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 September 30, 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 November 1, 2024, there were 59,912,868 shares and 13,101,213 shares outstanding of the Registrant's Class A and Class B common stock, respectively, $0.001 par value per share.

Table of Contents

CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING STATEMENTS

This Quarterly Report on Form 10-Q for the period ended September 30, 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 challenges, 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;

- failure to maintain compliance with the continued listing standards on the New York Stock Exchange (“NYSE”), which could result in the delisting of our securities, limit stockholders’ and investors’ ability to make transactions in our securities and subject us to additional trading restrictions;
- 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)	September 30, 2024	December 31, 2023
ASSETS		
Current assets:		
Cash and cash equivalents	$ 32,688	$ 31,955
Accounts receivable, net	10,008	11,119
Inventories	20,690	34,550
Prepaid expenses and other current assets	2,676	5,063
Total current assets	66,062	82,687
Property and equipment, net	1,490	2,109
Right-of-use assets under operating leases, net	1,509	1,959
Intangible assets, net	3,276	3,523
Other non-current assets	522	579
Total assets	$ 72,859	$ 90,857
LIABILITIES AND EQUITY		
Current liabilities:		
Accounts payable	$ 14,865	$ 21,169
Accrued expenses and other current liabilities	7,700	5,973
Current portion of operating lease liabilities	629	575
Total current liabilities	23,194	27,717
Operating lease liabilities, net of current portion	892	1,373
Other non-current liabilities	58	—
Total liabilities	24,144	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 September 30, 2024 and December 31, 2023.	—	—
Class A common stock, $0.001 par value. 550,000,000 shares authorized, 59,853,556 and 54,220,017 shares issued and outstanding as of September 30, 2024 and December 31, 2023, respectively.	60	54
Class B common stock, $0.001 par value. 250,000,000 shares authorized, 13,101,213 and 17,283,177 shares issued and outstanding as of September 30, 2024 and December 31, 2023, respectively.	13	17
Additional paid-in capital	188,014	191,144
Accumulated deficit	(115,579)	(101,337)
Total Zevia PBC stockholders' equity	72,508	89,878
Noncontrolling interests	(23,793)	(28,111)
Total equity	48,715	61,767
Total liabilities and equity	$ 72,859	$ 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 September 30, 2024	Three Months Ended September 30, 2023	Nine Months Ended September 30, 2024	Nine Months Ended September 30, 2023
Net sales	$ 36,366	$ 43,089	$ 115,591	$ 128,630
Cost of goods sold	18,516	23,517	63,080	69,261
Gross profit	17,850	19,572	52,511	59,369
Operating expenses:				
Selling and marketing	11,981	20,455	40,673	48,467
General and administrative	7,377	8,250	23,186	23,102
Equity-based compensation	1,034	1,876	3,950	6,614
Depreciation and amortization	310	411	1,041	1,234
Restructuring	112	—	977	—
Total operating expenses	20,814	30,992	69,827	79,417
Loss from operations	(2,964)	(11,420)	(17,316)	(20,048)
Other income, net	118	165	357	908
Loss before income taxes	(2,846)	(11,255)	(16,959)	(19,140)
(Benefit) provision for income taxes	(4)	(5)	43	31
Net loss and comprehensive loss	(2,842)	(11,250)	(17,002)	(19,171)
Loss attributable to noncontrolling interest	315	3,033	2,760	4,932
Net loss attributable to Zevia PBC	$ (2,527)	$ (8,217)	$ (14,242)	$ (14,239)
Net loss per share attributable to common stockholders				
Basic	$ (0.04)	$ (0.16)	$ (0.25)	$ (0.27)
Diluted	$ (0.04)	$ (0.16)	$ (0.25)	$ (0.27)
Weighted average common shares outstanding				
Basic	59,490,258	50,754,470	58,037,780	50,074,992
Diluted	59,490,258	50,754,470	58,037,780	50,074,992

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

ZEVIA PBC

CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY (Unaudited)

(in thousands, except for share amounts)	Class A Common Stock Shares	Class A Common Stock Amount	Class B Common Stock Shares	Class B Common Stock Amount	Additional Paid in Capital	Accumulated Deficit	Noncontrolling interest	Total Equity
Balance at January 1, 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
Vesting and release of common stock under equity incentive plans, net	385,632	1	—	—	(1)	—	—	—
Exchange of Class B common stock for Class A common stock	473,358	—	(473,358)	—	(823)	—	823	—
Exercise of stock options	9,000	—	—	—	—	—	—	—
Equity-based compensation	—	—	—	—	1,427	—	—	1,427
Net loss	—	—	—	—	—	(5,891)	(1,070)	(6,961)
Balance at June 30, 2024	59,003,298	$ 59	13,643,993	$ 14	$ 187,969	$ (113,052)	$ (24,467)	$ 50,523
Vesting and release of common stock under equity incentive plans, net	223,478	—	—	—	—	—	—	—
Exchange of Class B common stock for Class A common stock	542,780	1	(542,780)	(1)	(989)	—	989	—
Exercise of stock options	84,000	—	—	—	—	—	—	—
Equity-based compensation	—	—	—	—	1,034	—	—	1,034
Net loss	—	—	—	—	—	(2,527)	(315)	(2,842)
Balance at September 30, 2024	59,853,556	$ 60	13,101,213	$ 13	$ 188,014	$ (115,579)	$ (23,793)	$ 48,715

(in thousands, except for share amounts)	Class A Common Stock Shares	Class A Common Stock Amount	Class B Common Stock Shares	Class B Common Stock Amount	Additional Paid in Capital	Accumulated Deficit	Noncontrolling interest	Total Equity
Balance at January 1, 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
Vesting and release of common stock under equity incentive plans, net	436,722	—	—	—	—	—	—	—
Exchange of Class B common stock for Class A common stock	5,635	—	(5,635)	—	(8)	—	8	—
Exercise of stock options	8,669	—	—	—	—	—	—	—
Equity-based compensation	—	—	—	—	2,358	—	—	2,358
Net loss	—	—	—	—	—	(3,931)	(1,078)	(5,009)
Balance at June 30, 2023	49,775,389	$ 50	21,254,974	$ 21	$ 193,752	$ (85,865)	$ (29,332)	$ 78,626
Vesting and release of common stock under equity incentive plans, net	236,072	—	—	—	—	—	—	—
Exchange of Class B common stock for Class A common stock	261,990	—	(261,990)	—	(362)	—	362	—
Disposition of cost method investment in redemption of Class B common stock	—	—	(60,523)	—	—	—	(1)	(1)
Exercise of stock options	73,690	—	—	—	2	—	—	2
Equity-based compensation	—	—	—	—	1,876	—	—	1,876
Net loss	—	—	—	—	—	(8,217)	(3,033)	(11,250)
Balance at September 30, 2023	50,347,141	$ 50	20,932,461	$ 21	$ 195,268	$ (94,082)	$ (32,004)	$ 69,253

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

ZEVIA PBC

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS (Unaudited)

(in thousands)	Nine Months Ended September 30, 2024	2023
Operating activities:		
Net loss	$ (17,002)	$ (19,171)
Adjustments to reconcile net loss to net cash provided by (used in) operating activities:		
Non-cash lease expense	450	423
Depreciation and amortization	1,041	1,234
Loss on disposal of property, equipment and software, net	55	101
Amortization of debt issuance cost	57	57
Equity-based compensation	3,950	6,614
Changes in operating assets and liabilities:		
Accounts receivable, net	1,111	(5,295)
Inventories	13,860	(21,822)
Prepaid expenses and other assets	2,387	(451)
Accounts payable	(6,296)	30,312
Accrued expenses and other current liabilities	1,727	(1,234)
Operating lease liabilities	(427)	(436)
Other non-current liabilities	58	-
Net cash provided by (used in) operating activities	971	(9,668)
Investing activities:		
Purchases of property, equipment and software	(238)	(1,557)
Proceeds from sales of property, equipment and software	—	2,343
Net cash (used in) provided by investing activities	(238)	786
Financing activities:		
Proceeds from revolving line of credit	8,000	—
Repayment of revolving line of credit	(8,000)	—
Proceeds from exercise of stock options	—	25
Net cash provided by financing activities	—	25
Net change from operating, investing, and financing activities	733	(8,857)
Cash and cash equivalents at beginning of period	31,955	47,399
Cash and cash equivalents at end of period	$ 32,688	$ 38,542
Non-cash investing and financing activities		
Capital expenditures included in accounts payable	$ 4	$ 2
Conversion of Class B common stock to Class A common stock	$ 7,078	$ 1,094
Operating lease right-of-use assets obtained in exchange for lease liabilities	$ —	$ 1,818
Supplemental Disclosure of Cash Flow Information:		
Cash paid for interest	$ 73	$ 59
Cash paid for income taxes	$ 90	$ 94

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 better-for-you 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, and vegan 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 grocery, drug, warehouse club, mass, natural, convenience 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 NYSE 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 and nine months ended September 30, 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 Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("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. ASU 2023-09 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: grocery stores, drug stores, warehouse clubs, mass stores, natural product stores, convenience, and online/e-commerce channels. The following table disaggregates the Company's sales by channel:

	Three Months Ended September 30,		Nine Months Ended September 30,	
(in thousands)	2024	2023	2024	2023
Retail sales	$ 31,523	$ 39,533	$ 102,180	$ 114,525
Online/e-commerce	4,843	3,556	13,411	14,105
Net sales	$ 36,366	$ 43,089	$ 115,591	$ 128,630

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

	Three Months Ended September 30,		Nine Months Ended September 30,	
(in thousands)	2024	2023	2024	2023
U.S.	$ 32,584	$ 38,499	$ 103,809	$ 115,686
Canada	3,782	4,590	11,782	12,944
Net sales	$ 36,366	$ 43,089	$ 115,591	$ 128,630

Contract liabilities

The Company did not have any material unsatisfied performance obligations as of September 30, 2024 or December 31, 2023.

4. INVENTORIES

Inventories consisted of the following as of:

(in thousands)	September 30, 2024	December 31, 2023
Raw materials	$ 1,214	$ 4,714
Finished goods	19,476	29,836
Inventories	$ 20,690	$ 34,550

5. PROPERTY AND EQUIPMENT, NET

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

(in thousands)	September 30, 2024	December 31, 2023
Leasehold improvements	$ 1,194	$ 1,167
Computer equipment	695	677
Furniture and equipment	803	785
Quality control and marketing equipment	1,814	1,782
Assets not yet placed in service	30	101
	4,536	4,512
Less accumulated depreciation	(3,046)	(2,403)
Property and equipment, net	$ 1,490	$ 2,109

For the three months ended September 30, 2024 and 2023, depreciation expense, including the amortization of leasehold improvements, amounted to approximately $0.2 million. For the nine months ended September 30, 2024 and 2023, depreciation expense, including the amortization of leasehold improvements, amounted to approximately $0.8 million and $0.7 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 tables provide information pertaining to the Company's intangible assets as of:

	September 30, 2024			
(in thousands)	Weighted-Average Remaining Useful Life	Gross Carrying Amount	Accumulated Amortization	Intangible Assets, Net
Software	1.2	$ 1,180	$ (1,090)	$ 90
Customer relationships	1.0	3,007	(2,821)	186
		4,187	(3,911)	276
Trademarks	N/A	3,000	—	3,000
Intangible assets, net		$ 7,187	$ (3,911)	$ 3,276

	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 September 30, 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. For the nine months ended September 30, 2024 and 2023, total amortization expense amounted to $0.2 million and $0.5 million, respectively, including $0.1 million and $0.3 million, respectively, of amortization expense related to software. These amounts are included under depreciation and amortization in the accompanying unaudited condensed consolidated statements of operations and comprehensive loss. No impairment losses have been recorded on any of the Company's intangible assets for the three and nine months ended September 30, 2024 and 2023, respectively.

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

(in thousands)		
Remainder of 2024		87
2025		175
2026		14
Expected amortization expense for intangible assets with definite lives	$	276

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 September 30, 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. The Loan and Security Agreement was amended on September 30, 2024 to replace the Bloomberg Short-Term Bank Yield Index, which will be discontinued on November 15, 2024, with the Term Secured Overnight Financing rate, effective November 20, 2024.

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 September 30, 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 27 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 September 30,		Nine Months Ended September 30,	
(in thousands)	2024	2023	2024	2023
Statements of Operations and Comprehensive Loss				
Operating lease cost [(1)]	$ 183	$ 183	$ 550	$ 550

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

The following table presents information about our weighted average discount rate and remaining lease term as of:

	September 30, 2024	December 31, 2023
Weighted-average remaining lease term (months)	27.0	36.0
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)	September 30, 2024	
2024	$	176
2025		729
2026		756
Total lease payments		1,661
Less imputed interest		(140)
Present value of lease liabilities	$	1,521

9. COMMITMENTS AND CONTINGENCIES

Purchase commitments

As of September 30, 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)	September 30, 2024	December 31, 2023
Prepaid expenses	$ 1,438	$ 1,794
Other current assets	1,238	3,269
Total	$ 2,676	$ 5,063

Accrued Expenses and Other Current Liabilities

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

(in thousands)	September 30, 2024	December 31, 2023
Accrued employee compensation benefits	$ 1,997	$ 1,526
Accrued direct selling costs	1,792	1,113
Accrued customer paid bottle deposits	2,741	1,734
Accrued other	1,170	1,600
Total	$ 7,700	$ 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 September 30, 2024, the 2021 Plan provides for future grants and/or issuances of up to approximately 2.7 million shares of our common stock. Equity-based awards under our employee compensation plans are made with newly issued shares reserved for this purpose.

Stock Options

The Company uses a Black-Scholes valuation model to measure stock option expense as of each respective grant date. Generally, stock option grants vest ratably over four years, have a 10-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:

	Nine Months Ended September 30,	
	2024	2023
Stock price	$ 1.36	$ 2.90
Exercise price	1.36	2.90
Expected term (years) [1]	6.25	6.25
Expected volatility [2]	80.3 %	65.4 %
Risk-free interest rate [3]	4.1 %	3.6 %
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 nine months ended September 30, 2024 and 2023 was $0.98 and $1.81, respectively.

The following is a summary of stock option activity for the nine months ended September 30, 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	(99,000)	$ 0.01		
Forfeited and expired	(326,991)	$ 4.02		
Balance as of September 30, 2024	2,993,685	$ 3.21	7.2	$ 551
Exercisable at the end of the period	1,476,280	$ 3.18	5.8	$ 551
Vested and expected to vest	2,993,685	$ 3.21	7.2	$ 551

The total intrinsic values of stock options exercised during the nine months ended September 30, 2024 was $0.1 million.

As of September 30, 2024, total unrecognized compensation expense related to unvested stock options was $2.3 million, which is expected to be recognized over a weighted-average period of 2.3 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 September 30, 2024, the remaining service period of the awards is four months.

The following is a summary of RSU activity for the nine months ended September 30, 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	3,275,254	$ 1.23	
Vested	(984,979)	$ 3.98	
Forfeited	(553,575)	$ 2.06	
Balance unvested at September 30, 2024	3,910,753	$ 1.78	$ 4,224
Expected to vest at September 30, 2024	3,910,753	$ 1.78	$ 4,224

As of September 30, 2024, total unrecognized compensation expense related to unvested RSUs was $5.0 million, which is expected to be recognized over a weighted-average period of 2.6 years.

As of September 30, 2024, there were 226,076 of RSUs outstanding which vested in 2022 but are subject 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 September 30,		Nine Months Ended September 30,	
	2024	2023	2024	2023
Customer A	13 %	13 %	14 %	13 %
Customer B	*	*	10 %	11 %
Customer C	13 %	*	11 %	*
Customer D	*	11 %	*	*

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

	September 30, 2024	December 31, 2023
Customer B	*	13 %
Customer D	17 %	*
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 September 30,		Nine Months Ended September 30,	
	2024	2023	2024	2023
Vendor A	*	22 %	*	22 %
Vendor B	*	13 %	*	16 %
Vendor C	*	11 %	*	13 %
Vendor D	28 %	*	34 %	*
Vendor E	31 %	*	29 %	*
Vendor F	28 %	*	25 %	*
Vendor G	*	21 %	*	14 %

The increase in vendor concentration during the three and nine months ended September 30, 2024 and 2023 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 September 30, 2024	Three Months Ended September 30, 2023	Nine Months Ended September 30, 2024	Nine Months Ended September 30, 2023
Net loss per share:				
Numerator:				
Net loss and comprehensive loss	$ (2,842)	$ (11,250)	$ (17,002)	$ (19,171)
Less: net loss attributable to non-controlling interests	315	3,033	2,760	4,932
Add: adjustment to reallocate net loss to controlling interest	(7) [1]	(19) [1]	(6) [1]	603 [1]
Net loss to Zevia PBC - basic	$ (2,534)	$ (8,236)	$ (14,248)	$ (13,636)
Denominator:				
Weighted-average shares of Class A common stock outstanding – basic	59,264,182	50,144,198	57,738,722	49,317,058
Add: weighted average shares of vested and unreleased RSUs	226,076 [2]	610,272 [2]	299,058 [2]	757,933 [2]
Weighted-average basic and diluted shares	59,490,258	50,754,470	58,037,780	50,074,992
Loss per share of Class A common stock – basic	$ (0.04)	$ (0.16)	$ (0.25)	$ (0.27)
Loss per share of Class A common stock – diluted	$ (0.04)	$ (0.16)	$ (0.25)	$ (0.27)

[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.

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 September 30, 2024	Three Months Ended September 30, 2023	Nine Months Ended September 30, 2024	Nine Months Ended September 30, 2023
Zevia LLC Class B units exchangeable to shares of Class A common stock	13,502,398	20,952,967	14,575,937	21,278,538
Stock options	3,067,441	3,571,659	3,183,110	3,480,778
RSUs	4,000,334	2,638,287	3,538,498	2,775,861

15. RESTRUCTURING

Restructuring

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 (the “Productivity Initiative”). As a result, we recognized $0.1 and $1.0 million of costs primarily related to employee termination expenses and costs to exit two of our third-party warehouse and distribution facilities during the three and nine months ended September 30, 2024, respectively. These amounts are included under restructuring in the accompanying unaudited condensed consolidated statements of operations and comprehensive loss. Additional restructuring charges or cash expenditures may be incurred as the Company makes further progress on this Productivity Initiative, which we expect to be substantially completed by the end of the first quarter of 2025.

As of September 30, 2024, accrued restructuring costs of less than $0.1 million are included under accrued expenses and other current liabilities in the accompanying unaudited condensed consolidated balance sheets. These expenses are expected to be substantially paid by the end of 2024.

16. INCOME TAXES AND TAX RECEIVABLE AGREEMENT

Income Taxes

The Company is the managing member of Zevia LLC and as a result, consolidates the financial results of Zevia LLC in the 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 82.0% and 75.8% as of September 30, 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 18.0%, 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 September 30, 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 September 30, 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 September 30, 2024 and December 31, 2023, respectively. The increase in the TRA liability is primarily related to Class B to Class A exchanges during the nine months ended September 30, 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.

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 better-for-you 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, and vegan 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 grocery, drug, warehouse club, mass, natural, convenience 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. 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 2.1 billion cans of Zevia sold to date.

Key Events During the Third Quarter of 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 continue to 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 has resulted in the following:

- Costs associated with the Productivity Initiative, including restructuring costs, were $0.1 and $1.0 million during the three and nine months ended September 30, 2024, which primarily includes employee related severance costs as well as costs related to exiting two of our third-party warehouse and distribution facilities.
- The Productivity Initiative is now expected to result in estimated annualized benefits of approximately $15.0 million, and we began seeing these benefits in the second and third fiscal quarters of 2024, and expect the savings to be more fully realized over the next 3-5 quarters. These benefits include reduction in costs of goods sold and reduction in operating expenses. We expect to reinvest the majority of these costs in brand marketing and our Direct Store Delivery strategy to drive future growth.

Additional restructuring charges or cash expenditures may be incurred as the Company makes further progress on this Productivity Initiative, which we expect to be substantially completed by the end of the first quarter of 2025.

NYSE Notice

The Company previously received a noncompliance notice from the New York Stock Exchange ("NYSE") on June 26, 2024, because the average closing price of the Company's Class A common stock had been less than $1.00 per share over a consecutive 30 trading-day period. On September 30, 2024, the Company's Class A common stock closed above $1.00 and had an average closing share price of at least $1.00 over the prior 30 trading-day period. On October 1, 2024, the Company regained compliance with the minimum stock price continued listing standard set forth in Section 802.01C of the NYSE Listed Company Manual.

Factors Affecting Our Performance

Macroeconomic Environment

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. These pressures have impacted, and are expected to continue to impact our margins and operating results. We, along with our competitors, have increased pricing on a number of products in response to widespread inflation. These pricing increases may result in future reductions in volume.

The following summarizes the components of our results of operations for the three and nine months ended September 30, 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 our future growth to be driven by a combination of new distribution, increased organic sales from existing outlets, package and product innovation, and continued pricing strength; 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 2024, we experienced reduced sales volumes, primarily due to lost distribution at certain retailers, largely in the club channel and one customer in the mass channel, and to a lesser degree as a result of a strategic decision we made to exit our Kids and Mixers product categories to focus on soda. We also increased our spend on promotional activity at key accounts, returning back to historical promotion levels, in order to drive velocity, which we expect to continue through the end of the year and in 2025. We also increased promotions in order to liquidate excess and obsolete inventory, which we expect to be temporary and complete by the end of 2024. We are focused on building distribution in our key accounts and concurrently evolving our route-to-market; however we expect it will take time to regain lost distribution in an increasingly competitive environment.

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 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; therefore, cost of goods sold for the three and nine months ended September 30, 2024 consists 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, but decrease over time as a percentage of net sales as a result of the Productivity Initiative, our continued focus on cost and efficiency improvements, and as we realize the benefit of scale.

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, our Productivity Initiative, 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 include the incremental costs of obtaining contracts, such as sales commissions.

Our selling expenses are expected to increase in absolute dollars in the long-term as a result of increased warehousing and distribution costs driven by increased net sales, but decrease as a percentage of sales over time as a result of our Productivity Initiative and our continued focus on cost improvements in our supply chain. Our selling expenses are expected to 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 due to the Productivity Initiative.

Marketing expenses are expected to increase as we invest in in brand awareness, which are expected to be partially funded by the selling expense cost savings and Productivity Initiative.

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 Expenses

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.

Restructuring Expenses

Restructuring expenses include employee severance and benefit costs to terminate a specified number of employees as well as costs to exit two of our third-party warehouse and distribution facilities designed to reduce costs and improve efficiency while continuing to invest in our brand and related initiatives. Additional restructuring charges or cash expenditures may be incurred as the Company makes further progress on the Productivity Initiative, which we expect to be substantially completed by the end of the first fiscal quarter of 2025.

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:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2024	2023	2024	2023
(in thousands, except per share amounts)				
Net sales	$ 36,366	$ 43,089	$ 115,591	$ 128,630
Cost of goods sold	18,516	23,517	63,080	69,261
Gross profit	17,850	19,572	52,511	59,369
Operating expenses:				
Selling and marketing	11,981	20,455	40,673	48,467
General and administrative	7,377	8,250	23,186	23,102
Equity-based compensation	1,034	1,876	3,950	6,614
Depreciation and amortization	310	411	1,041	1,234
Restructuring	112	—	977	—
Total operating expenses	20,814	30,992	69,827	79,417
Loss from operations	(2,964)	(11,420)	(17,316)	(20,048)
Other income, net	118	165	357	908
Loss before income taxes	(2,846)	(11,255)	(16,959)	(19,140)
(Benefit) provision for income taxes	(4)	(5)	43	31
Net loss and comprehensive loss	(2,842)	(11,250)	(17,002)	(19,171)
Loss attributable to noncontrolling interest	315	3,033	2,760	4,932
Net loss attributable to Zevia PBC	$ (2,527)	$ (8,217)	$ (14,242)	$ (14,239)
Net loss per share attributable to common stockholders				
Basic	$ (0.04)	$ (0.16)	$ (0.25)	$ (0.27)
Diluted	$ (0.04)	$ (0.16)	$ (0.25)	$ (0.27)

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 September 30,		Nine Months Ended September 30,	
	2024	2023	2024	2023
Net sales	100 %	100 %	100 %	100 %
Cost of goods sold	51 %	55 %	55 %	54 %
Gross profit	49 %	45 %	45 %	46 %
Operating expenses:				
Selling and marketing	33 %	47 %	35 %	38 %
General and administrative	20 %	19 %	20 %	18 %
Equity-based compensation	3 %	4 %	3 %	5 %
Depreciation and amortization	1 %	1 %	1 %	1 %
Restructuring	0 %	0 %	1 %	0 %
Total operating expenses	57 %	72 %	60 %	62 %
Loss from operations	(8)%	(27)%	(15)%	(16)%
Other income, net	0 %	0 %	0 %	1 %
Loss before income taxes	(8)%	(26)%	(15)%	(15)%
(Benefit) provision for income taxes	(0)%	0 %	0 %	0
Net loss and comprehensive loss	(8)%	(26)%	(15)%	(15)%
Loss attributable to noncontrolling interest	1 %	7 %	2 %	4 %
Net loss attributable to Zevia PBC	(7)%	(19)%	(12)%	(11)%

Three Months Ended September 30, 2024 Compared to Three Months Ended September 30, 2023

Net Sales

	Three Months Ended September 30,		Change	
(in thousands)	2024	2023	Amount	Percentage
Net sales	$ 36,366	$ 43,089	$ (6,723)	(15.6)%

Net sales were $36.4 million for the three months ended September 30, 2024 as compared to $43.1 million for the three months ended September 30, 2023. Equivalized cases sold were 2.9 million during the three months ended September 30, 2024 as compared to 3.3 million during the three months ended September 30, 2023. The decrease in net sales was primarily due to a decrease in the number of equivalized cases sold, which resulted in $6.3 million lower net sales and was largely caused by the expected lost distribution in our club channel and one customer in our mass channel, and a decrease in net sales of $0.4 million resulting from greater promotional levels at retailers as well as increased promotions in order to liquidate excess and obsolete inventory. We define an equivalized case as a 288 fluid ounce case.

Cost of Goods Sold

	Three Months Ended September 30,		Change	
(in thousands)	2024	2023	Amount	Percentage
Cost of goods sold	$ 18,516	$ 23,517	$ (5,001)	(21.3)%

Cost of goods sold was $18.5 million for the three months ended September 30, 2024 as compared to $23.5 million for the three months ended September 30, 2023. The decrease of $5.0 million, or 21.3%, was largely due to a 12.2% decrease in the shipment of equivalized cases, resulting in $2.6 million lower costs of goods sold, lower write-downs related to excess and obsolete inventory of $2.3 million, and favorable unit costs of $0.1 million driven by the Productivity Initiative.

Gross Profit and Gross Margin

	Three Months Ended September 30,		Change	
(in thousands)	2024	2023	Amount	Percentage
Gross profit	$ 17,850	$ 19,572	$ (1,722)	(8.8)%
Gross margin	49.1 %	45.4 %		3.7 %

Gross profit was $17.9 million for the three months ended September 30, 2024 as compared to $19.6 million for the three months ended September 30, 2023. The decrease in gross profit of $1.7 million, or 8.8%, was primarily due to lower volumes and increased spend on promotional activity, partially offset by lower inventory write-downs.

Gross margin for the three months ended September 30, 2024 improved to 49.1% from 45.4% in the prior-year period. The increase was primarily due to lower inventory write-downs and favorable unit costs, partially offset by increased spend on promotional activity.

Selling and Marketing Expenses

(in thousands)	Three Months Ended September 30, 2024	2023	Change Amount	Percentage
Selling and marketing expenses	$ 11,981	$ 20,455	$ (8,474)	(41.4)%

Selling and marketing expenses were $12.0 million for the three months ended September 30, 2024 as compared to $20.5 million for the three months ended September 30, 2023. The decrease of $8.5 million, or 41.4%, was primarily due to a decrease in freight transfer costs of $3.1 million as a result of the impact of supply chain logistics challenges in the prior year, a decrease in warehousing costs of $3.1 million due to efficiencies related to the Productivity Initiative and lower inventory levels, decreases in freight costs of $1.3 million due to improved rates and $0.6 million due to lower volumes, and a decrease in repackaging costs of $0.4 million due to the automation of certain processes. These decreases were partially offset by higher marketing expenses of $0.2 million as a result of investments made to drive brand awareness.

General and Administrative Expenses

(in thousands)	Three Months Ended September 30, 2024	2023	Change Amount	Percentage
General and administrative expenses	$ 7,377	$ 8,250	$ (873)	(10.6)%

General and administrative expenses were $7.4 million for the three months ended September 30, 2024 as compared to $8.3 million for the three months ended September 30, 2023. The decrease of $0.9 million, or 10.6%, was primarily due to a decrease in costs as a result of the Productivity Initiative, primarily related to lower employee costs.

Equity-Based Compensation Expenses

(in thousands)	Three Months Ended September 30, 2024	2023	Change Amount	Percentage
Equity-based compensation expenses	$ 1,034	$ 1,876	$ (842)	(44.9)%

Equity-based compensation expenses were $1.0 million for the three months ended September 30, 2024 as compared to $1.9 million for the three months ended September 30, 2023, primarily related to outstanding equity-based awards being recognized over the remaining service periods of the awards. The decrease of $0.8 million was primarily driven by a $0.9 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 expenses related to new equity awards granted.

Restructuring Expenses

(in thousands)	Three Months Ended September 30, 2024	2023	Change Amount	Percentage
Restructuring expenses	$ 112	$ —	$ 112	100.0 %

Restructuring expenses were $0.1 million for the three months ended September 30, 2024 which primarily includes costs to exit two of our third-party warehouse and distribution facilities.

Nine Months Ended September 30, 2024, Compared to Nine Months Ended September 30, 2023

Net Sales

(in thousands)	Nine Months Ended September 30, 2024	2023	Change Amount	Percentage
Net sales	$ 115,591	$ 128,630	$ (13,039)	(10.1)%

Net sales were $115.6 million for the nine months ended September 30, 2024 as compared to $128.6 million for the nine months ended September 30, 2023. Equivalized cases sold were 8.9 million during the nine months ended September 30, 2024 as compared to 9.9 million during the nine months ended September 30, 2023. The decrease in net sales was primarily due to a decrease in the number of equivalized cases sold, which resulted in $13.9 million lower net sales and was largely caused by lost distribution in our club channel and one customer in our mass channel, partially offset by pricing increases of $0.8 million, which is inclusive of greater promotional levels at retailers as well as increased promotions in order to liquidate excess and obsolete inventory. We define an equivalized case as a 288 fluid ounce case.

Cost of Goods Sold

(in thousands)	Nine Months Ended September 30, 2024	2023	Change Amount	Percentage
Cost of goods sold	$ 63,080	$ 69,261	$ (6,181)	(8.9)%

Cost of goods sold was $63.1 million for the nine months ended September 30, 2024 as compared to $69.3 million for the nine months ended September 30, 2023. The decrease of $6.2 million, or 8.9%, was primarily due to a 9.5% decrease in the shipment of equivalized cases, resulting in $6.3 million lower costs of goods sold, lower write-downs related to excess and obsolete inventory of $1.1 million, and favorable product mix of $0.9 million, partially offset by unfavorable unit costs of $2.0 million primarily due to investments in enhanced package-specific designs to improve on-shelf visibility and drive brand awareness.

Gross Profit and Gross Margin

(in thousands)	Nine Months Ended September 30, 2024	2023	Change Amount	Percentage
Gross profit	$ 52,511	$ 59,369	$ (6,858)	(11.6)%
Gross margin	45.4%	46.2%		(0.7)%

Gross profit was $52.5 million for the nine months ended September 30, 2024 as compared to $59.4 million for the nine months ended September 30, 2023. The decrease in gross profit of $6.9 million, or 11.6%, was primarily due to lower volumes, unfavorable unit costs, and increased spend on promotional activity, partially offset by lower inventory write-downs and favorable product mix.

Gross margin for the nine months ended September 30, 2024 declined to 45.4% from 46.2% in the prior-year period. The decrease was primarily due to unfavorable unit costs and increased spend on promotional activity, partially offset by lower inventory write-downs and favorable product mix.

Selling and Marketing Expenses

(in thousands)	Nine Months Ended September 30, 2024	2023	Change Amount	Percentage
Selling and marketing expenses	$ 40,673	$ 48,467	$ (7,794)	(16.1)%

Selling and marketing expenses were $40.7 million for the nine months ended September 30, 2024 as compared to $48.5 million for the nine months ended September 30, 2023. The decrease of $7.8 million, or 16.1%, was primarily due to a decrease in freight transfer costs of $4.6 million as a result of the impact of supply chain logistics challenges in the prior year, a decrease in repackaging costs of $2.0 million due to the automation of certain processes, a decrease in warehousing costs of $1.6 million due to efficiencies related to the Productivity Initiative and lower inventory levels, and decreases in freight costs of $1.1 million due to lower volume and $0.9 million due to improved rates. These decreases were partially offset by higher marketing expenses of $2.1 million as a result of investments made to drive brand awareness.

General and Administrative Expenses

(in thousands)	Nine Months Ended September 30, 2024	2023	Change Amount	Percentage
General and administrative expenses	$ 23,186	$ 23,102	$ 84	0.4%

General and administrative expenses were $23.2 million for the nine months ended September 30, 2024 as compared to $23.1 million for the nine months ended September 30, 2023. The increase of $0.1 million, or 0.4%, was primarily due to an increase in employee compensation costs of $0.2 million, partially offset by a decrease in costs as a result of our Productivity Initiative discussed above.

Equity-Based Compensation Expenses

(in thousands)	Nine Months Ended September 30, 2024	2023	Change Amount	Percentage
Equity-based compensation expenses	$ 3,950	$ 6,614	$ (2,664)	(40.3)%

Equity-based compensation expenses were $4.0 million for the nine months ended September 30, 2024 as compared to $6.6 million for the nine months ended September 30, 2023, primarily related to outstanding equity-based awards being recognized over the remaining service periods of the awards. The decrease of $2.7 million was primarily due to a $2.9 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 expenses related to new equity awards granted.

Restructuring Expenses

(in thousands)	Nine Months Ended September 30, 2024	2023	Change Amount	Percentage
Restructuring expenses	$ 977	$ —	$ 977	100.0%

Restructuring expenses were $1.0 million for the nine months ended September 30, 2024 which primarily includes employee related severance costs as well as costs to exit two of our third-party warehouse and distribution facilities.

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 September 30, 2024, we had $32.7 million in cash and cash equivalents. We believe that our cash and cash equivalents as of September 30, 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 September 30, 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. The Loan and Security Agreement was amended on September 30, 2024 to replace the Bloomberg Short-Term Bank Yield Index, which will be discontinued on November 15, 2024, with the Term Secured Overnight Financing rate, effective November 20, 2024.

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 September 30, 2024, the Company was in compliance with its financial covenant.

Cash Flows

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

	Nine Months Ended September 30,	
(in thousands)	2024	2023
Cash provided by (used in):		
Operating activities	$ 971	$ (9,668)
Investing activities	$ (238)	$ 786
Financing activities	$ —	$ 25

Net Cash Provided by (Used in) Operating Activities

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

Net cash provided by operating activities of $1.0 million for the nine months ended September 30, 2024 was primarily driven by a net increase in cash related to changes in operating assets and liabilities of $12.4 million. Changes in cash flows related to operating assets and liabilities were primarily due to a decrease in inventories of $13.9 million due to decreased production of inventory as inventory levels are managed, decreased prepaid expenses and other assets of $2.4 million largely due to a decrease in prepaid deposits related to the sale of raw materials, and a decrease in accounts receivable of $1.1 million due to timing of payments, partially offset by a net decrease in accounts payable, accrued expenses and other current liabilities of $4.6 million due to timing of purchases and decreased production of inventory. These increases were partially offset by a decrease in cash due to a net loss of $17.0 million, partially offset by non-cash expenses of $5.6 million primarily related to equity-based compensation and depreciation and amortization expense.

Net cash used in operating activities of $9.7 million for the nine months ended September 30, 2023 was primarily due to a net loss of $19.2 million, partially offset by non-cash expenses of $8.4 million primarily related to equity-based compensation and depreciation and amortization expense and a net increase in cash related to changes in operating assets and liabilities of $1.1 million. Changes in cash flows related to operating assets and liabilities were primarily due to an increase of $29.1 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 inventories of $21.8 million due to increased production of inventory as a result of the supply chain logistics challenges in the prior year, increase in accounts receivable of $5.3 million due to timing of invoices, and an increase in prepaid expenses and other assets of $0.5 million due to timing of prepayments.

Net Cash (Used in) Provided by Investing Activities

Net cash used in investing activities of $0.2 million for the nine months ended September 30, 2024 was primarily due to purchases of property, equipment, and software of $0.2 million for computer equipment, marketing fixtures, and software used in ongoing operations.

Net cash provided by investing activities of $0.8 million for the nine months ended September 30, 2023 was primarily due to proceeds from the sale of its warehouse and related assets of $2.3 million, partially offset by purchases of property, equipment, and software of $1.6 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 less than $0.1 million for the nine months ended September 30, 2024 was due to proceeds from the Secured Revolving Line of Credit of $8 million which was repaid in the same period.

Net cash provided by financing activities of less than $0.1 million for the nine months ended September 30, 2023 was primarily 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, net, which includes interest (income) expense and foreign currency (gains) losses, (2) (benefit) provision for income taxes, (3) depreciation and amortization, (4) equity-based compensation, and (5) restructuring expenses (for 2024, in light of our Productivity Initiative). 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 restructuring. 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 September 30,		Nine Months Ended September 30,	
(in thousands)	2024	2023	2024	2023
Net loss and comprehensive loss	$ (2,842)	$ (11,250)	$ (17,002)	$ (19,171)
Other income, net*	(118)	(165)	(357)	(908)
(Benefit) provision for income taxes	(4)	(5)	43	31
Depreciation and amortization	310	411	1,041	1,234
Equity-based compensation	1,034	1,876	3,950	6,614
Restructuring	112	—	977	—
Adjusted EBITDA	$ (1,508)	$ (9,133)	$ (11,348)	$ (12,200)

* Includes interest (income) expense and foreign currency (gains) losses.

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 entered into another amendment to the lease and 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 September 30, 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 September 30, 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 such time 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 and finished goods 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 tested, qualified, and approved the use of another stevia leaf extract supplier, whose stevia leaf is derived from a region different than the above supplier, and 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 are seeking to diversify our sources of supply and intend to enter into arrangements to better ensure stability of prices of our raw materials.

Due to a change in supply chain processes during the first quarter of 2024, our contract manufacturers are now 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 nine months ended September 30, 2024, we had three vendors accounting for approximately 87% 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 and nine months ended September 30, 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 September 30, 2024. Based on the foregoing evaluation, management determined that our disclosure controls and procedures were effective at the reasonable assurance level as of September 30, 2024.

Internal Control over Financial Reporting

Management determined that as of September 30, 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. Except as disclosed in the section titled "Risk Factors" in Part II, Item 1A of our Quarterly Report on Form 10-Q for the three months ended June 30, 2024, 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 September 30, 2024, as such terms are defined under Item 408(a) of Regulation S-K.

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*	Conforming Changes Amendment, dated as of September 30, 2024, by Bank of America, N.A.
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:	November 6, 2024

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

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

By:		/s/ Girish Satya
	Name:	Girish Satya
	Title:	Chief Financial Officer and Principal Accounting Officer
		(Principal Financial Officer and Principal Accounting Officer)
	Date:	November 6, 2024

Exhibit 10.1

CONFORMING CHANGES AMENDMENT

THIS CONFORMING CHANGES AMENDMENT (this "Amendment"), dated as of September 30, 2024 (the "Execution Date"), is entered into by BANK OF AMERICA, N.A., as administrative agent (the "Administrative Agent").

RECITALS

WHEREAS, ZEVIA LLC, a Delaware limited liability company (the "Borrower"), the lenders from time to time party thereto (the "Lenders"), and Bank of America, N.A., as Administrative Agent, inter alios, have entered into that certain Loan and Security Agreement dated as of February 22, 2022 (as amended, modified, extended, restated, replaced, or supplemented from time to time, the "Agreement");

WHEREAS, certain loans, disbursements and/or other extensions of credit (the "Loans") under the Agreement denominated in U.S. Dollars ("Dollars") incur or are permitted to incur interest, fees, commissions or other amounts based on the Bloomberg Short-Term Bank Yield Index Rate as administered by the Bloomberg Index Service Limited ("BSBY") in accordance with the terms of the Agreement; and

WHEREAS, BSBY has been or will be replaced with the benchmark set forth in Appendix A in accordance with the Agreement and, in connection therewith, the Administrative Agent is exercising its right to make certain conforming changes in connection with the implementation of the applicable benchmark replacement as set forth herein.

NOW, THEREFORE, in accordance with the terms of the Agreement, this Amendment is entered into by the Administrative Agent:

1. Defined Terms. Capitalized terms used herein but not otherwise defined herein (including on any Appendix attached hereto) shall have the meanings provided to such terms in the Agreement, as amended by this Amendment.

2. Agreement. Notwithstanding any provision of the Agreement or any other document related thereto (the "Loan Documents") to the contrary, the terms set forth on Appendix A shall apply to the Loans that bear interest at the BSBY Rate (as defined in Appendix A). For the avoidance of doubt, to the extent provisions in the Agreement apply to Loans denominated in Dollars and such provisions are not specifically addressed by Appendix A, the provisions in the Agreement shall continue to apply to such Loans denominated in Dollars.

3. Conflict with Loan Documents. In the event of any conflict between the terms of this Amendment and the terms of the Agreement or the other Loan Documents, the terms hereof shall control.

4. Conditions Precedent. This Amendment shall become effective on November 20, 2024 (such date, the "Amendment Effective Date"), upon proper execution by the Administrative Agent of a counterpart of this Amendment.

To the extent any Loan bearing interest at the BSBY Rate is outstanding on the Amendment Effective Date, such Loan shall continue to bear interest at the BSBY Rate until the end of the current interest period applicable to such Loan.

5. Notice. As of the Amendment Effective Date, the Administrative Agent hereby notifies the Borrower and the Lenders of the implementation of the Successor Rate pursuant to this Amendment.

To the extent the Agreement requires the Administrative Agent to provide notice that any of the foregoing events has occurred, this Amendment constitutes such notice.

6. Miscellaneous.

(a) This Amendment is a Loan Document.

(b) This Amendment may be in the form of an electronic record (in ".pdf" form or otherwise) and may be executed using electronic signatures, which shall be considered as originals and shall have the same legal effect, validity and enforceability as a paper record. This Amendment may be executed in as many counterparts as necessary or convenient, including both paper and electronic counterparts, but all such counterparts shall be one and the same Amendment. For the avoidance of doubt, the authorization under this paragraph may include, without limitation, use or acceptance by the Administrative Agent of a manually signed Amendment which has been converted into electronic form (such as scanned into ".pdf" format), or an electronically signed Amendment converted into another format, for transmission, delivery and/or retention.

(c) Any provision of this Amendment held to be illegal, invalid or unenforceable in any jurisdiction, shall, as to such jurisdiction, be ineffective to the extent of such illegality, invalidity or unenforceability without affecting the legality, validity or enforceability of the remaining provisions hereof and the illegality, invalidity or unenforceability of a particular provision in a particular jurisdiction shall not invalidate or render unenforceable such provision in any other jurisdiction.

(d) The terms of the Agreement with respect to governing law, submission to jurisdiction, waiver of venue and waiver of jury trial are incorporated herein by reference, *mutatis mutandis*.

[remainder of page intentionally left blank]

Exhibit 10.1

The Administrative Agent has caused a counterpart of this Amendment to be duly executed and delivered as of the date first above written.

ADMINISTRATIVE AGENT: BANK OF AMERICA, N.A.,
as Administrative Agent

By:
Name:
Title:

Appendix A

TERMS APPLICABLE TO TERM SOFR LOANS

1. Defined Terms. The following terms shall have the meanings set forth below:

"Administrative Agent's Office" means, with respect to Dollars, the Administrative Agent's address and, as appropriate, account specified in the Agreement with respect to Dollars, or such other address or account with respect to Dollars as the Administrative Agent may from time to time notify the Borrower and the Lenders.

"Applicable Rate" means the Applicable Rate, Applicable Margin, Margin or any similar or analogous definition in the Loan Documents applicable to a benchmark or to the Base Rate. For the avoidance of doubt, different Applicable Rates may apply to different rates under the Loan Documents. If there is no such definition in the Loan Documents because the margin is a specified amount, the "Applicable Rate" shall be the amount specified as the margin in the Loan Documents.

"Base Rate" means the Base Rate, Alternative Base Rate, ABR, Prime Rate or any similar or analogous definition in the Loan Documents. If there is no such definition in the Loan Documents, "Base Rate" shall mean, for any day a fluctuating rate of interest per annum equal to the sum of (a) the higher of (i) the Federal Funds Rate plus 0.50% and (ii) the rate of interest in effect for such day as publicly announced from time to time by Bank of America as its "prime rate" plus (b) the Applicable Rate plus (c) 1.00%; provided that if the Base Rate shall be less than 0%, such rate shall be deemed 0% for purposes of this Amendment and the Loan Documents. The "prime rate" is a rate set by Bank of America based upon various factors including Bank of America's costs and desired return, general economic conditions and other factors, and is used as a reference point for pricing some loans, which may be priced at, above, or below such announced rate. Any change in such prime rate announced by Bank of America shall take effect at the opening of business on the day specified in the public announcement of such change.

"Base Rate Loans" means a Loan that bears interest at a rate based on the Base Rate.

"Borrowing" means a Committed Borrowing, Borrowing, or any similar or analogous definition in the Loan Documents. If there is no such definition in the Agreement, "Borrowing" shall mean a borrowing consisting of simultaneous Loans of the same Type and, in the case of Term SOFR Loans, having the same Interest Period made by each of the applicable Lenders pursuant to Section 2(c)(i) of this Appendix A.

"BSBY Rate" means BSBY Rate, BSBY, Adjusted BSBY Rate or any similar or analogous definition in the Loan Documents.

"BSBY Rate Loans" means a Loan that bears interest at a rate based on the BSBY Rate.

"Business Day" means any day other than a Saturday, Sunday or other day on which commercial banks are authorized to close under the laws of, or are in fact closed in, the state where the Administrative Agent's Office is located.

"CME" means CME Group Benchmark Administration Limited.

"Committed Loan Notice" means a Committed Loan Notice, Loan Notice, Borrowing Notice, Notice of Borrowing, Continuation/Conversion Notice, Notice of

Continuation/Conversion, a draw request or any similar or analogous definition in the Loan Documents, and such term shall be deemed to include the Committed Loan Notice attached hereto as Exhibit A. If there is no such definition in the Agreement, "Committed Loan Notice" shall mean a notice of (a) a Borrowing, (b) a conversion of Loans from one Type to the other, or (c) a continuation of Term SOFR Loans, pursuant to Section 2(c)(i), which shall be substantially in the form of Exhibit A or such other form as may be approved by the Administrative Agent (including any form on an electronic platform or electronic transmission system as shall be approved by the Administrative Agent), appropriately completed and signed by a Responsible Officer of the Borrower.

"Dollar" and "$" mean lawful money of the United States.

"Federal Funds Rate" means, for any day, the rate per annum calculated by the Federal Reserve Bank of New York based on such day's federal funds transactions by depository institutions (as determined in such manner as the Federal Reserve Bank of New York shall set forth on its public website from time to time) and published on the next succeeding Business Day by the Federal Reserve Bank of New York as the federal funds effective rate; provided that if the Federal Funds Rate as so determined would be less than 0%, such rate shall be deemed to be 0% for purposes of this Amendment and the Loan Documents.

"Interest Payment Date" means, as to any Term SOFR Loan, the last day of each Interest Period applicable to such Loan and the applicable maturity date set forth in the Agreement; provided, however, that if any Interest Period for a Term SOFR Loan exceeds three months, the respective dates that fall every three months after the beginning of such Interest Period shall also be Interest Payment Dates.

"Interest Period" means as to each Term SOFR Loan, the period commencing on the date such Term SOFR Loan is disbursed or converted to or continued as a Term SOFR Loan and ending on the date one, three, or six months thereafter, as selected by the Borrower in its Committed Loan Notice (in the case of each requested Interest Period, subject to availability); provided that:

(a) any Interest Period that would otherwise end on a day that is not a Business Day shall be extended to the next succeeding Business Day unless, in the case of a Term SOFR Loan, such Business Day falls in another calendar month, in which case such Interest Period shall end on the next preceding Business Day;

(b) any Interest Period pertaining to a Term SOFR Loan that begins on the last Business Day of a calendar month (or on a day for which there is no numerically corresponding day in the calendar month at the end of such Interest Period) shall end on the last Business Day of the calendar month at the end of such Interest Period; and

(c) no Interest Period shall extend beyond the applicable maturity date set forth in the Agreement.

"Notice of Loan Prepayment" means a Notice of Loan Prepayment, Prepayment Notice, or any similar or analogous definition in the Loan Documents. If there is no such definition in the Agreement, "Notice of Loan Prepayment" shall mean a notice of prepayment with respect to a Loan in a form as may be approved by the Administrative Agent (including any form on an electronic platform or electronic transmission system as shall be approved by the Administrative Agent), appropriately completed and signed by a Responsible Officer of the Borrower.

"Required Lenders" means the Required Lenders, Requisite Lenders, Majority Lenders or any similar or analogous definition in the Loan Documents.

"Responsible Officer" means Responsible Officer, Authorized Officer or any similar or analogous definition in the Loan Documents. If there is no such definition in the Agreement, "Responsible Officer" shall mean means the chief executive officer, president, chief financial officer, treasurer, assistant treasurer or controller of the Borrower, solely for purposes of the delivery of incumbency certificates pursuant to the Agreement, the secretary or any assistant secretary of the Borrower and, solely for purposes of notices given pursuant to Section 2(c)(i), any other officer or employee of the Borrower so designated by any of the foregoing officers in a notice to the Administrative Agent or any other officer or employee of the Borrower designated in or pursuant to an agreement between the Borrower and the Administrative Agent. Any document delivered hereunder that is signed by a Responsible Officer of the Borrower shall be conclusively presumed to have been authorized by all necessary corporate, partnership and/or other action on the part of the Borrower and such Responsible Officer shall be conclusively presumed to have acted on behalf of the Borrower. To the extent requested by the Administrative Agent, each Responsible Officer will provide an incumbency certificate and to the extent requested by the Administrative Agent, appropriate authorization documentation, in form and substance satisfactory to the Administrative Agent.

"SOFR" means the Secured Overnight Financing Rate as administered by the Federal Reserve Bank of New York (or a successor administrator).

"SOFR Adjustment" with respect to Term SOFR means 0.11448% (11.448 basis points) for an Interest Period of one-month's duration, 0.26161% (26.161 basis points) for an Interest Period of three-months' duration, and 0.42826% (42.826 basis points) for an Interest Period of six-months' duration.

"Successor Rate" means the Successor Rate, BSBY Successor Rate or any similar or analogous definition in the Loan Documents.

"Swing Line Loan" means Swing Line Loan, Swingline Loan or any similar or analogous definition in the Loan Documents.

"Term SOFR" means:

(a) for any Interest Period with respect to a Term SOFR Loan, the rate per annum equal to the Term SOFR Screen Rate two U.S. Government Securities Business Days prior to the commencement of such Interest Period with a term equivalent to such Interest Period; provided that if the rate is not published prior to 11:00 a.m. on such determination date then Term SOFR means the Term SOFR Screen Rate on the first U.S. Government Securities Business Day immediately prior thereto, in each case, plus the SOFR Adjustment for such Interest Period; and

(b) for any interest calculation with respect to a Base Rate Loan on any date, the rate per annum equal to the Term SOFR Screen Rate two U.S. Government Securities Business Days prior to such date with a term of one month commencing that day; provided that if the rate is not published prior to 11:00 a.m. on such determination date then Term SOFR means the Term SOFR Screen Rate on the first U.S. Government Securities Business Day immediately prior thereto, in each case, plus the SOFR Adjustment for such term;

provided that if Term SOFR determined in accordance with either of the foregoing provisions (a) or (b) of this definition would otherwise be less than 0%, Term SOFR shall be deemed 0% for purposes of this Amendment and the Loan Documents.

"Term SOFR Loan" means a Loan that bears interest at a rate based on clause (a) of the definition of Term SOFR.

"Term SOFR Screen Rate" means the forward-looking SOFR term rate administered by CME (or any successor administrator satisfactory to the Administrative Agent) and published on the applicable Reuters screen page (or such other commercially available source providing such quotations as may be designated by the Administrative Agent from time to time).

"Type" means, with respect to a Loan, its character as a Base Rate Loan or a Term SOFR Loan.

"U.S. Government Securities Business Day" means any day except for (a) a Saturday, (b) a Sunday or (c) a day on which the Securities Industry and Financial Markets Association recommends that the fixed income departments of its members be closed for the entire day for purposes of trading in United States government securities.

2. Terms Applicable to Term SOFR Loans. From and after the Amendment Effective Date, the following terms shall apply to Term SOFR Loans:

(a) BSBY. (i) Dollars shall not be considered a currency for which there is a published BSBY rate and (ii) any request for a new BSBY Rate Loan, or to continue an existing BSBY Rate Loan shall be deemed to be a request for a new Loan bearing interest at Term SOFR.

(b) References to BSBY Rate and BSBY Rate Loans in the Agreement and Loan Documents.

(i) References to the BSBY Rate and BSBY Rate Loans in provisions of the Agreement and the other Loan Documents that are not specifically addressed herein (other than the definitions of BSBY Rate and BSBY Rate Loan) shall be deemed to include Term SOFR and Term SOFR Loans, as applicable. In addition, to the extent the definition of Base Rate in the Agreement refers to the BSBY Rate, such reference shall be deemed to refer to Term SOFR.

(ii) For purposes of any requirement for the Borrower to compensate Lenders for losses in the Loan Documents resulting from any continuation, conversion, payment or prepayment of any Loan on a day other than the last day of any Interest Period (as defined in the Agreement) (the "Breakage Provisions"), references to the Interest Period (as defined in the Agreement) shall be deemed to include any relevant interest payment date or payment period for a Term SOFR Loan.

(c) Borrowings, Conversions, Continuations and Prepayments of Term SOFR Loans. In addition to any other borrowing or prepayment requirements set forth in the Agreement or any other Loan Document:

(i) Term SOFR Loans. Each Borrowing, each conversion of Loans (other than Swing Line Loans) from one Type to the other, and each continuation of Term SOFR Loans shall be made upon the Borrower's irrevocable notice to the Administrative Agent, which may be given by (A) telephone or (B) a Committed Loan Notice; provided that any telephonic notice must be confirmed immediately by delivery to the Administrative Agent of a Committed Loan Notice. Each such Committed Loan Notice must be received by the Administrative Agent not later than 11:00 a.m. (Eastern time) two Business Days prior to the requested date of any Borrowing of, conversion to or continuation of Term SOFR Loans or of any conversion of Term SOFR Loans to Base Rate Loans. Each Borrowing of, conversion to or continuation of Term SOFR Loans shall be in the minimum amounts set forth in the Agreement for Loans denominated in Dollars and bearing interest at the BSBY Rate. Each Committed Loan Notice shall specify (i) whether the Borrower is requesting a Borrowing, a conversion of Loans from one Type to the other, or a continuation of Term SOFR Loans, (ii) the requested date of the Borrowing, conversion or continuation, as the case may be (which shall be a Business Day), (iii) the principal amount of Loans to be borrowed, converted or continued, (iv) the Type of Loans to be borrowed or to which existing Loans are to be converted, and (v) if applicable, the duration of the Interest Period with respect thereto. If the Borrower fails to specify a Type of Loan in a Committed Loan Notice or if the Borrower fails to give a timely notice requesting a conversion or continuation, then the applicable Loans shall be made as, or converted to, Base Rate Loans. Any such automatic conversion to Base Rate Loans shall be effective as of the last day of the Interest Period then in effect with respect to the applicable Term SOFR Loans. If the Borrower requests a Borrowing of, conversion to, or continuation of Term SOFR Loans in any such Committed Loan Notice, but fails to specify an Interest Period, it will be deemed to have specified an Interest Period of one month.

(ii) Committed Loan Notice. For purposes of a Borrowing of Term SOFR Loans, or a continuation of a Term SOFR Loan, the Borrower shall use the Committed Loan Notice attached hereto as Exhibit A.

(iii) Voluntary Prepayments of Term SOFR Loans. The Borrower may, upon notice to the Administrative Agent pursuant to delivery to the Administrative Agent of a Notice of Loan Prepayment, at any time or from time to time voluntarily prepay the Term SOFR Loans in whole or in part without premium or penalty (except as otherwise specified in the Agreement); provided that such notice must be received by the Administrative Agent not later than 11:00 a.m. (Eastern time) two Business Days prior to any date of prepayment of Term SOFR Loans.

(d) Interest.

(i) Subject to the provisions of the Loan Documents with respect to default interest, each Term SOFR Loan shall bear interest on the outstanding principal amount thereof from the applicable borrowing date at a rate per annum equal to the sum of Term SOFR for such Interest Period plus the Applicable Rate.

(ii) Interest on each Term SOFR Loan shall be due and payable in arrears on each Interest Payment Date applicable thereto and at such other times as may be specified in the Agreement; provided, that any prepayment of any Term SOFR Loan shall be accompanied by all accrued interest on the amount prepaid, together with any additional amounts required pursuant to the Breakage Provisions. Interest hereunder shall be due and payable in accordance with the terms hereof before and after judgment, and before and after the commencement of any proceeding under any debtor relief law.

(e) Computations. All computations of interest for Base Rate Loans (including Base Rate Loans determined by reference to Term SOFR) shall be made on the basis of a year of 365 or 366 days, as the case may be, and actual days elapsed. All other computations of fees and interest with respect to Term SOFR Loans shall be made on the basis of a 360-day year and actual days elapsed (which results in more fees or interest, as applicable, being paid than if computed on the basis of a 365-day year). Interest shall accrue on each Loan for the day on which the Loan is made, and shall not accrue on a Loan, or any portion thereof, for the day on which the Loan or such portion is paid, provided that any Loan that is repaid on the same day on which it is made shall, subject to the provisions in the Agreement addressing payments generally, bear interest for one day. Each determination by the Administrative Agent of an interest rate or fee hereunder shall be conclusive and binding for all purposes, absent manifest error.

(f) Successor Rates. The provisions in the Loan Documents addressing the replacement of a current Successor Rate for Dollars shall be deemed to apply to Term SOFR Loans and Term SOFR, as applicable, and the related defined terms shall be deemed to include Dollars and Term SOFR, as applicable.

Exhibit A

FORM OF COMMITTED LOAN NOTICE
(Term SOFR Loans)

Date: ___________, _____[1]

To: Bank of America, N.A., as Administrative Agent

Ladies and Gentlemen:

Reference is made to that certain Loan and Security Agreement, dated as of February 22, 2022 (as amended, restated, extended, supplemented or otherwise modified in writing from time to time, the "Agreement;" the terms defined therein being used herein as therein defined), among ZEVIA LLC, a Delaware limited liability company (the "Borrower"), the Lenders from time to time party thereto, and Bank of America, N.A., as Administrative Agent, inter alios.

The undersigned hereby requests (select one)[2]:

[Revolving Facility]

Indicate: Borrowing, Conversion or Continuation	**Indicate: Borrower Name**	**Indicate: Requested Amount**	**Indicate: Currency**	**Indicate: Term SOFR Loans**	**For Term SOFR Loans Indicate:** **Interest Period (e.g., 1, 3 or 6 month interest period)**

[Term Facility]

Indicate: Borrowing, Conversion or Continuation	**Indicate: Borrower Name**	**Indicate: Requested Amount**	**Indicate: Currency**	**Indicate: Term SOFR Loans**	**For Term SOFR Loans Indicate:** **Interest Period (e.g., 1, 3 or 6 month interest period)**

[1] Note to Borrower. All requests submitted under a single Committed Loan Notice must be effective on the same date. If multiple effective dates are needed, multiple Committed Loan Notices will need to be prepared and signed.
[2] Note to Borrower. For multiple borrowings, conversions and/or continuations for a particular facility, fill out a new row for each borrowing/conversion and/or continuation.

The Borrowing, if any, requested herein complies with the requirements set forth in the Agreement.

ZEVIA LLC,
a Delaware limited liability company

By:
Name: [Type Signatory Name]
Title: [Type Signatory Title]

Exhibit 31.1

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

I, Amy E. Taylor, certify that:

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

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

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

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

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

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

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

By:	/s/ Amy E. Taylor
Name:	Amy E. Taylor
Title:	President and Chief Executive Officer (principal executive officer)

Date: November 6, 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 and Principal Accounting Officer (principal financial officer and principal accounting officer)
Date:	November 6, 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 September 30, 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 and Principal Accounting 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: November 6, 2024

/s/ GIRISH SATYA

Name: Girish Satya
Title: Chief Financial Officer and Principal Accounting Officer (principal financial officer and principal accounting officer)
Date: November 6, 2024

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

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