# 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 March 31, 2024**

**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**
**(424) 343-2654**
**(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 May 1, 2024, there were 58,180,510 shares and 14,117,351 shares outstanding of the registrant's Class A and Class B common stock, respectively, $0.001 par value per share.

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## CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING STATEMENTS

This Quarterly Report on Form 10-Q for the period ended March 31, 2024 ("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 capital allocation, investment activities, sourcing of raw materials, the impact of our supply chain, logistics, distribution and marketing initiatives, the impact of our Productivity Initiative, including expected restructuring charges, cost savings and other benefits, factors and trends in our business, including seasonality, future expenses or payments under the TRA (as defined below), shifting market demand and consumer preferences, ability to effectively compete, ESG-related commitments, validity of our trademarks and other intellectual property, impact of government regulations, liquidity and capital requirements, including the sufficiency of our cash and liquidity or sources of capital, satisfying commitments, 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 6, 2024 for the period ended December 31, 2023 ("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, maintain, and promote our brand;
- changes in the retail landscape or the loss of key retail customers;
- product safety and quality concerns, including those relating to our plant-based sweetening system, which could negatively affect our business by exposing us to lawsuits, product recalls or regulatory enforcement actions, increasing our operating costs and reducing demand for our product offerings;
- change in consumer preferences, perception and spending habits, particularly due to impacts of inflation, in the commercial beverage industry and on zero sugar, naturally sweetened products, and failure to develop or enrich our product offerings or gain market acceptance of our products, including new offerings;
- inability to compete in our intensely competitive industry;
- fluctuation in our net sales and earnings as a result of price concessions, promotional activities and chargebacks;
- failure to introduce new products or successfully improve existing products;
- inaccurate or misleading marketing claims, whether or not substantiated;
- loss of any registered trademark or other intellectual property or actual or alleged claims of infringement of intellectual property rights;
- our history of losses and potential inability to achieve or maintain profitability;
- failure to attract, hire, train or retain qualified personnel, manage our future growth effectively or maintain our company culture;
- the impact of adverse global macroeconomic conditions, including relatively high interest rates, recession fears and inflationary pressures, and geopolitical events or conflicts;
- climate change, adverse weather conditions, natural disasters and other natural conditions;
- difficulties and challenges associated with expansion into new markets;
- inability to obtain raw materials on a timely basis or in sufficient quantities to produce our products or meet the demand for our products due to reliance on a limited number of third-party suppliers and trade tensions between the U.S. and China;
- substantial disruption within our supply chain or distribution channels, including disruption at our contract manufacturers, warehouse and distribution facilities, failure by our transportation providers to facilitate on-time deliveries, or our own failure to accurately forecast;
- extensive governmental regulation and enforcement if we are not in compliance with applicable requirements;
- changes in laws and regulations relating to beverage containers and packaging as well as marketing and labeling;
- dependence on distributions from Zevia LLC to pay any taxes and other expenses;
- impact from our status, duty and liability exposure as a public benefit corporation;
- inadequacy, failure, interruption or security breaches of our information technology systems and failure to comply with data privacy and information security laws and regulations;

- the impact of any future pandemics, epidemics, or other disease outbreaks on our business, results of operations and financial condition; 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)* | March 31, 2024 | December 31, 2023 |
|---|---|---|
| **ASSETS** | | |
| Current assets: | | |
| Cash and cash equivalents | $ 28,720 | $ 31,955 |
| Accounts receivable, net | 14,048 | 11,119 |
| Inventories | 30,621 | 34,550 |
| Prepaid expenses and other current assets | 3,965 | 5,063 |
| **Total current assets** | 77,354 | 82,687 |
| Property and equipment, net | 1,902 | 2,109 |
| Right-of-use assets under operating leases, net | 1,812 | 1,959 |
| Intangible assets, net | 3,435 | 3,523 |
| Other non-current assets | 560 | 579 |
| **Total assets** | $ 85,063 | $ 90,857 |
| **LIABILITIES AND EQUITY** | | |
| Current liabilities: | | |
| Accounts payable | $ 19,045 | $ 21,169 |
| Accrued expenses and other current liabilities | 8,153 | 5,973 |
| Current portion of operating lease liabilities | 592 | 575 |
| **Total current liabilities** | 27,790 | 27,717 |
| Operating lease liabilities, net of current portion | 1,216 | 1,373 |
| **Total liabilities** | 29,006 | 29,090 |
| Commitments and contingencies (Note 9) | | |
| Stockholders' equity | | |
| Preferred Stock, $0.001 par value. 10,000,000 shares authorized, no shares issued and outstanding as of March 31, 2024 and December 31, 2023. | — | — |
| Class A common stock, $0.001 par value. 550,000,000 shares authorized, 58,135,308 and 54,220,017 shares issued and outstanding as of March 31, 2024 and December 31, 2023, respectively. | 58 | 54 |
| Class B common stock, $0.001 par value. 250,000,000 shares authorized, 14,117,351 and 17,283,177 shares issued and outstanding as of March 31, 2024 and December 31, 2023, respectively. | 14 | 17 |
| Additional paid-in capital | 187,366 | 191,144 |
| Accumulated deficit | (107,161) | (101,337) |
| **Total Zevia PBC stockholders' equity** | 80,277 | 89,878 |
| Noncontrolling interests | (24,220) | (28,111) |
| **Total equity** | 56,057 | 61,767 |
| **Total liabilities and equity** | $ 85,063 | $ 90,857 |

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 March 31, 2024 | Three Months Ended March 31, 2023 |
|---|---|---|
| **Net sales** | $ 38,799 | $ 43,300 |
| Cost of goods sold | 21,080 | 23,195 |
| **Gross profit** | 17,719 | 20,105 |
| **Operating expenses:** | | |
| Selling and marketing | 15,070 | 11,912 |
| General and administrative | 8,115 | 8,645 |
| Equity-based compensation | 1,489 | 2,380 |
| Depreciation and amortization | 328 | 419 |
| **Total operating expenses** | 25,002 | 23,356 |
| **Loss from operations** | (7,283) | (3,251) |
| Other income, net | 97 | 340 |
| **Loss before income taxes** | (7,186) | (2,911) |
| Provision for income taxes | 13 | 1 |
| **Net loss and comprehensive loss** | (7,199) | (2,912) |
| Loss attributable to noncontrolling interest | 1,375 | 821 |
| **Net loss attributable to Zevia PBC** | $ (5,824) | $ (2,091) |
| | | |
| Net loss per share attributable to common stockholders | | |
| Basic | $ (0.10) | $ (0.03) |
| Diluted | $ (0.10) | $ (0.04) |
| | | |
| Weighted average common shares outstanding | | |
| Basic | 55,890,168 | 49,372,874 |
| Diluted | 55,890,168 | 72,250,338 |

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

**ZEVIA PBC**

**CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY (Unaudited)**

| | Class A Common Stock | | Class B Common Stock | | Additional | | | |
|---|---|---|---|---|---|---|---|---|
| *(in thousands, except for share amounts)* | Shares | Amount | Shares | Amount | Paid in Capital | Accumulated Deficit | Noncontrollin g interest | Total Equity |
| Balance at January 1, 2024 | 54,220,017 | $ 54 | 17,283,177 | $ 17 | $ 191,144 | $ (101,337) | $ (28,111) | $ 61,767 |
| Vesting and release of common stock under equity incentive plans, net | 743,465 | 1 | — | — | (1) | — | — | — |
| Exchange of Class B common stock for Class A common stock | 3,165,826 | 3 | (3,165,826) | (3) | (5,266) | — | 5,266 | — |
| Exercise of stock options | 6,000 | — | — | — | — | — | — | — |
| Equity-based compensation | — | — | — | — | 1,489 | — | — | 1,489 |
| Net loss | — | — | — | — | — | (5,824) | (1,375) | (7,199) |
| Balance at March 31, 2024 | 58,135,308 | $ 58 | 14,117,351 | $ 14 | $ 187,366 | $ (107,161) | $ (24,220) | $ 56,057 |

| | 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, 2023 | 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) | — | — | — |
| Exchange of Class B common stock for Class A common stock | 537,991 | 1 | (537,991) | (1) | (724) | — | 724 | — |
| Exercise of stock options | 30,424 | — | — | — | 23 | — | — | 23 |
| Equity-based compensation | — | — | — | — | 2,380 | — | — | 2,380 |
| Net loss | — | — | — | — | — | (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 |

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

**ZEVIA PBC**

**CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS (Unaudited)**

| *(in thousands)* | Three Months Ended March 31, 2024 | 2023 |
|---|---|---|
| **Operating activities:** | | |
| Net loss | $ (7,199) | $ (2,912) |
| Adjustments to reconcile net loss to net cash provided by (used in) operating activities: | | |
| Non-cash lease expense | 147 | 142 |
| Depreciation and amortization | 328 | 419 |
| Gain on disposal of property, equipment and software, net | (12) | — |
| Amortization of debt issuance cost | 19 | 19 |
| Equity-based compensation | 1,489 | 2,380 |
| Changes in operating assets and liabilities: | | |
| Accounts receivable, net | (2,929) | (3,239) |
| Inventories | 3,929 | (1,374) |
| Prepaid expenses and other assets | 1,098 | 546 |
| Accounts payable | (2,112) | 14,589 |
| Accrued expenses and other current liabilities | 2,180 | (1,025) |
| Operating lease liabilities | (140) | (148) |
| Net cash (used in) provided by operating activities | (3,202) | 9,397 |
| **Investing activities:** | | |
| Purchases of property, equipment and software | (33) | (862) |
| Net cash used in investing activities | (33) | (862) |
| **Financing activities:** | | |
| Proceeds from revolving line of credit | 8,000 | — |
| Repayment of revolving line of credit | (8,000) | — |
| Proceeds from exercise of stock options | — | 23 |
| Net cash provided by financing activities | — | 23 |
| Net change from operating, investing, and financing activities | (3,235) | 8,558 |
| Cash and cash equivalents at beginning of period | 31,955 | 47,399 |
| Cash and cash equivalents at end of period | $ 28,720 | $ 55,957 |
| | | |
| **Non-cash investing and financing activities** | | |
| Capital expenditures included in accounts payable | $ — | $ 71 |
| Conversion of Class B common stock to Class A common stock | $ 5,266 | $ 724 |
| Operating lease right-of-use assets obtained in exchange for lease liabilities | $ — | $ 1,818 |
| | | |
| **Supplemental Disclosure of Cash Flow Information:** | | |
| Cash paid for interest | $ 26 | $ 19 |
| Cash paid for income taxes | $ 20 | $ 52 |

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

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

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

### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

**Basis of presentation**

The accompanying unaudited condensed consolidated financial statements have been prepared in accordance with generally accepted accounting principles in the United States ("U.S. 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 U.S. GAAP for complete financial statements and are not necessarily indicative of the results to be expected for the fiscal year ending December 31, 2024, or for any other interim period or any other future fiscal year. The condensed consolidated balance sheet as of December 31, 2023 included herein was derived from the audited financial statements as of that date but does not include all disclosures, including certain notes, required by U.S. GAAP that are required on an annual reporting basis. Certain information and note disclosures normally included in the financial statements prepared in accordance with U.S. 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, 2023 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 accompanying 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 equity interest. All intercompany transactions and balances have been eliminated in consolidation.

The Company owns a majority economic interest in, and operates and controls all of the businesses and affairs of, Zevia LLC. Accordingly, the Company has prepared these accompanying 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 months ended March 31, 2024 and 2023, it was determined that the majority of such costs will be retained by the Company, with certain costs directly attributable to Zevia LLC being borne by that entity. These costs impacted the amount of net loss reported by Zevia LLC and consequently impacted the amount allocated to noncontrolling interest.

**Use of estimates**

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

**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 accompanying 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 – Not Yet Adopted*

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

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

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: food and drug stores, grocery stores, natural product stores, specialty outlets, and warehouse clubs; and through natural and online/e-commerce channels. The following table disaggregates the Company's sales by channel:

| | Three Months Ended March 31, | |
|---|---|---|
| *(in thousands)* | 2024 | 2023 |
| Retail sales | $ 33,900 | $ 36,927 |
| Online/e-commerce | 4,899 | 6,373 |
| Net sales | $ 38,799 | $ 43,300 |

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

| | Three Months Ended March 31, | |
|---|---|---|
| *(in thousands)* | 2024 | 2023 |
| U.S. | $ 35,300 | $ 39,347 |
| Canada | 3,499 | 3,953 |
| Net sales | $ 38,799 | $ 43,300 |

*Contract liabilities*

The Company did not have any material unsatisfied performance obligations as of March 31, 2024 or December 31, 2023.

## 4. INVENTORIES

Inventories consist of the following as of:

| *(in thousands)* | March 31, 2024 | December 31, 2023 |
|---|---|---|
| Raw materials | $ 2,295 | $ 4,714 |
| Finished goods | 28,326 | 29,836 |
| Inventories | $ 30,621 | $ 34,550 |

## 5. PROPERTY AND EQUIPMENT, NET

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

| *(in thousands)* | March 31, 2024 | December 31, 2023 |
|---|---|---|
| Leasehold improvements | $ 1,167 | $ 1,167 |
| Computer equipment | 703 | 677 |
| Furniture and equipment | 785 | 785 |
| Quality control and marketing equipment | 1,782 | 1,782 |
| Assets not yet placed in service | 101 | 101 |
| | 4,538 | 4,512 |
| Less accumulated depreciation | (2,636) | (2,403) |
| Property and equipment, net | $ 1,902 | $ 2,109 |

For the three months ended March 31, 2024 and 2023, depreciation expense, including the amortization of leasehold improvements, amounted to approximately $0.2 million and $0.2 million, respectively. These amounts are included under depreciation and amortization in the accompanying unaudited condensed consolidated statements of operations and comprehensive loss.

## 6. INTANGIBLE ASSETS, NET

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

| | March 31, 2024 | | | |
|---|---|---|---|---|
| *(in thousands)* | Weighted-Average Remaining Useful Life | Gross Carrying Amount | Accumulated Amortization | Intangible Assets, Net |
| Software | 1.2 | $ 1,164 | $ (1,016) | $ 148 |
| Customer relationships | 1.5 | 3,007 | (2,720) | 287 |
| | | 4,171 | (3,736) | 435 |
| Trademarks | N/A | 3,000 | — | 3,000 |
| Intangible assets, net | | $ 7,171 | $ (3,736) | $ 3,435 |

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

For the three months ended March 31, 2024 and 2023, total amortization expense amounted to $0.1 million and $0.2 million, respectively, including less than $0.1 million and $0.1 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 months ended March 31, 2024 and 2023, respectively.

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

| *(in thousands)* | |
|---|---|
| Remainder of 2024 | 258 |
| 2025 | 170 |
| 2026 | 7 |
| Expected amortization expense for intangible assets with definite lives | $ 435 |

## 7. DEBT

*ABL Credit Facility*

On February 22, 2022, Zevia LLC (the "Borrower") obtained a revolving credit facility (the "Secured Revolving Line of Credit") by entering into a Loan and Security Agreement with Bank of America, N.A. (the "Loan and Security Agreement"). The Borrower may draw funds under the Secured Revolving Line of Credit up to an amount not to exceed the lesser of (i) a $20 million revolving commitment and (ii) a borrowing base which is comprised of inventory and receivables. Up to $2 million of the Secured Revolving Line of Credit may be used for letter of credit issuances and the Borrower has the option to increase the commitment under the Secured Revolving Line of Credit by up to $10 million, subject to certain conditions. The Secured Revolving Line of Credit matures on February 22, 2027. During the first quarter of 2024, the Company drew $8 million on the Secured Revolving Line of Credit which was subsequently repaid in the same period. As of March 31, 2024, there was no amount outstanding on 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 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 March 31, 2024, the Company was in compliance with its financial covenant.

## 8. LEASES

The Company leases its office space which has a remaining lease term of 33 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 March 31, | |
|---|---|---|
| *(in thousands)* | 2024 | 2023 |
| **Statements of Operations and Comprehensive Loss** | | |
| Operating lease cost[(1)] | $ 184 | $ 184 |

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

| | Three Months Ended March 31, | |
|---|---|---|
| | 2024 | 2023 |
| Weighted-average remaining lease term (months) | 33.0 | 45.0 |
| Weighted-average discount rate | 7.6 % | 7.6 % |

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

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

| *(in thousands)* | March 31, 2024 |
|---|---|
| 2024 | $ 527 |
| 2025 | 729 |
| 2026 | 756 |
| Total lease payments | 2,012 |
| Less imputed interest | (204 ) |
| Present value of lease liabilities | $ 1,808 |

## 9. COMMITMENTS AND CONTINGENCIES

*Purchase commitments*

As of March 31, 2024, the Company does not have any material agreements with suppliers for the purchase of raw material with minimum purchase quantities. Our contract manufacturers are obligated to fulfill against purchase orders that are aligned with our forecast based on terms and conditions of the contract. Our forecasts provided to our contract manufacturers are short term in nature and at no time extend beyond a year.

*Legal proceedings*

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

**10. BALANCE SHEET COMPONENTS**

**Prepaid Expenses and Other Current Assets**

Prepaid expenses and other current assets consisted of the following as of:

| *(in thousands)* | March 31, 2024 | December 31, 2023 |
|---|---|---|
| Prepaid expenses | $ 1,772 | $ 1,794 |
| Other current assets | 2,193 | 3,269 |
| Total | $ 3,965 | $ 5,063 |

**Accrued Expenses and Other Current Liabilities**

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

| *(in thousands)* | March 31, 2024 | December 31, 2023 |
|---|---|---|
| Accrued employee compensation benefits | $ 1,452 | $ 1,526 |
| Accrued direct selling costs | 2,544 | 1,113 |
| Accrued customer paid bottle deposits | 2,346 | 1,734 |
| Accrued other | 1,811 | 1,600 |
| Total | $ 8,153 | $ 5,973 |

**11. EQUITY-BASED COMPENSATION**

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

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

In October and November 2021, the Company's Board of Directors approved an amendment to its equity-based compensation plans for a certain number of employees to allow immediate vesting upon retirement of all outstanding RSUs and stock options, and to extend the exercisability of outstanding stock options up to five years after retirement, if they meet certain conditions, including a resignation after the holder has reached 50 years of age with at least 10 years of service to the Company, so long as the holder provides advance notice of his or her resignation to the Company's Board of Directors.

As of March 31, 2024, the 2021 Plan provides for future grants and/or issuances of up to approximately 2.8 million shares of our common stock. Equity-based awards under our employee compensation plans are made with newly issued shares reserved for this purpose.

**Stock Options**

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

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

| | Three Months Ended March 31, | |
|---|---|---|
| | 2024 | 2023 |
| Stock price | $ 1.36 | $ 3.00 |
| Exercise Price | 1.36 | 3.00 |
| Expected term (years)[1] | 6.25 | 6.25 |
| Expected volatility [2] | 80.3 % | 62.0 % |
| Risk-Free interest rate [3] | 4.1 % | 3.4 % |
| Dividend yield [4] | 0.0 % | 0.0 % |

[1] Expected term represents the estimated period of time until an award is exercised and was determined using the simplified method.
[2] Expected volatility for grants issued prior to July 21, 2023 (which is the two-year anniversary of the Company's IPO) is based on the historical volatility of a selected peer group over a period equivalent to the expected term, and expected volatility for grants issued subsequent to July 21, 2023 is based on historical volatility of the Company's stock.
[3] The risk-free interest rate is an interpolation of yields on U.S. Treasury securities with maturities equivalent to the expected term.
[4] We have assumed a dividend yield of zero as the Company has no plans to declare dividends in the foreseeable future.

The weighted average grant date fair values for stock options granted for the three months ended March 31, 2024 and 2023 was $0.98 and $1.82, respectively.

The following is a summary of stock option activity for the three months ended March 31, 2024:

| | Shares | Weighted average exercise price | Weighted average remaining life | Intrinsic value *(in thousands)* |
|---|---|---|---|---|
| Outstanding Balance as of January 1, 2024 | 3,080,903 | $ 3.40 | | |
| Granted | 338,773 | $ 1.36 | | |
| Exercised | (6,000) | $ 0.03 | | |
| Forfeited and expired | (34,006) | $ 10.17 | | |
| Balance as of March 31, 2024 | 3,379,670 | $ 3.13 | 7.8 | $ 706 |
| Exercisable at the end of the period | 1,430,484 | $ 2.73 | 6.3 | $ 706 |
| Vested and expected to vest | 3,379,670 | $ 3.13 | 7.8 | $ 706 |

The total intrinsic values of stock options exercised during the three months ended March 31, 2024 was less than $0.1 million.

As of March 31, 2024, total unrecognized compensation expense related to unvested stock options was $3.3 million, which is expected to be recognized over a weighted-average period of 2.7 years.

**Restricted Stock Units**

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 March 31, 2024, the remaining service period of the awards is 10 months.

The following is a summary of RSU activity for the three months ended March 31, 2024:

| | Shares | Weighted average grant date fair value | Aggregate Intrinsic Value *(in thousands)* |
|---|---|---|---|
| Balance unvested shares at January 1, 2024 | 2,174,053 | $ 3.68 | |
| Granted | 2,398,765 | $ 1.36 | |
| Vested | (459,303 ) | $ 3.75 | |
| Forfeited | (19,905 ) | $ 2.90 | |
| Balance unvested at March 31, 2024 | 4,093,610 | $ 2.32 | $ 4,790 |
| Expected to vest at March 31, 2024 | 4,093,610 | $ 2.32 | $ 4,790 |

As of March 31, 2024, total unrecognized compensation expense related to unvested RSUs was $7.2 million, which is expected to be recognized over a weighted-average period of 3.0 years.

As of March 31, 2024, there were 309,510 of RSUs outstanding which vested in 2022 but are subjected to a deferred settlement provision over the next year and therefore have not been released. As a result, these RSUs are not included in the table above.

**12. SEGMENT REPORTING**

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

**13. 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 March 31, | |
|---|---|---|
| | 2024 | 2023 |
| Customer A | 12 % | 15 % |
| Customer B | * | 10 % |
| Customer C | 12 % | 13 % |

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

| | March 31, 2024 | December 31, 2023 |
|---|---|---|
| Customer B | * | 13 % |
| Customer D | 15 % | * |
| Customer I | * | 18 % |

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

| | Three Months Ended March 31, | |
|---|---|---|
| | 2024 | 2023 |
| Vendor A | * | 23 % |
| Vendor B | * | 20 % |
| Vendor C | * | 12 % |
| Vendor D | 42 % | * |
| Vendor E | 31 % | * |
| Vendor F | 20 % | * |

The increase in vendor concentration during the three months ended March 31, 2024 was driven by the changes made in our supply chain whereby our contract manufacturers are responsible for the procurement of raw materials to produce our products, which are then sold to us as finished goods.

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

**14. LOSS PER SHARE**

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

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

| *(in thousands, except for share and per share amounts)* | Three Months Ended March 31, 2024 | | 2023 | |
|---|---|---|---|---|
| **Net loss per share:** | | | | |
| **Numerator:** | | | | |
| Net loss and comprehensive loss | $ (7,199) | | $ (2,912) | |
| Less: net loss attributable to non-controlling interests | 1,375 | | 821 | |
| Add: adjustment to reallocate net loss to controlling interest | 70 | (1) | 597 | (1) |
| Net loss to Zevia PBC - basic | $ (5,754) | | $ (1,494) | |
| **Denominator:** | | | | |
| Weighted-average shares of Class A common stock outstanding – basic | 55,531,430 | | 48,336,489 | |
| Add: weighted average shares of vested and unreleased RSUs | 358,738 | (2) | 1,036,385 | (2) |
| Weighted-average basic and diluted shares | 55,890,168 | | 49,372,874 | |
| **Loss per share of Class A common stock – basic** | $ (0.10) | | $ (0.03) | |
| **Diluted net loss per share:** | | | | |
| **Numerator:** | | | | |
| Net loss attributable to Zevia PBC - basic | $ (5,754) | | $ (1,494) | |
| Add: Loss attributable to noncontrolling interest upon assumed conversion | — | (3) | (1,418) | |
| Net loss and comprehensive loss - diluted | $ (5,754) | | $ (2,912) | |
| **Denominator:** | | | | |
| Weighted-average shares of Class A common stock outstanding – basic | 55,890,168 | | 49,372,874 | |
| Dilutive effect of incremental shares for conversion of Class B units | — | (3) | 21,631,225 | |
| Dilutive effect of stock options | — | (3) | 844,882 | |
| Dilutive effect of restricted stock units | — | (3) | 401,357 | |
| **Weighted-average diluted shares** | 55,890,168 | | 72,250,338 | |
| **Loss per share of Class A common stock – diluted** | $ (0.10) | (3) | $ (0.04) | |

[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] There was no assumed conversion for Class B nor diluted effect of options and RSUs for the three months ended March 31, 2024 as they were anti-dilutive.

The following weighted average outstanding shares were excluded from the computation of diluted loss per share available to Class A common stockholders as they were anti-dilutive:

| | Three Months Ended March 31, 2024 | 2023 |
|---|---|---|
| Zevia LLC Class B Common Units exchangeable to shares of Class A common stock | 16,239,498 | — |
| Stock options | 3,127,305 | 1,510,563 |
| Restricted stock units | 2,582,758 | 1,486,597 |

## 15. 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 accompanying 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 80.5% and 75.8% as of March 31, 2024 and December 31, 2023, 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 19.5%, due to the full valuation allowance against its deferred tax assets (“DTAs”).

### 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 (“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 certain mergers (including net operating losses and the Blocker Companies’ allocable share of existing tax basis), (ii) increases in tax basis resulting from Zevia PBC’s acquisition of continuing member’s Zevia LLC units in connection with the IPO and in future exchanges and, (iii) tax basis increases attributable to payments made under the TRA (including tax benefits related to imputed interest). The annual tax benefits are computed by calculating the income taxes due, including such tax benefits, and the income taxes due without such benefits. The Company expects to benefit from the remaining 15% of any tax benefits that it may actually realize. The TRA payments are not conditioned upon any continued ownership interest in Zevia LLC or the Company. To the extent that the Company is unable to timely make payments under the TRA for any reason, such payments generally will be deferred and will accrue interest until paid.

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

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

As of March 31, 2024, the Company believes based on applicable accounting standards, that it was more likely than not that its DTAs subject to the TRA would not be realized as of March 31, 2024; therefore, the Company has not recorded a liability related to the tax savings it may realize from utilization of such DTAs. The TRA liability that would be recognized if the associated tax benefits were determined to be fully realizable totaled $56.4 million and $56.2 million at March 31, 2024 and December 31, 2023, respectively. The increase in the TRA liability is primarily related to Class B to Class A exchanges during the three months ended March 31, 2024. 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.

## 16. SUBSEQUENT EVENTS

In May 2024, we initiated certain restructuring actions designed to reduce costs and improve efficiency while continuing to invest in our brand and related initiatives. As part of the restructuring plan, the Company expects that it will restructure and reduce its current workforce and estimates that it will incur charges of approximately $0.5 million to $0.8 million of costs in the second quarter of 2024 primarily related to employee termination expenses.

## 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 accompanying 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, 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 2.0 billion cans of Zevia sold to date.

### Key Events During the First Quarter of 2024

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

We experienced delays in the recovery of SKU level distribution at certain retailers during the first quarter of 2024 which was primarily due to a lag effect from supply chain challenges in 2023 that resulted in reduced volumes. We expect it may take time to recover this lost shelf space, however we are focused on winning back distribution in our key accounts and concurrently evolving our route-to-market.

We are launching a regional approach to direct store delivery "DSD" as well as gaining distribution in a limited number of regional convenience chains in the U.S. and Canada. We expect these initiatives to have an immaterial impact to net sales in the near term, however, we expect to obtain certain insights from these routes to position us for potential additional opportunities for future growth and expansion.

In parallel with these evolutions in route-to-market, and with the completion of our brand refresh marketing efforts, we began ramping up investments in consumer marketing outside of the store and we expect that to continue throughout 2024.

### Productivity Initiative

In the second quarter of 2024, we began executing a multi-year, broad-based Productivity Initiative designed to realign our cost structure in order to accelerate our route-to-market evolution and build the Zevia Brand. This Productivity Initiative is designed to focus on our most critical initiatives including driving growth and innovation in our highest margin carbonated better for you beverages, re-align our cost structure to support greater investments in the Zevia Brand and improve operational excellence while simplifying processes across the organization.

The Productivity Initiative is projected to result in the following:

- Costs associated with the Productivity Initiative, including restructuring costs, are expected to be between $0.5 million and $0.8 million during the three months ended June 2024, which primarily includes employee related severance costs.
- The cash impact of costs related to the Productivity Initiative is expected to be in the range of $0.5 million and $0.8 million for the three months ended June 30, 2024.
- The Productivity Initiative is expected to result in estimated annualized benefits in the range of $8.0 million to $12.0 million, and we expect to begin seeing these benefits in the third quarter of 2024. These benefits include reduction in costs of goods sold and reduction in operating expenses.

Additional Restructuring Charges or cash expenditures may be incurred as the Company makes further progress on this Productivity Initiative.

## Factors Affecting Our Performance

### *Macroeconomic Environment*

In addition to the supply chain challenges discussed above, a number of external factors, including the global economy, global health emergencies, inflationary pressures, relatively high interest rates, volatility in the financial markets, recession fears, financial institution instability, any potential shutdown of the U.S. government, global hostilities, including the military conflicts in Ukraine and Israel and the surrounding areas, and political tensions between the U.S. and China have impacted and may continue to impact transportation, labor, and commodity costs. During the three months ended March 31, 2024, we continued to experience slightly higher operating costs, including logistics, manufacturing and labor costs, which we expect to continue through 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 months ended March 31, 2024 and 2023, respectively.

### *Components of Our Results of Operations*

### *Net Sales*

We generate net sales from the sales of our products, including Soda, Energy Drinks, Organic Tea, and Kids drinks, to our customers, which include grocery distributors, national retailers, convenience 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 are expected to be key drivers of our net sales for the foreseeable future:

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

We expect both new distribution and increased organic sales from existing outlets and pricing strategies to contribute to our future growth; however, sales levels in any given period may continue to be impacted by seasonality, increased level of competition, customers efforts to manage inventory, and our ability to fulfill customer demands. During the first quarter of 2024, we experienced delays in the recovery of SKU level distribution at certain retailers which was primarily due to a lag effect from supply chain challenges in 2023 that resulted in reduced volumes. We are also increasing our spend on promotional activity at key accounts during the quarter in order to drive velocity. We expect it may take time to recover this lost shelf space, however we are focused on winning back distribution in our key accounts and concurrently evolving our route-to-market.

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*

Historically, 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. Beginning in 2024, our contract manufacturers are responsible for the procurement of raw materials to produce our products, which are then sold to us as finished goods, therefore, cost of goods sold for the three months ended March 31, 2024 consist of all costs to purchase our product from our contract manufacturers as a finished good.

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

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

We elected to classify shipping and handling costs for salable product outside of cost of goods sold, in selling and marketing expenses in our accompanying 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.

### *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 and marketing expenses are expected to slightly decrease from the prior year in the short-term, largely due to a decrease in logistics expenses compared to the prior year as a result of the historical supply chain logistics challenges encountered during 2023 as well as cost savings initiatives implemented. These cost savings are expected to be partially offset by increased marketing expenses as a result of increased focus on marketing programs.

*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 ongoing general and administrative expenses are expected to remain flat in absolute dollars in the near term and as a percentage of net sales over time.

*Equity-Based Compensation Expense*

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

*Depreciation and Amortization*

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

*Other income, net*

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

## Results of Operations

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

| *(in thousands, except per share amounts)* | Three Months Ended March 31, 2024 | Three Months Ended March 31, 2023 |
|---|---|---|
| **Net sales** | $ 38,799 | $ 43,300 |
| Cost of goods sold | 21,080 | 23,195 |
| **Gross profit** | 17,719 | 20,105 |
| **Operating expenses:** | | |
| Selling and marketing | 15,070 | 11,912 |
| General and administrative | 8,115 | 8,645 |
| Equity-based compensation | 1,489 | 2,380 |
| Depreciation and amortization | 328 | 419 |
| **Total operating expenses** | 25,002 | 23,356 |
| **Loss from operations** | (7,283) | (3,251) |
| Other income, net | 97 | 340 |
| **Loss before income taxes** | (7,186) | (2,911) |
| Provision for income taxes | 13 | 1 |
| **Net loss and comprehensive loss** | (7,199) | (2,912) |
| Loss attributable to noncontrolling interest | 1,375 | 821 |
| **Net loss attributable to Zevia PBC** | $ (5,824) | $ (2,091) |
| | | |
| Net loss per share attributable to common stockholders | | |
| Basic | $ (0.10) | $ (0.03) |
| Diluted | $ (0.10) | $ (0.04) |

The following table presents selected items in our accompanying 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 March 31, 2024 | Three Months Ended March 31, 2023 |
|---|---|---|
| **Net sales** | 100 % | 100 % |
| Cost of goods sold | 54 % | 54 % |
| **Gross profit** | 46 % | 46 % |
| **Operating expenses:** | | |
| Selling and marketing | 39 % | 28 % |
| General and administrative | 21 % | 20 % |
| Equity-based compensation | 4 % | 5 % |
| Depreciation and amortization | 1 % | 1 % |
| **Total operating expenses** | 64 % | 54 % |
| **Loss from operations** | (19 )% | (8 )% |
| Other income, net | 0 % | 1 % |
| **Loss before income taxes** | (19 )% | (7 )% |
| Provision for income taxes | 0 % | 0 % |
| **Net loss and comprehensive loss** | (19 )% | (7 )% |
| Loss attributable to noncontrolling interest | 4 % | 2 % |
| **Net loss attributable to Zevia PBC** | (15 )% | (5 )% |

***Three Months Ended March 31, 2024 Compared to Three Months Ended March 31, 2023***

*Net Sales*

| *(in thousands)* | Three Months Ended March 31, 2024 | Three Months Ended March 31, 2023 | Change Amount | Change Percentage |
|---|---|---|---|---|
| Net sales | $ 38,799 | $ 43,300 | $ (4,501) | (10.4 )% |

Net sales were $38.8 million for the three months ended March 31, 2024 as compared to $43.3 million for the three months ended March 31, 2023. Equivalized cases sold were 3.0 million during the three months ended March 31, 2024 as compared to 3.3 million equivalized cases sold during the three months ended March 31, 2023. The decrease in net sales was primarily driven by a decrease in the number of equivalized cases sold, resulting in $4.9 million lower net sales primarily caused by delay in the recovery of SKU level distribution at retail discussed in the Key Events During the First Quarter of 2024 section above, partially offset by pricing increases of $0.4 million. We define an equivalized case as a 288 fluid ounce case.

*Cost of Goods Sold*

| *(in thousands)* | Three Months Ended March 31, 2024 | Three Months Ended March 31, 2023 | Change Amount | Change Percentage |
|---|---|---|---|---|
| Cost of goods sold | $ 21,080 | $ 23,195 | $ (2,115 ) | (9.1 )% |

Cost of goods sold was $21.1 million for the three months ended March 31, 2024 as compared to $23.2 million for the three months ended March 31, 2023. The decrease of $2.1 million, or 9.1%, was primarily due to a 10.4% decrease in the shipment of equivalized cases, resulting in $2.3 million lower costs of goods sold and favorable product mix of $0.6 million, partially offset by unfavorable unit costs of $1.0 million primarily driven by investments in pack-specific enhanced visuals to improve on-shelf visibility.

*Gross Profit and Gross Margin*

| *(in thousands)* | Three Months Ended March 31, 2024 | Three Months Ended March 31, 2023 | Change Amount | Change Percentage |
|---|---|---|---|---|
| Gross profit | $ 17,719 | $ 20,105 | $ (2,386 ) | (11.9 )% |
| Gross margin | 45.7 % | 46.4 % | | (0.8 )% |

Gross profit was $17.7 million for the three months ended March 31, 2024 as compared to $20.1 million for the three months ended March 31, 2023. The decrease in gross profit of $2.4 million, or 11.9%, was primarily driven by lower volumes, and unfavorable unit costs, partially offset by favorable product mix.

Gross margin for the three months ended March 31, 2024 decreased to 45.7% from 46.4% in the prior-year period. The decrease was primarily due to unfavorable unit costs and increased spend on promotional activity at key accounts, partially offset by favorable product mix.

*Selling and Marketing Expenses*

| *(in thousands)* | Three Months Ended March 31, 2024 | Three Months Ended March 31, 2023 | Change Amount | Change Percentage |
|---|---|---|---|---|
| Selling and marketing expenses | $ 15,070 | $ 11,912 | $ 3,158 | 26.5 % |

Selling and marketing expenses were $15.1 million for the three months ended March 31, 2024 as compared to $11.9 million for the three months ended March 31, 2023. The increase of $3.2 million, or 26.5%, was primarily due to $1.0 million of higher freight and freight transfer costs related to increased levels of inventory production, and $1.7 million of higher warehousing costs resulting from increased level of storage costs driven by higher levels of inventory. Marketing expenses increased $0.5 million as a result of investments made to drive brand awareness as discussed in the Key Events During the First Quarter of 2024 section above.

*General and Administrative Expenses*

| *(in thousands)* | Three Months Ended March 31, 2024 | Three Months Ended March 31, 2023 | Change Amount | Change Percentage |
|---|---|---|---|---|
| General and administrative expenses | $ 8,115 | $ 8,645 | $ (530 ) | (6.1 )% |

General and administrative expenses were $8.1 million for the three months ended March 31, 2024 as compared to $8.6 million for the three months ended March 31, 2023. The decrease of $0.5 million, or 6.1%, was primarily driven by a decrease in employee costs.

*Equity-Based Compensation Expenses*

| *(in thousands)* | Three Months Ended March 31, 2024 | Three Months Ended March 31, 2023 | Change Amount | Change Percentage |
|---|---|---|---|---|
| Equity-based compensation | $ 1,489 | $ 2,380 | $ (891 ) | (37.4 )% |

Equity-based compensation expense was $1.5 million for the three months ended March 31, 2024 as compared to $2.4 million for the three months ended March 31, 2023, primarily related to outstanding equity-based awards being recognized over the remaining service periods of the awards. The decrease of $0.9 million was primarily driven by a $1.0 million decrease 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.

**Seasonality**

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

## Liquidity and Capital Resources

**Liquidity and Capital Resources**

As of March 31, 2024, we had $28.7 million in cash and cash equivalents. We believe that our cash and cash equivalents as of March 31, 2024, together with our operating activities and available borrowings under the Secured Revolving Line of Credit (as defined below), will provide adequate liquidity for ongoing operations, planned capital expenditures and other investments beyond the next 12 months.

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

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

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

In connection with the IPO and the Reorganization Transactions in July 2021, the Direct Zevia Stockholders and certain continuing members of Zevia LLC received the right to receive future payments pursuant to the TRA. The amount payable under the TRA will be based on an annual calculation of the reduction in our U.S. federal, state and local taxes resulting from the utilization of certain pre-IPO tax attributes and tax benefits resulting from sales and exchanges by continuing members of Zevia LLC. See "Certain Relationships and Related Party Transactions—Tax Receivable Agreement" included in the prospectus dated July 21, 2021 and filed with the SEC on July 23, 2021. We expect that the payments that we may be required to make under the TRA may be substantial. Assuming no material changes in the relevant tax law and that we earn sufficient taxable income to realize all tax benefits that are subject to the TRA, we expect that the reduction in tax payments for us associated with the federal, state and local tax benefits described above would aggregate to approximately $66.3 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 $56.4 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. During the first quarter of 2024, the Company drew $8 million on the Secured Revolving Line of Credit which was subsequently repaid in the same period. As of March 31, 2024, there was no amount outstanding on 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 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 March 31, 2024, the Company was in compliance with its financial 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.

| | Three Months Ended March 31, | |
|---|---|---|
| *(in thousands)* | 2024 | 2023 |
| Cash (used in) provided by: | | |
| Operating activities | $ (3,202) | $ 9,397 |
| Investing activities | $ (33) | $ (862) |
| Financing activities | $ — | $ 23 |

*Net Cash (Used in) Provided by Operating Activities*

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

Net cash used in operating activities of $3.2 million for the three months ended March 31, 2024 was primarily driven by a net loss of $7.2 million, partially offset by non-cash expenses of $2.0 million primarily related to equity-based compensation and depreciation and amortization expense, and a net increase in cash related to changes in operating assets and liabilities of $2.0 million. Changes in cash flows related to operating assets and liabilities were primarily due to a decrease in inventories of $3.9 million as a result of managing inventory levels, a decrease in prepaid expenses and other assets of $1.1 million largely due to a decrease in prepaid deposits related to the sale of raw materials, and an increase of $0.1 million in accounts payable, accrued expenses and other current liabilities due to timing of purchases and increased production of inventory, partially offset by an increase in accounts receivable of $2.9 million due to timing of sales.

Net cash provided by operating activities of $9.4 million for the three months ended March 31, 2023 was primarily driven by a net increase in cash related to changes in operating assets and liabilities of $9.3 million, partially offset by a net loss of $2.9 million and non-cash expenses of $3.0 million primarily related to equity-based compensation and depreciation and amortization expense. Changes in cash flows related to operating assets and liabilities were primarily due to an increase of $13.6 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 $0.5 million primarily due to amortization of prepaid insurance policies, partially offset by an increase in accounts receivable of $3.2 million due to increases in net sales, and an increase in inventories of $1.4 million due to timing of purchases.

*Net Cash Used in Investing Activities*

Net cash used in investing activities of $33 thousand for the three months ended March 31, 2024 was primarily due to purchases of property and equipment used in ongoing operations.

Net cash used in investing activities of $0.9 million for the three months ended March 31, 2023 was primarily due to purchases of property, equipment, and software of $0.9 million for leasehold improvements and computer equipment and software used in ongoing operations.

*Net Cash Provided By Financing Activities*

Net cash provided by financing activities of $0.0 million for the three months ended March 31, 2024 was due to proceeds from the revolving line of credit of $8 million which was repaid in the same period.

Net cash provided by financing activities of $23 thousand for the three months ended March 31, 2023 was due to proceeds from the exercise of stock options.

**Non-GAAP Financial Measures**

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

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

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

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

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

| | Three Months Ended March 31, | |
|---|---|---|
| *(in thousands)* | **2024** | **2023** |
| Net loss and comprehensive loss | $ (7,199) | $ (2,912) |
| Other income, net* | (97) | (340) |
| Provision for income taxes | 13 | 1 |
| Depreciation and amortization | 328 | 419 |
| Equity-based compensation | 1,489 | 2,380 |
| Adjusted EBITDA | $ (5,466) | $ (452) |

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

**Commitments**

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

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 March 31, 2024, see the sections above including Note 7, *Debt*, and Note 8, *Leases*, included in the accompanying unaudited condensed consolidated financial statements of this Quarterly Report.

Our inventory purchase commitments are generally short-term in nature and have ordinary commercial terms. We did not have any material long-term inventory purchase commitments as of March 31, 2024. Our contract manufacturers are obligated to fulfill against purchase orders that are aligned with our forecast based on terms and conditions of the contract. Our forecasts provided to our contract manufacturers are short term in nature and at no time extend beyond a year.

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

**Critical Accounting Policies and Estimates**

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

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 accompanying unaudited condensed consolidated financial statements of this Quarterly Report for a discussion of recently issued accounting 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 and Finished Goods Risk*

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

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

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

During the first quarter of 2024, the Company changed its supply chain process whereby our contract manufacturers are responsible for the procurement of raw materials to produce our products, which are then sold to us as finished goods. As a result, during the three months ended March 31, 2024, we had three vendors accounting for approximately 93% of our total raw material and finished goods purchases. Refer to Note 13, *Major Customers, Accounts Receivable and Vendor Concentration*, included in the accompanying unaudited condensed consolidated financial statements.

*Foreign Exchange Risk*

The majority of our sales and costs are denominated in U.S. dollars and are not subject to foreign exchange risk. Our contract manufacturers source some ingredients and packaging materials from international sources, and as a result 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 our contract manufacturers increase sourcing from outside the U.S. or we 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 months ended March 31, 2024 and 2023, 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 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 March 31, 2024. Based on the foregoing evaluation, management determined that our disclosure controls and procedures were effective at the reasonable assurance level as of March 31, 2024.

**Internal Control over Financial Reporting**

Management determined that as of March 31, 2024, 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. 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**

(c) None of our directors or executive officers adopted or terminated a Rule 10b5-1 trading arrangement or a non-Rule 10b5-1 trading arrangement during the quarter ended March 31, 2024, as such terms are defined under Item 408(a) of Regulation S-K.

**Item 6. [Reserved]**

Not applicable.

**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# | Letter Agreement dated February 7, 2024 between the Company and Girish Satya. |
| 10.2# | Severance Agreement dated February 21, 2024 between the Company and Girish Satya. |
| 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: | May 8, 2024 |

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

| | | |
|---|---|---|
| By: | | /s/ Amy E. Taylor |
| | Name: | Amy E. Taylor |
| | Title: | President and Chief Executive Officer |
| | | (Principal Executive Officer) |
| | Date: | May 8, 2024 |
| By: | | /s/ Girish Satya |
| | Name: | Girish Satya |
| | Title: | Chief Financial Officer |
| | | (Principal Financial Officer) |
| | Date: | May 8, 2024 |
| By: | | /s/ Hany Mikhail |
| | Name: | Hany Mikhail |
| | Title: | Chief Accounting Officer |
| | | (Principal Accounting Officer) |
| | Date: | May 8, 2024 |

**Exhibit 10.1**

February 7, 2024

Girish Satya

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

Dear Girish,

I am very pleased to confirm our offer to you of employment with Zevia PBC (the "***Company***"). Your estimated start date will be **February 21, 2024,** or such other day as is mutually agreed upon. 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 **Chief Financial Officer.** Your principal place of employment will be your home as it is understood and agreed for you to work remotely with travel to the Company's headquarters on an as-needed basis. You will be reimbursed for your travel expenses consistent with Company policy for all such travel.

2. As a regular full-time employee, you will be paid on a semi-monthly basis at an annual rate of **$400,000** less payroll deductions and all required withholdings. The 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.

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 your 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 Compensation Committee. For 2024, your merit-based compensation has an annual target of **75% of your annual salary** (subject to a pro-rata amount based on hired date); provided, that, notwithstanding achievement of applicable performance goals, your annual merit-based compensation for **2024 will be a minimum of $175,000**.

4. Subject to the approval of the Company's Compensation Committee of the Board of Directors (the "Compensation Committee"), you will be eligible to receive the following long-term incentive (LTI) program awards under the Zevia PBC 2021 Equity Incentive Plan (the "Plan"): an LTI award with a grant date value of approximately **$600,000**, which consists of 50% time-vested restricted stock units (RSUs) and 50% stock options, each of which will vest in one-fourth installments on each of the first four anniversaries of the grant date, as long as you are continuously employed by the Company through each anniversary date; and annual LTI awards thereafter, subject to the terms and conditions approved by the Compensation Committee for such annual grants. With respect to the initial LTI award, the number of RSUs is expected to be based on the higher of the 30-trading day average and the closing stock price

on the grant date. The LTI program is reviewed annually and subject to change based on the annual approval by the Compensation Committee. All LTI awards will be subject to the terms and conditions of the Plan and the applicable award agreements thereunder.

5. We are pleased to share that your benefit details, vacation, sick/personal days, and company holidays will be reviewed during your Onboarding process, as well as included in the Employee Handbook referenced in this offer letter. You will have the opportunity to review the plans in detail, along with having access to your benefit information via your employee online portal. Benefits and perks are subject to change during open enrollment, and as deemed appropriate by the Company, at any time.

6. Because we are dealing with inventions and proprietary information, we must take care that our employees do not have any unusual incidents in their past which might adversely affect our brand's reputation and our consumer's trust in us. **This offer is contingent upon the satisfactory completion of a criminal background check and professional reference checks**. The Company reserves the right to withdraw this offer based upon the outcome of the background and/or professional reference checks.

7. As an employee of the Company, you will have access to certain confidential information of the Company and you may, during your employment, develop certain information or inventions which will be the property of the Company. To protect the interests of the Company, you will need to sign the Company's Confidential Information, Invention Assignment and Arbitration Agreement, as a condition of your employment. We wish to impress upon you that we do not want you, and we hereby direct you not to bring with you any confidential or proprietary material of any former employer or to violate any other obligations you may have to any former employer. During the period that you render services to the Company, you agree to not engage in any employment, business or activity that is in any way competitive with the business or proposed business of the Company. You will disclose to the Company in writing any other gainful employment, business, or activity that you are currently associated with or participate in that competes with the Company. You will not assist any other person or organization in competing with the Company or in preparing to engage in competition with the business or proposed business of the Company. You represent that your signing of this offer letter, agreement(s) beforementioned, if any, under the Plan (as defined below) and your commencement of employment with the Company will not violate any agreement currently in place between yourself and current or past employers.

8. While we look forward to a long and profitable relationship, should you decide to accept our offer, you will be an at-will employee of the Company, which means the employment relationship can be terminated by either of us for any reason, at any time, with or without notice. No promises, assurances, or other conduct, whether written or oral, can modify this paragraph unless set forth in a written agreement signed by you and the CEO of Zevia. Further, your participation in any stock option or benefit program is not to be regarded as assuring you of continuing employment for any particular period of time.

9. You and the Company will enter into the Company's standard severance agreement (the "Severance Agreement"), which provides for severance benefits in the event you are

terminated by the Company without Cause (as defined in the Severance Agreement) or resigns for Good Reason (as defined in the Severance Agreement) (each a "Qualifying Termination"). Subject to execution of a release of claims in favor of the Company, upon a Qualifying Termination, you will be eligible to receive the following severance benefits: (i) 12 months of base salary payable in installments (or, if the Qualifying Termination occurs within 18 months following a change in control of the Company, a lump sum payment equal to the sum of your annual base salary and target annual bonus), (ii) partially subsidized COBRA premiums for the 12-month period following termination, and (iii) any earned but unpaid annual bonus for the year prior to the year of termination payable at the time bonuses are paid to other executives.

10. Please note that because of employer regulations adopted in the Immigration Reform and Control Act of 1986, within three (3) business days of starting your new position 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.

11. This offer will remain open until **Thursday, February 8, 2023, at 1700 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.

12. As a Zevia employee, you are required to follow its rules and regulations. Therefore, you will be asked to acknowledge in writing that you have read the Zevia employee handbook, accessible through Zevia's HR department and public network. In order to retain necessary flexibility in the administration of its policies and procedures, Zevia reserves the right to change or revise its policies, procedures, and benefits at any time.

13. 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, or to be entered, into by and between you and the Company.

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

We look forward to working with you at the Company. We are very excited about you joining our team, and we look forward to a beneficial and fruitful relationship. 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 except as specifically set forth herein.

**GIRISH SATYA**

/s/ Girish Satya________ Date signed: ___________________

Enclosures:
Confidential and Arbitration Agreements

**Exhibit 10.1**

# SEVERANCE AGREEMENT

This **SEVERANCE AGREEMENT** (this "Agreement") is entered into as of February 21, 2024 (the "Effective Date"), by and between Zevia PBC, a Delaware public benefit corporation (the "Company"), and Girish Satya ("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 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 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.

(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 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.

(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/ Soley Van Lokeren
Name: Soley Van Lokeren
Title: Senior Vice President, People

**EXECUTIVE**

/s/ Girish Satya
Name: Girish Satya

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<br>(principal executive officer) |

Date: May 8, 2024

**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, Girish Satya, 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/ Girish Satya
Name: Girish Satya
Title: Chief Financial Officer
(principal financial officer)

Date: May 8, 2024

**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 March 31, 2024, 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 Girish Satya, as Chief Financial Officer of the Company, each hereby certifies, pursuant to 18 U.S.C. § 1350, as adopted pursuant to § 906 of the Sarbanes-Oxley Act of 2002, that, to each officer’s knowledge:

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

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

/s/ AMY E. TAYLOR

Name: Amy E. Taylor
Title: President and Chief Executive Officer (principal executive officer)
Date: May 8, 2024

/s/ GIRISH SATYA

Name: Girish Satya
Title: Chief Financial Officer (principal financial officer)
Date: May 8, 2024

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

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