
**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, DC 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, 2023

OR

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

For the transition period from _____ to _____

Commission File Number: 001-40950

The Vita Coco Company, Inc.

(Exact Name of Registrant as Specified in its Charter)

Delaware
(State or other jurisdiction of
incorporation or organization)

**250 Park Avenue South
Seventh Floor
New York, NY**
(Address of principal executive offices)

11-3713156
(I.R.S. Employer
Identification No.)

10003
(Zip Code)

(212) 206-0763
(Registrant's telephone number, including area code)

N/A
(Former name, former address and former fiscal year, if changed since last report)

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Common Stock, Par Value \$0.01 Per Share	COCO	The Nasdaq Stock Market LLC

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
Non-accelerated filer
Emerging growth company

Accelerated filer
Smaller reporting 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, 2023, there were 56,756,005 shares of the registrant's common stock, par value \$0.01 per share, outstanding.

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FORWARD-LOOKING STATEMENTS

This Quarterly Report on Form 10-Q contains forward-looking statements. We intend such forward-looking statements to be covered by the safe harbor provisions for forward-looking statements contained in 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”). All statements other than statements of historical facts contained in this Quarterly Report on Form 10-Q may be forward-looking statements. In some cases, you can identify forward-looking statements by terms such as “may,” “will,” “should,” “expects,” “plans,” “anticipates,” “could,” “intends,” “targets,” “projects,” “contemplates,” “believes,” “estimates,” “forecasts,” “predicts,” “potential” or “continue” or the negative of these terms or other similar expressions. Forward-looking statements contained in this Quarterly Report on Form 10-Q include, but are not limited to, statements regarding our future results of operations and financial position, industry and business trends, equity compensation, business strategy, projected costs, plans, prospects, expectations, market growth, new products, supply chain predictions, and our objectives for future operations.

The forward-looking statements in this Quarterly Report on Form 10-Q are only predictions. We have based these forward-looking statements largely on our current expectations and projections about future events and financial trends that we believe may affect our business, financial condition and results of operations. Forward-looking statements involve known and unknown risks, uncertainties and other important factors that may cause our actual results, performance or achievements to be materially different from any future results, performance or achievements expressed or implied by the forward-looking statements, including, but not limited to, the important factors discussed in Part I, Item 1A. “Risk Factors” in our Annual Report on Form 10-K for the year ended December 31, 2022 and in our Quarterly Reports on Form 10-Q for the quarters ended March 31, 2023 and June 30, 2023. The forward-looking statements in this Quarterly Report on Form 10-Q are based upon information available to us as of the date of this Quarterly Report on Form 10-Q, and while we believe such information forms a reasonable basis for such statements, such information may be limited or incomplete, and our statements should not be read to indicate that we have conducted an exhaustive inquiry into, or review of, all potentially available relevant information. These statements are inherently uncertain and investors are cautioned not to unduly rely upon these statements.

You should read this Quarterly Report on Form 10-Q and the documents that we reference herein and have filed as exhibits to this Quarterly Report on Form 10-Q with the understanding that our actual future results, performance and achievements may be materially different from what we expect. We qualify all of our forward-looking statements by these cautionary statements. These forward-looking statements speak only as of the date of this Quarterly Report on Form 10-Q. Except as required by applicable law, we do not plan to publicly update or revise any forward-looking statements contained in this Quarterly Report on Form 10-Q, whether as a result of any new information, future events or otherwise.

As used in this Quarterly Report on Form 10-Q, unless otherwise stated or the context requires otherwise, the terms “Vita Coco,” the “Company,” “we,” “us,” and “our” refer to The Vita Coco Company, Inc. and its consolidated subsidiaries.

PART I—FINANCIAL INFORMATION

Item 1. Financial Statements.

THE VITA COCO COMPANY, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED BALANCE SHEETS (UNAUDITED)
(Amounts in thousands, except share data)

	September 30, 2023	December 31, 2022
Assets		
Current assets:		
Cash and cash equivalents	\$ 94,885	\$ 19,629
Accounts receivable, net of allowance of \$2,849 at September 30, 2023, and \$2,898 at December 31, 2022	79,577	43,350
Inventory	50,380	84,115
Supplier advances	1,525	1,534
Derivative assets	3,147	3,606
Asset held for sale	—	503
Prepaid expenses and other current assets	17,794	22,181
Total current assets	247,308	174,918
Property and equipment, net	2,225	2,076
Goodwill	7,791	7,791
Supplier advances	3,462	4,360
Deferred tax assets, net	4,251	4,256
Right-of-use assets, net	1,718	2,679
Other assets	1,724	1,677
Total assets	<u>\$ 268,479</u>	<u>\$ 197,757</u>
Liabilities and Stockholders' Equity		
Current liabilities:		
Accounts payable	\$ 21,411	\$ 15,910
Accrued expenses and other current liabilities	51,242	38,342
Notes payable, current	15	23
Derivative liabilities	1,371	71
Total current liabilities	74,039	54,346
Notes payable, long-term	15	25
Other long-term liabilities	1,822	2,293
Total liabilities	75,876	56,664
Stockholders' equity:		
Common stock, \$0.01 par value; 500,000,000 shares authorized; 62,962,205 and 62,225,250 shares issued at September 30, 2023 and December 31, 2022, respectively 56,756,005 and 56,019,050 shares outstanding at September 30, 2023 and December 31, 2022, respectively	629	622
Additional paid-in capital	158,244	145,210
Retained earnings	93,969	55,183
Accumulated other comprehensive loss	(1,311)	(994)
Treasury stock, 6,206,200 shares at cost as of September 30, 2023, and December 31, 2022, respectively	(58,928)	(58,928)
Total stockholders' equity attributable to The Vita Coco Company, Inc.	192,603	141,093
Total liabilities and stockholders' equity	<u>\$ 268,479</u>	<u>\$ 197,757</u>

See accompanying notes to the condensed consolidated financial statements.

THE VITA COCO COMPANY, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS (UNAUDITED)
(Amounts in thousands, except for share and per share data)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2023	2022	2023	2022
Net sales	\$ 138,064	\$ 124,043	\$ 387,468	\$ 335,796
Cost of goods sold	81,893	91,467	246,542	254,868
Gross profit	56,171	32,576	140,926	80,928
Operating expenses				
Selling, general and administrative	32,649	23,960	89,855	73,018
Income (Loss) from operations	23,522	8,616	51,071	7,910
Other income (expense)				
Unrealized gain/(loss) on derivative instruments	(3,959)	952	(1,758)	6,416
Foreign currency gain/(loss)	(1,211)	(364)	(430)	(508)
Interest income	824	20	1,105	30
Interest expense	(1)	(130)	(31)	(213)
Total other income (expense)	(4,347)	478	(1,114)	5,725
Income before income taxes	19,175	9,094	49,957	13,635
Income tax expense	(4,011)	(1,836)	(10,101)	(3,011)
Net income	\$ 15,164	\$ 7,258	\$ 39,856	\$ 10,624
Net income per common share				
Basic	\$ 0.27	\$ 0.13	\$ 0.71	\$ 0.19
Diluted	\$ 0.26	\$ 0.13	\$ 0.68	\$ 0.19
Weighted-average number of common shares outstanding				
Basic	56,493,757	55,785,622	56,290,195	55,658,946
Diluted	59,271,757	56,579,912	58,494,045	56,029,069

See accompanying notes to the condensed consolidated financial statements.

THE VITA COCO COMPANY, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (UNAUDITED)
(Amounts in thousands)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2023	2022	2023	2022
Net income	\$ 15,164	\$ 7,258	\$ 39,856	\$ 10,624
Other comprehensive income (loss):				
Foreign currency translation adjustment	(426)	(102)	(317)	(552)
Total comprehensive income attributable to The Vita Coco Company, Inc.	\$ 14,738	\$ 7,156	\$ 39,539	\$ 10,072

See accompanying notes to the condensed consolidated financial statements.

THE VITA COCO COMPANY, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY
(UNAUDITED)
(Amounts in thousands, except for shares)

	Common Stock		Common Stock with Exit Warrants		Total Common Stock		Additional Paid-In	Retained Earnings	Accumulated Other Comprehensive Income / (Loss)	Treasury Stock		Total Shareholders' Equity Attributable to The Vita Coco Company, Inc.
	Shares	\$ Amount	Shares	\$ Amount	Shares	\$ Amount	Capital			Shares	Amount	
Balance at December 31, 2021	53,651,477	\$ 537	8,113,105	\$ 81	61,764,582	\$ 618	\$ 134,730	\$ 47,369	\$ (616)	6,206,200	\$ (58,928)	\$ 123,173
Net income	—	—	—	—	—	—	—	2,227	—	—	—	2,227
Stock-based compensation	—	—	—	—	—	—	2,386	—	—	—	—	2,386
Exercise of stock awards	26,845	—	—	—	26,845	—	151	—	—	—	—	151
Foreign currency translation adjustment	—	—	—	—	—	—	—	—	(254)	—	—	(254)
Balance at March 31, 2022	53,678,322	\$ 537	8,113,105	\$ 81	61,791,427	\$ 618	\$ 137,267	\$ 49,596	\$ (870)	6,206,200	\$ (58,928)	\$ 127,683
Net income	—	—	—	—	—	—	—	1,139	—	—	—	1,139
Stock-based compensation expense	—	—	—	—	—	—	1,814	—	—	—	—	1,814
Exercise of stock awards	66,272	1	—	—	66,272	1	89	—	—	—	—	90
Foreign currency translation adjustment	—	—	—	—	—	—	—	—	(196)	—	—	(196)
Balance at June 30, 2022	53,744,594	\$ 538	8,113,105	\$ 81	61,857,699	\$ 619	\$ 139,170	\$ 50,735	\$ (1,066)	6,206,200	\$ (58,928)	\$ 130,530
Net income	—	—	—	—	—	—	—	7,258	—	—	—	7,258
Stock-based compensation expense	—	—	—	—	—	—	1,457	—	—	—	—	1,457
Exercise of stock awards	271,493	2	—	—	271,493	2	2,468	—	—	—	—	2,470
Foreign currency translation adjustment	—	—	—	—	—	—	—	—	(102)	—	—	(102)
Balance at September 30, 2022	54,016,087	\$ 540	8,113,105	\$ 81	62,129,192	\$ 621	\$ 143,095	\$ 57,993	\$ (1,168)	6,206,200	\$ (58,928)	\$ 141,613
Balance at December 31, 2022	54,112,145	\$ 541	8,113,105	\$ 81	62,225,250	\$ 622	\$ 145,210	\$ 55,183	\$ (994)	6,206,200	\$ (58,928)	\$ 141,093
Net income	—	—	—	—	—	—	—	6,705	—	—	—	6,705
Cumulative-effect adjustment related to the adoption of accounting guidance for credit losses	—	—	—	—	—	—	—	(1,070)	—	—	—	(1,070)
Stock-based compensation	—	—	—	—	—	—	2,162	—	—	—	—	2,162
Exercise of stock awards	185,783	2	—	—	185,783	2	601	—	—	—	—	603
Foreign currency translation adjustment	—	—	—	—	—	—	—	—	173	—	—	173
Balance at March 31, 2023	54,297,928	\$ 543	8,113,105	\$ 81	62,411,033	\$ 624	\$ 147,973	\$ 60,818	\$ (821)	6,206,200	\$ (58,928)	\$ 149,666
Net income	—	—	—	—	—	—	—	17,987	—	—	—	17,987
Stock-based compensation	—	—	—	—	—	—	2,102	—	—	—	—	2,102
Exercise of stock awards	230,857	2	—	—	230,857	2	2,112	—	—	—	—	2,114
Foreign currency translation adjustment	—	—	—	—	—	—	—	—	(64)	—	—	(64)
Balance at June 30, 2023	54,528,785	\$ 545	8,113,105	\$ 81	62,641,890	\$ 626	\$ 152,187	\$ 78,805	\$ (885)	6,206,200	\$ (58,928)	\$ 171,805
Net income	—	—	—	—	—	—	—	15,164	—	—	—	15,164
Stock-based compensation	—	—	—	—	—	—	2,862	—	—	—	—	2,862
Exercise of stock awards	320,315	3	—	—	320,315	3	3,195	—	—	—	—	3,198
Foreign currency translation adjustment	—	—	—	—	—	—	—	—	(426)	—	—	(426)
Balance at September 30, 2023	54,849,100	\$ 548	8,113,105	\$ 81	62,962,205	\$ 629	\$ 158,244	\$ 93,969	\$ (1,311)	6,206,200	\$ (58,928)	\$ 192,603

See accompanying notes to the condensed consolidated financial statements.

THE VITA COCO COMPANY, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS (UNAUDITED)
(Amounts in thousands)

	Nine Months Ended September 30,	
	2023	2022
Cash flows from operating activities:		
Net income	\$ 39,856	\$ 10,624
Adjustments required to reconcile net income to cash flows from operating activities:		
Depreciation and amortization	503	1,442
(Gain)/loss on disposal of equipment	19	—
Bad debt expense	255	348
Unrealized (gain)/loss on derivative instruments	1,758	(6,416)
Stock-based compensation	7,126	5,657
Impairment loss on assets held for sale	363	619
Noncash lease expense	966	963
Changes in operating assets and liabilities:		
Accounts receivable	(37,234)	(20,696)
Inventory	33,815	(255)
Prepaid expenses, net supplier advances, and other assets	5,215	(4,433)
Accounts payable, accrued expenses, and other liabilities	17,361	(6,034)
Net cash provided by (used in) operating activities	70,003	(18,181)
Cash flows from investing activities:		
Cash paid for property and equipment	(533)	(907)
Proceeds from sale of property and equipment	5	—
Net cash used in investing activities	(528)	(907)
Cash flows from financing activities:		
Proceeds from exercise of stock awards	5,915	2,675
Borrowings on credit facility	—	22,000
Repayments of borrowings on credit facility	—	(12,500)
Cash received (paid) on notes payable	(18)	(22)
Net cash provided by (used in) financing activities	5,897	12,153
Effects of exchange rate changes on cash and cash equivalents	212	(544)
Net increase/(decrease) in cash and cash equivalents	75,584	(7,479)
Cash and cash equivalents at beginning of the period	19,629	28,690
Cash, cash equivalents and restricted cash at end of the period (1)	\$ 95,213	\$ 21,211

¹Includes \$328 and \$0 of restricted cash as of September 30, 2023 and 2022, respectively, that were included in other current assets.

See accompanying notes to the condensed consolidated financial statements.

THE VITA COCO COMPANY, INC. AND SUBSIDIARIES
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)
(Amounts in thousands, except share and per share amounts)

1. NATURE OF BUSINESS AND BASIS OF PRESENTATION

The Vita Coco Company, Inc. and subsidiaries (the “Company”) develops, markets, and distributes various coconut water products under the brand name *Vita Coco* and for retailers' own brands, predominantly in the United States. Other products include coconut milk, natural energy drinks (under the brand name *Runa*), coconut oil, water (under the brand name *Ever & Ever*), protein infused fitness drinks (under the brand name *PWR LIFT*) and coconut as a commodity.

The Company was incorporated in Delaware as All Market Inc. on January 17, 2007. On September 9, 2021, we changed our name to The Vita Coco Company, Inc. In 2018, the Company purchased certain assets and liabilities of *Runa*, which is marketed and distributed primarily in the United States.

We are a public benefit corporation under Section 362 of the Delaware General Corporation Law. As a public benefit corporation, our Board of Directors is required by the Delaware General Corporation Law to manage or direct our business and affairs in a manner that balances the pecuniary interests of our stockholders, the best interests of those materially affected by our conduct and the specific public benefits identified in our certificate of incorporation.

The Company has nine wholly-owned subsidiaries including four wholly-owned Asian subsidiaries established between fiscal 2012 and 2015, four North American subsidiaries established between 2012 and 2018, as well as All Market Europe, Ltd. (“AME”) in the United Kingdom of which the Company became the sole shareholder as of December 31, 2021.

Unaudited interim financial information

The Company’s condensed consolidated interim financial statements are prepared in accordance with accounting principles generally accepted in the United States of America (“U.S. GAAP”) and Article 10 of Regulation S-X. As permitted under those rules, certain footnotes or other financial information that are normally required by U.S. GAAP can be condensed or omitted. In the opinion of the Company, the accompanying unaudited condensed consolidated financial statements contain all adjustments, consisting of only normal recurring adjustments, necessary for a fair presentation of the Company’s financial information for the interim period presented. These interim results are not necessarily indicative of the results to be expected for the year ending December 31, 2023 or for any other interim period or for any other future year. The condensed consolidated balance sheet as of September 30, 2023 is unaudited and should be read in conjunction with the audited consolidated financial statements and the related notes thereto for the fiscal year ended December 31, 2022.

During the nine months ended September 30, 2023, there were no significant changes to the Company’s significant accounting policies as described in the Company’s audited consolidated financial statements as of and for the year ended December 31, 2022, except for the adoption of ASU 2016-13, Financial Instruments - Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments as described in Note 2, under “Recently Adopted Accounting Pronouncements”.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

The accompanying condensed consolidated financial statements are presented in accordance with U.S. GAAP.

Principles of Consolidation

The condensed consolidated financial statements include all the accounts of the wholly-owned subsidiaries. All intercompany accounts and transactions have been eliminated in consolidation.

Use of Estimates

Preparation of condensed consolidated financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets

and liabilities at the date of the condensed consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. Management considers many factors in selecting appropriate financial accounting policies and controls in developing the estimates and assumptions that are used in the preparation of these condensed consolidated financial statements. Management must apply significant judgment in this process. In addition, other factors may affect estimates, including expected business and operational changes, sensitivity and volatility associated with the assumptions used in developing estimates, and whether historical trends are expected to be representative of future trends. Additionally, uncertainty in the macroeconomic environment resulting from current geopolitical and economic instability (including the effects of current wars and other international conflicts) and the high interest rate and inflationary cost environment make estimates and assumptions difficult to calculate with precision. The estimation process often may yield a range of reasonable estimates of the ultimate future outcomes, and management must select an amount that falls within that range of reasonable estimates. The most significant estimates in the condensed consolidated financial statements relate to share-based compensation, assessing long-lived assets for impairment, estimating the net realizable value of inventories, determining the accounts receivables reserve, assessing goodwill for impairment, determining the value of trade promotions, and assessing the realizability of deferred income taxes. Actual results could differ from those estimates.

Concentration of Credit Risk

The Company's cash and accounts receivable are subject to concentrations of credit risk. The Company's cash balances are primarily on deposit with banks in the U.S. which are guaranteed by the Federal Deposit Insurance Corporation ("FDIC") up to \$250. At times, such cash may be in excess of the FDIC insurance limit. To minimize the risk, the Company's policy is to maintain cash balances with high quality institutions, which may include banks, financial institutions and investment firms, and invest daily or reserve operating cash in money market funds, government securities, bank obligations, municipal securities or other investment vehicles with short-term maturities.

Substantially all of the Company's customers are either wholesalers or retailers of beverages. A material default in payment, a material reduction in purchases from these or any large customers, or the loss of a large customer or customer groups could have a material adverse impact on the Company's financial condition, results of operations and liquidity. The Company is exposed to concentration of credit risk from its major customers for which two customers in aggregate represented 51% and 55% of total net sales for the nine months ended September 30, 2023 and 2022, respectively. In addition, the two customers in aggregate also accounted for 51% and 39% of total accounts receivable as of September 30, 2023 and December 31, 2022, respectively. The Company has not experienced credit issues with these customers. Refer to Note 7, *Commitments and Contingencies* regarding additional information on our major customers.

Recently Adopted Accounting Pronouncements

In June 2016, the Financial Accounting Standards Board ("FASB") issued ASU 2016-13, Financial Instruments - Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments ("ASU 2016-13"). The new accounting standard introduced the current expected credit losses methodology ("CECL") for estimating allowances for credit losses. The measurement of expected credit losses under the CECL methodology is applicable to financial assets measured at amortized costs, including loans and trade receivables. ASU 2016-13 is effective for the Company, as an Emerging Growth Company ("EGC"), for annual and interim reporting periods beginning after December 15, 2022. The Company adopted the standard on January 1, 2023 using the modified retrospective method for all financial assets in scope. The amounts for reporting periods beginning after January 1, 2023 are presented under ASC 326 methodology, while prior period amounts continue to be reported in accordance with previously applicable U.S. GAAP.

As a part of the adoption, the Company selected to apply roll-rate method to estimate current expected credit losses for its accounts receivable population and weighted average remaining maturity ("WARM") method for supplier advances.

The difference of \$1,070 between the incurred credit loss estimate and current expected credit loss estimate was recorded as cumulative effect adjustment to the Company's opening retained earnings and reflected on the consolidated balance sheet as of January 1, 2023 as a result of the ASC 326 adoption. The adoption of the standard did not have a material impact on the Company's consolidated statements of operations, or consolidated statements of cash flows. The following table illustrates the impact of ASC 326.

	As of January 1, 2023		
	As reported under ASC 326	Pre-ASC 326 adoption	Impact of ASC 326 adoption
Allowance for credit losses on accounts receivables	\$ 3,552	\$ 2,898	\$ 654
Allowance for credit losses on supplier advances	416	—	416
Total	\$ 3,968	\$ 2,898	\$ 1,070

Recently Issued Accounting Pronouncements

As a company with less than \$1.235 billion of revenue during the last fiscal year, the Company currently qualifies as an EGC as defined in the Jumpstart Our Business Startups Act. This classification allows the Company to delay adoption of new or revised accounting pronouncements applicable to public companies until such pronouncements are made applicable to private companies. The Company has elected to use the adoption dates applicable to private companies. As a result, the Company's financial statements may not be comparable to the financial statements of issuers who are required to comply with the effective date for new or revised accounting standards that are applicable to public companies. Based on the closing share price and the market value of the Company's Common Stock, par value \$0.01 per share ("Common Stock"), held by non-affiliates as of June 30, 2023, the Company will be deemed a large accelerated public company filer as of December 31, 2023. As a result, beginning with the Annual Report on Form 10-K for the year ending December 31, 2023, the Company will not be able to rely on the extended transition period noted above and will be required to adopt all new accounting pronouncements within the same time periods as public companies.

3. REVENUE RECOGNITION

Revenues are accounted for in accordance with ASC 606. The Company disaggregates revenue into the following product categories:

- **Vita Coco Coconut Water**—This product category consists of all branded coconut water product offerings under the *Vita Coco* labels, where the majority ingredient is coconut water. The Company determined that the sale of the products represents a distinct performance obligation as customers can benefit from purchasing the products on their own or together with other resources that are readily available to the customers. For these products, control is transferred upon customer receipt, at which point the Company recognizes the transaction price for the product as revenue.
- **Private Label**—This product category consists of all private label product offerings, which includes coconut water and oil. The Company determined the production and distribution of private label products represents a distinct performance obligation. Since there is no alternative use for these products and the Company has the right to payment for performance completed to date, the Company recognizes the revenue for the production of these private label products over time as the production for open purchase orders occurs, which may be prior to any shipment.
- **Other**—This product category consists of all other products, which includes *Runa*, *Ever & Ever* and *PWR LIFT* product offerings and *Vita Coco* product extensions beyond coconut water, coconut milk products, and other revenue transactions (e.g., bulk product sales). For these products, control is transferred upon customer receipt, at which point the Company recognizes the transaction price for the product as revenue.

The Company excludes from revenues all taxes assessed by a governmental authority that are imposed on the sale of its products and collected from customers.

Disaggregation of Revenue

The following table disaggregates net revenue by product type and reportable segment:

	Three Months Ended September 30, 2023		
	Americas	International	Consolidated
Vita Coco Coconut Water	\$ 89,683	\$ 11,350	\$ 101,033
Private Label	28,257	5,421	33,678
Other	2,706	647	3,353
Total	\$ 120,646	\$ 17,418	\$ 138,064

	Three Months Ended September 30, 2022		
	Americas	International	Consolidated
Vita Coco Coconut Water	\$ 82,643	\$ 10,637	\$ 93,280
Private Label	24,786	3,810	28,596
Other	1,367	800	2,167
Total	\$ 108,796	\$ 15,247	\$ 124,043

	Nine Months Ended September 30, 2023		
	Americas	International	Consolidated
Vita Coco Coconut Water	\$ 253,825	\$ 33,628	\$ 287,453
Private Label	77,366	13,140	90,506
Other	7,490	2,019	9,509
Total	\$ 338,681	\$ 48,787	\$ 387,468

	Nine Months Ended September 30, 2022		
	Americas	International	Consolidated
Vita Coco Coconut Water	\$ 217,934	\$ 30,110	\$ 248,044
Private Label	68,413	9,521	77,934
Other	7,553	2,265	9,818
Total	\$ 293,900	\$ 41,896	\$ 335,796

4. INVENTORY

Inventory consists of the following:

	September 30, 2023	December 31, 2022
Raw materials and packaging	\$ 2,736	\$ 5,771
Finished goods	47,644	78,344
Inventory	\$ 50,380	\$ 84,115

5. GOODWILL

Goodwill consists of the following:

	September 30, 2023	December 31, 2022
Goodwill	\$ 7,791	\$ 7,791

All of the Company's goodwill is associated with an acquisition, which occurred in June 2018. The goodwill is allocated to the Americas reporting unit and is tax deductible. The Company has not recognized any impairment since acquisition.

6. DEBT

The table below details the outstanding balances on the Company's debt as of September 30, 2023 and December 31, 2022:

	September 30, 2023	December 31, 2022
Notes payable		
Vehicle loans	30	48
	<u>\$ 30</u>	<u>\$ 48</u>
Current	15	23
Non-current	<u>\$ 15</u>	<u>25</u>

2020 Credit Facility

In May 2020, the Company entered into the five-year credit facility with Wells Fargo Bank, National Association ("Wells Fargo") consisting of a revolving line of credit, which currently provides for committed borrowings of \$60,000 (the "2020 Credit Facility"). As of September 30, 2023 and December 31, 2022, the Company had no outstanding borrowings under its 2020 Credit Facility. The 2020 Credit Facility is collateralized by substantially all of the Company's assets. In December 2022, the Company amended the 2020 Credit Facility to transition the interest rate from reference to the London Interbank Offered Rate ("LIBOR") to the Secured Overnight Financing Rate ("SOFR"). Borrowings on the 2020 Credit Facility bear interest at rates based on either: 1) a fluctuating rate per annum determined to be the sum of Daily Simple SOFR plus a spread defined in the credit agreement (the "Spread"); or 2) a fixed rate per annum determined to be the sum of the Term SOFR plus the Spread. The Spread ranges from 1.00% to 1.75%, which is based on the Company's leverage ratio (as defined in the credit agreement) for the immediately preceding fiscal quarter as defined in the credit agreement. In addition, the Company is currently subject to an unused commitment fee ranging from 0.10% and 0.20% on the unused amount of the line of credit, with the rate being based on the Company's leverage ratio (as defined in the credit agreement).

The borrowings made before the December 2022 amendment bore interest at rates based on either: 1) LIBOR; or 2) a specified base rate (determined by reference to the greatest of the prime rate published by Wells Fargo, the federal funds effective rate plus 1.5% and one-month LIBOR plus 1.5%), as selected periodically by the Company. The LIBOR-based loans bore interest at LIBOR plus the Spread. The unused commitment fee prior to the December 2022 amendment was the same.

The maturity date on the 2020 Credit Facility is May 12, 2026.

Interest expense and unused commitment fee for the 2020 Credit Facility amounted to \$15 and \$140 for the three months ended September 30, 2023 and 2022, respectively. Interest expense and unused commitment fee for the 2020 Credit Facility amounted to \$46 and \$249 for the nine months ended September 30, 2023 and 2022, respectively.

The 2020 Credit Facility contains certain affirmative and negative covenants that, among other things, limit the Company's ability to, subject to various exceptions and qualifications: (i) incur liens; (ii) incur additional debt; (iii) sell, transfer or dispose of assets; (iv) merge with or acquire other companies; (v) make loans, advances or guarantees; (vi) make investments; (vii) make dividends and distributions on, or repurchases of, equity; and (viii) enter into certain transactions with affiliates. The 2020 Credit Facility also requires the Company to maintain certain financial covenants including a maximum leverage ratio, a minimum fixed charge coverage ratio, and a minimum asset coverage ratio. As of September 30, 2023, the Company was compliant with all financial covenants.

7. COMMITMENTS AND CONTINGENCIES

Contingencies:

Litigation—The Company may engage in various litigation matters in the ordinary course of business. The Company intends to vigorously defend itself in such matters, based upon the advice of legal counsel, and is of the opinion that the resolution of these matters will not have a material effect on the condensed consolidated financial statements. For any cases for which management believes that it is probable that it will incur a loss and the amount of such loss can be

reasonably estimated, a provision for legal settlements will be recorded. As of September 30, 2023 and December 31, 2022, the Company has not recorded any liabilities relating to legal settlements.

Business Risk—The Company imports finished goods predominantly from manufacturers located in South American and Southeast Asian countries. The Company may be subject to certain business risks due to potential instability in these regions.

Major Customers—The Company's customers that accounted for 10% or more of total net sales and total accounts receivable were as follows:

	Net sales		Accounts receivable	
	Nine Months Ended September 30,		September 30, 2023	December 31, 2022
	2023	2022		
Customer A	29 %	31 %	27 %	16 %
Customer B	22 %	24 %	24 %	23 %

One of the customers acquired less than 5% ownership in the Company upon consummation of the Company's initial public offering ("IPO"). The same customer also vested in 100,000 restricted stock awards during the period ended March 31, 2023 as discussed in Note 10, Stockholders' Equity. The customer continues to hold less than 5% ownership in the Company as of September 30, 2023.

The Company previously announced that it expected to cease supplying a major customer with private label coconut water and private label coconut oil, with the transition potentially happening as early as the fourth quarter of 2023. At the request of this private label customer, the Company now expects to continue the supply relationship through 2024 for a significant portion of their private label coconut water needs.

Major Suppliers—The Company's suppliers that accounted for 10% or more of the Company's purchases were as follows:

	Nine Months Ended September 30,	
	2023	2022
Supplier A	20 %	16 %
Supplier B	14 %	13 %
Supplier C	10 %	5 %
Supplier D	10 %	6 %

8. DERIVATIVE INSTRUMENTS

The Company accounts for derivative instruments in accordance with the ASC Topic 815, Derivatives and Hedging ("ASC 815"). These principles require that all derivative instruments be recognized at fair value on each balance sheet date unless they qualify for a scope exclusion as a normal purchase or sales transaction, which is accounted for under the accrual method of accounting. In addition, these principles permit derivative instruments that qualify for hedge accounting to reflect the changes in the fair value of the derivative instruments through earnings or stockholders' equity as other comprehensive income on a net basis until the hedged item is settled and recognized in earnings, depending on whether the derivative is being used to hedge changes in fair value or cash flows. The ineffective portion of a derivative instrument's change in fair value is immediately recognized in earnings. As of September 30, 2023 and December 31, 2022, the Company did not have any derivative instruments that it had designated as fair value or cash flow hedges.

The Company is subject to the following currency risks:

Inventory Purchases from Brazilian, Malaysian and Thai Manufacturers—In order to mitigate the currency risk on inventory purchases from its Brazilian, Malaysian and Thai manufacturers, which are settled in Brazilian real ("BRL"), Malaysian ringgit ("MYR") and Thai baht ("THB"), the Company's subsidiary, All Market Singapore Pte. Ltd. ("AMS"), enters a series of forward currency swaps to buy BRL, MYR and THB.

Intercompany Transactions Between AME and AMS—In order to mitigate the currency risk on intercompany transactions between AME and AMS, AMS enters into foreign currency swaps to sell British pounds ("GBP").

Intercompany Transactions with Canadian Customer and Vendors—In order to mitigate the currency risk on transactions with Canadian customer and vendors, the Company enters into foreign currency swaps to sell Canadian dollars ("CAD").

The notional amount and fair value of all outstanding derivative instruments in the condensed consolidated balance sheets consist of the following at:

September 30, 2023				
Derivatives not designated as hedging instruments under ASC 815-20	Notional Amount	Fair Value	Balance Sheet Location	
Assets				
Foreign currency exchange contracts				
Receive BRL/sell USD	\$ 56,415	\$ 2,745	Derivative assets	
Receive USD/pay EUR	4,892	94	Derivative assets	
Receive USD/pay GBP	22,954	250	Derivative assets	
Receive USD/pay CAD	4,610	58	Derivative assets	
Liabilities				
Foreign currency exchange contracts				
Receive THB/sell USD	\$ 22,341	\$ (1,371)	Derivative liabilities	
December 31, 2022				
Derivatives not designated as hedging instruments under ASC 815-20	Notional Amount	Fair Value	Balance Sheet Location	
Assets				
Foreign currency exchange contracts				
Receive USD/pay GBP	\$ 23,702	\$ 1,104	Derivative assets	
Receive BRL/sell USD	46,301	2,314	Derivative assets	
Receive USD/pay CAD	4,819	188	Derivative assets	
Liabilities				
Foreign currency exchange contracts				
Receive USD/pay EUR	604	(7)	Derivative liabilities	
Receive THB/sell USD	21,990	(64)	Derivative liabilities	

The amount and location of realized and unrealized gains and losses of the derivative instruments in the condensed consolidated statements of operations for the three and nine months ended September 30, 2023 and 2022 are as follows:

	Three Months Ended September 30,	
	2023	2022
Unrealized gain/(loss) on derivative instruments	\$ (3,959)	\$ 952
Location	Unrealized gain/(loss) on derivative instruments	Unrealized gain/(loss) on derivative instruments
Foreign currency gain / (loss)	\$ 1,909	\$ 881
Location	Foreign currency gain/(loss)	Foreign currency gain/(loss)
	Nine Months Ended September 30,	
	2023	2022
Unrealized gain/(loss) on derivative instruments	\$ (1,758)	\$ 6,416
Location	Unrealized gain/(loss) on derivative instruments	Unrealized gain/(loss) on derivative instruments
Foreign currency gain / (loss)	\$ 4,552	\$ 1,839
Location	Foreign currency gain/(loss)	Foreign currency gain/(loss)

The Company applies recurring fair value measurements to its derivative instruments in accordance with ASC Topic 820, Fair Value Measurements ("ASC 820"). In determining fair value, the Company used a market approach and incorporated the assumptions that market participants would use in pricing the asset or liability, including assumptions about risk and/or the risks inherent in the inputs to the valuation technique. These inputs can be readily observable, market corroborated or generally unobservable internally developed inputs.

9. FAIR VALUE MEASUREMENTS

ASC 820 provides a framework for measuring fair value and requires expanded disclosures regarding fair value measurements. ASC 820 defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. ASC 820 also establishes a fair value hierarchy which requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs. Based upon observability of the inputs used in valuation techniques, the Company's assets and liabilities are classified as follows:

Level 1—Quoted market prices in active markets for identical assets or liabilities.

Level 2—Observable inputs other than Level 1 prices, such as quoted prices for similar assets or liabilities, quoted market prices in markets that are not active, or other inputs that are observable or can be corroborated by observable market data.

Level 3—Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities. This includes internally developed models and methodologies utilizing significant unobservable inputs.

Forward Currency Swap Contracts—The Company's valuation methodology for forward currency swap contracts is based upon third-party institution data.

Contingent Consideration Liability—The Company utilized a probability weighted scenario-based model to determine the fair value of the contingent consideration. The term of the remeasurement period for the contingent consideration ended in December 2022, resulting in no contingent payment as the revenue growth was not achieved.

The Company's fair value hierarchy for those assets (liabilities) measured at fair value on a recurring basis at September 30, 2023 and December 31, 2022, is as follows:

	Level 1	Level 2	Level 3	Total
		Forward Currency Swaps/Contracts	Contingent consideration liability	
September 30, 2023	\$ —	\$ 1,776	\$ —	\$ 1,776
December 31, 2022	\$ —	\$ 3,535	\$ —	\$ 3,535

There were no transfers between any levels of the fair value hierarchy for any of the Company's fair value measurements.

10. STOCKHOLDERS' EQUITY

Common and Treasury Stock—Each share of Common Stock entitles its holder to one vote on matters required to be voted on by the stockholders of the Company and to receive dividends, when and if declared by the Company's Board of Directors.

As of September 30, 2023 and December 31, 2022, the Company held 6,206,200 shares, respectively, in treasury stock. As of September 30, 2023 and December 31, 2022, the Company had 3,117,657 and 2,898,930 shares, respectively, of Common Stock available for issuance upon the conversion of outstanding stock awards under the 2021 Incentive Award Plan ("2021 Plan").

On May 23, 2023, the Company entered into an underwriting agreement (the "Underwriting Agreement") with BofA Securities, Inc., Evercore Group L.L.C. and Goldman Sachs & Co. LLC, as the representative of the underwriters named in Schedule I thereto (collectively, the "Underwriters"), and a stockholder of the Company, Verinvest Beverages SA (the "Selling Stockholder"), relating to an underwritten public offering of 5,000,000 shares (the "Offering") of Common Stock at a price to the public of \$23.00 per share, before deducting underwriting discounts. Pursuant to the Underwriting Agreement, all 5,000,000 shares of Common Stock were sold by the Selling Stockholder. Under the terms of the Underwriting Agreement, the Selling Stockholder granted the Underwriters an option exercisable for 30 days to purchase up to an additional 750,000 shares of Common Stock from the Selling Stockholder at the public offering price, less underwriting discounts and commissions, which option was exercised in full prior to the closing of the Offering. The closing of the Offering occurred on May 26, 2023. The Company did not receive any of the proceeds from the sale of the shares. Additionally, the Company incurred \$856 of administrative expenses related to the Offering, which were expensed in the nine months ended September 30, 2023.

Subsequent to September 30, 2023, the Company's Board of Directors approved a share repurchase program authorizing the Company to repurchase up to \$40 million of Common Stock. Refer to Note 16, *Subsequent Events* for further details.

Warrants—All service and exit warrants expired as of December 31, 2021. As such, there was no warrant activity for the nine months ended September 30, 2023.

Stock-based Compensation—The stockholders of the Company approved the adoption of the Company's 2014 Stock Option and Restricted Stock Plan (the "2014 Plan"). The 2014 Plan allowed for a maximum of 8% of the sum of the Available Equity defined as the sum of: (i) the total then outstanding shares of common shares; and (ii) all available stock options (i.e., granted and outstanding stock options and stock options not yet granted). Under the terms of the 2014 Plan, the Company could grant employees, directors and consultants stock options and restricted stock awards and had the authority to establish the specific terms of each award, including exercise price, expiration and vesting. Only stock options were granted under the 2014 Plan. Generally, stock options issued pursuant to the 2014 Plan contain exercise prices no less than the fair value of Common Stock on the date of grant and have a ten-year contractual term.

Subsequent to September 30, 2021, the stockholders of the Company approved the adoption of the 2021 Plan, which was effective after the closing of the Company's IPO completed in October 2021. On and after closing of the offering and the effectiveness of the 2021 Plan, no further grants will be made under the 2014 Plan. The maximum number of shares of our common stock available for issuance under the 2021 Plan is equal to the sum of (i) 3,431,312 shares of our common stock; and (ii) an annual increase on the first day of each year beginning in 2022 and ending in and including 2031, equal to the lesser of (A) two percent (2%) of the outstanding shares of our Common Stock on the last day of the

immediately preceding fiscal year; and (B) such lesser amount as determined by our Board of Directors; provided, however, no more than 3,431,312 shares may be issued upon the exercise of incentive stock options, or ISOs. The 2021 Plan provides for the grant of stock options, including ISOs and nonqualified stock options, or NSOs, restricted stock, dividend equivalents, stock payments, restricted stock units, or RSUs, other incentive awards, SARs, and cash awards.

The Company recognized stock-based compensation expense of \$2,709 and \$1,142 for the three months ended September 30, 2023 and 2022, respectively, in selling, general and administrative expenses. Additionally, the stock compensation expense of \$5,957 and \$4,722 was recognized for the nine months ended September 30, 2023 and 2022, respectively, in selling, general and administrative expenses. For the RSUs previously granted to a major customer, \$153 and \$315 was recognized for the three months ended September 30, 2023 and September 30, 2022, respectively, as stock-based sales incentive based on guidance in ASC 606 and reflected as a reduction in the transaction price revenue. The Company recognized \$1,169 and \$935 for the nine months ended September 30, 2023 and September 30, 2022, respectively, as a reduction in transaction price revenue for this major customer.

Option Awards with Service-based Vesting Conditions

Most of the stock option awards granted under the 2014 Plan and 2021 Plan vest based on continuous service. The options awarded to the employees have differing vesting schedules as specified in each grant agreement. There were 296,693 new service-based stock option awards granted during the nine months ended September 30, 2023. Exercises of stock options during the three and nine months ended September 30, 2023, were 314,210 and 583,201, respectively.

Option Awards with Performance and Market-based Vesting Conditions

There are also stock option awards containing performance-based vesting conditions, subject to achievement of various performance goals by a future period, including revenue and gross margin targets. There are also stock option awards containing performance and market vesting conditions, such as options vesting upon occurrence of an IPO or other qualifying liquidity event and upon achieving a predetermined equity value of the Company. These awards include a grant to the current CEO in 2019 that vest upon occurrence of an initial public offering or other qualifying liquidity event and upon achieving a predetermined equity value of the Company. As of July 31, 2023, the performance and market vesting conditions were achieved and the remaining stock compensation expense of \$762 for this award was accelerated and recognized in the three months ended September 30, 2023 .

During the nine months ended September 30, 2022, certain awards that contained performance-based vesting conditions were modified. The modification adjusted the performance condition to allow for 50% of the performance awards to meet the criteria to vest, and no other terms were modified. Since it did not affect any terms that would affect the fair value, and only the number of awards, it is considered an improbable-to-probable modification. The impact of the modification was not material. There were no modifications during the nine months ended September 30, 2023.

There were 412,341 new stock option awards granted during the nine months ended September 30, 2023 with performance-based vesting conditions, subject to achievement of various performance goals by the end of 2025 or 2026, specifically net sales growth and Adjusted EBITDA targets.

Service & Performance based Restricted Stock and RSUs

Restricted stock and RSUs were granted under the 2021 Plan and primarily vest based on continuous service. The RSUs with service-based vesting conditions awarded to the employees have differing vesting schedules as specified in each grant agreement. The RSUs granted to non-employee directors vest in full on the earlier of: (i) the day immediately preceding the date of the first Annual Shareholders Meeting following the date of grant; or (ii) the first anniversary of the date of grant. During the nine months ended September 30, 2023, the Company also granted RSUs that contained performance-based vesting conditions, subject to achievement of various performance goals by the end of 2025 or 2026, specifically net sales growth and Adjusted EBITDA targets.

Also included in these awards are \$3 million of shares of restricted Common Stock granted at the time of the IPO to entities affiliated with a significant customer, at a price per share granted at the IPO of \$15.00, or 200,000 restricted shares, in connection with an amendment to extend the distributor agreement term to June 10, 2026. Since the distribution agreement has not been terminated by either party for cause as of March 31, 2023, 50% of the shares were released on March 31, 2023. Assuming the distribution agreement is not terminated by either party for cause, the remaining 50% will be released on March 31, 2024. The grant was accounted for as a stock-based sales incentive based on guidance in ASC

606 and is reflected as a reduction in the transaction price of revenue on the basis of the grant-date fair-value measure in accordance with the stock compensation guidance in ASC 718.

During the nine months ended September 30, 2023, there were 203,226 service based and 17,742 performance based RSUs granted, which had an aggregate grant date fair value of \$4,169. During the three and nine months ended September 30, 2023, awards vested were 6,105 and 153,754, respectively, which includes service based RSUs and restricted stock of the major customer.

11. INCOME TAXES

For the three months ended September 30, 2023 and 2022, the Company recorded income tax expense of \$4,011 and \$1,836, respectively. For the nine months ended September 30, 2023 and 2022, the Company recorded \$10,101 and \$3,011, respectively, in income tax expense in its condensed consolidated statements of operations.

In assessing the recoverability of its deferred tax assets, the Company continually evaluates all available positive and negative evidence to assess the amount of deferred tax assets for which it is more likely than not to realize a benefit. For any deferred tax asset in excess of the amount for which it is more likely than not that the Company will realize a benefit, the Company establishes a valuation allowance.

As of September 30, 2023 and December 31, 2022, the Company recorded liabilities for income tax uncertainties in its consolidated balance sheets of \$106 and \$144, respectively. The Company's policy is to record interest and penalties related to income taxes as part of its income tax provision. The Company does not expect its uncertain tax positions to change significantly over the next twelve months. The Company is subject to income tax examinations by the U.S. Internal Revenue Service ("IRS") and various state and local jurisdictions for the open tax years between December 31, 2019 and December 31, 2022.

12. EARNINGS PER SHARE

Basic and diluted earnings per share were calculated as follows:

	Three months ended September 30,		Nine months ended September 30,	
	2023	2022	2023	2022
Numerator:				
Net income	\$ 15,164	\$ 7,258	\$ 39,856	\$ 10,624
Denominator:				
Weighted-average number of common shares used in earnings per share—basic	56,493,757	55,785,622	56,290,195	55,658,946
Effect of conversion of stock options	2,778,000	794,290	2,203,850	370,123
Weighted-average number of common shares used in earnings per share—diluted	59,271,757	56,579,912	58,494,045	56,029,069
Earnings per share—basic	\$ 0.27	\$ 0.13	\$ 0.71	\$ 0.19
Earnings per share—diluted	\$ 0.26	\$ 0.13	\$ 0.68	\$ 0.19

The following potentially dilutive securities, prior to the use of the treasury stock method, have been excluded from the computation of diluted weighted-average number of common shares outstanding, as they would be anti-dilutive:

	Three months ended September 30,		Nine months ended September 30,	
	2023	2022	2023	2022
Options to purchase common stock and RSUs	34,178	1,123,845	385,207	1,954,406

13. SEGMENT REPORTING

The Company has two operating and reportable segments:

- Americas—The Americas segment is comprised primarily of the U.S. and Canada, and derives its revenues from the marketing and distribution of various coconut water and non-coconut water products (e.g., coconut oil and milk). The Company's Guayusa leaf products (*Runa*), aluminum bottle canned water (*Ever & Ever*), and protein infused fitness drink (*PWR LIFT*) are marketed only in the Americas segment.
- International—The International segment is comprised primarily of Europe, Middle East, and Asia Pacific, which includes the Company's procurement arm and derives its revenues from the marketing and distribution of various coconut water and non-coconut water products.

The Company's Chief Executive Officer is the chief operating decision maker and evaluates segment performance primarily based on net sales and gross profit. All intercompany transactions between the segments have been eliminated.

Information about the Company's operations by operating segment as of the three and nine months ended September 30, 2023 and 2022 is as follows:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2023	2022	2023	2022
Net sales	\$ 138,064	\$ 124,043	\$ 387,468	\$ 335,796
Americas	120,646	108,796	338,681	293,900
International	17,418	15,247	48,787	41,896
Gross profit	\$ 56,171	\$ 32,576	\$ 140,926	\$ 80,928
Americas	50,208	30,279	124,466	73,285
International	5,963	2,297	16,460	7,643

	As of September 30,		As of December 31,	
	2023	2022	2023	2022
Total segment assets	\$ 268,479	\$ 197,757		
Americas	200,366	156,588		
International	68,113	41,169		

Reconciliation	Three Months Ended September 30,		Nine Months Ended September 30,	
	2023	2022	2023	2022
Total gross profit	\$ 56,171	\$ 32,576	\$ 140,926	\$ 80,928
Less:				
Selling, general, and administrative expenses	32,649	23,960	89,855	73,018
Income (loss) from operations	\$ 23,522	\$ 8,616	\$ 51,071	\$ 7,910
Less:				
Unrealized gain/(loss) on derivative instruments	(3,959)	952	(1,758)	6,416
Foreign currency gain/(loss)	(1,211)	(364)	(430)	(508)
Interest income	824	20	1,105	30
Interest expense	(1)	(130)	(31)	(213)
Income before income taxes	\$ 19,175	\$ 9,094	\$ 49,957	\$ 13,635

Geographic Data:

The following table provides information related to the Company's net sales by country, which is presented on the basis of the location that revenue from customers is recorded:

Nine Months Ended September 30,	2023	2022
United States	\$ 316,923	\$ 277,987
All other countries(1)	70,545	57,809
Net sales	<u>\$ 387,468</u>	<u>\$ 335,796</u>

(1) No individual country is greater than 10% of total net sales for the nine months ended September 30, 2023 and 2022.

The following table provides information related to the Company's property and equipment, net by country:

	September 30, 2023	December 31, 2022
United States	\$ 537	\$ 683
Ecuador	140	503
Singapore	1,396	1,288
All other countries(1)	152	105
Property and equipment, net (including asset held for sale)	<u>\$ 2,225</u>	<u>\$ 2,579</u>

(1) No individual country is greater than 10% of total property and equipment, net as of September 30, 2023 and December 31, 2022.

14. RELATED-PARTY TRANSACTIONS

Director Nominee Agreements - On May 24, 2022, two members of the Board of Directors appointed under the Investor Rights Agreement by Verlinvest Beverages SA, a stockholder of the Company, entered into nominee agreements instructing the Company to pay all cash and equity compensation earned in connection with their board of director services to Verlinvest Beverages SA. Based on the aforementioned nominee agreements, RSUs granted to these two directors will be held by them as nominees for Verlinvest Beverages SA and, upon vesting of the RSUs, the shares will be transferred to Verlinvest Beverages SA. The nominee agreements are primarily between the directors and Verlinvest Beverages SA. The Company is a party to this arrangement solely to agree to the manner in which it would satisfy the compensation obligations to these directors. As of September 30, 2023 and December 31, 2022, there is only one current member of the Board of Directors that is subject to this nominee agreement.

Distribution Agreement with Shareholder—On October 1, 2019, the Company entered into a distribution agreement with one of its stockholders who held over 5% ownership in the Company, which extended through December 31, 2022 and has been continued upon the mutual agreement of each party. As of September 30, 2023, the stockholder's ownership in the Company is less than 5%. The distribution agreement granted the stockholder the right to sell, resell and distribute designated products supplied by the Company within a specified territory. The amount of revenue recognized related to this distribution agreement was \$449 and \$1,371 for the three months ended September 30, 2023 and 2022, respectively, and \$3,436 and \$4,777 for the nine months ended September 30, 2023 and 2022, respectively. The amounts due from the stockholder in accounts receivable, net were \$198 and \$753 as of September 30, 2023 and December 31, 2022, respectively. Amounts payable to the stockholder in accounts payable were \$0 and \$38 as of September 30, 2023 and December 31, 2022, respectively. Related to this distribution arrangement, the Company and the stockholder have a service agreement where the Company shares in the compensation costs of the stockholder's employee managing the China market. The Company recorded \$41 and \$63 for the three months ended September 30, 2023 and 2022, respectively, and \$128 and \$160 for the nine months ended September 30, 2023 and 2022, in selling, general, and administrative expense ("SG&A") for this service agreement.

15. ASSET HELD FOR SALE

The asset group held for sale consists of a farm in Ecuador which was the source of Guayusa leaves for our Runa products. Since the Company is able to source Guayusa through alternative means to produce the Runa products, as of September 30, 2022, the Company committed to a plan for disposal through sale. The Company performed a fair value assessment on the asset group held for sale consisting of land, a production plant, equipment and inventory. The Company obtained a valuation of the assets and adjusted the carrying amount down to their fair value less costs to sell, which resulted in a \$619 impairment loss recorded in SG&A during the third quarter of 2022. The remaining carrying amount as of September 30, 2023 and December 31, 2022 is listed below. These assets held for sale did not qualify for discontinued operations reporting. As of September 30, 2023, since the asset has been held for sale beyond one year, the Company has reclassified it as held and used within property, plant and equipment and remeasured it at its fair value of \$140, which resulted in an additional \$363 impairment loss.

	September 30, 2023	December 31, 2022
Asset held for sale - land	\$ —	\$ 503

16. SUBSEQUENT EVENTS

On October 30, 2023, the Company's Board of Directors approved a share repurchase program ("Program") authorizing the Company to repurchase up to \$40 million of Common Stock. Shares of Common Stock may be repurchased under the Program from time to time through open market purchases, block trades, private transactions or accelerated or other structured share repurchase programs. To the extent not retired, shares of Common Stock repurchased under the Program will be placed in the Company's treasury shares. The extent to which the Company repurchases shares of Common Stock, and the timing of such repurchases, will depend upon a variety of factors, including market conditions, regulatory requirements and other corporate considerations, as determined by the Company. The Program may be suspended or discontinued at any time.

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations.

You should read the following discussion and analysis of our financial condition and results of operations together with our condensed consolidated financial statements and related notes included elsewhere in this Quarterly Report on Form 10-Q, as well as our audited consolidated financial statements and related notes as disclosed in our Annual Report on Form 10-K, for the fiscal year ended December 31, 2022 and filed with the Securities and Exchange Commission ("SEC") on March 14, 2023 (the "Form 10-K"). This discussion contains forward-looking statements based upon current plans, expectations and beliefs involving risks and uncertainties. Our actual results may differ materially from those anticipated in these forward-looking statements as a result of various factors, including those set forth in Part I, Item 1A, "Risk Factors" of the Form 10-K and other factors set forth in the Form 10-K and Quarterly Reports on Form 10-Q.

Overview

The Vita Coco Company is a leading platform for brands in the functional beverage category. We pioneered packaged coconut water in 2004 and have extended our business into other healthy hydration categories. Our mission is to deliver great tasting, natural and nutritious products that we believe are better for consumers and better for the world. We are one of the largest brands globally in the coconut and other plant waters category, and a large supplier of private label coconut water.

Our branded portfolio is led by our *Vita Coco* brand, which is the leader in the coconut water category in the United States, and also includes coconut oil, juice, hydration mix and milk offerings. Our other brands include *Runa*, a plant-based energy drink inspired from the Guayusa plant native to Ecuador, *Ever & Ever*, a sustainably packaged water, and *PWR LIFT*, a protein-infused fitness drink. We also supply private label products to key retailers in both the coconut water and coconut oil categories. We also conduct other revenue transactions such as bulk product sales to beverage and food companies.

We source our coconut water from a diversified global network of 14 factories across six countries supported by thousands of coconut farmers. As we do not own any of these factories, our supply chain is a fixed asset-lite model designed to better react to changes in the market or consumer preferences. We also work with co-packers in America and Europe to support local packaging and repacking of our products to better service our customers' needs.

Vita Coco is available in over 30 countries, with our primary markets in North America, the United Kingdom and China. Our primary markets for private label are North America and Europe. Our products are distributed primarily through club, food, drug, mass, convenience, e-commerce and food service channels. We are also available in a variety of on-premise locations such as corporate offices, fitness clubs, airports and educational institutions.

Key Factors Affecting Our Performance

We believe that our performance and future success depend on a number of factors that present significant opportunities for us. Just prior to our second quarter earnings release, we reached agreement with one of our major customers to start to discontinue the private label coconut water and coconut oil supply relationship as the terms required to retain the business were contrary to the Company's long term margin targets. At the request of this private label customer, the Company now expects to continue the supply relationship through 2024 for a significant portion of their private label coconut water needs (as disclosed in Note 7). Other than this change in business and the changes noted below in "Impact of Global Events Causing Macroeconomic Uncertainty," there have been no material changes to such factors from those described in the Form 10-K under the heading "Key Factors Affecting our Performance." Those factors also pose risks and challenges, including those discussed in Part I, Item 1A. "Risk Factors" of the Form 10-K.

Impact of Global Events Causing Macroeconomic Uncertainty

Uncertainty in the macroeconomic environment resulting from current geopolitical and economic instability (including the effects of current wars and other international conflicts) and the high interest rate and inflationary cost environment may affect our business. It is not currently possible to ascertain the overall impact of these macroeconomic uncertainties on the Company's business, results of operations, financial condition or liquidity. Future events and effects related to these macroeconomic uncertainties cannot be determined with precision and actual results could significantly differ from estimates or forecasts. For a further discussion of the risks and challenges posed by these events, please see Part I, Item 1A. "Risk Factors" in our Form 10-K.

Components of Our Results of Operations

Net Sales

We generate revenue through the sale of our *Vita Coco* branded coconut water, private label and Other products in the Americas and International segments. Our sales are predominantly made to distributors or to retailers for final sale to consumers through retail channels, which includes sales to traditional brick and mortar retailers, who may also resell our products through their own online platforms. Our revenue is recognized net of allowances for returns, discounts, credits, and any taxes collected from consumers.

Cost of Goods Sold

Cost of goods sold includes the costs of the products sold to customers, inbound and outbound shipping and handling costs, freight and duties, shipping and packaging supplies, and warehouse fulfillment costs.

Gross Profit and Gross Margin

Gross profit is net sales less cost of goods sold, and gross margin is gross profit as a percentage of net sales. Gross profit has been, and will continue to be, affected by various factors, including the mix of products we sell, the channels through which we sell our products, the promotional environment in the marketplace, manufacturing costs, commodity prices, warehouse costs, and transportation rates. We expect that our gross margin will fluctuate from period to period depending on the interplay of these variables.

Management believes gross margin provides investors with useful information related to the profitability of our business prior to considering the operating costs incurred. Management uses gross profit and gross margin as key measures in making financial, operating, and planning decisions and in evaluating our performance.

Operating Expenses

Selling, General and Administrative Expenses

Selling, general and administrative expenses ("SG&A") include marketing expenses, sales promotion expenses, and general and administrative expenses. Marketing and sales promotion expenses consist primarily of costs incurred promoting and marketing our products and are primarily driven by investments to grow our business and retain customers. We expect SG&A to increase in absolute dollars and to vary from period to period as a percentage of net sales for the foreseeable future. General and administrative expenses include payroll, employee benefits, stock-based compensation, broker commissions and other headcount-related expenses associated with supply chain & operations, finance, information technology, human resources and other administrative-related personnel, as well as general overhead costs of the business, including research and development for new innovations, rent and related facilities and maintenance costs, depreciation and amortization, and legal, accounting, and professional fees. We expense all SG&A as incurred.

Other Income (Expense), Net

Unrealized Gain/(Loss) on Derivative Instruments

We are subject to foreign currency risks as a result of our inventory purchases and intercompany transactions. In order to mitigate the foreign currency risks, we and our subsidiaries enter into foreign currency exchange contracts which are recorded at fair value. Unrealized gain/(loss) on derivative instruments consists of gains or losses on such foreign currency exchange contracts which are unsettled as of period end. See Part I, Item 3 "Quantitative and Qualitative Disclosures about Market Risk—Foreign Currency Exchange Risk" for further information.

Foreign Currency Gain/(Loss)

Our reporting currency is the U.S. dollar. We maintain the financial statements of each entity within the group in its local currency, which is also the entity's functional currency. Foreign currency gain/(loss) represents the transaction gains and losses that arise from exchange rate fluctuations on transactions denominated in a currency other than the functional currency. See "—Quantitative and Qualitative Disclosures about Market Risk—Foreign Currency Exchange Risk" for further information.

Interest Income

Interest income consists of interest income earned on our cash and cash equivalents, and money market funds.

Interest Expense

Interest expense consists of interest payable on our credit facilities and vehicle loans.

Income Tax Expense

We are subject to federal and state income taxes in the United States and taxes in foreign jurisdictions in which we operate. We recognize deferred tax assets and liabilities based on temporary differences between the financial reporting and income tax bases of assets and liabilities using statutory rates. We regularly assess the need to record a valuation allowance against net deferred tax assets if, based upon the available evidence, it is more likely than not that some or all of the deferred tax assets will not be realized.

Operating Segments

We operate in two reporting segments:

- ***Americas***—The Americas segment is comprised of our operations in the Americas region, primarily in the United States and Canada.
- ***International***—The International segment is comprised of our operations primarily in Europe, the Middle East, and the Asia Pacific regions.

Each segment derives its revenues from the following product categories:

- ***Vita Coco Coconut Water***—This product category consists of all branded coconut water product offerings under the *Vita Coco* labels, where the majority ingredient is coconut water. For these products, control is transferred upon customer receipt, at which point the Company recognizes the transaction price for the product as revenue.
- ***Private Label***—This product category consists of all private label product offerings, which includes coconut water and oil. The Company determined the production and distribution of private label products represents a distinct performance obligation. Since there is no alternative use for these products and the Company has the right to payment for performance completed to date, the Company recognizes the revenue for the production of these private label products over time as the production for open purchase orders occurs, which may be prior to any shipment.
- ***Other***—This product category consists of all other products, which includes *Runa*, *Ever & Ever* and *PWR LIFT* product offerings, *Vita Coco* product extensions beyond coconut water, coconut milk products, and other revenue transactions (e.g., bulk product sales). For these products, control is transferred upon customer receipt, at which point the Company recognizes the transaction price for the product as revenue.

Results of Operations

Comparison of the Three and Nine Months Ended September 30, 2023 and 2022

The following table summarizes our results of operations for the three and nine months ended September 30, 2023 and 2022, respectively:

(in thousands)	Three Months Ended September 30,		Nine Months Ended September 30,	
	2023	2022	2023	2022
Net sales	\$ 138,064	\$ 124,043	\$ 387,468	\$ 335,796
Cost of goods sold	81,893	91,467	246,542	254,868
Gross profit	56,171	32,576	140,926	80,928
Operating expenses				
Selling, general, and administrative	32,649	23,960	89,855	73,018
Income (loss) from operations	23,522	8,616	51,071	7,910
Other income (expense)				
Unrealized gain/(loss) on derivative instrument	(3,959)	952	(1,758)	6,416
Foreign currency gain/(loss)	(1,211)	(364)	(430)	(508)
Interest income	824	20	1,105	30
Interest expense	(1)	(130)	(31)	(213)
Total other income (expense)	(4,347)	478	(1,114)	5,725
Income before income taxes	19,175	9,094	49,957	13,635
Income tax expense	(4,011)	(1,836)	(10,101)	(3,011)
Net income	\$ 15,164	\$ 7,258	\$ 39,856	\$ 10,624

Net Sales

The following table provides a comparative summary of net sales by operating segment and product category:

(in thousands)	Three Months Ended September 30,		Change		Nine Months Ended September 30,		Change	
	2023	2022	Amount	Percentage	2023	2022	Amount	Percentage
Americas segment								
Vita Coco Coconut Water	\$ 89,683	\$ 82,643	\$ 7,040	8.5 %	\$ 253,825	\$ 217,934	\$ 35,891	16.5 %
Private Label	28,257	24,786	3,471	14.0 %	77,366	68,413	8,953	13.1 %
Other	2,706	1,367	1,339	98.0 %	7,490	7,553	(63)	(0.8 %)
Subtotal	120,646	108,796	11,850	10.9 %	338,681	293,900	44,781	15.2 %
International segment								
Vita Coco Coconut Water	11,350	10,637	\$ 714	6.7 %	33,628	30,110	\$ 3,518	11.7 %
Private Label	5,421	3,810	1,612	42.3 %	13,140	9,521	3,619	38.0 %
Other	647	800	(153)	(19.1)%	2,019	2,265	(246)	(10.9) %
Subtotal	\$ 17,418	\$ 15,247	\$ 2,171	14.2 %	\$ 48,787	\$ 41,896	\$ 6,891	16.4 %
Total net sales	\$ 138,064	\$ 124,043	\$ 14,021	11.3 %	\$ 387,468	\$ 335,796	\$ 51,672	15.4 %

For the three months ended September 30, 2023, the primary driver of the consolidated net sales increase of 11.3% was increased case equivalents ("CE") volume growth of 12.2%, which was partially offset by decreased price/mix of private label products. For the nine months ended September 30, 2023, the net sales increase of 15.4%, was driven by increased case equivalents ("CE") volume growth of 12.9% coupled with net pricing actions on branded net sales, which were partially offset by price/mix of private label products.

Volume in Case Equivalent

The following table provides a comparative summary of our volume in CE, by operating segment and product category:

(in thousands)	Three Months Ended September 30,		Change		Nine Months Ended September 30,		Change	
	2023	2022	Amount	Percentage	2023	2022	Amount	Percentage
Americas segment								
Vita Coco Coconut Water	9,234	8,670	564	6.5 %	26,511	23,269	3,242	13.9 %
Private Label	3,185	2,346	839	35.8 %	8,454	7,213	1,241	17.2 %
Other	265	200	65	32.5 %	714	1,092	(378)	(34.6)%
Subtotal	12,684	11,216	1,468	13.1 %	35,679	31,574	4,105	13.0 %
International segment*								
Vita Coco Coconut Water	1,504	1,581	(77)	(4.9) %	4,665	4,412	253	5.7 %
Private Label	725	492	233	47.3 %	1,766	1,326	440	33.2 %
Other	10	13	(3)	(23.5) %	46	38	8	20.9 %
Subtotal	2,239	2,086	153	7.3 %	6,477	5,776	701	12.1 %
Total volume (CE)	14,923	13,302	1,621	12.2 %	42,156	37,350	4,806	12.9 %

Note: A CE is a standard volume measure used by management, which is defined as a case of 12 bottles of 330ml liquid beverages or the same liter volume of oil.

* International, Other excludes minor volume that is treated as zero CE.

Americas Segment

Americas net sales increased by \$11.9 million, or 10.9%, to \$120.6 million for the three months ended September 30, 2023 from \$108.8 million for the three months ended September 30, 2022. The increase is primarily driven by CE volume growth of 13.1%, which was partially offset by private label price/mix. Americas net sales increased by \$44.8 million, or 15.2%, to \$338.7 million for the nine months ended September 30, 2023 from \$293.9 million for the nine months ended September 30, 2022. The increase is primarily driven by CE volume growth of 13.0%, benefiting from an additional promotional period at a key retailer for Vita Coco Coconut Water products, along with benefits from branded pricing actions which were partially offset by private label price/mix.

Vita Coco Coconut Water net sales increased by \$7.0 million, or 8.5%, to \$89.7 million for the three months ended September 30, 2023, from \$82.6 million for the three months ended September 30, 2022. The increase was primarily driven by CE volume growth of 6.5%, alongside benefits from pricing actions. Vita Coco Coconut Water net sales increased by \$35.9 million, or 16.5%, to \$253.8 million for the nine months ended September 30, 2023, from \$217.9 million for the nine months ended September 30, 2022. The increase was primarily driven by CE volume growth of 13.9%, which included an additional promotional period at a key retailer, with pricing actions also contributing to growth.

Private label net sales increased \$3.5 million, or 14.0%, to \$28.3 million for the three months ended September 30, 2023, from \$24.8 million for the three months ended September 30, 2022, mostly driven by CE volume growth of 35.8%, which was partially offset by product price/mix. Private label net sales increased \$9.0 million, or 13.1%, to \$77.4 million for the nine months ended September 30, 2023, from \$68.4 million for the nine months ended September 30, 2022, mostly driven by CE volume growth of 17.2% in addition to the aforementioned price/mix impacts.

Net sales from Other products increased by \$1.3 million, or 98.0%, to \$2.7 million for the three months ended September 30, 2023 from \$1.4 million for the three months ended September 30, 2022, driven in part by CE volume growth of 32.5% coupled with price/mix benefits. Net sales from Other products decreased by \$0.1 million, or 0.8%, to \$7.5 million for the nine months ended September 30, 2023 from \$7.6 million for the nine months ended September 30, 2022.

International Segment

International net sales increased by \$2.2 million, or 14.2%, to \$17.4 million for the three months ended September 30, 2023, from \$15.2 million for the three months ended September 30, 2022. The increase is primarily driven by CE volume growth of 7.3% coupled with some benefits from pricing actions. International net sales increased by \$6.9 million, or 16.4%, to \$48.8 million for the nine months ended September 30, 2023, from \$41.9 million for the nine months ended September 30, 2022. The increase is primarily driven by higher CE volume growth of 12.1% with some benefits from pricing actions.

Vita Coco Coconut Water net sales increased by \$0.7 million, or 6.7%, to \$11.3 million for the three months ended September 30, 2023, from \$10.6 million for the three months ended September 30, 2022. The increase was driven by strong volume performance in Europe, coupled with more favorable year over year foreign exchange rates, which were partly offset by reduced volume in the Asia Pacific region. Vita Coco Coconut Water net sales increased by \$3.5 million, or 11.7%, to \$33.6 million for the nine months ended September 30, 2023, from \$30.1 million for the nine months ended September 30, 2022. The increase was due to CE volume growth of 5.7%, primarily driven by the European region, alongside more favorable year over year foreign exchange rates and some benefits from pricing actions.

Private label net sales increased by \$1.6 million, or 42.3%, to \$5.4 million for the three months ended September 30, 2023 from \$3.8 million for the three months ended September 30, 2022. The increase was driven primarily by CE volume growth in Europe from new distribution. Private label net sales increased by \$3.6 million or 38.0%, to \$13.1 million for the nine months ended September 30, 2023, from \$9.5 million for the nine months ended September 30, 2022. The increase was driven primarily by CE volume growth in Europe.

Net sales from Other products was relatively flat on a dollar basis for the three and nine months ended September 30, 2023 compared to the prior year periods.

Gross Profit

(in thousands)	Three Months Ended September 30,		Change		Nine Months Ended September 30,		Change	
	2023	2022	Amount	Percentage	2023	2022	Amount	Percentage
Cost of goods sold								
Americas segment	\$ 70,437	\$ 78,516	\$ (8,079)	(10.3)%	\$ 214,214	\$ 220,615	\$ (6,401)	(2.9)%
International segment	11,456	12,951	(1,495)	(11.5)%	32,328	34,253	(1,925)	(5.6)%
Total cost of goods sold	<u>\$ 81,893</u>	<u>\$ 91,467</u>	<u>\$ (9,574)</u>	<u>(10.5)%</u>	<u>\$ 246,542</u>	<u>\$ 254,868</u>	<u>\$ (8,326)</u>	<u>(3.3)%</u>
Gross profit								
Americas segment	\$ 50,208	\$ 30,279	\$ 19,929	65.8 %	\$ 124,466	\$ 73,285	\$ 51,181	69.8 %
International segment	5,963	2,297	3,666	159.6 %	16,460	7,643	8,817	115.4 %
Total gross profit	<u>\$ 56,171</u>	<u>\$ 32,576</u>	<u>\$ 23,595</u>	<u>72.4 %</u>	<u>\$ 140,926</u>	<u>\$ 80,928</u>	<u>\$ 59,998</u>	<u>74.1 %</u>
Gross margin								
Americas segment	41.6 %	27.8 %		13.8 %	36.8 %	24.9 %		11.9 %
International segment	34.2 %	15.1 %		19.2 %	33.7 %	18.2 %		15.5 %
Consolidated	40.7 %	26.3 %		14.4 %	36.4 %	24.1 %		12.3 %

On a consolidated basis, cost of goods sold decreased \$9.6 million, or 10.5%, to \$81.9 million for the three months ended September 30, 2023, from \$91.5 million for the three months ended September 30, 2022. Cost of goods sold decreased \$8.3 million, or 3.3%, to \$246.5 million for the nine months ended September 30, 2023, from \$254.9 million for the nine months ended September 30, 2022. On a consolidated and segment basis, the decreases in both periods were primarily driven by significantly lower transportation costs, relating to ocean freight and domestic logistics, which were partly offset by higher CE volume.

On a consolidated basis, gross profit increased \$23.6 million, or 72.4%, to \$56.2 million for the three months ended September 30, 2023, from \$32.6 million for the three months ended September 30, 2022. Gross profit increased \$60.0 million, or 74.1%, to \$140.9 million for the nine months ended September 30, 2023, from \$80.9 million for the nine months ended September 30, 2022. This was a result of strong CE volume growth, benefits from branded pricing actions and decreased transportation costs. As a result, gross margin increased approximately 14.4% percentage points to 40.7%

for the three months ended September 30, 2023, as compared to 26.3% for the three months ended September 30, 2022, and increased by approximately 12.3 percentage points to 36.4% for the nine months ended September 30, 2023, as compared to 24.1% for the nine months ended September 30, 2022.

Operating Expenses

(in thousands)	Three Months Ended September 30,		Change		Nine Months Ended September 30,		Change	
	2023	2022	Amount	Percentage	2023	2022	Amount	Percentage
Selling, general, and administrative	\$ 32,649	\$ 23,960	\$ 8,689	36.3 %	89,855	73,018	16,837	23.1 %

Selling, General and Administrative Expenses

During the three months ended September 30, 2023, SG&A increased by \$8.7 million, or 36.3%, versus the three months ended September 30, 2022. The increase was primarily driven by an increase of \$5 million in personnel related expenses and a \$4 million increase in marketing expenses. During the nine months ended September 30, 2023, SG&A increased by \$16.8 million, or 23.1%, versus the nine months ended September 30, 2022. The increase was primarily driven by an increase of \$9 million in personnel related expenses and an increase of \$7 million in marketing expenses, along with an increase of \$1 million in professional fees due to costs related to the Offering which closed on May 26, 2023 (refer to Note 10, Shareholder's Equity).

Other Income (Expense), Net

(in thousands)	Three Months Ended September 30,		Change		Nine Months Ended September 30,		Change	
	2023	2022	Amount	Percentage	2023	2022	Amount	Percentage
Unrealized gain/(loss) on derivative instruments	\$ (3,959)	\$ 952	\$ (4,911)	n/m	\$ (1,758)	\$ 6,416	\$ (8,174)	n/m
Foreign currency gain/(loss)	(1,211)	(364)	(847)	n/m	(430)	(508)	78	n/m
Interest income	824	20	804	n/m	1,105	30	1,075	n/m
Interest expense	(1)	(130)	129	99.2 %	(31)	(213)	182	(85.4 %)
	\$ (4,347)	\$ 478	\$ (4,825)	1009.4 %	\$ (1,114)	\$ 5,725	\$ (6,839)	(119.5 %)

n/m—represents percentage calculated not being meaningful

Unrealized Gain/(Loss) on Derivative Instruments

For the three months ended September 30, 2023 and 2022, we recorded losses of \$4.0 million and gains of \$1.0 million, respectively, for the mark-to-market changes in fair value on the outstanding derivative instruments for forward foreign currency exchange contracts, with the largest loss for the three months ended September 30, 2023 related to the contracts hedging the British pound and Brazilian real. During the nine months ended September 30, 2023 and 2022, we recorded losses of \$1.8 million and gains of \$6.4 million, respectively, for the mark-to-market changes in fair value on the outstanding derivative instruments for forward foreign currency exchange contracts, with the largest loss for the nine months ended September 30, 2023 related to the contracts hedging the British pound and Brazilian real. All forward foreign currency exchange contracts were entered into to hedge some of our exposures to the British pound, Canadian dollar, Brazilian real, Malaysian ringgit, European euro and Thai baht.

Foreign Currency Gain/(Loss)

For the three months ended September 30, 2023, the change in foreign currency loss was \$847 as compared to September 30, 2022. Foreign currency loss was \$0.4 million for the nine months ended September 30, 2023, as compared to \$0.5 million loss for the nine months ended September 30, 2022. The change in all periods was a result of movements in various foreign currency exchange rates related to transactions denominated in currencies other than the functional currency.

Interest Income

The increase in interest income for the three and nine months ended September 30, 2023 compared to the same prior year period was primarily related to interest income on cash invested with financial institutions, reflecting improved cash balances and interest rates versus prior periods.

Interest Expense

Interest expense decreased for the three and nine months ended September 30, 2023 compared to the same prior year period, which was driven by the decreased borrowings on the 2020 Credit Facility.

Income Tax Expense

(in thousands)	Three Months Ended September 30,		Change		Nine Months Ended September 30,		Change	
	2023	2022	Amount	Percentage	2023	2022	Amount	Percentage
Income tax expense	(4,011)	(1,836)	\$ (2,175)	118.5 %	\$ (10,101)	\$ (3,011)	\$ (7,090)	235.5 %
Tax rate	20.9 %	20.2 %			20.2 %	22.1 %		

Our quarterly income tax provision is based on an estimated annual effective tax rate applied to our consolidated year-to-date pre-tax income or loss. The effective income tax rate is based upon the estimated income for the year, the composition of that income in different countries, and adjustments, if any, in the applicable quarterly periods for the potential tax consequences, benefits, resolutions of tax audits or other tax contingencies.

For the three months ended September 30, 2023 and 2022 our effective tax rate was 20.9% and 20.2%, respectively. For the nine months ending September 30, 2023, and September 30, 2022, our effective tax rate was 20.2% and 22.1%, respectively. The effective tax rate for the current period is lower than the U.S. statutory rate of 21% primarily as a result of lower statutory tax rates in countries outside the U.S. that the Company operates in and the corresponding credits available from those taxing jurisdictions to offset U.S. income tax. The effective tax rate for the same period in the prior year is higher than the U.S. statutory rate of 21% primarily as a result of state income taxes for the U.S. operations of the Company and other nondeductible expenses for tax purposes, and is partially offset by lower statutory tax rates in countries outside the U.S. that the Company operates in. The change in effective tax rates between the periods is primarily driven by the jurisdictional mix of the Company's pre-tax profits and the relative impact of other non-deductible expense in relation to the pre-tax profits.

Non-GAAP Financial Measures

EBITDA and Adjusted EBITDA are supplemental non-GAAP financial measures that are used by management and external users of our financial statements, such as industry analysts, investors and lenders. These non-GAAP measures should not be considered as alternatives to net income as a measure of financial performance or cash flows from operations as a measure of liquidity, or any other performance measure derived in accordance with GAAP and should not be construed as an inference that our future results will be unaffected by unusual or non-recurring items.

These non-GAAP measures are a key metric used by management and our Board of Director to assess our financial performance. We present these non-GAAP measures because we believe they assist investors in comparing our performance across reporting periods on a consistent basis by excluding items that we do not believe are indicative of our core operating performance and because we believe it is useful for investors to see the measures that management uses to evaluate the Company.

We define EBITDA as net income before interest, taxes, depreciation, and amortization. Adjusted EBITDA is defined as EBITDA with adjustments to eliminate the impact of certain items, including certain non-cash and other items, that we do not consider representative of our ongoing operating performance.

A reconciliation from net income to EBITDA and Adjusted EBITDA is set forth below:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2023	2022	2023	2022
	(in thousands)		(in thousands)	
Net income	15,164	7,258	39,856	10,624
Depreciation and amortization	163	497	503	1,442
Interest income	(824)	(20)	(1,105)	(30)
Interest expense	1	130	31	213
Income tax expense	4,011	1,836	10,101	3,011
EBITDA	18,515	9,701	49,386	15,260
Stock-based compensation (a)	2,862	1,457	7,126	5,657
Unrealized (gain)/loss on derivative instruments (b)	3,959	(952)	1,758	(6,416)
Foreign currency (gain)/loss (b)	1,211	364	430	508
Secondary Offering Costs (c)	—	—	856	—
Other adjustments (d)	329	1,240	329	1,240
Adjusted EBITDA	\$ 26,876	\$ 11,810	59,885	\$ 16,249

- (a) Non-cash charges related to stock-based compensation, which vary from period to period depending on volume and vesting timing of awards. We adjusted for these charges to facilitate comparison from period to period.
- (b) Unrealized gains or losses on derivative instruments and foreign currency gains or losses are not considered in our evaluation of our ongoing performance.
- (c) Reflects other non-recurring expenses related to costs associated with the secondary offering in which Verlinvest Beverages SA sold shares of the Company in an underwritten public offering, which closed on May 26, 2023. The Company did not receive any proceeds from the sale of the shares.
- (d) Reflects other charges primarily related to the impairment loss related to assets held for sale in both periods and other non-recurring expenses.

Liquidity and Capital Resources

Since our inception, we have financed our operations primarily through cash generated from our business operations and proceeds on borrowings through our credit facilities and term loans. We had \$94.9 million and \$19.6 million of cash and cash equivalents as of September 30, 2023 and December 31, 2022, respectively. From time to time, we supplement our liquidity needs with incremental borrowing capacity under the 2020 Credit Facility.

Considering recent market conditions and our business assumptions, we have reevaluated our operating cash flows and cash requirements and believe that current cash, cash equivalents, future cash flows from operating activities and cash available under our 2020 Credit Facility will be sufficient to meet our anticipated cash needs, including working capital needs, capital expenditures and contractual obligations for at least 12 months from the issuance date of the condensed consolidated financial statements included herein and the foreseeable future.

Our future capital requirements will depend on many factors, including our revenue growth rate, our working capital needs primarily for inventory build, our global footprint, the expansion of our marketing activities, the timing and extent of spending to support product development efforts, the introduction of new and enhanced products and the continued market consumption of our products, as well as any shareholder distribution either through equity buybacks or dividends. Our asset-lite operating model has historically provided us with a low cost nimble, and scalable supply chain, which allows us to adapt to changes in the market or consumer preferences while also efficiently introducing new products across our platform. We may seek additional equity or debt financing in the future in order to acquire or invest in complementary businesses, products and/or new IT infrastructures. In the event that we require additional financing, we may not be able to raise such financing on terms acceptable to us or at all. If we are unable to raise additional capital or generate cash flows necessary to expand our operations and invest in continued product innovation, we may not be able to compete successfully, which would harm our business, operations and financial condition.

Cash Flows

The following tables summarize our sources and uses of cash:

	Nine Months Ended September 30,		Change	
	2023	2022	Amount	Percentage
(in thousands)				
Cash flows provided by (used in):				
Operating activities	\$ 70,003	\$ (18,181)	\$ 88,184	n/m
Investing activities	(528)	(907)	379	41.8 %
Financing activities	5,897	12,153	(6,256)	(51.5 %)
Effects of exchange rate changes on cash and cash equivalents	212	(544)	756	(139.0 %)
Net (decrease)/increase in cash and cash equivalents	\$ 75,584	\$ (7,479)	\$ 83,063	1110.6 %

n/m—represents percentage calculated not being meaningful

Operating Activities

Our main source of operating cash is payments received from our customers. Our primary use of cash in operating activities are for cost of goods sold and SG&A expenses.

During the nine months ended September 30, 2023, \$88.2 million more net cash was generated by operating activities compared to the nine months ended September 30, 2022. The higher cash generation was driven by the increase in net income after adjusting for non-cash items, primarily reflecting higher sales and improvements in working capital.

Investing Activities

During the nine months ended September 30, 2023 as compared to nine months ended September 30, 2022, cash used in investing activities decreased driven by cash paid for property and equipment.

Financing Activities

During the nine months ended September 30, 2023 compared to the nine months ended September 30, 2022, net cash provided by financing activities was \$6.3 million lower primarily driven by lower borrowings on the 2020 Credit Facility during 2023 compared to 2022.

Debt

We had an immaterial amount of debt outstanding as of September 30, 2023 and December 31, 2022, which was related to vehicle loans.

2020 Credit Facility

The 2020 Credit Facility currently provides for committed borrowings of \$60.0 million. We may repay outstanding balances under the 2020 Credit Facility at any time without premium or penalty. In December 2022, the Company amended the 2020 Credit Facility to transition the interest rate from reference to LIBOR to SOFR. Borrowings on the 2020 Credit Facility bear interest at rates based on either: 1) a fluctuating rate per annum determined to be the sum of Daily Simple SOFR plus a spread defined in the credit agreement the Spread; or 2) a fixed rate per annum determined to be the sum of the Term SOFR plus the Spread. The Spread ranges from 1.00% to 1.75%, which is based on the Company's leverage ratio (as defined in the credit agreement) for the immediately preceding fiscal quarter as defined in the credit agreement. In addition, the Company is currently subject to an unused commitment fee ranging from 0.10% and 0.20% on the unused amount of the line of credit, with the rate being based on the Company's leverage ratio. The maturity date on the 2020 Credit Facility is May 12, 2026.

The borrowings made before the December 2022 amendment bore interest at rates based on either: 1) LIBOR; or 2) a specified base rate (determined by reference to the greatest of the prime rate published by Wells Fargo, the federal funds

effective rate plus 1.5% and one-month LIBOR plus 1.5%), as selected periodically by the Company. The LIBOR-based loans bore interest at LIBOR plus the Spread. The unused commitment fee prior to amendment was the same.

The outstanding balance on the 2020 Credit Facility was zero as of September 30, 2023 and December 31, 2022, respectively. As of September 30, 2023, we were compliant with all financial covenants.

Vehicle Loans

We periodically enter into vehicle loans. Interest rates on these vehicle loans range from 4.56% to 5.68%. The outstanding balance on the vehicle loans as of September 30, 2023 was less than \$0.1 million.

For additional information, see Note 6, *Debt*, in our condensed consolidated financial statements included in this Quarterly Report on Form 10-Q.

Contractual Obligations and Commitments

There have been no material changes to our contractual obligations from those described in the Form 10-K.

Critical Accounting Policies and Significant Judgments and Estimates

Our consolidated financial statements are prepared in accordance with U.S. GAAP. The preparation of our consolidated financial statements and related disclosures requires us to make estimates and judgments that affect the reported amounts of assets, liabilities, costs and expenses, and the disclosure of contingent assets and liabilities in our consolidated financial statements. We base our estimates on historical experience, known trends and events and various other factors that we believe are reasonable under the circumstances, the results of which form the basis for making judgments about the carrying values of assets and liabilities that are not readily apparent from other sources. We evaluate our estimates and assumptions on an ongoing basis. Our actual results may differ from these estimates under different assumptions or conditions.

Our critical accounting policies are described under the heading “Management’s Discussion and Analysis of Financial Condition and Results of Operations—Critical Accounting Policies and Significant Judgments and Estimates” in the Form 10-K and the notes to the unaudited condensed consolidated financial statements appearing in this Quarterly Report on Form 10-Q. During the nine months ended September 30, 2023, there were no material changes to our critical accounting policies from those discussed in the Form 10-K.

Recent Accounting Pronouncements

A description of recently adopted and issued accounting pronouncements that may potentially impact our financial position and results of operations is disclosed in Note 2, *Summary of Significant Accounting Policies*, to our condensed consolidated financial statements appearing elsewhere in this Quarterly Report on Form 10-Q.

Item 3. Quantitative and Qualitative Disclosures About Market Risk.

Interest Rate Risk

We are exposed to market risks in the ordinary course of our business. These risks primarily include interest rate sensitivities.

As of September 30, 2023 and December 31, 2022, the outstanding amounts related to our 2020 Credit Facility incur interest fees at variable interest rates and are affected by changes in the general level of market interest rates. However, there was zero outstanding balance on the 2020 Credit Facility as of September 30, 2023 and December 31, 2022.

Foreign Currency Exchange Risk

We transact business globally in multiple currencies and hence have foreign currency risks related to our net sales, cost of goods sold and operating expenses. We use derivative financial instruments to reduce our net exposure to foreign

currency fluctuations. Our objective in managing exposure to foreign currency fluctuations is to reduce the volatility caused by foreign exchange rate changes on the earnings, cash flows and financial position of our international operations. We generally target to hedge a majority of our forecasted yearly foreign currency exchange exposure through a 24-month rolling layered approach and leave a portion of our currency forecast floating at spot rate. Our currency forecast and hedge positions are reviewed quarterly. The gains and losses on the forward contracts associated with our balance sheet positions are recorded in “Other income (expense), net” in the condensed consolidated statements of operations appearing elsewhere in this Quarterly Report on Form 10-Q.

The total notional values of our forward exchange contracts were \$111.2 million and \$97.4 million as of September 30, 2023 and December 31, 2022, respectively. The derivatives on the forward exchange contracts resulted in an unrealized loss of \$(1.8) million for the nine months ended September 30, 2023, and we estimate that a 10% strengthening or weakening of the U.S. dollar would have resulted in an approximately \$4.6 million gain or loss.

A portion of our cash and cash equivalents are denominated in foreign currencies. As of September 30, 2023, a 1% change in the value of the U.S. dollar compared to foreign currencies would have caused our cash and cash equivalents to decrease or increase by \$0.1 million. As of December 31, 2022, a 1% change in the value of the U.S. dollar compared to foreign currencies would have caused our cash and cash equivalents to decrease or increase by \$0.1 million.

Inflation Risk

Inflation generally affects us by increasing our cost of transportation, labor and manufacturing costs. We have seen significant inflation on transportation costs compared to 2020 levels caused by COVID-19 related global supply chain disruptions and more general inflation effects, which put pressure on our costs and margins related to economic and geopolitical instability. More specifically, we source a large amount of our finished goods from international countries, which exposes us to international supply chain inflation, particularly ocean freight. In the nine months ended September 30, 2023, we have experienced a reduction in transportation rates from their recent peaks, but general inflationary pressures continue to increase the other elements of our cost of goods and operating expenses.

Credit Risk

We are exposed to concentration of credit risk from our major customers. In the nine months ended September 30, 2023, sales to two customers represented approximately 51% of our consolidated net sales. We have not experienced credit issues with these customers. We maintain provisions for potential credit losses and evaluate the solvency of our customers on an ongoing basis to determine if additional allowances for doubtful accounts and customer credits need to be recorded. Significant economic disruptions or a slowdown in the economy could result in significant additional charges.

Item 4. Controls and Procedures.

Limitations on effectiveness of controls and procedures

In designing and evaluating our disclosure controls and procedures, management recognizes that any controls and procedures, no matter how well designed and operated, can provide only reasonable assurance of achieving the desired control objectives. In addition, the design of disclosure controls and procedures must reflect the fact that there are resource constraints and that management is required to apply judgment in evaluating the benefits of possible controls and procedures relative to their costs.

Evaluation of disclosure controls and procedures

Our management, with the participation of our Principal Executive Officer and Principal Financial Officer, evaluated, as of the end of the period covered by this Quarterly Report on Form 10-Q, the effectiveness of our disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) under the Exchange Act). Based on that evaluation, our Principal Executive Officer and Principal Financial Officer concluded that, as of September 30, 2023, our disclosure controls and procedures were effective at the reasonable assurance level.

Changes in Internal Control over Financial Reporting

There were no changes in our internal control over financial reporting (as defined in Rules 13a-15(f) and 15d-15(f) under the Exchange Act) during the quarter ended September 30, 2023 that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

PART II—OTHER INFORMATION

Item 1. Legal Proceedings.

From time to time, we may be involved in various claims and legal proceedings related to claims arising out of our operations. We are not currently a party to any material legal proceedings, including any such proceedings that are pending or threatened, of which we are aware.

Item 1A. Risk Factors.

Please refer to Part I, Item 1A. Risk Factors in our Annual Report on Form 10-K for the fiscal year ended December 31, 2022 for a description of certain significant risks and uncertainties to which our business, financial condition and results of operations are subject. There have been no material changes to these risk factors as of September 30, 2023.

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

None.

Item 3. Defaults Upon Senior Securities.

None.

Item 4. Mine Safety Disclosures.

Not applicable.

Item 5. Other Information.

None.

Item 6. Exhibits.

Exhibit Number	Exhibit Description	Incorporated by Reference				Filed / Furnished Herewith
		Form	File No.	Exhibit	Filing Date	
3.1	Second Amended and Restated Certificate of Incorporation.	8-K	001-40950	3.1	10/25/21	
3.2	Amended and Restated Bylaws.	8-K	001-40950	3.2	10/25/21	
4.1	Specimen Common Stock Certificate of The Vita Coco Company, Inc.	S-1	333-29825	4.1	9/27/21	
4.2	Registration Rights Agreement, by and among The Vita Coco Company, Inc. and certain security holders of The Vita Coco Company, Inc., dated as of October 20, 2021.	8-K	001-40950	10.1	10/25/21	
4.3	Investor Rights Agreement, among The Vita Coco Company, Inc., Verlinvest Beverages SA, Michael Kirban and Ira Liran, dated as of October 20, 2021.	8-K	001-40950	10.2	10/25/21	
31.1	Certification of Chief Executive Officer pursuant to Rule 13a-14(a)/15d-14(a).					*
31.2	Certification of Chief Financial Officer pursuant to Rule 13a-14(a)/15d-14(a).					*
32.1	Certification of Chief Executive Officer pursuant to 18 U.S.C. Section 1350.					**
32.2	Certification of Chief Financial Officer pursuant to 18 U.S.C. Section 1350.					**
101.INS	Inline XBRL Instance Document—the instance document does not appear in the Interactive Data File because its XBRL tags are embedded within the Inline XBRL 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.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

THE VITA COCO COMPANY, INC.

Date: November 2, 2023

By: _____
/s/ Martin Roper
Martin Roper
Chief Executive Officer and Director
(Principal Executive Officer)

Date: November 2, 2023

By: _____
/s/ Corey Baker
Corey Baker
Chief Financial Officer
(Principal Financial Officer)

Exhibit 31.1

CERTIFICATION

I, Martin Roper, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of The Vita Coco Company, Inc.;
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 officers 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 officers 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.

Date: November 2, 2023

By: /s/ Martin Roper
Martin Roper
Chief Executive Officer

**CERTIFICATION PURSUANT TO
SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002**

I, Corey Baker, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of The Vita Coco Company, Inc.;
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 officers 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 officers 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.

Date: November 2, 2023

By: /s/ Corey Baker
Corey Baker
Chief Financial Officer
(Principal Financial Officer)

Exhibit 32.1

**CERTIFICATION 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 of The Vita Coco Company, Inc. (the "Company") for the quarter ended September 30, 2023 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Martin Roper, certify, pursuant to 18 U.S.C. § 1350, as adopted pursuant to § 906 of the Sarbanes-Oxley Act of 2002, that, to the best of my knowledge:

- (1) The Report fully complies with the requirements of Section 13(a) or Section 15(d), as applicable, 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.

Date: November 2, 2023

By: /s/ Martin Roper
Martin Roper
Chief Executive Officer
(Principal Executive Officer)

**CERTIFICATION 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 of The Vita Coco Company, Inc. (the "Company") for the quarter ended September 30, 2023 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Corey Baker, certify, pursuant to 18 U.S.C. § 1350, as adopted pursuant to § 906 of the Sarbanes-Oxley Act of 2002, that, to the best of my knowledge:

- (1) The Report fully complies with the requirements of Section 13(a) or Section 15(d), as applicable, 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.

Date: November 2, 2023

By: /s/ Corey Baker

Corey Baker
Chief Financial Officer
(Principal Financial Officer)