

Q3 2023 Financial Results

zevia

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This presentation and the related earnings press release contains "forward-looking statements" within the meaning of the safe harbor provisions of the U.S. Private Securities Litigation Reform Act of 1995. Forward-looking statements include, without limitation, any statement that may predict, forecast, indicate or imply future results, performance or achievements, and may 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," "would," or the negative of these words or other similar words, terms or expressions. Forward-looking statements should not be read as a guarantee of future performance or results and will not necessarily be accurate indications of the times at, or by, which such performance or results will be achieved. Forward-looking statements contained in this presentation and the related earnings press release relate to, among other things, statements regarding 2023 Guidance and anticipated growth, supply chain service levels and our efforts to resolve supply chain logistics challenges, strategic direction, branding, operating environment, distribution, velocity, pricing, and costs. Forward-looking statements are based on current expectations, forecasts and assumptions that involve risks and uncertainties, including, but not limited to, our ability to develop and maintain our brand, our ability to successfully execute on our rebranding strategy and cost reduction initiatives, our ability to restore supply chain service levels on the anticipated timeline, product demand, changes in consumer preferences, pricing factors, the impact of inflation on our sales growth and cost structure such as increased commodity, packaging, transportation and freight, warehouse, labor and other input costs and other economic conditions, competitive and governmental factors outside of our control, such as pandemics or epidemics, and adverse global macroeconomic conditions, including rising interest rates, instability in financial institutions and a recessionary environment, potential shutdown of the U.S. government, and geopolitical events or conflicts, that may cause our business, strategy or actual results to differ materially from the forward-looking statements. We do not intend and undertake no obligation to update any forward-looking statements, whether as a result of new information, future events or otherwise, except as may be required by applicable law. Investors are referred to our filings with the U.S. Securities and Exchange Commission ("SEC"), including our Form 10-K, for additional information regarding the risks and uncertainties that may cause actual results to differ materially from those expressed or implied in our forward-looking statements. The Company's SEC filings are available at no charge at www.sec.gov and at the Company's website at https://investors.zevia.com/.

Non-GAAP Financial Information

We use Adjusted EBITDA, a financial measure in this presentation and the related earnings press release that is not calculated in accordance with U.S. generally accepted accounting principles ("GAAP"). The Company's management believes that Adjusted EBITDA can assist investors in evaluating the Company's operational trends, financial performance, and cash generating capacity. Management believes this non-GAAP financial measure allows investors to evaluate the Company's financial performance using some of the same measures as management. We calculate Adjusted EBITDA as net income (loss), the most comparable GAAP measurement, adjusted to exclude: (1) other income (expense), net, which includes interest (income) expense, foreign currency (gains) losses, and (gains) losses on disposal of fixed assets, (2) provision (benefit) for income taxes (3) depreciation and amortization and (4) equity-based compensation. Adjusted EBITDA may in the future also be adjusted for amounts impacting net income related to the Tax Receivable Agreement liability and other infrequent and unusual transactions. 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. This non-GAAP financial measure is designed to supplement, and not substitute the Company's financial information presented in accordance with GAAP. The non-GAAP financial measure as defined by the Company may not be comparable to similar non-GAAP financial measures presented by other companies. Reconciliations of the Company's non-GAAP financial measures to the most directly comparable GAAP financial metrics are available in the Company's related earnings press release and on the Company's website at https://investors.zevia.com/.

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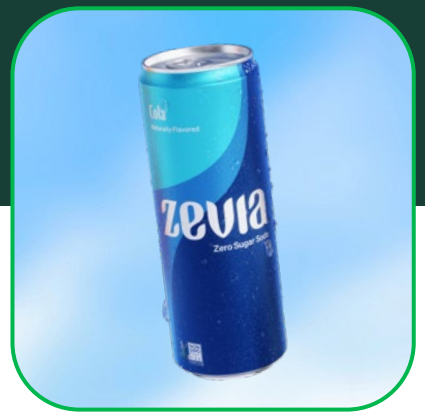
Zevia is...

...creating a world of better-for-you flavor, better for people and for the planet.



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The Zevia Solution



Great Taste

Deliciously refreshing with all the flavor you crave.



Zero Sugar

Guilt-free alternative to sugary sodas and beverages.



Plant-Based Ingredients

Only a handful of ingredients that shoppers can easily pronounce.



Sustainable Packaging

Reducing plastic waste by using only aluminum cans.



Democratizing Health

Affordable for a broad range of consumers and perfect for all ages.

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High-Performing, Globally Disruptive

Beverage Company



Supporting global public health with great-tasting, zero sugar, plant-based beverages

Sales



Expand Distribution
Accelerate Velocity
Leverage Platform Brand
Expand Market Share

Profitability



Optimize Supply Chain
Leverage Pricing Power

ESG



Reduce Sugar Consumption
Eliminate Plastic
Affordable Better-for-you Beverages

Maximize Stockholder Value

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5 Product Categories, 38 Flavors, New Brand Identity



Soda



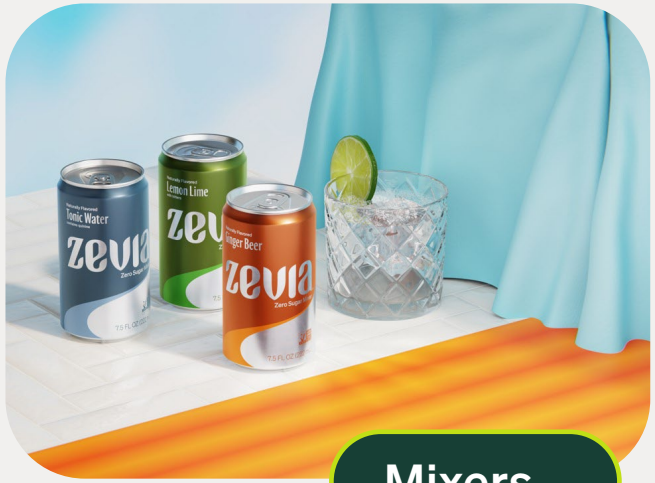
Energy



Kids



Tea



Mixers

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Q3 2023 Financial Results

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Executive Summary

- **Velocity demonstrates brand health and growing demand**
  - 16.2% velocity growth[1], a measure of sales per point of distribution
  - 21.5% base velocity growth[1], a measure of growth without distribution or promotional impact, demonstrating organic growth
- **Plans to address short-term interruption of service levels during supply chain transformation are on-track**
  - Net sales decreased 2.6% year-over-year to $43.1 million driven primarily by short-term supply chain logistics challenges hindering fulfillment
  - New leadership, logistics fixes, re-phasing of transition to new third-party partners and investments in short-term elevated inventory levels in the transition period have improved service levels each month. Plan is currently on track
  - Restoration of service levels are expected to be achieved by year-end, as communicated
- **Financial performance reflects short-term fixes, and progress toward long-term objectives**
  - Continued Gross Margin improvement, +2.1 percentage points over prior year
  - Strong execution of Q2 price increase
  - Investment in supply chain fixes yielded temporary Adjusted EBITDA impact

Net Sales
$43.1 Million
-2.6%

Gross Margin
45.4%
+2.1 percentage points

Adjusted EBITDA Loss[2]
$9.1 Million

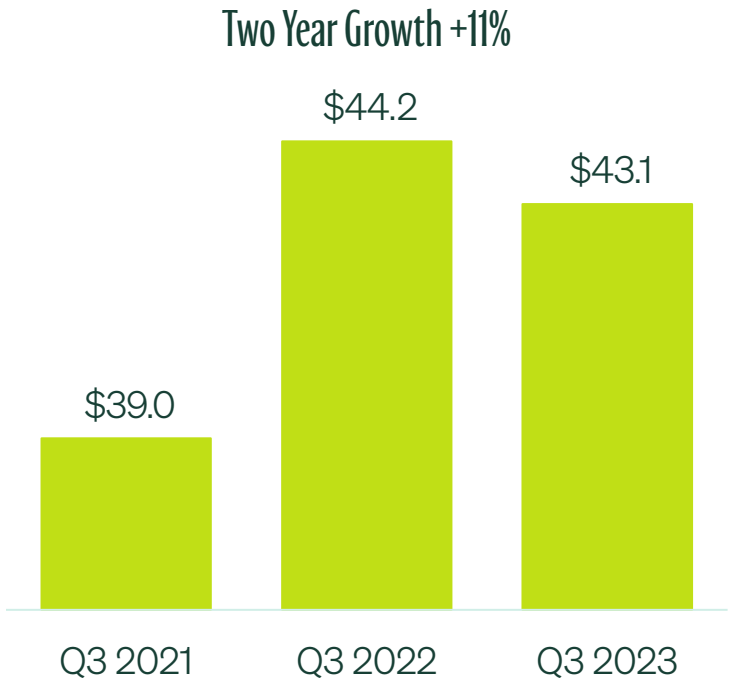
[1] Dollars per point of Distribution on Zevia Soda for Total US Mulo + Natural Channels as measured by Spins/Circana scan data for the L12wks through 10/08/2023 vs. the same period in the prior year
[2] Adjusted EBITDA is a non-GAAP financial measure that adds back other income (expense), net, provision (benefit) for income taxes, depreciation and amortization, and equity-based compensation. See Slide 11 for a discussion of this measure and a reconciliation to the most directly comparable GAAP measure

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Q3 2023 Financials Overview – Year Over Year

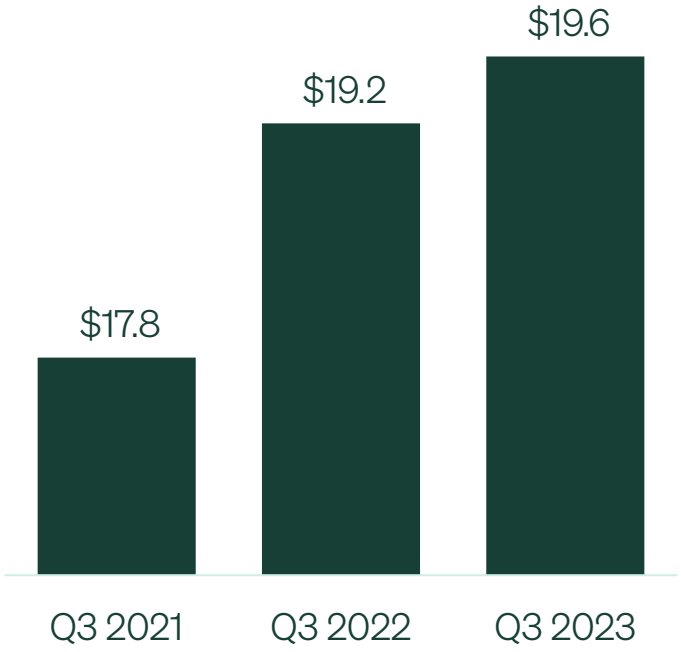
($ in Millions)

Net Sales



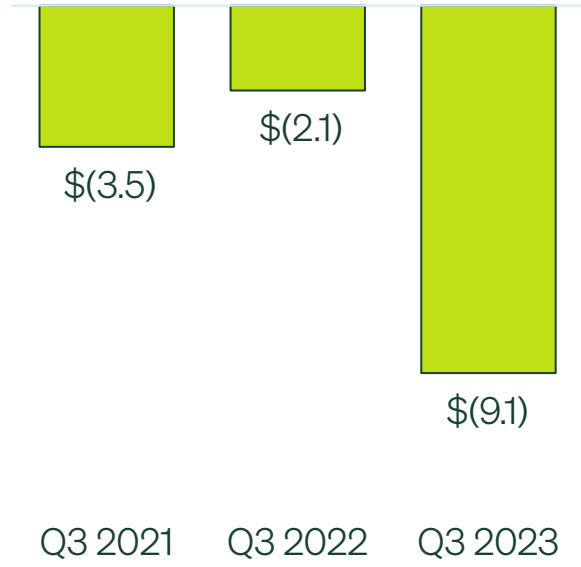
% Growth		
22%	14%	-3%

Gross Profit



% of Net Sales		
45.6%	43.3%	45.4%

Adjusted EBITDA[1]



% of Net Sales		
N/A[2]	N/A[2]	N/A[2]

[1] Adjusted EBITDA is a non-GAAP financial measure that adds back other income (expense), net, provision (benefit) for income taxes, depreciation and amortization, and equity-based compensation. See Slide 11 for a discussion of this measure and a reconciliation to the most directly comparable GAAP measure.
[2] Q3 2021, Q3 2022, and Q3 2023 represent a net loss

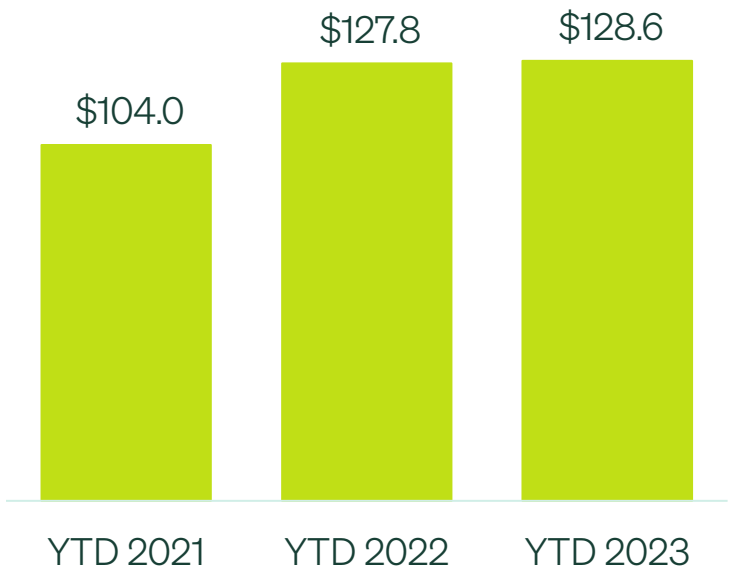
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YTD 2023 Financials Overview – Year Over Year

($ in Millions)

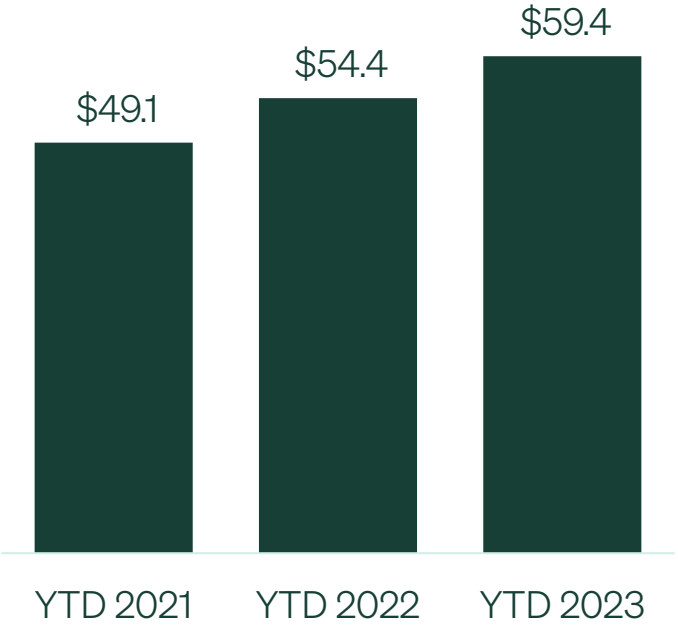
Net Sales

Two Year Growth +24%



% Growth		
27%	23%	1%

Gross Profit



% of Net Sales		
47.3%	42.5%	46.2%

Adjusted EBITDA[1]



% of Net Sales		
N/A[2]	N/A[2]	N/A[2]

[1] Adjusted EBITDA is a non-GAAP financial measure that adds back other income (expense), net, provision (benefit) for income taxes, depreciation and amortization, and equity-based compensation. See Slide 11 for a discussion of this measure and a reconciliation to the most directly comparable GAAP measure.
[2] 2021, 2022 and 2023 represent a net loss

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Profit & Loss and Adjusted EBITDA Reconciliation

	Q3 2023	Q3 2022	Q3 2021	Q3 2023 YTD	Q3 2022 YTD	Q3 2021 YTD	YE 2022	YE 2021	YE 2020
Net Sales	$43.1	$44.2	$39.0	$ 128.63	$ 127.82	$ 104.00	$163.2	$138.2	$110.0
% Growth	*-2.6%*	*13.6%*	*21.6%*	*0.6%*	*22.9%*	*26.5%*	*18.1%*	*25.6%*	*28.6%*
Cost of Good Sold	$23.5	$25.1	$21.2	$69.3	$73.4	$54.9	$93.2	$74.2	$58.7
Gross Profit	**$19.6**	**$19.2**	**$17.8**	**$59.4**	**$54.4**	**$49.1**	**$70.0**	**$63.9**	**$51.3**
Gross Margin	*45.4%*	*43.3%*	*45.6%*	*46.2%*	*42.5%*	*47.3%*	*42.9%*	*46.3%*	*46.7%*
Selling and Marketing	$20.5	$12.9	$13.6	$48.5	$42.8	$33.2	$52.9	$45.1	$29.1
General and Administrative	$8.3	$8.3	$7.7	$23.1	$28.3	$19.4	$36.8	$27.5	$18.8
Equity-based Compensation	$1.9	$6.8	$45.7	$6.6	$23.8	$45.8	$26.9	$77.7	$7.9
Depreciation and Amortization	$0.4	$0.3	$0.2	$1.2	$1.0	$0.7	$1.3	$1.0	$0.9
Income (Loss) from Operations	**($11.4)**	**($9.2)**	**($49.5)**	**($20.0)**	**($41.5)**	**($50.0)**	**($47.9)**	**($87.4)**	**($5.5)**
Other Income (Expense), Net	$0.2	$0.0	($0.2)	$0.9	$0.1	($0.3)	$0.3	($0.2)	($0.6)
Benefit (Provision) for Income Taxes	$0.0	($0.0)	($0.1)	($0.0)	($0.0)	($0.0)	($0.1)	($0.0)	$0.0
Net Income (Loss)	**($11.3)**	**($9.2)**	**($49.8)**	**($19.2)**	**($41.5)**	**($50.3)**	**($47.6)**	**($87.7)**	**($6.1)**
Net Loss to Adjusted EBITDA Reconciliation									
Net Loss	($11.3)	($9.2)	($49.8)	($19.2)	($41.5)	($50.3)	($47.6)	($87.7)	($6.1)
Other (Income) Expense, Net[1]	($0.2)	($0.0)	$0.2	($0.9)	($0.1)	$0.3	($0.3)	$0.2	$0.6
(Benefit) Provision for Income Taxes	($0.0)	$0.0	$0.1	$0.0	$0.0	$0.0	$0.1	$0.0	$0.0
Depreciation & Amortization	$0.4	$0.3	$0.2	$1.2	$1.0	$0.7	$1.3	$1.0	$0.9
Equity-based Compensation Expense	$1.9	$6.8	$45.7	$6.6	$23.8	$45.8	$26.9	$77.7	$7.9
Adjusted EBITDA[2]	**($9.1)**	**($2.1)**	**($3.5)**	**($12.2)**	**($16.7)**	**($3.4)**	**($19.6)**	**($8.7)**	**$3.3**

[1] Includes interest (income) expense, foreign currency (gains) losses, and (gain) losses on disposal of fixed assets.
[2] Represents a non-GAAP financial measure and is presented for supplemental informational purposes only. Summations may not foot due to rounding.

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Recent Developments

Syndicated Data & Initiatives

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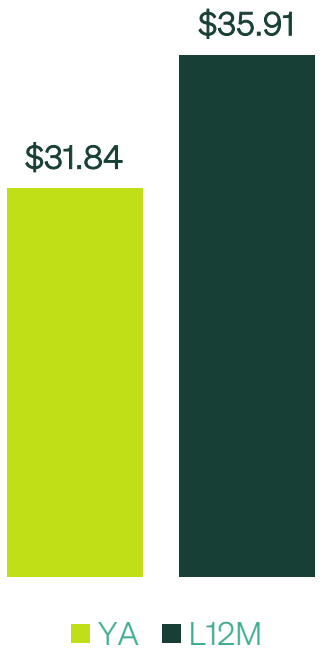
Consumer Panel Metrics

Household Penetration



% household penetration[1]

Purchase Trends



Dollar sales per household



Purchase Frequency



Dollar sales per trip

Source: Numerator Shopper Metrics Report for 12M ending 9/30/2023

[1] Decline is expected to be temporary and largely reflective of supply chain disruption

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Zevia Buyers Bring Incremental Growth to Beverage Sales

Zevia buyers are beverage engaged and spend more

+38%
More spend on Total Beverages
Latest 12 Month
vs. Average Shoppers[1]

+30%
More Total Beverage Trips
Latest 12 Month
vs. Average Shoppers[1]

+9%
Higher Total Basket Spend
Latest 12 Month
vs. Average Shoppers[1]

+16%
Velocity L12WK[2]



Source: [1] Numerator Shopper Metrics Report for 12M ending 9/30/2023
[2] Dollars per point of Distribution on Zevia Soda for Total US Mulo + Natural Channels as measured by Spins/Circana scan data through 10/08/2023

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Brand Refresh Has Rolled Out Nationwide









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Q3 2023 Progress on the Mission



Sugar Reduction

Eliminated 3.2K metric tons of sugar from our consumers' diets in the Q



Plastic Reduction

Eliminated 47 million plastic bottles from littering roadways, waterways and communities in the Q



Affordability Index

Zevia remains more affordable than 64% of all non-alcoholic beverages in North America



Company Culture

Recognized for multiple Company awards from Comparably, among small and mid-sized companies, as measured by anonymous employee surveys



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