar transactions are translated into U.S. dollars using period-end rates of exchange for assets and liabilities, and average rates of exchange for the period for sales and expenses. To the extent we increase sourcing from outside the U.S. or increase net sales outside of the U.S. that are denominated in currencies other than the U.S. dollar, the impact of changes in exchange rates on our results of operations would increase. Foreign exchange gains and losses were not material for the three and six nine months ended June 30, 2023 September 30, 2023 and 2022.2022, respectively.

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 4. CONTROLS AND PROCEDURES.

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. 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. 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 June 30, 2023 September 30, 2023. Based on the foregoing evaluation, management determined that our disclosure controls and procedures were effective at the reasonable assurance level as of June 30, 2023 September 30, 2023.

Internal Control over Financial Reporting

Management determined that as of June 30, 2023 September 30, 2023, no changes in our internal control over financial reporting had occurred during the fiscal quarter then ended that materially affected or are reasonably likely to materially affect our internal control over financial reporting.

PART II - OTHER INFORMATION

Item 1. Legal Proceedings

We are not subject to any material legal proceedings.

Item 1A. Risk Factors

Our business is subject to various risks, including those described in the section titled “Risk Factors” in Part I, Item 1A of our Annual Report and the following additional and revised risk factors below should be read in conjunction with the risks Report. Except as disclosed in our Annual Report.

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

We rely on third-party warehousing and fulfillment service providers to receive, store, repack, fulfill, and load our products for shipment the section titled “Risk Factors” in the U.S. and Canada. These third-party warehousing and fulfillment service providers distribute our products to our distributors and retail-direct customers through transportation partners. Our business depends in large part on the orderly operation of this distribution process, which in turn depends on timely arrival of product from third-party manufacturing companies, real-time tracking information Part II, Item 1A of our products for outbound and inbound shipping, and effective operations at the warehouses and distribution locations. Any increase in transportation costs (including increases in fuel costs), shipping costs or warehouse costs, port or supplier-side delays, reductions in the transportation capacity of carriers, labor strikes or shortages in the transportation industry, disruptions to the national and international transportation infrastructure, decreased warehouse availability and unexpected delivery interruptions or delays may increase the cost of, and adversely impact, our logistics and our ability to provide quality and timely service to our distributors and retail-direct customers.

We also may not adequately anticipate changing demands Quarterly Report on our distribution system, including the effect of any expansion or reduction we may need to implement, the number or the location of our warehouses/fulfillment locations to meet increased complexity or changes in demand. Any of these factors could cause interruptions and delays in delivery of products or result in increased costs.For example, during the second quarter of 2023, in connection with certain initiatives to streamline our supply chain, we faced short-term supply chain logistics challenges which hindered fulfillment and impacted net sales results Form 10-Q for the quarter.

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

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

27

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

We do not directly manufacture our products, but instead use established third-party manufacturing companies to produce our products. Some of these third-party manufacturers are also our direct competitors, or manufacture and distribute products for our competitors. As independent companies, these third-party manufacturers and distributors make their own business decisions. They have the right to determine whether, and to what extent, they produce our products, and our competitors' products, and to what extent they produce and distribute their own products. They may devote more resources to other products, prioritize their own products, or take other actions detrimental to our products or brand. These third-party manufacturing and distributors may not be able to fulfill our demand as it arises, could begin to charge rates that make using their services inefficient or cost prohibitive to us or may simply not be able or willing to provide their services to us on a timely basis or at all. In the event of any disruption or delay, whether caused by a rift in our relationship or the inability of our third-party manufacturing companies to manufacture our products as required, we would need to secure the services of alternative companies. We may be unable to onboard alternative third-party manufacturing companies at commercially reasonable rates and/or within a reasonably short time period and any such transition could be costly. In such case, our business, financial condition and results of operations would be adversely affected. For example, during the second quarter of 2023, in connection with certain initiatives to streamline our supply chain, we faced short-term supply chain logistics challenges which hindered fulfillment and impacted net sales results for the quarter.

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

In addition, a disruption at our third-party manufacturing and distribution facilities. three months ended June 30, 2023, including fire, natural disasters, weather, water scarcity, manufacturing problems, disease, epidemics and pandemics, strikes, transportation or supply interruption, contractual dispute, government regulation, cybersecurity attacks or terrorism, could have a material adverse effect on our business. Moreover, if demand increases more than we forecast, we will need to acquire additional capacity. Alternative facilities with sufficient capacity or capabilities may not be available, may cost substantially more than existing facilities or may take a significant amount of time to start production, each of which could negatively affect our business and financial performance.

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, our inability to effectively and timely resolve our supply chain logistics challenges, rapid changes in product cycles and pricing, or a decrease in the growth of our overall market, our operating and financial results could differ materially from our expectations, and our business could suffer.

Except as described above, there have been no material changes from the risk factors disclosed in Item 1A of our Annual Report.

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

None.

Item 3. Defaults Upon Senior Securities.

None.

Item 4. Mine Safety Disclosures.

Not applicable.

Item 5. Other Information

None.

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 with the SEC 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 with the SEC 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 with the SEC on March 11, 2022).
10.1#*	Separation Agreement and General Release of Claims between the Company and Quincy B. Troupe.
10.2#*	Letter Agreement between the Company and Florence Neubauer.
10.3#*	Severance Agreement between the Company and Florence Neubauer.
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.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this Quarterly 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:	August 8, November 7, 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
		(Principal Executive Officer)
	Date:	August 8, November 7, 2023

By:		/s/ Denise D. Beckles Florence Neubauer
	Name:	Denise D. Beckles Florence Neubauer
	Title:	Interim Chief Financial Officer
		(Principal Financial Officer)
	Date:	August 8, November 7, 2023

By:		/s/ Hany Mikhail
	Name:	Hany Mikhail
	Title:	Chief Accounting Officer
		(Principal Accounting Officer)
	Date:	August 8, November 7, 2023

Exhibit 10.1

SEPARATION AGREEMENT AND GENERAL RELEASE OF CLAIMS

This SEPARATION AGREEMENT AND GENERAL RELEASE OF CLAIMS (this "Agreement") is entered into by and between Zevia PBC, a Delaware public benefit corporation (the "Company"), and Quincy B. Troupe ("Employee"). Employee and the Company are each referred to herein as a "Party" and collectively as the "Parties."

WHEREAS, Employee's employment with the Company terminated effective as of August 4, 2023 (such actual date of termination, the "Separation Date");

WHEREAS, reference is made to that certain Employment, Confidential Information, and Invention Assignment Agreement between Employee and the Company, dated June 13, 2022 (the "Confidentiality Agreement") and that certain Severance Agreement between Employee and the Company, dated June 13, 2022 (the "Severance Agreement");and

WHEREAS, the Company wishes to provide Employee with certain severance payments and benefits, which are conditioned upon Employee's execution, delivery, non-revocation of and compliance with this Agreement.

NOW, THEREFORE, in consideration of the promises set forth herein, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged by Employee and the Company, the Parties hereby agree as follows:

1. Separation from Employment.

(a)The Company and Employee acknowledge and agree that Employee's employment with the Company ended as of the Separation Date. As of the Separation Date, Employee is no longer employed by the Company or any other Company Party (as defined below), and Employee and Company have mutually agreed on separation (i) as an officer of the Company and its affiliates (as applicable) and (ii) from the board of managers, board of directors or similar governing body of each of the Company and its affiliates (as applicable) and any other corporation, limited liability company, trade organization, or other entity in which the Company or any of its affiliates holds an equity interest or with respect to which board or similar governing body Employee serves as the designee or other representative of the Company or any of its affiliates.

(b)Employee acknowledges and agrees that Employee has been provided all benefits, has been paid in full, and otherwise received all wages, compensation, and other sums that Employee has been owed by each Company Party. Employee further acknowledges and agrees that Employee has received all leaves (paid and unpaid) that Employee has been entitled to receive from each Company Party.

2. Separation Payments and Benefits. Provided that Employee: (x) executes this Agreement and returns a copy of this Agreement that has been executed by Employee to the Company so that it is received by Soley Van Lokeren, Senior Vice President, People, 15821 Ventura Blvd., Suite 145, Encino, California 91436 (email: soley@zevia.com) via DocuSign no later than 5:00 pm PT

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on **July 24, 2023**; (y) does not revoke this Agreement during the Release Revocation Period (as defined below); and (z) remains in compliance with the other terms and conditions set forth in this Agreement (including under Section 5), Employee shall receive the following separation payments and benefits:

(a)aggregate severance payments in an amount equal to **$196,500.00** payable in equal installments in accordance with the Company's normal payroll practices (semi-monthly 15th/End of month) for the 6 months following the expiration of the Release Revocation Period;

(b)subject to Employee's timely election of continuation coverage under the Consolidated Omnibus Budget Reconciliation Act of 1985 ("COBRA") and subject to Employee's copayment of premium amounts at the active employees' rate, reimbursement for the amount of the remainder of the premiums for Employee's and Employee's covered dependents' participation in the Company's group health plans pursuant to COBRA for a period ending on the earliest of (A) 6 months from the Separation Date, (B) Employee becoming eligible for other employer-sponsored group health benefits or Medicare, and (C) the expiration of Employee's rights under COBRA. Employee agrees to promptly notify the Company in the event that Employee becomes eligible for other employer-sponsored group health benefits or Medicare; and

(c)upon the expiration of the Release Revocation Period, **18,285** unvested restricted stock units ("RSUs") granted on March 17, 2023 pursuant to that certain Grant Notice for Restricted Stock Unit Award and Standard Terms and Conditions for Restricted Stock Units shall become fully vested effective as of the Separation Date, and for the avoidance of doubt, all vested RSUs (including the RSUs that vest hereunder) and vested stock options shall otherwise remain subject to the terms of the applicable award agreements (the "Award Agreements") in all respects.

Employee acknowledges and agrees that the consideration referenced in this Section 2 represents the entirety of the amounts Employee is eligible to receive as severance pay and benefits from the Company or any other Company Party. Employee further acknowledges that as of the Separation Date, Employee automatically forfeited all then unvested RSUs and unvested stock options, and such awards shall terminate automatically and without any further action by the Company and at no cost to the Company.

3. Release of Liability for Claims.

(a)For good and valuable consideration, including the consideration set forth in Section 2 (and any portion thereof), Employee knowingly and voluntarily (for Employee, Employee's family, and Employee's heirs, executors, administrators and assigns) hereby releases and forever discharges the Company, Zevia LLC (together with the Company, the "Zevia Affiliated Entities") and their respective affiliates, predecessors, successors, subsidiaries and benefit plans, and the foregoing entities' respective equity-holders, officers, directors, managers, members, partners, employees, agents, representatives, and other affiliated persons, and the Company's and its affiliates' benefit plans (and the fiduciaries and trustees of such plans) (collectively, the "Company Parties"), from liability for, and Employee hereby waives, any and all claims, damages, or causes of action of any kind related to Employee's ownership of any interest in any Company Party(other than any rights under the Award Agreements), Employee's employment with any Company Party, the termination of such employment, and any other acts or

2

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omissions related to any matter occurring on or prior to the date that Employee executes this Agreement, including (i) any alleged violation through such time of: (A) any federal, state or local anti-discrimination or anti-retaliation law, regulation or ordinance, including the Age Discrimination in Employment Act of 1967 (including as amended by the Older Workers Benefit Protection Act), Title VII of the Civil Rights Act of 1964, the Civil Rights Act of 1991, Sections 1981 through 1988 of Title 42 of the United States Code and the Americans with Disabilities Act of 1990; (B) the Employee Retirement Income Security Act of 1974 ("ERISA"); (C) the Immigration Reform Control Act; (D) the National Labor Relations Act; (E) the Occupational Safety and Health Act; (F) the Family and Medical Leave Act of 1993; (G) California's Fair Employment and Housing Act, the California Pregnancy Disability Leave law, the California Family Rights Act, the Healthy Workplace Healthy Family Act of 2014, the California Labor Code, the Private Attorneys' General Act (Labor Code§ 2698 et seq.), any Wage Orders issued by the California Industrial Welfare Commission and the California Business and Professionals Code; (H) any federal, state or local wage and hour law; (I) any other local, state or federal law, regulation or ordinance; or (J) any public policy, contract, tort, or common law claim; (ii) any allegation for costs, fees, or other expenses including attorneys' fees incurred in or with respect to a Released Claim; (iii) any and all rights, benefits or claims Employee may have under any employment contract (including the Severance Agreement), incentive compensation plan or equity-based plan with any Company

Party or to any ownership interest in any Company Party (other than any rights under the Award Agreements); and (iv) any claim for compensation or benefits of any kind not expressly set forth in this Agreement (collectively, the "Released Claims"). This Agreement is not intended to indicate that any such claims exist or that, if they do exist, they are meritorious. Rather, Employee is simply agreeing that, in exchange for any consideration received by Employee pursuant to Section 2, any and all potential claims of this nature that Employee may have against any of the Company Parties, regardless of whether they actually exist, are expressly settled, compromised and waived. **THIS RELEASE INCLUDES MATTERS ATTRIBUTABLE TO THE SOLE OR PARTIAL NEGLIGENCE (WHETHER GROSS OR SIMPLE) OR OTHER FAULT, INCLUDING STRICT LIABILITY, OF ANY OF THE COMPANY PARTIES.**

(b)Section 1542 of the Civil Code of the State of California ("Section 1542") provides:

A GENERAL RELEASE DOES NOT EXTEND TO CLAIMS THAT THE CREDITOR OR RELEASING PARTY DOES NOT KNOW OR SUSPECT TO EXIST IN HIS OR HER FAVOR AT THE TIME OF EXECUTING THE RELEASE AND THAT, IF KNOWN BY HIM OR HER, WOULD HAVE MATERIALLY AFFECTED HIS OR HER SETTLEMENT WITH THE DEBTOR OR RELEASED PARTY.

Employee waives all rights under Section 1542 or any other law or statute of similar effect in any jurisdiction with respect to the Released Claims. Employee acknowledges that Employee understands the significance and specifically assumes the risk regarding the consequences of such release and such specific waiver of Section 1542.

(c)For the avoidance of doubt, nothing in this Agreement releases Employee's rights to receive payments or benefits pursuant to Section 2. Further, in no event shall the Released Claims include (i) any claim that arises after the date that Employee signs this Agreement; (ii) any

claim to vested benefits under an employee benefit plan that is subject to ERISA; and (iii) any claim for breach of, or otherwise arising out of, this Agreement. Further notwithstanding this release of liability, nothing in this Agreement prevents Employee from filing any non-legally waivable claim (including a challenge to the validity of this Agreement) with the Equal Employment Opportunity Commission ("EEOC") or comparable state or local agency or participating in (or cooperating with) any investigation or proceeding conducted by the EEOC or comparable state or local agency or cooperating in any such investigation or proceeding; however, Employee understands and agrees that Employee is waiving any and all rights to recover any monetary or personal relief from a Company Party as a result of such EEOC or comparable state or local agency or proceeding or subsequent legal actions. Further, nothing in this Agreement prohibits or restricts Employee from filing a charge or complaint with, or cooperating in any investigation with, the U.S. Securities and Exchange Commission, the Financial Industry Regulatory Authority, or any other governmental agency, entity or authority (each, a "Government Agency"). This Agreement does not limit Employee's right to receive an award for information provided to a Government Agency.

4. **Representations and Warranties Regarding Claims**. Employee represents and warrants that Employee has not made any assignment, sale, delivery, transfer or conveyance of any rights Employee has asserted or may have against any of the Company Parties with respect to any Released Claim.

5. **Restrictive Covenants**.

(a)Employee acknowledges and agrees that Employee has continuing obligations to the Company and its affiliates pursuant to the Confidentiality Agreement, including obligations relating to confidentiality, intellectual property and non-solicitation (collectively, the "Covenants"). In entering into this Agreement, Employee acknowledges the continued effectiveness and enforceability of the Covenants, and Employee expressly reaffirms Employee's commitment to abide by, and agrees that Employee will abide by, the terms of the Covenants.

(b)Employee shall refrain from making (or causing or assisting any other person or entity to make) any oral or written statements about the Company and any Company Party that (i) are slanderous, libelous, disparaging or defamatory or (ii) place the Company, any Company Party or any of their respective directors, officers, managers, members, employees, consultants, agents or representatives in a false light before the public. Nothing in this Agreement or the Confidentiality Agreement prevents Employee from discussing or disclosing information about unlawful acts in the workplace, such as harassment or discrimination or any other conduct that Employee has reason to believe is unlawful.

(c)Employee agrees that this Agreement is confidential and agrees not to disclose any information regarding the terms of this Agreement, except to Employee's immediate family and any tax, legal or other counsel Employee has consulted regarding the meaning or effect hereof or as required by law, and Employee will instruct each of the foregoing not to disclose the same to anyone.

6. **Covenant to Cooperate in Legal Proceedings**. Employee agrees to reasonably cooperate with the Zevia Affiliated Entities in any internal investigation, any administrative, regulatory, or

judicial proceeding or any dispute with a third party. Employee understands and agrees that Employee's cooperation may include, but not be limited to, making Employee available to the Zevia Affiliated Entities upon reasonable notice for interviews and factual investigations; appearing at the Zevia Affiliated Entities' request to give testimony without requiring service of a subpoena or other legal process; volunteering to the Zevia Affiliated Entities pertinent information received by Employee in Employee's capacity as an employee; and turning over to the Zevia Affiliated Entities all relevant documents which are or may come into Employee's possession in Employee's capacity as an employee or otherwise, all at times and on schedules that are reasonably consistent with Employee's other permitted activities and commitments.

7. Employee's Acknowledgements. By executing and delivering this Agreement, Employee expressly acknowledges that:

(a)Employee has been given at least 21 days to review and consider this Agreement. If Employee signs this Agreement before the expiration of 21 days after Employee's receipt of this Agreement, Employee has knowingly and voluntarily waived any longer consideration period than the one provided to Employee. No changes (whether material or immaterial) to this Agreement shall restart the running of this 21-day period;

(b)Employee is receiving, pursuant to this Agreement, consideration in addition to anything of value to which Employee is already entitled;

(c)Employee has been advised, and hereby is advised in writing, to discuss this Agreement with an attorney of Employee's choice and that Employee has had an adequate opportunity to do so prior to executing this Agreement;

(d)Employee fully understands the final and binding effect of this Agreement; the only promises made to Employee to sign this Agreement are those stated herein; and Employee is signing this Agreement knowingly, voluntarily and of Employee's own free will, and that Employee understands and agrees to each of the terms of this Agreement;

(e)The only matters relied upon by Employee in causing Employee to sign this Agreement are the provisions set forth in writing within the four corners of this Agreement; and

(f) No Company Party has provided any tax or legal advice regarding this Agreement, and Employee has had an adequate opportunity to receive sufficient tax and legal advice from advisors of Employee's own choosing such that Employee enters into this Agreement with full understanding of the tax and legal implications thereof.

8. Revocation Right. Notwithstanding the initial effectiveness of this Agreement, Employee may revoke the delivery (and therefore the effectiveness) of this Agreement within the seven-day period beginning on the Signing Date (such seven-day period being referred to herein as the "Release Revocation Period"). To be effective, such revocation must be in writing signed by Employee and must be delivered personally or by courier to the Company so that it is received by Soley Van Lokeren, Senior Vice President, People, 15821 Ventura Blvd., Suite 145, Encino, California 91436 (email: soley@zevia.com) no later than 11:59 pm PT on the last day of the Release Revocation Period. If an effective revocation is delivered in the foregoing manner and timeframe, the release of claims set forth in Section 3 will be of no force or effect, Employee will

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not receive the payments or benefits set forth in Section 2, and the remainder of this Agreement will remain in full force and effect.

9. Return of Property. Employee represents and warrants that Employee has returned to the Company all property belonging to the Company or any other Company Party, including all computer files, electronically stored information, computers and other materials and items provided to Employee by the Company or any other Company Party in the course of Employee's employment and Employee further represents and warrants that Employee has not maintained a copy of any such materials or items in any form.

10. Governing Law; Arbitration. This Agreement and its performance will be construed and interpreted in accordance with the laws of the State of California, without regard to principles of conflicts of law that would apply the substantive law of any other jurisdiction. For the avoidance of doubt, the arbitration and equitable relief provisions of that certain Mutual Arbitration Agreement entered into by and between the Company and Employee, dated June 13, 2022, shall apply to any dispute arising under this Agreement.

11. Counterparts. This Agreement may be executed in several counterparts, including by .PDF or .GIF attachment to email or by facsimile, each of which is deemed to be an original, and all of which taken together constitute one and the same agreement.

12. Amendment; Entire Agreement. This Agreement may not be changed orally but only by an agreement in writing agreed to and signed by the Party to be charged. This Agreement and the Award Agreements constitute the entire agreement of the Parties with regard to the subject matter hereof and supersede all prior and contemporaneous agreements and understandings, oral or written, between Employee and any Company Party with regard to the subject matter hereof.

13. Third-Party Beneficiaries. Employee expressly acknowledges and agrees that each Company Party that is not a party to this Agreement shall be a third-party beneficiary of Sections 3, 5, 6 and 9 and entitled to enforce such provisions as if it were a party hereto.

14. Further Assurances. Employee shall, and shall cause Employee's affiliates, representatives and agents to, from time to time at the request of the Company and without any additional consideration, furnish the Company with such further information or assurances, execute and deliver such additional documents, instruments and conveyances, and take such other actions and do such other things, as may be reasonably necessary or desirable, as determined in the sole discretion of the Company, to carry out the provisions of this Agreement.

15. Severability. Any term or provision of this Agreement (or part thereof) that renders such term or provision (or part thereof) or any other term or provision (or part thereof) hereof invalid or unenforceable in any respect shall be severable and shall be modified or severed to the extent necessary to avoid rendering such term or provision (or part thereof) invalid or unenforceable, and such modification or severance shall be accomplished in the manner that most nearly preserves the benefit of the Parties' bargain hereunder.

16. Interpretation. The Section headings have been inserted for purposes of convenience and shall not be used for interpretive purposes. The words "hereof," "herein" and "hereunder" and other compounds of the word "here" shall refer to the entire Agreement and not to any particular

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provision hereof. The use herein of the word "including" following any general statement, term or matter shall not be construed to limit such statement, term or matter to the specific items or matters set forth immediately following such word or to similar items or matters, whether or not non-limiting language (such as "without limitation", "but not limited to", or words of similar import) is used with reference thereto, but rather shall be deemed to refer to all other items or matters that could reasonably fall within the broadest possible scope of such general statement, term or matter. The word "or" as used herein is not exclusive and is deemed to have the meaning "and/or." Unless the context requires otherwise, all references herein to a law, agreement, instrument or other document shall be deemed to refer to such law, agreement, instrument or other document as amended, supplemented, modified and restated from time to time to the extent permitted by the provisions thereof. Neither this Agreement nor any uncertainty or ambiguity herein shall be construed against any Party, whether under any rule of construction or otherwise. This Agreement has been reviewed by each of the Parties and shall be construed and interpreted according to the ordinary meaning of the words used so as to fairly accomplish the purposes and intentions of the Parties.

17. No Assignment. No right to receive payments and benefits under this Agreement shall be subject to set off, offset, anticipation, commutation, alienation, assignment, encumbrance, charge, pledge or hypothecation or to execution, attachment, levy, or similar process or assignment by operation of law.

18. <u>Withholdings; Deductions</u>. The Company may withhold and deduct from any payments or benefits made or to be made pursuant to this Agreement (a) all federal, state, local and other taxes as may be required pursuant to any law or governmental regulation or ruling and (b) any deductions consented to in writing by Employee.

19. <u>Section 409A</u>. This Agreement and the benefits provided hereunder are intended to be exempt from, or compliant with, the requirements of Section 409A of the Internal Revenue Code of 1986 and the Treasury regulations and other guidance issued thereunder (collectively, "Section 409A") and shall be construed and administered in accordance with such intent. Each installment payment under this Agreement shall be deemed and treated as a separate payment for purposes of Section 409A. Notwithstanding the foregoing, the Company makes no representations that the benefits provided under this Agreement are exempt from the requirements of Section 409A and in no event shall the Company or any other Company Party be liable for all or any portion of any taxes, penalties, interest or other expenses that may be incurred by Employee on account of non-compliance with Section 409A.

IN WITNESS WHEREOF, the Parties have executed this Agreement as of the dates set forth beneath their names below, effective for all purposes as provided above.

EMPLOYEE

<u>/s/ Quincy B. Troupe</u>

Quincy B. Troupe

Date:

ZEVIA PBC

By: <u>/s/ Soley Van Lokeren</u>

Name: Soley Van Lokeren

Title: Sr. VP, People

Date:

SIGNATURE PAGE TO

SEPARATION AGREEMENT

AND GENERAL RELEASE OF CLAIMS

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Exhibit 10.2

August 13, 2023

Florence Neubauer

Re: **Offer of Employment by Zevia PBC**

Dear Florence:

I am very pleased to confirm our offer to you of continuation of your employment in a new interim role with Zevia PBC (the "***Company***"). The transition start date for this new role will be **August 14, 2023,** and the effective date for the new role will be **September 4, 2023**. This offer and your employment relationship will be subject to the terms and conditions in this letter. The Company reserves the right to modify job titles, reporting structures, wages, and benefits from time to time as it deems necessary and appropriate.

1. You will report to the **Chief Executive Officer.** Your job title will be **Interim, Chief Financial Officer.**
    - o You will participate in the selection process for a new Chief Financial Officer.
    - o You may apply for this position should you be interested.
    - o Should you not be interested in the role or be selected, your interim role will end upon hire of a new Ch Financial Officer, and you will revert to your previous role as SVP, FP&A.
    - o Should you be selected for the Chief Financial Officer position, your previous role as SVP, FP&A will replaced.
2. As a regular full-time employee, you will be paid on a semi-monthly basis at an annual rate of **$384,000** less payroll deductions and all required withholdings. The Interim, Chief Financial Officer position is classified as exempt from the overtime provisions of state and federal law, which means you will not be paid overtime compensation. Your position will be subject to job performance reviews.
    - o In addition to your base pay as Interim, Chief Financial Officer, you will be entitled to receive a **$140,000** cash retention bonus payable in two equal installments of $70,000 within 90-days **and** $70,000 at the time the Chief Financial Officer role is filled or within **6-months**, whichever comes first, less payroll deductions and all required withholdings. The bonus will be subject to applicable supplemental taxation at the federal and/or state level(s).
    - o Should you not be the selected Chief Financial Officer, and thereby reverting to your SVP, FP&A role afte replacement is in place, your new annual rate will be reassessed based on newly acquired skills as Interi Chief Financial Officer.
    - o The Company will support you in your interim role to include providing resources for executive coachi and/or board member support, as well as resources to cover

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Encino, California 91436

2023

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potential gaps in the Finance department. The Chief Executive Officer will partner with you on your needs and approve required support.

3. You will also be eligible to earn discretionary merit-based compensation and the Company reserves the right to modify its plan for such potential additional compensation as circumstances change. Subject to you continuing employment with the Company through the bonus earning date, you will be eligible to earn a bonus upon your achieving certain milestones that will be determined by the Company's Board of Directors and based on the approved bonus pool by the Compensation Committee in March of the new year. Your current merit-based compensation has an annual target of 5**0% of your annual salary**.
4. Subject to the approval of the Company's Compensation Committee of the Board of Directors, your LTI progra terms have no changes. Your existing SVP level will remain in place unless selected as the Company's Chief Financo

Officer. The LTI program is reviewed annually and subject to change based on the annual approval by our Boar Compensation Committee. All LTI awards will be subject to the terms and conditions of the Plan and the applical award agreement thereunder.

5. As an employee of the Company, you will have access to certain confidential information of the Company and y may, during your employment, develop certain information or inventions which will be the property of the Compar To protect the interests of the Company, your existing signature on the Company's Confidential Informatic Invention Assignment and Arbitration Agreements will remain in place, as a condition of your employment. We wish impress upon you that we do not want you, and we hereby direct you not to bring with you any confidential proprietary material of any former employer or to violate any other obligations you may have to any form employer. During the period that you render services to the Company, you agree to not engage in any employme business or activity that is in any way competitive with the business or proposed business of the Company. You v disclose to the Company in writing any other gainful employment, business, or activity that you are curren associated with or participate in that competes with the Company. You will not assist any other person or organizati in competing with the Company or in preparing to engage in competition with the business or proposed business the Company. You represent that your signing of this offer letter, agreement(s) beforementioned, if any, under t Plan (as defined below) and your commencement of employment in your new interim role with the Company will r violate any agreement currently in place between yourself and current or past employers.
6. While we look forward to a long and profitable relationship, should you decide to accept our offer, you will be an at-v employee of the Company, which means the employment relationship can be terminated by either of us for a reason, at any time, with or without notice. No promises, assurances, or other conduct, whether written or oral, c modify this paragraph unless set forth in a written agreement signed by you and the CEO of Zevia. Further, yc participation in any stock option or benefit program is not to be regarded as assuring you of continuing employme for any particular period of time.
7. If applicable, please note that because of employer regulations adopted in the Immigration Reform and Control Act 1986, within three (3) business days of starting your new position

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2023

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you will need to present documentation demonstrating that you have authorization to work in the United States. If you have questions about this requirement, which applies to U.S. citizens and non-U.S. citizens alike, you may contact our office and speak with our Director of Human Resources.

8. This offer will remain open until Mon**day, August 14, 2023, at 10:30 hours PST.** If you decide to accept our offer, and I hope you will, please sign this letter in the space indicated. Your signature will acknowledge that you have read and understood and agreed to the terms and conditions of this offer letter and the attached documents. Should you have anything else that you wish to discuss, please do not hesitate to call me.
9. As a Zevia employee, you are required to follow its rules and regulations. Therefore, you will be asked to acknowled in writing that you have read the Zevia employee handbook, accessible through Zevia's HR department and pub network. In order to retain necessary flexibility in the administration of its policies and procedures, Zevia reserves t right to change or revise its policies, procedures, and benefits at any time.
10. You and the Company agree to submit to mandatory and exclusive binding arbitration any controversy or claim arising out of, or relating to, this Agreement or any breach hereof or your employment relationship, *provided, however*, that the parties retain their right to, and shall not be prohibited, limited or in any other way restricted from, seeking or obtaining equitable relief from a court having jurisdiction over the parties. Such arbitration shall

take place in Los Angeles County, California, as set forth in the Confidential Information, Invention Assignment and Arbitration Agreement previously entered into by you and the Company.

11. This offer letter, the background check authorizations, the agreements referred to above constitute the ent agreement between you and the Company regarding the terms and conditions of your employment, and th supersede all prior negotiations, representations or agreements between you and the Company. The provisions of t agreement regarding "at will" employment and arbitration may only be modified by a document signed by you a the CEO of the Company.

We look forward to working with you in this interim role at the Company. Please sign and date this letter on the spaces provided below to acknowledge your acceptance of the terms of this agreement.

Very truly yours,

/s/ Amy Taylor

Amy Taylor

Chief Executive Officer

I have read and understood this offer letter and hereby acknowledge, accept, and agree to the terms set forth above and further acknowledge that no other commitments were made to me as part of my employment offer in the new interim role except as specifically set forth herein.

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2023

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FLORENCE NEUBAUER

/s/ Florence Neubauer Date signed: ___________________

Enclosures:

Confidential and Arbitration Agreements

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Encino, California 91436

2023

Exhibit 10.3

SEVERANCE AGREEMENT

This **SEVERANCE AGREEMENT** (this "Agreement") is entered into as of **August 15, 2022** (the "Effective Date"), by and between Zevia PBC, a Delaware public benefit corporation (the"Company"), and **Florence C. Neubauer** ("Executive").

1. At-Will Employment. Executive acknowledges and agrees that Executive's employment relationship with the Company is at will. This Agreement does not in any way alter Executive's at-will status or limit the Company's or Executive's right to terminate Executive's employment with the Company at any time, with or without Cause or advance notice.

2. Definitions.

(a)“Affiliate” means (i) all persons or entities directly or indirectly controlling, controlled by or under common control with the Company, (ii) all entities in which the Company directly or indirectly owns an equity interest; and (iii) all predecessors, successors and assigns of those Affiliates identified in (i) and (ii).

(b)“Arbitration Agreement” means that certain Mutual Arbitration Agreement between Executive and the Company.

(c)“Board” means the Board of Directors of the Company.

(d)“Cause” means (i) Executive’s failure to materially perform Executive’s duties and responsibilities to the Company and the Affiliates (other than any such failure resulting from incapacity due to physical or mental illness), other than any failure which is capable of cure and is cured by Executive within 15 days following Executive’s receipt of notice from the Company; (ii) Executive’s failure to comply with any valid and legal directive of the Chief Executive Officer of the Company, Executive’s supervisor or the Board; (iii) Executive’s engagement in conduct, which is, or could reasonably be expected to be, materially injurious to the Company or the Affiliates; (iv) Executive’s embezzlement, misappropriation or fraud, whether or not related to Executive’s employment with the Company; (v) Executive’s conviction of or plea of guilty or nolo contendere to a felony (or state law equivalent); or (vi) Executive’s material breach of this Agreement, the Confidentiality Agreement, or any other written agreement between the Company and Executive or any of the Company’s material policies, including its code of conduct.

(e)“Change in Control” has the meaning set forth in the Zevia PBC 2021 Equity Incentive Plan or any successor equity incentive plan.

(f) “CIC Protection Period” means the 18-month period beginning on the consummation of a Change in Control.

(g)“Confidentiality Agreement” means that certain Employment, Confidential Information, and Invention Assignment Agreement between Executive and the Company.

(h)“Disability” means Executive is unable to perform each of the essential duties of Executive’s position by reason of a medically determinable physical or mental impairment which is potentially permanent in character or which can be expected to last for a continuous period of not less than 12 months. A determination of Disability shall be made by the Board on the basis of such medical evidence as the Board deems warranted under the circumstances, and in this respect, Executive shall submit to an examination by a physician upon request by the Board.

(i) "Good Reason" means the occurrence of any one or more of the following: (i) a material diminution in Executive's annual base salary or target annual bonus; (ii) a material diminution in Executive's authority, duties or responsibilities with the Company or an Affiliate; or (iii) a required relocation of Executive's principal place of employment by more than 50 miles; provided, however, that any assertion by Executive of Good Reason shall not be effective unless (A) Executive provides written notice to the Company of the existence of one or more of the foregoing conditions within 30 days after the initial occurrence of such conditions; (B) the condition(s) specified in such notice must remain uncorrected for 30 days following the Company's receipt of such notice; and (C) the date of the termination of Executive's employment must occur within 90 days after the initial occurrence of the condition(s) specified in such notice.

(j) "Qualifying Termination" means a termination of Executive's employment with the Company by the Company without Cause (other than by reason of death or Disability) or by Executive for Good Reason.

(k) "Termination Date" means the date of Executive's termination of employment with the Company.

3. Effect of Termination.

(a) Accrued Obligations. Upon any termination of Executive's employment with the Company, Executive shall be entitled to receive:

(i) Executive's base salary accrued through the Termination Date, payable as soon as practicable following the date of such termination or as otherwise required by applicable law;

(ii) Executive's accrued but unused vacation as of the Termination Date, payable as soon as practicable following the date of such termination or as otherwise required by applicable law or Company policy;

(iii) employee benefits, if any, as to which Executive may be entitled under the employee benefit plans of the Company, which shall be paid in accordance with the terms of the applicable plans (the amounts described in clauses (A) through (C) hereof, the "Accrued Obligations").

(b) Qualifying Termination. Upon a Qualifying Termination that does not occur during a CIC Protection Period, subject to Executive's execution and non-revocation of a release of claims, in the form provided by the Company (the "Release"), within the time period specified therein and Executive's continued compliance with the provisions of the Confidentiality Agreement and Sections 4, 5, 6 and 8(k) Executive shall be entitled to receive:

(i) aggregate severance payments in an amount equal to the Executive's annual base salary at the rate in effect on the Termination Date (and prior to any reduction that constitutes Good Reason), payable in equal installments in accordance with the Company's normal payroll practices for the 12 months following the date the Release becomes effective and irrevocable; provided, that if the period during which the Release could become effective and irrevocable spans two calendar years, payments of such installments shall not commence until the first normal payroll date in the second calendar year;

(ii) subject to Executive's timely election of continuation coverage under the Consolidated Omnibus Budget Reconciliation Act of 1985 ("COBRA") and subject to Executive's copayment of premium amounts at the active employees' rate, reimbursement for the amount of the remainder of the premiums for Executive's and his or her covered dependents' participation in the Company's group health plans pursuant to COBRA for a period ending on the earliest of (A) the first anniversary of the Termination Date, (B) Executive becoming eligible for other employer-sponsored group health benefits or Medicare, and (C) the expiration of Executive's rights under COBRA; provided, however, that in the event that the benefits provided herein would subject the Company or any of the Affiliates to any tax or penalty under the Patient Protection and Affordable Care Act (the "PPACA") or Section 105(h) of the Internal Revenue Code of 1986 (the "Code"), Executive and the Company agree to work together in good faith to restructure the foregoing benefit; and

(iii) any earned but unpaid annual bonus for the fiscal year preceding the fiscal year in which the Termination Date occurs, payable on the date when bonuses for such fiscal year are otherwise paid to the Company's executives for such fiscal year.

Following Executive's Qualifying Termination that does not occur during a CIC Protection Period, except as set forth in this Section 3(b), Executive shall have no further rights to any compensation or any other benefits under this Agreement.

(c) Qualifying Termination during CIC Protection Period. Upon a Qualifying Termination that occurs during a CIC Protection Period, subject to Executive's execution and non-revocation of a Release within the time period specified therein and Executive's continued compliance with the provisions of the Confidentiality Agreement and Sections 4, 5, 6 and 8(k) Executive shall be entitled to receive:

(i) a lump sum severance payment in an amount equal to the sum of (A) Executive's annual base salary at the rate in effect on the Termination Date (and prior to any reduction that constitutes Good Reason) and (B) Executive's target annual bonus for the year in which the Termination Date occurs, payable within 60 days following the date the Release becomes effective and irrevocable; provided, that if the period during which the Release could become effective and irrevocable spans two calendar years, payment shall occur in the second calendar year;

(ii) subject to Executive's timely election of continuation coverage under COBRA, and subject to Executive's copayment of premium amounts at the active employees' rate, reimbursement for the amount of the remainder of the premiums for Executive's and his or her covered dependents' participation in the Company's group health plans pursuant to COBRA for a period ending on the earliest of (A) the first anniversary of the Termination Date, (B) Executive

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becoming eligible for other employer-sponsored group health benefits or Medicare, and (C) the expiration of Executive's rights under COBRA; provided, however, that in the event that the benefits provided herein would subject the Company or any Affiliate to any tax or penalty under the PPACA or Section 105(h) of the Code, Executive and the Company agree to work together in good faith to restructure the foregoing benefit; and

(iii) any earned but unpaid annual bonus for the fiscal year preceding the fiscal year in which the Termination Date occurs, payable on the date when bonuses for such fiscal year are otherwise paid to the Company's executives for such fiscal year.

Following Executive's Qualifying Termination that occurs during a CIC Protection Period, except as set forth in this Section 3(c), Executive shall have no further rights to any compensation or any other benefits under this Agreement.

(d)Other Terminations. Upon a termination of Executive's employment that is not described in Section 3(b) or Section 3(c), except for the Accrued Obligations, Executive shall have no further rights to any compensation or any other benefits under this Agreement.

(e)Termination and Offices Held. Upon termination of Executive's employment for any reason, Executive shall be deemed to have resigned from all positions that Executive may then hold as an employee, officer or director of the Company or any Affiliate. Executive shall promptly deliver to the Company any additional documents reasonably required by the Company to confirm such resignations.

4. Confidential Information.

(a)During the course of Executive's employment with the Company, Executive will be given access to and receive Company Confidential Information (as defined in the Confidentiality

Agreement) regarding the business of the Company and the Affiliates. Executive agrees that the Company Confidential Information constitutes a protectable business interest of the Company and the Affiliates and covenants and agrees that at all times during Executive's employment with the Company, and at all times following Executive's termination for any reason, Executive will not, directly or indirectly, disclose any Company Confidential Information other than in the proper performance of Executive's duties.

(b)Notwithstanding the foregoing, nothing in this Agreement shall prohibit or restrict Executive from lawfully: (i) initiating communications directly with, cooperating with, providing information to, causing information to be provided to, or otherwise assisting in an investigation by, any governmental authority regarding a possible violation of any law; (ii) responding to any inquiry or legal process directed to Executive from any such governmental authority; (iii) testifying, participating or otherwise assisting in any action or proceeding by any such governmental authority relating to a possible violation of law; or (iv) making any other disclosures that are protected under the whistleblower provisions of any applicable law. Additionally, pursuant to the federal Defend Trade Secrets Act of 2016, an individual shall not be held criminally or civilly liable under any federal or state trade secret law for the disclosure of a trade secret that: (A) is made (1) in confidence to a federal, state or local government official, either directly or indirectly, or to an attorney and (2) solely for the purpose of reporting or investigating a suspected

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violation of law; (B) is made to the individual's attorney in relation to a lawsuit for retaliation against the individual for reporting a suspected violation of law; or (C) is made in a complaint or other document filed in a lawsuit or proceeding, if such filing is made under seal. Nothing in this Agreement requires Executive to obtain prior authorization before engaging in any conduct described in this paragraph, or to notify the Company that Executive has engaged in any such conduct.

5. Non-Disparagement. Executive shall not, while employed by the Company or at any time thereafter, disparage the Company (or any Affiliate) in any way that materially and adversely affects the goodwill, reputation or business relationships of the Company or the Affiliate with the public generally, or with any of its customers, vendors or employees. Executive shall not make comments to the media, including through social media, or otherwise regarding Executive's employment with the Company or the circumstances regarding the termination thereof without the prior written consent of the Board. Notwithstanding the foregoing, this Section 5 shall not prohibit Executive from rebutting claims or statements made by any other person. Nothing in this Agreement prevents Executive from discussing or disclosing information

about unlawful acts in the workplace, such as harassment or discrimination or any other conduct that Executive has reason to believe is unlawful.

6. Non-Competition; Non-Solicitation.

(a)Executive acknowledges that the Company has spent significant time, effort and resources protecting its Company Confidential Information and customer goodwill. Executive further acknowledges that the Company Confidential Information is of significant competitive value to the Company in the supermarket and grocery industry in which it competes, and that the use or disclosure, even if inadvertent, of such Company Confidential Information for the benefit of a competitor would cause significant damage to the legitimate business interests of the Company. Accordingly, in order to protect the legitimate business and customer goodwill interests of the Company, to protect that Company Confidential Information against inappropriate use or disclosure, and in consideration for Executive's employment and the benefits provided to Executive herein, Executive agrees that:

(i) During the Restricted Period (as defined below) the Executive shall not, directly or indirectly (including as an employee, officer, director, owner, consultant, manager, or independent contractor), other than in connection with his employment by the Company, engage in the Business (as defined below) in any country in which the Company or an Affiliate is engaged in the Business at the time of Executive's separation as an employee of the Company. The Restricted Period shall be extended for a period equal to any time period that the Executive is in violation of this Section 6(a)(i).

(ii) Without the prior written consent of the Company, during the Restricted Period, Executive shall not, directly or indirectly, solicit, recruit or hire any person who is as of the date of his termination (or was within 12 months prior to the date of his termination) an employee of the Company or an Affiliate; provided, however, that the foregoing provision shall not prohibit solicitations made by Executive to the general public, including through a general public posting site or forum.

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(iii) Without the prior written consent of the Company, during the Restricted Period, Executive shall not directly or indirectly (A) solicit or encourage any client, customer, bona fide prospective client or customer, supplier, licensee, licensor, landlord or other business relation of the Company or any Affiliate with whom Executive had material personal dealings in the 12-month period immediately preceding his termination (each a "Business Contact") to terminate or diminish its relationship with them; or (B) seek to persuade any such Business Contact to conduct with anyone else any business or activity conducted or, to Executive's knowledge, under consideration by the Company or any Affiliate as of the date of his termination that such Business Contact conducts or could conduct with the Company or any Affiliate.

(b)Nothing contained in this Section 6 shall be construed to prevent Executive from (i) investing in the equity of any competing entity listed on a national securities exchange or traded in the over-the-counter market, but only if Executive is not involved directly or indirectly in the management of said entity and if the Executive and the Executive's associates (as such term is defined in Regulation 14(A) promulgated under the Securities Exchange Act of 1934, as in effect on the date hereof), collectively, do not own more than an aggregate of 5% of the equity of such entity, or (ii) indirectly owning securities through ownership of shares of a registered investment company or mutual fund.

(c)If a court of competent jurisdiction determines that any portion of this Section 6 is invalid or unenforceable, the remainder of this Section 6 shall be given full effect without regard to the invalid provision. If any court of final and non-appealable judgment construes any of the provisions of this Section 6, or any part thereof, to be unreasonable because of the duration, geographic location, or scope of such provision, such provision shall be deemed to be amended to cover the maximum duration, geographic location, and scope not so determined to be unreasonable.

(d)As used herein:

(i) "Business" means the sale of non-alcoholic liquid refreshment beverages.

(ii) "Restricted Period" means during Executive's employment with the Company and the 12-month period following the Termination Date.

7. Breach.

(a)Executive acknowledges and agrees that the Company's remedies at law for a breach or threatened breach of any of the provisions of Sections 4, 5 and 6(a)(ii) would be inadequate and the Company would suffer irreparable damages as a result of such breach or threatened breach. In recognition of this fact, Executive agrees that, in the event of such a breach or threatened breach, in addition to any remedies at law, the Company, without posting any bond, shall be entitled to cease making any payments or providing any benefit otherwise required by this Agreement and obtain equitable relief in the form of specific performance, temporary restraining order, temporary or permanent injunction or any other equitable remedy which may then be available.

(b)If, during the Restricted Period, Executive breaches his or her obligations under Sections 4, 5 or 6, the Company shall have the right to cease payments under Section 3(b) and

3(c), and Executive shall promptly return to the Company any payments received pursuant to Section 3(b) or 3(c). Executive acknowledges that Sections 6(a)(i) and 6(a)(iii) are not intended to and do not prohibit the conduct described therein, but this Section 7(b) provides for the forfeiture of the right to receive the severance payments and benefits under Sections 3(b) and 3(c) should Executive choose to violate such Sections during the Restricted Period.

8. Miscellaneous.

(a)Arbitration. For the avoidance of doubt, the arbitration provisions of the Arbitration Agreement shall apply to any dispute concerning Executive's employment with the Company or arising under or in any way related to this Agreement.

(b)Governing Law; Consent to Personal Jurisdiction. THIS AGREEMENT WILL BE GOVERNED BY THE LAWS OF THE STATE OF CALIFORNIA WITHOUT REGARD FOR CONFLICTS OF LAWS PRINCIPLES. SUBJECT TO THE ARBITRATION PROVISION IN THE ARBITRATION AGREEMENT, EXECUTIVE HEREBY EXPRESSLY CONSENTS TO THE PERSONAL JURISDICTION OF THE STATE AND FEDERAL COURTS LOCATED IN CALIFORNIA FOR ANY LAWSUIT FILED THERE AGAINST EXECUTIVE BY THE COMPANY CONCERNING EXECUTIVE'S EMPLOYMENT OR THE TERMINATION OF EXECUTIVE'S EMPLOYMENT OR ARISING FROM OR RELATING TO THIS AGREEMENT.

(c)Entire Agreement/Amendments. This Agreement, the Confidentiality Agreement and the Arbitration Agreement contain the entire understanding of the parties with respect to the matters set forth herein; provided, however, that the covenants set forth in Sections 4, 5 and 6 shall be in addition to, and not in lieu of, any other confidentiality, non-disparagement, non-solicitation or non-competition covenants between Executive and the Company or any Affiliate, including under the Confidentiality Agreement. There are no restrictions, agreements, promises, warranties, covenants or undertakings between the parties with respect to the subject matter herein other than those expressly set forth herein or as may be set forth from time to time in the Company's employee benefit plans and policies applicable to Executive. For the avoidance of doubt, this Agreement supersedes and replaces any severance entitlements set forth in any other agreement between the Company and Executive, including any individual employment agreement or offer letter. This Agreement may not be altered, modified, or amended except by written instrument signed by the parties hereto. In the event of any inconsistency between this Agreement and any other plan, program, practice or agreement of which Executive is a participant or a party, this Agreement shall control unless such other plan, program, practice or agreement specifically refers to the provisions of this sentence.

(d)No Waiver. The failure of a party to insist upon strict adherence to any term of this Agreement on any occasion shall not be considered a waiver of such party's rights or deprive such party of the right thereafter to insist upon strict adherence to that term or any other term of this Agreement.

(e)Severability. In the event that any one or more of the provisions of this Agreement shall be or become invalid, illegal or unenforceable in any respect, the validity, legality and enforceability of the remaining provisions of this Agreement shall not be affected thereby.

(f) Assignment. This Agreement, and all of Executive's rights and duties hereunder, shall not be assignable or delegable by Executive. Any purported assignment or delegation by Executive in violation of the foregoing shall be null and *void ab initio* and of no force and effect. This Agreement may be assigned by the Company to a person or entity which is an Affiliate or a successor in interest to substantially all of the business operations of the Company. Upon such assignment, the rights and obligations of the Company hereunder shall become the rights and obligations of such Affiliate or successor person or entity.

(g)Counterclaim; No Mitigation. The Company's obligation to pay Executive the amounts provided and to make the arrangements provided hereunder shall be subject to counterclaim and to seek recoupment of amounts owed by Executive to the Company or the Affiliates. Executive shall not be required to mitigate the amount of any payment provided for pursuant to this Agreement by seeking other employment, and such payments shall not be reduced by any compensation or benefits received from any subsequent employer or other endeavor.

(h)Compliance with Code Section 409A. Notwithstanding anything herein to the contrary, (i) if on the Termination Date Executive is a "specified employee" as defined in Section 409A of the Code and the deferral of the commencement of any payments or benefits otherwise payable hereunder as a result of such termination of employment is necessary in order to prevent any accelerated or additional tax under Section 409A of the Code, then the Company will defer the commencement of the payment of any such payments or benefits hereunder (without any reduction in such payments or benefits ultimately paid or provided to Executive) until the date that is six months following Executive's termination of employment with the Company or Executive's earlier death (or the earliest date as is permitted under Section 409A of the Code) and (ii) if any other payments of money or other benefits due to Executive hereunder could cause the application of an accelerated or additional tax under Section 409A of the Code, such payments or other benefits shall be deferred if deferral will make such payment or other benefits compliant under Section 409A of the Code, or otherwise such payment or other benefits shall be restructured, to the extent possible, in a manner, determined by the Board, that does not cause such an accelerated or additional tax. For purposes of Section 409A of the Code, each payment made under this Agreement shall be designated as a "separate payment" within the meaning of the Section 409A of the Code, and references herein to Executive's "termination of employment" shall refer to Executive's separation from service with the Company within the meaning of Section 409A. To the extent any reimbursements or in-kind benefits due to Executive under this Agreement constitute "deferred compensation" under Section 409A of the Code, any such reimbursements or in-kind benefits shall be paid to Executive in a manner consistent with Treas. Reg. Section 1.409A-3(i)(1)(iv). The Company shall consult with Executive in good faith regarding the implementation of the provisions of this Section 8(h); provided that neither the Company nor any of its employees or representatives shall have any liability to Executive with respect to thereto or any tax imposed under Section 409A.

(i) Successors; Binding Agreement. This Agreement shall inure to the benefit of and be binding upon personal or legal representatives, executors, administrators, successors, heirs, distributees, devisees and legatees. In the event of Executive's death prior to receipt of all amounts payable to Executive (including any unpaid amounts due under Section 3), such amounts shall be paid to Executive's beneficiary designated in a Notice provided to and accepted by the Company or, in the absence of such designation, to Executive's estate.

8

(j) Notice. For the purpose of this Agreement, notices and all other communications provided for in the Agreement shall be in writing and shall be deemed to have been duly given when delivered by hand or overnight courier or three postal delivery days after it has been mailed by United States registered mail, return receipt requested, postage prepaid, addressed to the respective addresses set forth below in this Agreement, or to such other address as either party may have furnished to the other in writing in accordance herewith, except that Notice of change of address shall be effective only upon receipt (each such communication, "Notice").

If to the Company, addressed to:

Zevia PBC
Attn: General Counsel
15821 Ventura Blvd., Suite 145
Encino, CA 91436

If to Executive, to the address listed in the Company's payroll records from time to time.

(k)Cooperation. Executive shall provide Executive's reasonable cooperation in connection with any investigation, action or proceeding (or any appeal from any action or proceeding) which relates to events occurring during Executive's employment hereunder, provided, that, following termination of Executive's employment, the Company shall pay all reasonable expenses incurred by Executive in providing such cooperation. This provision shall survive any termination of this Agreement.

(l) Withholding Taxes. The Company may withhold from any amounts payable under this Agreement such federal, state and local taxes as may be required to be withheld pursuant to any applicable law or regulation.

(m)Interpretation. Titles and headings to Sections hereof are for the purpose of reference only and shall in no way limit, define or otherwise affect the provisions hereof. Unless the context requires otherwise, all references to laws, regulations, contracts, agreements and instruments refer to such laws, regulations, contracts, agreements and instruments as they may be amended from time to time, and references to particular provisions of laws or regulations include a reference to the corresponding provisions of any succeeding law or regulation. All references to "dollars" or "$" in this Agreement refer to United States dollars. The word "or" is not exclusive. The words "herein", "hereof", "hereunder" and other compounds of the word "here" shall refer to the entire Agreement, including all Exhibits attached hereto, and not to any particular provision hereof. Wherever the context so requires, the masculine gender includes the feminine or neuter, and the singular number includes the plural and conversely. All references to "including" shall be construed as meaning "including without limitation." Neither this Agreement nor any uncertainty or ambiguity herein shall be construed or resolved against any party hereto, whether under any rule of construction or otherwise. On the contrary, this Agreement has been reviewed by each of the parties hereto and shall be construed and interpreted according to the ordinary meaning of the words used so as to fairly accomplish the purposes and intentions of the parties hereto.

(n)Counterparts. This Agreement may be signed in counterparts, each of which shall be an original, with the same effect as if the signatures thereto and hereto were upon the same instrument.

[Signature Page Follows this Page]

IN WITNESS WHEREOF, the parties hereto have duly executed this Severance Agreement as of the Effective Date.

ZEVIA PBC
/s/ Lorna R. Simms
Name: Lorna R. Simms
Title: Senior Vice President, General Counsel and Corporate Secretary

EXECUTIVE
/s/ Florence C. Neubauer
Name: Florence C. Neubauer

SIGNATURE PAGE TO SEVERANCE AGREEMENT

Exhibit 31.1

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

I, Amy E. Taylor, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of ZEVIA PBC;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
   (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial

reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

(c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

(d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

(a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

(b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

By: /s/ Amy E. Taylor

Name Amy E. Taylor
:

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

Date: August 8, November 7, 2023

Exhibit 31.2

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

I, Denise D. Beckles, Florence Neubauer, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of ZEVIA PBC;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material

fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
   (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
   (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
   (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

By: /s/ Denise D. Beckles Florence Neubauer

Name: Denise D. Beckles Florence Neubauer

Title: Interim Chief Financial Officer
(principal financial officer)

Date: August 8, November 7, 2023

Exhibit 32

Zevia PBC

**Certification of Principal Executive Officer and Principal Financial Officer Pursuant to
18 U.S.C. Section 1350, as Adopted Pursuant to
Section 906 of the Sarbanes-Oxley Act of 2002**

In connection with the Quarterly Report on Form 10-Q (the "Report") of Zevia PBC (the "Company") for the quarter ended June 30, 2023 September 30, 2023, as filed with the U.S. Securities and Exchange Commission on the date hereof, Amy E. Taylor, as President and Chief Executive Officer of the Company, and Denise D. Beckles, Florence Neubauer, as Interim Chief Financial Officer of the Company, each hereby certifies, pursuant to 18 U.S.C. § 1350, as adopted pursuant to § 906 of the Sarbanes-Oxley Act of 2002, that, to each officer's knowledge:

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

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

/s/ AMY E. TAYLOR

Name Amy E. Taylor
:

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

Date: August 8, November 7, 2023

/s/ DENISE D. BECKLES FLORENCE NEUBAUER

Name Denise D. Beckles Florence Neubauer
:

Title: Interim Chief Financial Officer (principal financial officer)

Date: August 8, November 7, 2023

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

The foregoing certification is being furnished as an exhibit to the Report pursuant to Item 601(b)(32) of Regulation S-K and Section 1350 of Title 18 of the United States Code and, accordingly, is not being filed with the U.S. Securities and Exchange Commission as part of the Report and is not to be incorporated by reference into any filing of the Company under the

Securities Act of 1933 or the Securities Exchange Act of 1934 (whether made before or after the date of the Report, irrespective of any general incorporation language contained in such filing).

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