

**UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION**  
Washington, D.C. 20549

**FORM 10-K**

(Mark One)

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

For the fiscal year ended December 31, 2021

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)

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

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

Title of each class  
Common Stock, Par Value \$0.01 Per Share

Trading Symbol(s)  
COCO

Name of each exchange on which registered  
The Nasdaq Stock Market LLC

Securities registered pursuant to Section 12(g) of the Act:  
None

Indicate by check mark if the Registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes  No

Indicate by check mark if the Registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. YES  NO

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	<input type="checkbox"/>		Accelerated filer	<input type="checkbox"/>
Non-accelerated filer	<input checked="" type="checkbox"/>		Smaller reporting company	<input type="checkbox"/>
			Emerging growth company	<input checked="" type="checkbox"/>

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 has filed a report on and attestation to its management's assessment of the effectiveness of its internal control over financial reporting under Section 404(b) of the Sarbanes-Oxley Act (15 U.S.C. 7262(b)) by the registered public accounting firm that prepared or issued its audit report.

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 June 30, 2021, the last business day of the registrant's most recently completed second quarter, there was no established public market for the registrant's common stock and therefore the registrant cannot calculate the approximate market value of the registrant's common stock held by non-affiliates as of such date. The registrant's common stock began trading on the Nasdaq Global Select Market on October 20, 2020.

As of March 10, 2022, 55,558,382, shares of the registrant's common stock, par value \$0.01 per share, were outstanding.

**DOCUMENTS INCORPORATED BY REFERENCE**

Portions of the registrant's definitive Proxy Statement relating to its 2022 Annual Meeting of Stockholders to be filed with the SEC within 120 days after the end of the fiscal year ended December 31, 2021 are incorporated herein by reference in Part III.

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## FORWARD-LOOKING STATEMENTS

This Annual Report on Form 10-K 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 (Securities Act), and Section 21E of the Securities Exchange Act of 1934, as amended (Exchange Act). All statements other than statements of historical facts contained in this Annual Report on Form 10-K 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 Annual Report on Form 10-K include, but are not limited to, statements regarding our future results of operations and financial position, industry and business trends, equity compensation, business strategy, plans, market growth and our objectives for future operations.

The forward-looking statements in this Annual Report on Form 10-K 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 this Annual Report on Form 10-K for the fiscal year ended December 30, 2021. The forward-looking statements in this Annual Report on Form 10-K are based upon information available to us as of the date of this Annual Report on Form 10-K, 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 Annual Report on Form 10-K and the documents that we reference in this Annual Report on Form 10-K and have filed as exhibits to this Annual Report on Form 10-K 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 Annual Report on Form 10-K. Except as required by applicable law, we do not plan to publicly update or revise any forward-looking statements contained in this Annual Report on Form 10-K, whether as a result of any new information, future events or otherwise.

As used in this Annual Report on Form 10-K, 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.

## MARKET AND INDUSTRY DATA

This Annual Report on Form 10-K contains estimates, projections and other information concerning our industry and our business, including data regarding the estimated size of the market, projected growth rates and perceptions and preferences of customers, that we have prepared based on industry publications, reports and other independent sources, each of which is either publicly available without charge or available on a subscription fee basis. None of such information was prepared specifically for us in connection with this filing. Some data also is based on our good faith estimates, which are derived from management’s knowledge of the industry and from independent sources. These third party publications and surveys generally state that the information included therein has been obtained from sources believed to be reliable, but that the publications and surveys can give no assurance as to the accuracy or completeness of such information. Market and industry data is subject to variations and cannot be verified due to limits on the availability and reliability of data inputs, the voluntary nature of the data gathering process and other limitations and uncertainties inherent in any statistical survey. Although we are responsible for all of the disclosures contained in this Annual Report on Form 10-K and we believe the industry and market data included in this Annual Report on Form 10-K is reliable, we have not independently verified any of the data from third party sources nor have we ascertained the underlying economic assumptions on which such data is based. Similarly, we believe our internal research is reliable, even though such research has not been verified by any independent sources. The industry and market data included in this Annual Report on Form 10-K involve a number of assumptions and limitations, and you are cautioned not to give undue weight to such information.

Unless otherwise expressly stated, we obtained industry, business, market and other data from the reports, publications and other materials and sources listed below. In some cases, we do not expressly refer to the sources from which this data is derived. In that regard, when we refer to one or more sources of this type of data in any paragraph, you should assume that other data of this type appearing in the same paragraph is derived from the same sources, unless otherwise expressly stated or the context otherwise requires.

- Information Resources Inc. Custom Research, MULO + Convenience channels, for the periods ended December 26, 2021 (IRI);
- IRI, Total Chilled Coconut Water Category, Value Sales, 52, Weeks ended January 1, 2022, Total UK, or IRI U.K.; and
- Euromonitor International Limited; Coconut and other plant waters category, Estimated Combined On-Trade & Off-Trade Value Sales for 2022 as per Passport Soft Drinks 2021 edition (Euromonitor).

## SUMMARY RISK FACTORS

Our business is subject to numerous risks and uncertainties, including those described in Part I, Item 1A. "Risk Factors" in this Annual Report on Form 10-K. You should carefully consider these risks and uncertainties when investing in our common stock. The principal risks and uncertainties affecting our business include the following:

- problems with our supply chain and inflation resulting in an increase in shipping expenses and potential cost increases for our products and adverse impacts on our distributor and retail customers' ability to deliver our products to market;
- reduced or limited availability of coconuts or other raw materials that meet our quality standards;
- our dependence on our third-party manufacturing and co-packing partners;
- volatility in the price of materials used to package our products, and our dependence on our existing suppliers for such materials;
- our dependence on our distributor and retail customers for a significant portion of our sales;
- our ability to successfully forecast and manage our inventory levels;
- harm to our brand and reputation as a result of real or perceived quality or food safety issues with our products;
- strong competition in the food and beverage retail industry presents an ongoing threat to the success of our business;
- a reduction in demand for and sales of our coconut water products or a decrease in consumer demand for coconut water generally;
- our ability to develop and maintain our brands and company image;
- our ability to introduce new products, successfully improve existing products and respond to changes in consumer preferences;
- pandemics, epidemics or disease outbreaks, such as the COVID-19 pandemic, may disrupt our business, including, among other things, consumption and trade patterns, and our supply chain and production processes;
- our ability to manage our growth effectively;
- our ability to successfully make acquisitions and successfully integrate newly acquired businesses or products in the future;
- difficulties as we expand our operations into countries in which we have no prior operating history;
- disruptions in the worldwide economy, including existing supply chain disruptions and the conflict between Russia and Ukraine;
- climate change, or measures taken to address climate change, may negatively affect our business and operations;
- our need for and ability to obtain additional financing to achieve our goals;
- our ability to maintain our company culture or focus on our mission as we grow;
- our dependence on and ability to retain our senior management;
- our ability and the ability of our third-party partners to meet our respective labor needs;
- our suppliers and manufacturing partners compliance with ethical business practices or applicable laws and regulations;
- risks associated with the international nature of our business;
- lawsuits, product recalls or regulatory enforcement actions in connection with food safety and food-borne illness incidents, other safety concerns or related to advertising inaccuracies or product mislabeling;
- our ability to comply with new and existing government regulation and legislative changes, both in the United States and abroad;

- our ability to comply with laws and regulations relating to anti-corruption, sanctions, trade, data privacy, data protection, advertising and consumer protection;
- our dependence on information technology systems, and the risk of failure or inadequacy of such systems and cyberattacks;
- our ability to protect our intellectual property;
- our ability to service any indebtedness and comply with the covenants imposed under our existing debt agreements; and
- risks associated with sustainability and corporate social responsibility and our status as a public benefit corporation.

**PART I****Item 1. Business.****Overview**

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

Our branded portfolio is led by our *Vita Coco* brand, which is the leader in the global coconut water category, and also includes coconut oil and coconut milk offerings. Our other brands include *Runa*, a leading plant-based energy drink inspired from the guayusa plant native to Ecuador, *Ever & Ever*, a sustainably packaged water, and the recently launched *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 source our coconut water, from a diversified global network of 15 factories across seven countries supported by thousands of coconut farmers. As we do not own any of the coconut water 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 and 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 foodservice channels. We are also available in a variety of on-premise locations such as corporate offices, fitness clubs, airports, cruise lines, and educational institutions.

**History**

The Vita Coco Company, Inc., formerly known as All Market Inc., was incorporated as a Delaware corporation in January 2007 and incorporated in Delaware as a public benefit corporation in April 2021. We completed an initial public offering (IPO) of our common stock in October 2021.

**Industry**

We operate in the functional beverages industry. Our brands *Vita Coco* and *Runa* compete in the approximately \$2.7 billion global coconut and plant waters category in 2022, as estimated by Euromonitor (2022). Our *Vita Coco* coconut milk product is a plant-based dairy alternative and our *PWR LIFT* brand competes in the enhanced isotonic category.

We believe per capita consumption of natural beverages is growing as a result of increasing consumer interest in plant-based alternatives and preferences for health-conscious products that have fewer added sugars and artificial ingredients, while providing more nutritional benefits. In addition, we believe that consumer awareness of the negative environmental and social impact of packaged goods has resulted in increased consumer demand for brands that are purpose-driven, take responsibility for their impact on the planet and are focused on sustainable packaging and transparent ethical values. We believe our mission is aligned with this developing consumer behavior.

**Competition**

The beverage industry is highly competitive and is constantly evolving in response to ever-changing consumer preferences. Competition is generally based on brand recognition, taste, quality, price, availability, selection and convenience, as well as factors related to corporate responsibility and sustainability.

We compete within the broad non-alcoholic beverage category, and our flagship brand, *Vita Coco*, is the market leader in the coconut water category. Our competitors in the beverage market include large beverage companies such as The Coca-Cola Company, PepsiCo, Inc. and Nestlé S.A. that may have substantially greater financial resources and stronger brand recognition than we have. We also compete with other leading functional beverages including Goya, Harmless Harvest, BodyArmor, Monster Energy, Red Bull, Bang, Ocean Spray, Bubby and Bai, as well as a range of emerging brands and retailers' own private label beverage brands. Our competition and competitors vary by market due to regional brands and taste preferences.

We are also a leading supplier of private label coconut water and oil brands, and we compete with other private label suppliers for that business.

## **Business Operations**

As of December 31, 2021, we operated in two business segments: (i) the Americas segment, comprised of our operations primarily in the United States and Canada and (ii) the International segment, comprised of operations primarily in Europe, the Middle East and the Asia Pacific regions. While over 89% of our business is based on coconut water, we have used our access to market to add other beverage brands with a view to building a diversified beverage platform of compatible brands.

### ***Vita Coco***

With the launch of the *Vita Coco* brand in New York City in 2004, we established the coconut water category as a premium lifestyle drink in America. *Vita Coco* is the coconut water category leader with approximately 49% market share in the United States according to IRI U.S. for the 52 weeks ending December 26, 2021, and over indexes to younger households and to more multicultural shoppers.

We offer *Vita Coco* coconut water as an alternative to sugar-packed sports drinks and other less healthy hydration alternatives. *Vita Coco* has evolved from a single pure coconut water SKU to a full portfolio of coconut water flavors and enhanced coconut waters, such as *Vita Coco* Boosted and Farmers Organic, as well as other plant-based offerings, such as *Vita Coco* coconut oil and coconut milk. In 2021, we introduced the *Vita Coco* Hydration Drink Mix, a powdered form of flavored coconut water to test in limited online markets in the United States.

Internationally, our business is anchored by *Vita Coco*'s presence in the United Kingdom, where it is the coconut water category leader with 76% market share, according to IRI UK for 52 weeks ended January 1, 2022. Our United Kingdom commercial team and our supply chain base in Asia has allowed us to sell into other European and Asian countries. In collaboration with our key retail partners in the United Kingdom, we have extended the *Vita Coco* brand into natural personal care products and CBD-infused beverages. *Vita Coco* coconut water has a presence in key markets such as China, France, Spain, the Nordic Region and the Middle East.

### ***Runa***

*Runa* is a plant-based, natural offering for consumers in the energy drink market. We believe that *Runa*'s clean energy drinks provide consumers with a refreshing energy boost without the jolts and jitters, and with less sugar, than traditional energy beverages. A key ingredient in *Runa* is guayusa, an Amazonian jungle plant which we believe is a "super-leaf." As part of the acquisition of the *Runa* brand in 2018, we assumed operation of an Ecuadorian guayusa leaf sourcing and processing business.

### ***Ever & Ever***

Launched in 2019, *Ever & Ever* is a purified water brand packaged solely in aluminum bottles with a pH balance of 7.4. Given emerging consumer concerns with the disposal or recyclability of plastic water bottles, we created *Ever & Ever* to respond to the consumer need for a sustainably packaged water product in aluminum bottles with potential infinite recyclability. *Ever & Ever* was launched with a focus on the foodservice and office channels. *Ever & Ever* is also available in our DTC channels.

### ***PWR Lift***

In 2021, we launched *PWR LIFT*, a beverage targeted at post-workout and recovery hydration occasions with added nutritional benefits. *PWR LIFT* is a protein-infused flavored water, designed to provide fitness-minded consumers with protein in a hydrating beverage. *PWR LIFT* was available through Amazon in the second half of 2021 and launched in select test markets in December 2021.

### ***Private Label***

We expanded into private label coconut water in 2016 as a way to develop stronger ties with select, strategic retail partners and improve our operating scale. Our coconut water private label offering increases the scale and efficiency of our coconut water supply chain, and also provides us with a share of the value segment, without diluting our own brand. We also supply retailers with private label coconut oil.



## Supply Chain

We engage contract manufacturers, co-packers and third-party logistics providers to manufacture and distribute our products. Our fixed asset-lite model enhances production flexibility and capacity, and enables us to focus on our core in-house capabilities, supplier management, logistics, sales and marketing, brand management and customer service. Our well-diversified global manufacturing network spans across seven countries, 15 coconut water factories operated by our manufacturing partners and five co-packing facilities for products not packaged near source. Our network provides us with significant production capacity and capabilities, and an ability to re-allocate coconut water sourcing in the event of weather, logistics or other macroeconomic impacts.

Coconut water needs to be transferred from the coconut into an aseptic package within hours of cutting a coconut from the tree. Our supply chain partners are positioned as close to the coconut growing regions as possible to keep quality at the highest level. Through our access and relationships with coconut processors and manufacturers in many countries, including the Philippines, Indonesia, Malaysia, Thailand and Brazil, we have built up a unique body of knowledge and relationships for coconut water processing at scale, as well as gained access to farms across diversified geographies. We also attempt to create a valuable and loyal farming community around our manufacturing partners through our agricultural education programs and investments in schooling. This has strengthened our long-term manufacturing relationships and we believe will support our capacity needs for future growth.

Raw materials used in our business and by our co-packers consist of ingredients and packaging materials purchased from local, regional and international suppliers. The principal ingredients include coconut water, Tetra Paks and caps, cardboard cartons, PET bottles and aluminum bottles and cans. We work with our contract manufacturing partners to purchase our raw ingredients from local suppliers in accordance with rigorous standards to assure responsible sourcing, quality and safety. The majority of our products are produced and packaged with materials sourced from a single supplier, Tetra Pak, whether purchased by us or by our contract manufacturers on our behalf, which provides us efficiency in the packaging and export of our products, and furthers our commitment to responsible sourcing, packaging near source and sustainability.

## Distribution, Sales and Marketing

Our beverages and other products are sold in club stores, supermarkets, convenience stores, drug stores and e-commerce websites as well as other outlets. Our products are typically shipped directly from our contract manufacturing partners to a network of third-party warehouses located in our selling markets. We go to market in North America through various distribution channels, including a Direct Store Delivery distribution network (DSD), Direct-to-Warehouse network (DTW), broadline distributors, and our own Direct-to-Consumer (DTC) channel. We match the customers' needs with the right route to market providing us flexibility for our established brands and for our innovations. Outside of North America, we use a combination of DTW, importers, and distributors depending on the needs of the market.

Our European market is primarily retail and e-commerce operator direct sales, with some countries supported by distributor or importer type relationships. In China, we sell to Reignwood Investment (China) Co., Ltd which is our import and distributor partner for the territory, and, through its affiliates, has been one of our principal shareholders since 2014. Other countries are serviced through importers with limited retail direct relationships or in partnership with one of our manufacturing partners through licensing or other agreements.

We employ a dedicated global sales and commercial team. In the Americas, the sales team focuses on three main areas: DSD management, national account management (including club, mass food and convenience) and retail execution. Our European sales team is aligned geographically and by major account or by import partner and is further supported by a small field execution and marketing team in the United Kingdom. Private label accounts are handled by each geographic division in close cooperation with supply chain leadership. Our sales and marketing function in China is handled by our importer.

We also employ a brand, marketing, e-commerce and insights team with strong creative, social, and digital capabilities with a primary focus on the North American and European markets. The primary goal of our marketing function is to educate consumers about the functional benefits of our products while inspiring consumers to fall in love with our brands. Since the early days, Vita Coco has enjoyed a roster of celebrity and athlete fans. Today, Vita Coco continues to leverage relationships with talent and influencers who are aligned with our values and are genuine fans of our brand.

## Seasonality

As is typical in the beverage industry, sales of our beverages are seasonal, with the highest sales volumes generally occurring in the second and third fiscal quarters during the warmer months of the year in our major markets.

## **COVID-19**

The COVID-19 pandemic has caused general business disruption worldwide. From the beginning of this pandemic in January 2020, our top priority has been the health, safety and well-being of our employees. As of the date of this report, our offices have re-opened and employees have returned, in most cases on a hybrid remote and in-office basis. Our quality lab continues to operate under strict protocols, our field sales teams are working with our distributors and retailers subject to local safety protocols, and business travel continues to be reduced.

Since COVID-19 emerged, among other impacts, we have seen significant changes to global ocean shipping availability and pricing of containers, lengthening transit times, increased domestic transportation costs and some payroll inflationary effects. We have also experienced negative impacts on our inventory availability and delivery capacity which have affected, at times, our ability to fully service our customers' demand, and seen temporary manufacturing and distribution partner shutdowns that have not materially impacted our business to date. We have taken measures to bolster key aspects of our supply chain and we continue to work with our supply chain partners to try to ensure our ability to service our customers and their demand.

We continue to closely monitor the impact of the COVID-19 pandemic and developments related thereto on our business. For additional discussion of the factors above and the impact of COVID-19, see Part I, Item 1A. "Risk Factors" and Part II, Item 7. "Management's Discussion and Analysis of Financial Condition and Results of Operations" of this Annual Report on Form 10-K.

## **Product Innovation**

We engage in research and development activities and invest in innovation globally with the goal of creating products using natural, functional ingredients. We have years of expertise working with plant-based ingredients to deliver products to meet the needs of our customers. We balance our innovation priorities between adding functionality and taste to existing brands and researching and developing new products and brands for new occasions, need states or specific retailer opportunities.

Our global innovation function sits in the marketing team to ensure alignment with current brand initiatives and sharing of consumer insights across teams and markets. The innovation team works closely with our internal global research and development and technical teams that includes members in the United States, Europe and Singapore focused on supplier capability, quality improvements and new processes. We also have strong supplier relationships that give us access to a broad scope of ingredients, packaging offerings and technologies.

## **Intellectual Property**

We own domestic and international trademarks and other proprietary rights that are important to our business. We view our primary trademarks to be VITA COCO and RUNA. We have a global approach to protecting our trademarks, designs, patents and other intellectual property rights. We believe the protection of our trademarks, designs, copyrights, patents, domain names, trade dress and trade secrets are important to our success.

As of December 31, 2021, we had over 30 registered trademarks and over 10 pending trademark applications in the United States, and over 225 registered trademarks and over 25 pending trademark applications in other countries. Depending upon the jurisdiction, trademarks are valid as long as they are in use and/or their registrations are properly maintained.

We consider information related to formulas, processes, know-how and methods used in our production and manufacturing as proprietary and endeavor to maintain them as trade secrets. We have in place reasonable measures to keep the above-mentioned items, as well as our business and marketing plans, customer lists and contracts reasonably protected.

## **Government Regulation**

Our products are regulated in the United States as conventional foods. We, along with our distributors, and manufacturing and co-packing partners, are subject to extensive laws and regulations in the United States by federal, state and local government authorities including, among others, the U.S. Federal Trade Commission (FTC), the U.S. Food and Drug Administration (FDA), the U.S. Department of Agriculture, the U.S. Environmental Protection Agency and the U.S. Occupational Safety and Health Administration and similar state and local agencies. Among other things, the facilities in

which our products and ingredients are manufactured must register with the FDA, comply with current good manufacturing practices and other standards requirements applicable to the production and distribution of conventional food products. We and our manufacturing and co-packing partners are also subject to similar requirements in foreign jurisdictions in which we operate. These types of requirements include: product standards; product safety, product safety reporting; marketing, sales, and distribution; packaging and labeling requirements; nutritional and health claim; advertising and promotion; import and export restrictions; and tariff regulations, duties, and tax requirements.

Products that do not comply with applicable governmental or third-party regulations and standards may be considered adulterated or misbranded and subject, but not limited, to, warning or untitled letters, product withdrawals or recalls, product seizures, relabeling or repackaging, total or partial suspensions of manufacturing or distribution, import holds, injunctions, fines, civil penalties or criminal prosecution. In addition, some of our products are produced and marketed under contract as part of special certification programs such as organic, kosher or non-GMO, and must comply with the strict standards of federal, state and third-party certifying organizations.

#### **Public Benefit Corporation Status and Corporate Social Responsibility**

We operate as a Delaware Public Benefit Corporation and therefore, our operational decision-making goes beyond solely maximizing shareholder value. Our public benefit purpose, as provided in our certificate of incorporation, is harnessing, while protecting, nature's resources for the betterment of the world and its inhabitants by creating ethical, sustainable, better-for-you beverages and consumer products that not only uplift our communities, but that do right by our planet. Furthermore, in order to advance the best interests of those materially affected by the Corporation's conduct, it is intended that our business and operations create a material positive impact on society, taken as a whole.

In March 2022, The Vita Coco Company, Inc. announced it was designated as a Certified B Corporation, a certification reserved for businesses that balance profit and purpose to meet the highest verified standards of social and environmental performance, public transparency and legal accountability. The Vita Coco Company, Inc. joined its subsidiary All Market Europe Ltd, a United Kingdom company, that previously achieved B Corporation status.

We believe that we bring our products to market through a responsibly designed supply chain, and provide our farmers and manufacturers the partnership, investment, and training they need to not only reduce waste and environmental impact, but also bring income and opportunity to their local communities. In 2014, we created the Vita Coco Project to support and empower our coconut farming communities by encouraging innovative farming practices, improving education resources, and scaling our business to promote economic prosperity. With our "Give, Grow, Guide" philosophy we focus on the future, and seek to contribute to educational programs and facilities through efforts such as building new classrooms and funding scholarships; all to impact the lives of over one million people in these communities. Additionally, we attempt to partner with other third-party organizations that share and advance our ideals including fair trade, accessible nutrition and wellness, and environmental responsibility.

We believe this purpose-driven approach has aided our growth as it is strategically aligned with the beliefs of our global consumer base and has improved our supplier relationships.

#### **Human Capital**

As of December 31, 2021, we had 281 full-time employees. Of these employees, 197 were employed in the United States. None of these employees are represented by labor unions or covered by collective bargaining agreements. We have never experienced a labor-related work stoppage.

Our people are at the heart of our business. We believe that we have been able to attract diverse and highly engaged employees who share our belief in our mission and further promote our inclusive company culture. To monitor the health of our human capital resources, we track turnover, perform exit interviews, conduct periodic employee surveys, hold quarterly town halls with open question and answer sessions, and conduct performance reviews and build development plans to assist each employee achieve their potential. Based on exit interviews and employee surveys, we identify opportunities for improvement in our benefits and our processes and track our employee engagement levels. At the time of our IPO, we awarded all full-time global employees a restricted stock grant with vesting based on continued employment in order to align our employees with our shareholders and to reward all employees on this accomplishment.

We promote and value a diverse, equitable and inclusive culture for our employees. In 2020, our employees formed a Diversity and Inclusivity Committee which has worked to celebrate all our employees, educate, and recommend improvements to our processes to enhance our organization and our culture. As of December 31, 2021, approximately 46% of our employees identified as female, 49% identified as male, and 4% did not disclose their gender identity. In addition, at

the end of 2021, 39% of our employees identified as Black, Indigenous, and/or People of Color or two or more races and 52% identified as white. We strive to reflect the diverse identities and cultures of our consumers.

#### **Additional Information**

The Vita Coco Company, Inc., formerly known as All Market Inc., was incorporated as a Delaware corporation in January 2007 and incorporated in Delaware as a public benefit corporation in April 2021. We completed our initial public offering of our common stock in October 2021.

Our website is [www.thevitacococompany.com](http://www.thevitacococompany.com). At our Investor Relations website, [investors.thevitacococompany.com](http://investors.thevitacococompany.com), we make available free of charge a variety of information for investors, including our annual report on Form 10-K, quarterly reports on Form 10-Q, current reports on Form 8-K and any amendments to those reports, as soon as reasonably practicable after we electronically file that material with or furnish it to the Securities and Exchange Commission (SEC). The information found on our website is not part of this or any other report we file with, or furnish to, the SEC.

#### **Item 1A. Risk Factors.**

*Our business involves a high degree of risk. You should carefully consider the risks and uncertainties described below, together with all of the other information in this Annual Report on Form 10-K. The risks and uncertainties described below are not the only ones we face. Additional risk and uncertainties not presently known to us or that we currently deem immaterial may also become important factors that adversely affect our business. The realization of any of these risks and uncertainties could have a material adverse effect on our reputation, business, financial condition, results of operations, growth and future prospects as well as our ability to accomplish our strategic objectives. In that event, the market price of our common stock could decline and you could lose part or all of your investment.*

#### **Risks Related to Our Business and Industry**

***If we encounter problems with our supply chain and continued inflation, our costs may increase and our or our customers' ability to deliver our products to market could be adversely affected.***

We do not own warehouses or fulfillment centers, but rather outsource to independent warehousing and fulfillment service providers in the United States, United Kingdom, France and from time to time other countries, to receive, store, stage, repack, fulfill and load our products for shipment. We also source ocean shipping containers and capacity from major shipping lines and brokers, and source third-party transportation providers for land-based transportation based on market conditions.

Our shipping partners transport our products from the country of origin or from our domestic co-packing partners, which are then received by, and subsequently distributed from the third party warehousing and fulfillment service providers to our distributors and retail-direct customers by transportation partners or customer pickup. We depend in large part on the orderly operation of this receiving and distribution process, which depends, in turn, on timely arrival of product from ports or co-packers, availability of outbound and inbound shipping, and effective operations at the warehouses/distribution centers and the ports through which our product flows. Any increase in transportation costs (including increases in fuel costs), increased shipping costs, issues with overseas shipments or port or supplier-side delays, reductions in the transportation capacity of carriers, labor strikes or shortages in the transportation industry, disruptions to the national and international transportation infrastructure and unexpected delivery interruptions or delays may increase the cost of, and adversely impact, our logistics, and our ability to provide quality and timely service to our distributor or retail-direct customers. Starting in 2021 and continuing into 2022, we have experienced cost inflation relating to global shipping costs and some inflationary pressures on other related transportation costs, such as demurrage, port fees and drayage, and domestic transportation, and the size of these cost increases has continued to increase. We expect to see ongoing cost pressures, potentially sequentially worse than prior periods, and will evaluate appropriate mitigation measures to protect our business which may include taking pricing actions and cost reduction measures. We cannot predict how long these cost pressures will last or how they will continue to impact our supply chain environment and business.

In addition, if we change the warehouse, fulfillment, shipping or transportation companies we use, we could face logistical difficulties that could adversely affect deliveries and we could incur costs and expend resources in connection with such change. We also may not be able to obtain terms as favorable as those received from the third-party warehouse, fulfillment, shipping and transportation providers we currently use, which could increase our costs. We also may not adequately anticipate changing demands on our distribution system, including the effect of any expansion we may need to implement in the capacity, the number or the location of our warehouses/fulfillment centers to meet increased complexity or demand. Any of these factors could cause interruptions and delays in delivery or result in increased costs.

In addition, events beyond our control, such as disruptions in operations due to natural or man-made disasters, inclement weather conditions, accidents, system failures, power outages, political instability, physical or cyber break-ins, server failure, work stoppages, slowdowns or strikes by employees, acts of terrorism, the outbreak of viruses, widespread

illness, infectious diseases, contagions and the occurrence of unforeseen epidemics (such as the outbreak of the COVID-19 pandemic and its potential impact on supply chain and our financial results) and other unforeseen or catastrophic events, could damage the facilities of our warehousing and fulfillment service providers or render them inoperable, or effect the flow of product to and from these centers, or impact our ability to manage our partners, making it difficult or impossible for us to process customer or consumer orders for an extended period of time. We could also incur significantly higher costs and longer lead times associated with distributing inventory during the time it takes for our third party providers to reopen, replace or bring the capacity back to normal levels for their warehouses/fulfillment centers and logistics capabilities after a disruption.

The inability to fulfill, or any delays in processing, customer or consumer orders from the warehousing/fulfillment centers of our providers or any quality issues could result in the loss of consumers, retail partners or distributors, or the issuances of penalties, refunds or credits, and may also adversely affect our reputation. The success of our retail or distribution partners depends on their timely receipt of products for sale and any repeated, intermittent or long-term disruption in, or failures of, the operations of the warehouses/fulfillment centers of our partners could result in lower sales and profitability, a loss of loyalty to our products and excess inventory. The insurance we maintain for business interruption may not cover all risk, or be sufficient to cover all of our potential losses, and may not continue to be available to us on acceptable terms, if at all, and any insurance proceeds may not be paid to us in a timely manner. Additionally, we will need to continue to update and expand our systems to manage these warehouse/fulfillment centers and related systems to support our business growth and increasing complexity, which may require significant amounts of capital and maintenance and creates others risks, including those related to cyber security and system availability, as discussed in "Risks Related to Our Information Technology and Intellectual Property."

In addition, in recent years and this year due to the existing conflict between Russia and Ukraine, volatility in the global oil markets has resulted in higher fuel prices, which many shipping companies have passed on to their customers by way of higher base pricing and increased fuel surcharges. Shortages of capacity in shipping have occurred due to economic, weather and pandemic effects, that have affected the smooth flow of our supply chain and increased transportation costs and decreased reliability. In particular, the increase in demand for shipping services during the COVID-19 pandemic has significantly increased shipping costs such that spot rates are multiples of contracted rates, and limited container availability has delayed shipment of product, and there is less guarantee that contracts will be honored. Additionally, port congestion has increased transit times and delayed timely arrival and unloading of containers. If fuel prices, transportation costs and inflation continue to increase, we will experience even higher shipping rates and fuel surcharges, as well as surcharges on our raw materials and packaging. It is hard to predict if current rates and capacity will continue in the future and what long-term rates could be and when these economic effects will normalize. A significant part of our business relies on shipping prepackaged coconut water from sourcing countries to our countries of sale so we are very dependent on shipping container prices and service levels. Due to the price sensitivity of our products, we may not be able to pass such increases on to our customers.

***Our future business, financial condition, results of operations and cash flows may be adversely affected by reduced or limited availability of coconuts and other raw materials for our products.***

Our ability to ensure a continuing supply of high-quality coconuts and other raw materials for our products at competitive prices depends on many factors beyond our control. We rely on a limited number of regional manufacturing partners to source and acquire certain of our raw materials and provide us with finished coconut-based products. Our financial performance depends in large part on their ability to arrange for the purchase of raw materials, including coconuts or coconut water, in sufficient quantities.

The coconuts from which our products are sourced, and the harvesting and transportation of them to our manufacturing partners, are vulnerable to adverse weather conditions and natural disasters, such as floods, droughts, earthquakes, hurricanes, typhoons, pestilence and other shortages and disease, as well as political events and other conditions which can adversely impact quantity and quality, leading to reduced coconut yields and quality, which in turn could reduce the available supply of, or increase the price of, our raw materials. Our manufacturing partners may have general difficulties in obtaining raw materials, particularly coconut derived products, due to our high quality standards. Our current manufacturing partners operate in the Philippines, Sri Lanka, Malaysia, Thailand, Brazil, Indonesia and Vietnam and source coconuts from owned trees and networks of many independent small farmers. Thus, the supply of coconuts may be particularly affected by any adverse events in these countries or regions. Any disruption in the ability of our manufacturing partners to source coconuts from their local suppliers to produce our finished goods would result in lower sales volumes and increased costs, and may have a material adverse effect on our business, financial condition, results of operations and cash flows if the necessary supply cannot be replaced in a timely manner or at all.

In addition, we also compete with other food and beverage companies in the procurement of coconut materials and other raw materials, and this competition may increase in the future if consumer demand increases for these materials or products containing such materials, and if new or existing competitors increasingly offer products in these market sectors. If supplies of coconut materials and other raw materials that meet our quality standards are reduced or are in greater demand, this could cause our expenses to increase and we or our manufacturing partners may not be able to obtain sufficient supply to meet our needs on favorable terms, or at all.

Our manufacturing partners and their ability to source coconut materials and other raw materials may also be affected by any changes among farmers in our sourcing countries as to what they choose to grow and harvest, changes in global economic conditions or climate, and our or their ability to forecast or to commit to our raw materials requirements.

Many of these farmers also have alternative income opportunities and the relative financial performance of growing coconuts or other raw materials as compared to other potentially more profitable opportunities could affect their interest in working with us or our manufacturing partners. Any of these factors could impact our ability to supply our products to customers and consumers and may adversely affect our business, financial condition, results of operations and cash flows.

***We are dependent on our third party manufacturing and co-packing partners, and if we fail to maintain our relationship with such third party partners, or such third parties are unable to fulfill their obligations, our business could be harmed.***

We do not manufacture our products directly but instead outsource the manufacturing and production to our manufacturing and co-packing partners whom we rely on to provide us with quality products in substantial quantities and on a timely basis. Our success is dependent upon our ability to maintain our relationships with existing manufacturers and co-packers, and enter into new manufacturing arrangements in the future. We have agreements with our existing manufacturers, many of which are terminable under certain conditions, including in some cases without cause. If our manufacturers and co-packers become unable to provide, deprioritize production of, or experience delays in providing, our products, or if the agreements we have in place are terminated, our ability to obtain a sufficient selection or volume of merchandise at acceptable prices and on a timely basis could suffer. Additionally, if we do not use capacity that we are contracted for or that is otherwise available to us, our suppliers may choose to supply competitors or to compete more aggressively in private label supply, either of which could have an adverse effect on our business. Our ability to maintain effective relationships with our manufacturing partners for the sourcing of raw materials from local suppliers, and the manufacture and production of our products by such manufacturing partners and as well as our co-packing partners is important to the success of our operations within each market and globally.

If we need to replace an existing manufacturing partner due to bankruptcy or insolvency, lack of adequate supply, failure to comply with our product specifications, performance against our contracts and our demands, disagreements or any other reason, there can be no assurance that we will find alternative manufacturing partners with access to adequate supplies of raw materials when required on acceptable terms or at all, or that a new manufacturing partner would allocate sufficient capacity to us in order to meet our requirements or fill our orders in a timely manner. Finding a new manufacturing partner may take a significant amount of time and resources, and once we have identified such new manufacturing partner, we would have to ensure that they meet our standards for quality control and have the necessary capabilities, responsiveness, high-quality service and financial stability, among other things, as well as have satisfactory labor, sustainability and ethical practices that align with our values and mission. We may need to assist that manufacturing partner in purchasing and installing packaging and processing capability which may further delay and increase the financial costs of including them in our supply network and increase the financial risk of that relationship. Although we do not rely on our co-packing partners for the sourcing of raw materials, we face similar risks related to the operations and quality of services provided by such partners. If we are unable to manage our supply chain effectively and ensure that our products are available to meet consumer demand, our sales might decrease, and our business, financial condition, results of operations and cash flows may be materially adversely affected.

We have in the past sought, and from time to time in the future may seek to amend the terms of our agreements to secure additional capacity or address urgent supply needs, and we cannot guarantee that we will be able to maintain or achieve satisfactory economic terms with our existing partners. In addition, our manufacturing and co-packing partners may not have the capacity to supply us with sufficient merchandise to keep pace with our growth plans, especially if we need significantly greater amounts of production capacity on short notice. In such cases, our ability to pursue our growth strategy will depend in part upon our ability to develop new supplier and manufacturing relationships and onboard them in a timely manner to meet our expected demand.

Additionally, a natural disaster, fire, power interruption, work stoppage, labor matters (including illness or absenteeism in workforce) or other calamity at the facilities of our manufacturing and co-packing partners and any combination thereof would significantly disrupt our ability to deliver our products and operate our business. In the future, we expect that these partners may experience plant shutdowns or periods of reduced production because of regulatory issues, equipment failure, loss of certifications, employee-related incidents that result in harm or death, delays in raw material deliveries or as a result of the COVID-19 pandemic or related response measures or other similar natural emergencies. Any such disruption or unanticipated event may cause significant interruptions or delays in our business and the reduction or loss of inventory may render us unable to fulfill customer orders in a timely manner, or at all, which could materially adversely affect our business, financial condition, results of operations and cash flows. Within the last 24 months, two of our manufacturing partners have experienced government mandated COVID-related temporary closures of their facilities. The first facility shutdown occurred in April 2020 in Sri Lanka and lasted for one week before the operator received permission to again commence production. The second facility shutdown began in June 2021 in Thailand and lasted for one month before the operator received permission to recommence production in July 2021. We have seen additional minor disruptions, but none that have impacted our business materially to date. There can be no assurance that there will not be additional closures or delays in the future as a result of the COVID-19 pandemic.

***We are dependent on our existing suppliers for materials used to package our products, the costs of which may be volatile and may rise significantly.***

In addition to purchasing coconut materials and other ingredients, we negotiate the terms and specifications for the purchase of significant quantities of packaging materials and pallets by our manufacturers and co-packing partners from third parties. The majority of our products are produced and packaged with materials sourced from a single supplier, Tetra

Pak. While we believe that we may be able to establish alternative supply relationships for some of these materials, we may be unable to do so in the short term, or at all, at prices or quality levels that are acceptable to us. Further, any such alternative supplier arrangements may lead to increased costs or delays.

Volatility or inflation in the costs of our packaging materials and other supplies that we or our manufacturing partners purchase, could increase our cost of sales and reduce our profitability. Moreover, we may not be able to implement price increases for our products to cover any increased costs, and any price increases we do implement may result in lower sales volumes or lost relationships. If we are not successful in managing our packaging costs, or if we are unable to increase our prices to cover increased costs or if such price increases reduce our sales volumes, then such increases in costs will adversely affect our business, financial condition, results of operations and cash flows.

Further, changes in business conditions, pandemics, governmental regulations and other factors beyond our control or that we do not presently anticipate could affect our manufacturing and co-packing partners' ability to receive components from our existing or future suppliers of such materials or the availability of such components generally. The unavailability of any components for our suppliers could result in production delays and idle manufacturing facilities which may increase our cost of operations and render us unable to fulfill customer orders in a timely manner.

***We are dependent on distributor and retail customers for most of our sales, and our failure to maintain or further develop our sales channels could harm our business, financial condition, results of operations and cash flows.***

We derive a significant portion of our revenue from our network of domestic and international distributors and retail customers (whether serviced directly or through distributors), including club stores, major mass merchandisers, online marketplaces such as Amazon, drug store chains, supermarkets, independent pharmacies, health food stores, and other retailers. In addition, our largest distributor customer, a subsidiary of Keurig Dr Pepper Inc. (KDP), and the largest retail-direct customer, Costco, of our products accounted for approximately 23% and 30%, respectively, of our total net sales as of December 31, 2021. No other retailer direct or distributor represented more than 10% of our total net sales as of December 31, 2021.

A decision by either of our largest retail customer or distributor, or any other major distributor or retail customer, whether motivated by marketing strategy, competitive conditions, financial difficulties or otherwise, to decrease significantly the quantity or breadth of product purchased from us, or to change their manner of doing business with us and their support of our products, could substantially reduce our revenue and have a material adverse effect on our business, financial condition, results of operations and cash flows. In addition, any store closings or changes in retail strategy by our retail customers, particularly our largest retail customer, could shrink the number of stores carrying our products, while the remaining stores may purchase a smaller amount of our products and/or may reduce the retail floor space designated for our products. If any negative change in our relationship with our largest distributor and retail customer occurs, any other disputes with key customers arose, if we were to lose placement and support of any of our key customers or if any of our key customers consolidate and/or gain greater market power, our business, financial condition, results of operations and cash flows would be materially adversely affected. In addition, we may be similarly adversely impacted if any of our key customers, particularly our largest distributor and retail customer, experience any operational difficulties or generate less traffic.

Although we aim to enter into long-term agreements with distributors, and historically have renewed, amended or extended them as needed, we cannot guarantee that we will be able to maintain or extend these contractual relationships in the future or that we will be able to do so on attractive terms. If any agreement with a key distributor is terminated or if the performance of such distributor deteriorated, we cannot guarantee that we will be able to find suitable replacement partners on favorable terms, or at all. We enter into pricing support and promotional arrangements with our distributors to encourage execution and pricing activity on our brands, and in some cases offer invasion fees when product is shipped directly to a specific retailer in their geographic market. There is no guarantee that these arrangements will be effective, or that disputes will not arise as to the sharing of the costs of such activity, which could impact our relationship with the distributors or impose additional costs on us.

We generally do not have long-term contracts or minimum purchase volumes with our retail-direct customers beyond promotional price arrangements, except in cases related to private label supply, and the duration of these relationships and terms are subject to change and adjustment based on the performance of the products and our performance as a supplier of these products. For example, pursuant to the terms of the agreement with our largest retail-direct customer, following the initial term either party is permitted to terminate the agreement without cause with prior notice, and the agreement is non-exclusive and does not impose any minimum purchase or supply requirements. We seek to maintain the relationships with these customers' private label brands and be their supplier of choice, but we cannot guarantee that we will maintain our share of this business, nor that the economic terms we will negotiate with such customers in the future will be favorable to us. The loss of any part of a key customer's private label business may negatively impact that customer's support of our branded products, and could have a material adverse effect on our business, financial condition, results of operations and cash flows.

We rely on our retailer partners' continuing demand for our products whether supplied directly or supported through distributors. In addition, certain of our retail partners, particularly those located in the United States, may from time to time change their promotional approaches. Such changes could negatively impact our business. If our retail partners change their pricing and margin expectations, change their business strategies as a result of industry consolidation or

otherwise, maintain and seek to grow their own private-label competitive offerings whether supplied by us or other suppliers, reduce the number of brands they carry or amount of shelf space they allocate to our products, or allocate greater shelf space to, or increase their advertising or promotional efforts for, our competitors' products, our sales could decrease and our business, financial conditions, results of operations and cash flows may be materially adversely affected.

Certain of our distributors or retail-direct customers may from time to time experience financial difficulties, including bankruptcy or insolvency. If our customers suffer significant financial or operational difficulty, they may reduce their orders from us or stop purchasing from us and/or be unable to pay the amounts due to us timely or at all, which could have a material adverse effect on our ability to collect on receivables, our revenues and our results of operations. It is possible that customers may contest their contractual obligations to us, whether under bankruptcy laws or otherwise. Further, we may have to negotiate significant discounts and/or extended financing terms with these customers in such a situation. If we are unable to collect upon our accounts receivable as they come due in an efficient and timely manner, our business, financial condition, results of operations and cash flows may be materially adversely affected. In addition, product sales are dependent in part on high-quality merchandising and an appealing retail environment to attract consumers, which requires continuing investments by retailers and ongoing support by distributors. Retailers or distributors that experience financial difficulties may fail to make such investments or delay them, resulting in lower sales and orders for our products. Consolidations among our customers would concentrate our credit risk and, if any of these retailers or distributors were to experience a shortage of liquidity or consumer behavior shifts away from their retail model or their service area, it would increase the risk that their outstanding payables to us may not be paid. In addition, increasing market share concentration among one or a few retailers in a particular region increases the risk that if any one of them substantially reduces their purchases of or support for our products, we may be unable to find a sufficient number of other retail outlets for our products to sustain the same level of sales and revenue whether sold directly to retailers or through distributors.

***Our cash flows and results of operations may be negatively affected if we are not successful in forecasting and managing our inventory at appropriate levels for our demand.***

Efficient inventory management is a key component of our success and profitability. To be successful, we must maintain sufficient inventory levels to meet our customers' demands without allowing those levels to increase to such an extent that the costs of holding the products unduly impact our financial results or create obsolete inventory.

Our independent distributors and retail-direct customers are generally not required to place minimum monthly orders for our products beyond meeting a minimum delivery quantity for shipping. While we expect distributors to maintain on average two to four weeks of inventory to support their businesses and to cover any supply or service issues, there is no guarantee that they will do so and the appropriate inventory level for our customers varies seasonally. Distributors and retail-direct customers typically order products from us on a monthly basis, or with approximately one or two weeks lead time, in quantities and at such times based on their expected demand for the products in a particular distribution area. Accordingly, we cannot predict the timing or quantity of purchases by our distributors and direct retail customers or whether any of these customers will continue to purchase products from us with the same frequency and at volumes consistent with their past practice or to maintain historic inventory levels. Additionally, our larger distributors and retail-direct customers may make orders that are larger than we can fill in the requested timeframe, and such orders may roll into another period or be cancelled. For example, certain of our retailers may offer promotions including rebates and temporary price discounts on our products and we do not have control over the timing or frequency of these promotional activities. If we underestimate future demand for a particular product or do not respond quickly enough to replenish our best-performing products or do not forecast mix changes, or otherwise fail to adjust to fill customer orders, we may have a shortfall in inventory of such products, likely leading to unfulfilled orders and inventory shortages at our customers. Shortages in distributor inventory levels may result in poor service to retailers and lost retail sales, in turn negatively impacting our sales to distributor customers and harming our relationship. Shortages in inventory levels at our retail-direct customers may result in our products being out of stock on their retail shelves resulting in customer dissatisfaction and reduced revenue and damaging our relationship with our retail-direct customers.

Our products have a limited shelf life, as it is normal for certain nutrition products and other ingredients to degrade over time, and our inventory may reach its expiration date and not be sold. We may decide to discontinue a product, and/or any new products we introduce may not gain market acceptance, which may result in returns by customers and excess inventory. In such cases, we may have to record write-downs, which may be significant. In addition, if we do not accurately predict customer trends or spending levels or if we inappropriately price products, we may have to take unanticipated markdowns and discounts to dispose of obsolete, aged or excess inventory or record write-downs relating to the value of obsolete, aged or excess inventory.

Maintaining adequate inventory requires significant attention to and monitoring of market trends, local market demands, performance of our raw material suppliers and manufacturers and performance of our logistics suppliers and distributors, and it is not certain that we will be effective in collection of data and monitoring to enable efficient inventory management. Although we seek to forecast and plan our product needs sufficiently in advance of anticipated requirements to facilitate reserving production time at our manufacturing and co-packing partners, and arranging for the availability and supply of packaging and ingredient materials, our product takes many weeks to arrive at our warehouses from our manufacturing partners, which reduces our flexibility to react to short term or unexpected consumer demand changes and can require planning as much as six months in advance to coordinate all materials for production. In addition, our inventory could be damaged or destroyed, particularly in the event of any casualty or disruption to our warehouses/fulfillment centers or losses during ocean freight transit or outbound shipping. As we expand our operations, it may be more difficult to effectively manage our inventory as the complexity increases. In any cases where consumers might not have access to our



products, our reputation and brands could be harmed, and consumers may be less likely to recommend our products in the future. In any cases where retailers or distributors might not have access to our products, our relationship with these customers could be harmed. If we are not successful in managing our inventory balances, it could have a material adverse effect on our business, financial conditions, results of operations and cash flows.

***Our brands and reputation may be diminished due to real or perceived quality or food safety issues with our products, which could have an adverse effect on our business, reputation, financial condition and results of operations.***

We believe our consumers, retailers and distributors rely on us to provide them with high-quality products. Therefore, any real or perceived quality or food safety concerns or failures to comply with applicable food regulations and requirements, whether or not ultimately based on fact and whether or not involving us (such as incidents involving our competitors), could cause negative publicity and reduced confidence in our company, brands or products, which could in turn harm our reputation and sales, and could materially adversely affect our business, financial condition, results of operations and cash flows. Although we believe we and our manufacturing and co-packing partners on which we rely have rigorous quality control processes in place, there can be no assurance that our products will always comply with the standards set for our products or that our manufacturing and co-packing partners will comply with our product specifications. For example, although we strive to keep our products free of pathogenic organisms, they may not be easily detected and cross-contamination can occur. There is no assurance that this health risk will always be preempted by such quality control processes, or that the root cause may occur after the product leaves our control. In addition, coconut water is naturally occurring and varies in taste by growing area and season. While we attempt to achieve a reasonably consistent taste across all our supply network with each product, there is no guarantee that we will be able to do so, which may result in customer dissatisfaction or complaints about lack of consistency across our product batches.

Additionally, damage, contamination or quality impairments may occur after our products leave our control. Damage to packaging materials may occur during product transport and storage resulting in product spoilage or contamination, which may be impossible to detect until opened and tasted by the consumer. Further, we have no control over our products once purchased by consumers. Accordingly, consumers may store our products improperly or for long periods of time or open and reseal them, which may adversely affect the quality and safety of our products. While we have procedures in place to handle consumer questions and complaints, our responses may not be satisfactory to consumers, retailers or distributors, which could harm our reputation and could result in retailers or distributors holding our product from sale. If consumers, retailers or distributors do not perceive our products to be safe or of high quality as a result of such actions or events outside our control or if they believe that we did not respond to a complaint in a satisfactory manner, then the value of our brands would be diminished, and our reputation, business, financial condition, results of operations and cash flows would be adversely affected.

Any loss of confidence on the part of consumers, retailers or distributors in the ingredients used in our products or in the safety and quality of our products would be difficult and costly to overcome. Any such adverse effect could be exacerbated by our position in the market as a purveyor of high-quality products and may significantly reduce our brand value and damage relationships with retail and distributor customers. Issues regarding the safety of any of our products, regardless of the cause, may adversely affect our business, financial condition, results of operations and cash flows.

***Competition in the food and beverage retail industry is strong and presents an ongoing threat to the success of our business.***

We operate in a highly competitive market, which includes large multinational companies as well as many smaller entrepreneurial companies seeking to innovate and disrupt the categories in which we compete. As a category, coconut water competes for space with a wide range of beverage offerings. In particular, coconut water competes with functional refreshment, energy drinks, ready to drink teas and coffees and other non-100% coconut water based beverages, and many of these products are marketed by companies with substantially greater financial resources than ours. We also compete with a number of natural, organic, and functional food and beverage producers. We and these competing brands and products compete for limited retail, and foodservice customers and consumers. In our market, competition is based on, among other things, brand equity and consumer relationships, consumer needs, product experience (including taste, functionality and texture), nutritional profile and dietary attributes, sustainability of our supply chain (including raw materials), quality and type of ingredients, distribution and product availability, retail and foodservice and e-commerce customer relationships, marketing investment and effectiveness, pricing competitiveness and product packaging.

We continuously compete for retail customers (including grocery stores, supermarkets, club, convenience and health stores, gyms and others), foodservice customers (including coffee shops, cafes, restaurants and fast food) and e-commerce (both direct-to-consumer and through third-party platforms) customers. Consumers tend to focus on price as one of the key drivers behind their purchase of food and beverages, and consumers will only pay a premium price for a product that they believe is of premium quality and value. In order for us to not only maintain our market position as a premium quality brand, but also to continue to grow and acquire more consumers we must continue to provide delicious and high-quality products at acceptable price premiums and invest in communication about our brands' benefits to justify such pricing.

Conventional food or beverage companies, which are generally multinational corporations with substantially greater resources and operations than us, may acquire our competitors or launch their own coconut water products or other products that compete with our own. Such competitors may be able to use their resources and scale to respond to competitive pressures and changes in consumer preferences by introducing new products, reducing prices or increasing

promotional activities, among other things. These large competitors may decide not to compete in coconut water but rather to use their retail relationships and category insights to reduce retailer excitement for the category, impacting our visibility and shelf space. We invest in category insights to offset these potential viewpoints and excite retailers and distributors for the future of our categories, but there is no guarantee that our efforts will be successful.

Retailers also market competitive products under their own private labels, which are generally sold at lower prices and compete with our products. Retailers source these products from a range of suppliers under competitive bidding relationships and we compete for this business as a private label supplier. While we seek to enter into strategic partnerships with retailers to capitalize on private label supply opportunities, we cannot guarantee that we will be awarded this private label business in future years or that the business will be profitable. If the quality of competing private label or branded products were to be compromised, that could affect the consumer perceptions of coconut water more generally which could impact our business. Additionally, some of our distributor partners carry competing products or in some cases also are brand owners of beverage products that might compete with us, and while we believe our products are worthy of their support, there is no guarantee that their support will continue for all of our brands or at the same levels as today.

Competitive pressures or other factors could cause us to lose market share and lead to reduced space allocated to our products, which may require us to lower prices, increase marketing and advertising expenditures, or increase the use of discounting or promotional campaigns, each of which could adversely affect our margins and could adversely affect our business, financial condition, results of operations and cash flows. Many of our current and potential competitors in beverages have longer operating histories, greater brand recognition, better access to distribution capabilities, larger fulfillment infrastructures, greater technical capabilities, significantly greater financial, marketing and other resources and maintain deeper customer relationships with key retailers due to their extensive brand portfolios than we do. These factors may allow our competitors to derive greater net sales and profits from their existing customer base, acquire customers at lower costs or respond more quickly than we can to new or emerging technologies and changes in consumer preferences or habits. These competitors may engage in more extensive research and development efforts, undertake more far-reaching marketing campaigns and adopt more aggressive pricing policies (including predatory pricing policies and the provision of substantial discounts), which may allow them to build larger customer bases or generate net sales from those customer bases more effectively than we can.

We expect competition in the natural, organic, and functional food and beverage industry to continue to increase. We believe that our ability to compete successfully in this market depends upon many factors both within and beyond our control. If we fail to compete successfully in this market, our business, financial condition, results of operations and cash flows would be materially and adversely affected.

***Sales of our coconut water products constitute a significant portion of our revenue, and a reduction in demand for and sales of our coconut water products or a decrease in consumer demand for coconut water generally would have an adverse effect on our financial condition.***

Our coconut water accounted for approximately 89% of our revenue as of December 31, 2021. We believe that sales of our coconut water will continue to constitute a significant portion of our revenue, income and cash flow for the foreseeable future. Any material negative change to consumer demand for our products or coconut water generally could materially and adversely affect our business, financial condition, results of operations and cash flows. We are also subject to the risk of overly relying upon a few large customers (whether serviced directly or through distributors) in a particular market due to the concentration that exists in retail ownership in our key markets. We cannot be certain that consumer and retail customer demand for our other existing and future products will expand to reduce this reliance on coconut water and allow such products to represent a larger percentage of our revenue than they do currently. Accordingly, any factor adversely affecting demand or sales of our coconut water or coconut water generally could have a material adverse effect on our business, financial condition, results of operations and cash flows.

***If we fail to develop and maintain our brands and company image, our business could suffer.***

We have developed strong and trusted brands, including our leading Vita Coco brand, that we believe have contributed significantly to the success of our business, and we believe our continued success depends on our ability to maintain and grow the value of the Vita Coco and other brands. Maintaining, promoting and positioning our brands and reputation will depend on, among other factors, the success of our product offerings, food safety, quality assurance, marketing and merchandising efforts, the reliability and reputation of our supply chain, our ability to grow and capture share of the coconut water category, and our ability to provide a consistent, high-quality consumer experience. Any negative publicity, regardless of its accuracy, could materially adversely affect our business. For example, as part of the licensing strategy of our brands, we enter into licensing agreements under which we grant our licensing partners certain rights to use our trademarks and other designs. Although our agreements require that the use of our trademarks and designs is subject to our control and approval, any breach of these provisions, or any other action by any of our licensing partners that is harmful to our brands, goodwill and overall image, could have a material adverse impact on our business.

The growing use of social and digital media by us, our consumers and third parties increases the speed and extent that information or misinformation and opinions can be shared. Negative publicity about us, our brands or our products on social or digital media could seriously damage our brands and reputation. For example, consumer perception could be influenced by negative media attention regarding any consumer complaints about our products, our management team,

ownership structure, sourcing practices and supply chain partners, employment practices, ability to execute against our mission and values, and our products or brands, such as any advertising campaigns or media allegations that challenge the nutritional content or sustainability of our products and our supply chain, or that challenge our marketing efforts regarding the quality of our products, and any negative publicity regarding the plant-based food industry or coconuts as a whole could have an adverse effect on our business, brands and reputation. Similar factors or events could impact the success of any brands or products we introduce in the future.

Our company image and brands are very important to our vision and growth strategies, particularly our focus on being a “good company” and operating consistent with our mission and values. We will need to continue to invest in actions that support our mission and values and adjust our offerings to appeal to a broader audience in the future in order to sustain our business and to achieve growth, and there can be no assurance that we will be able to do so. If we do not maintain the favorable perception of our company and our brands, our sales and results of operations could be negatively impacted. Our brands and company image is based on perceptions of subjective qualities, and any incident that erodes the loyalty of our consumers, customers, suppliers or manufacturers, including adverse publicity or a governmental investigation or litigation, could significantly reduce the value of our brands and significantly damage our business, which would have a material adverse effect on our business, financial condition, results of operations and cash flows.

***We must expend resources to maintain consumer awareness of our brands, build brand loyalty and generate interest in our products from existing and new consumers. Our marketing strategies and channels will evolve and our programs may or may not be successful.***

To remain competitive, acquire and keep consumers and customers, and expand and keep shelf placement for our products, we may need to increase our marketing and advertising spending and our sales team capabilities, to maintain and increase consumer awareness and purchase intent, protect and grow our existing market share or promote new products. Substantial sales force investments and advertising and promotional expenditures may be required to maintain or improve our brands’ market position or to introduce new products to the market. Participants in our industry are increasingly engaging in consumer outreach through social media and web-based channels, and direct to consumer delivery and subscription models, which may prove successful in competing with incumbent brands and require us to increase investment and add capability to respond. There is no guarantee that our efforts will be successful, and any increase in our sales, marketing and advertising efforts, including through social media or otherwise, may not maintain our current reputation, or lead to increased brand awareness and sales, and may have unanticipated negative impacts on our brand. In addition, we consistently evaluate our product lines to determine whether to discontinue certain products. Discontinuing product lines may increase our profitability long-term, but could reduce our sales short term and hurt our company image and brand, and a reduction in sales of certain products could cause a reduction in sales of other products. The discontinuation of product lines may have an adverse effect on our business, financial condition, results of operations and cash flows.

***Failure to introduce new products or successfully improve existing products may adversely affect our ability to continue to grow and may cause us to lose market share and sales.***

A key element of our growth strategy depends on our ability to develop and market new products, product extensions and improvements to our existing products that meet our standards for quality and appeal to consumer preferences. The success of our innovation and product development efforts is affected by our ability to anticipate changes in consumer preferences, the technical capability of our innovation staff in developing and testing product prototypes to meet these consumer needs while complying with applicable governmental regulations, the ability to obtain patents and other intellectual property rights and protections for commercializing such innovations and developments, the ability of our supply chain and production systems to provide adequate solutions and capacity for new products, and the success of our management and sales and marketing teams in designing, branding and packaging and introducing and marketing new products. Failure to develop and market new products that appeal to consumers may lead to a decrease in our growth, sales and profitability. There is no guarantee that each innovation we launch will reach our goals and be successful, and many will require iteration and development to have a chance of success. Discontinuing products that have not reached sufficient scale to be viable long term or where consumer demand is decreasing, may result in decreased sales, disappointed customers, and unexpected costs.

Additionally, the development and introduction of new products requires research, development and marketing expenditures, which we may be unable to recoup if the new products do not gain widespread market acceptance. Our competitors also may create or obtain similar formulations first that may hinder our ability to develop new products or enter new categories, which could have a material adverse effect on our growth. If we experience difficulty in partnering with co-packers or manufacturers to produce our new products, it may affect our ability to develop and launch new products and enter new product categories, and scale up supply if successful. Further, if we fail to ensure the efficiency and quality of new production processes and products before they launch, we may experience uneven product quality and supply, which could negatively impact consumer acceptance of new products and negatively impact our sales and brand reputation. If we are unsuccessful in meeting our objectives with respect to new or improved products, our business, financial condition, results of operations and cash flow may be adversely affected.

***Consumer preferences for our products are difficult to predict and may change, and, if we are unable to respond quickly to new trends, our business may be adversely affected.***

Our business is primarily focused on the development, manufacturing, marketing and distribution of coconut water branded and private label products and other “better-for-you” beverages. Consumer demand for our products and

interest in our offerings could change based on a number of possible factors, including changes in dietary habits, refreshment and nutritional habits, concerns regarding the health effects of ingredients, the usage of single use packaging, the impact of our supply chain on our sourcing communities, shifts in preference for various product attributes or consumer confidence and perceived value for our products relative to alternatives. Consumer trends that we believe favor sales of our products could change based on a number of possible factors. While we continually strive to improve our products through thoughtful, innovative research and development approaches to meet consumer needs, there can be no assurance that our efforts will be successful. If consumer demand for our products decreased, our business, financial condition, results of operations and cash flows may be adversely affected.

In addition, sales of consumer products are subject to evolving consumer preferences that we may not be able to accurately predict or respond to, and we may not be successful in identifying trends in consumer preferences and developing products that respond to such trends in a timely manner. A significant shift in consumer demand away from our products could reduce our sales or our market share and the prestige of our brands, which would harm our business, financial condition, results of operations and cash flows.

***Pandemics, epidemics or disease outbreaks, such as the COVID-19 pandemic, may disrupt our business, including, among other things, consumption and trade patterns, our supply chain and production processes, each of which could materially affect our operations, liquidity, financial condition and results of operations.***

The actual or perceived effects of a disease outbreak, epidemic, pandemic or similar widespread public health concern, such as the COVID-19 pandemic, could negatively affect our business, liquidity, financial condition and results of operations. The global spread and unprecedented impact of the ongoing COVID-19 pandemic continues to create significant volatility, uncertainty and economic disruption. The pandemic has led governments and other authorities around the world to implement significant measures intended to control the spread of the virus, including shelter-in-place orders, social distancing measures, business closures or restrictions on operations, quarantines, travel bans and restrictions and multi-step policies with the goal of re-opening these markets. While some of these restrictions have been lifted or eased in many jurisdictions as the rates of COVID-19 infections have decreased or stabilized, a resurgence of the pandemic or new variants in some markets could slow, halt or reverse the reopening process altogether. If COVID-19 infection rates resurge and the pandemic intensifies again and expands geographically, its negative impacts on our business, our supply chain, our operating expenses, and gross margin, and our sales could be more prolonged and may become more severe. Even if not required by governments and other authorities, companies have taken precautions, such as requiring employees to work remotely, imposing travel restrictions, reducing operating hours, imposing operating restrictions and temporarily closing businesses. These restrictions and future prevention, mitigation measures and reopening policies imposed by governments and companies may continue to have an adverse impact on global economic conditions and impact consumer confidence and spending which might have a material adverse impact on some of our customers and could impact the demand for our products and ultimately our financial condition. These effects could also impact our ability to hire and retain key employees. Furthermore, sustained market-wide turmoil and business disruption due to the COVID-19 pandemic have negatively impacted, and are expected to continue to negatively impact, our supply chain and our business operations, and may impact our business, financial condition, results of operations and cash flows in ways that are difficult to predict. We have seen significantly increased costs for ocean transportation and domestic logistics. Given our supply chain is dependent on ocean freight for shipping coconut water from the source countries to the end use markets, we are particularly exposed to ocean freight cost changes, and availability of containers.

Additionally, such restrictions have been and may continue to be re-implemented as transmission rates of the COVID-19 virus have increased in numerous jurisdictions. The environment remains highly uncertain, and it is unclear how long it will take for consumer behavior to return to pre-pandemic levels in each of our markets, if at all. It is also unclear how the COVID-19 pandemic may affect our industry in the long term, to the extent any consumer behavioral changes represent a fundamental change to the lifestyle of our consumers and their shopping patterns, and whether the increase in consumer demand we have experienced will continue. We believe we may have benefited from changes in shopping behavior due to our presence in club, mass merchandise, grocery retailer businesses and e-commerce marketplaces, but experienced negative impacts due to reductions in traffic for drug, convenience and gas and small independent retailers. It is difficult to predict consumer behavior and retail traffic levels going forward and how that might impact our business.

We could suffer product inventory losses or markdowns and lost revenue in the event of the loss or shutdown of a major manufacturing partner, a local raw materials supplier of a manufacturing partner, or a co-packing partner, due to COVID-19 conditions in their respective locales. Any interruptions to logistics could impact their ability to operate and ship us product. The potential impact of COVID-19 on any of our production or logistics providers could include, but is not limited to, problems with their respective businesses, finances, labor matters (including illness or absenteeism in workforce or closure due to positive COVID-19 testing), ability to import and secure ingredients and packaging, product quality issues, costs, production, insurance and reputation. Any of the foregoing could negatively affect the price and availability of our products and impact our supply chain. If the disruptions caused by COVID-19 continue for an extended period of time or there are one or more resurgences of COVID-19 or the emergence of another pandemic, our ability to meet the demand for our products may be materially impacted. Additionally, part of our long-term growth strategy may include exploring expanding into additional geographies. The timing and success of our international expansion with respect to customers, manufacturers and/or production facilities has been and may continue to be negatively impacted by COVID-19, which could impede our entry and growth in these geographies.

We temporarily transitioned a significant subset of our office-based employee population in London, New York and Singapore to a remote work environment in an effort to mitigate the risks of COVID-19 to our employees and their families and currently many of our office-based employees are working in a hybrid environment (both in-office and remote), which may exacerbate certain risks to our business, including cybersecurity and phishing attacks due to an increase in the number of points of potential attack, such as laptops and mobile devices (both of which are now being used in increased numbers). In the event that an employee who has been in contact with other employees either in our offices or in sales or social activities, tests positive for COVID-19, we may have to temporarily close such office and limit the activities of close contacts, which could cause business disruptions and negatively impact our business, financial condition, results of operations and cash flows. While we anticipate the attendance in our offices increasing as the year progresses, and we believe in-person meetings and social experiences are an important part of our culture and creativity, it is still unclear what form this return to the office will take, how quickly it will occur and how effective we will be recreating our ways of working to benefit from the new remote-tools, while preserving positive aspects of our office culture. We may also experience unanticipated employee turnover if employees resist any plans that we implement for office reopening or resist any requirements that may be implemented or required for vaccinations or testing protocols.

Additionally, the COVID-19 pandemic may create significant disruptions in the credit and financial markets, which could adversely affect our ability to access capital on favorable terms or at all. The extent of COVID-19's effect on our operational and financial performance will depend on future developments, including the duration, spread and intensity of the pandemic (including any resurgences), the duration and extent of inflationary cost increases driven by shipping and logistics costs among other factors, and any long-term changes to consumer behavior, all of which are uncertain and difficult to predict considering the rapidly evolving situation across the globe. Furthermore, the uncertainty created by COVID-19 significantly increases the difficulty in forecasting operating results and of strategic planning. As a result, it is not currently possible to ascertain the overall impact of COVID-19 on our business. However, the pandemic has had, and may continue to have, a material impact on our business, financial condition, results of operations and cash flows.

The impact of COVID-19 may also heighten other risks discussed in this "Risk Factors" section.

***If we fail to manage our future growth effectively, our business could be materially adversely affected.***

We have grown as a company since inception and we anticipate further growth, although there are no guarantees of growth in any year. Any growth places significant demands on our management, financial, operational, technological and other resources and on our manufacturing and co-packing partners. The anticipated growth and expansion of our business and our product offerings will place significant demands on our management and operations teams and may require significant additional resources and expertise, which may not be available in a cost-effective or timely manner, or at all. Further, we may be subject to reputational risks should our rapid growth jeopardize our relationships with our retail customers, distributors, consumers or suppliers.

Our revenue growth rates may slow over time due to a number of reasons, including increasing competition, market saturation, slowing demand for our offerings, increasing regulatory costs and challenges, and failure to capitalize on growth opportunities. If we fail to meet increased consumer demand as a result of our growth, our competitors may be able to meet such demand with their own products, which would diminish our growth opportunities and strengthen our competitors. If we plan for demand that does not happen, we may have to credit customers for unsaleable product and destroy surplus inventory and associated ingredients and packaging materials, all of which will damage relationships with manufacturing and co-packers partners. Further, if we expand capacity at our manufacturing partners in anticipation of growth which ultimately does not occur, it may create excess capacity and supply in the industry, leading to downward pricing pressure, increased competition for private label business, and negative impacts on our business, financial conditions, results of operations and cash flows. If we do not effectively predict and manage our growth, we may not be able to execute on our business plan, respond to competitive pressures, take advantage of market opportunities, satisfy customer requirements or maintain high-quality product offerings, any of which could harm our business, financial condition, results of operations and cash flows.

***We rely on independent certification for a number of our products.***

We rely on various independent third-party certifications, such as certifications of our products as "organic", to differentiate our products and company from others. We must comply with the requirements of independent organizations or certification authorities in order to label our products as certified organic. For example, we can lose our "organic" certification if our manufacturing partners fail to source certified organic raw materials from local raw material suppliers. In addition, all raw materials must be certified organic. The loss of any independent certifications could adversely affect our market position as an organic and natural products company, which could harm our business.

***We may not be successful in our efforts to make acquisitions and successfully integrate newly acquired products or businesses.***

We have in the past pursued and may in the future consider opportunities to acquire other products or businesses that may strategically complement our portfolio of brands and expand the breadth of our markets or customer base. We may be unable to identify suitable targets, opportunistic or otherwise, for acquisition in the future at acceptable terms or at all. In addition, exploring acquisition opportunities may divert management attention from the core business and organic innovation and growth, which could negatively impact our business, financial condition, results of operations and cash flows. If we identify a suitable acquisition candidate, our ability to successfully implement the acquisition will depend on a variety of factors, including our ability to obtain financing on acceptable terms consistent with any debt agreements

existing at that time and our ability to negotiate acceptable price and terms. Historical instability in the financial markets indicates that obtaining future financing to fund acquisitions may present significant challenges and could also create dilution to shareholders among other potential impacts.

The success of future acquisitions will be dependent upon our ability to effectively integrate the acquired products and operations into our business. Integration can be complex, expensive and time-consuming. The failure to successfully integrate acquired products or businesses in a timely and cost-effective manner could materially adversely affect our business, prospects, results of operations and financial condition. The diversion of our management's attention and any difficulties encountered in any integration process could also have a material adverse effect on our ability to manage our business. In addition, the integration process could result in the loss of key employees, the disruption of ongoing businesses, litigation, tax costs or inefficiencies, or inconsistencies in standards, any of which could adversely affect our ability to maintain the appeal of our brands and our relationships with customers, employees or other third parties or our ability to achieve the anticipated benefits or synergies of such acquisitions and could harm our financial performance. Further, the future acquisition of a product or business may cause us to deviate from our historically fixed-asset lite business model if we were to acquire production capabilities and facilities in connection therewith, and as a result could increase our costs of operation.

We do not know if we will be able to identify acquisitions we deem suitable, whether we will be able to successfully complete any such acquisitions on favorable terms or at all, or whether we will be able to successfully integrate or realize the anticipated benefits of any acquired products or businesses. Additionally, an additional risk inherent in any acquisition is that we fail to realize a positive return on our investment.

***We may face difficulties as we expand our operations into countries in which we have no prior operating history.***

We may explore expanding our global footprint in order to enter into new markets through partnerships with importers and distributors, or direct sales to retailers among other potential strategies. This will involve expanding into countries for which we do not have current knowledge and expertise and may involve expanding into less developed countries, which may have less political, social or economic stability and less developed infrastructure and legal systems. In addition, it may be difficult for us to understand and accurately predict taste preferences and purchasing habits of consumers in these new geographic markets. Further, our planned go-to-market strategies may not be the optimal approach in certain markets and our choice of partners may not be optimal, which may require us to consider, develop and implement alternative entry and marketing strategies or to pull out of those markets. This could be more costly to implement or use more resources than we anticipated, which could have an adverse effect on our results of operations. It is costly to establish, develop and maintain international operations and develop and promote our brands in international markets. Additionally, as we expand into new countries, we may rely on local partners and distributors who may not fully understand our business or our vision. As we expand our business into new countries, we may encounter regulatory, legal, personnel, technological, consumer preference variations, competitive and other difficulties, including exposure to new foreign exchange risks, that increase our expenses and/or delay our ability to become profitable in such countries, which may have a material adverse effect on our business, financial condition, results of operations and cash flows.

***Disruptions in the worldwide economy may adversely affect our business, financial condition, results of operations and cash flows.***

Adverse and uncertain economic conditions, including the potential impact of the ongoing COVID-19 pandemic or of the war in Ukraine on the global economy, may affect distributor, retailer, foodservice and consumer demand for our products or impact our costs due to changes in the foreign exchange rate. In addition, our ability to manage normal commercial relationships with our manufacturing and co-packing partners and third party logistics providers and creditors may suffer and we may experience inflation or be unable to pass price increases on to our customers. Consumers may shift purchases to lower-priced or other perceived value offerings during economic downturns. In addition, consumers may choose to purchase private label products rather than branded products because they are generally less expensive. Distributors and retailers may become more conservative in response to these conditions and seek to reduce their inventories or demand price concessions. Our results of operations depend upon, among other things, our ability to maintain and increase sales volume with our existing distributors, direct retailers and foodservice customers, our ability to attract new customers and consumers, the financial condition of our customers and consumers and our ability to provide products that appeal to consumers at the right price. Cost pressures or inflation could challenge our ability to do so. Prolonged unfavorable economic conditions may have an adverse effect on our business, financial condition, results of operations and cash flows.

***Climate change, or legal or market measures to address climate change, may negatively affect our business and operations.***

There is growing concern that carbon dioxide and other greenhouse gases in the atmosphere may have an adverse impact on global temperatures, weather patterns and the frequency and severity of extreme weather and natural disasters. If such climate change has a negative effect on agricultural productivity, we may be subject to decreased availability or less favorable pricing for coconut water, oil and cream and other raw materials that are necessary for our current or any future products. Such climate changes may also require us to find manufacturing partners in new geographic areas if the location for best production of coconuts changes, which will require changes to our supply network and investing time and resources with new manufacturing partners, thereby potentially increasing our costs of production. In addition, there is no

guarantee that we will be able to maintain the quality and taste of our products as we transition to sourcing coconuts in new geographic areas.

Additionally, the increasing concern over climate change may also result in more federal, state, local and foreign legal requirements to reduce or mitigate the effects of greenhouse gases or to reduce packaging and improve recyclability. If such laws are enacted, we may experience significant increases in our costs of operations and delivery which in turn may negatively affect our business, financial condition, results of operations and cash flows.

***Fluctuations in business conditions may unexpectedly impact our reported results of operations and financial condition.***

We experience fluctuations in our financial performance, as a result of a variety of factors, including the timing of our or our competitors' promotional activities, the timing of product introductions and merchandise mix, as well as seasonal fluctuations in demand for beverage products that typically result in higher revenues for such products during summer months. We periodically offer sales and promotional incentives through various programs to customers and consumers, including rebates, temporary on-shelf price reductions, retailer advertisements, product coupons and other trade activities. Our net sales and profitability are impacted by the timing and size of such sales and promotion incentives, and orders received. The promotional activity and cadence in club stores in particular may cause material spikes or declines in expected demand. New product introductions and shelf resets at our customers may also cause our results of operations to fluctuate. Due to these fluctuations, historical period-to-period comparisons of our results of operations are not necessarily indicative of future period-to-period results, impacting comparability of our quarterly results year-over-year.

***We may require additional financing to achieve our goals, which may not be available when needed or may be costly and dilutive.***

We may require additional financing to support the growth of our business, for working capital needs or to cover unforeseen costs and expenses. The amount of additional capital we may require, the timing of our capital needs and the availability of financing to fund those needs will depend on a number of factors, including our strategic initiatives and operating plans, the performance of our business, the number, complexity and characteristics of additional products or future manufacturing processes we require to serve new or existing markets, any proposed acquisitions and cost increases related to the integration of acquired products or businesses, any material or significant product recalls, any failure or disruption with our manufacturing and co-packing partners as well as our third party logistics providers, the expansion into new markets, any changes in our regulatory or legislative landscape, particularly with respect to product safety, advertising, product labeling and data privacy, the costs associated with being a public company and the market conditions for debt or equity financing. Additionally, the amount of capital required will depend on our ability to meet our sales goals and otherwise successfully execute our operating plan. We intend to continually monitor and adjust our operating plan as necessary to respond to developments in our business, our markets and the broader economy and it is possible that our business could become more capital intensive. Although we believe various debt and equity financing alternatives will be available to us to support our capital needs, financing arrangements on acceptable terms may not be available to us when needed. Additionally, these alternatives may require significant cash payments for interest and other costs or could be highly dilutive to our existing shareholders. Any such financing alternatives may not provide us with sufficient funds to meet our long-term capital requirements.

***If we cannot maintain our company culture or focus on our mission as we grow, our success and our business and competitive position may be harmed.***

We believe our culture and our mission have been key contributors to our success to date. Any failure to preserve our culture or focus on our mission could negatively affect our ability to retain and recruit personnel, which is critical to our growth, and to effectively focus on and pursue our corporate objectives. As we grow, and particularly as we develop the infrastructure of a public company, we may find it difficult to maintain these important values.

Our culture and values are reinforced by the leadership and behaviors of our co-founder, Michael Kirban, and executive team, and any failure of these individuals to meet these expectations could cause reputational risk and damage to the company culture and values in the eyes of employees, customers and suppliers. If we fail to maintain our company culture or focus on our purpose, our business and competitive position when attracting employees may be harmed, and we may face reputational risk both at the company level and at the brand level, which might impact our distributors', retailers' and suppliers' willingness to work with us and support our business, and consumer interest in our products.

***Failure to retain our senior management and key personnel may adversely affect our operations or our ability to grow successfully.***

Our success is substantially dependent on the continued service of certain members of our senior management and other key employees. These employees have been primarily responsible for determining the strategic direction of our business and for executing our growth strategy and are integral to our brands, culture and the reputation we enjoy with suppliers, manufacturers, distributors, customers and consumers. In particular, we are dependent on our co-founder, Michael Kirban, for leadership, culture, strategy, key customer and supplier relationships and other skills and capabilities. The loss of the services of the co-founder, or any of these executives and key personnel could have a material adverse effect on our business and prospects, as we may not be able to find suitable individuals to replace them on a timely basis, if at all. In addition, any such departure could be viewed in a negative light by investors and analysts, which may cause the

price of our common stock to decline. We do not currently carry key-person life insurance for our co-founder or senior executives.

***Our business is significantly dependent on our ability and the ability of our third party partners to meet our respective labor needs, and we or they may be subject to work stoppages at facilities, which could negatively impact the profitability of our business.***

The success of our business depends significantly on our ability and the ability of our third party partners, including manufacturers and co-packers, to attract, hire and retain quality employees, including employees at manufacturing and distribution facilities, many of whom are skilled. We and/or our third party partners may be unable to meet our respective labor needs and control costs due to external factors such as the availability of a sufficient number of qualified persons in the work force of the markets in which we and/or our third party partners operate, unemployment levels, demand for certain labor expertise, prevailing wage rates, wage inflation, changing demographics, health and other insurance costs, adoption of new or revised employment and labor laws and regulations, and the impacts of man-made or natural disasters, such as tornadoes, hurricanes, and the COVID-19 pandemic. Recently, various legislative movements have sought to increase the federal minimum wage in the United States, as well as the minimum wage in a number of individual states. Should we or our third party partners fail to increase wages competitively in response to increasing wage rates, the quality of the workforce could decline. Any labor shortage or increase in the cost of labor among our employee population or that of our third party partners could have an adverse effect on our operating costs, financial condition and results of operations. If we are unable to hire and retain skilled employees, our business could be materially adversely affected.

If our employees or the employees of our manufacturing and co-packing partners, warehousing and fulfillment service providers or shipping partners were to engage in a strike, work stoppage or other slowdown in the future, we could experience a significant disruption of our operations, which could interfere with our ability to deliver products on a timely basis and could have other negative effects, such as decreased productivity and increased labor costs. Any interruption in the delivery of our products could reduce demand for our products and could have a material adverse effect on us.

Additionally, our success depends on our ability to attract, train and retain a sufficient number of employees who understand and appreciate our culture and can represent our brand effectively and establish credibility with our business partners and consumers. Pressures in the labor market for talent and wage inflation have been increasing and could increase our future costs of hiring or retaining our employees, and thus impact our profitability. If we are unable to hire and retain employees capable of meeting our business needs and expectations, our business and brand image may be impaired.

***If our independent suppliers and manufacturing partners, or the local farmers or other suppliers from which our manufacturing partners source the raw materials, do not comply with ethical business practices or with applicable laws and regulations, our reputation, business, and results of operations may be harmed.***

Our reputation and our consumers' willingness to purchase our products depend in part on the compliance of our suppliers, manufacturers, distributors, and retailer partners, as well as the local farmers or other suppliers from which our manufacturing partners source raw materials, with ethical employment practices, such as with respect to child and animal labor, wages and benefits, forced labor, discrimination, safe and healthy working conditions, and with all legal and regulatory requirements relating to the conduct of their businesses. We do not exercise control over our independent suppliers, manufacturers, distributors and retailer partners, nor over the suppliers of our raw materials, and cannot guarantee their compliance with ethical and lawful business practices. If our suppliers, manufacturers, distributors, retailer partners or raw material suppliers fail to comply with applicable laws, regulations, safety codes, employment practices, human rights standards, quality standards, environmental standards, production practices, or other obligations, norms or ethical standards, our reputation and brand image could be harmed, our customers may choose to terminate their relationships with us, and we could be exposed to litigation and additional costs that would harm our business, reputation, and results of operations.

***The international nature of our business subjects us to additional risks.***

We are subject to a number of risks related to doing business internationally, any of which could significantly harm our business. These risks include:

- restrictions on the transfer of funds to and from foreign countries, including potentially negative tax consequences;
- unfavorable changes in tariffs, quotas, trade barriers or other export or import restrictions, including navigating the changing relationships between countries such as the United States and China and between the United Kingdom and the European Union;
- unfavorable foreign exchange controls and variation in currency exchange rates;
- increased exposure to general international market and economic conditions;
- political, economic, environmental, health-related or social uncertainty and volatility;
- the potential for substantial penalties, litigation and reputational risk related to violations of a wide variety of laws, treaties and regulations, including food and beverage regulations, anti-corruption regulations (including, but not limited to, the U.S. Foreign Corrupt Practices Act, or FCPA, and the U.K. Bribery Act) and data privacy laws and regulations (including the EU's General Data Protection Regulation);



- the imposition of differing labor and employment laws and standards;
- significant differences in regulations across international markets, including new regulations that could impact requirements applicable to our products and the regulatory impacts on a globally integrated supply chain;
- the bankruptcy or default in payment by our international customers and/or import partners and the potential inability to recoup damages from such defaults, as well as subsequent termination of existing importation agreements;
- the difficulty and costs of designing and implementing an effective control environment across diverse regions and employee bases;
- the complexities of monitoring and managing compliance with a broad array of international laws related to data privacy and data protection, as well as cross-border transfers of personal data;
- the difficulty and costs of maintaining effective data security;
- global cost and pricing pressures;
- complex supply chain and shipping logistical challenges; and
- unfavorable and/or changing foreign tax treaties and policies.

***Federal, state and foreign anti-corruption, sanctions and trade laws create the potential for significant liabilities and penalties and reputational harm.***

As of December 31, 2021, we derived 15% of our net sales from our International segment. In addition, we source all of our coconut water internationally. As such, we are subject to a number of laws and regulations governing payments and contributions to political persons or other third parties, including restrictions imposed by the FCPA, as well as economic sanctions, customs and export control laws, including those administered by the U.S. Department of the Treasury's Office of Foreign Assets Control (OFAC), U.S. Customs and Border Protection (CBP), the U.S. Department of Commerce and the U.S. Department of State. The FCPA is intended to prohibit bribery of foreign officials—including officials of any government or supranational organization, foreign political parties and officials thereof, and any candidate for foreign political office—to obtain or retain business. It also requires public companies in the United States to keep books and records that accurately and fairly reflect those companies' transactions and maintain internal accounting controls to assure management's control, authority, and responsibility over a company's assets. OFAC, CBP, the U.S. Department of Commerce and the U.S. Department of State, among other governmental authorities, administer and enforce various customs and export control laws and regulations, as well as economic and trade sanctions based on U.S. foreign policy and national security goals that target certain countries, regions, governments, businesses and individuals. These laws and regulations relate to a number of aspects of our business, including but not limited to the activities of our suppliers, distributors and other partners.

Similar laws in non-U.S. jurisdictions, such as EU sanctions or the U.K. Bribery Act, as well as other applicable anti-bribery, anti-corruption, anti-money laundering, sanctions, customs or export control laws, may also impose stricter or more onerous requirements than the FCPA, OFAC, CBP, the U.S. Department of Commerce and the U.S. Department of State, and implementing them may disrupt our business or cause us to incur significantly more costs to comply with those laws. Different laws may also contain conflicting provisions, making compliance with all laws more difficult. If we fail to comply with these laws and regulations, we could be exposed to claims for damages, civil or criminal financial penalties, reputational harm, incarceration of our employees, restrictions on our operations or other liabilities, which could negatively affect our business, operating results and financial condition. In addition, we may be subject to successor liability for FCPA violations or other acts of bribery, or violations of applicable sanctions or other export control laws committed by companies we acquire. Despite our compliance efforts and activities we cannot assure compliance by our employees or representatives for which we may be held responsible. Any determination that we have violated the FCPA or other applicable anti-corruption, sanctions, customs or export control laws could subject us to, among other things, civil and criminal penalties, material fines, profit disgorgement, injunctions on future conduct, securities litigation and a general loss of investor confidence, any one of which could adversely affect our business prospects, financial condition, results of operations or the market value of our common stock.

***We may face exposure to foreign currency exchange rate fluctuations.***

While most of our transactions are in U.S. dollars and we anticipate reporting our financial performance in U.S. dollars, we currently have revenues denominated in other foreign currencies, and also procure some of our coconut water in local currencies. In the future, we may have a higher volume of transactions denominated in these or additional foreign currencies. Accordingly, changes in the value of foreign currencies relative to the U.S. dollar can affect our revenue and operating results, and as our international operations expand, our exposure to the effects of fluctuations in currency exchange rates will grow. As a result of such foreign currency exchange rate fluctuations, it could be more difficult to detect underlying trends in our business and operating results. In addition, to the extent that fluctuations in currency exchange rates cause our operating results to differ from our expectations or the expectations of our investors, the trading price of our common stock could be lowered.

From time to time, we engage in exchange rate hedging activities, including the use of derivative instruments such as foreign currency forward and option contracts, in an effort to mitigate the impact of exchange rate fluctuations. However, we cannot guarantee that any hedging technique we implement will be effective, as any such technique may not

offset, or may only offset a portion of, the adverse financial effects of unfavorable movements in foreign exchange rates over the limited time the hedges are in place. If our hedging activities are not effective, changes in currency exchange rate may have a more significant impact on our results of operations.

***We are subject to risks related to sustainability and corporate social responsibility.***

Our business faces increasing scrutiny related to environmental, social and governance issues, including sustainable development, product packaging, renewable resources, environmental stewardship, supply chain management, climate change, diversity and inclusion, workplace conduct, human rights, philanthropy and support for local communities. We are a Delaware Public Benefit Corporation which has placed additional requirements on our strategies and decision-making to meet our mission. See “—Risks Related to our Existence as a Public Benefit Corporation.” Our efforts to ensure we meet these standards rely on our leadership, contracts, internal and third-party audits and on continued monitoring of potential risks and solutions. If we fail to meet applicable standards or expectations with respect to these issues across any of our products and in any of our operations and activities, our reputation and brand image could be damaged, and our business, financial condition, results of operations and cash flows could be adversely impacted.

Further, we have developed a strong corporate reputation over the years for our focus on responsible sourcing and support of our supplier communities. We seek to conduct our business in an ethical and socially responsible way, which we regard as essential to maximizing stakeholder value, while enhancing community quality, environmental stewardship and furthering the plant-based movement around the world. We are developing environmental and sustainability initiatives that support our societal programs and are consistent with our purpose, but these initiatives require financial expenditures and employee resources and are not yet fully vetted or implemented. If we are unable to meet our sustainability, environmental and social and governance goals, this could have a material adverse effect on our reputation and brand and negatively impact our relationship with our employees, customers, consumers and investors. There is no guarantee that our pace of progress on our environmental, social and governance initiatives will meet all parties’ expectations, which in turn could result in harm to our reputation and negatively impact our business, financial condition, results of operations and cash flow.

***Our insurance may not provide adequate levels of coverage against claims or otherwise protect us from all risks to which we are exposed, or we may be unable to find insurance with sufficient coverage at a reasonable cost.***

We believe that we maintain insurance customary for businesses of our size and type. However, there are types of losses we may incur that cannot be insured against or that we believe are not economically reasonable to insure, or that we may not have identified as risks. Moreover, if we do not make policy payments on a timely basis, we could lose our insurance coverage, or if a loss is incurred that exceeds policy limits, our insurance provider could refuse to cover our claims, which could result in increased costs. If we are unable to make successful claims on our insurance for any potential losses, then we may be liable for any resulting costs, which could cause us to incur significant liabilities. Although we believe that we have adequate coverage, if we lose our insurance coverage and are unable to find similar coverage elsewhere or if rates continue to increase, or if claims are made that are not covered by insurance or exceed coverage levels, it may have an adverse impact on our business, financial condition, results of operations and cash flows.

***If our goodwill or amortizable intangible assets become impaired, we may be required to record a significant charge to earnings.***

We review our goodwill and amortizable intangible assets for impairment annually or when events or changes in circumstances indicate the carrying value may not be recoverable. Changes in economic or operating conditions impacting our estimates and assumptions could result in the impairment of our goodwill or other assets. In the event that we determine our goodwill or other assets are impaired, we may be required to record a significant charge to earnings in our financial statements that could have a material adverse effect on our business, financial condition and results of operations.

### **Risks Related to Our Legal and Regulatory Environment**

***Food safety and food-borne illness incidents or other safety concerns may materially adversely affect our business by exposing us to lawsuits, product recalls or regulatory enforcement actions, increasing our operating costs and reducing demand for our product offerings.***

Selling food and beverages for human consumption involves inherent legal and other risks, and there is increasing governmental scrutiny of and public awareness regarding food safety. Unexpected side effects, illness, injury or death related to allergens, food-borne illnesses or other food safety incidents caused by products we sell or involving our suppliers or manufacturers, could result in the discontinuance of sales of these products or cessation of our relationships with such suppliers and manufacturers, or otherwise result in increased operating costs, lost sales, regulatory enforcement actions or harm to our reputation. Shipment of adulterated or misbranded products, even if inadvertent, can result in criminal or civil liability. Such incidents could also expose us to product liability, negligence or other lawsuits, including consumer class action lawsuits. Any claims brought against us may exceed or be outside the scope of our existing or future insurance policy coverage or limits. Any judgment against us that is more than our policy limits or not covered by our policies would have to be paid from our cash reserves, which would reduce our capital resources.

The occurrence of food-borne illnesses or other food safety incidents could also adversely affect the price and availability of affected ingredients and raw materials, resulting in higher costs, disruptions in supply and a reduction in our sales. Furthermore, any instances of food contamination or regulatory noncompliance, whether or not caused by our

actions, could compel us, our manufacturing and co-packing partners, our distributors or our retail customers, depending on the circumstances, to conduct a recall in accordance with United States Food and Drug Administration, or the FDA, regulations and comparable foreign laws and regulations, as well as other regulations and laws in the other jurisdictions in which we operate. Product recalls could result in significant losses due to their associated costs, the destruction of product inventory, lost sales due to the unavailability of the product for a period of time and potential loss of existing distributors, retail customers and shelf space or e-commerce prominence, and a potential negative impact on our ability to attract new customers and consumers, and maintain our current customer and consumer base due to negative consumer experiences or because of an adverse impact on our brands and reputation. The costs of a recall could exceed or be outside the scope of our existing or future insurance policy coverage or limits. While we maintain batch and lot tracking capability to identify potential causes for any discovered problems, there is no guarantee that in the case of a potential recall, we will effectively be able to isolate all product that might be associated with any alleged problem, or that we will be able to quickly and conclusively determine the root cause or narrow the scope of the recall. Our potential inability to affect a recall quickly and effectively, or manage the consumer and retailer communication in a way that mitigates concerns, might create adverse effects on our business and reputation, including large recall and disposal costs and significant loss of revenue.

In addition, food and beverage companies have been subject to targeted, large-scale tampering as well as to opportunistic, individual product tampering, and we, like any food company, could be a target for product tampering. Forms of tampering could include the introduction of foreign material, chemical contaminants and pathological organisms into consumer products as well as product substitution. The FDA enforces laws and regulations, such as the Food Safety Modernization Act, that require companies like us to analyze, prepare and implement mitigation strategies specifically to address tampering designed to inflict widespread public health harm. If we do not adequately address the possibility, or any actual instance, of product tampering, we could face possible seizure or recall of our products and the imposition of civil or criminal sanctions, which could materially adversely affect our business, financial condition, results of operations and cash flows. Most countries in which we operate have comparable regulations that we endeavor to comply with, but any failure to meet regulators' or customers' expectations could impact our business in these markets and have a material adverse effect on our reputation as well as our business, financial condition, results of operations and cash flows.

***Our products and operations are subject to government regulation and oversight both in the United States and abroad, and our failure to comply with applicable requirements, or to respond to changes in regulations applicable to our business could adversely affect our business, financial condition, results of operations and cash flows.***

The manufacture, marketing and distribution of food products is highly regulated. We, along with our manufacturing and co-packing partners and our suppliers, are subject to a variety of laws and regulations internationally, which apply to many aspects of our and their businesses, including the sourcing of raw materials, manufacturing, packaging, labeling, distribution, advertising, sale, quality and safety of our products, as well as the health and safety of employees and the protection of the environment.

Our products and operations and those of our manufacturing and co-packing partners are subject to oversight by multiple U.S. and international regulatory agencies including the USDA, the FDA, the FTC, the Environmental Protection Agency (EPA), the European Commission and the U.K.'s Food Standards Agency, Health and Safety Executive, Environment Agency, Environmental Health Officers and Trading Standards Officers and the Singapore Food Agency, among others. These agencies regulate, among other things, with respect to our products and operations:

- design, development and manufacturing;
- testing, labeling, content and language of instructions for use and storage;
- product safety;
- marketing, sales and distribution;
- record keeping procedures;
- advertising and promotion;
- recalls and corrective actions; and
- product import and export.

In the United States, for example, we are subject to the requirements of the Federal Food, Drug and Cosmetic Act and regulations promulgated thereunder by the FDA. This comprehensive regulatory program governs, among other things, the manufacturing, composition and ingredients, packaging, testing, labeling, marketing, promotion, advertising, storage, distribution and safety of food. The FDA requires that facilities that manufacture food products comply with a range of requirements, including hazard analysis and preventative controls regulations, current good manufacturing practices, or cGMP, and supplier verification requirements. Certain of our facilities, as well as those of our manufacturing and co-packing partners, are subject to periodic inspection by federal, state and local authorities. We do not control the manufacturing processes of, but rely upon, our third-party manufacturing partners for compliance with cGMPs for the manufacturing of our products that is conducted by our partners. If we or our manufacturing partners cannot successfully manufacture products that conform to our specifications and the strict regulatory requirements of the FDA or other regulatory agencies, we or they may be subject to adverse inspectional findings or enforcement actions, which could materially impact our ability to market our products, could result in our manufacturing or co-packing partners' inability to

continue manufacturing for us or could result in a recall of our product that has already been distributed. In addition, we rely upon these parties to maintain adequate quality control, quality assurance and qualified personnel.

Failure by us, our suppliers or our manufacturing and co-packing partners to comply with applicable laws and regulations or maintain permits, licenses or registrations relating to our or our suppliers or manufacturing and co-packing partners' operations could subject us to civil remedies or penalties, including fines, injunctions, recalls or seizures, warning letters, untitled letters, restrictions on the marketing or manufacturing of products, or refusals to permit the import or export of products, as well as potential criminal sanctions, which could result in increased operating costs or loss of revenue, resulting in a material effect on our business, financial condition, results of operations and cash flows. The regulations to which we are subject are complex and have tended to become more stringent over time. New labeling and food safety laws could restrict our ability to carry on or expand our operations, result in higher than anticipated costs or lower than anticipated sales, and otherwise make it more difficult for us to realize our goals of achieving a more integrated global supply chain due to the differences in regulations around the world.

***Advertising inaccuracies and product mislabeling may have an adverse effect on our business by exposing us to lawsuits, product recalls or regulatory enforcement actions, increasing our operating costs and reducing demand for our product offerings.***

Certain of our products are advertised with claims as to their origin, ingredients or health, wellness, environmental or other potential benefits, including, by way of example, the use of the terms "natural", "organic", "clean", "non-toxic", "sustainable", "no added sugars," or similar synonyms or implied statements relating to such benefits. Although the FDA and the USDA each have issued statements and adopted policies regarding the appropriate use of the word "natural," there is no single, universal definition of the term "natural" for various categories we sell, which is true for many other adjectives common in the healthy or sustainable products industry. The resulting uncertainty has led to consumer confusion, distrust, and legal challenges.

In addition, the FDA has consistently enforced its regulations with respect to nutrient content claims, unauthorized health claims (claims that characterize the relationship between a food or food ingredient and a disease or health condition) and other claims that impermissibly suggest therapeutic benefits of certain foods or food components, or that misrepresent or improperly characterize the nutrient content in conventional food products.

Moreover, the FTC has articulated a robust substantiation standard for health claims on foods and dietary supplements and has pursued investigations and litigation against companies where the FTC has concern that the claims being made are not properly substantiated. Examples of causes of action that may be asserted in a consumer class action lawsuit include fraud, unfair trade practices and breach of state consumer protection statutes. The FTC and/or state attorneys general may bring legal action that seeks removal of a product from the marketplace and impose fines and penalties. Further, consumer class action false advertising litigation relating to terms such as "natural," "non-toxic," "non-GMO" and other claims remain a persistent threat in our industry. Even when unmerited, class action claims, action by the FTC or state attorneys general enforcement actions can be expensive to defend and adversely affect our reputation with existing and potential customers and consumers and our corporate and brand image, which could have a material and adverse effect on our business, financial condition, results of operations or cash flows.

The USDA enforces federal standards for organic production and use of the term "organic" on product labeling. These laws prohibit a company from selling or labeling products as organic unless they are produced and handled in accordance with the applicable federal law. By definition, organic products are not genetically modified or do not include genetically modified (bioengineered) ingredients. We use suppliers and manufacturing partners who can certify that they meet the standards needed for each applicable product or ingredient specification. Our failure, or failure on the part of our suppliers or manufacturing partners to comply with these ingredient and product specifications, to maintain appropriate certifications, or to label organic products in compliance with federal or state laws, may subject us to liability or regulatory enforcement. Consumers may also pursue state law claims as to our labelling practices on this and other matters, challenging our labels as being intentionally mislabeled or misleading or deceptive to consumers. The cost of defending or settling these suits may be material to our business.

The regulatory environment in which we operate could also change significantly and adversely in the future. New or changing regulations could impact the way consumers view our products, such as potential new labeling regulations or enforcement of a standard of identity for terms used to market our products that would require us to list certain ingredients by specific names that could confuse our consumers into thinking we may use different types of ingredients than they originally thought or that the quality of our ingredients is different to what they anticipated.

Any loss of confidence on the part of consumers in the truthfulness of our labeling, advertising or ingredient claims would be difficult and costly to overcome and may significantly reduce our brand value. Any of these events could adversely affect our brands and decrease our sales, which could have an adverse effect on our business, financial condition, results of operations and cash flows.

***Failure to comply with federal, state and international laws and regulations relating to data privacy, data protection, advertising and consumer protection, or the expansion of current or the enactment of new laws or regulations relating to data privacy, data protection, advertising and consumer protection, could adversely affect our business, financial condition, results of operations and cash flows.***

We collect, maintain, and otherwise process significant amounts of personally identifiable information and other data relating to our customers and employees. Additionally, we rely on a variety of marketing techniques, including email and social media marketing, and we are subject to various laws and regulations that govern such marketing and advertising practices. We are subject to numerous state, federal and international laws, rules and regulations govern the collection, use and protection of personally identifiable information.

In the United States, federal and state laws impose limits on, or requirements regarding the collection, distribution, use, security and storage of personally identifiable information of individuals and there has also been increased regulation of data privacy and security particularly at the state level. For example, in 2018, California enacted the California Consumer Privacy Act, or the CCPA, which came into effect in January 2020, and gives California residents expanded rights to their personal information, provides for civil penalties for violations and provides a private right of action for data breaches that is expected to increase data breach litigation, and in November 2020, California voters passed the California Privacy Rights Act which takes effect in 2023 and significantly expands the CCPA. We expect that there will continue to be new proposed laws, regulations, and industry standards concerning data privacy, data protection, and information security in the United States and other jurisdictions at all levels of legislature, governance, and applicability. We cannot yet fully determine the impact that these or future laws, rules, and regulations may have on our business or operations.

Foreign data privacy laws are also rapidly changing and have become more stringent in recent years. In European Economic Area and the United Kingdom, the European Union's General Data Protection Regulation, the United Kingdom's General Data Protection Regulation, and the UK Data Protection Act 2018, collectively referred to as the GDPR, impose strict obligations on the ability to collect, analyze, transfer and otherwise process personal data. This includes requirements with respect to accountability, transparency, obtaining individual consent, international data transfers, security and confidentiality and personal data breach notifications, which may restrict our processing activities. Separate, restrictive obligations relating to electronic marketing and the use of cookies which may limit our ability to advertise. The interpretation and application of many existing or recently enacted data privacy and data protection laws and regulations in the European Union, the United Kingdom, the United States and elsewhere are increasingly complex, uncertain and fluid, and it is possible that such laws, regulations and standards may be interpreted or applied in a manner that is inconsistent with our existing practices. For example, recent developments in Europe have created complexity and uncertainty regarding transfers of personal data from the EEA and the UK to the United States.

Further, we rely on a variety of marketing techniques and practices to sell our products and to attract new customers and consumers, and we are subject to various current and future data protection laws and obligations that govern marketing and advertising practices. For example, the Controlling the Assault of Non-Solicited Pornography and Marketing Act of 2003, or the CAN-SPAM Act, establishes specific requirements for commercial email messages in the United States. Governmental authorities, including in the European Union and the United Kingdom, continue to evaluate the privacy implications inherent in the use of third-party "cookies" and other methods of online tracking for behavioral advertising and other purposes, such as by regulating the level of consumer notice and consent required before a company can employ cookies or other electronic tracking tools or the use of data gathered with such tools. Laws and regulations regarding the use of these cookies and other current online tracking and advertising practices could increase our costs of operations and limit our ability to acquire new consumers on cost-effective terms, which, in turn, could have an adverse effect on our business, financial condition, results of operations and cash flows.

Consumer resistance to the collection and sharing of the data used to deliver targeted advertising, increased visibility of consent or "do not track" mechanisms as a result of industry regulatory or legal developments, the adoption by consumers of browser settings or "ad-blocking" software, and the development and deployment of new technologies could materially impact our ability or our media buyers' ability to collect data or to efficiently and effectively deliver relevant promotions or media, which could materially impair the results of our operations.

Additionally, some providers of consumer devices, web browsers and application stores have implemented, or announced plans to implement, means to make it easier for Internet users to prevent the placement of cookies or to block other tracking technologies, require additional consents, or limit the ability to track user activity, which could if widely adopted result in the use of third-party cookies and other methods of online tracking becoming significantly less effective. Loss in our ability to make effective use of services that employ such technologies could increase our costs of operations and limit our ability to acquire new consumers on cost-effective terms, which, in turn, could have an adverse effect on our business, financial condition, results of operations and cash flows.

We may also be bound by contractual requirements applicable to our collection, use, processing, and disclosure of various types of data, including personally identifiable information, and may be bound by self-regulatory or other industry standards relating to these matters. Our collection and use of consumer data is also subject to our privacy policies, including online privacy policies. The proliferation of data privacy laws in variation creates increased risk of non-compliance and increased costs of maintaining compliance. Additionally, while we strive to comply with our posted policies and all applicable laws, regulations, other legal obligations and certain industry standards, laws, rules, and regulations concerning data privacy, data protection, and data security evolve frequently and may be inconsistent from one jurisdiction to another or may be interpreted to conflict with our practices or in a manner that is inconsistent from one jurisdiction to another.

The adoption of further data privacy and security laws may increase the cost and complexity of implementing any new offerings in other jurisdictions. Any failure, or perceived failure, by us to comply with our posted privacy policies or with any international, federal or state data privacy or consumer protection-related laws, regulations, industry self-

regulatory principles, industry standards or codes of conduct, regulatory guidance, orders to which we may be subject or other legal or contractual obligations relating to data privacy or consumer protection could adversely affect our reputation, brands and business, and may result in regulatory investigations, claims, proceedings or actions against us by governmental entities, customers, suppliers or others, class actions, or other liabilities or may require us to change our operations and/or cease using certain data sets. Any such claims, proceedings or actions could hurt our reputation, brands and business, force us to incur significant expenses in defense of such proceedings or actions, distract our management, increase our costs of doing business, result in a loss of customers and third-party partners and result in the imposition of significant damages liabilities or monetary penalties.

***Litigation or legal proceedings could expose us to significant liabilities and have a negative impact on our reputation or business.***

From time to time, we may be party to various claims and litigation proceedings. We evaluate these claims and litigation proceedings to assess the likelihood of unfavorable outcomes and to estimate, if possible, the amount of potential losses. Based on these assessments and estimates, we may establish reserves, as appropriate. These assessments and estimates are based on the information available to management at the time and involve a significant amount of management judgment. Actual outcomes or losses may differ materially from our assessments and estimates. For example, we are and have been subject to various labelling, trademark infringement and product quality claims in the ordinary course of our business, and may, in the future, face a range of litigation, including employment issues, distributor disputes, shareholder litigation and other contractual matters.

Even when not merited, the defense of these claims or lawsuits may divert our management's attention, and we may incur significant expenses in defending these lawsuits. The results of litigation and other legal proceedings are inherently uncertain, and adverse judgments or settlements in some of these legal disputes may result in adverse monetary damages, penalties or injunctive relief against us, which could have a material adverse effect on our financial position, cash flows or results of operations. Any claims or litigation, even if fully indemnified or insured, could damage our reputation and potentially prevent us from selling or manufacturing our products, which would make it more difficult to compete effectively or to obtain adequate insurance in the future.

Furthermore, while we maintain insurance for certain potential liabilities, such insurance does not cover all types and amounts of potential liabilities and is subject to various exclusions as well as caps on amounts recoverable. Even if we believe a claim is covered by insurance, insurers may dispute our entitlement to recovery for a variety of potential reasons, which may affect the timing and, if the insurers prevail, the amount of our recovery.

***Legislative or regulatory changes that affect our products, including new taxes, could reduce demand for products or increase our costs.***

Taxes imposed on the sale of certain of our products by federal, state and local governments in the United States, or other countries in which we operate could cause consumers to shift away from purchasing our beverages. Several municipalities in the United States have implemented or are considering implementing taxes on the sale of certain "sugared" beverages, including non-diet soft drinks, fruit drinks, teas and flavored waters to help fund various initiatives, or have imposed container deposits, or other charges for use of certain packaging. There has also been a trend among some public health advocates to recommend additional governmental regulations concerning the marketing and labeling/packaging of the beverage industry. Additional or revised regulatory requirements, whether labeling, packaging, tax or otherwise, could have a material adverse effect on our financial condition, consumer demand and results of operations.

**Risks Related to Our Information Technology and Intellectual Property**

***We rely heavily on our information technology systems, as well as those of our third-party vendors and business partners, for our business to effectively operate and to safeguard confidential information; any significant failure, inadequacy, interruption or data security incident could adversely affect our business, financial condition, results of operations and cash flows.***

We use information technology systems, infrastructure and data in substantially all aspects of our business operations. Our ability to effectively manage our business and coordinate the manufacturing, sourcing, distribution and sale of our products depends significantly on the reliability and capacity of these systems. We are critically dependent on the integrity, security and consistent operations of these systems. We also collect, process and store numerous classes of sensitive, personally identifiable and/or confidential information and intellectual property, including customers' and suppliers' information, private information about employees and financial and strategic information about us and our business partners. The secure processing, maintenance and transmission of this information is critical to our operations.

As discussed above under, "If we encounter problems with our supply chain, our costs may increase and our or our customers' ability to deliver our products to market could be adversely affected," our systems and those of our third party vendors and business partners may be subject to damage or interruption from power outages or damages, telecommunications problems, data corruption, software errors, network failures, acts of war, including the developing conflict between Russia and Ukraine, or terrorist attacks, fire, flood, global pandemics and natural disasters; our existing safety systems, data backup, access protection, user management and information technology emergency planning may not be sufficient to prevent data loss or long-term network outages. In addition, we and our third party vendors and business partners may have to upgrade our existing information technology systems or choose to incorporate new technology systems from time to time in order for such systems to support the increasing needs of our expanding business. Costs and

potential problems and interruptions associated with the implementation of new or upgraded systems and technology or with maintenance or adequate support of existing systems could disrupt our business and result in transaction errors, processing inefficiencies and loss of production or sales, causing our business and reputation to suffer.

Further, our systems and those of our third-party vendors and business partners may be vulnerable to, and have experienced attempted, security incidents, attacks by hackers (including ransomware attacks, phishing attacks and other third-party intrusions), acts of vandalism, computer viruses, misplaced or lost data, human errors or other similar events. If unauthorized parties gain access to our networks or databases, or those of our third-party vendors or business partners, they may be able to steal, publish, delete, use inappropriately or modify our private and sensitive third-party information, including credit card information and other personally identifiable information. In addition, employees may intentionally or inadvertently cause data or security incidents that result in unauthorized release of personally identifiable or confidential information. Because the techniques used to circumvent security systems can be highly sophisticated, change frequently, are often not recognized until launched against a target (and even, in many cases, until after having been successfully launched for some time) and may originate from less regulated and remote areas around the world, we may be unable to proactively address all possible techniques or implement adequate preventive measures for all situations.

Security incidents compromising the confidentiality, integrity, and availability of our sensitive information and our systems and those of our third party vendors and business partners could result from cyber-attacks, computer malware, viruses, social engineering (including spear phishing and ransomware attacks), supply chain attacks, efforts by individuals or groups of hackers and sophisticated organizations, including state-sponsored organizations, errors or malfeasance of our personnel, and security vulnerabilities in the software or systems on which we, or our third party vendors or business partners, rely. Cybercrime and hacking techniques are constantly evolving. We and/or our third-party vendors and/or business partners may be unable to anticipate attempted security breaches, react in a timely manner, or implement adequate preventative measures, particularly given the increasing use of hacking techniques designed to circumvent controls, avoid detection, and remove or obfuscate forensic artifacts. We anticipate that these threats will continue to grow in scope and complexity over time and such incidents may occur in the future, and could result in unauthorized, unlawful, or inappropriate access to, inability to access, disclosure of, or loss of the sensitive, proprietary and confidential information (including personally identifiable information) that we handle. As we rely on a number of our third party vendors and business partners, we are exposed to security risks outside of our direct control, and our ability to monitor these third-party vendors' and business partners' data security is limited. While we employ a number of security measures designed to prevent, detect, and mitigate potential for harm to our users and our systems from the theft of or misuse of user credentials on our network, these measures may not be effective in every instance. Moreover, we or our third-party vendors or business partners may be more vulnerable to such attacks in remote work environments, which have increased in response to the COVID-19 pandemic. Additionally, while we maintain cyber insurance that may help provide coverage for these types of incidents, we cannot assure you that our insurance will be adequate to cover costs and liabilities related to these incidents.

Any such breach, attack, virus or other event could result in additional costly investigations and litigation exceeding applicable insurance coverage or contractual rights available to us, civil or criminal penalties, operational changes or other response measures, loss of consumer confidence in our security measures, and negative publicity that could adversely affect our business, reputation, financial condition, results of operations and cash flows.

In addition, if any such event resulted in access, disclosure or other loss or unauthorized use of information or data, such as customers' and suppliers' information, private information about employees and financial and strategic information about us and our business partners, whether actual or perceived, could result in legal claims or proceedings, regulatory investigations or actions, and other types of liability under laws that protect the privacy and security of personally identifiable information, including federal, state and foreign data protection and privacy regulations, violations of which could result in significant penalties and fines. The cost of investigating, mitigating and responding to potential security breaches and complying with applicable breach notification obligations to individuals, regulators, partners and others can be significant and the risk of legal claims in the event of a security breach is increasing. For example, the CCPA creates a private right of action for certain data breaches. Further, defending a suit, regardless of its merit, could be costly, divert management attention and harm our reputation. The successful assertion of one or more large claims against us that exceed available insurance coverage, or the occurrence of changes in our insurance policies, including premium increases or the imposition of large deductibles or co-insurance requirements, could adversely affect our reputation, business, financial condition, results of operations and cash flows. Any material disruption or slowdown of our systems or those of our third-party vendors or business partners, could have a material adverse effect on our business, financial condition, results of operations and cash flows. Our risks are likely to increase as we continue to expand, grow our customer base, and process, store, and transmit increasing amounts of proprietary and sensitive data. In addition, although we seek to detect and investigate all data security incidents, security breaches and other incidents of unauthorized access to our information technology systems, and data can be difficult to detect. Any delay in identifying such breaches or incidents may lead to increased harm and legal exposure of the type described above.

***We may not be able to protect our intellectual property adequately, which may harm the value of our brands.***

We believe that our intellectual property has substantial value and has contributed significantly to the success of our business. Our trademarks are valuable assets that reinforce our brands and differentiate our products. We cannot assure you that we will be able to register and/or enforce our trademarks in all jurisdictions in which we do business, as the registrability of trademarks and the scope of trademark protection varies from jurisdiction to jurisdiction. In addition, third parties may adopt trade names or trademarks that are the same as or similar to ours, especially in jurisdictions in which we

have not yet obtained trademark protection, thereby impeding our ability to build brand identity and possibly leading to market confusion. In addition, our trademark applications may be opposed by third parties, our trademarks may otherwise be challenged, and/or the scope of any of our trademark registrations could be narrowed as a result of a challenge, or even canceled entirely. Failure to protect our trademark rights could prevent us in the future from challenging third parties who use names and logos similar to our trademarks, which may in turn cause consumer confusion, negatively affect our brand recognition, or negatively affect consumers' perception of our brands and products. Over the long term, if we are unable to successfully register our trademarks and trade names and establish name recognition based on our trademarks and trade names, we may not be able to compete effectively and our business may be adversely affected.

In order to resolve certain trademark disputes, we have entered into coexistence or settlement agreements that permit other parties certain uses of marks similar to ours for certain categories and countries, and restrict the use of our marks in certain categories and countries. There is no guarantee that these coexistence settlement agreements will foreclose future trademark disputes.

We also rely on proprietary expertise, recipes and formulations and other trade secrets and copyright protection to develop and maintain our competitive position. Obtaining patent protection, if available for any of such proprietary intellectual property, can be time consuming and expensive, and we cannot guarantee that our patent applications would be granted, or if granted, that they would be of sufficient scope to provide meaningful protection. Accordingly, we have in the past decided, and may in future decide, to protect our intellectual property rights in our technologies by maintaining them as trade secrets.

Our confidentiality agreements with our employees and certain of our consultants, contract employees, suppliers and independent contractors, including some of our manufacturers who use our formulations to manufacture our products, generally require that all information made known to them be kept strictly confidential.

Nevertheless, trade secrets are difficult to protect. Although we attempt to protect our trade secrets, our confidentiality agreements may not effectively prevent disclosure of our proprietary information and may not provide an adequate remedy in the event of unauthorized disclosure of such information. In addition, others may independently develop similar recipes or formulations to those that we have maintained as trade secrets, in which case we would not be able to assert trade secret rights against such parties. Further, some of our formulations have been developed by or with our suppliers (manufacturing, co-packing, ingredient and packaging partners). As a result, we may not be able to prevent others from developing or using similar formulations.

We cannot assure you that the steps we have taken to protect our intellectual property rights are adequate, that our intellectual property rights can be successfully defended and asserted in the future or that third parties will not infringe upon or misappropriate any such rights. We may be required to spend significant resources in order to monitor and protect our intellectual property rights. Litigation may be necessary in the future to enforce our intellectual property rights and to protect our trademarks and trade secrets. We cannot assure you that we will have adequate resources to enforce our intellectual property rights, as such litigation can be costly, time-consuming, and distracting to management. Any such litigation could result in the impairment or loss of portions of our intellectual property, as our efforts to enforce our intellectual property rights may be met with defenses, counterclaims, and countersuits attacking the ownership, scope, validity and enforceability of our intellectual property rights.

We also face the risk of claims that we have infringed third parties' intellectual property rights. If a third party asserts a claim that our offerings infringe, misappropriate or violate their rights, the litigation could be expensive and could divert management attention and resources away from our core business operations. Any claims of trademark or intellectual property infringement, even those without merit, could:

- be expensive and time consuming to defend;
- cause us to cease making, licensing or using products that incorporate the challenged intellectual property, which in turn could harm relationships with customers and distributors and might result in damages;
- require us to redesign, reengineer, or rebrand our products or packaging, if feasible and might result in large inventory write-offs of unsaleable or unusable materials;
- divert management's attention and resources; or
- require us to enter into royalty or licensing agreements in order to obtain the right to use a third party's intellectual property which might affect our margins and ability to compete.

Any royalty or licensing agreements, if required, may not be available to us on acceptable terms or at all. A successful claim of infringement against us could result in our being required to pay significant damages, enter into costly license or royalty agreements, or stop the sale of certain products, any of which could have a negative impact on our operating profits, our customer relations and harm our future prospects.

#### **Risks Related to Our Indebtedness**

***We may be unable to generate sufficient cash flow to satisfy our future debt service obligations, which would adversely affect our financial condition and results of operations.***



As of December 31, 2021, we have no outstanding debt under our Credit Agreement. Our ability to make principal and interest payments on and to refinance any indebtedness we incur in the future will depend on our ability to generate cash in the future. This, to a certain extent, is subject to general economic, financial, competitive, legislative, regulatory, and other factors that are beyond our control. If our business does not generate sufficient cash flow from operations, in the amounts projected or at all, or if future borrowings are not available to us in amounts sufficient to fund our other liquidity needs including working capital needs or acquisition needs, our financial condition and results of operations may be adversely affected. If we cannot generate sufficient cash flow from operations to make scheduled principal amortization and interest payments on our future debt obligations, we may need to refinance all or a portion of our indebtedness on or before maturity, sell assets, delay vendor payments and capital expenditures, or seek additional equity investments. If we are unable to refinance any of our indebtedness on commercially reasonable terms or at all or to effect any other action relating to our indebtedness on satisfactory terms or at all, our business may be harmed.

***Our Credit Agreement has, and agreements governing any future indebtedness may contain, restrictive covenants and our failure to comply with any of these covenants could put us in default, which would have an adverse effect on our business and prospects.***

Our Credit Agreement imposes certain terms and restrictive covenants of these borrowings. The terms of any future indebtedness will likely impose similar restrictions as those imposed by our Credit Agreement. The Credit Agreement contains, and agreements governing any future indebtedness may contain, a number of covenants which put some limits on our ability to, among other things:

- sell assets;
- engage in mergers, acquisitions, and other business combinations;
- declare dividends or redeem or repurchase capital stock if it would result in an event of default;
- incur, assume, or permit to exist additional indebtedness or guarantees;
- make loans and investments;
- incur liens or give guarantees; and
- enter into transactions with affiliates.

The Credit Agreement also requires us to maintain a specified total leverage ratio, fixed charge coverage ratio and asset coverage ratio and our ability to meet these financial ratios may be affected by events beyond our control, and we may not satisfy such a test. A breach of the covenants included in our Credit Agreement or of any agreements governing future debt obligations could result in a default under such agreements. By reason of cross-acceleration or cross-default provisions, other indebtedness may then become immediately due and payable. Our assets or cash flows may not be sufficient to fully repay borrowings under our outstanding debt instruments if accelerated upon an event of default. If amounts owed under the Credit Agreement are accelerated because of a default and we are unable to pay such amounts, our lenders may have the right to assume control of substantially all of the assets securing the Credit Agreement.

No assurance can be given that any refinancing or additional financing will be possible when needed or that we will be able to negotiate acceptable terms. In addition, our access to capital is affected by prevailing conditions in the financial and capital markets and other factors beyond our control. There can be no assurance that market conditions will be favorable at the times that we require new or additional financing. In addition, the Credit Agreement contains, and agreements governing any future indebtedness are likely to contain, restrictive covenants that limit our subsidiaries from making certain dividend payments, loans or advances to the Company, unless certain conditions are met. Our failure to comply with such covenants may result in default, which could result in the acceleration of all our debt.

***Any indebtedness we incur in the future may be, variable rate, subjecting us to interest rate risk, which could cause our indebtedness service obligations to be significant.***

Borrowings under the Credit Agreement accrue interest at variable rates and expose us to interest rate risk. Interest rates may fluctuate in the future. Although we have explored in the past various hedging strategies, we do not currently hedge our interest rate exposure under the Credit Agreement. As a result, interest rates on the Credit Agreement or other variable rate debt obligations could be higher or lower than current levels. If interest rates increase, our debt service obligations on any future variable rate indebtedness could be significant.

London Interbank Offered Rate, (LIBOR), and other interest rates that are indices deemed to be “benchmarks” are the subject of recent and ongoing national, international and other regulatory guidance and proposals for reform. Some of these reforms are already effective, while others are still to be implemented. For example, some tenors of LIBOR were discontinued on December 31, 2021 and the remaining tenors are expected to be discontinued on or after June 30, 2023. These reforms may cause such benchmarks to perform differently than in the past, or to disappear entirely, or have other consequences that cannot be predicted. Any such consequence could have a material adverse effect on our existing facilities, our interest rate swap agreement or our future debt linked to such a “benchmark” and our ability to service debt that bears interest at floating rates of interest.

#### **Risks Related to the Ownership of Our Common Stock**

***An active market in our common stock may not be sustainable, and you may not be able to resell your shares at or above the price you pay.***

It is possible that an active or liquid market in our common stock may not be sustainable. In the absence of an active trading market for our common stock, you may not be able to resell any shares you hold at or above the price you pay or at all. We cannot predict the prices at which our common stock will trade.

***Our stock price may be volatile or may decline regardless of our operating performance, resulting in substantial losses for investors.***

The market price of our common stock may fluctuate significantly in response to numerous factors, many of which are beyond our control, including:

- actual or anticipated fluctuations in our financial condition and results of operations;
- the projections we may provide to the public, any changes in these projections or our failure to meet these projections;
- failure of securities analysts to initiate or maintain coverage of our company, changes in financial estimates or ratings by any securities analysts who follow our company or our failure to meet these estimates or the expectations of investors;
- announcements by us or our competitors of significant technical innovations, acquisitions, strategic partnerships, joint ventures, results of operations or capital commitments, whether or not they are successfully consummated;
- changes in stock market valuations and operating performance of other consumer goods companies generally, or those in the consumer beverage industry in particular;
- price and volume fluctuations in the overall stock market, including as a result of trends in the economy as a whole;
- changes in our board of directors or management, or any actions by our directors or management that damages the reputation of the company or the image of our brands;
- sales of large blocks of our common stock, including sales by our founders or our executive officers and directors;
- lawsuits threatened or filed against us;
- anticipated or actual changes in laws, regulations or government policies applicable to our business;
- changes in our capital structure, such as future issuances of debt or equity securities;
- short sales, hedging and other derivative transactions involving our capital stock;
- general economic conditions in the United States;
- other events or factors, including those resulting from war (including the developing conflict between Russia and Ukraine), pandemics (including COVID-19), incidents of terrorism or responses to these events; and
- the other factors described in the sections of this Annual Report on Form 10-K titled “Risk Factors” and “Forward-Looking Statements.”

The stock market has recently experienced extreme price and volume fluctuations. The market prices of securities of companies have experienced fluctuations that often have been unrelated or disproportionate to their results of operations. Market fluctuations could result in extreme volatility in the price of shares of our common stock, which could cause a decline in the value of your investment. Price volatility may be greater if the public float and trading volume of shares of our common stock is low. Furthermore, in the past, stockholders have sometimes instituted securities class action litigation against companies following periods of volatility in the market price of their securities. Any similar litigation against us could result in substantial costs, divert management’s attention and resources, and harm our business, financial condition, results of operations and cash flows.

***Concentration of ownership of our ordinary shares among our existing executive officers, directors and principal shareholders may prevent new investors from influencing significant corporate decisions.***

Based upon our shares of common stock outstanding as of December 31, 2021, our executive officers, directors and shareholders who own more than 5% of our outstanding share capital, in the aggregate, beneficially own over 50% of our outstanding shares of common stock. These shareholders, acting together, are able to significantly influence all matters requiring shareholder approval, including the election and removal of directors and approval of any merger, consolidation or sale of all or substantially all of our assets.

In addition, certain of our shareholders have entered into a shareholders’ agreement to support each other’s director nominees. For so long as such agreement remains, the remaining shareholders may be prevented from having an influence on the board.

Some of these persons or entities may have interests different than yours. For example, because many of these shareholders purchased their shares at prices substantially below the current market price and have held their shares for a long period, they may be more interested in selling our company to an acquirer than other investors, or they may want us to pursue strategies that deviate from the interests of other shareholders.

***Sales, directly or indirectly, of a substantial amount of our common stock in the public markets by our existing security holders may cause the price of our common stock to decline.***

Sales of a substantial number of shares of our common stock into the public market, particularly sales by our directors, executive officers and principal stockholders, or the perception that these sales might occur, could cause the market price of our common stock to decline. Many of our existing security holders have substantial unrecognized gains on the value of the equity they hold and may take steps to sell their shares or otherwise secure or limit their risk exposure to the value of their unrecognized gains on those shares. We are unable to predict the timing or effect of such sales on the market price of our common stock.

All of the shares of common stock sold in our IPO are freely tradable without restrictions or further registration under the Securities Act, except that any shares held by our affiliates, as defined in Rule 144 under the Securities Act, may only be sold in compliance with Rule 144 and any applicable lock-up agreements described below.

In connection with our IPO, we, all of our directors and executive officers and certain shareholders entered into lock-up agreements with the underwriters that restrict our and their ability to sell or transfer shares of our capital stock for a period of 180 days from the date of the prospectus dated October 20, 2021, filed with the SEC in accordance with Rule 424(b)(4) of the Securities Act on October 22, 2021, subject to certain exceptions. We and the underwriters may release certain stockholders from the market standoff agreements or lock-up agreements prior to the end of the lock-up period. If not otherwise released early, when the applicable market standoff and lock-up periods expire, we and our security holders subject to a lock-up agreement or market standoff agreement will be able to sell our shares freely in the public market, except that any shares held by our affiliates, as defined in Rule 144 under the Securities Act, would only be able to be sold in compliance with Rule 144. Sales of a substantial number of such shares upon expiration of the lock-up and market standoff agreements, or the perception that such sales may occur, or early release of these agreements, could cause our market price to fall or make it more difficult for you to sell your common stock at a time and price that you deem appropriate.

We may, in our discretion, extend the date of any early release, as the case may be, as reasonably needed for administrative processing or to the extent such release date would occur during a company blackout period, in which case, we will publicly announce the date of the early release, as the case may be, following the close of trading on the date that is at least two trading days prior to the early release.

In addition, as of December 31, 2021, we had stock options and restricted stock units (RSU's) outstanding that, if fully exercised, would result in the issuance of 5,351,512 shares of common stock. All of the shares of common stock issuable upon the exercise of stock options or vesting of the RSU's, and the shares reserved for future issuance under our equity incentive plans, will be registered for public resale under the Securities Act. Accordingly, these shares will be able to be freely sold in the public market upon issuance subject to existing lock-up or market standoff agreements and applicable vesting requirements.

Further, based on shares outstanding as of December 31, 2021, holders of approximately 29,000,000 shares of our common stock have rights, subject to certain conditions, to require us to file registration statements for the public resale of such shares or to include such shares in registration statements that we may file for us or other stockholders.

***We are an “emerging growth company” and our compliance with the reduced reporting and disclosure requirements applicable to “emerging growth companies” may make our common stock less attractive to investors.***

We are an “emerging growth company,” as defined in the Jumpstart Our Business Startups Act of 2012, or JOBS Act, and we have elected to take advantage of certain exemptions and relief from various reporting requirements that are applicable to other public companies that are not “emerging growth companies.” These provisions include, but are not limited to: requiring only two years of audited financial statements and only two years of related selected financial data and management’s discussion and analysis of financial condition and results of operations disclosures; being exempt from compliance with the auditor attestation requirements of Section 404(b) of the Sarbanes-Oxley Act; being exempt from any rules that could be adopted by the Public Company Accounting Oversight Board requiring mandatory audit firm rotations or a supplement to the auditor’s report on financial statements; being subject to reduced disclosure obligations regarding executive compensation in our periodic reports and proxy statements; and not being required to hold nonbinding advisory votes on executive compensation or on any golden parachute payments not previously approved.

In addition, while we are an “emerging growth company,” we will not be required to comply with any new financial accounting standard until such standard is generally applicable to private companies. As a result, our financial statements may not be comparable to companies that are not “emerging growth companies” or elect not to avail themselves of this provision.

We may remain an “emerging growth company” until as late as December 31, 2026, the fiscal year-end following the fifth anniversary of the completion of our IPO, though we may cease to be an “emerging growth company” earlier under certain circumstances, including if (1) we have more than \$1.07 billion in annual net revenues in any fiscal year, (2) we become a “large accelerated filer,” with at least \$700 million of equity securities held by non-affiliates as of the end of the second quarter of that fiscal year or (3) we issue more than \$1.0 billion of non-convertible debt over a three-year period.

The exact implications of the JOBS Act are still subject to interpretations and guidance by the SEC and other regulatory agencies, and we cannot assure you that we will be able to take advantage of all of the benefits of the JOBS Act. In addition, investors may find our common stock less attractive to the extent we rely on the exemptions and relief granted by the JOBS Act. If some investors find our common stock less attractive as a result, there may be a less active trading market for our common stock and our stock price may decline or become more volatile.

***If securities or industry analysts do not publish research, or publish inaccurate or unfavorable research, about our business, the price of our common stock and trading volume could decline.***

The trading market for our common stock will depend in part on the research and reports that securities or industry analysts publish about us or our business, our market and our competitors. We do not have any control over these analysts. If few securities analysts commence coverage of us, or if industry analysts cease coverage of us, the trading price for our common stock would be negatively affected. If one or more of the analysts who cover us downgrade our common stock or publish inaccurate or unfavorable research about our business, our common stock price would likely decline. If one or more of these analysts cease coverage of us or fail to publish reports on us regularly, demand for our common stock could decrease, which might cause our common stock price and trading volume to decline.

***We do not intend to pay dividends for the foreseeable future. Consequently, any gains from an investment in our common stock will likely depend on whether the price of our common stock increases.***

We currently intend to retain any future earnings to finance the operation and expansion of our business and we do not expect to declare or pay any dividends in the foreseeable future. Moreover, the terms of our existing credit agreement restrict our ability to pay dividends under certain circumstances, and any additional debt we may incur in the future may include similar restrictions. In addition, Delaware law may impose requirements that may restrict our ability to pay dividends to holders of our common stock. As a result, stockholders must rely on sales of their common stock after price appreciation, which may never occur, as the only way to realize any future gains on their investment.

***Delaware law and provisions in our amended and restated certificate of incorporation and amended and restated bylaws could make a merger, tender offer or proxy contest more difficult, limit attempts by our stockholders to replace or remove our current management and depress the market price of our common stock.***

Provisions in our amended and restated certificate of incorporation and our amended and restated bylaws may discourage, delay or prevent a merger, acquisition or other change in control of us or tender offer that stockholders may consider favorable, including transactions in which stockholders might otherwise receive a premium for their shares. These provisions could also limit the price that investors might be willing to pay in the future for shares of our common stock, thereby depressing the market price of our common stock. In addition, these provisions may frustrate or prevent any attempts by our stockholders to replace or remove our current management by making it more difficult for stockholders to replace members of our board of directors. Because our board of directors is responsible for appointing the members of our management team, these provisions could in turn affect any attempt by our stockholders to replace current members of our management team. Among others, these provisions include that:

- restrict the forum for certain litigation against us to Delaware or the federal courts, as applicable;
- our board of directors has the exclusive right to expand the size of our board of directors and to elect directors to fill a vacancy created by the expansion of the board of directors or the resignation, death or removal of a director, which prevents stockholders from being able to fill vacancies on our board of directors;
- our board of directors is divided into three classes, Class I, Class II and Class III, with each class serving staggered three-year terms, which may delay the ability of stockholders to change the membership of a majority of our board of directors;
- our stockholders may not act by written consent, which forces stockholder action to be taken at an annual or special meeting of our stockholders;
- a special meeting of stockholders may be called only by the chair of the board of directors, a chief executive officer, or the board of directors, which may delay the ability of our stockholders to force consideration of a proposal or to take action, including the removal of directors;
- our amended and restated certificate of incorporation prohibits cumulative voting in the election of directors, which limits the ability of minority stockholders to elect director candidates;
- our board of directors may alter our bylaws without obtaining stockholder approval;
- the required approval of the holders of at least two-thirds of the shares entitled to vote at an election of directors to adopt, amend or repeal our amended and restated bylaws or repeal the provisions of our amended and restated certificate of incorporation regarding the election and removal of directors;
- stockholders must provide advance notice and additional disclosures in order to nominate individuals for election to the board of directors or to propose matters that can be acted upon at a stockholders' meeting, which may discourage or deter a potential acquiror from conducting a solicitation of proxies to elect the acquiror's own slate of directors or otherwise attempting to obtain control of our company; and

- our board of directors is authorized to issue shares of preferred stock and to determine the terms of those shares, including preferences and voting rights, without stockholder approval, which could be used to significantly dilute the ownership of a hostile acquirer.

Moreover, we have opted out of Section 203 of the General Corporation Law of the State of Delaware, which we refer to as the DGCL, but our amended and restated certificate of incorporation will provide that engaging in any of a broad range of business combinations with any “interested” stockholder (generally defined as any stockholder with 15% or more of our voting stock) for a period of three years following the date on which the stockholder became an “interested” stockholder is prohibited unless certain requirements are met, provided, however, that, under our amended and restated certificate of incorporation, Verlinvest Beverages SA and any of its affiliates will not be deemed to be interested stockholders regardless of the percentage of our outstanding voting stock owned by them, and accordingly will not be subject to such restrictions.

***Our amended and restated certificate of incorporation provides that the Court of Chancery of the State of Delaware is the sole and exclusive forum for certain stockholder litigation matters and the federal district courts of the United States are the exclusive forum for the resolution of any complaint asserting a cause of action arising under the Securities Act, which could limit our stockholders’ ability to obtain a favorable judicial forum for disputes with us or our directors, officers, employees or stockholders.***

Our amended and restated certificate of incorporation provides that, subject to limited exceptions, (1) any derivative action or proceeding brought on behalf of the Company, (2) any action asserting a claim of breach of a fiduciary duty owed by any current or former director, officer, other employee or stockholder of the Company to the Company or the Company’s stockholders, (3) any action asserting a claim arising pursuant to any provision of the Delaware General Corporation Law, our amended and restated certificate of incorporation or our amended and restated bylaws (as either may be amended or restated) or as to which the Delaware General Corporation Law confers exclusive jurisdiction on the Court of Chancery of the State of Delaware or (4) any action asserting a claim governed by the internal affairs doctrine of the law of the State of Delaware shall, to the fullest extent permitted by law, be exclusively brought in the Court of Chancery of the State of Delaware or, if such court does not have subject matter jurisdiction thereof, the federal district court of the State of Delaware. Additionally, our amended and restated certificate of incorporation provides that the federal district courts of the United States are the exclusive forum for the resolution of any complaint asserting a cause or causes of action arising under the Securities Act, including all causes of action asserted against a defendant to such complaint. The choice of forum provisions do not apply to claims or causes of action brought to enforce a duty or liability created by the Exchange Act or any other claim for which the federal courts have exclusive jurisdiction, as Section 27 of the Exchange Act creates exclusive federal jurisdiction over all claims brought to enforce any duty or liability created by the Exchange Act or the rules and regulations thereunder. Accordingly, actions by our stockholders to enforce any duty or liability created by the Exchange Act or the rules and regulations thereunder must be brought in federal court. We note that there is uncertainty as to whether a court would enforce the choice of forum provision with respect to claims under the federal securities laws, and that investors cannot waive compliance with the federal securities laws and the rules and regulations thereunder.

The choice of forum provisions may limit a stockholder’s ability to bring a claim in a judicial forum that it finds favorable for disputes with us or our directors, officers or other employees, which may discourage such lawsuits against us and our directors, officers, and other employees, although our stockholders will not be deemed to have waived our compliance with federal securities laws and the rules and regulations thereunder. Alternatively, if a court were to find the choice of forum provision contained in our amended and restated certificate of incorporation to be inapplicable or unenforceable in an action, we may incur additional costs associated with resolving such action in other jurisdictions, which could harm our business, financial condition and results of operations. Any person or entity purchasing or otherwise acquiring or holding any interest in shares of our capital stock shall be deemed to have notice of and consented to the forum provisions in our amended and restated certificate of incorporation.

### General Risk Factors

***Members of our management team have limited experience in operating a public company, and regulatory compliance may divert their attention from the day-to-day management of our business.***

With the exception of our Co-CEO, Martin Roper, our management team has very limited experience managing a publicly-traded company, and limited experience complying with the increasingly complex laws and regulations pertaining to public companies. Our management team, even with Mr. Roper’s leadership, may not successfully or efficiently manage our transition to and continued operation as a public company that is subject to significant regulatory oversight and reporting obligations under the federal securities laws. In particular, these new obligations require substantial attention from our senior management and could divert their attention away from the day-to-day management of our business, which would adversely impact our business operations. We may not have adequate personnel with the appropriate level of knowledge, experience, and training in the accounting policies, practices or internal controls over financial reporting required of public companies in the United States. The development and implementation of the standards and controls necessary for us to achieve the level of accounting standards required of a public company in the United States and to meet the other regulatory compliance needs of a public company may require costs greater than expected. It is possible that we will be required to expand our employee base and hire additional employees to support our operations as a public company, which will increase our operating costs in future periods.

***We will incur increased costs as a result of operating as a public company, and our management will be required to devote substantial time to new compliance initiatives and corporate governance practices.***

As a public company, and particularly once we are no longer an emerging growth company, we incur significant legal, regulatory, insurance, finance, accounting, investor relations, and other expenses that we did not incur as a private company, including costs associated with public company reporting requirements and costs of recruiting and retaining non-executive directors, and increased costs of director and officer liability insurance. We also have incurred and will incur costs associated with the Sarbanes-Oxley Act, and the Dodd-Frank Wall Street Reform and Consumer Protection Act, or the Dodd-Frank Act, and related rules implemented by the SEC, and the applicable stock exchange. The expenses incurred by public companies generally for reporting and corporate governance purposes have been increasing. These rules and regulations have and will continue to increase our legal and financial compliance costs and to make some activities more time-consuming and costly, although we are currently unable to estimate these costs with any degree of certainty. Our management will need to devote a substantial amount of time to ensure that we comply with all of these requirements, diverting the attention of management away from revenue-producing activities and the smooth running of the business. These laws and regulations also make it more difficult or costly for us to obtain certain types of insurance, including director and officer liability insurance, and we may be forced to accept reduced policy limits and coverage or incur substantially higher costs to obtain the same or similar coverage. These laws and regulations could also make it more difficult for us to attract and retain qualified persons to serve on our board of directors, our board committees or as our executive officers. Furthermore, if we are unable to satisfy our obligations as a public company, we could be subject to delisting of our common stock, fines, sanctions and other regulatory action, and potentially civil litigation.

***Changes in tax laws or in their implementation may adversely affect our business and financial condition.***

Changes in tax law may adversely affect our business or financial condition. On December 22, 2017, the U.S. government enacted legislation commonly referred to as the Tax Cuts and Jobs Act, or the TCJA, which significantly reformed the Internal Revenue Code of 1986, as amended, or the Code. The TCJA, among other things, contained significant changes to corporate taxation, including a reduction of the corporate tax rate from a top marginal rate of 35% to a flat rate of 21%, the limitation of the tax deduction for net interest expense to 30% of adjusted earnings (except for certain small businesses), the limitation of the deduction for net operating losses, or NOLs, arising in taxable years beginning after December 31, 2017 to 80% of current year taxable income and elimination of NOL carrybacks for losses arising in taxable years ending after December 31, 2017 (though any such NOLs may be carried forward indefinitely), the imposition of a one-time taxation of offshore earnings at reduced rates regardless of whether they are repatriated, the elimination of U.S. tax on foreign earnings (subject to certain important exceptions), the allowance of immediate deductions for certain new investments instead of deductions for depreciation expense over time and the modification or repeal of many business deductions and credits.

As part of Congress's response to the COVID-19 pandemic, the Families First Coronavirus Response Act, or the FFCR Act, was enacted on March 18, 2020, and the Coronavirus Aid, Relief, and Economic Security Act, or the CARES Act, was enacted on March 27, 2020. Both contain numerous tax provisions. The CARES Act also temporarily (for taxable years beginning in 2019 or 2020) relaxed the limitation of the tax deductibility for net interest expense by increasing the limitation from 30% to 50% of adjusted taxable income.

Regulatory guidance under the TCJA, the FFCR Act and the CARES Act is and continues to be forthcoming, and such guidance could ultimately increase or lessen impact of these laws on our business and financial condition. It is uncertain if and to what extent various states will conform their laws to the TCJA, the FFCR Act or the CARES Act.

In addition, there could be significant changes in tax law and regulations that could result in additional federal income taxes being imposed on us. No specific tax legislation or regulations have yet been proposed and the likelihood and nature of any such legislation or regulations is uncertain. Any adverse developments in these laws or regulations, including legislative changes, judicial holdings or administrative interpretations, could have a material and adverse effect on our business, financial condition, results of operations and cash flows. Changes in tax rates or exposure to additional tax liabilities or assessments could affect our profitability, and audits by tax authorities could result in additional tax payments.

***If our estimates or judgments relating to our critical accounting policies are based on assumptions that change or prove to be incorrect, our results of operations could fall below the expectations of our investors and securities analysts, resulting in a decline in the trading price of our common stock.***

The preparation of financial statements in conformity with U.S. generally accepted accounting principles, or GAAP, requires management to make estimates and assumptions that affect the amounts reported in our consolidated financial statements and accompanying notes. We base our estimates on many factors, including historical experience and various other assumptions that we believe to be reasonable under the circumstances, as discussed in Part II, Item 7. "Management's Discussion and Analysis of Financial Condition and Results of Operations" included elsewhere in this Annual Report on Form 10-K, the results of which form the basis for making judgments about the carrying values of assets, liabilities, equity and expenses that are not readily apparent from other sources. Our results of operations may be adversely affected if our assumptions change or if actual circumstances differ from those in our assumptions, which could cause our results of operations to fall below our publicly announced guidance or the expectations of securities analysts and investors, resulting in a decline in the market price of our common stock.

***Our reported financial results may be negatively impacted by changes in GAAP and financial reporting requirements.***

U.S. GAAP and related financial reporting requirements are complex, continually evolving and may be subject to varied interpretation by the relevant authoritative bodies, including the Financial Accounting Standards Board (FASB), the SEC and various bodies formed to promulgate and interpret appropriate accounting principles. FASB has in the past issued new or revised accounting standards that superseded existing guidance and significantly impacted the reporting of financial results. Any future change in GAAP principles and financial reporting requirements or interpretations could also have a significant effect on our reported financial results, and may even affect the reporting of past transactions completed before the announcement or effectiveness of a change if retrospective adoption is required. It is difficult to predict the impact of future changes to accounting principles or our accounting policies, any of which could negatively affect our reported results of operations.

***Failure to comply with requirements to design, implement and maintain effective internal controls could have a material adverse effect on our business and stock price.***

As a public company, we are subject to significant requirements under Section 404(a) of the Sarbanes-Oxley Act, or Section 404, for enhanced financial reporting and internal controls. The process of designing and implementing effective internal controls is a continuous effort that requires us to anticipate and react to changes in our business and the economic and regulatory environments and to expend significant resources to maintain a system of internal controls that is adequate to satisfy our reporting obligations as a public company. In addition, we will be required, pursuant to Section 404, to furnish a report by management on, among other things, the effectiveness of our internal control over financial reporting in the second annual report following the completion of our IPO. This assessment will need to include disclosure of any material weaknesses identified by our management in our internal control over financial reporting. The rules governing the standards that must be met for our management to assess our internal control over financial reporting are complex and require significant documentation, testing and possible remediation. Testing and maintaining internal controls may divert our management's attention from other matters that are important to our business. Once we are no longer an "emerging growth company," our auditors will be required to issue an attestation report on the effectiveness of our internal controls on an annual basis.

In connection with the implementation of the necessary procedures and practices related to internal control over financial reporting, we may identify deficiencies that we may not be able to remediate in time to meet the deadline imposed by the Sarbanes-Oxley Act for compliance with the requirements of Section 404. In addition, we may encounter problems or delays in completing the remediation of any deficiencies identified by our independent registered public accounting firm in connection with the issuance of their attestation report. Our testing, or the subsequent testing (if required) by our independent registered public accounting firm, may reveal deficiencies in our internal controls over financial reporting that are deemed to be material weaknesses. Any material weaknesses could result in a material misstatement of our annual or quarterly consolidated financial statements or disclosures that may not be prevented or detected.

We may not be able to conclude on an ongoing basis that we have effective internal control over financial reporting in accordance with Section 404 or our independent registered public accounting firm may not issue an unqualified opinion. If either we are unable to conclude that we have effective internal control over financial reporting or our independent registered public accounting firm is unable to provide us with an unqualified report (to the extent it is required to issue a report), investors could lose confidence in our reported financial information, which could have a material adverse effect on the trading price of our common stock.

### **Risks Related to Our Existence as a Public Benefit Corporation**

***We operate as a Delaware public benefit corporation, and we cannot provide any assurance that we will achieve our public benefit purpose.***

As a public benefit corporation, we are required to produce a public benefit or benefits and to operate in a responsible and sustainable manner, balancing our stockholders' pecuniary interests, the best interests of those materially affected by our conduct, and the public benefit or benefits identified by our amended and restated certificate of incorporation. There is no assurance that we will achieve our public benefit purpose or that the expected positive impact from being a public benefit corporation will be realized, which could have a material adverse effect on our reputation, which in turn may have a material adverse effect on our business, financial condition, results of operations and cash flows.

As a public benefit corporation, we are required to publicly disclose a report at least biennially on our overall public benefit performance and on our assessment of our success in achieving our specific public benefit purpose. If we are unable to provide the report, if we are unable to provide the report in a timely manner, or if the report is not viewed favorably by parties doing business with us or regulators or others reviewing our credentials, our reputation and status as a public benefit corporation may be harmed and we could be subject to derivative litigation.

***As a Delaware public benefit corporation, our focus on a specific public benefit purpose and producing positive effect for society may negatively impact our financial performance.***

Unlike traditional corporations, which have a fiduciary duty to focus exclusively on maximizing stockholder value, our directors have a fiduciary duty to consider not only the stockholders' interests, but also the company's specific public benefit and the interests of other stakeholders affected by our actions. Therefore, we may take actions that we believe will be in the best interests of those stakeholders materially affected by our specific benefit purpose, even if those

actions do not maximize our financial results. While we intend for this public benefit designation and obligation to provide an overall net benefit to us and our customers, it could instead cause us to make decisions and take actions without seeking to maximize the income generated from our business, and hence available for distribution to our stockholders. Our pursuit of longer-term or non-pecuniary benefits related to this public benefit designation may not materialize within the timeframe we expect or at all, yet may have an immediate negative effect on any amounts available for distribution to our stockholders. Accordingly, being a public benefit corporation may have a material adverse effect on our business, results of operations, financial condition and cash flows, which in turn could cause our stock price to decline.

As a public benefit corporation, we may be less attractive as a takeover target than a traditional company would be, and, therefore, your ability to realize your investment through a sale may be limited. Under Delaware law, a public benefit corporation cannot merge or consolidate with another entity if, as a result of such merger or consolidation, the surviving entity's charter "does not contain the identical provisions identifying the public benefit or public benefits," unless the transaction receives approval from two-thirds of the target public benefit corporation's outstanding voting shares. Additionally, public benefit corporations may also not be attractive targets for activists or hedge fund investors because new directors would still have to consider and give appropriate weight to the public benefit along with shareholder value, and shareholders committed to the public benefit can enforce this through derivative suits. Further, by requiring that boards of directors of public benefit corporations consider additional constituencies other than maximizing shareholder value, Delaware public benefit corporation law could potentially make it easier for a board to reject a hostile bid, even where the takeover would provide the greatest short-term financial yield to investors. Additionally, being a public benefit corporation may result in a different assessment of potential acquisitions than a traditional corporation and may limit the suitable pool of such targets.

***Our directors have a fiduciary duty to consider not only our stockholders' interests, but also our specific public benefit and the interests of other stakeholders affected by our actions. If a conflict between such interests arises, there is no guarantee that such a conflict would be resolved in favor of our stockholders.***

While directors of a traditional corporation are required to make decisions that they believe to be in the best interests of their stockholders, directors of a public benefit corporation have a fiduciary duty to consider not only the stockholders' interests, but also how its stakeholders are affected by the company's actions. Under Delaware law, directors are shielded from liability for breach of these obligations if they make informed and disinterested decisions that serve a rational purpose. Thus, unlike traditional corporations which must focus exclusively on stockholder value, our directors are not merely permitted, but obligated, to consider our specific public benefit and the interests of other stakeholders. In the event of a conflict between the interests of our stockholders and the interests of our specific public benefit or our other stakeholders, our directors must only make informed and disinterested decisions that serve a rational purpose; thus, there is no guarantee such a conflict would be resolved in favor of our stockholders. While we believe our public benefit designation and obligation will benefit our stockholders, in balancing these interests our board of directors may take actions that do not maximize stockholder value. Any benefits to stockholders resulting from our public benefit purposes may not materialize within the timeframe we expect or at all and may have negative effects. For example:

- we may choose to revise our policies in ways that we believe will be beneficial to our stakeholders, including suppliers, employees and local communities, even though the changes may be costly;
- we may take actions that exceed regulatory requirements, even though these actions may be more costly than other alternatives;
- we may be influenced to pursue programs and services to further our commitment to the communities to which we serve even though there is no immediate return to our stockholders; or
- in responding to a possible proposal to acquire the company, our board of directors has a fiduciary duty to consider the interests of our other stakeholders, including suppliers, employees and local communities, whose interests may be different from the interests of our stockholders.

We may be unable or slow to realize the benefits we expect from actions taken to benefit our stakeholders, which could have a material adverse effect on our business, financial condition, results of operations, and cash flows, which in turn could cause our stock price to decline.

***As a Delaware public benefit corporation, we may be subject to increased derivative litigation concerning our duty to balance stockholder and public benefit interest, the occurrence of which may have an adverse impact on our business, financial condition, results of operation and cash flows.***

Stockholders of a Delaware public benefit corporation (if they, individually or collectively, own at least 2% of the company's outstanding shares or, upon our listing, the lesser of such percentage or shares of at least \$2 million in market value) are entitled to file a derivative lawsuit claiming the directors failed to balance stockholder and public benefit interests. This potential liability does not exist for traditional corporations. Therefore, we may be subject to the possibility of increased derivative litigation, which would require the attention of our management, and, as a result, may adversely impact our management's ability to effectively execute our strategy. Additionally, any such derivative litigation may be costly, which may have an adverse impact on our financial condition and results of operations.

***The increasing focus on environmental, sustainability and social initiatives could increase our costs, harm our reputation and adversely impact our financial results.***



There has been increasing public focus by investors, customers environmental activists, the media and governmental and nongovernmental organizations on a variety of environmental, social and other sustainability matters. We experience pressure to make commitments relating to sustainability matters that affect us, including the design and implementation of specific risk mitigation strategic initiatives relating to sustainability. If we are not effective in addressing environmental, social and other sustainability matters affecting our business, or setting and meeting relevant sustainability goals, our reputation and financial results may suffer. We may experience increased costs in order to execute upon our sustainability goals and measure achievement of those goals, which could have an adverse impact on our business and financial condition.

In addition, this emphasis on environmental, social and other sustainability matters has resulted and may result in the adoption of new laws and regulations, including new reporting requirements. If we fail to comply with new laws, regulations or reporting requirements, our reputation and business could be adversely impacted.

**Item 1B. Unresolved Staff Comments.**

None.

**Item 2. Properties.**

Our corporate headquarters is located in Manhattan, New York, at 250 Park Avenue South, where we lease office space, which provides support to both our Americas and International segments. As of December 31, 2021, we leased office facilities totaling approximately 29,400 square feet in the United States, Singapore and London, with the Singapore and London facilities primarily supporting our International segment. We believe that our corporate headquarters and other offices are adequate for our immediate needs and that we will be able to obtain additional or substitute space, as needed, on commercially reasonable terms.

**Item 3. 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 4. Mine Safety Disclosures.**

Not Applicable.

## PART II

**Item 5. Market for Registrant’s Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities.****Market Information**

On October 21, 2021, our common stock was listed on The Nasdaq Global Select Market and began trading under the ticker symbol “COCO”. Prior to that time, there was no public market for our common stock.

**Holders**

As of March 10, 2022, there were 116 holders of record of our common stock.

**Dividend Policy**

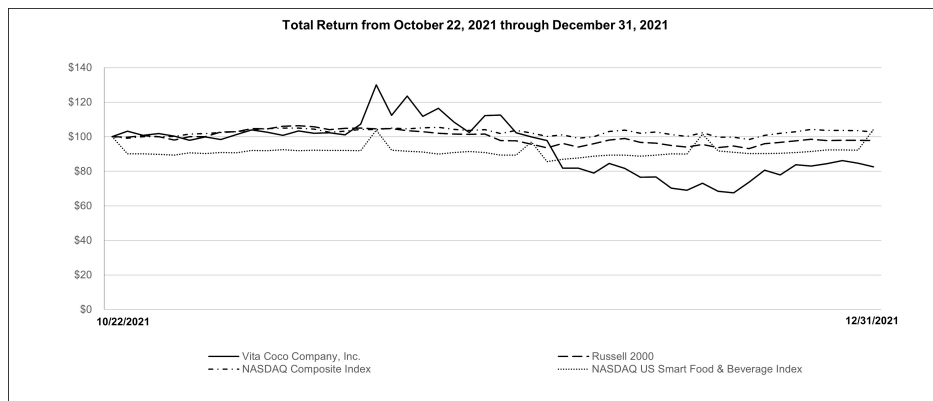
We currently intend to retain all available funds and future earnings, if any, for the operation and expansion of our business and do not anticipate declaring or paying any dividends in the foreseeable future. Any future determination related to our dividend policy will be made at the discretion of our board of directors after considering our financial condition, results of operations, capital requirements, contractual requirements, business prospects and other factors the board of directors deems relevant. In addition, the terms of our current credit facilities contain restrictions on our ability to declare and pay dividends under certain limited circumstances.

**Recent Sales of Unregistered Securities; Purchases of Equity Securities by the Issuer or Affiliated Purchaser**

Other than as disclosed in the Company’s Quarterly Report on Form 10-Q for the quarter ended September 30, 2021, the Company did not sell any equity securities during the year ended December 31, 2021 that were not registered under the Securities Act.

**Performance Graph**

The following graph illustrates the total return from October 22, 2021 through December 31, 2021, for (i) our common stock, (ii) the Russell 2000 Index, (iii) the NASDAQ Composite Index, and (iv) the NASDAQ US Smart Food & Beverage Index. The graph assumes that \$100 was invested on October 22, 2021 in our common stock, the Russell 2000 Index, the NASDAQ Composite Index, and the NASDAQ US Smart Food & Beverage Index, and that any dividends were reinvested. The graph assumes our closing sales price on October 22, 2021 of \$13.95 per share as the initial value of our common stock and not the initial offering price to the public of \$15 per share. The comparisons reflected in the graph are not intended to forecast the future performance of our stock and may not be indicative of our future performance.

**Use of Proceeds**

On October 25, 2021, we completed our IPO, in which we issued and sold 2,500,000 shares of our common stock and certain selling stockholders sold 9,000,000 shares of common stock at a price to the public of \$15.00 per share. We

raised net proceeds of approximately \$30 million, after deducting the underwriting discount and commissions of approximately \$2 million and offering expenses of approximately \$5 million. Concurrent with the IPO, certain selling stockholders also sold 399,922 shares under the option to purchase additional shares exercised by the underwriters and 1,333,333 shares in a concurrent private placement. The Company did not receive any proceeds from the sale of these additional shares by the selling stockholders. All shares sold were registered pursuant to a registration statement on Form S-1 (File No. 333-259825), as amended (the "Registration Statement"), declared effective by the SEC on October 20, 2021. Goldman Sachs & Co. LLC, BofA Securities, Inc., Credit Suisse Securities (USA) LLC and Evercore Group L.L.C. acted as representatives of the underwriters for the offering. The offering terminated after the sale of all securities registered pursuant to the Registration Statement. The net proceeds from our IPO have been used to repay the 2021 Term Loan as described in Note 10, Debt, in the consolidated financial statements. There was no material change in the expected use of the net proceeds from our initial public offering as described in our Prospectus.

#### Item 6. Selected Financial Data

Item 6 of this report is no longer required as the Company has adopted certain provisions within the amendments to Regulation S-K that eliminate Item 301.

#### Item 7. 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 the "Selected Consolidated Financial and Other Data" and our consolidated financial statements and related notes included elsewhere in this 10-K filing. This discussion contains forward-looking statements based upon current expectations that involve 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 under the section titled "Risk Factors" or in other parts of this Form 10-K. Our historical results are not necessarily indicative of the results that may be expected for any period in the future. Except as otherwise noted, all references to 2021 refer to the year ended December 31, 2021 and all references to 2020 refer to the year ended December 31, 2020. Discussion on the year ended December 31, 2019 can be found in our prospectus filed on October 22, 2021.*

#### Overview

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

Our branded portfolio is led by our *Vita Coco* brand, which is the leader in the global coconut water category, and also includes coconut oil and coconut milk offerings. Our other brands include *Runa*, a leading plant-based energy drink inspired from the guayusa plant native to Ecuador, *Ever & Ever*, a sustainably packaged water, and the recently launched *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 source our coconut water, from a diversified global network of 15 factories across seven countries supported by thousands of coconut farmers. As we do not own any of the coconut water 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 and 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 foodservice channels. We are also available in a variety of on-premise locations such as corporate offices, fitness clubs, airports, cruise lines, and educational institutions.

Our recent historical financial performance reflects the strides we have made to scale and grow our business:

- For the year ended December 31, 2021, we reported net sales of \$380 million, representing a 22% increase from \$311 million for the year ended December 31, 2020. For the three months ended December 31, 2021, we reported net sales of \$87 million, representing a 25% increase from \$70 million for the three months ended December 31, 2020 primarily driven by a 61% increase in net sales of *Vita Coco* Coconut Water during the same period.
- For the year ended December 31, 2021, we generated gross profit of \$113 million, representing a margin of 30% and a 8% increase from \$105 million for the year ended December 31, 2020. For the three months ended

December 31, 2021, we generated gross profit of \$22 million, representing a margin of 25% and remaining relatively flat in absolute dollar terms compared to \$23 million for the three months ended December 31, 2020.

- For the year ended December 31, 2021, our net income was \$19 million, representing a margin of 5% and a 8% decrease from our net income of \$33 million and a margin of 11% for the year ended December 31, 2020. For the three months ended December 31, 2021, our net loss was \$3 million, representing a negative margin of 4% and a 120% decrease from our net income of \$17 million and margin of 25% for the three months ended December 31, 2020.
- For the year ended December 31, 2021, our adjusted EBITDA was \$37 million, representing a margin of 10% and increase of 5% from our adjusted EBITDA of \$35 million, representing a margin of 11% for the year ended December 31, 2020. The declining margin was primarily driven by severe escalation of transportation costs, especially ocean freight. For the three months ended December 31, 2021, our adjusted EBITDA loss was \$1 million, representing a negative margin of 1% and a decrease of 89% from our adjusted EBITDA of \$5 million for the three months ended December 31, 2020, due in part to the challenging supply chain environment we experienced during the three months ended December 31, 2021.
- We have traditionally experienced minimal capital expenditures given our asset-lite supply chain model. We believe that our operating cash flow and access to credit facilities provide us with sufficient capability to support our growth plans.
- As of December 31, 2021 and December 31, 2020, we had \$0 million and \$25 million, respectively, of outstanding indebtedness.

### **Key Factors Affecting Our Performance**

We believe that the growth of our business and our future success are dependent upon many factors, the most important of which are as follows:

#### ***Ability to Grow and Maintain the Health of Our Brands***

We have developed a strong and trusted brand in *Vita Coco* that we believe has been integral to the growth and health of our business, and are in the early stages of developing additional brands to broaden our portfolio. In addition, we are continuously developing and sharpening our marketing strategies to ensure that our story and purpose are understood and resonate with consumers. The success and reputation of our current brands and any brands we develop in the future are critical to the growth of our business and our future success. We aim to grow our brands by expanding distribution, adding new formats, promoting trials with new consumers and investing in marketing to attract new consumers and demonstrating to existing consumers the quality and value of their purchases. To grow and maintain the health of our brands we must invest in sales and marketing and execute on our sales strategy to develop and deepen consumers' connection to our brands. We believe that the strength of our core brand, *Vita Coco*, should enable us to continue to invest in expanding our brands across beverage categories and channels, and to deepen relationships with consumers across all demographics.

#### ***Ability to Generate Incremental Volume Through Product Innovation***

The beverage industry is subject to shifting consumer preferences which presents opportunities for new beverage occasions, new tastes and new functional benefits. Our future success is therefore partially dependent on our ability to identify these trends and develop products and brands that effectively meet those needs. Our innovation efforts focus on developing and marketing product extensions, improving upon the quality and taste profiles of existing products, and introducing new products or brands to meet evolving consumer needs. We aim to develop and test new products, and scale the most promising among them to ensure a strong pipeline of product innovation.

We maintain in-house research and development capabilities as well as strong third-party relationships with flavor development houses, and we monitor the latest advancements in clean ingredients to support continued innovation and learning. Our ability to successfully improve existing products, or develop, market and sell new products or brands depends on our commitment and continued investment in innovation, and our willingness to try and fail and learn from our experiences.

#### ***Relationship with Suppliers and Asset-Lite Supply Chain Model***

We believe our global asset lite supply chain model has been an integral part in our ability to efficiently scale our business and compete in the marketplace. This asset-lite model creates leverage with our partners across our supply chain, allowing us to effectively manage total delivery costs and affording greater ability to shift volume between our suppliers,

and thus better manage our supply levels. In addition, our scale of sourcing has allowed us to add volume and service retailers more reliably, and our global position as the largest and highest quality coconut water procurer in the world protects our customer and supplier relationships. We aim to drive continuous operational improvements with our supplier partners to enhance quality of our products, better control costs and ultimately maintain our competitive advantage. Our dedicated engineering support team supports our supply partners' expansion, efficiency and environmental initiatives and shares best practices across our supplier network.

#### ***Ability to Successfully Execute Both In-Store and Online***

To aid the growth of our business, we intend to continue improving our operational efficiency and leverage our brand position across channels, and therefore have a balanced approach to investment and development of capabilities in retail and e-commerce execution. Our DSD network is an important asset in executing physical retail programs and ensuring product availability and visibility in the United States. Managing our DSD network requires relationship building and communication as to plans, and alignment of goals and interests. We look to adapt our approaches as consumer and retail behavior changes to ensure we remain competitive and visible regardless of channel.

#### ***Quarterly Performance of Our Business***

The beverage market is subject to seasonal variations, and we have typically experienced moderately higher levels of our sales in the second and third quarters of the year when demand for our functional beverage products are highest during the warmer months. Our fourth quarter shipments can also be influenced by our retailer and distributor customers rightsizing their inventory levels after the peak selling levels of the second and third quarters.

Our sales can also be influenced by the timing of holidays and weather fluctuations. In addition, our financial results may fluctuate from quarter to quarter due to the timing of significant promotional activity or programs of our retail customers, on-boarding new retail or distribution partnerships, which typically launch with inventory buy-ins, and the timing of new product launches, which may also impact comparability to prior periods. These factors can also impact our working capital and inventory balances in each period in ways that may be difficult to forecast. Our goal is to make the right business decisions for our long-term success despite fluctuations in quarterly operating results.

#### ***Economic Environment & Industry Trends***

Our business is healthier where consumers have higher discretionary incomes and are motivated by health and wellness diets and hydration. Most of our products are at premium prices reflecting their functionality and uniqueness so we do better in more developed economies and major urban areas. As economies continue to develop and education on health and wellness becomes more mainstream, we anticipate our offerings becoming more appealing and endeavor to position our products to benefit from such changes.

#### ***Impact of COVID-19***

The COVID-19 pandemic has caused general business disruption worldwide beginning in January 2020. The full extent to which the COVID-19 pandemic will directly or indirectly impact the Company's cash flow, business, financial condition, results of operations and prospects will depend on future developments, including the duration, spread and intensity of the pandemic (including any resurgences), impact of the new COVID-19 variants and the rollout of COVID-19 vaccines, and the level of social and economic restrictions imposed in the United States and abroad in an effort to curb the spread of the virus, all of which are uncertain and difficult to predict considering the rapidly evolving landscape.

The Company has experienced some impacts on inventory availability and delivery capacity since the outbreak which have impacted, at times, the Company's ability to fully service its customers, including temporary facility shutdowns, local transportation interruptions, and general pressure on global shipping lines. The Company has taken measures to bolster key aspects of its supply chain and the Company continues to work with its supply chain partners to try to ensure its ability to service its customers. Although not a material impact in the years ended December 31, 2019 and 2020, the Company saw in fiscal year 2021 significant changes to global ocean shipping availability and pricing of containers, lengthening transit times, increased domestic transportation costs and some payroll inflationary effects among other impacts. Starting in the second quarter 2021, we took pricing actions such as delaying promotions until later in the year, reducing discounting and sharing cost increases with private label customers as we were able, in order to partially offset the inflationary costs of goods effects we were experiencing.

For the year ended December 31, 2021, we estimate that our EBITDA absorbed incremental costs of goods on a rate/mix basis compared to prior year of approximately \$24 million, relating to transportation cost increases across both ocean

freight and domestic logistics as a result of global supply chain disruptions caused by the COVID-19 pandemic. We do not believe the current costs of goods inflated by the current economic and supply chain pressures are fully representative of our future costs of goods in a normal supply chain environment.

The Company is continuing to monitor the situation carefully to understand any future potential impact on its people and business. The Company is taking all necessary steps to protect its people and mitigate any risk to its business. As a result, it is not currently possible to ascertain the overall impact of COVID-19 on the Company's business, results of operations, financial condition or liquidity. Future events and effects related to COVID-19 cannot be determined with precision and actual results could significantly differ from estimates or forecasts.

## **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 channel through which we sell our products, the promotional environment in the marketplace, manufacturing costs, commodity prices 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 all of 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 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 selling and marketing expenses 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 expense 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 selling, general and administrative expense as incurred. We expect selling, general and administrative expenses to increase in absolute dollars to support business growth and, in the near term, our transition to a public company.

#### ***Change in Fair Value of Contingent Consideration***

In connection with our acquisition of *Runa*, we agreed to pay contingent payments to *Runa*'s former shareholders only if a certain revenue growth rate is achieved. Assuming the revenue growth is achieved, the former shareholders could elect for payment to be calculated based on quarterly data available between December 2021 and December 2022, as follows: 49% of the product of (a) the net revenue for the trailing 12 calendar months and (b) a specified multiple, which is contingent on the revenue growth achieved since December 31, 2017. The contingent consideration payout cannot exceed

\$51.5 million. If a certain revenue growth rate is not achieved, the Company is not required to pay any contingent payment. The contingent consideration payable to *Runa*'s former shareholders was re-measured at fair value, which reflects estimates, assumptions, and expectations on *Runa*'s revenue and revenue growth as of the valuation date. A key factor in the contingent consideration calculation is whether the growth levels specified in the contract can be met within the four year time period immediately following the acquisition. The design of the payout is to reward for high growth in the initial years following the acquisition. Therefore, the contingent payment reduction, by itself, was not considered a triggering event as it measures against growth targets that must be achieved during a limited period, whereas projections used for intangible and goodwill impairment testing consider a longer period of time. Additionally, the *Runa* brand has been integrated into the Americas operations, and therefore the goodwill was assigned and tested at the Americas reporting unit level. As such, since the goodwill is tested at this higher reporting unit level, changes in the individual *Runa* brand projections are not indicative of a triggering event for goodwill since *Runa* sales are an insignificant portion of the overall financial results of the Americas reporting unit. In 2020, we did elect to perform the quantitative assessment. At the Americas reporting unit level, there was significant cushion between the fair value of the reporting unit and the carrying value, and therefore, no goodwill impairment was recorded. As of December 31, 2021, we expect the contingent consideration to be zero. The contingent consideration will continue to be remeasured until the term of the agreement ends in December 2022. However, we do not believe that the *Runa* business will achieve the growth targets required and thus we expect that the contingent consideration will be zero at December 2022.

#### **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 on derivative instruments consists of gains or losses on such foreign currency exchange contracts which are unsettled as of period end. See "—Qualitative and Quantitative 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 "—Qualitative and Quantitative 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, as well as interest received as part of an interest rate swap which was terminated in May 2020.

##### **Interest Expense**

Interest expense consists of interests on our credit facilities and term 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, such as *Vita Coco Sparkling*, 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 Years Ended December 31, 2021 and 2020

The following table summarizes our results of operations for the years ended December 31, 2021 and 2020, respectively:

	Year Ended December 31,		Change	
	2021	2020	Amount	Percentage
	(in thousands)		(in thousands)	
Net sales	\$ 379,513	\$ 310,644	\$ 68,869	22.2 %
Cost of goods sold	266,365	205,786	60,579	29.4 %
Gross profit	113,148	104,858	8,290	7.9 %
Operating expenses				
Selling, general and administrative	88,559	74,401	14,158	19.0 %
Change in contingent consideration liability	—	(16,400)	16,400	n/m
Total operating expenses	88,559	58,001	30,558	52.7 %
Income from operations	24,589	46,857	(22,268)	(47.5 %)
Other income (expense)				
Unrealized gain (loss) on derivative instrument	2,093	(4,718)	6,811	n/m
Foreign currency gain (loss)	(2,088)	1,848	(3,936)	n/m
(Loss) on extinguishment of debt	(132)	—	(132)	n/m
Interest income	127	404	(277)	(68.6 %)
Interest expense	(360)	(791)	431	(54.5 %)
Total other (expense)	(360)	(3,257)	2,897	(88.9 %)
Income before income taxes	24,229	43,600	(19,371)	(44.4 %)
Provision for income taxes	(5,237)	(10,913)	5,676	(52.0 %)
Net income	\$ 18,992	\$ 32,687	\$ (13,695)	(41.9 %)
Net income attributable to common stockholders	\$ 19,015	\$ 32,660	\$ (13,645)	(41.8 %)

n/m—represents percentage calculated not being meaningful



**Net Sales**

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

	Year Ended December 31,		Change	
	2021	2020	Amount	Percentage
	(in thousands)		(in thousands)	
<b>Americas segment</b>				
Vita Coco Coconut Water	\$ 231,858	\$ 164,786	\$ 67,072	40.7 %
Private Label	80,639	83,449	(2,810)	(3.4)%
Other	11,394	14,664	(3,270)	(22.3)%
Subtotal	\$ 323,891	\$ 262,899	\$ 60,992	23.2 %
<b>International segment</b>				
Vita Coco Coconut Water	\$ 34,639	\$ 27,167	\$ 7,472	27.5 %
Private Label	14,007	12,596	1,411	11.2 %
Other	6,976	7,982	(1,006)	(12.6)%
Subtotal	\$ 55,622	\$ 47,745	\$ 7,877	16.5 %
Total net sales	\$ 379,513	\$ 310,644	\$ 68,869	22.2 %

**Volume in Case Equivalent**

The primary driver of the consolidated net sales increase of 22.2% was increased case equivalent volumes. The following table provides a comparative summary of our volume in Case Equivalents, or CE, by operating segment and product category:

	Year Ended December 31,		Change	
	2021	2020	Amount	Percentage
	(in thousands)		(in thousands)	
<b>Americas segment</b>				
Vita Coco Coconut Water	25,096	18,690	6,406	34.3 %
Private Label	9,292	9,431	(139)	(1.5)%
Other	1,194	1,650	(456)	(27.6)%
Subtotal	35,582	29,771	5,811	19.5 %
<b>International segment*</b>				
Vita Coco Coconut Water	5,056	4,146	910	21.9 %
Private Label	1,883	1,707	176	10.3 %
Other	231	634	(403)	(63.6)%
Subtotal	7,170	6,487	683	10.5 %
<b>Total volume (CE)</b>	<b>42,752</b>	<b>36,258</b>	<b>6,494</b>	<b>17.9 %</b>

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**

Growth of Americas CE volumes of *Vita Coco* Coconut Water was strongest in DSD channels, but all core channels experienced strong volume growth.

Americas net sales increased by \$61.0 million, or 23.2% to \$323.9 million for the year ended December 31, 2021, from \$262.9 million for the year ended December 31, 2020, primarily driven by CE volume increase of 19.5%, as well as reduced price promotions and favorable changes in mix for branded products.

*Vita Coco* Coconut Water net sales increased by \$67.1 million, or 40.7%, to \$231.9 million for the year ended December 31, 2021, from \$164.8 million for the year ended December 31, 2020. The increase was primarily driven by a combination of increased consumer demand, retail execution, and overall brand strength.

Private Label net sales decreased by \$2.8 million, or 3.4%, to \$80.6 million for the year ended December 31, 2021, from \$83.4 million for the year ended December 31, 2020. The decrease was driven by lower consumer demand for Private Label Oil, offset by Private Label Water growth in the Grocery channel.

Net Sales for Other products decreased by \$3.3 million, or 22.3%, to \$11.4 million for the year ended December 31, 2021, from \$14.7 million for the year ended December 31, 2020. The decrease was primarily driven by year on year reduction of bulk sales and decreased sales CE volume of *Runa*, *Vita Coco* Oil, *Coco Creations*, and *Vita Coco* sparkling waters, which was partly offset by recent innovations.

#### ***International Segment***

International net sales increased by \$7.9 million, or 16.5%, to \$55.6 million for the year ended December 31, 2021 from \$47.7 million for the year ended December 31, 2020, primarily driven by increased sales in our European region and partially offset by decreased in bulk product sales in our Asia Pacific region.

*Vita Coco* Coconut Water net sales increased by \$7.5 million, or 27.5%, to \$34.6 million for the year ended December 31, 2021, from \$27.2 million for the year ended December 31, 2020. The increase was driven by CE Volume growth in both Europe and Asia Pacific as we saw recovery in sales after COVID-19 shutdowns experienced in 2020.

Private Label net sales increased by \$1.4 million, or 11.2%, to \$14.0 million for the year ended December 31, 2021, as compared to \$12.6 million for the year ended December 31, 2020. The increase was driven by higher demand in both Private Label Oil and Private Label Water across international regions.

Net Sales for Other products decreased by \$1.0 million, or 12.6%, to \$7.0 million for the year ended December 31, 2021, from \$8.0 million for the year ended December 31, 2020. The decrease was primarily driven by decreases in bulk product sales from our Asia Pacific region.

#### ***Gross Profit***

	Year Ended December 31,		Change	
	2021	2020	Amount	Percentage
	(in thousands)		(in thousands)	
<b>Cost of goods sold</b>				
Americas segment	\$ 222,027	\$ 172,644	\$ 49,383	28.6 %
International segment	44,338	33,142	11,196	33.8 %
Total cost of goods sold	\$ 266,365	\$ 205,786	\$ 60,579	29.4 %
<b>Gross profit</b>				
Americas segment	\$ 101,864	\$ 90,256	\$ 11,608	12.9 %
International segment	11,284	14,602	(3,318)	(22.7 %)
Total gross profit	\$ 113,148	\$ 104,858	\$ 8,290	7.9 %
<b>Gross margin</b>				
Americas segment	31.5 %	34.3 %		(2.9 %)
International segment	20.3 %	30.6 %		(10.3 %)
Consolidated	29.8 %	33.8 %		(3.9 %)

On a consolidated basis, cost of goods sold increased \$60.6 million, or 29.4%, to \$266.4 million for the year ended December 31, 2021, from \$205.8 million for the year ended December 31, 2020. On a consolidated and segment basis, the increase was primarily driven by CE volumes and significant escalation in transportation costs in 2021, with the primary driver being ocean freight costs due to shipping and port constraints related to the COVID-19 pandemic.

On a consolidated basis, gross profit increased by \$8.3 million, or 7.9%, to \$113.1 million for the year ended December 31, 2021, from \$104.9 million for the year ended December 31, 2020. The increase was primarily driven by increased sales volume and favorable price/mix, partially offset by the increase in cost of goods sold. Gross margin was 29.8% for the year ended December 31, 2021, as compared to 33.8% for the year ended December 31, 2020. The approximate 400 basis points decrease was largely driven by cost pressure related to transportation, including both ocean freight and domestic logistics.

#### Operating Expenses

	Year Ended December 31,		Change	
	2021	2020	Amount	Percentage
	(in thousands)		(in thousands)	
Selling, general, and administrative	88,559	74,401	14,158	19.0 %
Change in fair value of contingent consideration	—	(16,400)	16,400	n/m
	\$ 88,559	\$ 58,001	\$ 30,558	52.7 %

n/m—represents percentage calculated not being meaningful

#### Selling, General and Administrative Expenses

SG&A expense increased by \$14.2 million, or 19.0%, to \$88.6 million for the year ended December 31, 2021, from \$74.4 million for the year ended December 31, 2020. The increase of \$14.2 million was driven primarily by increases in People Costs (salaries and benefits, including stock based compensation) of \$7.2 million, and other one-time expenses related to public company readiness and ongoing public company costs of \$3.6 million. There was also an additional increase in spend of \$2.4 million in marketing to support our brands and retail activation programs.

#### Change in Fair Value of Contingent Consideration

There was no change in the fair value of contingent consideration for the year ended December 31, 2021, compared to a gain of \$16.4 million for the year ended December 31, 2020. The gain recorded during the year ended December 31,

2020 was the result of lower performance expectations during the earn-out period for *Runa* resulting in revaluation of the contingent consideration liability to \$0 as of December 31, 2020.

**Other Income (Expense), Net**

	Year Ended December 31,		Change	
	2021	2020	Amount	Percentage
	(in thousands)		(in thousands)	
Unrealized gain (loss) on derivative instrument	\$ 2,093	\$ (4,718)	\$ 6,811	n/m
Foreign currency gain (loss)	(2,088)	1,848	(3,936)	n/m
(Loss) on extinguishment of debt	(132)	—	(132)	n/m
Interest income	127	404	(277)	(68.6 %)
Interest expense	(360)	(791)	431	(54.5 %)
	\$ (360)	\$ (3,257)	\$ 2,897	(88.9 %)

n/m—represents percentage calculated not being meaningful

**Unrealized Gain/(Loss) on Derivative Instruments**

During the year ended December 31, 2021, we recorded unrealized gains of \$2.1 million relating to outstanding derivative instruments for forward foreign currency exchange contracts. During the year ended December 31, 2020, we recorded unrealized losses of \$4.7 million relating to outstanding derivative instruments for forward foreign currency exchange contracts. All forward foreign currency exchange contracts were entered to hedge some of our exposures to the British Pound, Canadian Dollar, Brazilian Real, Malaysian Ringgit, and Thai Baht.

**Foreign Currency Gain/(Loss)**

Foreign currency loss was \$2.1 million for the year ended December 31, 2021, as compared to \$1.8 million gain for the year ended December 31, 2020. The change in both years was a result of movements in various foreign currency exchange rates related to transactions denominated in currencies other than the functional currency.

**(Loss) on Extinguishment of Debt**

On October 27, 2021, the Company repaid the outstanding balance on the 2021 Term Loan using the net proceeds from the IPO and recognized a non-cash loss of \$0.1 million on the early extinguishment of debt, primarily related to the write-off of deferred financing costs.

**Interest Income**

Interest income decreased by \$0.3 million, or 68.6%, to \$0.1 million for the year ended December 31, 2021, from \$0.4 million for the year ended December 31, 2020. The decrease was primarily driven by an amended interest rate from 1.78% to 0.58% on the loan to the co-CEO described in Note 19, Related-Party Transactions, to our notes to the consolidated financial statements. On September 16, 2021, the co-CEO of the Company, repaid the outstanding principal balance and accrued interest on the promissory note.

**Interest Expense**

Interest expense decreased by \$0.4 million, or 54.5%, to \$0.4 million for the year ended December 31, 2021, from \$0.8 million for the year ended December 31, 2020. The decrease was primarily driven by non-recurring interest expense upon the settlement of an interest rate swap in May 2020 which impacted our interest expense by \$0.5 million during the year ended December 31, 2020, which did not repeat in the year ended December 31, 2021.

**Income Tax Expense**

	Year Ended December 31,		Change	
	2021	2020	Amount	Percentage
	(in thousands)		(in thousands)	
Income tax expense	\$ (5,237)	\$ (10,913)	\$ 5,676	(52.0 %)
Tax Rate	21.6 %	25.0 %		

n/m—represents percentage calculated not being meaningful

Income tax expense was \$5.2 million for the year ended December 31, 2021, as compared to \$10.9 million for the year ended December 31, 2020. The effective combined federal, state and foreign tax rate decreased to 21.6% from 25.0% for the years ended December 31, 2021, and 2020, respectively.

The effective tax rate for both periods is higher than the US statutory rate of 21% primarily as a result of state income taxes for the US company and other nondeductible expenses for tax purposes, and is partially offset by lower statutory tax rates in countries outside the US 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 key metrics used by management and our board of directors, 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:

	Year Ended December 31,	
	2021	2020
	(in thousands)	
Net income	\$ 18,992	\$ 32,687
Depreciation and amortization	2,069	2,125
Interest income	(127)	(404)
Interest expense	360	791
Income tax expense	5,237	10,913
<b>EBITDA</b>	26,531	46,112
Stock-based compensation (a)	3,380	1,517
Unrealized (gain)/loss on derivative instruments (b)	(2,093)	4,718
Foreign currency (gain)/loss (b)	2,088	(1,848)
Change in fair value of contingent consideration (c)	—	(16,400)
Loss on extinguishment of debt (d)	132	—
Other adjustments (e)	6,824	967
<b>Adjusted EBITDA</b>	\$ 36,862	\$ 35,066

- (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) Non-cash income related to the changes in fair value of the contingent consideration liability related to *Runa*, which we do not consider in our evaluation of ongoing performance.
- (d) Represents the non-cash loss on extinguishment of debt primarily for the write-off of deferred financing costs related to the early payoff of the 2021 Term Loan with the IPO proceeds, which we do not consider in our evaluation of ongoing performance.
- (e) Reflects other charges inclusive of other non-recurring expenses mostly related to our public company readiness preparation and a two-year management incentive program structured differently from other regular employee compensation, which we do not consider in our evaluation of our ongoing performance.

### 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 \$28.7 million and \$72.2 million of cash and cash equivalents as of December 31, 2021, and 2020, respectively. We believe that our existing cash and cash equivalent balances will be sufficient to support operating and capital requirements for at least the next 12 months. We supplemented our liquidity needs with incremental borrowing capacity under the 2021 Term Facility and the Revolving Facility, which we amended in May 2021. With the successful completion of the IPO, the net proceeds from our IPO were used to repay the 2021 Term Loan as described in Note 10, *Debt*, in the consolidated financial statements.

Considering recent market conditions and the ongoing COVID-19 pandemic, we have reevaluated our operating cash flows and cash requirements and continue to believe that current cash, cash equivalents, future cash flows from operating activities and cash available under our Revolving 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 consolidated financial statements included herein.

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 supply chain model provides us with a low cost, nimble, and scalable supply chain, which allows us to quickly 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 general 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:

	Year Ended December 31,		Change	
	2021	2020	Amount	Percentage
Cash flows provided by (used in):	(in thousands)			
Operating activities	\$ (16,166)	\$ 33,323	\$ (49,489)	(148.5 %)
Investing activities	(557)	(375)	(182)	48.5 %
Financing activities	(26,803)	2,050	(28,853)	(1407.5 %)
Effects of exchange rate on changes on cash and cash equivalents	35	443	(408)	(92.1 %)
Net (decrease) increase in cash and cash equivalents	\$ (43,491)	\$ 35,441	\$ (78,932)	(222.7 %)

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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.

The unfavorable changes in our operating assets and liabilities during the year ended December 31, 2021, as compared to the year ended December 31, 2020 were primarily a result of changes in working capital of \$37 million. Reflected in working capital changes for the year ended December 31, 2021 were increased inventories in 2021, which we rebuilt after finishing December 2020 with very low inventory levels, increased accounts receivable due to increased sales volume, increased accrued trade promotions due to increased sales volumes and related promotions, and increases in prepayments to suppliers to secure inventory due to increased demand. Reflected in working capital changes for the year ended December 31, 2020 were decreased inventories due to constrained supply during the COVID-19 pandemic, increased accrued trade promotions due to increased sales volumes and related promotions, increased other current assets due to the increase in contract assets for the recognition of private label revenue, and increased net advances to suppliers to secure inventory due to increased demand.

**Investing Activities**

During the year ended December 31, 2021, cash used in investing activities was \$0.6 million, primarily driven by cash paid for property and equipment.

During the year ended December 31, 2020, cash used in investing activities was \$0.4 million, driven by cash paid for property and equipment.

**Financing Activities**

During the year ended December 31, 2021, net cash used in financing activities was \$26.8 million, resulting from \$50.0 million paid to acquire treasury stock, repayment of \$25.0 million on the Revolving Facility, partially offset by \$30.4 million in net proceeds from issuance of common stock upon initial public offering, and \$17.7 million proceeds from settlement of the loan to the co-CEO described in Note 19 of the consolidated financial statements, and \$0.2 million from the exercise of stock options and warrants. The 2021 Term Loan was borrowed and repaid during the year ended December 31, 2021 with the IPO proceeds, resulting in no net cash impact.

During the year ended December 31, 2020, net cash provided by financing activities was \$2.1 million resulting from \$25.0 million proceeds from the Revolving Facility and \$0.9 million from the exercise of stock options and warrants, partially offset by \$16.9 million relating to the repayment of outstanding indebtedness under our Prior Term Facilities, and \$6.9 million paid to acquire treasury stock.

**Debt**

We had zero outstanding debt as of December 31, 2021 compared to \$25.0 million as of December 31, 2020. The outstanding balance as of December 31, 2020 related to borrowings under the Revolving Facility and vehicle loans.

**Revolving Credit Facility**

In May 2020, we entered into a five-year credit facility ("Revolving Facility" or "2020 Credit Facility") with Wells Fargo consisting of a revolving line of credit, which provided for committed borrowings of \$50.0 million and a \$10.0 million non-committed accordion feature. The Revolving Facility was further amended in May 2021 and October 2021, and currently provides for committed borrowings of \$60 million. We may repay outstanding balances under the Revolving Facility at any time without premium or penalty. Borrowings under the Revolving Facility bear interest at a rate per annum equal to, at our option, either (a) adjusted LIBOR (which shall not be less than 0.0%) plus the applicable rate or (b) 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%). The applicable rate for LIBOR borrowings under the Revolving Facility is subject to step-downs based on our total net leverage ratio (as defined in the credit agreement) for the immediately preceding fiscal quarter. In addition, the Company is currently subject to an unused commitment fee ranging from 0.05% 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 maturity date on the 2020 Credit Facility is May 12, 2026. The effective interest rate

as of December 31, 2021 was 0.97%. The outstanding balance on the Revolving Facility was zero and \$25 million as of December 31, 2021 and December 31, 2020, respectively. As of December 31, 2021, we were compliant with all financial covenants.

#### **Term Loan Facility**

In May 2021, we entered into a Term Commitment Note, or the Term Facility with Wells Fargo pursuant to the terms of the Credit Agreement entered into in connection with the Credit Facility. The Term Facility provides us with term loans of up to \$30.0 million, or the Term Loans. Borrowings under the Term Facility bear interest at the same rate as the Revolving Facility. We were required to repay the principal on the Term Loans in quarterly installments, commencing on October 1, 2021, through maturity date of May 21, 2026. On October 27, 2021, the Company repaid the outstanding balance on the 2021 Term Loan using the net proceeds from the IPO.

#### **Vehicle Loans**

We periodically enter into vehicle loans. Interest rate on these vehicle loans range from 4.56% to 5.68%. The outstanding balance on the vehicle loans as of December 31, 2021 was less than \$0.1 million.

For additional information, see Note 10, *Debt*, to our consolidated financial statements included elsewhere in this Annual Report on Form 10-K.

#### **Off-Balance Sheet Arrangement**

We did not have during the periods presented, and we do not currently have, any off-balance sheet financing arrangements or any relationships with unconsolidated entities or financial partnerships, including entities sometimes referred to as structured finance or special purpose entities, that were established for the purpose of facilitating off-balance sheet arrangements or other contractually narrow or limited purposes.

#### **Contractual Obligations and Commitments**

We have contractual obligations to repay indebtedness and required interest payments and unused commitment fees under our Revolving Facility and vehicle loans. As of December 31, 2021, we had no outstanding balance on the Revolving Facility. Any future outstanding balances on the Revolving Facility will be required to be repaid by May 2026.

We lease certain assets under noncancelable operating leases, which expire through 2025. The leases relate primarily to office space in addition to machinery and equipment. Future minimum commitments under these leases are \$1.5 million as of December 31, 2021.

In connection with our business acquisitions of *Runa*, we entered into contingent consideration arrangements, which would require future cash outflows related to milestone payments based on revenue performance. Under the terms of the arrangement, we are obligated to pay the former shareholders up to \$51.5 million if certain revenue thresholds are met during the period from December 31, 2021 through December 31, 2022. As of December 31, 2021 and 2020, we have recognized a liability of \$0 related to the revenue performance contingent consideration as we believe the required milestones are not expected to be achieved.

As of December 31, 2021, we also have inventory purchase commitments, which include any raw material or packaging commitments with our suppliers to secure our needs for future orders, which are generally due to be paid within one year. We also have production purchase commitments from our manufacturers based on our production plans, forecasts and contracts, that might result in costs if we were to reduce our purchases significantly in 2022 or for some relationships, in future years. We have other contractual payments related to information technology service agreements, sponsorship and marketing agreements, and minimum contractual third-party warehouse commitments, which are not individually material.

#### **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.

While our significant accounting policies are described in more detail in Note 2 to our consolidated financial statements appearing within this Annual Report on Form 10-K, we believe that the following accounting policies are those most critical to the judgments and estimates used in the preparation of our consolidated financial statements.

### **Revenue Recognition**

The Company recognizes revenue in accordance with ASC Topic 606, *Revenue from Contracts with Customers* (ASC 606). ASC 606 defines a five-step model that requires entities exercise judgment when considering the terms of contract(s), which include (1) identifying the contract or agreement with a customer, (2) identifying the performance obligations in the contract or agreement, (3) determining the transaction price, (4) allocating the transaction price to the separate performance obligations, and (5) recognizing revenue as each performance obligation is satisfied. Revenue is recognized when control of the promised good is transferred to the customer in an amount that reflects the consideration to which the Company is expected to be entitled to receive in exchange for those products. Each contract includes a single performance obligation to transfer control of the product to the customer.

For our various products in the *Vita Coco* Coconut Water and Other product categories, control is transferred upon customer receipt, at which point the Company recognizes the transaction price for the product as revenue. The transaction price recognized reflects the consideration the Company expects to receive in exchange for the sale of the product. The Company's performance obligations are satisfied at that time. The Company does not have any significant contracts with customers requiring performance beyond delivery, and contracts with customers contain no incentives or discounts that would meet the criteria for a distinct good or service that could cause revenue to be allocated or adjusted over time. Shipping and handling activities are performed before the customer obtains control of the goods and therefore represent fulfillment costs, which are included in cost of goods sold, rather than revenue.

Additionally, 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 is completed, which may be prior to any shipment. The resulting contract assets are recorded in Prepaid expenses and other current assets.

The Company provides trade promotions to its customers. These discounts do not meet the criteria for a distinct good or service and therefore, the Company reduces revenue for the discounts associated with meeting this obligation based on the expected value method. These consolidated financial statements include trade promotion accruals. Trade promotion accruals are made for invoices that have not yet been received as of year-end and are recorded as a reduction of sales. This promotion accrual is a management estimate based upon the known price of retail promotions and estimates of the sales volume during the promotion period.

### **Stock-Based Compensation**

The Company accounts for stock-based compensation in accordance with ASC Topic 718, *Compensation—Stock Compensation* (ASC 718) for stock options issued under the 2014 Stock Option and Restricted Stock Plan.

The Company measures all stock option awards based on their fair value on the date of the grant and recognizes compensation expense for those awards over the requisite service period of each stock-option grant, which is generally the vesting period of the respective award by using the accelerated attribution method. The Company applies an estimated forfeiture rate derived from historical employee termination behavior. If the actual forfeitures differ from those estimated by management, adjustment to compensation expense may be required in future periods. The Company issues stock-based awards with service-based and performance-based and market-based vesting conditions. The Company recognizes expense for performance-based awards when it becomes probable that such awards will be earned over a requisite service period. The Company defers the recognition of compensation expense for the stock-option awards that vest upon a qualifying liquidity events until the qualifying events are probable of occurrence. Stock option awards are equity-classified, as they do not contain a cash settlement option or other features requiring them to be liability-classified.

The Company uses the Black-Scholes-Merton, or Black-Scholes, option-pricing model to determine the fair value of stock awards with service-based vesting conditions and performance-based vesting conditions. For stock awards with

performance-based and market-based vesting conditions, the Company uses the Barrier option valuation model to determine the fair value.

The Company has classified stock-based compensation expense in its consolidated statements of operations in SG&A expenses. See Note 14, *Stockholders' Equity*, to our consolidated financial statements appearing elsewhere in this Annual Report on Form 10-K.

The fair value of each stock option is estimated on the grant date using the Black-Scholes option-pricing model or the Barrier option valuation model, which uses multiple assumptions and judgments. The subjective assumptions and the application of judgment in determining the fair value of the awards represent management's best estimates. If factors change and different assumptions are used, our equity compensation expense could be materially different in the future. The most significant assumptions and judgments are as follows:

- Fair value of common stock.
- Option exercise price—Approximated fair value of common stock.
- Expected volatility—We determine the expected price volatility based on the historical volatilities of our peer group, as we do not have a trading history for our shares. Industry peers consist of several public companies in the soft drinks industries similar to us in size, stage of life cycle and financial leverage. We intend to continue to consistently apply this process using the same or similar public companies until a sufficient amount of historical information regarding the volatility of our own stock price becomes available, or unless circumstances change such that the identified companies are no longer similar to us, in which case, more suitable companies whose share prices are publicly available would be utilized in the calculation.
- Expected term—The expected term represents the period that the stock-based awards are expected to be outstanding based on the service or performance conditions specified for the awards. We account for the expected life of the options with service conditions in accordance with the "simplified" method as defined in ASC 718, which enables the use of a practical expedient for "plain vanilla" share options. The expected term using the simplified method is calculated using the midpoint between the vesting date and the contractual term.
- Risk-free interest rate—We based the risk-free rate on U.S. Treasury yield curve in effect at the time of the grant of the award for a term corresponding to the duration of the options.
- Dividend yield—We used a dividend rate of zero as we do not anticipate paying dividends in the foreseeable future.

*Determination of fair value of common stock* – The calculation of the fair value of awards also requires an estimate of our equity value. Prior to the IPO, as there was no public market for our common stock, the estimated fair value of our common stock was determined by our board of directors as of the date of each option grant, with input from management and valuations by a third-party specialist. The board considered the most recently available third-party valuations of common stock and an assessment of additional objective and subjective factors that it believed were relevant and which may have changed from the date of the most recent valuation through the date of the grant. These third-party valuations are performed in accordance with guidance outlined in the Americas Institute of Certified Public Accountants' Accounting and Valuation Guide, *Valuation of Privately-Held-Company Equity Securities Issued as Compensation*.

Our third-party common stock valuations were prepared using a probability weighted-expected return method, or PWERM. Under this method, discrete future outcomes, such as an IPO, and non-IPO scenario were weighted based on our estimate of the probability of each scenario. In determining the equity value under each scenario, the IPO scenario utilized the market approach while the non-IPO scenario utilized a combination of the income approach and market approach. In leveraging the income approach, we estimated the equity value based on the expectation of future cash flows that the Company will generate. These future cash flows, and an assumed terminal value, were discounted to their present values using a discount rate that reflects the risks inherent in the cash flows. In leveraging the market approach, the third-party common stock valuations reviewed the trading multiples of guideline publicly traded companies, the transactions multiples of guideline comparable company transactions, and also gave consideration to our precedent transactions. Given our simple capital structure, after subtracting net debt, the residual equity value as of the various date was allocated to the common stock.

In addition to considering the results of these third-party valuations, our board of directors considered various objective and subjective factors to determine the fair value of our common stock as of each grant date, including:

- the nature and history of our business;
- our stage of development and commercialization and our business strategy;

- external market conditions affecting our industry and the global soft drinks and consumer products industry;
- the market value of companies that are engaged in a similar business to ours;
- our financial positions, including cash on hand, and our historical and forecasted performance and operating results;
- the lack of an active public market for our common stock;
- the likelihood of achieving a liquidity event, such as an initial public offering, or IPO, or sale of our company in light of prevailing market conditions;
- the analysis of IPOs and the market performance of similar companies in our industry;
- the overall inherent risks associated with our business at the time awards were approved; and
- the overall equity market conditions and general economic trends.

The assumptions underlying these valuations represent management's best estimates, which involve inherent uncertainties and the application of management's judgment. As a result, if we had used significantly different assumptions or estimates, the fair value of our common stock and our stock-based compensation could have been materially different.

Once a public trading market for our common stock was established in connection with the completion of the IPO in October 2021, it is now no longer necessary for our board of directors to estimate the fair value of our common stock in connection with our accounting for granted stock options and other such awards we may grant, as the fair value of our common stock is now determined based on the quoted market price of our common stock.

#### ***Stock Awards Granted Subsequent to Our Initial Public Offering***

For stock awards granted subsequent to our initial public offering, the fair value of the common stock assumed for the grant date fair value of the awards will be based on the closing price of our common stock as reported on the day of grant.

#### ***Income Taxes***

The Company accounts for income taxes under Accounting Standards Codification (ASC) 740, *Income Taxes*, which requires an asset and liability approach to financial accounting and reporting for income taxes. Deferred income tax assets and liabilities are computed annually for differences between the consolidated financial statements and tax bases of assets and liabilities that will result in taxable or deductible amounts in the future. Such deferred income tax assets and liabilities computations are based on enacted tax laws and rates applicable to periods in which the differences are expected to affect taxable income. Valuation allowances are established when necessary to reduce deferred income tax assets to the amount expected to be realized. Interest and penalties related to unrecognized tax positions are included in income tax expense in the consolidated statement of operations and comprehensive income and accrued expenses in the consolidated balance sheets. The Company recognizes the effect of income tax positions only if those positions are more likely than not of being sustained. Recognized income tax positions are measured at the largest amount that is greater than 50% likely of being realized. Changes in recognition or measurement are reflected in the period in which the change in judgment occurs.

We must make assumptions and judgments to estimate the amount of valuation allowances to be recorded against our deferred tax assets, which take into account current tax laws and estimates of the amount of future taxable income, if any. Changes to any of the assumptions or judgments could cause our actual income tax obligations to differ from our estimates.

#### ***Intangible assets***

Intangible assets consist primarily of acquired trade names and distributor relationships. The Company determines the appropriate useful life of our intangible assets by performing an analysis of expected cash flows of the acquired assets. Intangible assets are amortized over their estimated useful lives of ten years, using the straight-line method, which approximates the pattern in which the economic benefits are consumed. The Company's intangible assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable, or a triggering event. When a triggering event is identified, a test of recoverability is performed by estimating the undiscounted future cash flows associated with such assets and comparing them to the carrying value of the asset. When the recoverability test fails, the Company measures the impairment loss based on the fair value of the assets compared to the carrying amount of the asset. The fair value of the trade names is determined through an income approach using the relief

from royalty method. The fair value of the distributor relationships is determined through an income approach using the excess earnings method.

### **Goodwill**

Goodwill represents the excess of the purchase price over the fair value of net assets acquired in a business combination and is measured in accordance with the provisions of ASC 350, *Intangibles—Goodwill and Other*. Goodwill is not amortized; instead goodwill is tested for impairment on an annual basis on December 31, or more frequently if the Company believes indicators of impairment exist.

The Company has determined that there are three reporting units for purposes of testing goodwill for impairment: (i) the Americas reporting unit, (ii) the Europe reporting unit, and (iii) the Asia reporting unit. The Company first assesses qualitative factors to determine whether it is more-likely-than-not that the fair value of a reporting unit is less than its carrying value. In performing the qualitative assessment, the Company reviews factors both specific to the reporting units and to the Company as a whole, such as financial performance, macroeconomic conditions, industry and market considerations, and the fair value of each reporting unit at the last valuation date. If the Company elects this option and believes, as a result of the qualitative assessment, that it is more likely than not that the carrying value of each of the reporting units exceeds their fair value, the quantitative impairment test is required; otherwise, no further testing is required.

Alternatively, the Company may elect to bypass the qualitative assessment and perform the quantitative impairment test instead, or if the Company reasonably determines that it is more-likely-than-not that the fair value is less than the carrying value, the Company performs its annual, or interim, goodwill impairment test by comparing the fair value of each of the reporting units with their carrying amount. The fair value of each of the reporting units is estimated by blending the results from the income approach and the market multiples approach. These valuation approaches consider a number of factors that include, but are not limited to, expected future cash flows, growth rates, discount rates, and comparable multiples from publicly-traded companies in our industry, and require us to make certain assumptions and estimates regarding industry economic factors and future profitability of our business. It is our policy to conduct impairment testing based on our most current business plans, projected future revenues and cash flows, which reflect changes we anticipate in the economy and the industry. The cash flows are based on five-year financial forecasts developed internally by management and are discounted to a present value using discount rates that properly account for the risk and nature of the respective reporting unit's cash flows and the rates of return market participants would require to invest their capital in our reporting unit. The Company will recognize an impairment for the amount by which the carrying amount exceeds a reporting unit's fair value. For the years ended December 31, 2021 and 2020, there were no impairments recorded.

### **Emerging Growth Company Status**

The Jumpstart Our Business Startups Act of 2012, or the JOBS Act, permits an “emerging growth company” such as us to take advantage of an extended transition period to comply with new or revised accounting standards applicable to public companies until those standards would otherwise apply to private companies. We have elected to use this extended transition period for complying with new or revised accounting standards that have different effective dates for public and private companies until the earlier of the date we (i) are no longer an emerging growth company or (ii) affirmatively and irrevocably opt out of the extended transition period provided in the JOBS Act. As a result, we will not be subject to the same new or revised accounting standards as other public companies that are not emerging growth companies, and our consolidated financial statements may not be comparable to other public companies that comply with new or revised accounting pronouncements as of public company effective dates. We may choose to early adopt any new or revised accounting standards whenever such early adoption is permitted for private companies.

We will cease to be an emerging growth company on the date that is the earliest of (i) the last day of the fiscal year in which we have total annual gross revenues of \$1.07 billion or more, (ii) the last day of our fiscal year following the fifth anniversary of the date of the closing of this offering, (iii) the date on which we have issued more than \$1.0 billion in nonconvertible debt during the previous three years or (iv) the date on which we are deemed to be a large accelerated filer under the rules of the Securities and Exchange Commission.

### **Recently Issued Accounting Pronouncements**

A description of recently issued accounting pronouncements that may potentially impact our financial position and results of operations is disclosed in Note 2 to our consolidated financial statements elsewhere within this Annual Report on Form 10-K .

**Item 7A. 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 December 31, 2021, the outstanding amounts related to our Revolving 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 Revolving Facility as of December 31, 2021. The Company repaid the outstanding balance on the 2021 Term Loan as discussed in the consolidated financial statements included elsewhere in this Form 10-K, using net proceeds received on the closing of the initial public offering.

***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 consolidated statements of operations.

The total notional values of our forward exchange contracts were \$89.1 million and \$62.4 million as of December 31, 2021 and December 31, 2020, respectively. The derivatives on the forward exchange contracts resulted in an unrealized gain of \$2.1 million as of December 31, 2021, and we estimate that a 10 percent strengthening or weakening of the U.S. dollar would have resulted in a approximately \$2 million gain or loss.

Part of our cash and cash equivalents are denominated in foreign currencies. As of December 31, 2021, 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, 2020, 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 costs of goods and labor costs. As of December 31, 2021, we have seen significant inflation caused by COVID-19 related global supply chain disruptions which put pressure on our costs and margins. More specifically, there was a significant escalation of transportation costs, primarily ocean freight costs due to shipping and ports constraints and in domestic logistics.

***Credit Risk***

We are exposed to concentration of credit risk from our major customers. As of December 31, 2021, sales to two customers represented approximately 53% 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 substantial additional charges.

**Item 8. Financial Statements and Supplementary Data.**

The financial statements required to be filed pursuant to this Item 8 are appended to this report. An index of those financial statements is found in Item 15 of Part IV of this Annual Report on Form 10-K.

**INDEX TO CONSOLIDATED FINANCIAL STATEMENTS**

Audited Consolidated Financial Statements

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**REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM**

To the stockholders and the Board of Directors of The Vita Coco Company, Inc.:

**Opinion on the Financial Statements**

We have audited the accompanying consolidated balance sheets of The Vita Coco Company, Inc. and subsidiaries (the "Company") as of December 31, 2021 and 2020, the related consolidated statements of operations, comprehensive income, non-controlling interests and stockholders' equity, and cash flows, for each of the three years in the period ended December 31, 2021, and the related notes (collectively referred to as the "financial statements"). In our opinion, the financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2021 and 2020, and the results of its operations and its cash flows for each of the three years in the period ended December 31, 2021, in conformity with accounting principles generally accepted in the United States of America.

**Basis for Opinion**

These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on the Company's financial statements based on our audits. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) (PCAOB) and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether due to error or fraud. The Company is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. As part of our audits, we are required to obtain an understanding of internal control over financial reporting but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control over financial reporting. Accordingly, we express no such opinion.

Our audits included performing procedures to assess the risks of material misstatement of the financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that our audits provide a reasonable basis for our opinion.

/s/ Deloitte & Touche LLP

New York, New York  
March 14, 2022

We have served as the Company's auditor since 2012.

**THE VITA COCO COMPANY, INC. AND SUBSIDIARIES**  
**CONSOLIDATED BALANCE SHEETS**  
**AS OF DECEMBER 31, 2021 AND 2020**  
(Amounts in thousands, except share data)

	December 31,	
	2021	2020
<b>Assets</b>		
Current assets:		
Cash and cash equivalents	\$ 28,690	\$ 72,181
Accounts receivable, net of allowance of \$1,301 at December 31, 2021, and \$1,211 at December 31, 2020	47,195	30,504
Inventory	75,360	31,967
Supplier advances	1,170	1,190
Derivative assets	126	200
Prepaid expenses and other current assets	20,718	23,105
Total current assets	173,259	159,147
Property and equipment, net	2,473	2,880
Goodwill	7,791	7,791
Intangible assets, net	7,934	9,154
Supplier advances	2,808	2,925
Deferred tax assets, net	1,265	—
Other assets	1,954	1,964
Total assets	\$ 197,484	\$ 183,861
<b>Liabilities and Stockholders' Equity</b>		
Current liabilities:		
Accounts payable	\$ 28,338	\$ 15,837
Accrued expenses	42,399	34,482
Notes payable, current	28	22
Derivative liabilities	3,197	5,364
Total current liabilities	73,962	55,705
Credit facility	—	25,000
Notes payable	48	34
Deferred tax liability	—	342
Other long-term liabilities	301	481
Total liabilities	\$ 74,311	\$ 81,562
Commitments and contingencies (Note 11)		
<b>Stockholders' equity:</b>		
Common stock, \$0.01 par value; 500,000,000 shares authorized; and 61,764,582 shares and 59,200,050 shares issued at December 31, 2021 and 2020, respectively; 55,558,382 and 58,185,855 shares outstanding at December 31, 2021 and 2020, respectively.	618	592
Additional paid-in capital	134,730	100,849
Loan to stockholder	—	(17,700)
Retained earnings	47,369	28,354
Accumulated other comprehensive loss	(616)	(949)
Treasury stock, 6,206,200 shares at cost as of December 31, 2021, and 1,014,195 shares at cost as of December 31, 2020	(58,928)	(8,925)
Total stockholders' equity attributable to The Vita Coco Company, Inc.	123,173	102,221
Noncontrolling interests	—	78
Total stockholders' equity	\$ 123,173	\$ 102,299
Total liabilities and stockholders' equity	\$ 197,484	\$ 183,861

*See accompanying notes to the consolidated financial statements.*



**THE VITA COCO COMPANY, INC. AND SUBSIDIARIES**  
**CONSOLIDATED STATEMENTS OF OPERATIONS**  
**FOR THE YEARS ENDED DECEMBER 31, 2021, 2020 AND 2019**  
(Amounts in thousands, except for share and per share data)

	Year Ended December 31,		
	2021	2020	2019
Net sales	\$ 379,513	\$ 310,644	\$ 283,949
Cost of goods sold	266,365	205,786	190,961
Gross profit	113,148	104,858	92,988
Operating expenses			
Selling, general and administrative	88,559	74,401	78,917
Change in fair value of contingent consideration	—	(16,400)	700
Total operating expenses	88,559	58,001	79,617
Income from operations	24,589	46,857	13,371
Other income (expense)			
Unrealized gain (loss) on derivative instruments	2,093	(4,718)	(1,233)
Foreign currency gain (loss)	(2,088)	1,848	201
Loss on extinguishment of debt	(132)	—	—
Interest income	127	404	225
Interest expense	(360)	(791)	(1,163)
Total other income (expense)	(360)	(3,257)	(1,970)
Income before income taxes	24,229	43,600	11,401
Income tax expense	(5,237)	(10,913)	(1,979)
Net income	\$ 18,992	\$ 32,687	\$ 9,422
Net income (loss) attributable to noncontrolling interest	(23)	27	5
Net income attributable to The Vita Coco Company, Inc.	\$ 19,015	\$ 32,660	\$ 9,417
Net income attributable to The Vita Coco Company, Inc. per common share			
Basic	\$ 0.35	\$ 0.56	\$ 0.17
Diluted	\$ 0.35	\$ 0.56	\$ 0.16
Weighted-average number of common shares outstanding			
Basic	53,689,910	58,501,170	56,968,730
Diluted	54,186,121	58,610,825	57,152,550

*See accompanying notes to the consolidated financial statements.*

**THE VITA COCO COMPANY, INC. AND SUBSIDIARIES**  
**CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME**  
**FOR THE YEARS ENDED DECEMBER 31, 2021, 2020 AND 2019**  
(Amounts in thousands)

	Year Ended December 31,		
	2021	2020	2019
Net income	\$ 18,992	\$ 32,687	\$ 9,422
Other comprehensive income:			
Foreign currency translation adjustment	320	346	855
Total comprehensive income including noncontrolling interest	19,312	33,033	10,277
Net income (loss) attributable to noncontrolling interest	(23)	27	5
Foreign currency translation adjustment attributable to noncontrolling interest	4	5	11
Total comprehensive income (loss) attributable to noncontrolling interest	(19)	32	16
Total comprehensive income attributable to The Vita Coco Company, Inc.	<u>\$ 19,331</u>	<u>\$ 33,001</u>	<u>\$ 10,261</u>

*See accompanying notes to the consolidated financial statements.*

**THE VITA COCO COMPANY, INC. AND SUBSIDIARIES**  
**CONSOLIDATED STATEMENTS OF NON-CONTROLLING INTERESTS AND STOCKHOLDERS' EQUITY**  
**FOR THE YEARS ENDED DECEMBER 31, 2021, 2020 AND 2019**  
(Amounts in thousands, except share amounts)

	Common Stock		Common Stock with Exit Warrants		Total Common Stock		Additional Paid-In Capital	Loan to Shareholder	Retained Earnings (Accumulated Deficit)	Accumulated Other Comprehensive Income / (Loss)	Treasury Stock		Total Stockholders' Equity Attributable to The Vita Coco Company, Inc.	Non-controlling Interest in Subsidiary	Total Stockholders' Equity
	Shares	\$Amount	Shares	\$Amount	Shares	\$Amount					Shares	Amount			
<b>Balance at January 1, 2019</b>	48,320,090	483	8,113,105	81	56,433,195	564	78,490	—	(13,866)	(2,150)	207,935	(1,948)	61,090	173	61,263
Net income	—	—	—	—	—	—	—	—	9,417	—	—	—	9,417	5	9,422
Purchase of treasury stock	—	—	—	—	—	—	—	—	—	—	3,640	(37)	(37)	—	(37)
Issuance of common shares	2,472,925	25	—	—	2,472,925	25	17,727	—	143	—	—	—	17,895	(143)	17,752
Loan to Stockholder	—	—	—	—	—	—	—	(17,700)	—	—	—	—	(17,700)	—	(17,700)
Stock-based compensation	—	—	—	—	—	—	2,227	—	—	—	—	—	2,227	—	2,227
Exercise of stock options	455	—	—	—	455	—	6	—	—	—	—	—	6	—	6
Foreign currency translation adjustment	—	—	—	—	—	—	—	—	—	855	—	—	855	11	866
<b>Balance at December 31, 2019</b>	<b>50,793,470</b>	<b>\$ 508</b>	<b>8,113,105</b>	<b>\$ 81</b>	<b>58,906,575</b>	<b>\$ 589</b>	<b>\$ 98,450</b>	<b>\$ (17,700)</b>	<b>\$ (4,306)</b>	<b>\$ (1,295)</b>	<b>211,575</b>	<b>\$ (1,985)</b>	<b>\$ 73,753</b>	<b>\$ 46</b>	<b>\$ 73,799</b>
Net income	—	—	—	—	—	—	—	—	32,660	—	—	—	32,660	27	32,687
Purchase of treasury stock	—	—	—	—	—	—	—	—	—	—	802,620	(6,940)	(6,940)	—	(6,940)
Issuance of common shares	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Loan to Stockholder	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Stock-based compensation	—	—	—	—	—	—	1,517	—	—	—	—	—	1,517	—	1,517
Exercise of stock options	177,450	2	—	—	177,450	2	882	—	—	—	—	—	884	—	884
Exercise of service warrants	116,025	1	—	—	116,025	1	—	—	—	—	—	—	1	—	1
Foreign currency translation adjustment	—	—	—	—	—	—	—	—	—	346	—	—	346	5	351
<b>Balance at December 31, 2020</b>	<b>51,086,945</b>	<b>\$ 511</b>	<b>8,113,105</b>	<b>\$ 81</b>	<b>59,200,050</b>	<b>\$ 592</b>	<b>\$ 100,849</b>	<b>\$ (17,700)</b>	<b>\$ 28,354</b>	<b>\$ (949)</b>	<b>1,014,195</b>	<b>\$ (8,925)</b>	<b>\$ 102,221</b>	<b>\$ 78</b>	<b>\$ 102,299</b>

	Common Stock		Common Stock with Exit Warrants		Total Common Stock		Additional Paid-in Capital	Loan to Shareholder	Retained Earnings (Accumulated Deficit)	Accumulated Other Comprehensive Income / (Loss)	Treasury Stock		Total Stockholders' Equity Attributable to The Vita Coco Company, Inc.	Non-controlling Interest in Subsidiary	Total Stockholders' Equity
	Shares	\$Amount	Shares	\$Amount	Shares	\$Amount					Shares	Amount			
Net income	—	—	—	—	—	—	—	—	19,015	—	—	—	19,015	(23)	18,992
Issuance of common stock pursuant to initial public offering, net of underwriting discounts and offering costs	2,500,000	25	—	—	2,500,000	25	30,331	—	—	—	—	—	30,356	—	30,356
Purchase of treasury stock	—	—	—	—	—	—	—	—	—	—	5,192,005	(50,003)	(50,003)	—	(50,003)
Loan to stockholder	—	—	—	—	—	—	—	17,700	—	—	—	—	17,700	—	17,700
Stock-based compensation	—	—	—	—	—	—	3,380	—	—	—	—	—	3,380	—	3,380
Exercise of stock options	20,930	—	—	—	20,930	—	178	—	—	—	—	—	178	—	178
Acquisition of non-controlling interest	43,602	1	—	—	43,602	1	(8)	—	—	13	—	—	6	(59)	(53)
Foreign currency translation adjustment	—	—	—	—	—	—	—	—	—	320	—	—	320	4	324
<b>Balance at December 31, 2021</b>	<b>53,651,477</b>	<b>\$ 537</b>	<b>8,113,105</b>	<b>\$ 81</b>	<b>61,764,582</b>	<b>\$ 618</b>	<b>\$ 134,730</b>	<b>\$ —</b>	<b>\$ 47,369</b>	<b>\$ (616)</b>	<b>6,206,200</b>	<b>\$ (58,928)</b>	<b>\$ 123,173</b>	<b>\$ —</b>	<b>\$ 123,173</b>

See accompanying notes to the consolidated financial statements.

**THE VITA COCO COMPANY, INC. AND SUBSIDIARIES**  
**CONSOLIDATED STATEMENTS OF CASH FLOWS**  
**FOR THE YEARS ENDED DECEMBER 31, 2021, 2020 AND 2019**  
(Amounts in thousands)

	Year Ended December 31,		
	2021	2020	2019
<b>Cash flows from operating activities:</b>			
Net income	\$ 18,992	\$ 32,687	\$ 9,422
Adjustments to reconcile net income to net cash provided by operating activities:			
Depreciation and amortization	2,069	2,125	2,082
(Gain)/loss on disposal of equipment	112	(5)	(2)
Bad debt expense	76	859	1,330
Unrealized (gain)/loss on derivative instruments	(2,093)	4,718	1,233
Stock-based compensation	3,380	1,517	2,227
Impairment of intangible assets	—	90	—
Deferred tax expense	(1,644)	6,282	(788)
Change in fair value of contingent consideration	—	(16,400)	700
Loss on extinguishment of debt	132	—	—
Changes in operating assets and liabilities:			
Accounts receivable	(16,917)	190	(4,930)
Inventory	(43,501)	4,978	11,090
Prepaid expenses and other assets	2,584	(16,762)	3,276
Accounts payable, accrued expenses, and other long-term liabilities	20,503	12,708	(3,628)
Net advances to suppliers	141	336	(247)
Net cash provided by (used in) operating activities	(16,166)	33,323	21,765
<b>Cash flows from investing activities:</b>			
Cash paid for property and equipment	(557)	(392)	(1,009)
Proceeds from sale of property and equipment	—	17	—
Net cash used in investing activities	(557)	(375)	(1,009)
<b>Cash flows from financing activities:</b>			
Proceeds from issuance of common stock upon initial public offering, net of underwriting discounts and offering costs	30,356	—	—
Proceeds from exercise of stock options/warrants	177	885	6
Proceeds from sale of common stock	—	—	27
Proceeds from settlement of loan to stockholder	17,700	—	—
Borrowings on credit facility	—	25,000	—
Repayments of borrowings on credit facility	(25,000)	—	(7,000)
Proceeds from the term loan	30,000	—	—
Repayments of the term loan	(30,000)	—	—
Cash received (paid) on notes payable	21	(16,895)	(3,361)
Cash paid to acquire treasury stock	(50,003)	(6,940)	(37)
Cash paid to acquire portion of non-controlling interest	(54)	—	—
Net cash (used in) provided by financing activities	(26,803)	2,050	(10,365)
Effects of exchange rate changes on cash and cash equivalents	35	443	866
Net (decrease) increase in cash and cash equivalents	(43,491)	35,441	11,257
Cash and cash equivalents at beginning of the period	72,181	36,740	25,483
Cash and cash equivalents at end of the period	\$ 28,690	\$ 72,181	\$ 36,740
<b>Supplemental disclosures of cash flow information:</b>			
Cash paid for income taxes	\$ 2,440	\$ 9,718	\$ 1,991
Cash paid for interest	349	812	1,131

*See accompanying notes to the consolidated financial statements.*

**THE VITA COCO COMPANY, INC. AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
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## 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 oil, coconut milk, coconut as a commodity, natural energy drink (under the brand name, *Runa*), water (under the brand name, *Ever & Ever*) and protein-infused fitness drink (under the brand name, *PWR LIFT*).

The Company was incorporated in Delaware as All Market Inc. on January 17<sup>th</sup>, 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 ten wholly-owned subsidiaries including four wholly-owned Asian subsidiaries established between fiscal 2012 and 2015, one North American subsidiary established in 2015, as well as majority ownership in All Market Europe, Ltd. (AME) in the United Kingdom until the Company reacquired the minority stockholders’ shares and became wholly-owned as of December 31, 2021. AME was established in fiscal 2009 and has 100% ownership in two European subsidiaries established in 2015. The noncontrolling interest in AME represents minority stockholders’ proportionate share of the equity in AME. The noncontrolling interest is presented in the equity section of the Company’s consolidated balance sheets. One of the wholly-owned Asian subsidiaries, All Market Singapore Pte Ltd (AMS), has 100% ownership in one subsidiary, established in 2018 in Ecuador.

### ***Basis of Presentation***

The accompanying consolidated financial statements are presented in accordance with accounting principles generally accepted in the United States of America (“U.S. GAAP”).

### ***Principles of Consolidation***

The consolidated financial statements include all the accounts of the wholly owned subsidiaries. All intercompany accounts and transactions have been eliminated in consolidation; the noncontrolling interest in consolidated subsidiaries presented in the accompanying consolidated financial statements represents the portion of AME stockholders’ equity, which is not directly owned by the Company.

### ***Initial Public Offering (“IPO”)***

The Company’s registration statement on Form S-1, as amended, was declared effective by the SEC on October 20, 2021 related to the IPO of its common stock in the prospectus dated October 20, 2021, filed with the Securities and Exchange Commission (“SEC”) in accordance with Rule 424(b)(4) of the Securities Act on October 22, 2021 (the “Prospectus”). On October 21, 2021, the Company’s shares began trading on the NASDAQ under the ticker symbol “COCO”. On October 25, 2021, we completed our IPO by issuing 2,500,000 shares of our common stock, \$0.01 par value per share, at a price to the public of \$15 per share, resulting in net proceeds to us of approximately \$30 million, after deducting the underwriting discount and commissions of approximately \$2 million and offering expenses of approximately \$5 million. Additionally, certain selling stockholders sold an aggregate of 9,000,000 shares in the initial offering, 399,922 shares under the option to purchase additional shares exercised by the underwriters, and 1,333,333 shares in a concurrent private placement (see Note 11 for additional information on the private placement). The Company did not receive any proceeds from the sale of these shares by certain selling stockholders.

On October, 27, 2021, the Company used the net proceeds from the IPO to repay the outstanding balance on the 2021 Term Loan. See Note 10 for additional information on the repayment of the 2021 Term Loan.

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Concurrent with the IPO, various agreements were amended or newly effective, which are further described in our Prospectus, which include:

- The Registration Rights agreement
- The Investor Rights agreement
- Amendments to the employment agreements for the co-CEOs, Mike Kirban and Martin Roper;
- Adoption of the new 2021 Stock Incentive Award Plan and new grants of awards to employees and directors, which was effective in connection with the IPO; and
- Adoption of a new 2021 Employee Stock Purchase Plan, which was effective in connection with the IPO.

***Stock Split and Authorized Shares***

On October 11, 2021, the Company's Board of Directors and stockholders approved an amended and restated certificate of incorporation of the Company effecting a 455-for-1 stock split of the Company's issued and outstanding shares of common stock, and an increase to the authorized shares of our common stock to 500,000,000 shares. The split was effected on October 11, 2021 and without any change in the par value per share. All information related to the Company's common stock and stock awards has been retrospectively adjusted to give effect to the 455-for-1 stock split, without any change in the par value per share.

***Impact of the Covid-19 Pandemic***

On March 11, 2020, the World Health Organization declared the recent novel coronavirus ("COVID-19") outbreak a pandemic. In response to the outbreak many jurisdictions, including those in which the Company has locations, have implemented measures to combat the outbreak, such as travel restrictions and shelter in place orders. The global spread and unprecedented impact of COVID-19 continues to create significant volatility, uncertainty and economic disruption.

The COVID-19 pandemic has caused general business disruption worldwide beginning in January 2020. The full extent to which the COVID-19 pandemic will directly or indirectly impact the Company's cash flow, business, financial condition, results of operations and prospects will depend on future developments, including the duration, spread and intensity of the pandemic (including any resurgences), impact of the new COVID-19 variants and the rollout of COVID-19 vaccines, and the level of social and economic restrictions imposed in the United States and abroad in an effort to curb the spread of the virus, all of which are uncertain and difficult to predict considering the rapidly evolving landscape. The Company has experienced some impacts on inventory availability and delivery capacity since the outbreak which have impacted, at times, the Company's ability to fully service its customers, including temporary facility shutdowns, local transportation interruptions, and general pressure on global shipping lines. The Company has taken measures to bolster key aspects of its supply chain and the Company continues to work with its supply chain partners to try to ensure its ability to service its customers. Although not a material impact in the years ended December 31, 2019 and 2020, the Company saw in fiscal year 2021 significant changes to global ocean shipping availability and pricing of containers, lengthening transit times, increased domestic transportation costs and some payroll inflationary effects among other impacts. Starting in the second quarter 2021, we took pricing actions such as delaying promotions until later in the year, reducing discounting and sharing cost increases with private label customers as we were able, in order to partially offset the inflationary costs of goods effects we were experiencing. We do not believe the current costs of goods inflated by the current economic and supply chain pressures are fully representative of our future costs of goods in a normal supply chain environment.

The Company is continuing to monitor the situation carefully to understand any future potential impact on its people and business. The Company is taking all necessary steps to protect its people and mitigate any risk to its business. As a result, it is not currently possible to ascertain the overall impact of COVID-19 on the Company's business, results of operations, financial condition or liquidity. Future events and effects related to COVID-19 cannot be determined with precision and actual results could significantly differ from estimates or forecasts.

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## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

### *Use of Estimates*

Preparation of 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 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 consolidated financial statements. Management must apply significant judgement 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. 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 consolidated financial statements relate to share-based compensation, assessing long-lived assets for impairment, estimating the net realizable value of inventories, the determination of accounts receivables reserve, assessing goodwill for impairment, the determination of the value of trade promotions and assessing the realizability of deferred income taxes. Actual results could differ from those estimates.

### *Revenue Recognition*

The Company recognizes revenue in accordance with ASC Topic 606, *Revenue from Contracts with Customers* (ASC 606). ASC 606 defines a five-step model that requires entities exercise judgment when considering the terms of contract(s), which include (1) identifying the contract or agreement with a customer, (2) identifying the performance obligations in the contract or agreement, (3) determining the transaction price, (4) allocating the transaction price to the separate performance obligations, and (5) recognizing revenue as each performance obligation is satisfied. Revenue is recognized when control of the promised good is transferred to the customer in an amount that reflects the consideration to which the Company is expected to be entitled to receive in exchange for those products. Each contract includes a single performance obligation to transfer control of the product to the customer.

For the Company's various products in the *Vita Coco* Coconut Water and Other product categories (refer to Note 3, *Revenue Recognition*), control is transferred upon customer receipt, at which point the Company recognizes the transaction price for the product as revenue. The transaction price recognized reflects the consideration the Company expects to receive in exchange for the sale of the product. The Company's performance obligations are satisfied at that time. The Company does not have any significant contracts with customers requiring performance beyond delivery, and contracts with customers contain no incentives or discounts that would meet the criteria for a distinct good or service that could cause revenue to be allocated or adjusted over time. Shipping and handling activities are performed before the customer obtains control of the goods and therefore represent fulfillment costs, which are included in cost of goods sold, rather than revenue.

Additionally, 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 is completed, which may be prior to any shipment. The resulting contract assets are recorded in prepaid expenses and other current assets.

The Company provides trade promotions to its customers. These discounts do not meet the criteria for a distinct good or service and therefore, the Company reduces revenue for the discounts associated with meeting this obligation based on the expected value method. These consolidated financial statements include trade promotion accruals. Trade promotion accruals are made for invoices that have not yet been received as of year-end and are recorded as a reduction of sales. This promotion accrual is a management estimate based upon the known price of retail promotions and estimates of the sales volume during the promotion period.

### *Cost of Goods Sold*

Costs 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 incurred in operating and staffing warehouses.



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**Shipping and Handling Costs**

Shipping and handling costs related to the sale of inventory represent outbound distribution costs, and are included in cost of goods sold in the consolidated statement of operations. Shipping and handling costs were \$9,331, \$7,353 and \$7,928 for the years ended December 31, 2021, 2020, and 2019, respectively.

**Advertising Expenses**

Advertising expenses are charged to expense in the period they are incurred and are recorded in selling, general and administrative expenses. Advertising expenses were \$13,755, \$12,862 and \$16,571 for the years ended December 31, 2021, 2020 and 2019, respectively.

**Research and Development**

Research and development costs are charged to expense in the period incurred and are recorded in selling, general and administrative expenses. Research and development expenses were \$477, \$313 and \$642 for the years ended December 31, 2021, 2020 and 2019, respectively.

**Stock-Based Compensation**

The Company accounts for stock-based compensation in accordance with ASC Topic 718, *Compensation — Stock Compensation* (ASC 718) for stock options issued under the 2014 Stock Option and Restricted Stock Plan and the 2021 Stock Incentive Award Plan.

The Company measures all stock option awards based on their fair value on the date of the grant and recognizes compensation expense for those awards over the requisite service period of each stock-option grant, which is generally the vesting period of the respective award by using the accelerated attribution method. The Company applies an estimated forfeiture rate derived from historical employee termination behavior. If the actual forfeitures differ from those estimated by management, adjustment to compensation expense may be required in future periods. The Company issues stock-based awards with service-based and performance-based and market-based vesting conditions. The Company recognizes expense for performance-based awards when it becomes probable that such awards will be earned over a requisite service period. The Company defers the recognition of compensation expense for the stock-option awards that vest upon a qualifying liquidity events until the qualifying events are probable of occurrence. Stock option awards are equity-classified, as they do not contain a cash settlement option or other features requiring them to be liability-classified.

The Company uses the Black-Scholes-Merton (“Black-Scholes”) option-pricing model to determine the fair value of stock awards with service-based vesting conditions and performance-based vesting conditions. For stock awards with performance-based and market-based vesting conditions, the Company uses the Barrier option valuation model to determine the fair value.

The Company has classified stock-based compensation expense in its consolidated statements of operations in selling, general, and administrative expenses, reflecting the same manner in which the award recipient’s payroll costs are classified or in which the award recipient’s service payments are classified. See Note 15 for further information.

**Income Taxes**

The Company accounts for income taxes under Accounting Standards Codification (ASC) 740, *Income Taxes*, which requires an asset and liability approach to financial accounting and reporting for income taxes. Deferred income tax assets and liabilities are computed annually for differences between the consolidated financial statements and tax bases of assets and liabilities that will result in taxable or deductible amounts in the future. Such deferred income tax assets and liabilities computations are based on enacted tax laws and rates applicable to periods in which the differences are expected to affect taxable income. Valuation allowances are established when necessary to reduce deferred income tax assets to the amount expected to be realized. Interest and penalties related to unrecognized tax positions are included in income tax expense in the consolidated statement of operations and comprehensive income and accrued expenses in the consolidated balance sheets. The Company recognizes the effect of income tax positions only if those positions are more likely than not

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of being sustained. Recognized income tax positions are measured at the largest amount that is greater than 50% likely of being realized. Changes in recognition or measurement are reflected in the period in which the change in judgment occurs.

**Net Income per Common Share**

In accordance with ASC Topic 260 *Earnings Per Share* (ASC 260), net income per common share, on a basic and diluted basis, is presented for all periods, calculated using the treasury stock method. Basic net income per share is computed by dividing net income by the weighted average number of common shares and service warrants outstanding during each period. Diluted net income per share is computed by dividing net income by the weighted average number of common and dilutive common equivalent shares outstanding. The calculation of common equivalent shares assumes the exercise of dilutive in-the-money stock options, net of assumed treasury share repurchases at average market prices, as applicable.

**Cash and Cash Equivalents**

Cash and cash equivalents include cash on hand and money market instruments with maturities of three months or less.

**Accounts Receivable**

Accounts receivable are reported net of an allowance for doubtful accounts. In determining such an allowance, the Company considers historical losses and existing economic conditions, as well as the credit quality of each customer. Accounts receivable are charged off when the Company deems amounts to be uncollectible.

**Inventory**

Inventory represents raw materials, finished goods, packaging, and inbound shipping and handling and is reported at the lower of cost or net realizable value being determined using the first-in, first-out method. Net realizable value is the estimated selling price in the ordinary course of business, less reasonably predictable costs of completion, disposal and transportation. The Company reserves for finished goods that are close to the date of expiration.

**Deferred Offering Costs**

The Company capitalizes certain legal, professional accounting and other third-party fees that are directly associated with in-process equity financings as deferred offering costs until such financings are consummated. After consummation of an equity financing, these costs are recorded in stockholders' equity as a reduction of additional paid-in capital generated as a result of the offering. If an in-process equity financing is abandoned, the deferred offering costs will be expensed immediately as a charge to operating expenses in the consolidated statements of operations. As a result of the completion of the IPO on October 25, 2021 as described in Note 1, deferred offering costs recorded during the period were netted against the proceeds of the offering and reflected as a component of additional paid-in-capital in the quarter ended December 31, 2021. As of December 31, 2021 and 2020, the Company had no deferred offering costs in the consolidated balance sheets.

**Property and Equipment**

Property and equipment are stated at cost and are depreciated over the estimated useful lives of the related assets or in the case of leasehold improvements, the lease term if shorter, using the straight-line method of depreciation. Repairs and maintenance are charged to expense as incurred. The estimated useful lives of the Company's property and equipment are as follows:

- Equipment and computer software and hardware – 3-7 years
- Leasehold improvements – The lesser of the life of the asset or the term of the lease

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- Vehicles – 5 years
- Furniture and fixtures – 3-5 years

**Impairment of Long-Lived Assets**

The Company evaluates the recoverability of its long-lived assets, principally intangibles and property and equipment, by comparing asset group's carrying value to the expected undiscounted future cash flows to be generated from such assets when events or circumstances indicate that an impairment may have occurred. If the estimated undiscounted future cash flows are less than the carrying amount, an impairment loss is recorded based upon the difference between the carrying amount and the fair value of the asset.

**Acquisitions**

The Company evaluates each of its acquisitions under the accounting framework in Accounting Standards Codification ("ASC") Topic 805, *Business Combinations* (ASC 805). ASC 805 requires the reporting entity to identify the acquirer, determine the acquisition date, recognize and measure the identifiable tangible and intangible assets acquired, the liabilities assumed and any non-controlling interest in the acquired entity, and recognize and measure goodwill or a gain from the purchase. The acquiree's results are included in the consolidated financial statements from the date of the acquisition. The Company allocated the purchase price, including the fair value of any non-cash and contingent consideration, to the identifiable assets and liabilities of the relevant acquired business at their acquisition date fair values. Any excess consideration over the fair value of assets acquired and liabilities assumed is recognized as goodwill.

Contingent consideration payable in cash or a fixed dollar amount settleable in a variable number of shares is classified as a liability and recorded at fair value, with changes in fair value recorded as a component of operating expenses in the accompanying consolidated statements of operations. Transaction costs associated with business combinations are expensed as incurred and are included in selling, general and administrative expense in the consolidated statements of operations.

The Company performs valuations of assets acquired, liabilities assumed, and contingent consideration and allocate the purchase price to its respective assets and liabilities. Determining the fair value of assets acquired, liabilities assumed, and contingent consideration requires the use of significant judgment and estimates including the selection of valuation methodologies, estimates of future revenue, costs and cash flows, discount rates, the probability of the achievement of specified milestones, and selection of comparable companies. The Company engages the assistance of valuation specialists in concluding on fair value measurements in connection with determining fair values of assets acquired, liabilities assumed, and contingent consideration in a business combination.

**Intangible assets**

Intangible assets consist primarily of acquired trade names and distributor relationships. The Company determines the appropriate useful life of the intangible assets by performing an analysis of expected cash flows of the acquired assets. Intangible assets are amortized over their estimated useful lives of ten years, using the straight-line method, which approximates the pattern in which the economic benefits are consumed.

**Goodwill**

Goodwill represents the excess of the purchase price over the fair value of net assets acquired in a business combination and is measured in accordance with the provisions of ASC 350, *Intangibles – Goodwill and Other* (ASC 350). Goodwill is not amortized; instead goodwill is tested for impairment on an annual basis on December 31, or more frequently if the Company believes indicators of impairment exist.

The Company has determined that there are three reporting units for purposes of testing goodwill for impairment: (i) the Americas reporting unit, (ii) the Europe reporting unit, and (iii) the Asia reporting unit. All of the Company's goodwill is allocated to the Americas reporting unit. The Company first assesses qualitative factors to determine whether it is more-likely-than-not that the fair value of a reporting unit is less than its carrying value. In performing the qualitative assessment, the Company reviews factors both specific to the reporting units and to the Company as a whole, such as

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financial performance, macroeconomic conditions, industry and market considerations, and the fair value of each reporting unit at the last valuation date. If the Company elects this option and believes, as a result of the qualitative assessment, that it is more likely than not that the carrying value of each of the reporting units exceeds their fair value, the quantitative impairment test is required; otherwise, no further testing is required.

Alternatively, the Company may elect to bypass the qualitative assessment and perform the quantitative impairment test instead, or if the Company reasonably determines that it is more-likely-than-not that the fair value is less than the carrying value, the Company performs its annual, or interim, goodwill impairment test by comparing the fair value of each of the reporting units with their carrying amount. The fair value of each of the reporting units is estimated by blending the results from the income approach and the market multiples approach. These valuation approaches consider a number of factors that include, but are not limited to, expected future cash flows, growth rates, discount rates, and comparable multiples from publicly-traded companies in the Company's industry, and require to make certain assumptions and estimates regarding industry economic factors and future profitability of the Company's business. It is the Company's policy to conduct impairment testing based on its most current business plans, projected future revenues and cash flows, which reflect changes anticipated in the economy and the industry. The cash flows are based on five-year financial forecasts developed internally by management and are discounted to a present value using discount rates that properly account for the risk and nature of the respective reporting unit's cash flows and the rates of return market participants would require to invest their capital in the Company's reporting unit. The Company will recognize an impairment for the amount by which the carrying amount exceeds a reporting unit's fair value. For the years ended December 31, 2021, 2020 and 2019, there were no impairments recorded.

#### ***Supplier Advances***

The Company issues advances to certain manufacturers with interest at rates between 0% and 4% with terms extending to November 2024. These advances are assessed for collectability and an allowance for credit losses is recognized when it is probable that the Company will be unable to collect all amounts due according to the contractual terms. There was no allowance recorded as of December 31, 2021 and a \$384 allowance was recorded as of December 31, 2020.

#### ***Foreign Currency***

The Company's reporting currency is the U.S. dollar. The Company maintains the financial statements of each entity within the group in its local currency, which is also the entity's functional currency. Gains and losses on transactions denominated in currencies other than the functional currency are included in determining net income for the period. All assets and liabilities denominated in a foreign currency are translated into U.S. dollars at the exchange rate on the balance sheet date. Revenue and expenses are translated at the average exchange rate applicable during the period. Translation gains and losses are included as a component of accumulated other comprehensive income in stockholders' equity.

Transaction gains and losses that arise from exchange rate fluctuations on transactions denominated in a currency other than the functional currency are included as a component of other income (expense) in the accompanying consolidated statements of operations when incurred.

#### ***Derivative Instruments***

The Company periodically enters into forward foreign currency exchange contracts to hedge its foreign currency exposure. The fair value of these contracts is recorded in the consolidated balance sheets with a corresponding adjustment to the consolidated statements of operations for the change in fair value of the derivative instruments, as the contracts have not been designated as a hedge instrument. Refer to Note 13, Derivative Instruments, for more information.

#### ***Segment Information***

The Company operates as two operating and reportable segments: (i) Americas segment, which is comprised of the Company's operations in the Americas region, primarily in the U.S. and Canada, and (ii) International segment, which is comprised of the Company's operations primarily in Europe, Middle East, and the Asia Pacific regions.

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The Company's Co-Chief Executive Officers ("Co-CEOs"), as the chief operating decision makers (CODM), manage and allocate resources between the Americas and International segments. Consistent with this decision-making process, the Co-CEOs use financial information disaggregated between the Americas and International segment for purposes of evaluating performance, forecasting future period financial results, allocating resources and setting incentive targets. The Co-CEOs evaluate segment business performance based primarily on net sales and gross profit.

**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 financial institutions and any excess cash above a certain minimum balance could be invested in overnight money market treasury deposits in widely diversified accounts.

Substantially, all of the Company's customers are either wholesalers or retailers of beverages. A material default in payment, a material reduction in purchase 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 represented 53%, 54% and 63% of total net sales during the years ended December 31, 2021, 2020 and 2019, respectively. In addition, the two customers also accounted for 37% and 38% of total accounts receivable as of December 31, 2021 and 2020, respectively. The Company has not experienced credit issues with these customers.

**Recently Adopted Accounting Pronouncements**

In May 2014, the FASB issued ASU No. 2014-09, *Revenue from Contracts with Customers (Topic 606)*, and several amendments, codified as ASC 606, which supersedes the revenue recognition guidance in ASC Topic 605. ASC 606, among other provisions, (i) is based on the principle that revenue should depict the transfer of control of goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services, and (ii) requires additional disclosure about the nature, amount, timing and uncertainty of revenue and cash flows arising from customer contracts, including significant judgments. The Company adopted ASC 606 and the related updates on January 1, 2019, for the year ended December 31, 2020. Implementation followed the modified retrospective method, which applies the new guidance to contracts not completed as of the date of adoption. The cumulative effect of initial application of the new standard did not result in any material changes, and therefore, no adjustment was made to the opening balance of retained earnings. Prior year comparative information has not been restated and continues to be reported under the accounting standards in effect for those periods. The Company did not identify material changes to the consolidated financial statements for the period of ASC 606 adoption, and there were no significant policy changes impacting the timing or measurement of revenue. The Company has updated its accounting policies to ensure ongoing compliance with ASC 606.

In January 2017, the FASB issued Accounting Standards Update ("ASU") 2017-04 – *Intangibles – Goodwill and Other (Topic 350): Simplifying the Test for Goodwill Impairment* ("ASU 2017-04"). This update removes Step 2 of the goodwill impairment test under current guidance, which requires a hypothetical purchase price allocation. The new guidance requires an impairment charge to be recognized for the amount by which the carrying amount exceeds the reporting unit's fair value. Upon adoption, the guidance is to be applied prospectively. The amendments in ASU 2017-04 are effective for fiscal years beginning after December 15, 2019, with early adoption permitted for interim or annual goodwill impairment test performed on testing dates after January 1, 2017. The Company adopted ASU 2017-04 on January 1, 2020. The adoption of ASU 2017-04 did not have a material impact on the consolidated financial statements.

In June 2018, the FASB issued ASU 2018-07, *Improvements to nonemployee share-based payment accounting* ("ASU 2018-07"), that expands the scope of Topic 718 to include stock-based payments issued to nonemployees for goods and services, which are currently accounted for under Topic 505. The ASU specifies that Topic 718 will apply to all stock-based payment transactions in which a grantor acquires goods or services to be used or consumed in the grantor's own operations in exchange for stock-based payment awards. The amendments in ASU 2018-07 are effective for fiscal years beginning after December 15, 2019. The Company adopted the guidance in this amendment effective January 1, 2020. Upon transition, the Company remeasured equity-classified awards for which a measurement date had not been established. The adoption of ASU 2018-07 did not have a material impact on the consolidated financial statements.

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In August 2018, the FASB issued ASU 2018-13, *Changes to the disclosure requirements for fair value measurement*, that modify the disclosure requirements on fair value measurements in Topic 820, based on the concepts in FASB Concepts Statement, *Conceptual Framework for Financial Reporting—Chapter 8: Notes to Financial Statements*, including the consideration of costs and benefits. The amendments in this ASU are effective for fiscal years beginning after December 15, 2019. The Company adopted the guidance in this amendment effective January 1, 2020. The adoption of ASU 2018-13 resulted in changes in disclosures but did not have an impact on the consolidated financial statements.

In August 2018, the FASB issued ASU 2018-15, *Intangibles—Goodwill and Other—Internal-Use Software* (Subtopic 350-40). The update is associated with customer’s accounting for implementation costs incurred in a cloud computing arrangement that is a service contract. The standard aligns the requirements for capitalizing implementation costs incurred in a hosting arrangement that is a service contract with the requirements for capitalizing implementation costs incurred to develop or obtain internal-use software. The amendments in this update require that a customer in a hosting arrangement that is a service contract follow the guidance in Subtopic 350-40 to determine which implementation costs should be capitalized as an asset and which costs should be expensed and states that any capitalized implementation costs should be expensed over the term of the hosting arrangement. The guidance is effective for the Company for fiscal years beginning after December 15, 2020, and interim periods within annual periods beginning after December 15, 2021. The Company adopted the guidance in this amendment using a prospective approach effective January 1, 2021 for the fiscal year ended December 31, 2021. The adoption of ASU 2018-15 did not have a material impact on the consolidated financial statements.

#### **Recently Issued Accounting Pronouncements**

As a company with less than \$1.07 billion of revenue during the last fiscal year, the Company qualifies as an “emerging growth company”, 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.

In November 2021, the FASB issued ASU 2021-10, *Government Assistance (Topic 832): Disclosures by Business Entities about Government Assistance*, which requires disclosure about certain government assistance they receive. ASU 2021-10 is effective for all entities for annual periods beginning after December 15, 2021. The Company does not expect the adoption of this standard to have a material impact on the Company’s consolidated financial statements.

In October 2021, the FASB issued ASU 2021-08, *Business Combinations (Topic 805) - Accounting for Contract Assets and Contract Liabilities from Contracts with Customers*, which requires contract assets and contract liabilities acquired in a business combination to be recognized and measured by the acquirer on the acquisition date in accordance with ASC 606, Revenue from Contracts with Customers. This ASU should be applied prospectively to acquisitions occurring on or after the effective date of December 15, 2022, and early adoption is permitted. The Company is currently evaluating the impacts of this guidance on the Company’s Consolidated Financial Statements. The Company does not expect the adoption of this standard to have a material impact on the Company’s consolidated financial statements.

In December 2019, the FASB issued ASU 2019-12, *Income Taxes (Topic 740)*, (“ASU 2019-12”) that simplify the accounting for income taxes by removing certain exceptions for recognizing deferred taxes for investments, performing intra-period allocation and calculating incomes taxes in interim periods. ASU 2019-12 also adds guidance to reduce complexity in certain areas, including recognizing deferred taxes for tax goodwill and allocating taxes to members of consolidated group. ASU 2019-12 is effective for fiscal years beginning after December 15, 2021. The Company does not expect the adoption of this standard to have a material impact on the Company’s consolidated financial statements.

In June 2016, the FASB issued ASU 2016-13 *Financial Instruments—Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments* (“ASU 2016-13”), to replace the current incurred loss impairment methodology for financial assets measured at amortized cost with a methodology that reflects expected credit losses and requires consideration of a broader range of reasonable and supportable information, including forecasted information, to develop credit loss estimates. ASU 2016-13 is effective for fiscal years beginning after December 15, 2022, including interim periods with those fiscal years, for nonpublic entities. Early adoption is permitted. This standard will be effective for the Company in the first quarter of its fiscal year ending December 31, 2023. The Company is assessing the impact of adoption on the consolidated financial statements.

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In February 2016, the FASB issued ASU 2016-02 *Leases (Topic 842)* (“ASU 2016-02”). In July 2018, the FASB issued Accounting Standards Update 2018-11 *Leases (Topic 842): Targeted Improvements* (“ASU 2018-11”), which contains certain amendments to ASU 2016-02 intended to provide relief in implementing the new standard. The new standard establishes a right-of-use (“ROU”) model that requires a lessee to record a ROU asset and a lease liability on the balance sheet for all operating leases, with an exception provided for leases with a duration of one year or less. Further, incremental disclosures will be required around the amount, timing, and uncertainty of cash flows arising from leases. ASU 2016-02 is effective for fiscal years beginning after December 15, 2021 for nonpublic entities. Early adoption is permitted. Entities are required to use a modified retrospective approach of adoption for leases that exist or are entered into after the beginning of the earliest comparative period in the consolidated financial statements. The Company will adopt ASU 2016-02 beginning on January 1, 2022. The Company is assessing the impact of adoption on the consolidated financial statements.

### 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, *Vita Coco* product extensions beyond coconut water, such as *Vita Coco Sparkling*, 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:

	December 31, 2021		
	Americas	International	Consolidated
Vita Coco Coconut Water	\$ 231,858	\$ 34,639	\$ 266,497
Private Label	80,639	14,007	94,646
Other	11,394	6,976	18,370
Total	<u>\$ 323,891</u>	<u>\$ 55,622</u>	<u>\$ 379,513</u>

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	December 31, 2020		
	Americas	International	Consolidated
Vita Coco Coconut Water	\$ 164,786	\$ 27,167	\$ 191,953
Private Label	83,449	12,596	96,045
Other	14,664	7,982	22,646
Total	<u>\$ 262,899</u>	<u>\$ 47,745</u>	<u>\$ 310,644</u>
	December 31, 2019		
	Americas	International	Consolidated
Vita Coco Coconut Water	\$ 151,045	\$ 31,742	\$ 182,787
Private Label	71,774	10,903	82,677
Other	14,596	3,889	18,485
Total	<u>\$ 237,415</u>	<u>\$ 46,534</u>	<u>\$ 283,949</u>

**4. ACCOUNTS RECEIVABLE, NET**

Accounts receivable, net was \$47,195 and \$30,504 as of December 31, 2021 and 2020, respectively. The Company recorded an allowance for doubtful accounts of \$1,301 and \$1,211 as of December 31, 2021 and 2020, respectively.

Changes in the allowance for doubtful accounts for the periods presented were as follows:

Balance at January 1, 2020	\$ 1,543
Provision charged to operating results	475
Account write-offs and other deductions, net of recoveries	(807)
Balance as of December 31, 2020	\$ 1,211
Provision charged to operating results	76
Account write-offs and other deductions, net of recoveries	14
Balance as of December 31, 2021	<u>\$ 1,301</u>

**5. INVENTORY**

Inventory consists of the following:

	December 31,	
	2021	2020
Raw materials and packaging	\$ 4,868	\$ 2,771
Finished goods	70,492	29,196
Inventory	<u>\$ 75,360</u>	<u>\$ 31,967</u>

**6. PREPAID EXPENSES AND OTHER CURRENT ASSETS**

Prepaid expenses and other current assets consist of the following:



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	December 31,	
	2021	2020
Tax receivables	\$ 2,946	\$ 6,920
Contract assets	2,627	2,128
VAT receivables	1,436	2,106
Supplier prepaid	6,182	3,467
Prepaid insurance	2,530	391
Other prepaid expenses	2,614	5,018
Other receivables	2,383	3,075
	<u>\$ 20,718</u>	<u>\$ 23,105</u>

**7. PROPERTY AND EQUIPMENT, NET**

Property and equipment, net consist of the following:

	December 31,	
	2021	2020
Equipment and computer software and hardware	\$ 4,604	\$ 4,930
Leasehold improvement	503	818
Vehicles	820	774
Land and improvements	506	506
Furniture and fixtures	321	370
Total Property Plant & Equipment	6,754	7,398
Less accumulated depreciation and amortization	(4,281)	(4,518)
Property and equipment-net	<u>\$ 2,473</u>	<u>\$ 2,880</u>

Depreciation expense related to property and equipment, net for the years ended December 31, 2021, 2020 and 2019 was \$849, \$905 and \$846, respectively.

**8. GOODWILL AND INTANGIBLE ASSETS**

Goodwill and Intangible Assets, net consist of the following:

	December 31,	
	2021	2020
Goodwill	<u>\$ 7,791</u>	<u>\$ 7,791</u>

	December 31, 2021			December 31, 2020		
	Gross Carrying Amount	Accumulated Amortization	Net	Gross Carrying Amount	Accumulated Amortization	Net
Intangible assets, net						
Trade names	\$ 6,200	\$ (2,187)	\$ 4,013	\$ 6,200	\$ (1,567)	\$ 4,633
Distributor relationships	6,000	(2,117)	3,883	6,000	(1,517)	4,483
Other	38	—	38	38	—	38
Total intangible assets subject to amortization	<u>\$ 12,238</u>	<u>\$ (4,304)</u>	<u>\$ 7,934</u>	<u>\$ 12,238</u>	<u>\$ (3,084)</u>	<u>\$ 9,154</u>

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Annual Goodwill Impairment Testing

All of the Company's goodwill is associated with the acquisition of *Runa*, which was acquired in June 2018. The goodwill is allocated to the Americas reporting unit and is tax deductible. In assessing whether goodwill was impaired in connection with its annual impairment testing performed at December 31, 2020, the Company elected to bypass the qualitative assessment and, performed a quantitative assessment in accordance with ASC 350. Refer to Note 2, Summary of Significant Accounting Policies, for further discussion of the quantitative analysis. In December 31, 2021, the Company performed the qualitative assessment only, which did not indicate that it is more likely than not that the carrying value of each of the reporting units exceeds their fair value, resulting in no further quantitative testing. Based on the results of the annual impairment test, the Company concluded that no impairment to goodwill existed as of December 31, 2021, 2020 and 2019.

Intangible Assets, net

The intangible assets, net associated with the acquisition of *Runa* was \$7,934 and \$9,154 as of December 31, 2021 and 2020, respectively.

All the intangible assets are amortized over their useful life. Since the intangibles are subject to amortization, they are reviewed for impairment in accordance with ASC 360, *Property, Plant, and Equipment*. Under ASC 360, long-lived assets are tested for recoverability at the asset group level whenever events or changes in circumstances indicate that their carrying amounts may not be recoverable. In step 1, the entity determines recoverability of the asset group by comparing its carrying value with the sum of its undiscounted cash flows expected to result from the use and eventual disposition of the asset group. If the sum of the undiscounted cash flows is less than the carrying value of the asset group, then step 2 must be performed, in which the entity compares the fair value of the asset group to its carrying amount. The excess of the carrying value of the asset group over its fair value, if any, would be recognized as an impairment loss.

During 2020, the Company identified facts and circumstances that indicated that the fair value of the intangible assets associated with *Runa*, including the trade names and distributor relationships, and certain of its Other intangible assets not associated with *Runa* may not be recoverable, resulting in the determination that a triggering event had occurred. Based on step 1, the Company determined that the *Runa* intangible assets were recoverable based on a test of recoverability using expected undiscounted future cash flows for the *Runa* brand in the Americas. However, based on step 1, the Other intangible assets not associated with *Runa* were not recoverable based on a test of recoverability using expected undiscounted future cash flows. For the Other intangible assets not associated with *Runa*, the Company then applied step 2, by determining the fair value of the Other intangible asset using a discounted cash flow valuation analysis, which concluded that the fair value was below the carrying amount. Accordingly, the Company recorded an impairment charge of \$90 for the year ended December 31, 2020, which is recorded in selling, general and administrative expense on the Company's consolidated statements of operations. There were no indicators or impairment of the intangible assets for the year ended December 31, 2021 or 2019.

Amortization expense of \$1,220, \$1,220, and \$1,236 for the years ended December 31, 2021, 2020 and 2019 were included in selling, general and administrative expenses on the consolidated statements of operations.

As of December 31, 2021, the estimated future amortization expense for amortizable intangible assets placed in service is as follows:

Year ending December 31,		
2022	\$	1,224
2023		1,224
2024		1,224
2025		1,224
2026		1,224
Thereafter		1,814
	<u>\$</u>	<u>7,934</u>

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**9. ACCRUED EXPENSES**

Accrued expenses consist of the following:

	December 31,	
	2021	2020
Accrued promotions and marketing	\$ 19,455	\$ 15,137
Payroll and benefits related expenses	10,258	7,493
Shipping and handling costs	4,175	3,215
Accrued trade payable	1,647	2,782
VAT Payable	2,276	1,927
Income Tax payable	2,138	1,661
Accrued Professional fees	628	380
Other accrued expenses	1,822	1,887
	<u>\$ 42,399</u>	<u>\$ 34,482</u>

**10. DEBT**

The table below details the outstanding balances on the Company's credit facility and notes payable as of December 31, 2021 and 2020:

	December 31,	
	2021	2020
2020 Credit facility	\$ —	\$ 25,000
Notes payable		
2021 Term Loan	\$ —	\$ —
Vehicle loans	76	56
	<u>\$ 76</u>	<u>\$ 56</u>
Current	\$ 28	\$ 22
Non-current	\$ 48	\$ 34

**2020 Credit Facility**

In May 2020, the Company entered into a five-year credit facility ("2020 Credit Facility") with Wells Fargo consisting of a revolving line of credit. The 2020 Credit Facility was further amended in May 2021 and October 2021, and currently provides for committed borrowings of \$60 million. Borrowings on the 2020 Credit Facility bear interest at rates based on either London InterBank Offered Rate (LIBOR) or 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 bear interest at LIBOR plus a spread ranging from 1.00% to 1.75% per annum, with the spread in each case being 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 0.05% 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 maturity date on the 2020 Credit Facility is May 12, 2026.

In December 2020, the Company drew down \$25,000 on the 2020 Credit Facility. As of December 31, 2020, the Company had \$25,000 outstanding, \$25,000 undrawn and available as well as a \$10,000 non-committed accordion feature under its 2020 Credit Facility. As of December 31, 2021, the Company had no outstanding balance and \$60,000 undrawn and available under its amended 2020 Credit Facility.

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Interest expense and unused commitment fee for the 2020 Credit Facility amounted to \$176 and \$39, respectively, for the year ended December 31, 2021. Interest expense and unused commitment fee for the 2020 Credit Facility amounted to \$42 and \$22, respectively, for the year ended December 31, 2020. The effective interest rate was 0.97% and 1.15%, respectively, as of December 31, 2021 and 2020.

The 2020 Credit Facility is collateralized by substantially all of the Company's assets.

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 December 31, 2021, the Company was compliant with all financial covenants.

#### **2021 Term Loan**

In May 2021, the Company entered into a Term Commitment Note with Wells Fargo ("2021 Term Loan") pursuant to the terms of the credit agreement entered into in connection with the 2020 Credit Facility. The 2021 Term Loan provided the Company with borrowings up to \$30,000. The Company incurred interest on the 2021 Term Loan at the same rate as the 2020 Credit Facility. The Company was required to repay the principal on the 2021 Term Loan in quarterly installments commencing on October 1, 2021 through the maturity date of May 21, 2026.

The 2021 Term Loan was subject to the same affirmative, negative and financial covenants as the 2020 Credit Facility. On October 27, 2021, the Company repaid the outstanding balance on the 2021 Term Loan using the net proceeds from the IPO as discussed in Note 1. In accordance with ASC 470, the Company recognized a loss of \$132 related primarily to the write-off of deferred financing costs, which was recorded in the "Loss on extinguishment of debt" line in the accompanying consolidated statements of operations.

Prior to entering into the 2021 Term Loan, the Company held two other Term Loans:

- 2016 Term Loan—On August 9, 2016, the Company entered into a five-year term loan with JPMorgan Chase, N.A. ("2016 Term Loan"). The total amount of the term loan is \$10,000 which matures in August 2021. Principal payments are based on an increasing percentage of the initial loan amount varying from 2.5% to 5% and are made at the end of each quarter.
- 2017 Term Loan—On April 25, 2017, the Company entered into a five-year term loan with JPMorgan Chase, N.A. ("2017 Term Loan 2017"). The total amount of the term loan is \$15,000 which matures in April 2022. Principal payments are based on an increasing percentage of the initial loan amount varying from 2.5% to 5% and are made at the end of each quarter.

The 2016 Term Loan and the 2017 Term Loan bear interest at LIBOR plus 1.50% and were collateralized by substantially all of the Company's assets. The 2016 Term Loan and 2017 Term Loan contained certain affirmative and negative covenants that, among other things, limited 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; and (vii) enter into certain transactions with affiliates.

The 2016 Term Loan and 2017 Term Loan also required the Company to maintain certain financial covenants including a maximum leverage ratio and a minimum fixed charge coverage ratio.

In May 2020, the Company paid off its 2016 Term Loan and the 2017 Term Loan in connection with entering into the 2020 Credit Facility.

Interest expense related to the 2021, 2017, and 2016 Term Loans amounted to \$141, \$188 and \$734 for the years ended December 31, 2021, 2020 and 2019, respectively.

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**Vehicle Loans**

The Company periodically enters into vehicle loans. Interest rate on these vehicle loans range from 4.56% to 5.68%. The Company is required to make principal payments of \$2 on a monthly basis.

Aggregate principal payments on the notes payable for the next five years are as follows:

2022	\$	28
2023		22
2024		13
2025		10
2026		3
Total notes payable	\$	<u>76</u>

**11. COMMITMENTS AND CONTINGENCIES**

**Operating Leases**—The aggregate minimum commitments for renting the office spaces under non-cancellable operating leases as of December 31 are as follows:

Years Ending December 31,		Minimum Commitment
2022	\$	1,085
2023		226
2024		154
2025		51
2026		—
Thereafter		—
	\$	<u>1,516</u>

Rent expense on the leases included above amounted to \$1,134, \$1,126 and \$1,140 for the years ended December 31, 2021, 2020 and 2019, respectively, and is recorded within selling, general and administrative expenses in the accompanying consolidated statements of operations.

**Contingencies:**

**Litigation**—The Company may engage in various litigation in the ordinary course of business. The Company intends to vigorously defend itself in such matters and management, based upon the advice of legal counsel, is of the opinion that the resolution of these matters will not have a material effect on the consolidated financial statements. For the cases for which management believes that it is more likely than not that it will lose the case, a provision for legal settlements has been recorded. As of December 31, 2021 and 2020, 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:

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	Net sales			Accounts receivable	
	Year Ended December 31,			December 31,	
	2021	2020	2019	2021	2020
Customer A	30 %	35 %	37 %	18 %	22 %
Customer B	23 %	19 %	26 %	19 %	16 %

Concurrent with, and subject to, the consummation of the IPO, entities affiliated with a significant customer agreed to purchase \$20 million of shares of common stock, at a price per share equal to the IPO price per share at which our common stock was sold to the public, from Verlinvest Beverages SA, an existing stockholder, in a private placement. The Company did not receive any proceeds from the private placement. As a result, this customer acquired less than 5% ownership in the Company.

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

	Year Ended December 31,	
	2021	2020
Supplier A	21 %	27 %
Supplier B	13 %	18 %
Supplier C	6 %	10 %

## 12. 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 purchases 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 December 31, 2021 and December 31, 2020, 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 and Malaysian manufacturers*—In order to mitigate the currency risk on inventory purchases from its Brazilian and Malaysian manufacturers, which are settled in Brazilian Real (BRL) and Thai Bhatt (THB), the AMS subsidiary enters into a series of forward currency swaps to buy BRL 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 buy/sell British Pounds (GBP).

*Commercial 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 Company was also subject to interest rate risk on its variable interest rate over the 2017 Term Loan. On October 29, 2018 the Company entered into a swap agreement (ISDA) with JPMorgan Chase, N.A. to hedge part of its variable interest rate over the Term Loan 2017 listed in Note 10. The lock in rate was fixed at 3.08% and covered a notional amount of \$10,875 as of December 31, 2019. The Company terminated the swap agreement in May 2020, in connection with the repayment of the outstanding Term Loan 2017 balance.

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

December 31, 2021			
Derivatives not designated as hedging instruments under ASC 815-20	Notional Amount	Fair Value	Balance Sheet Location
<b>Assets</b>			
Foreign currency exchange contracts			
Receive USD/pay GBP	\$ 22,323	\$ 125	Derivative assets
Receive MYR/sell USD	392	1	Derivative assets
<b>Liabilities</b>			
Foreign currency exchange contracts			
Receive BRL/sell USD	\$ 43,174	\$ (2,389)	Derivative liabilities
Receive USD/pay CAD	4,731	(57)	Derivative liabilities
Receive THB/sell USD	18,488	(751)	Derivative liabilities
December 31, 2020			
Derivatives not designated as hedging instruments under ASC 815-20	Notional Amount	Fair Value	Balance Sheet Location
<b>Assets</b>			
Foreign currency exchange contracts			
Receive THB/sell USD	\$ 8,730	\$ 200	Derivative assets
<b>Liabilities</b>			
Foreign currency exchange contracts			
Receive BRL/sell USD	\$ 29,329	\$ (3,817)	Derivative liabilities
Receive USD/pay GBP	15,298	(1,120)	Derivative liabilities
Receive USD/pay CAD	9,006	(427)	Derivative liabilities

The amount of realized and unrealized gains and losses and consolidated statements of operations and comprehensive income location of the derivative instruments as of December 31, 2021 and 2020 are as follows:

	2021	2020	2019
<b>Unrealized gain (loss) on derivative instruments</b>	<b>\$ 2,093</b>	<b>\$ (4,718)</b>	<b>\$ (1,233)</b>
Location	Unrealized gain on derivative instruments	Unrealized (loss) on derivative instruments	Unrealized (loss) on derivative instruments
<b>Foreign currency gain (loss)</b>	<b>\$ (5,679)</b>	<b>\$ 6,765</b>	<b>\$ (615)</b>
Location	Foreign currency (loss)	Foreign currency gain	Foreign currency (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 incorporates 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.

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**13. 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 Company's fair value hierarchy for those assets (liabilities) measured at fair value on a recurring basis at December 31, 2021 and 2020, is as follows:

	Level 1	Level 2 Forward Currency Swaps/Contracts	Level 3 Contingent consideration liability	Total
<b>2021</b>	\$ —	\$ (3,071)	\$ —	\$ (3,071)
<b>2020</b>	\$ —	\$ (5,164)	\$ —	\$ (5,164)

In connection with the Company's acquisition of the entity currently known as AMI Runa USA LLC ("Runa"), the Company was obligated to pay contingent payments to Runa's former shareholders only if a certain growth rate is achieved. Assuming the revenue growth is achieved, the former shareholders could elect for payment to be calculated based on quarterly data available between December 2021 and December 2022, as follows: 49% of the product of (a) the net revenue for the trailing 12 calendar months and (b) a specified multiple, which is contingent on the revenue growth achieved since December 31, 2017. Per the acquisition agreement, the contingent payment cannot exceed \$51,500. If a certain revenue growth rate is not achieved, the Company is not required to pay any contingent payment. The Company does not believe that the Runa business will achieve the growth targets required and thus expect that the contingent consideration will be zero at December 2022.

The fair value of contingent consideration of \$15,700 determined on the acquisition date in 2018 was initially recognized as a liability and then subsequently remeasured to fair value at each reporting date with changes in fair value recognized as a component of operating expenses in the accompanying consolidated statements of operations.

The contingent consideration liability related to the acquisition of Runa was considered a Level 3 liability, as the fair value was determined based on significant inputs not observable in the market, and recorded within other long-term liabilities in the accompanying consolidated balance sheets. The Company estimated the fair value of the contingent consideration liability based on a probability-weighted present value of various future cash payment outcomes using a Monte Carlo simulation. The technique considered the following unobservable inputs as of each valuation date:

- The probability and timing of achieving the specified milestones,



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- Revenue performance expectations, and
- Market-based discount rates

Based on updated revenue performance expectations during the earn-out period for Runa, the Company remeasured the contingent consideration to zero at December 31, 2020 and at December 31, 2021. The \$16,400 decrease in the liability is included as a component of operating expenses in the accompanying consolidated statements of operations for the year ended December 31, 2020.

The following table presents the change in contingent consideration liability during the twelve months ended December 31, 2021 and 2020:

	2021	2020
<b>Balance at the beginning of the period</b>	\$ —	\$ (16,400)
Change in fair value of contingent consideration	—	16,400
<b>Ending balance</b>	<b>\$ —</b>	<b>\$ —</b>

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

#### 14. 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 December 31, 2021 and 2020, the Company held 6,206,200 and 1,014,195 shares, respectively, in treasury stock and had 3,434,312 and 3,883,425 shares, respectively, of common stock reserved for issuance upon the conversion of outstanding warrants and stock options. In January 2021, the Company entered into a Stock Purchase Agreement with RW VC S.a.r.l, f/k/ a Vita Coco S.a.r.l (the "Seller"). The Company repurchased 5,192,005 shares of its own common stock from the Seller at a purchase price of \$9.63 per share, or an aggregate purchase price of approximately \$50,000. The purchase price per share approximated the most recent third-party common stock valuation prepared in conjunction with the accounting of stock-based compensation discussed within this Note.

**Non-controlling Interest**—On August 17, 2021, the Company's ownership interest in AME increased as a result of the subsidiary AME repurchasing AME shares from certain minority stockholders. As a result, the noncontrolling interest in AME representing minority stockholders' proportionate share of the equity in AME was reduced from 1.3% to 0.71%. On December 31, 2021, the Company purchased the remaining outstanding AME shares directly from minority stockholders by exchanging shares in the Company on the basis of 5.485 Vita Coco shares being allotted for every 1 AME share. The share ratio exchange reflects a mutually agreed valuation of AME shares relative to Vita Coco shares. Since the Company continued to retain a controlling financial interest in AME, the change in ownership interest was accounted for as an equity transaction.

**Warrants**—The following table summarizes warrant activity as of and for the years ended December 31, 2021 and 2020:

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	Exit Warrants (a)	Service Warrants (b)	Total Warrants	Weighted- Average Exercise Price	Weighted- Average Remaining Contractual Term (in Years)
Outstanding - January 1, 2021	28,665	—	28,665	\$ 0.000022	0.75
Granted	—	—	—	—	0.0
Exercised	—	—	—	—	0.0
Expired	28,665	—	28,665	—	0.0
Outstanding - December 31, 2021	—	—	—	—	0.0
Exercisable - December 31, 2021	—	—	—	—	—
Outstanding - January 1, 2020	285,285	123,760	409,045	\$ 0.000022	0.60
Granted	—	—	—	—	0.0
Exercised	—	116,025	116,025	0.000022	0.0
Expired	256,620	7,735	264,355	—	0.0
Outstanding - December 31, 2020	28,665	—	28,665	\$ 0.000022	0.75
Exercisable - December 31, 2020	—	—	—	\$ —	—

- (a) As of December 31, 2021 and 2020, the Company has exit warrants to purchase zero and 28,665, respectively, shares of common stock at a weighted-average exercise price of \$0.000022 per share outstanding to certain investors. These exit warrants, expire upon the earlier of 10 years from the date of grant or the occurrence of a liquidity event, as defined in the warrant agreements. The warrants, which were issued in connection with the sale of common stock, only vest when proceeds from a liquidity event provide an annual internal rate of return of less than 30%.
- (b) As of December 31, 2021 and 2020, the Company has no remaining service warrants to purchase shares of common stock at an exercise price of \$0.000022 per share outstanding to several individuals for the performance of certain marketing services. .

**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 option (i.e., granted and outstanding stock options and stock options not yet granted). Under the terms of the 2014 Plan, the Company may grant employees, directors, and consultants stock options and restricted stock awards and has the authority to establish the specific terms of each award, including exercise price, expiration, and vesting. Currently, only stock options were granted under the 2014 Plan. Generally, stock options issued pursuant to the 2014 Plan must contain exercise prices no less than the fair value of the Company's common stock on the date of grant and have a ten-year contractual term. As of December 31, 2021 and 2020, there were 618,995 and 545,545 shares, respectively, of common stock reserved for future issuance pursuant to the 2014 Plan. All shares awarded due to exercise of stock options are newly issued.

Subsequent to September 30, 2021, the stockholders of the Company approved the adoption of the 2021 Incentive Award Plan ("2021 Plan"), which was effective after the closing of the initial public offering discussed in Note 1. On and after closing of the offering and the effectiveness of the 2021 Incentive Award 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. Currently, stock options, restricted stock, and RSU's were granted under 2021 Plan. As of December 31, 2021, there were 2,170,975 shares of common stock reserved for future issuance pursuant to the 2021 Plan.

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The Company recognized stock-based compensation expense of \$3,103, \$1,517 and \$2,227 for the years ended December 31, 2021, 2020 and 2019, respectively in selling, general, and administrative expenses. The Company also recognized a reduction of revenue of \$277 related to stock-based compensation awards granted to a customer that was accounted for as a stock-based sales incentive for the year ended December 31, 2021. The total impact to additional paid-in capital related to stock-based compensation arrangements in 2021 was \$3,380.

**Stock Option Awards with Service-based Vesting Conditions**

Most stock option awards granted under the 2014 and 2021 Plans vest based on the continuous service. Generally, 50% of the stock options granted vest over the two years and 50% of the stock options granted vest over the four years. The following table summarizes the service-based stock option activity during the year ended December 31, 2021:

	Number of Stock Options	Weighted- Average Exercise Price  (per option)	Weighted- Average Remaining Contractual Term  (in years)	Aggregate Intrinsic Value  (in thousands)
Outstanding—December 31, 2020	3,206,840	\$ 10.05		
Granted	1,156,076	13.55		
Exercised	20,930	8.31		
Forfeited	224,315	10.77		
Outstanding—December 31, 2021	4,117,671	\$ 11.00	7.7	\$ 4,829
Exercisable—December 31, 2021	1,939,210	\$ 9.92	7.0	\$ 3,086

The weighted average grant-date fair value of the service-based stock option awards granted during the years ended December 31, 2021 and 2020 was \$5.62 per option and \$3.55 per option, respectively. The aggregate intrinsic value of service-based stock options exercised was \$66 and \$856 for the years ended December 31, 2021 and 2020, respectively. The aggregate intrinsic value of stock options is calculated as the difference between the exercise price of the stock options and the fair value of the Company's common stock for all stock options that had exercise prices lower than the fair value of the Company's common stock.

In December 2019, the Board of Directors of the Company approved a one-time repricing of 1,877,785 outstanding service-based stock options for 53 grantees. In addition, the Company extended the expiration date of the modified stock options with the contractual term being 10 years from the date of the modification, while all other modified option terms remained the same. As a result of that option modification, the Company recognized incremental compensation expense of \$115 and \$408 for the years ended December 31, 2021 and 2020, respectively.

The fair value of the service-based stock options granted in 2021 and 2020 pursuant to the Stock Option Plan as well as the fair value of the modified in 2019 stock options was estimated on a grant or on a modification date using the Black-Scholes option-pricing model. The weighted average assumptions used in the Black-Scholes option-pricing model were as follows:

	2021	2020
Weighted average expected term	6.3 years	5.6 years
Weighted average expected volatility	39 %	40 %
Weighted average risk-free interest rate	1.19 %	0.45 %
Weighted average expected dividend yield	0 %	0 %

*Expected Term:* Represents the period that the stock-based awards are expected to be outstanding based on a contractual term and service conditions specified for the awards. The Company estimated the expected term of the options with service conditions in accordance with the "simplified" method as defined in ASC 718, which enables the use of a practical expedient for "plain vanilla" share options.

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*Expected Volatility:* The Company has historically been a private company and lacks company-specific historical and implied volatility information for its stock. Therefore, the Company estimated volatility for option grants by evaluating the average historical volatility of a peer group of companies for the period immediately preceding the option grant for a term that is approximately equal to the expected term of the options.

*Risk-free Interest Rate:* The risk-free interest rate was based on the yield, as of the option valuation date, by reference to the U.S. Treasury yield curve in effect at the time of the grant or the modification of the award for time periods equal to the expected term of the award.

*Dividend Yield*—The Company does not anticipate declaring a dividend over the expected term. As such, the dividend yield has been estimated to be zero.

*Fair Value of Common Stock*—Because there has been no public market for the Company’s common stock, the board of directors has determined the estimated fair value of the common stock at the time of grant of options by considering valuations performed by an independent third-party valuation specialist, which considers a number of objective and subjective factors including valuations of comparable companies, operating and financial performance, the lack of liquidity of capital stock, the likelihood of achieving an initial public offering and general and industry specific economic outlook. These third-party valuations were performed in accordance with the guidance outlined in the American Institute of Certified Public Accountants’ Accounting and Valuation Guide, *Valuation of Privately-Held-Company Equity Securities Issued as Compensation*. The third-party common stock valuations were prepared using a combination of the income approach and market approach.

As of December 31, 2021, there was \$6,864 of total unrecognized compensation cost related to unvested service-based stock options, which is expected to be recognized over a weighted-average service period of 2.3 years.

**Stock Option Awards with Performance and Market-based Vesting Conditions**

During the year ended December 31, 2021, the Company awarded options for the purchase 262,990 shares of common stock of the Company containing a performance-based vesting condition, subject to achievement of various performance goals by the end of 2026, including revenue and gross margin targets. In addition, during the year ended December 31, 2020, the Company awarded options to purchase 68,250 shares of common stock of the Company containing performance and market vesting conditions, such as option vesting upon occurrence of an initial public offering (“IPO”) or other qualifying liquidity event and upon achieving predetermined equity value of the Company at a time of the IPO or other qualifying liquidity event.

The following table summarizes the stock option activity during the year ended December 31, 2021:

	Number of Stock Options	Weighted- Average Exercise Price  (per option)	Weighted- Average Remaining Contractual Term  (in years)	Aggregate Intrinsic Value  (in thousands)
Outstanding—December 31, 2020	647,920	\$ 10.18		
Granted	262,990	10.62		
Exercised	—	—		
Forfeited	131,950	10.18		
Outstanding—December 31, 2021	778,960	\$ 10.33	7.9	\$ 928

None of the stock options included in the table above are exercisable at December 31, 2021.

The fair value of the awards with performance-based vesting condition was estimated using the Black-Scholes option-pricing model used for the Company’s service-based stock options and assumed that performance goals will be achieved. If such performance conditions are not met, no compensation cost is recognized and any recognized

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compensation cost is reversed. The grant-date fair value of the stock options with performance-based vesting condition granted during the year ended December 31, 2021 and 2020 was \$4.38 per option and \$4.56 per option, respectively.

In December 2020, the Board of Directors of the Company approved a one-time modification of the options to purchase 579,670 shares of common stock containing both a performance and market vesting conditions to reduce the equity value required to be achieved at the time of the IPO or other qualifying liquidity event. All other option terms remained the same. In connection with the modification, the Company revalued the options using a Barrier option valuation model which resulted in a fair value of \$2.11 per option. There was no incremental compensation expense recognized in connection with the modification during the year ended December 31, 2021, as the attainment of the performance and market vesting conditions was not probable. The assumptions used to revalue the performance and market-based stock option grants were as follows:

Weighted average expected term	2.44 years
Weighted average expected volatility	40 %
Weighted average risk-free interest rate	0.16 %
Weighted average expected dividend yield	0 %

*Expected Term:* The period of time for which the stock option awards are expected to be outstanding until exercise and considers time until expected liquidity event.

*Expected Volatility:* The Company has historically been a private company and lacks company-specific historical and implied volatility information for its stock. Therefore, the Company estimated volatility for option grants by evaluating the average historical volatility of a peer group of companies for the period immediately preceding the option grant for a term that is approximately equal to the expected term of the options.

*Risk-free Interest Rate:* The risk-free interest rate is based on the yield, as of the option valuation date, by reference to the U.S. Treasury yield curve in effect at the time of the grant or the modification of the award for time periods equal to the expected term of the award.

*Dividend Yield*—The Company does not anticipate declaring a dividend over the expected term. As such, the dividend yield has been estimated to be zero.

As of December 31, 2021, the unrecognized stock-based compensation cost related to the stock options for which performance-based vesting conditions are probable of being achieved was \$403, expected to be recognized over the period of approximately 3.18 years. As of December 31, 2021, total unrecognized compensation cost related to the unvested stock option awards containing performance and market vesting conditions was \$1,599, which will be recognized when attainment of the performance and market vesting conditions becomes probable.

**Restricted Stock and Restricted Stock Unit Awards ("RSUs")**

Restricted stock and RSUs were granted under the 2021 Plan and primarily vest based on continuous service. Currently, there is no restricted stock or RSUs that contain any performance or market conditions. The RSUs awarded to the employees have different 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 Meeting following the date of grant and (ii) the first anniversary of the date of grant. The following table summarizes the restricted stock and RSU activity for the year ended December 31, 2021:

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	Number of Restricted Stock or RSU Awards	Weighted Average Grant Date Fair Value
Non-vested - December 31, 2020	—	
Granted	455,819	\$ 15.00
Vested	—	
Forfeited/Cancelled	938	\$ 15.00
Non-vested - December 31, 2021	<u>454,881</u>	<u>\$ 15.00</u>

Included in these awards are the RSU's granted to co-CEO, Mike Kirban, related to a new bonus agreement approved on October 11, 2021 by the Company's Board of Directors, that will replace and supersede existing agreements. In the new bonus agreement, upon the consummation of the IPO, (i) each of Verlinvest, and RW VC S.a.r.l. (the "Bonus Stockholders") shall pay Mr. Kirban a bonus equal to 1.4% of the total cash consideration received by the Bonus Stockholders through the sale by the Bonus Stockholders of the Company's securities pursuant to the IPO, as of the closing date of the IPO (the "Bonus Stockholders Proceeds"); and (ii) the Company shall pay Mr. Kirban a bonus equal to 1.4% of the total cash consideration received by the Company through the sale of the Company's securities pursuant to the IPO, as of the closing date of the IPO (the "Company IPO Proceeds"). The Bonus Stockholders' portion was paid in cash equal to 1.4% of the Bonus Stockholders Proceeds to be made on the closing date of the IPO. The Company's portion was satisfied through a grant of restricted stock units pursuant to the 2021 Plan that is equal to the ratio of (x) an amount equal to 1.4% of the Company IPO Proceeds to (y) the fair market value per share of the Company's common stock on the date of grant, which shall vest in full on the six (6) month anniversary of the date of grant subject to Mr. Kirban's continued employment with the Company through such vesting date.

Also included in these awards are \$3 million of shares of restricted common stock granted to entities affiliated with a significant customer, at a price per share granted at the initial public offering price per share of \$15.00, or 200,000 restricted shares, in exchange for an amendment to extend the distributor agreement term to June 10, 2026. Assuming the distribution agreement has not been terminated by either party for cause, 50% of the shares are released on October 11, 2023 and the remaining 50% are released on October 11, 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.

The aggregate grant date fair value of RSUs granted during 2021 was \$3,837. At December 31, 2021, there was \$3,261 of unrecognized stock compensation expense related to non-vested RSUs, which is expected to be recognized over a weighted average period of 2.1 years.

#### 15. Income Taxes

The domestic and foreign components of the Company's income before income taxes are as follows:

	Year Ended December 31,		
	2021	2020	2019
Domestic	\$ 15,085	\$ 33,412	\$ 7,835
Foreign	9,144	10,188	3,566
Income before income taxes	<u>\$ 24,229</u>	<u>\$ 43,600</u>	<u>\$ 11,401</u>

The income tax expense for the years ended December 31, 2021 and 2020, consist of the following:

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	Year Ended December 31,		
	2021	2020	2019
<b>Current</b>			
Federal	\$ 3,343	\$ 1,871	\$ 1,374
State and local	1,076	886	610
Foreign	2,435	1,874	848
	<u>6,854</u>	<u>4,631</u>	<u>2,832</u>
<b>Deferred</b>			
Federal	\$ (304)	\$ 4,884	\$ (447)
State and local	(29)	1,403	(380)
Foreign	(1,284)	(5)	(26)
	<u>(1,617)</u>	<u>6,282</u>	<u>(853)</u>
<b>Total</b>	<u>\$ 5,237</u>	<u>\$ 10,913</u>	<u>\$ 1,979</u>

The reconciliation of the U.S. federal statutory rate to the Company's effective rate is as follows:

	2021	2020	2019
Income tax benefit using U.S. federal statutory rate	21.0 %	21.0 %	21.0 %
State and local taxes, net of U.S. federal income tax benefit	3.6 %	4.7 %	1.8 %
Global intangible low-taxed income	1.8 %	2.7 %	3.7 %
Tax attribute expiration	— %	1.5 %	3.0 %
Permanent differences	0.4 %	(0.1 %)	0.5 %
Foreign rate differential	(1.8 %)	(0.4 %)	(0.8 %)
Foreign derived intangible income	(1.9 %)	(0.8 %)	(2.5 %)
Valuation allowance	(3.2 %)	(1.2 %)	0.6 %
Return to provision	(0.1 %)	0.3 %	(4.5 %)
Tax credits	(1.8 %)	(2.7 %)	(3.7 %)
IPO costs	2.1 %	— %	— %
Other	1.5 %	— %	(1.7 %)
Provision for income taxes	<u>21.6 %</u>	<u>25.0 %</u>	<u>17.4 %</u>

Deferred tax assets and liabilities at December 31, 2021 and 2020, consist of the following:

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	2021	2020
<b>Deferred Tax Assets:</b>		
Inventory reserves	\$ 562	\$ 494
Reserves and accruals	868	266
Stock based compensation	2,632	2,338
Net operating loss carryforwards	5,454	4,820
Charitable contributions carryforward	356	968
Deferred revenue	—	52
Other—Net	—	8
Subtotal	9,872	8,946
Valuation Allowance	(4,267)	(5,075)
Total deferred tax assets	5,605	3,871
<b>Deferred Tax Liabilities:</b>		
Prepaid insurance	(615)	(79)
Intangibles	(3,453)	(3,810)
Fixed assets	(183)	(324)
Other—Net	(89)	—
Total deferred tax liabilities	(4,340)	(4,213)
Net deferred tax assets (liability)	\$ 1,265	\$ (342)

A valuation allowance of \$4,267 and \$4,820 was recorded against the non-US deferred tax asset balance as of December 31, 2021 and 2020, respectively. As of each reporting date, management considers new evidence, both positive and negative, that could affect its view of the future realization of deferred tax assets. As of December 31, 2021 and 2020, management determined that there is sufficient positive evidence to conclude that it is more likely than not that the US deferred taxes are realizable with the exception of a portion of the charitable contribution deferred tax asset in which no valuation allowance was recorded as of December 31, 2021 and \$255 as of December 31, 2020. A valuation allowance has been established against the net operating loss carryforwards which has been generated by our foreign jurisdictions.

As of December 31, 2021 and 2020, the Company had no US state and net operating loss carryforwards. As of December 31, 2021 and 2020, the Company had net operating loss carryforwards related to foreign operations of \$24,920 and \$22,290, respectively. These net operating loss carryforwards have various lives ranging from 10 years to indefinite carryforward periods.

As of December 31, 2021 and 2020, there were no liabilities for income tax uncertainties recorded in the Company's consolidated balance sheets. The Company did not recognize any interest on penalties related to income tax uncertainties in its consolidated balance sheets or consolidated statements of operations for years ended December 31, 2021 and 2020. The Company is subject to income tax examinations by the IRS and various state and local jurisdictions for the open tax years between December 31, 2018 and December 31, 2021.

As of December 31, 2020, income taxes on undistributed earnings of the Company's subsidiaries have not been provided for as the Company planned to indefinitely reinvest these amounts, had the ability to do so, and the cumulative undistributed foreign earnings were not material.

As of December 31, 2021, income taxes on undistributed earnings of the Company's foreign subsidiaries have not been provided for as the Company plans to indefinitely reinvest these amounts. The cumulative undistributed foreign earnings were not material as of December 31, 2021.

The COVID-19 pandemic has a global reach, and many countries are introducing measures that provide relief to taxpayers in a variety of ways. On March 27, 2020, President Trump signed the Coronavirus Aid, Relief and Economic Security Act (the "CARES Act") into law to support businesses during the COVID-19 pandemic, which included



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deferment of the employer portion of certain payroll taxes, refundable payroll tax credits, and technical amendments to tax depreciation methods for qualified improvement property. Under ASC 740, entities are required to recognize the financial statement effects of new tax legislation upon enactment, which in the U.S. federal jurisdiction is the date the President signs the Bill into law. Accordingly, the enactment requires the recognition of the financial statement impacts of the new federal income tax law in the period that includes March 27, 2020. The CARES Act did not have a material impact on the Company's income tax provision for the year ended December 31, 2021 or December 31, 2020.

During the second quarter of 2021, the Finance Act 2021 (the Act) was enacted in the United Kingdom. The Act increases the corporate income tax rate from 19% to 25% effective April 1, 2023 and enhances the first-year capital allowance on qualifying new plant and machinery assets effective April 1, 2021. The effects on the Company's existing deferred tax balances have been recorded and is offset by the valuation allowance maintained against the Company's U.K. net deferred tax assets.

## 16. Earnings Per Share

Basic and diluted earnings per share is calculated as follows:

	Year Ended December 31,		
	2021	2020	2019
<b>Numerator:</b>			
Net income attributable to The Vita Coco Company, Inc.	\$ 19,015	\$ 32,660	\$ 9,417
<b>Denominator:</b>			
Weighted-average number of common shares used in earnings per share—basic	53,689,910	58,501,170	56,968,730
Effect of conversion of stock options and RSU's	496,211	109,655	183,820
Weighted-average number of common shares used in earnings per share—diluted	54,186,121	58,610,825	57,152,550
Earnings per share—basic	\$ 0.35	\$ 0.56	\$ 0.17
Earnings per share—diluted	\$ 0.35	\$ 0.56	\$ 0.16

The vested service warrants are exercisable for little consideration and all necessary conditions have been satisfied. Accordingly, the calculation of weighted average common shares outstanding includes vested service warrants, exercisable for a value of \$0.000022, which consisted of zero and 4,550 weighted number of service warrants as of December 31, 2021 and 2020, respectively.

The exit warrants, which expire upon a liquidity event and only vest when proceeds from a liquidity event provide an annual internal rate of return of less than 30%, were not considered in the basic and diluted earnings per share, as the contingency of a liquidity event has not occurred during the years ended December 31, 2021 and 2020.

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:

	December 31,		
	2021	2020	2019
Options to purchase common stock	1,288,350	3,719,625	4,884,880

## 17. Employee Benefit Plan

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Employees of the Company may participate in a defined contribution plan which qualifies under Section 401(k) of the Internal Revenue Code. Participating employees may contribute into a traditional plan with pretax salary or into a Roth plan with after tax salary up to statutory limits. The Company matches contributions up to 3% of each employee's earnings, which vest over 2 years. Matching contributions were \$475, \$372 and \$329 for the years ended December 31, 2021, 2020 and 2019, respectively.

### 18. Segment Reporting

The Company has two operating and reportable segments:

- Americas—The Americas segment is comprised primarily of US and Canada and derives its revenues from the marketing and distribution of various coconut water and non-coconut water products (e.g., oil and milk). The Company's Guayusa leaf products (*Runa*) and aluminum bottle canned water (*Ever & Ever*) 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 Co-CEOs are the chief operating decision makers and evaluate 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 and for the years ended December 31, 2021, 2020 and 2019 is as follows:

	December 31, 2021		
	Americas	International	Consolidated
Net sales	\$ 323,891	\$ 55,622	\$ 379,513
Gross profit	101,864	11,284	113,148
Total segment assets	141,973	55,511	197,484

	December 31, 2020		
	Americas	International	Consolidated
Net sales	\$ 262,899	\$ 47,745	\$ 310,644
Gross profit	90,256	14,602	104,858
Total segment assets	139,452	44,409	183,861

	December 31, 2019		
	Americas	International	Consolidated
Net sales	\$ 237,415	\$ 46,534	\$ 283,949
Gross profit	80,718	12,270	92,988

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	Year Ended December 31,		
	2021	2020	2019
<b>Reconciliation</b>			
Total gross profit	\$ 113,148	\$ 104,858	\$ 92,988
Less:			
Selling, general and administrative expenses	88,559	74,401	78,917
Change in fair value of contingent consideration	—	(16,400)	700
Income from operations	24,589	46,857	13,371
Less:			
Unrealized (gain) loss on derivative instruments	(2,093)	4,718	1,233
Foreign currency (gain) loss	2,088	(1,848)	(201)
Loss on extinguishment of debt	132	—	—
Interest income	(127)	(404)	(225)
Interest expense	360	791	1,163
Income before income taxes	24,229	43,600	11,401

**Geographic Data:**

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

Year Ended December 31,	2021	2020	2019
United States	\$ 323,891	\$ 262,899	\$ 237,415
All other countries (1)	55,622	47,745	46,534
Net sales	\$ 379,513	\$ 310,644	\$ 283,949

(1) No individual country is greater than 10% of total net sales for the years ended December 31, 2021, 2020 and 2019.

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

Year Ended December 31,	2021	2020
United States	\$ 890	\$ 1,186
Ecuador	870	953
Singapore	536	445
All other countries (1)	177	296
Property and equipment, net	\$ 2,473	\$ 2,880

(1) No individual country is greater than 10% of total property and equipment, net as of December 31, 2021 and 2020.

**19. Related-Party Transactions**

**Management Fees**—The Company is subject to an arrangement with one of its stockholders for as long as such stockholder holds at least 5% of the Company's capital stock. Pursuant to the terms of the amended arrangement, the Company was required to make fixed annual management fee payments of \$281. On October 20, 2021, in connection with the IPO discussed in Note 1, the Stockholder's Agreement was revised and the new Investor Rights Agreement does not include a management fee to this stockholder. For the year ended December 31, 2021, the Company had amounts due in accounts payable of \$227 for the portion of the year prior to the execution of the new Investor Rights Agreement.

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*Loan to Employee*—On September 18, 2019 the Company extended a five year promissory note of \$17,700 to its newly appointed President, in order for him to buy 1,739,010 shares of The Vita Coco Company, Inc.'s common stock in conjunction with his employment agreement. The interest on the note accrues annually at a rate of 1.78% with principal balance due at maturity. The purchase of the Company's shares occurred simultaneously with the commencement of the loan, as a result no funds were actually disbursed by the Company. The purchased shares are pledged as collateral to the loan until full repayment of the principal balance. On May 18, 2020, the Company amended the interest rate on the note to 0.58%.

On September 16, 2021, Martin Roper, the co-CEO of the Company, repaid the outstanding principal balance and accrued interest in full satisfaction of the promissory note.

*Distribution Agreement with Shareholder* – On October 1, 2019 the Company entered into a distribution agreement with one of its stockholders, which currently extends through December 31, 2022. The distribution agreement grants 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 \$6,247, \$5,294, and \$7,155 for the years ended December 31, 2021, 2020 and 2019, respectively. The amounts due from the stockholder in Accounts Receivable, net were \$600 and \$575 as of December 31, 2021 and 2020, respectively. Amounts payable to the stockholder in Accounts payable were \$71 and \$0 as of December 31, 2021 and 2020 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 \$215, \$132 and \$46 for the years ended December 31, 2021, 2020 and 2019, respectively, in selling, general, and administrative expense for this service agreement.

**Item 9. Changes in and Disagreements with Accountants on Accounting and Financial Disclosure.**

The information required by this Item 9 was previously reported in the Prospectus.

**Item 9A. 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 co-principal executive officers and principal financial officer, evaluated, as of the end of the period covered by this Annual Report on Form 10-K, 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 co-principal executive officers and principal financial officer concluded that, as of December 31, 2021, our disclosure controls and procedures were effective at the reasonable assurance level.

**Management’s annual report on internal control over financial reporting**

This Annual Report on Form 10-K does not include a report of management’s assessment regarding our internal control over financial reporting (as defined in Rules 13a-15(f) and 15d-15(f) under the Exchange Act) or an attestation report of our independent registered accounting firm due to a transition period established by rules of the SEC for newly public companies.

**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 December 31, 2021 that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.]

**Item 9B. Other Information.**

None.

**Item 9C. Disclosure Regarding Foreign Jurisdictions that Prevent Inspections.**

Not applicable.

**PART III**

**Item 10. Directors, Executive Officers and Corporate Governance.**

The information required by this item will be included under the headings “Election of Directors,” “Executive Officers,” “Corporate Governance,” and “Delinquent Section 16(a) Reports” in our definitive proxy statement for our 2022 Annual Meeting of Stockholders, and such required information is incorporated herein by reference.

**Item 11. Executive Compensation.**

The information required by this item will be included under the headings “Executive Compensation” and “Compensation Committee Interlocks and Insider Participation” in our definitive proxy statement for our 2022 Annual Meeting of Stockholders, and such information is incorporated herein by reference.

**Item 12. Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters.**

The information required by this item will be included under the headings “Executive Compensation” and “Compensation Committee Interlocks and Insider Participation” in our definitive proxy statement for our 2022 Annual Meeting of Stockholders, and such information is incorporated herein by reference.

**Other**

The remaining information required by this item will be included under the heading “Security Ownership of Certain Beneficial Owners and Management” in our definitive proxy statement for our 2022 Annual Meeting of Stockholders, and such required information is incorporated herein by reference.

**Item 13. Certain Relationships and Related Transactions, and Director Independence.**

The information required by this item will be included under the headings “Certain Relationships and Related Person Transactions,” “Corporate Governance” and “Director Independence” in our definitive proxy statement for our 2022 Annual Meeting of Stockholders, and such information is incorporated herein by reference.

**Item 14. Principal Accountant Fees and Services.**

The information required by this item will be included under the heading “Principal Accountant Fees and Services” in our definitive proxy statement for our 2022 Annual Meeting of Stockholders, and such information is incorporated herein by reference.

**PART IV**

**Item 15. Exhibits and Financial Statement Schedules**

(a)(1) Financial Statements.

See the listing of the consolidated financial statements included in Item 8 of this Annual Report on Form 10-K.

(a)(2) Financial Statement Schedules.

Separate financial schedules have been omitted because such information is inapplicable or is included in the financial statements or notes described above.

## (a)(3) Exhibits.

The following is a list of exhibits filed as part of this Annual Report on Form 10-K.

Exhibit Number	Exhibit Description	Incorporated by Reference				Filed/ Furnished Herewith
		Form	File No.	Exhibit	Filing Date	
3.1	<a href="#">Second Amended and Restated Certificate of Incorporation.</a>	8-K	001- 40950	3.1	10/25/21	
3.2	<a href="#">Amended and Restated Bylaws.</a>	8-K	001- 40950	3.2	10/25/21	
4.1	<a href="#">Specimen Common Stock Certificate of The Vita Coco Company, Inc.</a>	S-1	333-29825	4.1	9/27/21	
4.2	<a href="#">Description of Capital Stock.</a>					*
4.3+	<a href="#">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.</a>	8-K	001- 40950	10.1	10/25/21	
4.4+	<a href="#">Investor Rights Agreement, among The Vita Coco Company, Inc., Verlinvest Beverages SA, Michael Kirban and Ira Liran, dated as of October 20, 2021.</a>	8-K	001- 40950	10.2	10/25/21	
10.1+	<a href="#">Amendment to Credit Agreement, by and between All Market Inc., the Guarantors, and Wells Fargo Bank, National Association, dated as of January 11, 2021.</a>	S-1	333-259825	10.1	9/27/21	
10.2+	<a href="#">Second Amendment to Credit Agreement, by and between All Market Inc., the Guarantors, and Wells Fargo Bank, National Association, dated as of May 21, 2021.</a>	S-1	333-259825	10.2	9/27/21	
10.3+	<a href="#">Third Amendment to Credit Agreement, by and between All Market Inc., the Guarantors, and Wells Fargo Bank, National Association, dated as of November 2, 2021.</a>					*
10.4†	<a href="#">All Market Inc. 2014 Stock Option And Restricted Stock Plan.</a>	S-1/A	333-259825	10.3	10/12/21	
10.5†	<a href="#">The Vita Coco Company, Inc. 2021 Incentive Award Plan.</a>					*
10.6†	<a href="#">The Vita Coco Company, Inc. 2021 Employee Stock Purchase Plan.</a>	S-1/A	333-259825	10.5	10/12/21	
10.7†	<a href="#">Form of Stock Option Grant Notice</a>					*
10.8†	<a href="#">Form of Restricted Stock Grant Notice</a>					*
10.9†	<a href="#">Amended and Restated Employment Agreement, by and between The Vita Coco Company, Inc. and Michael Kirban, dated October 20, 2021.</a>	10-Q	001-40950	10.5	11/17/21	
10.10†	<a href="#">Amended and Restated Employment Agreement, by and between The Vita Coco Company, Inc. and Martin Roper, dated October 20, 2021.</a>	10-Q	001-40950	10.6	11/17/21	
10.11†	<a href="#">The Vita Coco Company, Inc. Non-Employee Director Compensation Policy.</a>	S-1/A	333-259825	10.6	10/12/21	
10.12	<a href="#">Form of Indemnification Agreement.</a>	S-1/A	333-259825	10.7	10/12/21	
10.13+†	<a href="#">Employment Agreement, by and between All Market Inc. and Jonathan Burth, dated as of February 10, 2021.</a>	S-1	333-259825	10.10	9/27/21	



10.14+†	<a href="#">Employment Agreement, by and between All Market Inc. and Kevin Benmoussa, dated as of February 10, 2021.</a>	S-1	333-259825	10.11	9/27/21	
10.15+†	<a href="#">Employment Agreement, by and between All Market Inc. and Charles Van Es, dated as of February 10, 2021.</a>	S-1	333-259825	10.12	9/27/21	
10.16+†	<a href="#">Employment Agreement, by and between All Market Inc. and Jane Prior, dated as of February 10, 2021.</a>	S-1	333-259825	10.13	9/27/21	
10.17+X	<a href="#">Manufacturing and Purchasing Agreement, by and among Century Agriculture Corporation and All Market Singapore Pte. Ltd., dated as of September 17, 2012.</a>	S-1	333-259825	10.14	9/27/21	
10.18+X	<a href="#">Manufacturing and Purchasing Agreement, by and among Fresh Fruit Ingredients, Inc. and All Market, Inc., dated as of April 8, 2010.</a>	S-1	333-259825	10.15	9/27/21	
21.1	<a href="#">List of Subsidiaries of The Vita Coco Company, Inc.</a>					*
23.1	<a href="#">Consent of Deloitte &amp; Touche LLP Independent Registered Public Accounting Firm.</a>					*
31.1	<a href="#">Rule 13a-14(a)/15d-14(a) Certification of Co-Chief Executive Officer.</a>					*
31.2	<a href="#">Rule 13a-14(a)/15d-14(a) Certification of Co-Chief Executive Officer.</a>					*
31.3	<a href="#">Rule 13a-14(a)/15d-14(a) Certification of Chief Financial Officer.</a>					*
32.1	<a href="#">Section 1350 Certification of Co-Chief Executive Officer.</a>					**
32.2	<a href="#">Section 1350 Certification of Co-Chief Executive Officer.</a>					**
32.3	<a href="#">Section 1350 Certification of Chief Financial Officer.</a>					**
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 in Inline XBRL and contained in Exhibit 101).					*

- \* Filed herewith.
- \*\* Furnished herewith.
- † Indicates management contract or compensatory plan.
- + Certain portions of this exhibit (indicated by “###”) have been redacted pursuant to Regulation S-K, Item 601(a)(6).
- X Certain portions of this exhibit (indicated by “[\*\*\*)” have been redacted pursuant to Regulation S-K, Item 601(b)(10)(iv).

**Item 16. Form 10-K Summary.**

None.



## DESCRIPTION OF CAPITAL STOCK

The following description of the capital stock of The Vita Coco Company, Inc. (the "Company," "we," "us," and "our") and certain provisions of our amended and restated certificate of incorporation, as amended from time to time (the "amended and restated certificate of incorporation") and amended and restated bylaws, as amended from time to time (the "amended and restated bylaws") is a summary and is qualified in its entirety by reference to the full text of our amended and restated certificate of incorporation and amended and restated bylaws and applicable provisions of the General Corporation Law of the State of Delaware (the "Delaware General Corporation Law"). Our amended and restated certificate of incorporation authorizes capital stock consisting of:

- 500,000,000 shares of common stock, par value of \$0.01 per share, and
- 10,000,000 shares of preferred stock, par value of \$0.01 per share.

### **Common Stock**

#### ***Voting Rights***

Holders of our common stock are entitled to one vote for each share held on all matters submitted to a vote of stockholders. The holders of our common stock will vote together as a single class, unless otherwise required by law. The holders of our common stock do not have cumulative voting rights in the election of directors.

#### ***Dividend Rights***

The holders of our common stock are entitled to receive dividends out of funds legally available if our board of directors, in its discretion, determines to issue dividends and then only at the times and in the amounts that our board of directors may determine.

#### ***No Preemptive or Similar Rights***

Our common stock is not entitled to preemptive rights and is not subject to redemption or sinking fund provisions. The rights, preferences and privileges of the holders of our common stock will be subject to and may be adversely affected by the rights of the holders of shares of any series of our preferred stock that we may designate in the future.

#### ***Right to Receive Liquidation Distributions***

Upon our liquidation, dissolution, or winding up, the assets legally available for distribution to our stockholders would be distributable ratably among the holders of our common stock and any participating preferred stock outstanding at that time, subject to the prior satisfaction of all outstanding debt and liabilities and the preferential rights of and the payment of liquidation preferences, if any, on any shares of preferred stock outstanding at that time.

#### ***Fully Paid and Nonassessable***

All of our outstanding shares of common stock are fully paid and nonassessable.

### **Preferred Stock**

Pursuant to the provisions of our amended and restated certificate of incorporation, our board of directors is authorized, subject to limitations prescribed by Delaware law, to issue preferred stock in one or more series, to establish from time to time the number of shares to be included in each series, and to fix the designation, powers, preferences, and rights of the shares of each series and any of its qualifications, limitations, or restrictions, in each case without further vote or action by our stockholders. Our board of directors can also increase or decrease the number of shares of any series of preferred stock, but not below the number of shares of that series then outstanding, without any further vote or action by our stockholders. Our board of directors may authorize the issuance of preferred stock with voting or

conversion rights that could adversely affect the voting power or other rights of the holders of our common stock. The issuance of preferred stock, while providing flexibility in connection with possible acquisitions and other corporate purposes, could, among other things, have the effect of delaying, deferring, or preventing a change in control of our company and might adversely affect the market price of our common stock and the voting and other rights of the holders of our common stock.

### **Registration Rights**

We entered into a Registration Rights Agreement with certain of our stockholders in connection with our initial public offering pursuant to which such parties have certain demand rights, short-form registration rights and piggyback registration rights from us, subject to customary restrictions and exceptions. All fees, costs and expenses of registrations, other than underwriting discounts and commissions, are expected to be borne by us. The Registration Rights Agreement does not provide for any maximum cash penalties or any penalties connected with delays in registering our common stock.

### **Anti-Takeover Provisions**

The provisions of Delaware law, our amended and restated certificate of incorporation and our amended and restated bylaws could have the effect of delaying, deferring, or discouraging another person from acquiring control of our company. These provisions, which are summarized below, may have the effect of discouraging takeover bids. They are also designed, in part, to encourage persons seeking to acquire control of us to negotiate first with our board of directors. We believe that the benefits of increased protection of our potential ability to negotiate with an unfriendly or unsolicited acquirer outweigh the disadvantages of discouraging a proposal to acquire us because negotiation of these proposals could result in an improvement of their terms.

### **Public Benefit Corporation Status**

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. Under the Delaware General Corporation Law, our stockholders may bring a derivative suit to enforce this requirement only if they own (individually or collectively), at least 2% of our outstanding shares or, upon our listing, the lesser of such percentage or shares of at least \$2 million in market value.

We believe that our public benefit corporation status will make it more difficult for another party to obtain control of us without maintaining our public benefit corporation status and purpose.

### **Section 203 of the DGCL**

Our amended and restated certificate of incorporation contains a provision opting out of Section 203 of the DGCL. However, our amended and restated certificate of incorporation contains provisions that are similar to Section 203. Specifically, our amended and restated certificate of incorporation provides that, subject to certain exceptions, we will not be able to engage in a "business combination" with any "interested stockholder" for a period of three years following the date such person became an interested stockholder, unless the interested stockholder attained such status with the approval of our board of directors or unless the business combination is approved in a prescribed manner. A "business combination" includes, among other things, a merger or consolidation involving us and the "interested stockholder" and the sale of more than 10% of our assets. In general, an "interested stockholder" is any entity or person beneficially owning 15% or more of a corporation's outstanding voting stock and any entity or person affiliated with or controlling or controlled by such entity or person.

However, under our amended and restated certificate of incorporation, neither Verinvest Beverages SA nor any of its affiliates are deemed to be interested stockholders regardless of the percentage of our outstanding voting stock owned by them, and accordingly are not be subject to such restrictions.

### **Amended and Restated Certificate of Incorporation and Amended and Restated Bylaw Provisions**

Our amended and restated certificate of incorporation and our amended and restated bylaws include a number of provisions that could deter hostile takeovers or delay or prevent changes in control of our management team, including the following:

- *Board of Directors Vacancies.* Verlinvest, Mr. Kirban and Mr. Liran, in the case of their board nominees, have the power to fill any vacancy caused by the removal or departure of their director. In all other cases, our amended and restated certificate of incorporation and amended and restated bylaws authorize only our board of directors to fill vacant directorships, including newly created seats. In addition, the number of directors constituting our board of directors is permitted to be set only by a resolution adopted by a majority vote of our entire board of directors. These provisions would prevent a stockholder from increasing the size of our board of directors and then gaining control of our board of directors by filling the resulting vacancies with its own nominees. This makes it more difficult to change the composition of our board of directors but promotes continuity of management.
- *Classified Board.* Our amended and restated certificate of incorporation and amended and restated bylaws provide that our board of directors is classified into three classes of directors. The existence of a classified board of directors could discourage a third party from making a tender offer or otherwise attempting to obtain control of us as it is more difficult and time consuming for stockholders to replace a majority of the directors on a classified board of directors.
- *Removal of Directors.* Pursuant to the terms of the Investor Rights Agreement, directors nominated by may be removed with or without cause by the affirmative vote of entitled to nominate such director. Our amended and restated certificate of incorporation provides that, in all other cases and at any other time, directors may only be removed for cause by the affirmative of at least a majority of the voting power of our common stock.
- *Supermajority Requirements for Amendments of Our Amended and Restated Certificate of Incorporation and Amended and Restated Bylaws.* Our amended and restated certificate of incorporation further provides that the affirmative vote of holders of at least two-thirds of the voting power of all of the then outstanding shares of voting stock is required to amend certain provisions of our amended and restated certificate of incorporation, including provisions relating to the classified board, the size of the board, removal of directors, special meetings, actions by written consent, and designation of our preferred stock. The affirmative vote of holders of at least 66 2/3% of the voting power of all of the then outstanding shares of voting stock is required to amend or repeal our amended and restated bylaws, although our amended and restated bylaws may be amended by a simple majority vote of our board of directors.
- *Stockholder Action; Special Meeting of Stockholders.* Our amended and restated certificate of incorporation provides that special meetings of our stockholders may be called only by a majority of our board of directors, the chairman of our board of directors, our lead independent director, or our chief executive officer. Our amended and restated certificate of incorporation provides that our stockholders may not take action by written consent, but may only take action at annual or special meetings of our stockholders. As a result, holders of our capital stock would not be able to amend our amended and amended and restated bylaws or remove directors without holding a meeting of our stockholders called in accordance with our restated bylaws. Further, our amended and restated bylaws provides that special meetings of our stockholders may be called only by a majority of our board of directors, the chairman of our board of directors, our lead independent director, or our chief executive officer, thus prohibiting a stockholder from calling a special meeting. These provisions might delay the ability of our stockholders to force consideration of a proposal or for stockholders to take any action, including the removal of directors.

- *Advance Notice Requirements for Stockholder Proposals and Director Nominations.* Our amended and restated bylaws provides advance notice procedures for stockholders seeking to bring business before our annual meeting of stockholders or to nominate candidates for election as directors at our annual meeting of stockholders. Our amended and restated bylaws also specifies certain requirements regarding the form and content of a stockholder's notice. These provisions might preclude our stockholders from bringing matters before our annual meeting of stockholders or from making nominations for directors at our annual meeting of stockholders if the proper procedures are not followed. We expect that these provisions might also discourage or deter a potential acquirer from conducting a solicitation of proxies to elect the acquirer's own slate of directors or otherwise attempting to obtain control of our company.
- *No Cumulative Voting.* The DGCL provides that stockholders are not entitled to the right to cumulate votes in the election of directors unless a corporation's certificate of incorporation provides otherwise. Our amended and restated certificate of incorporation and amended and restated bylaws do not provide for cumulative voting.
- *Issuance of Undesignated Preferred Stock.* Our board of directors has the authority, without further action by the stockholders, to issue up to 10,000,000 shares of undesignated preferred stock with rights and preferences, including voting rights, designated from time to time by our board of directors. The existence of authorized but unissued shares of preferred stock enables our board of directors to render more difficult or to discourage an attempt to obtain control of us by means of a merger, tender offer, proxy contest, or other means.
- *Choice of Forum.* Our amended and restated certificate of incorporation provides that, unless we consent in writing to the selection of an alternative forum, (A)(i) any derivative action or proceeding brought on behalf of us, (ii) any action asserting a claim of breach of a fiduciary duty owed by any of our current or former directors, officers, other employees or stockholders to us or our stockholders, (iii) any action asserting a claim arising pursuant to any provision of the DGCL, our amended and restated certificate of incorporation or amended and restated bylaws (as either may be amended or restated) or as to which the DGCL confers exclusive jurisdiction on the Court of Chancery of the State of Delaware, or (iv) any action asserting a claim governed by the internal affairs doctrine of the law of the State of Delaware shall, to the fullest extent permitted by law, be exclusively brought in the Court of Chancery of the State of Delaware or, if such court does not have subject matter jurisdiction thereof, the federal district court of the State of Delaware, and (B) the federal district courts of the United States shall be the exclusive forum for the resolution of any complaint asserting a cause of action arising under the Securities Act. Notwithstanding the foregoing, the exclusive forum provision shall not apply to claims seeking to enforce any liability or duty created by the Exchange Act. Our amended and restated certificate of incorporation also provides that, to the fullest extent permitted by law, any person or entity purchasing or otherwise acquiring or holding any interest in shares of our capital stock shall be deemed to have notice of and consented to the foregoing. By agreeing to this provision, however, stockholders will not be deemed to have waived our compliance with the federal securities laws and the rules and regulations thereunder.

#### **Limitations on Liability and Indemnification Matters**

Our amended and restated certificate of incorporation provides that we will indemnify each of our directors and executive officers to the fullest extent permitted by the DGCL. We have entered into indemnification agreements with each of our directors and executive officers that may, in some cases, be broader than the specific indemnification provisions contained under Delaware law. Further, pursuant to our indemnification agreements and directors' and officers' liability insurance, our directors and executive officers are indemnified and insured against the cost of defense, settlement or payment of a judgment under certain circumstances. In addition, as permitted by Delaware law, our amended and restated certificate of incorporation includes provisions that eliminate the personal liability of our directors for monetary damages resulting from breaches of certain fiduciary duties as a director. The effect of this provision is to restrict our rights and the rights of our stockholders in derivative suits to recover monetary damages against a director for breach of fiduciary duties as a director.

These provisions may be held not to be enforceable for violations of the federal securities laws of the United States.

**Transfer Agent and Registrar**

The transfer agent and registrar for our common stock is American Stock Transfer & Trust Company, LLC.

**Listing**

Our common stock has been approved for listing on the Nasdaq Global Select Market under the symbol "COCO."



THIRD AMENDMENT TO  
CREDIT AGREEMENT

This THIRD AMENDMENT TO CREDIT AGREEMENT (this “Agreement”) dated as of November 2, 2021 (the “Third Amendment Effective Date”) is entered into by and between The Vita Coco Company, Inc., a Delaware corporation (formerly known as All Market Inc.) (“Borrower”), the Guarantors, and Wells Fargo Bank, National Association (“Bank”). All capitalized terms used herein and not otherwise defined herein shall have the meanings given to such terms in the Credit Agreement (defined below).

RECITALS

WHEREAS, Borrower and Bank entered into that certain Credit Agreement dated as of May 12, 2020 (as amended, supplemented or otherwise modified from time to time, including as of January 11, 2021 and as of May 21, 2021, the “Credit Agreement”);

WHEREAS, Borrower has requested certain amendments to the Credit Agreement as set forth in Section 1 below;

WHEREAS, Borrower changed its corporate name from “All Market Inc.” to “The Vita Coco Company, Inc.” as of September 9, 2021; and

WHEREAS, Bank has agreed to provide the requested amendments, subject to the terms and conditions set forth herein.

NOW, THEREFORE, in consideration of the premises and the mutual covenants contained herein, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto agree as follows:

I. Amendments. Effective as of the Third Amendment Effective Date, (a) the Credit Agreement is hereby amended to delete the stricken text (indicated textually in the same manner as the following example: ~~stricken text~~) and to add the bold and double-underlined text (indicated textually in the same manner as the following example: **double-underlined text**) as set forth on the pages of the Credit Agreement in the form of Annex A hereto.

II. Conditions Precedent. This Agreement shall be effective on the Third Amendment Effective Date upon satisfaction of the following conditions precedent:

A. Receipt by Bank of counterparts of this Agreement duly executed by the Borrower, the Guarantors and Bank.

B. Receipt by Bank of secretary’s/officer’s certificates of Borrower and each Guarantor certifying as to resolutions of such Persons authorizing the transactions contemplated hereby, and certifying as to such other matters as Bank may request.

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C. Payment by Borrower of all reasonable fees and expenses of Bank (including reasonable attorney's fees of Bank) (to the extent invoiced) in connection with the drafting and negotiation of this Agreement and the documents referenced herein and the consummation of the transactions contemplated hereby and thereby.

### III. Miscellaneous.

A. The Credit Agreement, and the obligations of Borrower or any Guarantor (each, individually, a "Loan Party" and collectively, the "Loan Parties") thereunder and under the other Loan Documents, are hereby ratified and confirmed and shall remain in full force and effect according to their terms, as affected and amended by this Agreement.

B. Upon the effectiveness of this Agreement, each reference in the Credit Agreement to "this Agreement," "hereunder" or words of like import shall mean and be a reference to the Credit Agreement, as affected and amended by this Agreement. This Agreement is a Loan Document.

C. Each Guarantor (i) acknowledges and consents to all of the terms and conditions of this Agreement, (ii) affirms (reaffirms) all of its obligations under the Loan Documents and (iii) agrees that this Agreement and all documents executed in connection herewith do not operate to reduce or discharge its obligations under the Credit Agreement or the other Loan Documents.

D. The Loan Parties hereby represent and warrant as follows:

1. Each Loan Party has taken all necessary corporate or other organizational action to authorize the execution, delivery and performance of this Agreement;

2. This Agreement has been duly executed and delivered by the Loan Parties and constitutes each of the Loan Parties' legal, valid and binding obligations, enforceable against such Loan Party in accordance with its terms, except as such enforceability may be limited by (A) applicable bankruptcy, reorganization or other debtor relief laws, and (B) general principles of equity (regardless of whether such enforceability is considered in a proceeding at law or in equity);

3. No consent, approval, authorization or order of, or filing, registration or qualification with, any court or governmental authority or third party is required in connection with the execution, delivery or performance by any Loan Party of this Agreement;

4. Subject to the modifications to the schedules to the Credit Agreement that are set forth in Schedule 1 attached hereto, the representations and warranties of the Loan Parties set forth in Article II of the Credit Agreement and in each other Loan Document are true and correct in all material respects (and in all respects if any such representation or warranty is already qualified by materiality or reference to Material Adverse Effect) as of the date hereof with the same effect as if made on and as of the date hereof, except to the extent such representations and warranties expressly relate solely to an earlier date, in which case they shall be true and correct in all material respects (and in all respects if any such representation or warranty

is already qualified by materiality or reference to Material Adverse Effect) as of such earlier date; and

5. No event has occurred and is continuing which constitutes an Event of Default.

E. This Agreement may be executed in any number of counterparts, each of which when so executed and delivered shall be an original, but all of which shall constitute one and the same instrument. Delivery of an executed counterpart of this Agreement by telecopy or digital/electronic transmission (e.g., PDF format) shall be effective as an original and shall constitute a representation that an executed original shall be delivered.

F. THIS AGREEMENT AND THE RIGHTS AND OBLIGATIONS OF THE PARTIES HEREUNDER SHALL BE GOVERNED BY AND CONSTRUED AND INTERPRETED IN ACCORDANCE WITH THE LAWS OF THE STATE OF NEW YORK.

G. The terms of Section 7.12 of the Credit Agreement are incorporated herein by reference, mutatis mutandis, and the parties hereto agree to such terms.

[Signature pages follow]

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed as of the date first above written.

The Vita Coco Company, Inc. (formerly  
known as All Market Inc.),  
a Delaware corporation

By: /s/ Kevin Benmoussa  
Name: Kevin Benmoussa  
Title: Chief Financial Officer

COCO CAFÉ INC.,  
a Delaware corporation

By: /s/ Kevin Benmoussa  
Name: Kevin Benmoussa  
Title: Chief Financial Officer

AMI RUNA U.S. LLC,  
a Delaware limited liability company

By: /s/ Kevin Benmoussa  
Name: Kevin Benmoussa  
Title: Chief Financial Officer

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WELLS FARGO BANK, NATIONAL  
ASSOCIATION

By: /s/ Christopher Micheletti  
Name: Christopher Micheletti  
Title: Senior Vice-President

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ANNEX A  
CREDIT AGREEMENT

THIS CREDIT AGREEMENT (this "Agreement"), dated May 12, 2020, is by and between ALL MARKET INC., a Delaware corporation ("Borrower"), and WELLS FARGO BANK, NATIONAL ASSOCIATION ("Bank").

RECITALS

Borrower has requested that Bank extend or continue credit to Borrower as described below, and Bank has agreed to provide such credit to Borrower on the terms and conditions contained herein.

NOW, THEREFORE, for valuable consideration, the receipt and sufficiency of which are hereby acknowledged, Bank and Borrower hereby agree as follows:

ARTICLE I

CREDIT TERMS

SECTION 1.1. LINE OF CREDIT; TERM LOAN

(a) Line of Credit. Subject to the terms and conditions of this Agreement, Bank hereby agrees to make advances to Borrower from time to time up to and including May 21, 2026, not to exceed at any time the aggregate principal amount of Sixty Million and 00/100 Dollars (\$60,000,000.00) (subject to increase or decrease pursuant to the applicable provisions hereof, "Line of Credit"), the proceeds of which shall be used for general corporate purposes, for dividends, distributions, repurchases and redemptions of equity to the extent permitted hereunder, for Permitted Acquisitions (as defined below), and to refinance indebtedness existing immediately prior to the closing of the transactions contemplated hereby; provided, however, that notwithstanding the foregoing to the contrary, not greater than \$35,000,000 of the proceeds of advances/borrowings under the Line of Credit may be used to pay/fund, directly or indirectly, the Permitted Redemption (as defined in Section 5.8). Borrower's obligation to repay advances under the Line of Credit shall be evidenced by a promissory note dated as of the date hereof, as modified from time to time ("Line of Credit Note").

(b) Borrowing and Repayment – Line of Credit. Borrower may from time to time during the term of the Line of Credit borrow, partially or wholly repay its outstanding borrowings, and reborrow, subject to all of the limitations, terms and conditions contained herein or in the Line of Credit Note; provided however, that the total outstanding borrowings under the Line of Credit shall not at any time exceed the maximum principal amount available under the Line of Credit or such Line of Credit Note, as set forth herein.

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(c) Commitment Reduction – Line of Credit. Borrower shall have the right to terminate or permanently reduce the unused portion of the maximum Line of Credit amount at any time or from time to time upon not less than fifteen (15) days' prior written notice to the Bank of each such termination or reduction, which notice shall specify the effective date thereof and the amount of any such reduction which shall be in a minimum amount of \$5,000,000 or a whole multiple of \$1,000,000 in excess thereof and shall be irrevocable and effective upon receipt by the Bank; provided that no such reduction or termination shall be permitted if after giving effect thereto, and to any prepayments of credit/loans made on the effective date thereof, the aggregate outstanding principal amount hereunder would exceed the maximum Line of Credit amount.

1. Term Loan Facility.

(1) Term Loan. Subject to the terms and conditions of this Agreement, Bank hereby agrees to make a loan to Borrower on May 21, 2021 in the principal amount of Thirty Million Dollars (\$30,000,000) ("Term Loan"), the entire proceeds of which shall be used to refinance/prepay outstanding amounts under the Line of Credit (for the sake of clarity, such refinancing/prepayment is not a permanent commitment reduction as described in Section 1.1(c)) (with the balance, if any, to be used solely for the same purposes for which the proceeds of borrowings under the Line of Credit may be used). Borrower's obligation to repay the Term Loan shall be evidenced by a promissory note dated May 21, 2021, as modified from time to time ("Term Note"). Bank's commitment to make the Term Loan shall terminate on May 21, 2021.

(2) Repayment. Principal and interest on the Term Loan shall be repaid in accordance with the provisions of the Term Note.

(3) Prepayment. Borrower may or shall, as applicable, prepay principal on the Term Loan solely in accordance with the provisions of the Term Note.

SECTION 1.2. INTEREST/FEES.

(a) Interest. The outstanding principal balance of each credit subject hereto (i.e., any loan or advance hereunder) shall bear interest at the rate of interest set forth in the Line of Credit Note, the Term Note or other instrument or document executed in connection therewith, as applicable. The Line of Credit Note, the Term Note or other instruments or documents executed in connection with the credit subject to this Agreement, as applicable, may calculate interest at a rate equal to the sum of an index rate of interest plus a margin rate of interest, as more particularly specified in such Line of Credit Note, such Term Note or such other instruments or documents, as applicable. In the event any index rate of interest would be less than zero percent (0.0%), then the index rate of interest shall be deemed to be zero percent (0.0%) and the Line of Credit Note, the Term Note or other instrument or document, as applicable, shall bear interest at a rate equal to such index rate of interest plus the margin rate of interest, as more particularly specified in such Line of Credit Note, such Term Note or such other instrument or document, as applicable.

(b) Computation and Payment. Interest shall be computed on the basis set forth in the Line of Credit Note, the Term Note or other instrument or document, as applicable. Interest shall be payable at

the times and places set forth in the Line of Credit Note, the Term Note or other instrument or document, as applicable.

(c) Unused Commitment Fee. Borrower shall pay to Bank a fee equal to the rate per annum referenced below (computed on the basis of a 360-day year, actual days elapsed) on the daily unused amount of the Line of Credit, which fee shall be calculated on a quarterly (calendar) basis by Bank and shall be due and payable by Borrower in arrears on the first day of each calendar quarter, commencing on July 1, 2020.

Level	Total Leverage Ratio (as defined in Section 4.9(a))	Unused Commitment Fee
I	Less than or equal to 1.25 to 1.00	0.10%
II	Greater than 1.25 to 1.00 but less than or equal to 2.00 to 1.00	0.15%
III	Greater than 2.00 to 1.00 but less than 2.50 to 1.0	0.20%
IV	Equal to or greater than 2.50 to 1.0	0.20%

The Unused Commitment Fee shall, in each case, be determined and adjusted quarterly, on the date on which the Bank has received from ~~the~~ Borrower the quarterly financial information (in the case of the first three fiscal quarters of ~~the~~ Borrower's fiscal year) or the annual financial information (in the case of the fourth fiscal quarter of ~~the~~ Borrower's fiscal year), as applicable, and the certifications required to be delivered to the Bank in connection therewith (each, a "Determination Date"). Such Unused Commitment Fee shall be effective from such Determination Date until the next Determination Date. After the closing of transactions contemplated hereby on the date hereof, if ~~the~~ Borrower shall fail to provide the financial information or certifications required to determine the Unused Commitment Fee in accordance with the applicable provisions hereof in timely fashion (without regard to any grace or cure periods), the Unused Commitment Fee shall, on the date five (5) days after the date by which Borrower was so required to provide such financial information or certifications to the Bank, be based on Level IV until such time as such information or certifications or corrected information or corrected certificates are provided, whereupon the Level shall be determined by the then-current Total Leverage Ratio.

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SECTION 1.3. COLLECTION OF PAYMENTS. Except to the extent expressly specified otherwise in any Loan Document other than this Agreement, Borrower authorizes Bank to collect all amounts due to Bank from Borrower under this Agreement or any other Loan Document (whether for principal, interest or fees, or as reimbursement of drafts paid or other payments made by Bank under any credit subject to this Agreement) by debiting any deposit account maintained by Borrower with Bank for the full amount thereof. Should there be insufficient funds in Borrower's deposit accounts with Bank to pay all such sums when due, the full amount of such deficiency shall be immediately due and payable by Borrower.

SECTION 1.4. COLLATERAL.

As security for all indebtedness and other obligations of Borrower to Bank from time to time, other than indebtedness that is excluded (if at all) from such secured obligations by the terms of the security agreement(s) required hereunder, Borrower shall grant to Bank security interests of first priority in all Borrower's assets, except to the extent otherwise provided (if at all) under the above-referenced security agreement(s) and subject only to Permitted Priority Liens (as defined below). "Permitted Priority Liens" means Permitted Liens under Section 5.9(iii), "Permitted Derivatives Contract Liens," "Permitted Target Liens," liens on motor vehicles, and "Permitted Warehouseman's Liens" (as such terms are hereinafter defined) which statutorily would have priority over the lien of Bank on the relevant Collateral.

Borrower shall cause each of the Guarantors referenced in Section 1.5 hereof from time to time, on the date hereof in respect of Coco Café Inc. and AMI Runa U.S. LLC, and within fifteen days of other such person/entity becoming a Guarantor, to grant to Bank security interests of first priority in all assets owned by each such entity, except to the extent otherwise provided (if at all) under the above-referenced security agreement(s) and subject to Permitted Priority Liens, as evidenced by and subject to security agreements/joinders in form and substance satisfactory to Bank.

All of the foregoing shall be evidenced by and subject to the terms of such security agreements, financing statements, deeds or mortgages, and other documents as Bank shall reasonably require, all in form and substance reasonably satisfactory to Bank and consistent with the terms of this Agreement. Borrower shall pay to Bank immediately upon demand the full amount of all out-of-pocket charges, costs and expenses (to include fees paid to third parties but excluding all costs of Bank employees), expended or incurred by Bank in connection with any of the foregoing security, including without limitation, filing and recording fees and costs of appraisals, audits and title insurance.

SECTION 1.5. GUARANTIES. The payment and performance of all indebtedness and other obligations of Borrower to Bank under this Agreement or any of the other Loan Documents (as defined below) shall be guaranteed jointly and severally by: (a) Coco Cafe Inc. and AMI Runa U.S. LLC on and effective as of the date hereof; (b) hereafter, within fifteen days of the acquisition or formation of the same, all other direct or indirect domestic wholly-owned subsidiaries of Borrower from time to time; and (c) effective as of the date of consummation of any Permitted Acquisition, any direct or indirect subsidiary of Borrower (whether or not wholly-owned) formed or acquired in connection therewith or which was the acquiror in such Permitted Acquisition (each, a "Guarantor"), as evidenced (in the case of (a), (b) or (c) above) by and subject to guaranties/joinder agreements in form and substance reasonably satisfactory to Bank and consistent with the terms of this Agreement.

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## ARTICLE II

### REPRESENTATIONS AND WARRANTIES

Borrower makes the following representations and warranties to Bank, on the date hereof and on the date of each subsequent request for any extension of credit hereunder and on the date of each such extension of credit (including, without limitation, the issuance of any product under any subfeature contained herein, to the extent applicable), except with respect to statements that speak to an earlier date, in which case, they shall be made as of such earlier date, which representations and warranties shall survive the execution of this Agreement and shall continue in full force and effect until the full and final payment, and satisfaction and discharge, of all obligations of Borrower to Bank subject to this Agreement.

SECTION 2.1. LEGAL STATUS. (a) Borrower is a corporation, duly organized and existing and in good standing under the laws of Delaware, and is qualified or licensed to do business (and is in good standing as a foreign corporation, if applicable) in all other jurisdictions in which such qualification or licensing is required and in which the failure to so qualify or to be so licensed could have a Material Adverse Effect; and (b) no member of the Borrowing Group (as defined below) is a Sanctioned Target (as defined below) of economic or financial sanctions, sectoral sanctions, secondary sanctions, trade embargoes or restrictions and anti-terrorism laws imposed, administered or enforced from time to time by the United States of America, the United Nations Security Council, the European Union, the United Kingdom, any other governmental authority with jurisdiction over Borrower or any member of the Borrowing Group (collectively, "Sanctions"). As used herein, "Borrowing Group" means: (i) Borrower, (ii) any direct or indirect parent of Borrower, (iii) any direct or indirect affiliate or subsidiary of Borrower, (iv) any Guarantor, and (v) any officer, director or agent acting on behalf of any of the parties referred to in items (i) through and including (iv) with respect to the obligations hereunder, this Agreement or any of the other Loan Documents (as defined below). "Sanctioned Target" means any target of Sanctions, including (i) persons on any list of targets identified or designated pursuant to any Sanctions, (ii) persons, countries, or territories that are the target of any territorial or country-based Sanctions program, (iii) persons that are a target of Sanctions due to their ownership or control by any Sanctioned Target(s), or (iv) persons otherwise a target of Sanctions, including vessels and aircraft, that are designated under any Sanctions program.

SECTION 2.2. AUTHORIZATION AND VALIDITY. This Agreement and each promissory note, contract, instrument and other document required hereby or at any time hereafter delivered to Bank in connection herewith (collectively, the "Loan Documents") have been duly authorized, and upon their execution and delivery in accordance with the provisions hereof (and assuming due authorization and execution by the Bank) will constitute legal, valid and binding agreements and obligations of Borrower or each other party which executes the same, enforceable in accordance with their respective terms.

SECTION 2.3. NO VIOLATION. The execution, delivery and performance by Borrower or any of its subsidiaries of each of the Loan Documents does/will not: violate any provision of any law or regulation, or contravene any provision of the organizational and governing documents of Borrower or any of its subsidiaries; or result in any breach of or default under any contract, obligation, indenture or other instrument to which Borrower or any of its subsidiaries is a party or by which Borrower or any of

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its subsidiaries may be bound and where such breach or default could reasonably be expected to have a Material Adverse Effect.

SECTION 2.4. LITIGATION. There are no pending, or to the best of Borrower's knowledge threatened, actions, claims, investigations, suits or proceedings by or before or involving any person or entity, governmental authority, arbitrator, court or administrative agency which, if adversely determined, could reasonably be expected to have a Material Adverse Effect. Certain claims/litigations are described on **Schedule 2.4** attached hereto. For purposes of this Agreement, all reference to knowledge of Borrower and phrases of similar import shall mean the actual knowledge of Kevin Benmoussa.

SECTION 2.5. CORRECTNESS OF FINANCIAL STATEMENT AND OTHER INFORMATION. The annual financial statements of Borrower and its subsidiaries dated December 31, 2018, and all interim financial statements delivered to Bank since said date, true copies of which have been delivered by Borrower to Bank prior to the date hereof, (a) are complete and correct in all material respects and present fairly the financial condition of Borrower and its subsidiaries, subject to normal year-end adjustments, (b) disclose all liabilities of Borrower and its subsidiaries that are required to be reflected or reserved against under generally accepted accounting principles, whether liquidated or unliquidated, fixed or contingent, and (c) subject to the foregoing, have been prepared in accordance with generally accepted accounting principles consistently applied, except as indicated in notes thereto. Since the dates of such financial statements, there has been no event or circumstance that has had or could reasonably be expected to have a Material Adverse Effect, nor has Borrower or any of its subsidiaries mortgaged, pledged, granted a security interest in or otherwise encumbered any of its assets or properties except in favor of Bank or as otherwise expressly permitted under this Agreement or by Bank hereunder in writing and except for Permitted Liens. All information provided from time to time by Borrower or any Guarantor to Bank for the purpose of enabling Bank to fulfill its regulatory and compliance requirements, standards and processes with respect to the Line of Credit or the transactions contemplated hereby was complete and correct at the time such information was provided and, except as specifically identified to Bank in a subsequent writing, remains complete and correct as of the date hereof.

SECTION 2.6. INCOME TAX RETURNS. Borrower has no knowledge of any pending assessments or adjustments of its or any of its subsidiaries' income taxes payable with respect to any year.

SECTION 2.7. NO SUBORDINATION. There is no agreement, indenture, contract or instrument to which Borrower or any of its subsidiaries is a party or by which Borrower or any of its subsidiaries may be bound that requires the subordination in right of payment of any of Borrower's obligations subject to this Agreement to any other obligation of Borrower or any of its subsidiaries.

SECTION 2.8. PERMITS; FRANCHISES; INTELLECTUAL PROPERTY; MATERIAL CONTRACTS. Each of Borrower and each of its subsidiaries possesses, and will hereafter possess, all permits, consents, approvals, franchises and licenses required and rights to all trademarks, trade names, patents, and fictitious names, if any, necessary to enable it to conduct the business in which it is now engaged in compliance with applicable law, and each of Borrower and each of its subsidiaries is in compliance with

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all laws applicable to it, in each case, except to the extent that such lack of possession or non-compliance has not resulted in, and could not reasonably be expected to result in, a Material Adverse Effect. Set forth on Schedule 2.8 is a list of all (a) registered and other intellectual property (e.g., trademarks, copyrights, patents, etc.) owned or used by Borrower or any of its subsidiaries, and (b) purchase and sale contracts between Borrower and/or any of its subsidiaries, on the one hand, and any of the top three (3) suppliers and top three (3) customers of Borrower and/or any of its subsidiaries, on the other hand, as of the date hereof (each, a "Material Contract").

SECTION 2.9. ERISA. Each of Borrower and each of its subsidiaries: is in compliance in all material respects with all applicable provisions of the Employee Retirement Income Security Act of 1974, as amended or recodified from time to time ("ERISA"); has not violated any provision of any defined employee pension benefit plan (as defined in ERISA) maintained or contributed to by it (each, a "Plan"); no Reportable Event as defined in ERISA has occurred and is continuing with respect to any Plan initiated by it; has met its minimum funding requirements under ERISA with respect to each Plan; and each Plan will be able to fulfill its benefit obligations as they come due in accordance with the Plan documents and under generally accepted accounting principles, in each case, except to the extent such non-compliance, violation, occurrence or non-fulfillment has not resulted in, and could not reasonably be expected to result in, a Material Adverse Effect.

SECTION 2.10. OTHER OBLIGATIONS. Neither Borrower nor any of its subsidiaries is, to the knowledge of Borrower, in default (after the passage of all applicable notice and cure periods) of/under any obligation for borrowed money, any purchase money obligation, any material real estate lease or any other Material Contract. Any obligations existing as of the date hereof which are/would be the subject of the foregoing or either of Sections 5.4 or 5.6 are listed on Schedule 5.4 or Schedule 5.6, as applicable.

SECTION 2.11. ENVIRONMENTAL MATTERS. Except as on Schedule 2.11, each of Borrower and each of its subsidiaries is in compliance in all material respects with all applicable federal or state environmental, hazardous waste, health and safety statutes, and any rules or regulations adopted pursuant thereto, which govern or affect any of Borrower's or any such subsidiary's operations and/or properties, including without limitation, the Comprehensive Environmental Response, Compensation and Liability Act of 1980, the Superfund Amendments and Reauthorization Act of 1986, the Federal Resource Conservation and Recovery Act of 1976, and the Federal Toxic Substances Control Act, as any of the same may be amended, modified or supplemented from time to time. None of the operations of Borrower or any of its subsidiaries is the subject of any federal or state investigation evaluating whether any remedial action involving a material expenditure is needed to respond to a release of any toxic or hazardous waste or substance into the environment. Neither Borrower nor any of its subsidiaries has material contingent liability in connection with any release of any toxic or hazardous waste or substance into the environment.

SECTION 2.12 SANCTIONS, ANTI-MONEY LAUNDERING AND ANTI-CORRUPTION LAWS.

(a) Each member of the Borrowing Group has instituted, maintains and complies with policies, procedures and controls reasonably designed to assure compliance with Anti-Money Laundering Laws and Anti-Corruption Laws (each as defined below), and Sanctions; and (b) to the best of Borrower's knowledge, no member of the Borrowing Group is under investigation for an alleged violation of any Sanctions, Anti-Money Laundering Laws or Anti-Corruption Laws by a governmental authority that

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enforces such laws. As used herein: "Anti-Corruption Laws" means: (i) the U.S. Foreign Corrupt Practices Act of 1977, as amended; (ii) the U.K. Bribery Act 2010, as amended; and (iii) any other anti-bribery or anti-corruption laws, regulations or ordinances in any jurisdiction in which ~~the~~ Borrower or any member of the Borrowing Group is located or doing business. "Anti-Money Laundering Laws" means applicable laws or regulations in any jurisdiction in which ~~the~~ Borrower or any member of the Borrowing Group is located or doing business that relates to money laundering, any predicate crime to money laundering, or any financial record keeping and reporting requirements related thereto.

SECTION 2.13. SUBSIDIARIES. Schedule 2.13 contains a list of all subsidiaries of Borrower (whether directly-owned or indirectly-owned, and whether or not wholly-owned), along with the percentages of ownership and the jurisdictions of organization or formation.

SECTION 2.14. OWNERSHIP OF BORROWER. Schedule 2.14 contains a list of all owners of Borrower (including owners of warrants or options relating thereto), along with the percentage owned by each such owner, as of the date hereof, in each case, who/which own more than five percent (5%) of its issued and outstanding stock on fully diluted basis or who/which have control of Borrower.

Except as expressly set forth in this Article II or in any of the Loan Documents, Borrower makes no representations or warranties related to Borrower, other members of Borrowing Group or their respective businesses or products ("additional representations and warranties"); and all such additional representations and warranties are hereby disclaimed.

### ARTICLE III

#### CONDITIONS

SECTION 3.1. CONDITIONS TO THE EFFECTIVENESS OF THIS AGREEMENT. The effective date of this Agreement shall be (a) the date that each of the following conditions set forth in this Section 3.1 have been satisfied or waived, as determined by Bank, or (b) such alternative date to which Bank and Borrower may mutually agree, in each case as evidenced by Bank's system of record. Notwithstanding the occurrence of the effective date of this Agreement, Bank shall not be obligated to extend credit under this Agreement or any other Loan Document until all conditions to each extension of credit set forth in Section 3.2 have been fulfilled to Bank's satisfaction.

(a) Approval of Bank Counsel. All legal matters incidental to the effectiveness of this Agreement shall be satisfactory to Bank's counsel.

(b) Documentation. Bank shall have received, in form and substance satisfactory to Bank, each of the following, duly executed by all parties:

- (i) This Agreement and each promissory note or other instrument or document required hereby.
- (ii) The guarantees of each of Coco Cafe Inc. and AMI Runa U.S. LLC.

- (iii) The security and pledge agreements of Borrower and each Guarantor.
- (iv) Secretaries'/officers' certificates of Borrower and each Guarantor (in the form attached hereto as **Exhibit A**), certifying as to each such entity's organizational documents (e.g., certificates of incorporation, by-laws, shareholders agreements, limited liability company agreements, etc.), authorizing resolutions or approvals, the incumbency of the relevant personnel/signatories, good standing certificates and such other matters as Bank may require, along with certificates of government officials relating to the foregoing, as applicable.
- (v) UCC and related searches regarding Borrower and Guarantors reflecting no liens on any of their respective assets other than Permitted Liens.
- (vi) Certificates of Insurance (e.g., evidencing compliance with the applicable provisions hereof).
- (vii) Such other documents as Bank may require under any other Section of this Agreement.
- (viii) Notwithstanding anything contained in Section 6(c)(i) of any of the security agreements delivered contemporaneously herewith, the "Debtors" thereunder shall (and Borrower shall cause such Debtors to), and such Debtors shall be permitted to, deliver to Bank the certificates which are the subject of such Section within 90 days of the date hereof.

(c) Satisfaction of Regulatory and Compliance Requirements. In addition to any requirements set forth above, and notwithstanding Borrower's execution or delivery of this Agreement or any other Loan Document, all regulatory and compliance requirements, standards and processes shall be completed to the satisfaction of Bank.

SECTION 3.2. CONDITIONS OF EACH EXTENSION OF CREDIT. The obligation of Bank to make each extension of credit requested by Borrower hereunder shall be subject to the fulfillment to Bank's satisfaction of each of the following conditions:

(a) Compliance. The representations and warranties contained herein and in each of the other Loan Documents shall be true on and as of the date of the signing of this Agreement and on the date of each extension of credit by Bank pursuant hereto with the same effect as though such representations and warranties had been made on and as of each such date (except with respect to statements that speak to an earlier date, in which case they shall be true as of the earlier date), and on each such date, no Event of Default as defined herein, and no condition, event or act which with the giving of notice or the passage of time or both would constitute such an Event of Default, shall have occurred and be continuing or would or result from any such extension of credit.

(b) Documentation. Bank shall have received all additional documents under this Agreement or any of the other Loan Documents which may be required in connection with such extension of credit.

(c) Payment of Fees. Bank shall have received payment in full of any fees and expenses required by any of the Loan Documents to be paid at the time such credit extension is made. For the purposes of clarity, other than reimbursement of legal fees and legal and other expenses as provided for

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in Section 7.3 below, no other fees or expenses shall be owed by Borrower to Bank in connection with the negotiation or execution of this Agreement or the initial extension of credit hereunder.

(d) Financial Condition. There shall have been no events or circumstances that have had or could reasonably be expected to have a Material Adverse Effect, as determined by Bank.

#### ARTICLE IV

##### AFFIRMATIVE COVENANTS

Borrower covenants that so long as Bank remains committed to extend credit to Borrower pursuant hereto, or any liabilities (whether direct or contingent, liquidated or unliquidated) of Borrower to Bank under any of the Loan Documents remain outstanding, and until payment in full of all obligations of Borrower subject hereto, Borrower shall, and shall cause each of its subsidiaries to, unless Bank otherwise consents in writing:

SECTION 4.1. PUNCTUAL PAYMENTS. Punctually pay all principal, interest, fees or other liabilities due under any of the Loan Documents to which it is a party at the times and place and in the manner specified therein, and immediately upon demand by Bank, the amount by which the outstanding principal balance of any credit subject hereto at any time exceeds any limitation on borrowings applicable thereto.

SECTION 4.2. ACCOUNTING RECORDS. Maintain adequate books and records in accordance with generally accepted accounting principles consistently applied, and permit any representative of Bank, at any reasonable time, to inspect, audit and examine such books and records, to make copies of the same, and to inspect the properties of Borrower or any of its subsidiaries, in each case, so long as the foregoing does not interfere with the business of Borrower in any material respect. If at any time any change in generally accepted accounting principles would affect the computation of any covenant (including the computation of any financial covenant) and/or pricing grid set forth in this Agreement or any other Loan Document, Borrower and Bank shall negotiate in good faith to amend such covenant and/or pricing grid to preserve the original intent in light of such change; provided, that, until so amended, (i) such covenant and/or pricing grid shall continue to be computed in accordance with the application of generally accepted accounting principles prior to such change and (ii) Borrower shall provide to Bank a written reconciliation in form and substance reasonably satisfactory to Bank, between calculations of such covenant and/or pricing grid made before and after giving effect to such change in generally accepted accounting principles.

SECTION 4.3. FINANCIAL STATEMENTS AND OTHER INFORMATION. Provide to Bank all of the following, in form and detail satisfactory to Bank (including, without limitation, that the financial statements to be delivered as referenced below shall, among other things, meet the criteria for financial statements of Borrower and its subsidiaries described in Section 2.5):

(a) ~~not later than 150 days after and as of~~ as soon as practicable and in any event within ninety (90) days (or, if earlier, on the date of any required public filing thereof) after the end of each fiscal year of Borrower, unqualified audited financial statements of Borrower on a consolidated and consolidating (which consolidating financial statements, notwithstanding the foregoing, may be unaudited and internally prepared) basis, audited by certified public accountants acceptable to Bank, to include balance sheets, income statements, statements of cash flows, and changes in stockholders' equity statement(s). The audited annual financial statements shall be accompanied by the unqualified opinion of such accountants;

(b) ~~not later than 75 days after and as of~~ as soon as practicable and in any event within forty-five (45) days (or, if earlier, on the date of any required public filing thereof) after the end of each fiscal quarter, (including the fourth fiscal quarter) of each fiscal year of Borrower, financial statements of Borrower on a consolidated basis, prepared by Borrower, to include a balance sheet, an income statement, and a statement of cash flows;

(c) contemporaneously with all annual and quarterly financial statements of Borrower required hereby, a certificate of the president or chief financial officer of Borrower (in the form attached hereto as **Exhibit B**) certifying, in his or her capacity as an officer and not in his or her individual capacity, that such financial statements are accurate, that Borrower is in compliance with all financial covenants in this Agreement (as evidenced by detailed calculations attached to such certificate), and that there exists no Event of Default nor, to his or her knowledge, any condition, act or event which with the giving of notice or the passage of time or both would constitute an Event of Default;

(d) within 75 days after the commencement of each fiscal year, Borrower's projections for such fiscal year (on a consolidated basis), to include a balance sheet, an income statement, and a statement of cash flows;

(e) from time to time such other financial and business information relating to Borrower or any of its subsidiaries as Bank may reasonably request (and as when requested);

(f) from time to time such other information as Bank may request for the purpose of enabling Bank to fulfill its regulatory and compliance requirements, standards and processes; ~~and~~

(g) contemporaneously with the financial statements of ~~the~~ Borrower for the fiscal quarter ended June 30, 2021, an updated Schedule 5.7 (reflecting the information which is the subject thereof for and effective as of such updated schedule delivery date);

(h) promptly after the same are available, copies of each annual report, proxy or financial statement or other report or communication sent to the stockholders of Borrower, and copies of all annual, regular, periodic and special reports and registration statements which Borrower may file or be required to file with the SEC under Section 13 or 15(d) of the Exchange Act, or with any national securities exchange, and in any case not otherwise required to be delivered to Bank pursuant hereto; and

(i) promptly, and in any event within five (5) business days after receipt thereof by Borrower or any subsidiary thereof, copies of each notice or other correspondence received from the SEC (or comparable agency in any applicable non-U.S. jurisdiction) concerning any investigation or

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possible investigation or other inquiry by such agency regarding financial or other operational results of Borrower or any subsidiary thereof.

Documents required to be delivered pursuant to Section 4.3(a) or (b) or Section 4.3(i) (to the extent any such documents are included in materials otherwise filed with the SEC) may be delivered electronically and if so delivered, shall be deemed to have been delivered on the date (i) on which Borrower posts such documents, or provides a link thereto on Borrower's website on the Internet; or (ii) on which such documents are posted on Borrower's behalf on an Internet or intranet website, if any, to which the Bank has access (whether a commercial, third-party website or whether sponsored by the Bank); provided that: (i) Borrower shall, simultaneously therewith, deliver paper copies of such documents to the Bank if it requests in writing that Borrower deliver such paper copies until a written request to cease delivering paper copies is given by the Bank and (ii) Borrower shall, simultaneously therewith, notify the Bank (by facsimile, electronic mail or in the certificate delivered pursuant to clause (c)) of the posting of any such documents and promptly upon the Bank's written request, provide to the Bank by electronic mail electronic versions of such documents. Notwithstanding anything contained herein, in every instance Borrower shall be required to provide copies of the Compliance Certificates required by Section 4.3 to the Administrative Agent in accordance with the procedures set forth in Section 7.2.

#### SECTION 4.4. COMPLIANCE.

(a) Preserve and maintain all licenses, permits, governmental approvals, rights, privileges and franchises necessary for the conduct of its business; comply with the provisions of all documents pursuant to which Borrower or any of its subsidiaries is organized and/or which govern any such entity's continued existence; and comply with the requirements of all laws, rules, regulations and orders of any jurisdiction in which ~~the~~ Borrower or any of its subsidiaries is located or doing business or which requirements are otherwise applicable to Borrower or any of its subsidiaries, in each case, except where such non-compliance could not reasonably be expected to result in a Material Adverse Effect; and

(b) comply with, and cause each member of the Borrowing Group to comply with, all Sanctions, Anti-Money Laundering Laws, and Anti-Corruption Laws.

SECTION 4.5. INSURANCE. (a) Maintain and keep in force, for each business in which Borrower or any of its subsidiaries is engaged, insurance of the types and in amounts customarily carried in similar lines of business, including but not limited to fire, extended coverage, commercial general liability, flood, and, if required by governmental regulation or Bank, hurricane, windstorm, seismic property damage, workers' compensation, marine cargo insurance, and specific hazards affecting any real property, including terrorism, with all such insurance carried in amounts reasonably satisfactory to Bank and where required by Bank, with replacement cost, mortgagee loss payable, lender loss payable and additional insured endorsements in favor of Bank, and (b) deliver to Bank prior to the date hereof, and from time to time at Bank's request, schedules setting forth all insurance then in effect, together with a lender's loss payee and additional insured endorsement for all such insurance naming Bank as a lender loss payee and additional insured. Such insurance may be obtained from an insurer or through an insurance agent of Borrower's choice, provided that any insurer chosen by Borrower is reasonably acceptable to Bank on such reasonable grounds as may be permitted under applicable law.

SECTION 4.6. FACILITIES, ETC. Keep all assets and properties that are useful or necessary to business of Borrower or any of its subsidiaries in good repair and condition, ordinary wear and tear

excepted, and from time to time make necessary repairs, renewals and replacements thereto so that such properties shall be adequately preserved and maintained.

SECTION 4.7. TAXES AND OTHER LIABILITIES. Pay and discharge when due any and all indebtedness, obligations, assessments and taxes, both real or personal, including without limitation federal and state income taxes and state and local property taxes and assessments, except (a) such as Borrower or any of its subsidiaries, as applicable, may in good faith contest or as to which a bona fide dispute may arise, and (b) as it relates to contests or disputes involving indebtedness or obligations, other than taxes and assessments, in an aggregate amount in excess of \$750,000, for which Borrower or any of its subsidiaries, as applicable, has made provision, to Bank's satisfaction, for eventual payment thereof in the event Borrower or any of its subsidiaries, as applicable, is obligated to make such payment.

SECTION 4.8. LITIGATION. Promptly give notice in writing to Bank of any litigation pending or threatened against Borrower or any of its subsidiaries which, if adversely determined, could reasonably be expected to result in a Material Adverse Effect.

SECTION 4.9. FINANCIAL CONDITION. Maintain the financial condition of Borrower and its subsidiaries as follows, using/determined based on generally accepted accounting principles consistently applied and used consistently with prior practices (except to the extent modified by the definitions herein), and performing or satisfying the other below-referenced obligations or conditions:

(a) by not permitting the ratio (the "Total Leverage Ratio") of Total Funded Debt (as defined below) of Borrower and its subsidiaries to EBITDA of Borrower and its subsidiaries to be greater than 3.0 to 1.0, as of each fiscal quarter end, determined on a rolling 4-quarter basis, with: "Total Funded Debt" defined as the sum of all obligations for borrowed money (including subordinated debt) plus all capital lease obligations, and with "EBITDA" defined as, without duplication, net profit before taxes, plus interest expense (net of capitalized interest expense), depreciation expense and amortization expense, plus (1) non-cash costs, charges, and expenses including but not limited to non-cash stock compensation, foreign currency translation losses, and impairment charges related to intangible assets and (2) non-operating or extra-ordinary cash charges and expenses including but not limited to restructuring costs, severance, asset write-offs (excluding those on intangible assets), distribution agreement buy-outs, and acquisition related costs and related fees, provided that all such items in (2) shall not exceed 25% of EBITDA before the addition of these items, minus any non-cash gains arising from foreign currency transactions or any other non-cash gains that served to increase net income (for the purposes of clarity, the Runa Payments (as defined below), as well as any yearly non-cash gain or loss resulting from the Runa Payments-related contingent liability, shall be added back to/subtracted from, as applicable, net profit in respect of the calculation of EBITDA hereunder); provided that in connection with a Permitted Acquisition with respect to which the total consideration paid exceeds \$20 million, Borrower may elect, by delivering to Bank a certificate of the president or chief financial officer of Borrower to that effect, to increase the permitted Total Leverage Ratio to 3.50 to 1.00 (an "**Acquisition Leverage Increase**") for a period of four (4) consecutive fiscal quarters, starting with the fiscal quarter in which such Permitted Acquisition is consummated (such period, a "**Leverage Increase Period**"). During the term of this Agreement, no more than two (2) Acquisition Leverage Increases may be elected and at least two (2) consecutive fiscal quarters must pass between the end of the first Leverage Increase Period and the beginning of the second Leverage Increase Period. For the avoidance of doubt, upon the end of each Leverage Increase Period, the permitted Total Leverage Ratio shall automatically revert to 3.00 to 1.00.

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(b) by maintaining a Fixed Charge Coverage Ratio of greater than or equal to 1.25 to 1.0 as of each fiscal quarter end, determined on a rolling 4-quarter basis, with "Fixed Charge Coverage Ratio" defined as (a), without duplication, EBITDA, plus cash capital contributions and increases in subordinated debt, minus dividends, distributions, redemptions and repurchases of equity interest (for the sake of clarity, the Runa Payments are not dividends, distributions, redemptions or repurchases of equity) other than the Permitted Redemption (as defined in Section 5.8; for the sake of clarity, only if and to the extent such Permitted Redemption occurs and the proceeds thereof are paid prior to March 31, 2021 ), minus decreases in subordinated debt, divided by (b) the aggregate of (1) the scheduled current maturity of long-term debt (other than Line of Credit debt), (2) the current maturity of capitalized lease payments, (3) interest expense and (4) cash taxes paid; and

(c) any payment required to be paid to Runa, LLC (as part of the consideration for the acquisition of certain assets and liabilities of Runa, LLC and Runa Exportadora S.A. in 2018; the "Runa Payments") shall be subject to (and may only be paid if/upon) (1) Borrower having liquidity (defined as "Unrestricted Cash" (as defined below) and Line of Credit availability) of at least 1.25x the amount required to be paid on the date which is 90 days prior to the payment due date (the "Test Date"), and (2) there existing no Event of Default on either the Test Date or on the date of any such Runa Payments; provided that, in the event that the requirements of this clause (c) are not met, yet the Runa Payments are otherwise due and owing under the acquisition agreement related thereto, the parties shall discuss, in good faith, amendments hereto or other measures which may be taken by the parties so that Borrower may make such Runa Payments in order to avoid a breach of the acquisition agreement. "Unrestricted Cash" means all cash and cash equivalents of Borrower and its subsidiaries at such time that is not (a) subject to any pledge, lien or control of any person or entity other than Bank, (b) subject to any contractual arrangement requiring the maintenance or segregation of such cash for a specified use or (c) reflected/recorded on the financial statements of Borrower and its subsidiaries at any time as restricted cash in accordance with GAAP.

(d) by not permitting, at any time that the outstanding principal balance of Line of Credit exceeds \$40,000,000, the ratio (the "Asset Coverage Ratio"), for Borrower and its subsidiaries on a consolidated basis, of the sum of accounts receivable (exclusive of the item described on Schedule 5.7 as the employee note) and inventory, divided by the outstanding principal balance of the Line of Credit, to be less than 1.25 to 1.0 as of/at any fiscal quarter end.

SECTION 4.10. NOTICE TO BANK. Promptly (but in no event more than five (5) days) after Borrower's knowledge of the occurrence of each such event or matter, but notwithstanding the foregoing in no event more than one (1) business day after Borrower's knowledge of the occurrence of each such event or matter described below with respect to Sanctions, Anti-Money Laundering Laws, and Anti-Corruption Laws, give written notice to Bank in reasonable detail of: (a) the occurrence of any Event of Default, or any condition, event or act which with the giving of notice or the passage of time or both would constitute an Event of Default; (b) any change in the name or the organizational structure of Borrower or any of its subsidiaries, including, by illustration, merger, conversion or division; (c) the occurrence and nature of any Reportable Event or Prohibited Transaction, each as defined in ERISA, or any funding deficiency with respect to any Plan; (d) any termination or cancellation of any insurance policy which Borrower or any of its subsidiaries is required to maintain, or any uninsured or partially

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uninsured loss through liability or property damage, or through fire, theft or any other cause affecting the property of Borrower or any of its subsidiaries having a replacement value in excess of \$1,000,000 in the aggregate; or (e) any breach of any covenant contained herein related to Sanctions, Anti-Money Laundering Laws, and Anti-Corruption Laws or ~~the~~ Borrower's inability to make the representations and warranties contained herein related to Sanctions, Anti-Money Laundering Laws, and Anti-Corruption Laws on any date, or the failure of any representations and warranties contained herein related to Sanctions, Anti-Money Laundering Laws, and Anti-Corruption Laws to be true and correct in all respects on or as of any date.

SECTION 4.11. SUBSIDIARIES. All direct or indirect subsidiaries of Borrower are, as of the date hereof, and will at all times continue to be, wholly-owned or majority-owned (directly or indirectly) by Borrower, as applicable, and all such wholly-owned subsidiaries that are domestic subsidiaries of Borrower shall at all times be guarantors of the obligations of Borrower hereunder and under the other Loan Documents (as referenced in Section 1.5) and grantors of first priority security interests and liens on the assets of such Guarantors (as referenced in Section 1.4).

SECTION 4.12. BANK ACCOUNTS. Maintain the principal domestic deposit accounts and other traditional banking relationships of Borrower and its subsidiaries with Bank (for the purposes of clarity, Bank acknowledges that Borrower may maintain non-principal domestic deposit accounts and relationships with one or more other domestic banks). Set forth on **Schedule 4.12** a list of all domestic and foreign deposit accounts maintained by Borrower or any of its subsidiaries with respect to which, in the case of any such account, the relevant account holder maintains on an average annual balance therein of \$100,000 or more as of the date hereof.

SECTION 4.13. VISITS AND INSPECTIONS. Borrower shall, and it shall cause its subsidiaries to: permit representatives of the Bank, from time to time upon prior reasonable notice and at such times during normal business hours, to visit and inspect its properties (including the Collateral under the security agreement between the parties hereto dated the date hereof); inspect, audit and make extracts from its books, records and files, including, but not limited to, management letters prepared by independent accountants; and discuss with its principal officers, and its independent accountants, its business, assets, liabilities, financial condition, results of operations and business prospects, in each case, so long as the foregoing does not interfere with the business of Borrower in any material respect. Upon the occurrence and during the continuance of an Event of Default, the Bank may do any of the foregoing at any time without advance notice.

SECTION 4.14. CONDUCT OF BUSINESS AND MAINTENANCE OF EXISTENCE. Borrower shall, and Borrower shall cause its subsidiaries to, at all times continue to engage in the business of the same general type as now conducted by it on the date hereof, and preserve, renew and keep in full force and effect its corporate or other formative existence in good standing.

SECTION 4.15. BENEFICIAL OWNERSHIP INFORMATION. Promptly following any request therefor, Borrower shall provide information and documentation reasonably requested by Bank (including a Beneficial Ownership Certification) for purposes of compliance with applicable "know your customer" requirements under the PATRIOT Act, the Beneficial Ownership Regulation or other applicable Anti-Money Laundering Laws. "Beneficial Ownership Regulation" shall mean 31 C.F.R. §1010.230. "Beneficial Ownership Certification" shall mean a certification regarding beneficial ownership required by the Beneficial Ownership Regulation, which certification shall be substantially

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similar in form and substance to the form of Certification Regarding Beneficial Owners of Legal Entity Customers published jointly, in May 2018, by the Loan Syndications and Trading Association and Securities Industry and Financial Markets Association.

## ARTICLE V

### NEGATIVE COVENANTS

Borrower further covenants that so long as Bank remains committed to extend credit to Borrower pursuant hereto, or any liabilities (whether direct or contingent, liquidated or unliquidated) of Borrower to Bank under any of the Loan Documents remain outstanding, and until payment in full of all obligations of Borrower subject hereto, Borrower will not, and will cause its subsidiaries not to, without Bank's prior written consent:

#### SECTION 5.1. USE OF FUNDS. SOURCES OF REPAYMENT AND COLLATERAL.

(a) Use, or permit any member of the Borrowing Group to use, any of the proceeds of any credit extended hereunder except for the purposes stated in Article I hereof, or directly or indirectly use any such proceeds to fund, finance or facilitate any activities, business or transactions: (i) that are prohibited by Sanctions; (ii) that would be prohibited by Sanctions if conducted by Bank or any of Bank's affiliates; (iii) that would be prohibited by any Anti-Money Laundering Laws or Anti-Corruption Laws; or (iv) for purchasing or carrying margin stock (within the meaning of Regulation T, U or X of the Board of Governors of the Federal Reserve System of the United States (the "FRB")) or for any purpose which violates the provisions of Regulation T, U or X of the FRB (if requested by the Bank, ~~the~~ Borrower shall promptly furnish to the Bank a statement in conformity with the requirements of Form G-3 or Form U-1, as applicable, under Regulation U of the FRB).

(b) Fund any repayment of the obligations hereunder or under any other Loan Document with proceeds, or provide any property as collateral for any such obligations, or permit any third party to provide any property as collateral for any such obligations, that is directly or indirectly derived from any transaction or activity that is prohibited by any Sanctions, Anti-Money Laundering Laws or Anti-Corruption Laws, or that could otherwise cause Bank or any of Bank's affiliates to be in violation of any Sanctions, Anti-Money Laundering Laws or Anti-Corruption Laws.

#### SECTION 5.2. RESERVED.

#### SECTION 5.3. RESERVED.

SECTION 5.4. OTHER INDEBTEDNESS. Create, incur, assume or permit to exist any indebtedness or liabilities resulting from borrowings, loans or advances, whether secured or unsecured, matured or unmatured, liquidated or unliquidated, joint or several (the foregoing items, including, without limitation, any liabilities or obligations under any Derivatives Contracts, hereinafter "indebtedness" or "liabilities"), except: (a) the liabilities of Borrower to Bank; (b) any other liabilities of Borrower existing as of the date hereof and disclosed on (and all of which Borrower represents are disclosed on) **Schedule 5.4**, and any extensions, renewals, refinancing or replacements thereof, provided

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that the amount of original indebtedness is not increased, that any liens securing such indebtedness are Permitted Liens and are not extended to additional property, and that the terms of such indebtedness are no less favorable to the obligor than the original terms relating to such indebtedness; (c) purchase money indebtedness (including capitalized leases) for the acquisition of fixed assets or equipment, provided that such purchase money indebtedness shall not exceed \$1,000,000 at any time outstanding; (d) unsecured indebtedness issued under the Small Business Act of 1953, as amended by the Coronavirus Aid, Relief, and Economic Security Act of 2020 or any similar state or local legislation, (e) unsecured indebtedness, provided that the aggregate amount of such unsecured indebtedness shall not exceed \$20,000,000 at any time outstanding and that such unsecured indebtedness in excess of \$10,000,000 shall be on terms and conditions satisfactory to Bank in its sole discretion, (f) secured but subordinated indebtedness (including secured indebtedness incurred in connection with any Permitted Acquisition (as such term is defined in Section 5.5) which is subordinated on terms and conditions satisfactory to Bank in its sole discretion, provided that the aggregate of such subordinated indebtedness shall not exceed \$10,000,000 at any time outstanding; and further provided, however, that notwithstanding anything contained herein to the contrary, in respect of any of the indebtedness which is the subject of any of clauses (d) through (f), individually or in the aggregate, no such indebtedness shall be permitted to the extent that, at the time of incurrence of the same or after giving effect to the same, there would be a breach or violation of any of the provisions of Section 4.9 or there would be an (or there exists an) Event of Default, (g) indebtedness of Borrower to any of its subsidiaries and indebtedness of any of its subsidiaries to Borrower to the extent permitted under Section 5.7, and (h) indebtedness under or in respect of Derivatives Contracts permitted under Section 5.11.

SECTION 5.5. MERGER, CONSOLIDATION, TRANSFER OF ASSETS. Except for Permitted Acquisitions (as defined below), neither (a) merge into or consolidate with any other entity; nor (b) make any substantial change in the nature of Borrower's business as conducted as of the date hereof; (c) acquire all or substantially all of the assets of any other person or entity; (d) sell, lease, transfer or otherwise dispose of all or a substantial or material portion of Borrower's assets except in the ordinary course of its business; or (e) accomplish any of the above by virtue of a division or similar transaction. "Permitted Acquisition" shall mean an acquisition or any series of related acquisitions by Borrower or any of its subsidiaries (each a "Credit Party," and collectively, the "Credit Parties") of (a) all or substantially all of the assets or a majority of the outstanding voting stock/equity interests or economic interests of a person or entity ("Person"), (b) a Person that is incorporated, formed or organized by a merger, amalgamation or consolidation or any other combination with such Person or (c) any division, line of business or other business unit of a Person (such Person or such division, line of business or other business unit of such Person shall be referred to herein as the "Target"), in each case that is a type of business (or assets used in a type of business) permitted to be engaged in by the Credit Parties and their Subsidiaries pursuant to Section 4.14, in each case so long as:

(i) no Default or Event of Default shall then exist or would exist immediately after giving effect thereto;

(ii) Borrower shall demonstrate to the reasonable satisfaction of Bank that, after giving effect to the acquisition on a pro forma basis, Borrower is in compliance with each of the financial covenants set forth in Section 4.9 (for the purposes of clarity, the Target's accounts receivable and inventory (as determined and calculated in accordance with the parameters for the same set forth in Section 4.9(d) shall also be

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included (on a pro forma basis as referenced above) in determining the Asset Coverage Ratio), and the Target's EBITDA shall also be included (on a pro forma basis as referenced above) in determining the Total Leverage Ratio);

(iii) Bank shall have received (or shall receive in connection with the closing of such acquisition) a first priority perfected security interest in and lien on all property (including, without limitation, equity interests) acquired with respect to the Target, subject to any Permitted Priority Liens, and the Target, if a Person, shall have complied with Sections 1.4 and 1.5;

(iv) Bank shall have received (A) a description of the material terms of such acquisition, and (B) financial statements of the Target for its two most recent fiscal years and for any fiscal quarters ended within the fiscal year to date in form and substance reasonably satisfactory to Bank;

(v) such acquisition shall not be a "hostile" acquisition and shall have been approved by the board of directors (or equivalent) and/or shareholders (or equivalent) of the applicable Credit Party and the Target;

(vi) after giving effect to such acquisition, there shall be at least \$10,000,000 of availability under, in the aggregate, the Line of Credit and Unrestricted Cash on hand; and

(vii) the total consideration paid for Permitted Acquisitions at any time from and after May 21, 2021 shall not exceed an aggregate of \$150 million.

SECTION 5.6. GUARANTIES. Guarantee or become liable in any way as surety, endorser (other than as endorser of negotiable instruments for deposit or collection in the ordinary course of business), accommodation endorser or otherwise for, nor pledge or hypothecate any assets of Borrower or any of its subsidiaries as security for, any liabilities or obligations of any person or entity other than Borrower or any of its subsidiaries in the ordinary course of business and consistent with past practice, other than in favor of Bank or except as permitted under Section 5.7. Any guarantees or other obligations of the types described above that exist on the date hereof are listed on **Schedule 5.6**.

SECTION 5.7. LOANS, ADVANCES, INVESTMENTS, ETC. Make any loans or advances to or investments in any person or entity, including any of the foregoing accomplished by a division or similar transaction, except (a) any of the foregoing existing as of the date hereof as set forth on (and all of which Borrower represents are disclosed on) **Schedule 5.7** (for the sake of clarity, not any amendments, extensions, modifications or replacements of any of the same), (b) Permitted Acquisitions and investments of any person or entity existing at the time such person or entity becomes a subsidiary of Borrower pursuant to a Permitted Acquisition, (c) investments by Borrower in its subsidiaries in the ordinary course of business and consistent with past practice, (d) loans and advances made by Borrower to any of its subsidiaries and loans and advances made by any of its subsidiaries to Borrower in the ordinary course of business and consistent with past practice, (e) notes payable issued by an account debtor in the ordinary course of business and consistent with past practice, (f) other loans, advances or investments made in the ordinary course of business consistent with past practice, including (but

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subject to the limit/dollar threshold set forth below) guarantees of third party supplier obligations made in the ordinary course of business consistent with past practice, or (g) equity or debt investments in LifeAid Beverage Company, LLC in an aggregate amount not to exceed at any time outstanding \$15 million, provided that at the time of any such loan, advance or investment, no Event of Default then exists or would result on an actual or pro forma basis after giving effect to any such loan, advance or investment, and further provided, however, that notwithstanding the foregoing to the contrary, the aggregate amount of loans/advances to shareholders or employees for marketing, travel or entertainment expenses, or to suppliers of Borrower or any of its subsidiaries (including prepayments to and guarantees for the benefit of any such suppliers), in all of the foregoing cases in the ordinary course of business consistent with past practice, shall not exceed \$15,000,000 in the aggregate (for the sake of clarity, such aggregate amount/cap is inclusive of, in the case of advances, loans, guarantees and prepayments to suppliers, the advances, loans, guarantees and prepayments to suppliers which are set forth on Schedule 5.7 (and which scheduled advances, loans, guarantees and prepayments may not be amended, modified, extended or replaced)) at any time outstanding. Notwithstanding anything contained herein to the contrary, except in connection with a Permitted Acquisition, Borrower shall neither form nor acquire any direct or indirect foreign subsidiaries or domestic non-wholly-owned subsidiaries without the prior written consent of Bank, which consent shall not be unreasonably withheld or delayed.

SECTION 5.8. DIVIDENDS, DISTRIBUTIONS. Declare or pay any dividend or distribution either in cash or any other property on Borrower's stock, membership interest, partnership interest or other ownership interest now or hereafter outstanding, nor redeem, retire, repurchase or otherwise acquire any class or type of ownership interest now or hereafter outstanding in excess of, (a) in the case of the redemption or repurchase by Borrower of equity interests held by RW VC S.a.r.l. a/k/a Vita Coco S.a.r.l. ("Reignwood Capital") in Borrower, the redemption or repurchase (the terms "redemption" and "repurchase" are deemed to include within the meanings thereof the payment of the applicable redemption/repurchase price) in cash prior to March 31, 2021 of a portion of such equity interests for a maximum redemption/repurchase price of \$55,000,000 (the "Permitted Redemption"), and (b) in any or all cases in the aggregate (inclusive of the Permitted Redemption), \$60,000,000 in the 2020 calendar year; thereafter (in the case of either clause (a) or clause (b) above) there shall be no restriction on such dividends, distributions, redemptions, retirements, repurchases or the like, except as provided below (for the sake of clarity, the restrictions set forth in Sections 1.1(a) and 5.8(a) relating to a redemption or purchase involving Reignwood Capital shall not apply from and after March 31, 2021). Notwithstanding anything contained herein to the contrary, Borrower shall not pay any dividend, distribution or otherwise redeem, retire, repurchase or acquire ownership interests if, at the time of payment of the same or after giving effect to the same, an Event of Default exists or would, on a pro forma basis, result from the payment of the same.

SECTION 5.9. PLEDGE OF ASSETS. Mortgage, pledge, grant or permit to exist a security interest in, or lien upon, all or any portion of Borrower's or any subsidiary's assets now owned or hereafter acquired, except (i) any of the foregoing in favor of Bank, (ii) any of the foregoing which is existing as of the date hereof and set forth on (and all of which Borrower represents are disclosed on) **Schedule 5.9**, provided that any cash collateral set forth on such schedule which is securing Derivatives Contract indebtedness permitted under Section 5.11 shall at no time exceed, when aggregated with the aggregate amount of cash collateralizing any Derivatives Contract indebtedness permitted under Section

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5.11 and which is incurred subsequent to the date hereof, \$10,000,000 (“Permitted Derivatives Contract Liens”) (iii) (a) liens securing the indebtedness which is permitted to be incurred and secured under Section 5.4(c), but only to the extent such liens attach solely to the property so acquired in the applicable transaction, and (b) liens securing indebtedness which is permitted and secured under Sections 5.4(f), but only to the extent such liens attach solely to the property so acquired in the applicable transaction under Section 5.4(f) (“Permitted Target Liens”), (iv) statutory liens of landlords, carriers, warehousemen, processors, mechanics, materialmen or suppliers incurred in the ordinary course of business (1) and securing amounts not yet due or (2) declared to be due by the claimant thereunder which are not overdue by more than thirty (30) days or amounts which are being contested in good faith and by appropriate proceedings and for which Borrower has maintained adequate reserves, provided that a reserve or other appropriate provision shall have been made therefor and the aggregate amount of such liens and the aggregate amount of obligations covered thereby under this clause (2) is less than \$500,000 (“Permitted Warehouseman’s Liens”), (v) liens for taxes, assessments and governmental charges not yet due and payable or which are being contested in good faith and by appropriate proceedings, provided that adequate reserves with respect thereto are maintained on the books of Borrower or its subsidiaries, as the case may be, in conformity with generally accepted accounting principles, (vi) zoning restrictions and easements, licenses, covenants and other restrictions affecting the use of real property which, in the aggregate, are not substantial in amount, and which do not in any case materially detract from the value of the property subject thereto or materially interfere with the ordinary course of the business of the applicable person/entity, (vii) pledges and deposits made in the ordinary course of business in compliance with workers compensation, unemployment insurance and other social security laws and regulations in an aggregate amount not to exceed \$500,000, (viii) liens granted by a subsidiary of Borrower in favor of Borrower and (ix) judgment liens in respect of judgments that do not (if any) constitute an Event of Default (collectively, “Permitted Liens”).

SECTION 5.10. FISCAL YEAR; STATUS AS A C-CORPORATION. Not change (a) its fiscal year/fiscal year-end (from a December 31<sup>st</sup> fiscal year end), or (b), in the case of Borrower, its status as a C-corporation for tax purposes.

SECTION 5.11. DERIVATIVES CONTRACTS. Neither Borrower nor any of its subsidiaries shall contract, create, incur, assume or suffer to exist any Derivatives Contracts except for Derivatives Contracts made in the ordinary course of business consistent with past practice, entered into in order to manage existing or anticipated risk and not for speculative purposes. “Derivatives Contract” shall mean any and all rate swap transactions, basis swaps, credit derivative transactions, forward rate transactions, commodity swaps, commodity options, forward commodity contracts, equity or equity index swaps or options, bond or bond price or bond index swaps or options or forward bond or forward bond price or forward bond index transactions, interest rate options, forward foreign exchange transactions, cap transactions, floor transactions, collar transactions, currency swap transactions, cross-currency rate swap transactions, currency options, spot contracts, foreign exchange hedging or any other similar transactions or any combination of any of the foregoing (including any options to enter into any of the foregoing), whether or not any such transaction is governed by or subject to any master agreement. Not in limitation of the foregoing, the term “Derivatives Contract” includes any and all transactions of any kind, and the related confirmations, which are subject to the terms and conditions of, or governed by, any form of master agreement published by the International Swaps and Derivatives Association,

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Inc., any International Foreign Exchange Master Agreement, or any other master agreement, including any such obligations or liabilities under any such master agreement.

SECTION 5.12. TRANSACTIONS WITH AFFILIATES. Neither Borrower nor any of its subsidiaries shall permit to exist or enter into any transaction (including the purchase, sale, lease or exchange of any property or the rendering of any service) with any affiliate of any such entity (but not including Borrower or any such subsidiaries), except (i) transactions pursuant to the reasonable requirements of the business of such entity and upon fair and reasonable terms which are no less favorable to such entity than would be obtained in a comparable arm's length transaction with an entity that is not an affiliate and (ii) distributions permitted under Section 5.8.

## ARTICLE VI

### EVENTS OF DEFAULT

SECTION 6.1. The occurrence of any of the following shall constitute an "Event of Default" under this Agreement:

(a) Borrower shall fail to pay when due any (i) principal or (ii) interest, fees or other amounts payable under any of the Loan Documents, which failure, in the case (and only in the case) of any of the items which are the subject of clause (ii) above, continues for at least three (3) business days after the applicable due date.

(b) Any financial statement or certificate furnished to Bank in connection with, or any representation or warranty made by Borrower or any other party under this Agreement or any other Loan Document shall prove to be incorrect, false or misleading in any material respect when furnished or made.

(c) Any default in the performance of or compliance with: (1) any negative covenant set forth in Article V hereof; (2) any affirmative covenant which is the subject of any of Sections 4.2, 4.3, 4.9 or 4.11, provided that in the case of Section 4.3 and the time required to deliver any of the financial statements which are the subject thereof, any such failure shall continue for at least five (5) business days after the delivery date specified in such Section 4.3, except that, in the case of Section 4.3(a) and the time required to deliver any financial statements which are the subject thereof, such failure shall not constitute an Event of Default so long as a draft of the financial statements required by Section 4.3(a) are prepared by the accountants and delivered within fifteen (15) days of the date required by Section 4.3(a) and the final financial statements prepared by such accountants are delivered within thirty (30) days of the date required by Section 4.3(a); or (3) any obligation, agreement or other provision contained herein or in any other Loan Document related to Sanctions, Anti-Money Laundering Laws, or Anti-Corruption Laws.

(d) Any default in the performance of or compliance with any obligation, agreement or other provision contained herein or in any other Loan Document (other than those defaults specifically described as constituting an "Event of Default" under any other subsection of this Section 6.1), and with

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respect to such default(s) that by their nature can be cured, such default shall continue for a period of twenty (20) days from the date that Borrower has knowledge/notice of any such default or would reasonably be expected to have knowledge of any such default; provided that, in the event that such Event of Default is not capable of being cured within such twenty (20) day period (the "Initial Period") but is capable of being cured within an additional twenty (20) day period, Borrower shall be afforded an additional twenty (20) day period (i.e., in addition to the Initial Period) to cure such Event of Default so long as it commences at the beginning of the Initial Period to achieve such cure and diligently endeavors to achieve such cure during such Initial Period and thereafter diligently endeavors to achieve such cure during such subsequent twenty (20) day period.

(e) Any default in the payment or performance of any obligation (beyond the expiration of any applicable express notice or express cure periods), or any defined event of default, under the terms of any contract, instrument or document (other than any of the Loan Documents) pursuant to which Borrower or any of its subsidiaries has incurred any debt or other liability to any person or entity, including the Bank, provided that in the case of any such debt or liability owing to any person or entity other than Bank, the aggregate amount of such debts or liabilities owing to any such person/entity, or all such persons/entities in the aggregate, exceeds \$500,000.

(f) Borrower, any of its subsidiaries or any Guarantor shall become insolvent, or shall suffer or consent to or apply for the appointment of a receiver, trustee, custodian or liquidator of itself or any of its property, or shall generally fail to pay its debts as they become due, or shall make a general assignment for the benefit of creditors; Borrower, any of its subsidiaries or any Guarantor shall file a voluntary petition in bankruptcy, or seeking reorganization, in order to effect a plan or other arrangement with creditors or any other relief under the Bankruptcy Reform Act, Title 11 of the United States Code, as amended or recodified from time to time ("Bankruptcy Code"), or under any state or federal law granting relief to debtors, whether now or hereafter in effect; Borrower, any of its subsidiaries or any Guarantor shall file an answer admitting the jurisdiction of the court and the material allegations of any involuntary petition; or Borrower, any of its subsidiaries or any Guarantor shall be adjudicated a bankrupt, or an order for relief shall be entered against Borrower, any of its subsidiaries or any Guarantor by any court of competent jurisdiction under the Bankruptcy Code or any other applicable state or federal law relating to bankruptcy, reorganization or other relief for debtors; or any involuntary petition or proceeding pursuant to the Bankruptcy Code or any other applicable state or federal law relating to bankruptcy, reorganization or other relief for debtors is filed or commenced against Borrower, any of its subsidiaries or any Guarantor and not dismissed within sixty (60) days of the filing thereof.

(g) (i) One or more judgments or decrees shall be entered against Borrower or any of its subsidiaries, and at the same time shall be outstanding and not satisfied or vacated, involving in the aggregate a liability of \$1,000,000 or more (net of insurance proceeds actually received by Borrower or its subsidiaries or actually received within thirty (30) days of such judgment) and all such judgments or decrees shall not have been paid and satisfied, vacated, discharged, stayed or bonded pending appeal, within thirty (30) days from the entry thereof, or (ii) any injunction, temporary restraining order or similar decree shall be issued against Borrower or any of its subsidiaries that, individually or in the aggregate, has had or could reasonably be expected to result in a Material Adverse Effect.

(h) Intentionally Omitted.

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(i) The death or incapacity of Borrower or any Guarantor if an individual. The withdrawal, resignation or expulsion of any one or more of the general partners in Borrower or any Guarantor if a partnership. The dissolution, division, or liquidation of Borrower or any Guarantor if a corporation, partnership, joint venture or other type of entity; or Borrower or any such Guarantor, or any of its directors, stockholders or members, shall take action seeking to effect the dissolution, division, or liquidation of Borrower or such Guarantor.

(j) ~~any~~ Upon a change ~~in~~ control of Borrower, with "control" defined as (A) the ownership of an aggregate of thirty percent (30%) or more of the common stock, members' equity or other ownership interest (other than a limited partnership interest) on a fully diluted basis, or (B) the voting power to cause the direction of the management or policies of Borrower (whether through the ability to exercise voting power, by contract or otherwise); provided that, a change in control shall not be triggered by (i) changes in ownership or voting power relating to transfers of ownership from a current shareholder/stockholder/member solely to an affiliate of such person/entity or to (j) any "person" or "group" (as such terms are used in Sections 13(d) and 14(d) of the Exchange Act, but excluding any employee benefit plan of such person or its Subsidiaries, and any person or entity acting in its capacity as trustee, agent or other fiduciary or administrator of any such plan) other than Verlinvest Beverages S.A. or a Verlinvest Beverages S.A. affiliate or (ii) changes in ownership or voting power resulting from the consummation of the Permitted Redemption, becomes the "beneficial owner" (as defined in Rules 13d-3 and 13d-5 under the Exchange Act, except that a "person" or "group" shall be deemed to have "beneficial ownership" of all Equity Interests that such "person" or "group" has the right to acquire, whether such right is exercisable immediately or only after the passage of time (such right, an "option right")), directly or indirectly, of more than thirty-five percent (35%) of the Equity Interests of Borrower entitled to vote on the election of members of the board of directors (or equivalent governing body) of Borrower or (ii) a majority of the members of the board of directors (or other equivalent governing body) of Borrower shall not constitute Continuing Directors ("Continuing Directors" means the directors (or equivalent governing body) of Borrower on as/of October 21, 2021 and each other director (or equivalent) of Borrower, if, in each case, such other Person's nomination for election to the board of directors (or equivalent governing body) of Borrower is approved by at least 51% of the then Continuing Directors).

(k) There shall occur any event or circumstance that causes a material adverse effect on the business, financial condition, results of operations or prospects of Borrower or any of its subsidiaries, excluding any effect, to the extent outside of the reasonable control of Borrower or any of its subsidiaries, of the pandemic currently caused by the novel coronavirus (COVID-19) (each such event or circumstance, a "Material Adverse Effect").

SECTION 6.2. REMEDIES. Upon the occurrence of any Event of Default and during the continuance thereof: (a) all principal, unpaid interest outstanding and other indebtedness of Borrower under each of the Loan Documents, any term thereof to the contrary notwithstanding, shall at Bank's option and without notice (except as expressly provided in any mortgage or deed of trust pursuant to which Borrower has provided Bank a lien on any real property collateral) become immediately due and payable and Bank's obligation to make any extensions of credit hereunder shall immediately terminate, without presentment, demand, protest or any notices of any kind, including without limitation, notice of nonperformance, notice of protest, notice of dishonor, notice of intention to accelerate or notice of acceleration, all of which are hereby expressly waived by Borrower; provided, however, that

notwithstanding the foregoing to the contrary, upon the occurrence of any of the Events of Default which are the subject of any of Section 6.1(f), the foregoing indebtedness and obligations of Borrower shall automatically become due and payable, and Bank's obligation to make any extensions of credit hereunder shall automatically terminate, without presentment, demand, protest or any other notice of any kind, all of which are expressly waived by Borrower; (b) the obligation, if any, of Bank to extend any further credit under any of the Loan Documents shall immediately cease and terminate; and (c) Bank shall have all rights, powers and remedies available under each of the Loan Documents, or accorded by law, including without limitation the right to resort to any or all security for any credit subject hereto and to exercise any or all of the rights of a beneficiary or secured party pursuant to applicable law. All rights, powers and remedies of Bank may be exercised at any time by Bank and from time to time after the occurrence of an Event of Default and during the continuance thereof are cumulative and not exclusive, and shall be in addition to any other rights, powers or remedies provided by law or equity.

## ARTICLE VII

### MISCELLANEOUS

SECTION 7.1. NO WAIVER. No delay, failure or discontinuance of Bank in exercising any right, power or remedy under any of the Loan Documents shall affect or operate as a waiver of such right, power or remedy; nor shall any single or partial exercise of any such right, power or remedy preclude, waive or otherwise affect any other or further exercise thereof or the exercise of any other right, power or remedy. Any waiver, permit, consent or approval of any kind by Bank of any breach of or default under any of the Loan Documents must be in writing and shall be effective only to the extent set forth in such writing.

SECTION 7.2. NOTICES. All notices, requests and demands which any party is required or may desire to give to any other party under any provision of this Agreement must be in writing delivered to each party at the following address:

BORROWER: ~~ALL MARKET~~ THE VITA COCO COMPANY, INC.

250 Park Avenue South, 7<sup>th</sup> Floor

New York, NY 10003

Attn: Kevin Benmoussa

Fax: N/A

Email: #####

With a copy of any notice of termination or default to:

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THE GIANNUZZI GROUP, LLP  
411 West 14<sup>th</sup> Street, 4<sup>th</sup> Floor  
New York, NY 10014

Attn: Nicholas L. Giannuzzi, Esq.

Fax: N/A

Email: #####

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BANK: WELLS FARGO BANK, NATIONAL ASSOCIATION  
150 East 42nd Street, 39th Floor  
New York, NY 10017  
Attention: Raymond P. Darcy  
Senior Vice President  
Market Credit Leader  
Telephone: #####  
Fax: #####  
Email: #####

with a copy to:

DUANE MORRIS LLP  
1540 Broadway, 14<sup>th</sup> Floor  
New York, NY 10036  
Attention: Laurence S. Hughes  
Telephone: #####  
Fax: #####  
Email: #####

or to such other address as any party may designate by written notice to all other parties. Each such notice, request and demand shall be deemed given or made as follows: (a) if sent by hand delivery, upon delivery; (b) if sent by mail, upon the earlier of the date of receipt or three (3) days after deposit in the U.S. mail, first class and postage prepaid; and (c) if sent by telecopy or email/pdf, upon receipt. Notices sent by hand or overnight courier service, or mailed by certified or registered mail, shall be deemed to have been given when received; notices sent by facsimile or email shall be deemed to have been given when sent (except that, if not given during normal business hours for the recipient, shall be deemed to have been given at the opening of business on the next business day for the recipient).

SECTION 7.3. COSTS, EXPENSES AND ATTORNEYS' FEES. Borrower shall pay to Bank immediately upon demand the full amount of all payments, advances, charges, costs and expenses, including, to the extent permitted by applicable law, reasonable attorneys' fees (to include outside counsel fees), expended or incurred by Bank in connection with (a) the negotiation and preparation of this Agreement and the other Loan Documents, Bank's continued administration hereof and thereof,

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and the preparation of any amendments and waivers hereto and thereto, (b) the enforcement of Bank's rights and/or the collection of any amounts which become due to Bank under any of the Loan Documents, whether or not suit is brought, and (c) the prosecution or defense of any action in any way related to any of the Loan Documents, including without limitation, any action for declaratory relief, whether incurred at the trial or appellate level, in an arbitration proceeding or otherwise, and including any of the foregoing incurred in connection with any bankruptcy proceeding (including without limitation, any adversary proceeding, contested matter or motion brought by Bank or any other person) relating to Borrower or any other person or entity. Whenever in this Agreement and the other Loan Documents Borrower is obligated to pay for the attorneys' fees of Bank, or the phrase "reasonable attorneys' fees" or a similar phrase is used, it shall be Borrower's obligation to pay the attorneys' fees actually incurred or allocated, at standard hourly rates, without regard to any statutory interpretation, which shall not apply, Borrower hereby waiving the application of any such statute. Notwithstanding anything in this Agreement to the contrary, reasonable attorneys' fees shall not exceed the amount permitted by law.

SECTION 7.4. SUCCESSORS, ASSIGNMENT. This Agreement shall be binding upon and inure to the benefit of the heirs, executors, administrators, legal representatives, successors and assigns of the parties; provided however, that Borrower may not assign or transfer its interests or rights hereunder without Bank's prior written consent. Bank reserves the right to sell, assign, transfer, negotiate or grant participations in all or any part of, or any interest in, Bank's rights and benefits under each of the Loan Documents. In connection therewith, Bank may disclose all documents and information which Bank now has or may hereafter acquire relating to any credit subject hereto, Borrower or its business, any guarantor hereunder or the business of such guarantor, if any, or any collateral required hereunder so long as the recipient has a "need to know" such information and is bound by a duty of confidentiality (subject to "market" or customary exceptions).

SECTION 7.5. ENTIRE AGREEMENT; AMENDMENT. To the full extent permitted by law, this Agreement and the other Loan Documents constitute the entire agreement between Borrower and Bank with respect to each credit subject hereto and supersede all prior negotiations, communications, discussions and correspondence concerning the subject matter hereof. This Agreement may be amended or modified only in writing signed by each party hereto.

SECTION 7.6. NO THIRD PARTY BENEFICIARIES. This Agreement is made and entered into for the sole protection and benefit of the parties hereto and their respective permitted successors and assigns, and no other person or entity shall be a third party beneficiary of, or have any direct or indirect cause of action or claim in connection with, this Agreement or any other of the Loan Documents to which it is not a party.

SECTION 7.7. SEVERABILITY OF PROVISIONS. If any provision of this Agreement shall be prohibited by or invalid under applicable law, such provision shall be ineffective only to the extent of such prohibition or invalidity without invalidating the remainder of such provision or any remaining provisions of this Agreement.

SECTION 7.8. COUNTERPARTS. This Agreement may be executed in any number of counterparts, each of which when executed and delivered shall be deemed to be an original, and all of which when taken together shall constitute one and the same Agreement. Delivery of an executed

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counterpart of the signature of this Agreement by telecopy or email shall be effective as delivery of a manually executed counterpart of this Agreement.

SECTION 7.9. GOVERNING LAW. This Agreement shall be governed by and construed in accordance with the laws of New York (such State is referred to herein as the "State"), but giving effect to federal laws applicable to national banks, without reference to the conflicts of law or choice of law principles thereof.

SECTION 7.10. BUSINESS PURPOSE. Borrower represents and warrants that each credit subject hereto is made for (a) a business, commercial, investment, agricultural or other similar purpose, (b) the purpose of acquiring or carrying on a business, professional or commercial activity, or (c) the purpose of acquiring any real or personal property as an investment and not primarily for a personal, family or household use.

SECTION 7.11. RIGHT OF SETOFF; DEPOSIT ACCOUNTS. Upon and after the occurrence of an Event of Default and during the continuance thereof, (a) Borrower hereby authorizes Bank, at any time and from time to time, without notice, which is hereby expressly waived by Borrower, and whether or not Bank shall have declared any credit subject hereto to be due and payable in accordance with the terms hereof, to set off against, and to appropriate and apply to the payment of, Borrower's obligations and liabilities under the Loan Documents (whether matured or unmatured, fixed or contingent, liquidated or unliquidated), any and all amounts owing by Bank to Borrower (whether payable in U.S. dollars or any other currency, whether matured or unmatured, and in the case of deposits, whether general or special (except trust and escrow accounts), time or demand and however evidenced), and (b) pending any such action, to the extent necessary, to hold such amounts as collateral to secure such obligations and liabilities and to return as unpaid for insufficient funds any and all checks and other items drawn against any deposits so held as Bank, in its sole discretion, may elect. Bank may exercise this remedy regardless of the adequacy of any collateral for the obligations of Borrower to Bank and whether or not the Bank is otherwise fully secured. Borrower hereby grants to Bank a security interest in all deposits and accounts maintained with Bank to secure the payment of all obligations and liabilities of Borrower to Bank under the Loan Documents.

SECTION 7.12. ARBITRATION.

(a) Arbitration. The parties hereto agree, upon demand by any party, to submit to binding arbitration all claims, disputes and controversies between or among them (and their respective employees, officers, directors, attorneys, and other agents), whether in tort, contract or otherwise in any way arising out of or relating to (i) any credit subject hereto, or any of the Loan Documents, and their negotiation, execution, collateralization, administration, repayment, modification, extension, substitution, formation, inducement, enforcement, default or termination; or (ii) requests for additional credit. In the event of a court ordered arbitration, the party requesting arbitration shall be responsible for timely filing the demand for arbitration and paying the appropriate filing fee within 30 days of the abatement order or the time specified by the court. Failure to timely file the demand for arbitration as ordered by the court will result in that party's right to demand arbitration being automatically terminated.

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(b) Governing Rules. Any arbitration proceeding will (i) proceed in a location in the State selected by the American Arbitration Association (“AAA”); (ii) be governed by the Federal Arbitration Act (Title 9 of the United States Code), notwithstanding any conflicting choice of law provision in any of the documents between the parties; and (iii) be conducted by the AAA, or such other administrator as the parties shall mutually agree upon, in accordance with the AAA’s commercial dispute resolution procedures, unless the claim or counterclaim is at least \$1,000,000.00 exclusive of claimed interest, arbitration fees and costs in which case the arbitration shall be conducted in accordance with the AAA’s optional procedures for large, complex commercial disputes (the commercial dispute resolution procedures or the optional procedures for large, complex commercial disputes to be referred to herein, as applicable, as the “Rules”). If there is any inconsistency between the terms hereof and the Rules, the terms and procedures set forth herein shall control. Any party who fails or refuses to submit to arbitration following a demand by any other party shall bear all costs and expenses incurred by such other party in compelling arbitration of any dispute. Nothing contained herein shall be deemed to be a waiver by any party that is a bank of the protections afforded to it under 12 U.S.C. §91 or any similar applicable state law.

(c) No Waiver of Provisional Remedies, Self-Help and Foreclosure. The arbitration requirement does not limit the right of any party to (i) foreclose against real or personal property collateral; (ii) exercise self-help remedies relating to collateral or proceeds of collateral such as setoff or repossession; or (iii) obtain provisional or ancillary remedies such as replevin, injunctive relief, attachment or the appointment of a receiver, before during or after the pendency of any arbitration proceeding. This exclusion does not constitute a waiver of the right or obligation of any party to submit any dispute to arbitration or reference hereunder, including those arising from the exercise of the actions detailed in sections (i), (ii) and (iii) of this paragraph.

(d) Arbitrator Qualifications and Powers. Any arbitration proceeding in which the amount in controversy is \$5,000,000.00 or less will be decided by a single arbitrator selected according to the Rules, and who shall not render an award of greater than \$5,000,000.00. Any dispute in which the amount in controversy exceeds \$5,000,000.00 shall be decided by majority vote of a panel of three arbitrators; provided however, that all three arbitrators must actively participate in all hearings and deliberations. The arbitrator will be a neutral attorney licensed in the State or a neutral retired judge of the state or federal judiciary of the State, in either case with a minimum of ten years experience in the substantive law applicable to the subject matter of the dispute to be arbitrated. The arbitrator will determine whether or not an issue is arbitratable and will give effect to the statutes of limitation in determining any claim. In any arbitration proceeding the arbitrator will decide (by documents only or with a hearing at the arbitrator's discretion) any pre-hearing motions which are similar to motions to dismiss for failure to state a claim or motions for summary adjudication. The arbitrator shall resolve all disputes in accordance with the substantive law of the State and may grant any remedy or relief that a court of such state could order or grant within the scope hereof and such ancillary relief as is necessary to make effective any award. The arbitrator shall also have the power to award recovery of all costs and fees, to impose sanctions and to take such other action as the arbitrator deems necessary to the same extent a judge could pursuant to the Federal Rules of Civil Procedure, the corresponding rules of civil practice and procedure applicable in the State or other applicable law. Judgment upon the award rendered by the arbitrator may be entered in any court having jurisdiction. The institution and maintenance of an action for judicial relief or pursuit of a provisional or ancillary remedy shall not

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constitute a waiver of the right of any party, including the plaintiff, to submit the controversy or claim to arbitration if any other party contests such action for judicial relief.

(e) Discovery. In any arbitration proceeding, discovery will be permitted in accordance with the Rules. All discovery shall be expressly limited to matters directly relevant to the dispute being arbitrated and must be completed no later than 20 days before the hearing date. Any requests for an extension of the discovery periods, or any discovery disputes, will be subject to final determination by the arbitrator upon a showing that the request for discovery is essential for the party's presentation and that no alternative means for obtaining information is available.

(f) Class Proceedings and Consolidations. No party hereto shall be entitled to join or consolidate disputes by or against others in any arbitration, except parties who have executed any Loan Document, or to include in any arbitration any dispute as a representative or member of a class, or to act in any arbitration in the interest of the general public or in a private attorney general capacity.

(g) Payment of Arbitration Costs and Fees. The arbitrator shall award all costs and expenses of the arbitration proceeding.

(h) Miscellaneous. To the maximum extent practicable, the AAA, the arbitrators and the parties shall take all action required to conclude any arbitration proceeding within 180 days of the filing of the dispute with the AAA. No arbitrator or other party to an arbitration proceeding may disclose the existence, content or results thereof, except for disclosures of information by a party required in the ordinary course of its business or by applicable law or regulation. If more than one agreement for arbitration by or between the parties potentially applies to a dispute, the arbitration provision most directly related to the Loan Documents or the subject matter of the dispute shall control. This arbitration provision shall survive termination, amendment or expiration of any of the Loan Documents or any relationship between the parties.

(i) Small Claims Court. Notwithstanding anything herein to the contrary, each party retains the right to pursue in Small Claims Court any dispute within that court's jurisdiction. Further, this arbitration provision shall apply only to disputes in which either party seeks to recover an amount of money (excluding attorneys' fees and costs) that exceeds the jurisdictional limit of the Small Claims Court.

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**THE VITA COCO COMPANY, INC.**

**2021 INCENTIVE AWARD PLAN**

**ARTICLE I.  
PURPOSE**

The Plan's purpose is to enhance the Company's ability to attract, retain and motivate persons who make (or are expected to make) important contributions to the Company by providing these individuals with equity ownership opportunities and/or equity-linked compensatory opportunities and an ability to participate in the long-term growth and success of the Company. Capitalized terms used in the Plan are defined in Article XI.

**ARTICLE II.  
ELIGIBILITY**

Service Providers are eligible to be granted Awards under the Plan, subject to the limitations described herein.

**ARTICLE III.  
ADMINISTRATION AND DELEGATION**

3.1 Administration. The Plan is administered by the Administrator. The Administrator has authority to determine which Service Providers receive Awards, grant Awards, amend the terms and conditions of existing Awards and set Award terms and conditions, subject to the conditions and limitations in the Plan. The Administrator also has the authority to take all actions and make all determinations under the Plan, to interpret the Plan and Award Agreements and to adopt, amend and repeal Plan administrative rules, guidelines and practices as it deems advisable and appoint such agents as it shall deem appropriate for the proper administration of the Plan. The Administrator may correct defects and ambiguities, supply omissions and reconcile inconsistencies in the Plan or any Award Agreement as it deems necessary or appropriate to administer the Plan and any Awards. The Administrator's determinations under the Plan are in its sole discretion and will be final and binding on all persons having or claiming any interest in the Plan or any Award.

3.2 Appointment of Committees. To the extent Applicable Laws permit, the Board or the Administrator may delegate any or all of its powers under the Plan to one or more Committees or one or more committees of directors or officers of the Company or any of its Subsidiaries; provided, however, that in no event shall an officer of the Company be delegated the authority to grant Awards to, or amend Awards held by, the following individuals: (a) individuals who are subject to Section 16 of the Exchange Act, or (b) officers of the Company (or Directors) to whom authority to grant or amend Awards has been delegated hereunder. The Board or the Administrator, as applicable, may rescind any such delegation, abolish any such Committee or committee and/or re-vest in itself any previously delegated authority at any time.

**ARTICLE IV.  
STOCK AVAILABLE FOR AWARDS**

4.1 Number of Shares. Subject to adjustment under Article VIII and the terms of this Article IV, the maximum number of Shares that may be issued pursuant to Awards under the Plan shall be equal to the Overall Share Limit. As of the Effective Date, the Company will cease granting awards under the Prior Plan; however, Prior Plan Awards will remain subject to the terms of the applicable Prior Plan.

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Shares issued under the Plan may consist of authorized but unissued Shares, Shares purchased on the open market or treasury Shares.

4.2 Share Recycling. If all or any part of an Award expires, lapses or is terminated, exchanged for or settled in cash, surrendered, repurchased, canceled without having been fully exercised or forfeited, in any case, in a manner that results in the Company acquiring Shares covered by the Award at a price not greater than the price (as adjusted to reflect any Equity Restructuring) paid by the Participant for such Shares or not issuing any Shares covered by the Award, the unused Shares covered by the Award will, as applicable, become or again be available for Award grants under the Plan. In addition, Shares delivered (either by actual delivery or attestation) to the Company by a Participant to satisfy the applicable exercise or purchase price of an Award and/or to satisfy any applicable tax withholding obligation with respect to an Award (including Shares retained by the Company from the Award being exercised or purchased and/or creating the tax obligation) will, as applicable, become or again be available for Award grants under the Plan. The payment of Dividend Equivalents in cash in conjunction with any outstanding Awards shall not count against the Overall Share Limit. Notwithstanding anything to the contrary contained herein, the following Shares shall not be added to the Shares authorized for grant under Section 4.1 and shall not be available for future grants of Awards: (i) Shares subject to a Stock Appreciation Right that are not issued in connection with the stock settlement of the Stock Appreciation Right on exercise thereof; and (ii) Shares purchased on the open market by the Company with the cash proceeds from the exercise of Options.

4.3 Incentive Stock Option Limitations. Notwithstanding anything to the contrary herein, no more than 3,431,312 Shares may be issued pursuant to the exercise of Incentive Stock Options.

4.4 Substitute Awards. In connection with an entity's merger or consolidation with the Company or the Company's acquisition of an entity's property or stock, the Administrator may grant Substitute Awards for any options or other stock or stock-based awards granted before such merger or consolidation by such entity or its affiliate in accordance with Applicable Laws. Substitute Awards may be granted on such terms as the Administrator deems appropriate, notwithstanding limitations on Awards in the Plan. Substitute Awards will not count against the Overall Share Limit (nor shall Shares subject to a Substitute Award be added back to the Shares available for Awards under the Plan as provided in Section 4.2 above), except that Shares acquired by exercise of substitute Incentive Stock Options will count against the maximum number of Shares that may be issued pursuant to the exercise of Incentive Stock Options under the Plan. Additionally, in the event that a company acquired by the Company or any Subsidiary or with which the Company or any Subsidiary combines has shares available under a pre-existing plan approved by stockholders and not adopted in contemplation of such acquisition or combination, the shares available for grant pursuant to the terms of such pre-existing plan (as adjusted, to the extent appropriate, using the exchange ratio or other adjustment or valuation ratio or formula used in such acquisition or combination to determine the consideration payable to the holders of common stock of the entities party to such acquisition or combination) may be used for Awards under the Plan and shall not count against the Overall Share Limit (and Shares subject to such Awards shall not be added to the Shares available for Awards under the Plan as provided in Section 4.2 above); provided that Awards using such available shares shall not be made after the date awards or grants could have been made under the terms of the pre-existing plan, absent the acquisition or combination, and shall only be made to individuals who were not Service Providers prior to such acquisition or combination.

4.5 Non-Employee Director Compensation. Notwithstanding any provision to the contrary in the Plan, the Administrator may, pursuant to the exercise of its business judgment, taking into account such factors, circumstances and considerations as it deems relevant from time to time, establish compensation for non-employee Directors from time to time, subject to the limitations in the Plan and/or pursuant to a written nondiscretionary formula established by the Administrator (the "Non-Employee Director Equity Compensation Policy"). The sum of any cash compensation, or other compensation, and the value

(determined as of the grant date in accordance with Financial Accounting Standards Board Accounting Standards Codification Topic 718, or any successor thereto) of Awards granted to a non-employee Director as compensation for services as a non-employee Director during any fiscal year of the Company may not exceed \$750,000 (the “*Director Limit*”). The Administrator may make exceptions to the Director Limit in extraordinary circumstances, as the Administrator may determine in its discretion, provided that the non-employee Director receiving such additional compensation may not participate in the decision to award such compensation or in other contemporaneous compensation decisions involving non-employee Directors.

## **ARTICLE V. STOCK OPTIONS AND STOCK APPRECIATION RIGHTS**

5.1 General. The Administrator may grant Options or Stock Appreciation Rights to Service Providers subject to the limitations in the Plan, including any limitations in the Plan that apply to Incentive Stock Options. A Stock Appreciation Right will entitle the Participant (or other person entitled to exercise the Stock Appreciation Right) to receive from the Company upon exercise of the exercisable portion of the Stock Appreciation Right an amount determined by multiplying the excess, if any, of the Fair Market Value on the date of exercise over the exercise price per Share of the Stock Appreciation Right by the number of Shares with respect to which the Stock Appreciation Right is exercised, subject to any limitations of the Plan or that the Administrator may impose and payable in cash, Shares valued at Fair Market Value or a combination of the two as the Administrator may determine or provide in the Award Agreement.

5.2 Exercise Price. The Administrator will establish each Option’s and Stock Appreciation Right’s exercise price and specify the exercise price in the Award Agreement. The exercise price will not be less than 100% of the Fair Market Value on the grant date of the Option (subject to Section 5.6) or Stock Appreciation Right. Notwithstanding the foregoing, in the case of an Option or a Stock Appreciation Right that is a Substitute Award, the exercise price per share of the Shares subject to such Option or Stock Appreciation Right, as applicable, may be less than the Fair Market Value per share on the date of grant; provided that the exercise price of any Substitute Award shall be determined in accordance with the applicable requirements of Sections 424 and 409A of the Code.

5.3 Duration. Each Option or Stock Appreciation Right will be exercisable at such times and as specified in the Award Agreement, provided that, subject to Section 5.6, the term of an Option or Stock Appreciation Right will not exceed ten years. Notwithstanding the foregoing and unless determined otherwise by the Company, in the event that on the last business day of the term of an Option or Stock Appreciation Right (other than an Incentive Stock Option) (a) the exercise of the Option or Stock Appreciation Right is prohibited by Applicable Law, as determined by the Company, or (b) Shares may not be purchased or sold by the applicable Participant due to any Company insider trading policy (including blackout periods) or a “lock-up” agreement undertaken in connection with an issuance of securities by the Company, the term of the Option or Stock Appreciation Right shall be extended until the date that is 30 days after the end of the legal prohibition, black-out period or lock-up agreement, as determined by the Company; provided, however, in no event shall the extension last beyond the ten year term of the applicable Option or Stock Appreciation Right. Unless otherwise determined by the Administrator in the Award Agreement or by action of the Administrator following the grant of the Option or Stock Appreciation Right, (i) no portion of an Option or Stock Appreciation Right which is unexercisable at a Participant’s Termination of Service shall thereafter become exercisable and (ii) the portion of an Option or Stock Appreciation Right that is unexercisable at a Participant’s Termination of Service shall automatically expire on the date of such Termination of Service; provided, however, in the event such Termination of Service is due to death or Disability, the portion of an Option or Stock Appreciation Right that is unexercisable at a Participant’s Termination of Service shall automatically expire thirty (30) days following such Termination of Service for death or Disability. Notwithstanding the foregoing, to the extent permitted under Applicable

Laws, if the Participant, prior to the end of the term of an Option or Stock Appreciation Right, violates the non-competition, non-solicitation, confidentiality or other similar restrictive covenant provisions of any employment contract, confidentiality and nondisclosure agreement or other agreement between the Participant and the Company or any Subsidiary, the right of the Participant and the Participant's transferees to exercise any Option or Stock Appreciation Right issued to the Participant shall terminate immediately upon such violation, unless the Company otherwise determines.

5.4 Exercise. Options and Stock Appreciation Rights may be exercised by delivering to the Company a written notice of exercise, in a form the Administrator approves (which may be electronic), signed by the person authorized to exercise the Option or Stock Appreciation Right, together with, as applicable, payment in full (a) as specified in Section 5.5 for the number of Shares for which the Award is exercised and (b) as specified in Section 9.5 for any applicable taxes. Unless the Administrator otherwise determines, an Option or Stock Appreciation Right may not be exercised for a fraction of a Share.

5.5 Payment Upon Exercise. Subject to Section 10.8, any Company insider trading policy (including blackout periods) and Applicable Laws, the exercise price of an Option must be paid by:

(a) cash, wire transfer of immediately available funds or by check payable to the order of the Company, provided that the Company may limit the use of one of the foregoing payment forms if one or more of the payment forms below is permitted;

(b) if there is a public market for Shares at the time of exercise, unless the Company otherwise determines, (i) delivery (including electronically or telephonically to the extent permitted by the Company) of an irrevocable and unconditional undertaking by a broker acceptable to the Company to deliver promptly to the Company sufficient funds to pay the exercise price, or (ii) the Participant's delivery to the Company of a copy of irrevocable and unconditional instructions to a broker acceptable to the Company to deliver promptly to the Company cash or a check sufficient to pay the exercise price; provided that such amount is paid to the Company at such time as may be required by the Administrator;

(c) to the extent permitted by the Administrator, delivery (either by actual delivery or attestation) of Shares owned by the Participant valued at their Fair Market Value;

(d) to the extent permitted by the Administrator, surrendering Shares then issuable upon the Option's exercise valued at their Fair Market Value on the exercise date;

(e) to the extent permitted by the Administrator, delivery of a promissory note or any other property that the Administrator determines is good and valuable consideration; or

(f) to the extent permitted by the Company, any combination of the above payment forms approved by the Administrator.

5.6 Additional Terms of Incentive Stock Options. The Administrator may grant Incentive Stock Options only to employees of the Company, any of its present or future parent or subsidiary corporations, as defined in Sections 424(e) or (f) of the Code, respectively, and any other entities the employees of which are eligible to receive Incentive Stock Options under the Code. If an Incentive Stock Option is granted to a Greater Than 10% Stockholder, the exercise price will not be less than 110% of the Fair Market Value on the Option's grant date, and the term of the Option will not exceed five years. All Incentive Stock Options will be subject to and construed consistently with Section 422 of the Code. By accepting an Incentive Stock Option, the Participant agrees to give prompt notice to the Company of dispositions or other transfers (other than in connection with a Change in Control) of Shares acquired under the Option made within (a) two years from the grant date of the Option or (b) one year after the transfer of



such Shares to the Participant, specifying the date of the disposition or other transfer and the amount the Participant realized, in cash, other property, assumption of indebtedness or other consideration, in such disposition or other transfer. Neither the Company nor the Administrator will be liable to a Participant, or any other party, if an Incentive Stock Option fails or ceases to qualify as an “incentive stock option” under Section 422 of the Code. Any Incentive Stock Option or portion thereof that fails to qualify as an “incentive stock option” under Section 422 of the Code for any reason, including becoming exercisable with respect to Shares having a fair market value exceeding the \$100,000 limitation under Treasury Regulation Section 1.422-4, will be a Non-Qualified Stock Option.

**ARTICLE VI.  
RESTRICTED STOCK; RESTRICTED STOCK UNITS**

6.1 General. The Administrator may grant Restricted Stock, or the right to purchase Restricted Stock, to any Service Provider, subject to the Company’s right to repurchase all or part of such Shares at their issue price or other stated or formula price from the Participant (or to require forfeiture of such Shares) if conditions the Administrator specifies in the Award Agreement are not satisfied before the end of the applicable restriction period or periods that the Administrator establishes for such Award. In addition, the Administrator may grant to Service Providers Restricted Stock Units, which may be subject to vesting and forfeiture conditions during the applicable restriction period or periods, as set forth in an Award Agreement.

6.2 Restricted Stock.

(a) Rights as Stockholders. Subject to the Company’s right of repurchase as described above, upon issuance of Restricted Stock, the Participant shall have, unless otherwise provided by the Administrator, all of the rights of a stockholder with respect to said Shares, subject to the restrictions in the Plan.

(b) Dividends. Participants holding Shares of Restricted Stock will be entitled to all ordinary cash dividends paid with respect to such Shares, unless the Administrator provides otherwise in the Award Agreement. In addition, unless the Administrator provides otherwise, if any dividends or distributions are paid in Shares, or consist of a dividend or distribution to holders of Common Stock of property other than an ordinary cash dividend, the Shares or other property will be subject to the same restrictions on transferability and forfeitability as the Shares of Restricted Stock with respect to which they were paid. Notwithstanding anything to the contrary herein, with respect to any award of Restricted Stock, dividends which are paid to holders of Common Stock prior to vesting shall only be paid out to the Participant holding such Restricted Stock to the extent that the vesting conditions are subsequently satisfied. All such dividend payments will be made no later than March 15 of the calendar year following the calendar year in which the right to the dividend payment becomes nonforfeitable.

(c) Stock Certificates. The Company may require that the Participant deposit in escrow with the Company (or its designee) any stock certificates issued in respect of Shares of Restricted Stock, together with a stock power endorsed in blank.

6.3 Restricted Stock Units.

(a) Settlement. The Administrator may provide that settlement of Restricted Stock Units will occur upon or as soon as reasonably practicable after the Restricted Stock Units vest or will instead be deferred, on a mandatory basis or at the Participant’s election, in a manner intended to comply with Section 409A.

(b) Stockholder Rights. A Participant will have no rights of a stockholder with respect to Shares subject to any Restricted Stock Unit unless and until the Shares are delivered in settlement of the Restricted Stock Unit.

**ARTICLE VII.  
OTHER STOCK OR CASH BASED AWARDS; DIVIDEND EQUIVALENTS**

7.1 Other Stock or Cash Based Awards. Other Stock or Cash Based Awards may be granted to Participants, including Awards entitling Participants to receive Shares to be delivered in the future and including annual or other periodic or long-term cash bonus awards (whether based on specified Performance Criteria or otherwise), in each case subject to any conditions and limitations in the Plan. Such Other Stock or Cash Based Awards will also be available as a payment form in the settlement of other Awards, as standalone payments and as payment in lieu of compensation to which a Participant is otherwise entitled. Other Stock or Cash Based Awards may be paid in Shares, cash or other property, as the Administrator determines.

7.2 Dividend Equivalents. A grant of Restricted Stock Units or Other Stock or Cash Based Award may provide a Participant with the right to receive Dividend Equivalents, and no Dividend Equivalents shall be payable with respect to Options or Stock Appreciation Rights. Dividend Equivalents may be paid currently or credited to an account for the Participant, settled in cash or Shares and subject to the same restrictions on transferability and forfeitability as the Award with to which the Dividend Equivalents are paid and subject to other terms and conditions as set forth in the Award Agreement. Notwithstanding anything to the contrary herein, Dividend Equivalents with respect to an Award shall only be paid out to the Participant to the extent that the vesting conditions applicable to the underlying Award are satisfied. All such Dividend Equivalent payments will be made no later than March 15 of the calendar year following the calendar year in which the right to the Dividend Equivalent payment becomes nonforfeitable in accordance with the foregoing, unless otherwise determined by the Administrator.

**ARTICLE VIII.  
ADJUSTMENTS FOR CHANGES IN COMMON STOCK  
AND CERTAIN OTHER EVENTS**

8.1 Equity Restructuring. In connection with any Equity Restructuring, notwithstanding anything to the contrary in this Article VIII, the Administrator will equitably adjust each outstanding Award as it deems appropriate to reflect the Equity Restructuring, which may include adjusting the number and type of securities subject to each outstanding Award and/or the Award's exercise price or grant price (if applicable), granting new Awards to Participants, and making a cash payment to Participants. The adjustments provided under this Section 8.1 will be nondiscretionary and final and binding on the affected Participant and the Company; provided that the Administrator will determine whether an adjustment is equitable.

8.2 Corporate Transactions. In the event of any dividend or other distribution (whether in the form of cash, Common Stock, other securities, or other property), reorganization, merger, consolidation, combination, amalgamation, repurchase, recapitalization, liquidation, dissolution, or sale, transfer, exchange or other disposition of all or substantially all of the assets of the Company, or sale or exchange of Common Stock or other securities of the Company, Change in Control, issuance of warrants or other rights to purchase Common Stock or other securities of the Company, other similar corporate transaction or event, other unusual or nonrecurring transaction or event affecting the Company or its financial statements or any change in any Applicable Laws or accounting principles, the Administrator, on such terms and conditions as it deems appropriate, either by the terms of the Award or by action taken prior to the occurrence of such transaction or event (except that action to give effect to a change in Applicable Law or

accounting principles may be made within a reasonable period of time after such change) and either automatically or upon the Participant's request, is hereby authorized to take any one or more of the following actions whenever the Administrator determines that such action is appropriate in order to (x) prevent dilution or enlargement of the benefits or potential benefits intended by the Company to be made available under the Plan or with respect to any Award granted or issued under the Plan, (y) facilitate such transaction or event or (z) give effect to such changes in Applicable Laws or accounting principles:

(a) To provide for the cancellation of any such Award in exchange for either an amount of cash or other property with a value equal to the amount that could have been obtained upon the exercise or settlement of the vested portion of such Award or realization of the Participant's rights under the vested portion of such Award, as applicable; provided that, if the amount that could have been obtained upon the exercise or settlement of the vested portion of such Award or realization of the Participant's rights, in any case, is equal to or less than zero, then the Award may be terminated without payment;

(b) To provide that such Award shall vest and, to the extent applicable, be exercisable as to all Shares covered thereby, notwithstanding anything to the contrary in the Plan or the provisions of such Award;

(c) To provide that such Award be assumed by the successor or survivor corporation, or a parent or subsidiary thereof, or shall be substituted for by awards covering the stock of the successor or survivor corporation, or a parent or subsidiary thereof, with appropriate adjustments as to the number and kind of shares and/or applicable exercise or purchase price, in all cases, as determined by the Administrator;

(d) To make adjustments in the number and type of Shares (or other securities or property) subject to outstanding Awards and/or with respect to which Awards may be granted under the Plan (including, but not limited to, adjustments of the limitations in Article IV on the maximum number and kind of shares which may be issued, including pursuant to any Non-Employee Director Compensation Policy) and/or in the terms and conditions of (including the grant or exercise price or applicable performance goals), and the criteria included in, outstanding Awards;

(e) To replace such Award with other rights or property selected by the Administrator;  
and/or

(f) To provide that the Award will terminate and cannot vest, be exercised or become payable after the applicable event.

### 8.3 Effect of a Change in Control.

(a) Notwithstanding the provisions of Section 8.2, if a Change in Control occurs and a Participant's Award is not continued, converted, assumed or replaced with a substantially similar award by (i) the Company, or (ii) a successor entity or its parent or subsidiary (an "*Assumption*"), and provided that the Participant has not had a Termination of Service, then, immediately prior to the Change in Control, such Award shall become fully vested, exercisable and/or payable, as applicable, and all forfeiture, repurchase and other restrictions on such Award shall lapse, in which case, such Award shall be canceled upon the consummation of the Change in Control in exchange for the right to receive the Change in Control consideration payable to other holders of Common Stock (A) which may be on such terms and conditions as apply generally to holders of Common Stock under the Change in Control documents (including, without limitation, any escrow, earn-out or other deferred consideration provisions) or such other terms and conditions as the Administrator may provide, and (B) determined by reference to the number of Shares subject to such Award and net of any applicable exercise price; provided that to the extent that any Award

constitutes “nonqualified deferred compensation” that may not be paid upon the Change in Control under Section 409A without the imposition of taxes thereon under Section 409A (including payments as a result of any termination of “nonqualified deferred compensation” Awards permitted under Section 409A in connection with a Change in Control), the timing of such payments shall be governed by the applicable Award Agreement (subject to any deferred consideration provisions applicable under the Change in Control documents); and provided, further, that if the amount to which the Participant would be entitled upon the settlement or exercise of such Award at the time of the Change in Control is equal to or less than zero, then such Award may be terminated without payment. The Administrator shall determine whether an Assumption of an Award has occurred in connection with a Change in Control.

(b) If a Change in Control occurs and a Participant’s Awards are assumed pursuant to Section 8.3(a), and, on or within 12 months following such Change in Control, the Company or its successor entity or a parent or subsidiary thereof terminates such Participant’s employment or service with such entity for any reason (other than for Cause and other than as a result of such Participant’s death or Disability), then (i) such Participant’s remaining unvested Awards (including any Substitute Awards) shall become fully vested, exercisable and/or payable, as applicable, and all forfeiture, repurchase and other restrictions on such Awards (including any Substitute Awards) shall lapse, on the date of such Termination of Service, and (ii) with respect to Options then held by such Participant, the Participant shall have a period of 6 months following the date of such Termination of Service (or such longer period as may be set forth in the applicable Award Agreement(s)) to exercise such Options, to the extent that he or she was otherwise entitled to exercise such Options on the date of such Termination of Service (but in no event shall any Option remain exercisable beyond its outside expiration date).

8.4 Administrative Stand Still. In the event of any pending stock dividend, stock split, combination or exchange of shares, merger, consolidation or other distribution (other than normal cash dividends) of Company assets to stockholders, or any other extraordinary transaction or change affecting the Shares or the Share price, including any Equity Restructuring or any securities offering or other similar transaction, for administrative convenience, the Administrator may refuse to permit the exercise of any Award for up to 60 days before or after such transaction.

8.5 General. Except as expressly provided in the Plan or the Administrator’s action under the Plan, no Participant will have any rights due to any subdivision or consolidation of Shares of any class, dividend payment, increase or decrease in the number of Shares of any class or dissolution, liquidation, merger, or consolidation of the Company or other corporation. Except as expressly provided with respect to an Equity Restructuring under Section 8.1 or the Administrator’s action under the Plan, no issuance by the Company of Shares of any class, or securities convertible into Shares of any class, will affect, and no adjustment will be made regarding, the number of Shares subject to an Award or the Award’s grant price or exercise price (if applicable). The existence of the Plan, any Award Agreements and the Awards granted hereunder will not affect or restrict in any way the Company’s right or power to make or authorize (a) any adjustment, recapitalization, reorganization or other change in the Company’s capital structure or its business, (b) any merger, consolidation dissolution or liquidation of the Company or sale of Company assets or (c) any sale or issuance of securities, including securities with rights superior to those of the Shares or securities convertible into or exchangeable for Shares. The Administrator may treat Participants and Awards (or portions thereof) differently under this Article VIII.

#### **ARTICLE IX. GENERAL PROVISIONS APPLICABLE TO AWARDS**

9.1 Transferability. Except as the Administrator may determine or provide in an Award Agreement or otherwise for Awards other than Incentive Stock Options, Awards may not be sold, assigned, transferred, pledged or otherwise encumbered, either voluntarily or by operation of law, except for certain

beneficiary designations, by will or the laws of descent and distribution, or, subject to the Administrator's consent, pursuant to a domestic relations order, and, during the life of the Participant, will be exercisable only by the Participant. Any permitted transfer of an Award hereunder shall be without consideration, except as required by Applicable Law, and such Award transferred to a permitted transferee shall continue to be subject to all the terms and conditions of the Award as applicable to the original Participant and the Participant or transferor and the receiving permitted transferee shall execute any and all documents requested by the Administrator. References to a Participant, to the extent relevant in the context, will include references to a Participant's authorized transferee that the Administrator specifically approves.

9.2 Documentation. Each Award will be evidenced in an Award Agreement, which may be written or electronic, as the Administrator determines. The Award Agreement will contain the terms and conditions applicable to an Award. Each Award may contain terms and conditions in addition to those set forth in the Plan.

9.3 Discretion. Except as the Plan otherwise provides, each Award may be made alone or in addition or in relation to any other Award. The terms of each Award to a Participant need not be identical, and the Administrator need not treat Participants or Awards (or portions thereof) uniformly.

9.4 Change in Status. The Administrator will determine how the disability, death, retirement, an authorized leave of absence or any other change or purported change in a Participant's Service Provider status affects an Award and the extent to which, and the period during which, the Participant, the Participant's legal representative, conservator, guardian or Designated Beneficiary may exercise rights under the Award, if applicable.

9.5 Withholding. Each Participant must pay the Company, or make provision satisfactory to the Administrator for payment of, any taxes required by Applicable Law to be withheld in connection with such Participant's Awards by the date of the event creating the tax liability. The Company may deduct an amount sufficient to satisfy such tax obligations based on the applicable statutory withholding rates (or such other rate as may be determined by the Company after considering any accounting consequences or costs) from any payment of any kind otherwise due to a Participant. In the absence of a contrary determination by the Company (or, with respect to withholding pursuant to clause (b) below with respect to Awards held by individuals subject to Section 16 of the Exchange Act, a contrary determination by the Administrator), all tax withholding obligations will be calculated based on the maximum applicable statutory withholding rates. Subject to Section 10.8 and any Company insider trading policy (including blackout periods), Participants may satisfy such tax obligations (a) in cash, by wire transfer of immediately available funds, by check made payable to the order of the Company, provided that the Company may limit the use of the foregoing payment forms if one or more of the payment forms below is permitted, (b) to the extent permitted by the Administrator, in whole or in part by delivery of Shares, including Shares delivered by attestation and Shares retained from the Award creating the tax obligation, valued at their Fair Market Value on the date of delivery, (c) if there is a public market for Shares at the time the tax obligations are satisfied, unless the Company otherwise determines, (i) delivery (including electronically or telephonically to the extent permitted by the Company) of an irrevocable and unconditional undertaking by a broker acceptable to the Company to deliver promptly to the Company sufficient funds to satisfy the tax obligations, or (ii) delivery by the Participant to the Company of a copy of irrevocable and unconditional instructions to a broker acceptable to the Company to deliver promptly to the Company cash or a check sufficient to satisfy the tax withholding; provided that such amount is paid to the Company at such time as may be required by the Administrator, or (d) to the extent permitted by the Company, any combination of the foregoing payment forms approved by the Administrator. Notwithstanding any other provision of the Plan, the number of Shares which may be so delivered or retained pursuant to clause (b) of the immediately preceding sentence shall be limited to the number of Shares which have a Fair Market Value on the date of delivery or retention no greater than the aggregate amount of such liabilities based on the maximum individual statutory tax rate

in the applicable jurisdiction at the time of such withholding (or such other rate as may be required to avoid the liability classification of the applicable Award under generally accepted accounting principles in the United States of America); provided, however, to the extent such Shares were acquired by Participant from the Company as compensation, the Shares must have been held for the minimum period required by applicable accounting rules to avoid a charge to the Company's earnings for financial reporting purposes; provided, further, that, any such Shares delivered or retained shall be rounded up to the nearest whole Share to the extent rounding up to the nearest whole Share does not result in the liability classification of the applicable Award under generally accepted accounting principles in the United States of America. If any tax withholding obligation will be satisfied under clause (b) above by the Company's retention of Shares from the Award creating the tax obligation and there is a public market for Shares at the time the tax obligation is satisfied, the Company may elect to instruct any brokerage firm determined acceptable to the Company for such purpose to sell on the applicable Participant's behalf some or all of the Shares retained and to remit the proceeds of the sale to the Company or its designee, and each Participant's acceptance of an Award under the Plan will constitute the Participant's authorization to the Company and instruction and authorization to such brokerage firm to complete the transactions described in this sentence.

9.6 Amendment of Award. The Administrator may amend, modify or terminate any outstanding Award, including by substituting another Award of the same or a different type, changing the exercise or settlement date, and converting an Incentive Stock Option to a Non-Qualified Stock Option. The Participant's consent to such action will be required unless (a) the action, taking into account any related action, does not materially and adversely affect the Participant's rights under the Award, or (b) the change is permitted under Article VIII or pursuant to Section 10.6.

9.7 Conditions on Delivery of Stock. The Company will not be obligated to deliver any Shares under the Plan or remove restrictions from Shares previously delivered under the Plan until (a) all Award conditions have been met or removed to the Company's satisfaction, (b) as determined by the Company, all other legal matters regarding the issuance and delivery of such Shares have been satisfied, including any applicable securities laws and stock exchange or stock market rules and regulations, and (c) the Participant has executed and delivered to the Company such representations or agreements as the Administrator deems necessary or appropriate to satisfy any Applicable Laws. The Company's inability to obtain authority from any regulatory body having jurisdiction, which the Administrator determines is necessary to the lawful issuance and sale of any securities, will relieve the Company of any liability for failing to issue or sell such Shares as to which such requisite authority has not been obtained.

9.8 Acceleration. The Administrator may at any time provide that any Award will become immediately vested and fully or partially exercisable, free of some or all restrictions or conditions, or otherwise fully or partially realizable.

9.9 Cash Settlement. Without limiting the generality of any other provision of the Plan, the Administrator may provide, in an Award Agreement or subsequent to the grant of an Award, in its discretion, that any Award may be settled in cash, Shares or a combination thereof.

9.10 Broker-Assisted Sales. In the event of a broker-assisted sale of Shares in connection with the payment of amounts owed by a Participant under or with respect to the Plan or Awards, including amounts to be paid under the final sentence of Section 9.5: (a) any Shares to be sold through the broker-assisted sale will be sold on the day the payment first becomes due, or as soon thereafter as practicable; (b) such Shares may be sold as part of a block trade with other Participants in the Plan in which all Participants receive an average price; (c) the applicable Participant will be responsible for all broker's fees and other costs of sale, and by accepting an Award, each Participant agrees to indemnify and hold the Company harmless from any losses, costs, damages, or expenses relating to any such sale; (d) to the extent the Company or its designee receives proceeds of such sale that exceed the amount owed, the Company will

pay such excess in cash to the applicable Participant as soon as reasonably practicable; (e) the Company and its designees are under no obligation to arrange for such sale at any particular price; and (f) in the event the proceeds of such sale are insufficient to satisfy the Participant's applicable obligation, the Participant may be required to pay immediately upon demand to the Company or its designee an amount in cash sufficient to satisfy any remaining portion of the Participant's obligation.

## **ARTICLE X. MISCELLANEOUS**

10.1 No Right to Employment or Other Status. No person will have any claim or right to be granted an Award, and the grant of an Award will not be construed as giving a Participant the right to continued employment or any other relationship with the Company or any Subsidiary. The Company and its Subsidiaries expressly reserve the right at any time to dismiss or otherwise terminate its relationship with a Participant free from any liability or claim under the Plan or any Award, except as expressly provided in an Award Agreement or in the Plan.

10.2 No Rights as Stockholder; Certificates. Subject to the Award Agreement, no Participant or Designated Beneficiary will have any rights as a stockholder with respect to any Shares to be distributed under an Award until becoming the record holder of such Shares. Notwithstanding any other provision of the Plan, unless the Administrator otherwise determines or Applicable Laws require, the Company will not be required to deliver to any Participant certificates evidencing Shares issued in connection with any Award and instead such Shares may be recorded in the books of the Company (or, as applicable, its transfer agent or stock plan administrator). The Company may place legends on stock certificates issued under the Plan that the Administrator deems necessary or appropriate to comply with Applicable Laws.

10.3 Effective Date and Term of Plan. Unless earlier terminated by the Board, the Plan will become effective on the day prior to the Public Trading Date (the "*Effective Date*") and will remain in effect until the tenth anniversary of the earlier of (a) the date the Board adopted the Plan or (b) the date the Company's stockholders approved the Plan, but Awards previously granted may extend beyond that date in accordance with the Plan. Notwithstanding anything to the contrary in the Plan, an Incentive Stock Option may not be granted under the Plan after 10 years from the earlier of (i) the date the Board adopted the Plan or (ii) the date the Company's stockholders approved the Plan, but Awards previously granted may extend beyond that date in accordance with the Plan. If the Plan is not approved by the Company's stockholders, the Plan will not become effective, no Awards will be granted under the Plan and the Prior Plan (to the extent in effect as of the Effective Date) will continue in full force and effect in accordance with its terms.

10.4 Amendment and Termination of Plan. The Board may amend, suspend or terminate the Plan at any time; provided that no amendment, other than an increase to the Overall Share Limit, may materially and adversely affect any Award outstanding at the time of such amendment without the affected Participant's consent. No Awards may be granted under the Plan during any suspension period or after the Plan's termination. Awards outstanding at the time of any Plan suspension or termination will continue to be governed by the Plan and the Award Agreement, as in effect before such suspension or termination. The Board will obtain stockholder approval of any Plan amendment to the extent necessary to comply with Applicable Laws. In addition, the Board may delegate to a Committee the authority to amend the Plan or any portion thereof at any time to (a) cure any ambiguity or to correct or supplement any provision of the Plan which may be defective or inconsistent with any other provision of the Plan or (b) make any other provisions in regard to matters or questions arising under the Plan which the Committee may deem necessary or desirable and which, in the judgment of the Committee, is not material.

10.5 Provisions for Foreign Participants. The Administrator may modify Awards granted to Participants who are foreign nationals or employed outside the United States or establish subplans or procedures under the Plan to address differences in laws, rules, regulations or customs of such foreign jurisdictions with respect to tax, securities, currency, employee benefit or other matters; provided, however, that no such subplans and/or modifications shall increase the Overall Share Limit or the Director Limit.

10.6 Section 409A.

(a) General. The Company intends that all Awards be structured to comply with, or be exempt from, Section 409A, such that no adverse tax consequences, interest, or penalties under Section 409A apply. Notwithstanding anything in the Plan or any Award Agreement to the contrary, the Administrator may, without a Participant's consent, amend this Plan or Awards, adopt policies and procedures, or take any other actions (including amendments, policies, procedures and retroactive actions) as are necessary or appropriate to preserve the intended tax treatment of Awards, including any such actions intended to (i) exempt this Plan or any Award from Section 409A, or (ii) comply with Section 409A, including regulations, guidance, compliance programs and other interpretative authority that may be issued after an Award's grant date. The Company makes no representations or warranties as to an Award's tax treatment under Section 409A or otherwise. The Company will have no obligation under this Section 10.6 or otherwise to avoid the taxes, penalties or interest under Section 409A with respect to any Award and will have no liability to any Participant or any other person if any Award, compensation or other benefits under the Plan are determined to constitute noncompliant "nonqualified deferred compensation" subject to taxes, penalties or interest under Section 409A.

(b) Separation from Service. If an Award constitutes "nonqualified deferred compensation" under Section 409A, any payment or settlement of such Award upon a termination of a Participant's Service Provider relationship will, to the extent necessary to avoid taxes under Section 409A, be made only upon the Participant's "separation from service" (within the meaning of Section 409A), whether such "separation from service" occurs upon or after the termination of the Participant's Service Provider relationship. For purposes of this Plan or any Award Agreement relating to any such payments or benefits, references to a "termination," "termination of employment" or like terms means a "separation from service."

(c) Payments to Specified Employees. Notwithstanding any contrary provision in the Plan or any Award Agreement, any payment(s) of "nonqualified deferred compensation" required to be made under an Award to a "specified employee" (as defined under Section 409A and as the Administrator determines) due to his or her "separation from service" will, to the extent necessary to avoid taxes under Section 409A(a)(2)(B)(i) of the Code, be delayed for the six-month period immediately following such "separation from service" (or, if earlier, until the specified employee's death) and will instead be paid (as set forth in the Award Agreement) on the day immediately following such six-month period or as soon as administratively practicable thereafter (without interest). Any payments of "nonqualified deferred compensation" under such Award payable more than six months following the Participant's "separation from service" will be paid at the time or times the payments are otherwise scheduled to be made.

10.7 Limitations on Liability. Notwithstanding any other provisions of the Plan, no individual acting as a director, officer, other employee or agent of the Company or any Subsidiary will be liable to any Participant, former Participant, spouse, beneficiary, or any other person for any claim, loss, liability, or expense incurred in connection with the Plan or any Award, and such individual will not be personally liable with respect to the Plan because of any contract or other instrument executed in his or her capacity as an Administrator, director, officer, other employee or agent of the Company or any Subsidiary. The Company will indemnify and hold harmless each director, officer, other employee and agent of the Company or any Subsidiary that has been or will be granted or delegated any duty or power relating to the



Plan's administration or interpretation, against any cost or expense (including attorneys' fees) or liability (including any sum paid in settlement of a claim with the Administrator's approval) arising from any act or omission concerning this Plan unless arising from such person's own fraud or bad faith.

10.8 Lock-Up Period. The Company may, at the request of any underwriter representative or otherwise, in connection with registering the offering of any Company securities under the Securities Act, prohibit Participants from, directly or indirectly, selling or otherwise transferring any Shares or other Company securities during a period of up to 180 days following the effective date of a Company registration statement filed under the Securities Act, or such longer period as determined by the underwriter.

10.9 Data Privacy. As a condition for receiving any Award, each Participant explicitly and unambiguously consents to the collection, use and transfer, in electronic or other form, of personal data as described in this section by and among the Company and any Subsidiary and any of their respective affiliates exclusively for implementing, administering and managing the Participant's participation in the Plan. The Company and the Subsidiaries and their respective affiliates may hold certain personal information about a Participant, including the Participant's name, address and telephone number; birthdate; social security, insurance number or other identification number; salary; nationality; job title(s); any Shares held in the Company or any Subsidiaries or any of their respective affiliates; and Award details, to implement, manage and administer the Plan and Awards (the "**Data**"). The Company and the Subsidiaries and their respective affiliates may transfer the Data amongst themselves as necessary to implement, administer and manage a Participant's participation in the Plan, and the Company and the Subsidiaries and their respective affiliates may transfer the Data to third parties assisting the Company with Plan implementation, administration and management. These recipients may be located in the Participant's country, or elsewhere, and the Participant's country may have different data privacy laws and protections than the recipients' country. By accepting an Award, each Participant authorizes such recipients to receive, possess, use, retain and transfer the Data, in electronic or other form, to implement, administer and manage the Participant's participation in the Plan, including any required Data transfer to a broker or other third party with whom the Company, any Subsidiary or the Participant may elect to deposit any Shares. The Data related to a Participant will be held only as long as necessary to implement, administer, and manage the Participant's participation in the Plan. A Participant may, at any time, view the Data that the Company and any Subsidiary hold regarding such Participant, request additional information about the storage and processing of the Data regarding such Participant, recommend any necessary corrections to the Data regarding the Participant or refuse or withdraw the consents in this Section 10.9 in writing, without cost, by contacting the local human resources representative. If the Participant refuses or withdraws the consents in this Section 10.9, the Company may cancel Participant's ability to participate in the Plan and, in the Administrator's discretion, the Participant may forfeit any outstanding Awards. For more information on the consequences of refusing or withdrawing consent, Participants may contact their local human resources representative.

10.10 Severability. If any portion of the Plan or any action taken under it is held illegal or invalid for any reason, the illegality or invalidity will not affect the remaining parts of the Plan, and the Plan will be construed and enforced as if the illegal or invalid provisions had been excluded, and the illegal or invalid action will be null and void.

10.11 Governing Documents. If any contradiction occurs between the Plan and any Award Agreement or other written agreement between a Participant and the Company (or any Subsidiary) that the Administrator has approved, the Plan will govern, unless it is expressly specified in such Award Agreement or other written document that a specific provision of the Plan will not apply.

10.12 Governing Law. The Plan and all Awards will be governed by and interpreted in accordance with the laws of the State of Delaware, disregarding any state's choice-of-law principles requiring the application of a jurisdiction's laws other than the State of Delaware.

10.13 Claw-back Provisions. All Awards (including, without limitation, any proceeds, gains or other economic benefit actually or constructively received by Participant upon any receipt or exercise of any Award or upon the receipt or resale of any Shares underlying the Award) shall be subject to the provisions of any claw-back policy implemented by the Company, including, without limitation, any claw-back policy adopted to comply with Applicable Laws (including the Dodd-Frank Wall Street Reform and Consumer Protection Act and any rules or regulations promulgated thereunder) as and to the extent set forth in such claw-back policy or the Award Agreement.

10.14 Titles and Headings. The titles and headings in the Plan are for convenience of reference only and, if any conflict, the Plan's text, rather than such titles or headings, will control.

10.15 Conformity to Securities Laws. Participant acknowledges that the Plan is intended to conform to the extent necessary with Applicable Laws. Notwithstanding anything herein to the contrary, the Plan and all Awards will be administered only in conformance with Applicable Laws. To the extent Applicable Laws permit, the Plan and all Award Agreements will be deemed amended as necessary to conform to Applicable Laws.

10.16 Relationship to Other Benefits. No payment under the Plan will be taken into account in determining any benefits under any pension, retirement, savings, profit sharing, group insurance, welfare or other benefit plan of the Company or any Subsidiary except as expressly provided in writing in such other plan or an agreement thereunder.

## **ARTICLE XI. DEFINITIONS**

As used in the Plan, the following words and phrases will have the following meanings:

11.1 “*Administrator*” means the Board or a Committee to the extent that the Board's powers or authority under the Plan have been delegated to such Committee. Notwithstanding the foregoing, the full Board, acting by a majority of its members in office, shall conduct the general administration of the Plan with respect to Awards granted to Directors and, with respect to such Awards, the term “Administrator” as used in the Plan shall be deemed to refer to the Board.

11.2 “*Applicable Laws*” means the requirements relating to the administration of equity incentive plans under U.S. federal and state securities, tax and other applicable laws, rules and regulations, the applicable rules of any stock exchange or quotation system on which the Common Stock is listed or quoted and the applicable laws and rules of any foreign country or other jurisdiction where Awards are granted.

11.3 “*Award*” means, individually or collectively, a grant under the Plan of Options, Stock Appreciation Rights, Restricted Stock, Restricted Stock Units, Dividend Equivalents, or Other Stock or Cash Based Awards.

11.4 “*Award Agreement*” means a written agreement evidencing an Award, which may be electronic, that contains such terms and conditions as the Administrator determines, consistent with and subject to the terms and conditions of the Plan.

11.5 “**Board**” means the Board of Directors of the Company.

11.6 “**Cause**” with respect to a Participant, shall mean “Cause” (or any term of similar effect) as defined in such Participant’s employment or service agreement with the Company or an affiliate thereof if such an agreement exists and contains a definition of Cause (or term of similar effect), or, if no such agreement exists or such agreement does not contain a definition of Cause (or term of similar effect), then “Cause” shall mean one or more of the following: (a) repeated and gross failure to perform Participant’s material duties, after written notice of such performance has been given to Participant with 30 days to cure such nonperformance; (b) use of illegal drugs by Participant; (c) commission of a felony, a crime of moral turpitude or a misdemeanor involving fraud or dishonesty (for avoidance of doubt, a single driving while intoxicated (or other similar charge) shall not be considered a felony or crime of moral turpitude); (d) the perpetration of any act of fraud or material dishonesty against or affecting the Company, any of its affiliates, or any customer, agent or employee thereof; (e) material breach of fiduciary duty or material breach of this Agreement, after written notice of such breach has been given to Participant and, to the event such breach is curable, within 30 days to cure such breach; (f) repeated insolent or abusive conduct in the workplace, including but not limited to, harassment of others of a racial or sexual nature after notice of such behavior; (g) taking any action which is intended to harm or disparage the Company or its affiliates, or their reputations, or which would reasonably be expected to lead to unwanted or unfavorable publicity to the Company or its affiliates; (h) engaging in any act of material self-dealing without prior notice to and consent by the Board; (i) repeated violations of the Company’s code of conduct or similar such policy; or (j) violation of the non-competition, non-solicitation, confidentiality or other similar restrictive covenant provisions of any employment contract, confidentiality and nondisclosure agreement or other agreement between the Participant and the Company or any Subsidiary.

11.7 “**Change in Control**” means and includes each of the following:

(a) A transaction or series of transactions (other than an offering of Common Stock to the general public through a registration statement filed with the Securities and Exchange Commission or a transaction or series of transactions that meets the requirements of clauses (i) and (ii) of subsection (c) below) whereby any “person” or related “group” of “persons” (as such terms are used in Sections 13(d) and 14(d)(2) of the Exchange Act) (other than the Company, any of the Subsidiaries, an employee benefit plan maintained by the Company or any of the Subsidiaries or a “person” that, prior to such transaction, directly or indirectly controls, is controlled by, or is under common control with, the Company) directly or indirectly acquires beneficial ownership (within the meaning of Rule 13d-3 under the Exchange Act) of securities of the Company possessing more than 50% of the total combined voting power of the Company’s securities outstanding immediately after such acquisition; or

(b) During any period of 24 consecutive months, individuals who, at the beginning of such period, constitute the Board together with any new Director(s) (other than a Director designated by a person who shall have entered into an agreement with the Company to effect a transaction described in subsections (a) or (c)) whose election by the Board or nomination for election by the Company’s stockholders was approved by a vote of at least two-thirds of the Directors then still in office who either were Directors at the beginning of the 24-month period or whose election or nomination for election was previously so approved, cease for any reason to constitute a majority thereof; or

(c) The consummation by the Company (whether directly involving the Company or indirectly involving the Company through one or more intermediaries) of (x) a merger, consolidation, reorganization, or business combination or (y) a sale or other disposition of all or substantially all of the Company’s assets in any single transaction or series of related transactions or (z) the acquisition of assets or stock of another entity, in each case other than a transaction:

(i) which results in the Company's voting securities outstanding immediately before the transaction continuing to represent (either by remaining outstanding or by being converted into voting securities of the Company or the person that, as a result of the transaction, controls, directly or indirectly, the Company or owns, directly or indirectly, all or substantially all of the Company's assets or otherwise succeeds to the business of the Company (the Company or such person, the "**Successor Entity**") directly or indirectly, at least a majority of the combined voting power of the Successor Entity's outstanding voting securities immediately after the transaction, and

(ii) after which no person or group beneficially owns voting securities representing 50% or more of the combined voting power of the Successor Entity; provided, however, that no person or group shall be treated for purposes of this clause (ii) as beneficially owning 50% or more of the combined voting power of the Successor Entity solely as a result of the voting power held in the Company prior to the consummation of the transaction.

Notwithstanding the foregoing, if a Change in Control constitutes a payment event with respect to any Award (or portion of any Award) that provides for the deferral of compensation that is subject to Section 409A, to the extent required to avoid the imposition of additional taxes under Section 409A, the transaction or event described in subsection (a), (b) or (c) with respect to such Award (or portion thereof) shall only constitute a Change in Control for purposes of the payment timing of such Award if such transaction also constitutes a "change in control event," as defined in Treasury Regulation Section 1.409A-3(i)(5).

The Administrator shall have full and final authority, which shall be exercised in its discretion, to determine conclusively whether a Change in Control has occurred pursuant to the above definition, the date of the occurrence of such Change in Control and any incidental matters relating thereto; provided that any exercise of authority in conjunction with a determination of whether a Change in Control is a "change in control event" as defined in Treasury Regulation Section 1.409A-3(i)(5) shall be consistent with such regulation.

11.8 "**Code**" means the Internal Revenue Code of 1986, as amended, and the regulations issued thereunder.

11.9 "**Committee**" means one or more committees or subcommittees of the Board, which may include one or more directors or executive officers of the Company, to the extent Applicable Laws permit. To the extent required to comply with the provisions of Rule 16b-3, it is intended that each member of the Committee will be, at the time the Committee takes any action with respect to an Award that is subject to Rule 16b-3, a "non-employee director" within the meaning of Rule 16b-3; however, a Committee member's failure to qualify as a "non-employee director" within the meaning of Rule 16b-3 will not invalidate any Award granted by the Committee that is otherwise validly granted under the Plan.

11.10 "**Common Stock**" means the Class A common stock of the Company.

11.11 "**Company**" means All Market Inc., a Delaware corporation, or any successor.

11.12 "**Consultant**" means any person, including any adviser, engaged by the Company or any Subsidiary to render services to such entity if the consultant or adviser: (a) renders bona fide services to the Company or the Subsidiary; (b) renders services not in connection with the offer or sale of securities in a capital-raising transaction and does not directly or indirectly promote or maintain a market for the Company's securities; and (c) is a natural person.

11.13 “**Designated Beneficiary**” means the beneficiary or beneficiaries the Participant designates, in a manner the Administrator determines, to receive amounts due or exercise the Participant’s rights if the Participant dies or becomes incapacitated. Without a Participant’s effective designation, “Designated Beneficiary” will mean the Participant’s estate.

11.14 “**Director**” means a Board member.

11.15 “**Disability**” means that the Participant is unable to engage in any substantial gainful activity by reason of any medically determinable physical or mental impairment that can be expected to result in death or can be expected to last for a continuous period of not less than 12 months.

11.16 “**Dividend Equivalents**” means a right granted to a Participant under the Plan to receive the equivalent value (in cash or Shares) of dividends paid on Shares.

11.17 “**Employee**” means any employee of the Company or its Subsidiaries.

11.18 “**Equity Restructuring**” means, as determined by the Administrator, a non-reciprocal transaction between the Company and its stockholders, such as a stock dividend, stock split, spin-off or recapitalization through a large, nonrecurring cash dividend, or other large, nonrecurring cash dividend, that affects the Shares (or other securities of the Company) or the share price of Common Stock (or other securities of the Company) and causes a change in the per share value of the Common Stock underlying outstanding Awards.

11.19 “**Exchange Act**” means the Securities Exchange Act of 1934, as amended.

11.20 “**Fair Market Value**” means, as of any date, the value of a share of Common Stock determined as follows: (a) if the Common Stock is listed on any established stock exchange, its Fair Market Value will be the closing sales price for such Common Stock as quoted on such exchange for such date, or if no sale occurred on such date, the last day preceding such date during which a sale occurred, as reported in *The Wall Street Journal* or another source the Administrator deems reliable; (b) if the Common Stock is not traded on a stock exchange but is quoted on a national market or other quotation system, the closing sales price on such date, or if no sales occurred on such date, then on the last date preceding such date during which a sale occurred, as reported in *The Wall Street Journal* or another source the Administrator deems reliable; or (c) without an established market for the Common Stock, the Administrator will determine the Fair Market Value in its discretion.

Notwithstanding the foregoing, with respect to any Award granted on the pricing date of the Company’s initial public offering, the Fair Market Value shall mean the initial public offering price of a Share as set forth in the Company’s final prospectus relating to its initial public offering filed with the Securities and Exchange Commission.

11.21 “**Greater Than 10% Stockholder**” means an individual then owning (within the meaning of Section 424(d) of the Code) more than 10% of the total combined voting power of all classes of stock of the Company or its parent or subsidiary corporation, as defined in Section 424(e) and (f) of the Code, respectively.

11.22 “**Incentive Stock Option**” means an Option intended to qualify as an “incentive stock option” as defined in Section 422 of the Code.

11.23 “**Non-Qualified Stock Option**” means an Option, or portion thereof, not intended or not qualifying as an Incentive Stock Option.

11.24 “**Option**” means an option to purchase Shares, which will either be an Incentive Stock Option or a Non-Qualified Stock Option.

11.25 “**Other Stock or Cash Based Awards**” means cash awards, awards of Shares, and other awards valued wholly or partially by referring to, or are otherwise based on, Shares or other property awarded to a Participant under Article VII.

11.26 “**Overall Share Limit**” means the sum of (a) 3,431,312 Shares; and (b) an annual increase on the first day of each calendar year beginning January 1, 2022 and ending on and including January 1, 2031, equal to the lesser of (i) two percent (2%) of the aggregate number of Shares outstanding on the final day of the immediately preceding calendar year and (ii) such smaller number of Shares as is determined by the Board.

11.27 “**Participant**” means a Service Provider who has been granted an Award.

11.28 “**Performance Criteria**” mean the criteria (and adjustments) that the Administrator may select for an Award to establish performance goals for a performance period, which may include (but is not limited to) the following: net earnings or losses (either before or after one or more of interest, taxes, depreciation, amortization, and non-cash equity-based compensation expense); gross or net sales or revenue or sales or revenue growth; net income (either before or after taxes) or adjusted net income; profits (including but not limited to gross profits, net profits, profit growth, net operation profit or economic profit), profit return ratios or operating margin; budget or operating earnings (either before or after taxes or before or after allocation of corporate overhead and bonus); cash flow (including operating cash flow and free cash flow or cash flow return on capital); return on assets; return on capital or invested capital; cost of capital; return on stockholders’ equity; total stockholder return; return on sales; costs, reductions in costs and cost control measures; expenses; working capital; earnings or loss per share; adjusted earnings or loss per share; price per share or dividends per share (or appreciation in or maintenance of such price or dividends); regulatory achievements or compliance; implementation, completion or attainment of objectives relating to research, development, regulatory, commercial, or strategic milestones or developments; market share; economic value or economic value added models; division, group or corporate financial goals; customer satisfaction/growth; customer service; employee satisfaction; recruitment and maintenance of personnel; human resources management; supervision of litigation and other legal matters; strategic partnerships and transactions; financial ratios (including those measuring liquidity, activity, profitability or leverage); debt levels or reductions; sales-related goals; financing and other capital raising transactions; cash on hand; acquisition activity; investment sourcing activity; and marketing initiatives, any of which may be measured in absolute terms or as compared to any incremental increase or decrease. Such performance goals also may be based solely by reference to the Company’s performance or the performance of a Subsidiary, division, business segment or business unit of the Company or a Subsidiary, or based upon performance relative to performance of other companies or upon comparisons of any of the indicators of performance relative to performance of other companies.

11.29 “**Plan**” means this 2021 Incentive Award Plan.

11.30 “**Prior Plan**” means the All Market Inc. 2014 Stock Option and Restricted Stock Plan, as amended.

11.31 “**Prior Plan Award**” means an award outstanding under any Prior Plan as of the Effective Date.

11.32 “**Public Trading Date**” means the first date upon which the Common Stock is listed (or approved for listing) upon notice of issuance on any securities exchange or designated (or approved for designation) upon notice of issuance as a national market security on an interdealer quotation system.

11.33 “**Restricted Stock**” means Shares awarded to a Participant under Article VI subject to certain vesting conditions and other restrictions.

11.34 “**Restricted Stock Unit**” means an unfunded, unsecured right to receive, on the applicable settlement date, one Share or an amount in cash or other consideration determined by the Administrator to be of equal value as of such settlement date awarded to a Participant under Article VI subject to certain vesting conditions and other restrictions.

11.35 “**Rule 16b-3**” means Rule 16b-3 promulgated under the Exchange Act.

11.36 “**Section 409A**” means Section 409A of the Code and all regulations, guidance, compliance programs and other interpretative authority thereunder.

11.37 “**Securities Act**” means the Securities Act of 1933, as amended.

11.38 “**Service Provider**” means an Employee, Consultant or Director.

11.39 “**Shares**” means shares of Common Stock.

11.40 “**Stock Appreciation Right**” means a stock appreciation right granted under Article V.

11.41 “**Subsidiary**” means any entity (other than the Company), whether domestic or foreign, in an unbroken chain of entities beginning with the Company if each of the entities other than the last entity in the unbroken chain beneficially owns, at the time of the determination, securities or interests representing at least 50% of the total combined voting power of all classes of securities or interests in one of the other entities in such chain.

11.42 “**Substitute Awards**” mean Awards granted or Shares issued by the Company in assumption of, or in substitution or exchange for, awards previously granted, or the right or obligation to make future awards, in each case by a company acquired by the Company or any Subsidiary or with which the Company or any Subsidiary combines.

11.43 “**Termination of Service**” means the date the Participant ceases to be a Service Provider.

\* \* \* \* \*

**Effective October 21, 2021**





**THE VITA COCO COMPANY, INC.**

**2021 INCENTIVE AWARD PLAN**

**GLOBAL STOCK OPTION GRANT NOTICE**

Capitalized terms not specifically defined in this Global Stock Option Grant Notice (the "Grant Notice") have the meanings given to them in the 2021 Incentive Award Plan (as amended from time to time, the "Plan") of The Vita Coco Company, Inc. (the "Company"). The Company hereby grants to the participant listed below ("Participant") the stock option described in this Grant Notice (the "Option"), subject to the terms and conditions of the Plan and the Global Stock Option Agreement attached hereto as Exhibit A and the Country-Specific Provisions for Non-U.S. Participants attached hereto as Exhibit B (together, the "Agreement"), both of which are incorporated into this Grant Notice by reference.

**Participant:**

**Grant Date:**

**Exercise Price per Share:**

**Shares Subject to the Option:**

**Final Expiration Date:**

**Vesting Commencement Date:**

**Vesting Schedule:**

**Type of Option (for US taxpayers)**

Incentive Stock Option    Non-Qualified Stock Option

By Participant's signature below or electronic acceptance or authentication in a form authorized by the Company, Participant agrees to be bound by the terms of this Grant Notice, the Plan and the Agreement. Participant has reviewed the Plan, this Grant Notice and the Agreement in their entirety, has had an opportunity to obtain the advice of counsel prior to executing this Grant Notice and fully understands all provisions of the Plan, this Grant Notice and the Agreement. Participant hereby agrees to accept as binding, conclusive and final all decisions or interpretations of the Administrator upon any questions arising under the Plan or relating to the Option.

**THE VITA COCO COMPANY, INC.**

**PARTICIPANT**

By: \_\_\_\_\_

Print Name:

Title:

By: \_\_\_\_\_

Print Name:

**Exhibit A**

**TO THE GLOBAL STOCK OPTION GRANT NOTICE**

**GLOBAL STOCK OPTION AGREEMENT**

**Article I. GENERAL**

1.1 **Incorporation of Terms of Plan**. The Option is subject to the terms and conditions set forth in this Agreement and the Plan, which is incorporated herein by reference. In the event of any inconsistency between the Plan and this Agreement, the terms of the Plan will control.

1.2 **Defined Terms**. Capitalized terms not specifically defined herein shall have the meanings specified in the Plan or the Grant Notice. For purposes of this Agreement,

(a) **“Cessation Date”** shall mean: (i) in the case of death and Disability, the date which is 30 days following the Participant’s Termination of Service for death or Disability, and (ii) in all other cases, the date of the Participant’s Termination of Service.

(b) **“Participating Company”** shall mean the Company or any of its parents or Subsidiaries.

**Article II. GRANT OF OPTION**

1.1 **Grant of Option**. In consideration of Participant’s past and/or continued employment with or service to a Participating Company and for other good and valuable consideration, effective as of the grant date set forth in the Grant Notice (the **“Grant Date”**), the Company has granted to the Participant the Option to purchase any part or all of an aggregate number of Shares set forth in the Grant Notice, upon the terms and conditions set forth in the Grant Notice, the Plan and this Agreement, subject to adjustment as provided in Article VIII of the Plan.

1.2 **Exercise Price**. The exercise price per Share of the Shares subject to the Option (the **“Exercise Price”**) shall be as set forth in the Grant Notice.

1.3 **Consideration to the Company**. In consideration of the grant of the Option by the Company, Participant agrees to render faithful and efficient services to any Participating Company.

**Article III. PERIOD OF EXERCISABILITY**

1.1 **Commencement of Exercisability**.

(a) Subject to Participant’s continued employment with or service to a Participating Company on each applicable vesting date and subject to **Sections 3.2, 3.3, 5.9 and 5.14** hereof, the Option shall become vested and exercisable in such amounts and at such times as are set forth in the Grant Notice.

(b) Unless otherwise determined by the Administrator or as set forth herein, or in a written agreement between Participant and the Company, any portion of the Option that has not become vested and exercisable on or prior to the Cessation Date (including, without limitation, pursuant to any employment or similar agreement by and between Participant and the Company) shall be forfeited on the Cessation Date and shall not thereafter become vested or exercisable

1.2 **Duration of Exercisability**. The installments provided for in the vesting schedule set forth in the Grant Notice are cumulative. Each such installment that becomes vested and exercisable pursuant to the vesting schedule set forth in the Grant Notice shall remain vested and exercisable until it becomes unexercisable under **Section 3.3** hereof. Once the Option becomes unexercisable, it shall be forfeited immediately.

1.3 Expiration of Option. Subject to Section 8.3 of the Plan, the Option may not be exercised to any extent by anyone after the first to occur of the following events:

- (a) The expiration date set forth in the Grant Notice; provided that such expiration date shall not be later than the tenth (10th) anniversary of the Grant Date;
- (b) Except as the Administrator may otherwise approve, the ninetieth (90th) day following the Cessation Date by reason of Participant's Termination of Service for any reason other than due to death, Disability or by a Participating Company for Cause;
- (c) Except as the Administrator may otherwise approve, immediately upon the Cessation Date by reason of Participant's Termination of Service by a Participating Company for Cause; and
- (d) The expiration of twelve (12) months from the Participant's Termination of Service due to death or Disability.

1.4 Termination of Service. For purposes of the Option and Participant's participation in the Plan, Participant's Termination of Service will be considered to be the date Participant is no longer actively providing services to the Company or the Participating Company (regardless of the reason for such termination and whether or not later found to be invalid or in breach of employment laws in the jurisdiction where Participant is employed or the terms of Participant's employment agreement, if any), and unless otherwise expressly provided in this Agreement or determined by the Company, (i) Participant's right to vest in the Option under the Plan, if any, will terminate as of such date and will not be extended by any notice period (e.g., Participant's period of service would not include any contractual notice period or any period of "garden leave" or similar period mandated under employment laws in the jurisdiction where the Participant is employed or the terms of the Participant's employment agreement, if any), and (ii) the period (if any) during which Participant may exercise the Option after a Termination of Service will commence on the date Participant ceases to actively provide services and will not be extended by any notice period mandated under employment laws in the jurisdiction where Participant is employed or terms of Participant's employment agreement, if any; the Administrator shall have the exclusive discretion to determine when Participant is no longer actively providing services for purposes of the Option.

1.5 Tax Withholding. Notwithstanding any other provision of this Agreement:

(a) The Participating Companies have the authority to deduct or withhold, or require Participant to remit to the applicable Participating Company, an amount sufficient to satisfy any applicable federal, state, local and foreign taxes (including the employee portion of any FICA obligation) ("Tax-Related Items") required by Applicable Law to be withheld with respect to any taxable event arising pursuant to this Agreement. The Participating Companies may withhold or Participant may make such payment in one or more of the forms specified below:

- (i) by cash or check made payable to the Participating Company with respect to which the withholding obligation arises;
- (ii) by the deduction of such amount from other compensation payable to Participant;

(iii) with respect to any withholding taxes arising in connection with the exercise of the Option, with the consent of the Administrator, by requesting that the Participating Companies withhold a net number of vested Shares otherwise issuable upon the exercise of the Option having a then current Fair Market Value not exceeding the amount necessary to satisfy the withholding obligation of the Participating Companies based on the maximum statutory withholding rates in Participant's applicable jurisdictions for federal, state, local and foreign income tax and payroll tax purposes that are applicable to such taxable income;

(iv) with respect to any withholding taxes arising in connection with the exercise of the Option, with the consent of the Administrator, by tendering to the Company vested Shares held for such period of time as may be required by the Administrator in order to avoid adverse accounting consequences and having a then current Fair Market Value not exceeding the amount necessary to satisfy the withholding obligation of the Participating Companies based on the maximum statutory withholding rates in Participant's applicable jurisdictions for federal, state, local and foreign income tax and payroll tax purposes that are applicable to such taxable income;

(v) with respect to any withholding taxes arising in connection with the exercise of the Option, through the delivery of a notice that Participant has placed a market sell order with a broker acceptable to the Company with respect to Shares then issuable to Participant pursuant to the Option, and that the broker has been directed to pay a sufficient portion of the net proceeds of the sale to the Participating Company with respect to which the withholding obligation arises in satisfaction of such withholding taxes; provided that payment of such proceeds is then made to the applicable Participating Company at such time as may be required by the Administrator, but in any event not later than the settlement of such sale; or

(vi) in any combination of the foregoing.

(b) With respect to any withholding taxes arising in connection with the Option, in the event Participant fails to provide timely payment of all sums required pursuant to Section 3.5(a), the Company shall have the right and option, but not the obligation, to treat such failure as an election by Participant to satisfy all or any portion of Participant's required payment obligation pursuant to Section 3.5(a)(ii) or Section 3.5(a)(iii) above, or any combination of the foregoing as the Company may determine to be appropriate. The Company shall not be obligated to deliver any certificate representing Shares issuable with respect to the exercise of the Option to, or to cause any such Shares to be held in book-entry form by, Participant or his or her legal representative unless and until Participant or his or her legal representative shall have paid or otherwise satisfied in full the amount of all federal, state, local and foreign taxes applicable with respect to the taxable income of Participant resulting from the exercise of the Option or any other taxable event related to the Option.

(c) In the event any tax withholding obligation arising in connection with the Option will be satisfied under Section 3.5(a)(iii), then the Company may elect to instruct any brokerage firm determined acceptable to the Company for such purpose to sell on Participant's behalf a whole number of Shares from those Shares then issuable upon the exercise of the Option as the Company determines to be appropriate to generate cash proceeds sufficient to satisfy the tax withholding obligation and to remit the proceeds of such sale to the Participating Company with respect to which the withholding obligation arises. Participant's acceptance of this Option constitutes Participant's instruction and authorization to the Company and such brokerage firm to complete the transactions described in this Section 3.5(c), including the transactions described in the previous sentence, as applicable. The Company may refuse to issue any Shares to Participant until the foregoing tax withholding obligations are satisfied, provided that no payment shall be delayed under this Section 3.5(c) if such delay will result in a violation of Section 409A.

(d) Participant is ultimately liable and responsible for all taxes owed in connection with the Option, regardless of any action any Participating Company takes with respect to any tax withholding obligations that arise in connection with the Option. No Participating Company makes any representation or undertaking regarding the treatment of any tax withholding in connection with the awarding, vesting or exercise of the Option or the subsequent sale of Shares. The Participating Companies do not commit and are under no obligation to structure the Option to reduce or eliminate Participant's tax liability.

#### **Article IV. EXERCISE OF OPTION**

1.1 Person Eligible to Exercise. During the lifetime of Participant, only Participant may exercise the Option or any portion thereof. After the death of Participant, any exercisable portion of the Option may, prior to the time when the Option becomes unexercisable under Section 3.3 hereof, be

exercised by Participant's personal representative or by any Person empowered to do so under the deceased Participant's will or under the then Applicable Laws of descent and distribution.

1.2 Partial Exercise. Subject to Section 5.2, any exercisable portion of the Option or the entire Option, if then wholly exercisable, may be exercised in whole or in part at any time prior to the time when the Option or portion thereof becomes unexercisable under Section 3.3 hereof.

1.3 Manner of Exercise. The Option, or any exercisable portion thereof, may be exercised solely by delivery to the Secretary of the Company (or any third party administrator or other Person designated by the Company), during regular business hours, of all of the following prior to the time when the Option or such portion thereof becomes unexercisable under Section 3.3 hereof.

(a) An exercise notice in a form specified by the Administrator, stating that the Option or portion thereof is thereby exercised, such notice complying with all applicable rules established by the Administrator;

(b) The receipt by the Company of full payment for the Shares with respect to which the Option or portion thereof is exercised, in such form of consideration permitted under Section 4.4 that is acceptable to the Administrator;

(c) The payment of any applicable withholding tax in accordance with Section 3.5;

(d) Any other written representations or documents as may be required in the Administrator's sole discretion to effect compliance with Applicable Law; and

(e) In the event the Option or portion thereof shall be exercised pursuant to Section 4.1 by any Person or Persons other than Participant, appropriate proof of the right of such Person or Persons to exercise the Option.

Notwithstanding any of the foregoing, the Administrator shall have the right to specify all conditions of the manner of exercise, which conditions may vary by country and which may be subject to change from time to time.

1.4 Method of Payment. Payment of the Exercise Price shall be by any of the following, or a combination thereof, at the election of Participant:

(a) Cash or check;

(b) With the consent of the Administrator, surrender of vested Shares (including, without limitation, Shares otherwise issuable upon exercise of the Option) held for such period of time as may be required by the Administrator in order to avoid adverse accounting consequences and having a Fair Market Value on the date of delivery equal to the aggregate Exercise Price of the Option or exercised portion thereof;

(c) Through the delivery of a notice that Participant has placed a market sell order with a broker acceptable to the Company with respect to Shares then issuable upon exercise of the Option, and that the broker has been directed to pay a sufficient portion of the net proceeds of the sale to the Company in satisfaction of the Exercise Price; provided that payment of such proceeds is then made to the Company at such time as may be required by the Administrator, but in any event not later than the settlement of such sale; or

(d) Any other form of legal consideration acceptable to the Administrator.

1.5 Conditions to Issuance of Shares. The Company shall not be required to issue or deliver any certificate or certificates for any Shares or to cause any Shares to be held in book-entry form prior to the fulfillment of all of the following conditions: (a) the admission of the Shares to listing on all stock exchanges on which such Shares are then listed, (b) the completion of any registration or other

qualification of the Shares under any state or federal law or under rulings or regulations of the U.S. Securities and Exchange Commission (“SEC”) or other governmental regulatory body, which the Administrator shall, in its absolute discretion, deem necessary or advisable, (c) the obtaining of any approval or other clearance from any state or federal governmental agency that the Administrator shall, in its absolute discretion, determine to be necessary or advisable, (d) the receipt by the Company of full payment for such Shares, which may be in one or more of the forms of consideration permitted under [Section 4.4](#), and (e) the receipt of full payment of any applicable Tax-Related Items in accordance with [Section 3.5](#) by the Participating Company with respect to which the applicable withholding obligation arises.

1.6 **Rights as Stockholder.** Neither Participant nor any Person claiming under or through Participant will have any of the rights or privileges of a stockholder of the Company in respect of any Shares purchasable upon the exercise of any part of the Option unless and until certificates representing such Shares (which may be in book-entry form) will have been issued and recorded on the records of the Company or its transfer agents or registrars and delivered to Participant (including through electronic delivery to a brokerage account). No adjustment will be made for a dividend or other right for which the record date is prior to the date of such issuance, recordation and delivery, except as provided in Article VIII of the Plan. Except as otherwise provided herein, after such issuance, recordation and delivery, Participant will have all the rights of a stockholder of the Company with respect to such Shares, including, without limitation, the right to receipt of dividends and distributions on such Shares

1.7 **Restrictive Covenants; Forfeiture.** The Participant hereby acknowledges and agrees that any restrictive covenants or similar written agreements (the “**Restrictive Covenant Agreements**”) between such Participant and the Company or any other Participating Company are incorporated herein by reference, and that such agreements, as applicable, remain in full force and effect. In the event the Participant materially breaches the Restrictive Covenant Agreements or any other written covenants between such Participant and any Participating Company, the Participant shall immediately forfeit any and all Options granted under this Agreement (whether or not vested), and Participant’s rights in any such Options shall lapse and expire. For the avoidance of doubt, such forfeiture, lapse and expiration shall not limit the Participating Companies’ ability to seek other remedies for such breach.

#### **Article V. OTHER PROVISIONS**

1.1 **Administration.** The Administrator shall have the power to interpret the Plan, the Grant Notice and this Agreement and to adopt such rules for the administration, interpretation and application of the Plan, the Grant Notice and this Agreement as are consistent therewith and to interpret, amend or revoke any such rules. All actions taken and all interpretations and determinations made by the Administrator will be final and binding upon Participant, the Company and all other interested Persons. To the extent allowable pursuant to Applicable Law, no member of the Committee or the Board will be personally liable for any action, determination or interpretation made with respect to the Plan, the Grant Notice or this Agreement.

1.2 **Whole Shares.** The Option may only be exercised for whole Shares.

1.3 **Option Not Transferable.** Subject to [Section 4.1](#) hereof, the Option may not be sold, pledged, assigned or transferred in any manner other than by will or the laws of descent and distribution, unless and until the Shares underlying the Option have been issued, and all restrictions applicable to such Shares have lapsed. Neither the Option nor any interest or right therein or part thereof shall be liable for the debts, contracts or engagements of Participant or his or her successors in interest or shall be subject to disposition by transfer, alienation, anticipation, pledge, encumbrance, assignment or any other means whether such disposition be voluntary or involuntary or by operation of law by judgment, levy, attachment, garnishment or any other legal or equitable proceedings (including bankruptcy), and any attempted disposition thereof shall be null and void and of no effect, except to the extent that such disposition is permitted by the preceding sentence. Notwithstanding the foregoing, with the consent of the Administrator, if the Option is a Non-Qualified Stock Option, it may be transferred to Permitted Transferees pursuant to any conditions and procedures the Administrator may require.

1.4 Adjustments. The Administrator may accelerate the vesting of all or a portion of the Option in such circumstances as it, in its sole discretion, may determine. Participant acknowledges that the Option is subject to adjustment, modification and termination in certain events as provided in this Agreement and the Plan, including Article VIII of the Plan.

1.5 Notices. Any notice to be given under the terms of this Agreement to the Company shall be addressed to the Company in care of the General Counsel of the Company at the Company's principal office, and any notice to be given to Participant shall be addressed to Participant at Participant's last email or physical address reflected on the Company's records. By a notice given pursuant to this Section 5.5, either party may hereafter designate a different address for notices to be given to that party. Any notice shall be deemed duly given when sent via email (to Participant only) or when sent by certified mail (return receipt requested) and deposited (with postage prepaid) in a post office or branch post office regularly maintained by the United States Postal Service.

1.6 Titles. Titles are provided herein for convenience only and are not to serve as a basis for interpretation or construction of this Agreement.

1.7 Governing Law. The laws of the State of Delaware, U.S.A., shall govern the interpretation, validity, administration, enforcement and performance of the terms of this Agreement regardless of the law that might be applied under principles of conflicts of laws. Any action, lawsuit or other proceedings brought to enforce this Agreement, relating to it, or arising from it, or relating to or arising from the Plan, may be brought only in the state or federal courts located in the State of New York, U.S.A., where this grant is made and/or to be performed, and the parties to this Agreement hereby submit to and consent to the sole and exclusive jurisdiction of such courts, and no other courts.

1.8 Conformity to Securities Laws. Participant acknowledges that the Plan, the Grant Notice and this Agreement are intended to conform to the extent necessary with all Applicable Laws, including, without limitation, the provisions of the U.S. Securities Act of 1933, as amended and the Exchange Act, and any and all regulations and rules promulgated thereunder by the SEC, and state securities laws and regulations. Notwithstanding any other provision of the Plan or this Agreement, unless there is an exemption from any registration, qualification or other legal requirement applicable to the Shares the Company shall not be required to deliver any Shares issuable upon exercise of the Option prior to the completion of any registration or qualification of the Shares under any local, state, federal or foreign securities or exchange control law or under rulings or regulations of the SEC or of any other governmental regulatory body, or prior to obtaining any approval or other clearance from any local, state, federal or foreign governmental agency, which registration, qualification or approval the Company shall, in its absolute discretion, deem necessary or advisable. Participant understands that the Company is under no obligation to register or qualify the shares with the SEC or any state or foreign securities commission or to seek approval or clearance from any governmental authority for the issuance or sale of the Shares. Further, Participant agrees that the Company shall have unilateral authority to amend this Agreement without his or her consent to the extent necessary to comply with securities or other laws applicable to issuance of Shares.

1.9 Amendment, Suspension and Termination. To the extent permitted by the Plan, this Agreement may be wholly or partially amended or otherwise modified, suspended or terminated at any time or from time to time by the Administrator or the Board, provided that, except as may otherwise be provided by the Plan, no amendment, modification, suspension or termination of this Agreement shall adversely affect the Option in any material respect without the prior written consent of Participant.

1.10 Successors and Assigns. The Company may assign any of its rights under this Agreement to single or multiple assignees, and this Agreement shall inure to the benefit of the successors and assigns of the Company. Subject to the restrictions on transfer set forth in Section 5.3 and the Plan, this Agreement shall be binding upon and inure to the benefit of the heirs, legatees, legal representatives, successors and assigns of the parties hereto.

1.11 Limitations Applicable to Section 16 Persons. Notwithstanding any other provision of the Plan or this Agreement, if Participant is subject to Section 16 of the Exchange Act, the Plan, the Option, the Grant Notice and the Global Stock Option Agreement shall be subject to any additional

limitations set forth in any applicable exemptive rule under Section 16 of the Exchange Act (including any amendment to Rule 16b-3 of the Exchange Act) that are requirements for the application of such exemptive rule. To the extent permitted by Applicable Law, this Agreement shall be deemed amended to the extent necessary to conform to such applicable exemptive rule.

1.12 Not a Contract of Employment. Nothing in this Agreement or in the Plan be interpreted as forming or amending an employment or service contract with any Participating Company or shall interfere with or restrict in any way the rights of any Participating Company, which rights are hereby expressly reserved, to discharge or terminate the services of Participant at any time for any reason whatsoever, with or without cause, except to the extent (i) expressly provided otherwise in a written agreement between a Participating Company and Participant or (ii) where such provisions are not consistent with applicable foreign or local laws, in which case such applicable foreign or local laws shall control.

1.13 No Advice Regarding Grant. The Company is not providing any tax, legal or financial advice, nor is the Company making any recommendations regarding Participant's participation in the Plan, or my acquisition or sale of the underlying Shares. Participant should consult with Participant's own personal tax, legal and financial advisors regarding Participant's participation in the Plan before taking any action related to the Plan.

1.14 Entire Agreement. The Plan, the Grant Notice and this Agreement constitute the entire agreement of the parties and supersede in their entirety all prior undertakings and agreements of the Company and Participant with respect to the subject matter hereof.

1.15 Section 409A. This Option is not intended to constitute "nonqualified deferred compensation" within the meaning of Section 409A. However, notwithstanding any other provision of the Plan, the Grant Notice or this Agreement, if at any time the Administrator determines that this Option (or any portion thereof) may be subject to Section 409A, the Administrator shall have the right in its sole discretion (without any obligation to do so or to indemnify Participant or any other Person for failure to do so) to adopt such amendments to the Plan, the Grant Notice or this Agreement, or adopt other policies and procedures (including amendments, policies and procedures with retroactive effect), or take any other actions, as the Administrator determines are necessary or appropriate for this Option either to be exempt from the application of Section 409A or to comply with the requirements of Section 409A.

1.16 Agreement Severable. In the event that any provision of the Grant Notice or this Agreement is held invalid or unenforceable, such provision will be severable from, and such invalidity or unenforceability will not be construed to have any effect on, the remaining provisions of the Grant Notice or this Agreement.

1.17 Limitation on Participant's Rights. Participation in the Plan confers no rights or interests other than as herein provided. This Agreement creates only a contractual obligation on the part of the Company as to amounts payable and shall not be construed as creating a trust. Neither the Plan nor any underlying program, in and of itself, has any assets. Participant shall have only the right to receive Shares as a general unsecured creditor with respect to the Option, as and when exercised pursuant to the terms hereof.

1.18 Nature of Grant By accepting the Option, Participant acknowledges, understands and agrees that:

(a) the Plan is established voluntarily by the Company, it is discretionary in nature and it may be modified, amended, suspended or terminated by the Company at any time, to the extent permitted by the Plan;

(b) the grant of the Option is exceptional, voluntary and occasional and does not create any contractual or other right to receive future grants of options, or benefits in lieu of options, even if options have been granted in the past;



- (c) all decisions with respect to future option or other grants, if any, will be at the sole discretion of the Company;
  - (d) Participant is voluntarily participating in the Plan;
  - (e) the Option, any Shares acquired under the Plan, and the income from and value of same are not intended to replace any pension rights or compensation;
  - (f) the Option, any Shares acquired under the Plan, and the income from and value of same, are not part of normal or expected compensation for purposes of, including but not limited to, calculating any severance, resignation, termination, redundancy, dismissal, end-of-service payments, bonuses, long-service awards, holiday pay, pension or retirement or welfare benefits or similar mandatory payments;
  - (g) the future value of the Shares underlying the Option is unknown, indeterminable, and cannot be predicted with certainty;
  - (h) if the underlying Shares do not increase in value, the Option will have no value;
  - (i) if Participant exercises the Option and acquires Shares, the value of such Shares may increase or decrease in value, even below the Exercise Price;
  - (j) no claim or entitlement to compensation or damages shall arise from forfeiture of the Option resulting from Participant's Termination of Service (for any reason whatsoever, whether or not later found to be invalid or in breach of employment laws in the jurisdiction where Participant is a service provider or the terms of Participant's employment or service agreement, if any);
  - (k) unless otherwise agreed with the Company in writing, the Option, any Shares acquired under the Plan, and the income from and value of same, are not granted as consideration for, or in connection with the service Participant may provide as a director of any Participating Company; and
  - (l) neither the Company nor the Participating Company shall be liable for any foreign exchange rate fluctuation between Participant's local currency and the United States Dollar that may affect the value of the Option or of any amounts due to Participant pursuant to the exercise of the Option or the subsequent sale of any Shares acquired upon exercise.
- 1.19 **Data Privacy.** By accepting the Option and indicating consent via the Company's acceptance procedure, Participant is declaring that Participant agrees with the data processing practices described herein and consents to the collection, processing and use of Data (as defined below) by the Company and the transfer of Data to the recipients mentioned herein, including recipients located in countries which do not adduce an adequate level of protection from a European (or other non-U.S.) data protection law perspective, for the purposes described herein.
- (a) **Data Collection and Usage.** The Company and the Participating Company may collect, process and use certain personal information about Participant, including, but not limited to, Participant's name, home address and telephone number, email address, date of birth, social insurance number, passport number or other identification number, salary, nationality, job title, any shares of stock or directorships held in the Company, details of all Options or any other entitlement to Shares or equivalent benefits awarded, canceled, exercised, vested, unvested or outstanding in Participant's favor ("Data"), for the purposes of implementing, administering and managing the Plan. The legal basis, where required, for the processing of Data is Participant's consent.
  - (b) **Stock Plan Administration Service Providers.** Participant understands that Data may be transferred to an escrow agent, transfer agent, trustee, broker (i.e. E\*Trade) or such stock plan service provider or other third party selected by the Company to assist the Company with the implementation, administration and management of the Plan, presently or in the future. The Company may select a different service provider or additional service providers and share Data with such other provider serving

in a similar manner. Participant may be asked to agree on separate terms and data processing practices with the service provider, with such agreement being a condition to the ability to participate in the Plan.

(c) International Data Transfers. The Company and its service providers are based in the United States. Participant's country or jurisdiction may have different data privacy laws and protections than the United States. The Company's legal basis, where required, for the transfer of Data is Participant's consent.

(d) Data Retention. The Company will hold and use the Data only as long as is necessary to implement, administer and manage Participant's participation in the Plan, or as required to comply with legal or regulatory obligations, including under tax and security laws.

(e) Voluntariness and Consequences of Consent Denial or Withdrawal. Participation in the Plan is voluntary and Participant is providing the consents herein on a purely voluntary basis. If Participant does not consent, or if Participant later seeks to revoke Participant's consent, Participant's salary from or employment and career with the Participating Company will not be affected; the only consequence of refusing or withdrawing Participant's consent is that the Company would not be able to grant this Option or other equity awards to Participant or administer or maintain such awards.

(f) Data Subject Rights. Participant may have a number of rights under data privacy laws in Participant's jurisdiction. Depending on where Participant is based, such rights may include the right to (i) request access or copies of Data the Company processes, (ii) request rectification of incorrect Data, (iii) delete Data, (iv) restrict processing of Data, (v) portability of Data, (vi) lodge complaints with competent authorities in Participant's jurisdiction, and/or (vii) receive a list with the names and addresses of any potential recipients of Data. To receive clarification regarding these rights or to exercise these rights, Participant can contact his or her local human resources representative.

(g) Alternate Basis and Additional Consents. Finally, Participant understands that the Company may rely on a different basis for the processing or transfer of Data in the future and/or request that Participant provide another data privacy consent. If applicable, Participant agrees that upon request of the Company or the Participating Company, Participant will provide an executed acknowledgement or data privacy consent form (or any other agreements or consents) that the Company and/or the Participating Company may deem necessary to obtain from Participant for the purpose of administering Participant's participation in the Plan in compliance with the data privacy laws in Participant's country, either now or in the future. Participant understands and agrees that Participant will not be able to participate in the Plan if he or she fails to provide any such consent or agreement requested by the Company and/or the Participating Company.

1.20 Language Participant acknowledges that he or she is proficient in the English language, or has consulted with an advisor who is proficient in the English language, so as to enable Participant to understand the provisions of this Agreement and the Plan. If Participant has received this Agreement or any other document related to the Plan translated into a language other than English and if the meaning of the translated version is different than the English version, the English version will control.

1.21 Electronic Delivery and Participation The Company may, in its sole discretion, decide to deliver any documents related to current or future participation in the Plan by electronic means. Participant hereby consents to receive such documents by electronic delivery and agrees to participate in the Plan through an online or electronic system established and maintained by the Company or a third party designated by the Company.

1.22 Country-Specific Provisions Participant's participation in the Plan shall be subject to any special terms and conditions set forth in the Country-Specific Provisions for Non-U.S. Participants attached hereto as Exhibit B. Moreover, if Participant relocates to one of the countries included in Exhibit B, the special terms and conditions for such country will apply to Participant to the extent the Company determines that the application of such terms and conditions is necessary or advisable for legal or administrative reasons. Exhibit B constitutes part of this Agreement.

1.23 **Imposition of Other Requirements** The Company reserves the right to impose other requirements on Participant's participation in the Plan, on any Option granted under the Plan and on any Shares acquired under the Plan, to the extent the Company determines it is necessary or advisable for legal or administrative reasons, and to require Participant to sign any additional agreements, consents, authorizations or undertakings that may be necessary to accomplish the foregoing.

1.24 **Waiver** Participant acknowledges that a waiver by the Company of breach of any provision of this Agreement shall not operate or be construed as a waiver of any other provision of this Agreement, or of any subsequent breach, whether of like or different nature.

1.25 **Foreign Asset/Account Reporting; Exchange Control and Tax Reporting and Other Requirements** Depending on Participant's country, Participant may be subject to foreign asset/account, exchange control and/or tax reporting requirements as a result of the exercise of the Option, the acquisition, holding and/or transfer of Shares or cash resulting from participation in the Plan and/or the opening and maintaining of a brokerage or bank account in connection with the Plan. Participant may be required to report such assets, accounts, account balances and values, and/or related transactions to the applicable authorities in his or her country. Participant may also be required to repatriate sale proceeds or other funds received as a result of Participant's participation in the Plan to his or her country through a designated bank or broker and/or within a certain time after receipt. Participant acknowledges that he or she is responsible for ensuring compliance with any applicable foreign asset/account, exchange control and tax reporting and other requirements. Participant further understands that he or she should consult Participant's personal tax and legal advisors, as applicable on these matters.

1.26 **Insider Trading Restrictions/Market Abuse Laws**

(n) Participant acknowledges that, depending on his or her country or the broker's country or where the Shares are listed, Participant may be subject to insider-trading restrictions and/or market-abuse laws, which may affect his or her ability to accept, acquire, sell or otherwise dispose of Shares or rights to Shares (*e.g.*, the Option) or rights linked to the value of Shares under the Plan during such times as Participant is considered to have "inside information" regarding the Company (as defined by laws or regulations in the applicable jurisdictions). Further, Participant acknowledges that local insider trading laws and regulations may prohibit the cancellation or amendment of orders Participant placed before he or she possessed inside information and that Participant may be prohibited from disclosing inside information to any third party and "tipping" third parties or causing them to otherwise buy or sell securities. Third parties includes fellow employees. Any restrictions under these laws or regulations are separate from and in addition to any restrictions that may be imposed under the Company's insider-trading policy. Participant is responsible for ensuring compliance with any applicable restrictions and should consult his or her personal legal advisor on this matter.

1.27 **Counterparts**. The Grant Notice may be executed in one or more counterparts, including by way of any electronic signature, subject to Applicable Law, each of which shall be deemed an original and all of which together shall constitute one instrument.

1.28 **Broker-Assisted Sales**. In the event of any broker-assisted sale of Shares in connection with the payment of withholding taxes as provided in [Section 3.4\(c\)](#) or the payment of the Exercise Price as provided in [Section 4.4\(c\)](#): (a) any Shares to be sold through a broker-assisted sale will be sold on the day the tax withholding obligation or exercise of the Option, as applicable, occurs or arises, or as soon thereafter as practicable; (b) such Shares may be sold as part of a block trade with other participants in the Plan in which all participants receive an average price; (c) Participant will be responsible for all broker's fees and other costs of sale, and Participant agrees to indemnify and hold the Company harmless from any losses, costs, damages, or expenses relating to any such sale; (d) to the extent the proceeds of such sale exceed the applicable tax withholding obligation or Exercise Price, the Company agrees to pay such excess in cash to Participant as soon as reasonably practicable; (e) Participant acknowledges that the Company or its designee is under no obligation to arrange for such sale at any particular price, and that the proceeds of any such sale may not be sufficient to satisfy the applicable tax withholding obligation or Exercise Price; and (f) in the event the proceeds of such sale are insufficient to satisfy the applicable tax withholding obligation, Participant agrees to pay immediately upon demand to the Participating Company

with respect to which the withholding obligation arises an amount in cash sufficient to satisfy any remaining portion of the applicable Participating Company's withholding obligation.

1.29 Clawback. The Option (including any proceeds, gains or other economic benefit actually or constructively received by the Participant upon any receipt or exercise of the Option or upon the receipt or resale of any Shares underlying the Option) will be subject to any Company claw-back policy as in effect from time to time, including any claw-back policy adopted to comply with Applicable Laws (including the Dodd-Frank Wall Street Reform and Consumer Protection Act and any rules or regulations promulgated thereunder).

1.30 Incentive Stock Options. For Participants who are US taxpayers, Participant acknowledges that to the extent the aggregate Fair Market Value of Shares (determined as of the time the option with respect to the Shares is granted) with respect to which Incentive Stock Options, including this Option (if applicable), are exercisable for the first time by Participant during any calendar year exceeds \$100,000 or if for any other reason such Incentive Stock Options do not qualify or cease to qualify for treatment as "incentive stock options" under Section 422 of the Code, such Incentive Stock Options shall be treated as Non-Qualified Stock Options. Participant further acknowledges that the rule set forth in the preceding sentence shall be applied by taking the Option and other stock options into account in the order in which they were granted, as determined under Section 422(d) of the Code and the Treasury Regulations thereunder. Participant also acknowledges that an Incentive Stock Option exercised more than three (3) months after Participant's Termination of Service, other than by reason of death or disability, will be taxed as a Non-Qualified Stock Option.

1.31 Notification of Disposition. If this Option is designated as an Incentive Stock Option, Participant shall give prompt written notice to the Company of any disposition or other transfer of any Shares acquired under this Agreement if such disposition or transfer is made (a) within two (2) years from the Grant Date or (b) within one (1) year after the transfer of such Shares to Participant. Such notice shall specify the date of such disposition or other transfer and the amount realized, in cash, other property, assumption of indebtedness or other consideration, by Participant in such disposition or other transfer.

\* \* \* \* \*

**EXHIBIT B**  
**TO GLOBAL STOCK OPTION GRANT NOTICE**

**COUNTRY-SPECIFIC PROVISIONS FOR NON-U.S. PARTICIPANTS**

***Terms and Conditions***

This Exhibit B includes additional (or, if so indicated, different) terms and conditions that govern the Option granted to Participant if Participant is in one of the countries listed herein.

If Participant is a citizen or resident of a country (or if Participant is considered as such for local law purposes) other than the one in which Participant is currently residing and/or working, or if Participant transfers employment and/or residency to another country after being granted the Option, the Company will, in its discretion, determine the extent to which the terms and conditions contained herein will be applicable to Participant.

Capitalized terms used but not defined herein shall have the same meanings as set forth in the Plan or the Global Stock Option Agreement, as applicable.

***Notifications***

This Exhibit B also includes information regarding certain issues of which Participant should be aware with respect to Participant's participation in the Plan. The information is based on securities, exchange control and other laws in effect in the respective countries as of December 2021. Such laws are often complex and change frequently. As a result, Participant should not rely on the information in this Exhibit B as the only source of information relating to the consequences of participation in the Plan because the information may be out of date at the time Participant exercises the Option or sells Shares acquired under the Plan.

In addition, the information contained herein is general in nature and may not apply to Participant's particular situation, and the Company is not in a position to assure Participant of a particular result. Accordingly, Participant should seek appropriate professional advice as to how the relevant laws in his or her country may apply to Participant's individual situation.

Finally, if Participant is a citizen or resident of a country (or if Participant is considered as such for local law purposes) other than the one in which Participant is currently residing and/or working, or if Participant transfers employment and/or residency to another country after being granted the Option, the information contained herein may not be applicable in the same manner.

**BRAZIL**

***Terms and Conditions***

Compliance with Law. By accepting the Option, Participant acknowledges and agrees to comply with applicable Brazilian laws and to pay any and all applicable taxes associated with the exercise of the Option, the receipt of any dividends, and the sale of Shares acquired under the Plan.

Labor Law Acknowledgment. By accepting and/or exercising the Option, Participant agrees that (i) Participant is making an investment decision, (ii) Participant may exercise the Option only if the vesting conditions are met and (iii) the value of the underlying Shares is not fixed and may increase or decrease in value without compensation.

***Notifications***

**Exchange Control Notice.** If Participant is a Brazilian resident, Participant must submit an annual or quarterly declaration of assets and rights held outside of Brazil to the Central Bank of Brazil if the aggregate value of such assets and rights exceeds certain thresholds. Assets and rights that must be reported include Shares acquired under the Plan.

**Tax on Financial Transaction (IOF).** Repatriation of funds into Brazil and the conversion between BRL and USD associated with such fund transfers may be subject to the Tax on Financial Transactions. Participant is responsible for complying with any applicable Tax on Financial Transactions arising from Participant's participation in the Plan. Participant should consult with his or her personal tax advisor for additional details.

## **ECUADOR**

### ***Notifications***

**Foreign Asset/Account Reporting Notice.** Individuals who are resident or domiciled in Ecuador are generally required to file an annual Net Worth Declaration with the Internal Revenue Service of Ecuador if the aggregate value of assets held by such individuals exceeds certain thresholds. Assets included in this annual declaration include Shares acquired under the Plan. In addition, Ecuadorian resident individuals are required to report on an annual basis, all monetary assets held in foreign financial entities in excess of US\$100,000. Participant should consult his or her legal or tax advisor to ensure compliance with all applicable reporting obligations.

## **GERMANY**

### ***Notifications***

**Exchange Control Notice.** Cross-border payments in excess of €12,500 must be reported to the German Federal Bank (*Bundesbank*). The report must be filed electronically and the form of report (*Allgemeines Meldeportal Statistik*) can be accessed via the Bundesbank's website ([www.bundesbank.de](http://www.bundesbank.de)).

## **HONG KONG**

### ***Terms and Conditions***

**Sale Restriction.** In the event that Shares are issued to Participant or his or her heirs earlier than six months from the Grant Date, due to legal requirements in Hong Kong, Participant understands and agrees that such Shares may not be sold prior to six months after the Grant Date

### ***Notifications***

**Securities Law Notice.** *WARNING: The Options and the Shares issued upon exercise do not constitute a public offering of securities under Hong Kong law and are available only to certain eligible employees. The Agreement, including this Exhibit B, the Plan and other incidental communication materials have not been prepared in accordance with and are not intended to constitute a "prospectus" for a public offering of securities under the applicable securities legislation in Hong Kong. In addition, the documents have not been reviewed by any regulatory authority in Hong Kong. The Options are intended only for the personal use of each Participant, and may not be distributed to any other person. If Participant is in any doubt about any of the contents of the Agreement, including this Exhibit B, or the Plan, Participant should obtain independent professional advice.*

## **SINGAPORE**

### ***Notifications***

**Sale Restriction.** Shares acquired under the Plan may not be sold or otherwise offered for sale in Singapore prior to the six (6) month anniversary of the Grant Date, unless such sale or offer in Singapore

is made pursuant to the exemptions under Part XIII Division (1) Subdivision (4) (other than Section 280) of the Singapore Securities and Futures Act (Chapter 289, 2006 Ed.) (“SFA”) or pursuant to, and accordance with the conditions of, any other applicable provision(s) of the SFA.

**Securities Law Notice.** The grant of the Option is being made pursuant to the “Qualifying Person” exemption under section 273(1)(f) of the SFA under which it is exempt from the prospectus and registration requirements and is not made with a view to the underlying Shares being subsequently offered for sale to any other party. The Plan has not been, nor will it be, lodged or registered as a prospectus with the Monetary Authority of Singapore.

**Director Notification Requirement.** The directors, associate directors or shadow directors of a Singapore Participating Company are subject to certain notification requirements under the Singapore Companies Act. The directors, associate directors or shadow directors must notify the Singapore Participating Company in writing of an interest (e.g., the Option, Shares, etc.) in the Company or any related company within two (2) business days of (i) its acquisition or disposal, (ii) any change in a previously-disclosed interest (e.g., upon issuance of the Shares or when Shares acquired under the Plan are subsequently sold), or (iii) becoming a director, associate director or shadow director if the director, associate director or shadow director holds such an interest at that time. The above notification requirements also may apply to the Chief Executive Officer of a Singapore Participating Company.

## **UNITED KINGDOM**

### ***Terms and Conditions***

**Tax Withholding.** This section supplements Section 3.5 of the Global Stock Option Agreement:

Without limitation to Section 3.5 of the Global Stock Option Agreement, Participant agrees that Participant is liable for all Tax-Related Items and hereby covenants to pay all such Tax-Related Items as and when requested by the Company or the Participating Company or by Her Majesty’s Revenue and Customs (“HMRC”) (or any other tax authority or any other relevant authority). Participant also agrees to indemnify and keep indemnified the Company and the Participating Company against any Tax-Related Items that they are required to pay or withhold or have paid or will pay to HMRC (or any other tax authority or any other relevant authority) on Participant’s behalf.

Notwithstanding the foregoing, if Participant is a director or executive officer (within the meaning of Section 13(k) of the Exchange Act), the terms of the immediately foregoing provision will not apply. In the event that Participant is a director or executive officer and income tax due is not collected from or paid by Participant within ninety (90) days of the U.K. tax year in which an event giving rise to the indemnification described above occurs, the amount of any uncollected tax may constitute a benefit to Participant on which additional income tax and National Insurance contributions (“NICs”) may be payable. Participant understands that he or she will be responsible for reporting and paying any income tax due on this additional benefit directly to HMRC under the self-assessment regime and for paying to the Company and/or the Participating Company (as appropriate) the amount of any NICs due on this additional benefit, which may also be recovered from Participant by any of the means referred to in Section 3.5 of the Global Stock Option Agreement.

**THE VITA COCO COMPANY, INC.**

**2021 INCENTIVE AWARD PLAN**

**GLOBAL RESTRICTED STOCK UNIT GRANT NOTICE**

Capitalized terms not specifically defined in this Global Restricted Stock Unit Grant Notice (the "Grant Notice") have the meanings given to them in the 2021 Incentive Award Plan (as amended from time to time, the "Plan") of The Vita Coco Company, Inc. (the "Company").

The Company hereby grants to the participant listed below ("Participant") the Restricted Stock Units described in this Grant Notice (the "RSUs"), subject to the terms and conditions of the Plan and the Global Restricted Stock Unit Award Agreement attached hereto as Exhibit A and the Country-Specific Provisions for Non-U.S. Participants attached hereto as Exhibit B (together, the "Agreement"), both of which are incorporated into this Grant Notice by reference.

<b>Participant:</b>	<i>[Insert Participant Name]</i>
<b>Grant Date:</b>	<i>[Insert Grant Date]</i>
<b>Number of RSUs:</b>	<i>[Insert Number of RSUs]</i>
<b>Vesting Commencement Date:</b>	<i>[Insert Vesting Commencement Date]</i>
<b>Vesting Schedule:</b>	<i>[To be specified in individual agreements]</i>

By accepting this Award electronically through the Plan service provider's online grant acceptance policy, Participant agrees to be bound by the terms and conditions of the Plan, the Agreement and the Grant Notice. Participant has reviewed the Agreement, the Plan and the Grant Notice in their entirety, has had an opportunity to obtain the advice of counsel prior to executing the Grant Notice and fully understands all provisions of the Grant Notice, the Agreement and the Plan. Participant hereby agrees to accept as binding, conclusive and final all decisions or interpretations of the Administrator upon any questions arising under the Plan, the Grant Notice and the Agreement.

**THE VITA COCO COMPANY, INC.**

By:  
Print Name:  
Title:

**PARTICIPANT**

By:  
Print Name:



**EXHIBIT A**

**TO GLOBAL RESTRICTED STOCK UNIT GRANT NOTICE**  
**GLOBAL RESTRICTED STOCK UNIT AWARD AGREEMENT**

Pursuant to the Grant Notice to which this Global Restricted Stock Unit Award Agreement is attached, the Company has granted to Participant the number of RSUs set forth in the Grant Notice.

**ARTICLE I. GENERAL**

Section 1.1 Defined Terms. Capitalized terms not specifically defined herein shall have the meanings specified in the Plan or the Grant Notice. For purposes of this Agreement,

- (a) "Participating Company," shall mean the Company or any of its parents or Subsidiaries.

Section 1.2 Incorporation of Terms of Plan. The RSUs and the shares of Common Stock issued to Participant hereunder ("Shares") are subject to the terms and conditions set forth in this Agreement and the Plan (including, without limitation, Section 10.6 thereof), which is incorporated herein by reference. In the event of any inconsistency between the Plan and this Agreement, the terms of the Plan shall control.

**ARTICLE II. AWARD OF RESTRICTED STOCK UNITS**

Section 1.1 Award of RSUs

(a) In consideration of Participant's past and/or continued employment with or service to a Participating Company and for other good and valuable consideration, effective as of the grant date set forth in the Grant Notice (the "Grant Date"), the Company has granted to Participant the number of RSUs set forth in the Grant Notice, upon the terms and conditions set forth in the Grant Notice, the Plan and this Agreement, subject to adjustment as provided in Article VIII of the Plan. Each RSU represents the right to receive one Share at the times and subject to the conditions set forth herein. However, unless and until the RSUs have vested, Participant will have no right to the payment of any Shares subject thereto. Prior to the actual delivery of any Shares, the RSUs will represent an unsecured obligation of the Company, payable only from the general assets of the Company.

Section 1.2 Vesting of RSUs.

(a) Subject to Participant's continued employment with or service to a Participating Company on each applicable vesting date and subject to the terms of this Agreement, the RSUs shall vest in such amounts and at such times as are set forth in the Grant Notice.

(b) In the event Participant incurs a Termination of Service, except as may be otherwise provided by the Administrator or as set forth in a written agreement between Participant and the Company, Participant shall immediately forfeit any and all RSUs granted under this Agreement that have not vested or do not vest on or prior to the date on which such Termination of Service occurs, and Participant's rights in any such RSUs that are not so vested shall lapse and expire.

(c) For purposes of the RSUs and Participant's participation in the Plan, Participant's Termination of Service will be considered to be the date Participant is no longer actively providing services to the Company or the Participating Company (regardless of the reason for such termination and whether or not later found to be invalid or in breach of employment laws in the jurisdiction where Participant is employed or the terms of Participant's employment agreement, if any), and unless otherwise expressly provided in this Agreement or determined by the Company, Participant's right to vest in the RSUs under the Plan, if any, will terminate as of such date and will not be extended by any notice period.

(e.g., Participant's period of service would not include any contractual notice period or any period of "garden leave" or similar period mandated under employment laws in the jurisdiction where Participant is employed or the terms of Participant's employment agreement, if any); the Administrator shall have the exclusive discretion to determine when Participant is no longer actively providing services for purposes of the RSUs.

### Section 1.3

(a) Distribution or Payment of RSUs. Participant's RSUs shall be distributed in Shares (either in book-entry form or otherwise) within 60 days following the vesting of the applicable RSU pursuant to Section 2.2. Notwithstanding the foregoing, the Company may delay a distribution or payment in settlement of RSUs if it reasonably determines that such payment or distribution will violate federal securities laws or any other Applicable Law, *provided* that such distribution or payment shall be made at the earliest date at which the Company reasonably determines that the making of such distribution or payment will not cause such violation, as required by Treasury Regulation Section 1.409A-2(b)(7)(ii), and *provided further* that no payment or distribution shall be delayed under this Section 2.3(a) if such delay will result in a violation of Section 409A.

(b) All distributions shall be made by the Company in the form of whole Shares, and any fractional share shall be distributed in cash in an amount equal to the value of such fractional share determined based on the Fair Market Value as of the date immediately preceding the date of such distribution.

Section 1.4 Conditions to Issuance of Certificates. The Company shall not be required to issue or deliver any certificate or certificates for any Shares or to cause any Shares to be held in book-entry form prior to the fulfillment of all of the following conditions: (a) the admission of the Shares to listing on all stock exchanges on which such Shares are then listed, (b) the completion of any registration or other qualification of the Shares under any state or federal law or under rulings or regulations of the U.S. Securities and Exchange Commission ("SEC") or other governmental regulatory body, which the Administrator shall, in its absolute discretion, deem necessary or advisable, (c) the obtaining of any approval or other clearance from any state or federal governmental agency that the Administrator shall, in its absolute discretion, determine to be necessary or advisable, and (d) the receipt of full payment of any applicable Tax-Related Items in accordance with Section 2.5 by the Participating Company with respect to which the applicable withholding obligation arises.

### Section 1.5 Tax Withholding. Notwithstanding any other provision of this Agreement:

(a) The Participating Companies have the authority to deduct or withhold, or require Participant to remit to the applicable Participating Company, an amount sufficient to satisfy any applicable federal, state, local and foreign taxes (including the employee portion of any FICA obligation) ("Tax-Related Items") required by Applicable Law to be withheld with respect to any taxable event arising pursuant to this Agreement. The Participating Companies may withhold or Participant may make such payment in one or more of the forms specified below:

- (i) by cash or check made payable to the Participating Company with respect to which the withholding obligation arises;
- (ii) by the deduction of such amount from other compensation payable to Participant;

(iii) with respect to any withholding taxes arising in connection with the vesting or settlement of the RSUs, with the consent of the Administrator, by requesting that the Company withhold a net number of vested shares of Stock otherwise issuable pursuant to the RSUs having a then current Fair Market Value not exceeding the amount necessary to satisfy the withholding obligation of the Participating Companies based on the maximum statutory withholding rates in Participant's applicable jurisdictions for federal, state, local and foreign income tax and payroll tax purposes that are applicable to such taxable income;

(iv) with respect to any withholding taxes arising in connection with the vesting or settlement of the RSUs, with the consent of the Administrator, by tendering to the Company vested shares of Stock having a then current Fair Market Value not exceeding the amount necessary to satisfy the withholding obligation of the Participating Companies based on the maximum statutory withholding rates in Participant's applicable jurisdictions for federal, state, local and foreign income tax and payroll tax purposes that are applicable to such taxable income;

(v) with respect to any withholding taxes arising in connection with the vesting or settlement of the RSUs, through the delivery of a notice that Participant has placed a market sell order with a broker acceptable to the Company with respect to shares of Stock then issuable to Participant pursuant to the RSUs, and that the broker has been directed to pay a sufficient portion of the net proceeds of the sale to the Participating Company with respect to which the withholding obligation arises in satisfaction of such withholding taxes; *provided* that payment of such proceeds is then made to the applicable Participating Company at such time as may be required by the Administrator, but in any event not later than the settlement of such sale; or

(vi) in any combination of the foregoing.

(b) With respect to any withholding taxes arising in connection with the RSUs, in the event Participant fails to provide timely payment of all sums required pursuant to Section 2.5(a), the Company shall have the right and option, but not the obligation, to treat such failure as an election by Participant to satisfy all or any portion of Participant's required payment obligation pursuant to Section 2.5(a)(ii) or Section 2.5(a)(iii) above, or any combination of the foregoing as the Company may determine to be appropriate. The Company shall not be obligated to deliver any certificate representing shares of Stock issuable with respect to the RSUs to Participant or his or her legal representative unless and until Participant or his or her legal representative shall have paid or otherwise satisfied in full the amount of all federal, state, local and foreign taxes applicable with respect to the taxable income of Participant resulting from the vesting or settlement of the RSUs or any other taxable event related to the RSUs.

(c) In the event any tax withholding obligation arising in connection with the RSUs will be satisfied under Section 2.5(a)(iii), then the Company may elect to instruct any brokerage firm determined acceptable to the Company for such purpose to sell on Participant's behalf a whole number of shares from those shares of Stock then issuable to Participant pursuant to the RSUs as the Company determines to be appropriate to generate cash proceeds sufficient to satisfy the tax withholding obligation and to remit the proceeds of such sale to the Participating Company with respect to which the withholding obligation arises. Participant's acceptance of this Award constitutes Participant's instruction and authorization to the Company and such brokerage firm to complete the transactions described in this Section 2.5(c), including the transactions described in the previous sentence, as applicable. The Company may refuse to issue any shares of Stock in settlement of the RSUs to Participant until the foregoing tax withholding obligations are satisfied, provided that no payment shall be delayed under this Section 2.5(c) if such delay will result in a violation of Section 409A of the Code.

(d) Participant is ultimately liable and responsible for all taxes owed in connection with the RSUs, regardless of any action any Participating Company takes with respect to any tax withholding obligations that arise in connection with the RSUs. No Participating Company makes any representation or undertaking regarding the treatment of any tax withholding in connection with the awarding, vesting or payment of the RSUs or the subsequent sale of Shares. The Participating Companies do not commit and are under no obligation to structure the RSUs to reduce or eliminate Participant's tax liability.

Section 1.6 Rights as Stockholder. Neither Participant nor any Person claiming under or through Participant will have any of the rights or privileges of a stockholder of the Company in respect of any Shares deliverable hereunder unless and until certificates representing such Shares (which may be in book-entry form) will have been issued and recorded on the records of the Company or its transfer agents or registrars and delivered to Participant (including through electronic delivery to a brokerage account).

Except as otherwise provided herein, after such issuance, recordation and delivery, Participant will have all the rights of a stockholder of the Company with respect to such Shares, including, without limitation, the right to receipt of dividends and distributions on such Shares.

**Section 1.7 Restrictive Covenants; Forfeiture.** The Participant hereby acknowledges and agrees that any restrictive covenants or similar written agreements (the “Restrictive Covenant Agreements”) between such Participant and the Company or any other Participating Company are incorporated herein by reference, and that such agreements, as applicable, remain in full force and effect. In the event the Participant materially breaches any Restrictive Covenant Agreement or any other written covenants between such Participant and any Participating Company, the Participant shall immediately forfeit any and all RSUs granted under this Agreement (whether or not vested), and Participant’s rights in any such RSUs shall lapse and expire. For the avoidance of doubt, such forfeiture, lapse and expiration shall not limit the Participating Companies’ ability to seek other remedies for such breach.

### ARTICLE III. OTHER PROVISIONS

**Section 1.1 Administration.** The Administrator shall have the power to interpret the Plan, the Grant Notice and this Agreement and to adopt such rules for the administration, interpretation and application of the Plan, the Grant Notice and this Agreement as are consistent therewith and to interpret, amend or revoke any such rules. All actions taken and all interpretations and determinations made by the Administrator will be final and binding upon Participant, the Company and all other interested Persons. To the extent allowable pursuant to Applicable Law, no member of the Committee or the Board will be personally liable for any action, determination or interpretation made with respect to the Plan, the Grant Notice or this Agreement.

**Section 1.2 RSUs Not Transferable.** The RSUs may not be sold, pledged, assigned or transferred in any manner other than by will or the laws of descent and distribution, unless and until the Shares underlying the RSUs have been issued, and all restrictions applicable to such Shares have lapsed. No RSUs or any interest or right therein or part thereof shall be liable for the debts, contracts or engagements of Participant or his or her successors in interest or shall be subject to disposition by transfer, alienation, anticipation, pledge, encumbrance, assignment or any other means whether such disposition be voluntary or involuntary or by operation of law by judgment, levy, attachment, garnishment or any other legal or equitable proceedings (including bankruptcy), and any attempted disposition thereof shall be null and void and of no effect, except to the extent that such disposition is permitted by the preceding sentence. Notwithstanding the foregoing, with the consent of the Administrator, the RSUs may be transferred to Permitted Transferees, pursuant to any such conditions and procedures the Administrator may require.

**Section 1.3 Adjustments.** The Administrator may accelerate the vesting of all or a portion of the RSUs in such circumstances as it, in its sole discretion, may determine. Participant acknowledges that the RSUs and the Shares subject to the RSUs are subject to adjustment, modification and termination in certain events as provided in this Agreement and the Plan, including Article VIII of the Plan.

**Section 1.4 Notices.** Any notice to be given under the terms of this Agreement to the Company shall be addressed to the Company in care of the General Counsel of the Company at the Company’s principal office, and any notice to be given to Participant shall be addressed to Participant at Participant’s last email or physical address reflected on the Company’s records. By a notice given pursuant to this **Section 3.4**, either party may hereafter designate a different address for notices to be given to that party. Any notice shall be deemed duly given when sent via email (to Participant only) or when sent by certified mail (return receipt requested) and deposited (with postage prepaid) in a post office or branch post office regularly maintained by the United States Postal Service.

**Section 1.5 Titles.** Titles are provided herein for convenience only and are not to serve as a basis for interpretation or construction of this Agreement.

**Section 1.6 Governing Law.** The laws of the State of Delaware, U.S.A., shall govern the interpretation, validity, administration, enforcement and performance of the terms of this Agreement

regardless of the law that might be applied under principles of conflicts of laws. Any action, lawsuit or other proceedings brought to enforce this Agreement, relating to it, or arising from it, or relating to or arising from the Plan, may be brought only in the state or federal courts located in the State of New York, U.S.A., where this grant is made and/or to be performed, and the parties to this Agreement hereby submit to and consent to the sole and exclusive jurisdiction of such courts, and no other courts.

**Section 1.7** Conformity to Securities Laws. Participant acknowledges that the Plan, the Grant Notice and this Agreement are intended to conform to the extent necessary with all Applicable Laws, including, without limitation, the provisions of the U.S. Securities Act of 1933, as amended and the Exchange Act, and any and all regulations and rules promulgated thereunder by the SEC, and state securities laws and regulations. Notwithstanding any other provision of the Plan or this Agreement, unless there is an exemption from any registration, qualification or other legal requirement applicable to the Shares the Company shall not be required to deliver any Shares issuable upon settlement of the RSUs prior to the completion of any registration or qualification of the Shares under any local, state, federal or foreign securities or exchange control law or under rulings or regulations of the SEC or of any other governmental regulatory body, or prior to obtaining any approval or other clearance from any local, state, federal or foreign governmental agency, which registration, qualification or approval the Company shall, in its absolute discretion, deem necessary or advisable. Participant understands that the Company is under no obligation to register or qualify the shares with the SEC or any state or foreign securities commission or to seek approval or clearance from any governmental authority for the issuance or sale of the Shares. Further, Participant agrees that the Company shall have unilateral authority to amend this Agreement without his or her consent to the extent necessary to comply with securities or other laws applicable to issuance of Shares.

**Section 1.8** Amendment, Suspension and Termination. To the extent permitted by the Plan, this Agreement may be wholly or partially amended or otherwise modified, suspended or terminated at any time or from time to time by the Administrator or the Board, *provided* that, except as may otherwise be provided by the Plan, no amendment, modification, suspension or termination of this Agreement shall adversely affect the RSUs in any material way without the prior written consent of Participant.

**Section 1.9** Successors and Assigns. The Company may assign any of its rights under this Agreement to single or multiple assignees, and this Agreement shall inure to the benefit of the successors and assigns of the Company. Subject to the restrictions on transfer set forth in Section 3.2 and the Plan, this Agreement shall be binding upon and inure to the benefit of the heirs, legatees, legal representatives, successors and assigns of the parties hereto.

**Section 1.10** Limitations Applicable to Section 16 Persons. Notwithstanding any other provision of the Plan or this Agreement, if Participant is subject to Section 16 of the Exchange Act, the Plan, the RSUs, the Grant Notice and the Global Restricted Stock Unit Award Agreement shall be subject to any additional limitations set forth in any applicable exemptive rule under Section 16 of the Exchange Act (including any amendment to Rule 16b-3 of the Exchange Act) that are requirements for the application of such exemptive rule. To the extent permitted by Applicable Law, this Agreement shall be deemed amended to the extent necessary to conform to such applicable exemptive rule.

**Section 1.11** Not a Contract of Employment. Nothing in this Agreement or in the Plan shall be interpreted as forming or amending an employment or service contract with any Participating Company or shall interfere with or restrict in any way the rights of any Participating Company, which rights are hereby expressly reserved, to discharge or terminate the services of Participant at any time for any reason whatsoever, with or without cause, except to the extent (a) expressly provided otherwise in a written agreement between a Participating Company and Participant or (b) where such provisions are not consistent with applicable foreign or local laws, in which case such applicable foreign or local laws shall control.

**Section 1.12** No Advice Regarding Grant. The Company is not providing any tax, legal or financial advice, nor is the Company making any recommendations regarding Participant's participation in the Plan, or my acquisition or sale of the underlying Shares. Participant should consult with Participant's own personal tax, legal and financial advisors regarding Participant's participation in the Plan before taking any action related to the Plan.

Section 1.13 Entire Agreement. The Plan, the Grant Notice and this Agreement constitute the entire agreement of the parties and supersede in their entirety all prior undertakings and agreements of the Company and Participant with respect to the subject matter hereof.

Section 1.14 Section 409A. This Award is not intended to constitute “nonqualified deferred compensation” within the meaning of Section 409A and shall be interpreted consistent with such intent. However, notwithstanding any other provision of the Plan, the Grant Notice or this Agreement, if at any time the Administrator determines that this Award (or any portion thereof) may be subject to Section 409A, the Administrator shall have the right in its sole discretion (without any obligation to do so or to indemnify Participant or any other Person for failure to do so) to adopt such amendments to the Plan, the Grant Notice or this Agreement, or adopt other policies and procedures (including amendments, policies and procedures with retroactive effect), or take any other actions, as the Administrator determines are necessary or appropriate for this Award either to be exempt from the application of Section 409A or to comply with the requirements of Section 409A.

Section 1.15 Agreement Severable. In the event that any provision of the Grant Notice or this Agreement is held invalid or unenforceable, such provision will be severable from, and such invalidity or unenforceability will not be construed to have any effect on, the remaining provisions of the Grant Notice or this Agreement.

Section 1.16 Limitation on Participant’s Rights. Participation in the Plan confers no rights or interests other than as herein provided. This Agreement creates only a contractual obligation on the part of the Company as to amounts payable and shall not be construed as creating a trust. Neither the Plan nor any underlying program, in and of itself, has any assets. Participant shall have only the rights of a general unsecured creditor of the Company with respect to amounts credited and benefits payable, if any, with respect to the RSUs.

Section 1.17 Nature of Grant. By accepting the RSUs, Participant acknowledges, understands and agrees that:

- (a) the Plan is established voluntarily by the Company, it is discretionary in nature and it may be modified, amended, suspended or terminated by the Company at any time, to the extent permitted by the Plan;
- (b) the grant of the RSUs is exceptional, voluntary and occasional and does not create any contractual or other right to receive future grants of RSUs, or benefits in lieu of RSUs, even if RSUs have been granted in the past;
- (c) all decisions with respect to future RSU or other grants, if any, will be at the sole discretion of the Company;
- (d) Participant is voluntarily participating in the Plan;
- (e) the RSUs, any Shares acquired under the Plan, and the income from and value of same are not intended to replace any pension rights or compensation;
- (f) the RSUs, any Shares acquired under the Plan, and the income from and value of same, are not part of normal or expected compensation for purposes of, including but not limited to, calculating any severance, resignation, termination, redundancy, dismissal, end-of-service payments, bonuses, long-service awards, holiday pay, pension or retirement or welfare benefits or similar mandatory payments;
- (g) the future value of the Shares underlying the RSUs is unknown, indeterminable, and cannot be predicted with certainty;
- (h) no claim or entitlement to compensation or damages shall arise from forfeiture of the RSUs resulting from Participant’s Termination of Service (for any reason whatsoever, whether or not

later found to be invalid or in breach of employment laws in the jurisdiction where Participant is a service provider or the terms of Participant's employment or service agreement, if any);

(i) unless otherwise agreed with the Company in writing, the RSUs, any Shares acquired under the Plan, and the income from and value of same, are not granted as consideration for, or in connection with the service Participant may provide as a director of any Participating Company; and

(j) neither the Company nor the Participating Company shall be liable for any foreign exchange rate fluctuation between Participant's local currency and the United States Dollar that may affect the value of the RSUs or of any amounts due to Participant pursuant to the vesting of the RSUs or the subsequent sale of any Shares acquired upon vesting.

**Section 1.18 Data Privacy.** By accepting the RSUs and indicating consent via the Company's acceptance procedure, Participant is declaring that he or she agrees with the data processing practices described herein and consents to the collection, processing and use of Data (as defined below) by the Company and the transfer of Data to the recipients mentioned herein, including recipients located in countries which do not adduce an adequate level of protection from a European (or other non-U.S.) data protection law perspective, for the purposes described herein.

(a) **Data Collection and Usage.** The Company and the Participating Company may collect, process and use certain personal information about Participant, including, but not limited to, Participant's name, home address and telephone number, email address, date of birth, social insurance number, passport number or other identification number, salary, nationality, job title, any shares of stock or directorships held in the Company, details of all RSUs or any other entitlement to Shares or equivalent benefits awarded, canceled, exercised, vested, unvested or outstanding in Participant's favor ("Data"), for the purposes of implementing, administering and managing the Plan. The legal basis, where required, for the processing of Data is Participant's consent.

(b) **Stock Plan Administration Service Providers.** Participant understands that Data may be transferred to an escrow agent, transfer agent, trustee, broker (i.e. E\*Trade) or such stock plan service provider or other third party selected by the Company to assist the Company with the implementation, administration and management of the Plan, presently or in the future. The Company may select a different service provider or additional service providers and share Data with such other provider serving in a similar manner. Participant may be asked to agree on separate terms and data processing practices with the service provider, with such agreement being a condition to the ability to participate in the Plan.

(c) **International Data Transfers.** The Company and its service providers are based in the United States. Participant's country or jurisdiction may have different data privacy laws and protections than the United States. The Company's legal basis, where required, for the transfer of Data is Participant's consent.

(d) **Data Retention.** The Company will hold and use the Data only as long as is necessary to implement, administer and manage Participant's participation in the Plan, or as required to comply with legal or regulatory obligations, including under tax and security laws.

(e) **Voluntariness and Consequences of Consent Denial or Withdrawal.** Participation in the Plan is voluntary and Participant is providing the consents herein on a purely voluntary basis. If Participant does not consent, or if Participant later seeks to revoke Participant's consent, Participant's salary from or employment and career with the Participating Company will not be affected; the only consequence of refusing or withdrawing Participant's consent is that the Company would not be able to grant these RSUs or other equity awards to Participant or administer or maintain such awards.

(f) **Data Subject Rights.** Participant may have a number of rights under data privacy laws in Participant's jurisdiction. Depending on where Participant is based, such rights may include the right to (i) request access or copies of Data the Company processes, (ii) request rectification of incorrect Data, (iii) delete Data, (iv) restrict processing of Data, (v) portability of Data, (vi) lodge complaints with competent authorities in Participant's jurisdiction, and/or (vii) receive a list with the names and addresses

of any potential recipients of Data. To receive clarification regarding these rights or to exercise these rights, Participant can contact Participant's local human resources representative.

(g) Alternate Basis and Additional Consents. Finally, Participant understands that the Company may rely on a different basis for the processing or transfer of Data in the future and/or request that Participant provide another data privacy consent. If applicable, Participant agrees that upon request of the Company or the Participating Company, Participant will provide an executed acknowledgment or data privacy consent form (or any other agreements or consents) that the Company and/or the Participating Company may deem necessary to obtain from Participant for the purpose of administering Participant's participation in the Plan in compliance with the data privacy laws in Participant's country, either now or in the future. Participant understands and agrees that Participant will not be able to participate in the Plan if Participant fails to provide any such consent or agreement requested by the Company and/or the Participating Company.

Section 1.19 Language. Participant acknowledges that he or she is proficient in the English language, or has consulted with an advisor who is proficient in the English language, so as to enable Participant to understand the provisions of this Agreement and the Plan. If Participant has received this Agreement or any other document related to the Plan translated into a language other than English and if the meaning of the translated version is different than the English version, the English version will control.

Section 1.20 Electronic Delivery and Participation. The Company may, in its sole discretion, decide to deliver any documents related to current or future participation in the Plan by electronic means. Participant hereby consents to receive such documents by electronic delivery and agrees to participate in the Plan through an online or electronic system established and maintained by the Company or a third party designated by the Company.

Section 1.21 Country-Specific Provisions. Participant's participation in the Plan shall be subject to any special terms and conditions set forth in the Country-Specific Provisions for Non-U.S. Participants attached hereto as Exhibit B. Moreover, if Participant relocates to one of the countries included in Exhibit B, the special terms and conditions for such country will apply to Participant to the extent the Company determines that the application of such terms and conditions is necessary or advisable for legal or administrative reasons. Exhibit B constitutes part of this Agreement.

Section 1.22 Imposition of Other Requirements. The Company reserves the right to impose other requirements on Participant's participation in the Plan, on any RSUs granted under the Plan and on any Shares acquired under the Plan, to the extent the Company determines it is necessary or advisable for legal or administrative reasons, and to require Participant to sign any additional agreements, consents, authorizations or undertakings that may be necessary to accomplish the foregoing.

Section 1.23 Waiver. Participant acknowledges that a waiver by the Company of breach of any provision of this Agreement shall not operate or be construed as a waiver of any other provision of this Agreement, or of any subsequent breach, whether of like or different nature.

Section 1.24 Foreign Asset/Account Reporting; Exchange Control and Tax Reporting and Other Requirements. Depending on Participant's country, Participant may be subject to foreign asset/account, exchange control and/or tax reporting requirements as a result of the vesting of the RSUs, the acquisition, holding and/or transfer of Shares or cash resulting from participation in the Plan and/or the opening and maintaining of a brokerage or bank account in connection with the Plan. Participant may be required to report such assets, accounts, account balances and values, and/or related transactions to the applicable authorities in his or her country. Participant may also be required to repatriate sale proceeds or other funds received as a result of Participant's participation in the Plan to his or her country through a designated bank or broker and/or within a certain time after receipt. Participant acknowledges that he or she is responsible for ensuring compliance with any applicable foreign asset/account, exchange control and tax reporting and other requirements. Participant further understands that he or she should consult Participant's personal tax and legal advisors, as applicable on these matters.



Section 1.25 Insider Trading Restrictions/Market Abuse Laws. Participant acknowledges that, depending on his or her country or the broker's country or where the Shares are listed, Participant may be subject to insider-trading restrictions and/or market-abuse laws, which may affect his or her ability to accept, acquire, sell or otherwise dispose of Shares or rights to Shares (e.g., the RSUs) or rights linked to the value of Shares under the Plan during such times as Participant is considered to have "inside information" regarding the Company (as defined by laws or regulations in the applicable jurisdictions). Further, Participant acknowledges that local insider trading laws and regulations may prohibit the cancellation or amendment of orders Participant placed before he or she possessed inside information and that Participant may be prohibited from disclosing inside information to any third party and "tipping" third parties or causing them to otherwise buy or sell securities. Third parties includes fellow employees. Any restrictions under these laws or regulations are separate from and in addition to any restrictions that may be imposed under the Company's insider-trading policy. Participant is responsible for ensuring compliance with any applicable restrictions and should consult his or her personal legal advisor on this matter.

Section 1.26 Clawback. The RSUs (including any proceeds, gains or other economic benefit Participant actually or constructively receives upon receipt or settlement of the RSUs or the receipt or resale of any Shares underlying the RSUs) will be subject to any Company claw-back policy as in effect from time to time, including any claw-back policy adopted to comply with Applicable Laws (including the U.S. Dodd-Frank Wall Street Reform and Consumer Protection Act and any rules or regulations promulgated thereunder).

Section 1.27 Counterparts. The Grant Notice may be executed in one or more counterparts, including by way of any electronic signature, subject to Applicable Law, each of which shall be deemed an original and all of which together shall constitute one instrument.

\* \* \* \* \*

## EXHIBIT B

### **TO GLOBAL RESTRICTED STOCK UNIT GRANT NOTICE**

#### **COUNTRY-SPECIFIC PROVISIONS FOR NON-U.S. PARTICIPANTS**

##### ***Terms and Conditions***

This Exhibit B includes additional (or, if so indicated, different) terms and conditions that govern the RSUs granted to Participant if Participant is in one of the countries listed herein.

If Participant is a citizen or resident of a country (or if Participant is considered as such for local law purposes) other than the one in which Participant is currently residing and/or working, or if Participant transfers employment and/or residency to another country after being granted the RSUs, the Company will, in its discretion, determine the extent to which the terms and conditions contained herein will be applicable to Participant.

Capitalized terms used but not defined herein shall have the same meanings as set forth in the Plan or the Global Restricted Stock Unit Award Agreement, as applicable.

##### ***Notifications***

This Exhibit B also includes information regarding certain issues of which Participant should be aware with respect to Participant's participation in the Plan. The information is based on securities, exchange control and other laws in effect in the respective countries as of December 2021. Such laws are often complex and change frequently. As a result, Participant should not rely on the information in this Exhibit B as the only source of information relating to the consequences of participation in the Plan because the information may be out of date at the time the RSUs vest or Participant sells Shares acquired under the Plan.

In addition, the information contained herein is general in nature and may not apply to Participant's particular situation, and the Company is not in a position to assure Participant of a particular result. Accordingly, Participant should seek appropriate professional advice as to how the relevant laws in his or her country may apply to Participant's individual situation.

Finally, if Participant is a citizen or resident of a country (or if Participant is considered as such for local law purposes) other than the one in which Participant is currently residing and/or working, or if Participant transfers employment and/or residency to another country after being granted the RSUs, the information contained herein may not be applicable in the same manner.

#### **BRAZIL**

##### ***Terms and Conditions***

Compliance with Law. By accepting the RSUs, Participant acknowledges and agrees to comply with applicable Brazilian laws and to pay any and all applicable taxes associated with the vesting of the RSUs, the receipt of any dividends, and the sale of Shares acquired under the Plan.

Labor Law Acknowledgment. By accepting the RSUs, Participant agrees that (i) Participant is making an investment decision, (ii) Shares will be issued to Participant only if the vesting conditions are met and (iii) the value of the underlying Shares is not fixed and may increase or decrease in value without compensation.

##### ***Notifications***

Exchange Control Notice. If Participant is a Brazilian resident, Participant must submit an annual or quarterly declaration of assets and rights held outside of Brazil to the Central Bank of Brazil if the

aggregate value of such assets and rights exceeds certain thresholds. Assets and rights that must be reported include Shares acquired under the Plan.

Tax on Financial Transaction (IOF). Repatriation of funds into Brazil and the conversion between BRL and USD associated with such fund transfers may be subject to the Tax on Financial Transactions. Participant is responsible for complying with any applicable Tax on Financial Transactions arising from Participant's participation in the Plan. Participant should consult with his or her personal tax advisor for additional details.

## **ECUADOR**

### ***Notifications***

Foreign Asset/Account Reporting Notice. Individuals who are resident or domiciled in Ecuador are generally required to file an annual Net Worth Declaration with the Internal Revenue Service of Ecuador if the aggregate value of assets held by such individuals exceeds certain thresholds. Assets included in this annual declaration include Shares acquired under the Plan. In addition, Ecuadorian resident individuals are required to report on an annual basis, all monetary assets held in foreign financial entities in excess of US\$100,000. Participant should consult his or her legal or tax advisor to ensure compliance with all applicable reporting obligations.

## **GERMANY**

### ***Notifications***

Exchange Control Notice. Cross-border payments in excess of €12,500 must be reported to the German Federal Bank (*Bundesbank*). The report must be filed electronically and the form of report (*Allgemeines Meldeportal Statistik*) can be accessed via the Bundesbank's website ([www.bundesbank.de](http://www.bundesbank.de)).

## **HONG KONG**

### ***Terms and Conditions***

Form of Settlement. RSUs granted to Participants resident in Hong Kong shall be settled in Shares only. In no event shall any of such RSUs be settled in cash.

Sale Restriction. In the event that Shares are issued to Participant or his or her heirs earlier than six months from the Grant Date, due to legal requirements in Hong Kong, Participant understands and agrees that such Shares may not be sold prior to six months after the Grant Date.

### ***Notifications***

Securities Law Notice. *WARNING: The RSUs and the Shares issued upon vesting do not constitute a public offering of securities under Hong Kong law and are available only to certain eligible employees. The Agreement, including this Exhibit B, the Plan and other incidental communication materials have not been prepared in accordance with and are not intended to constitute a "prospectus" for a public offering of securities under the applicable securities legislation in Hong Kong. In addition, the documents have not been reviewed by any regulatory authority in Hong Kong. The RSUs are intended only for the personal use of each Participant, and may not be distributed to any other person. If Participant is in any doubt about any of the contents of the Agreement, including this Exhibit B, or the Plan, Participant should obtain independent professional advice.*

## **SINGAPORE**

### ***Notifications***

**Sale Restriction.** Shares acquired under the Plan may not be sold or otherwise offered for sale in Singapore prior to the six (6) month anniversary of the Grant Date, unless such sale or offer in Singapore is made pursuant to the exemptions under Part XIII Division (1) Subdivision (4) (other than Section 280) of the Singapore Securities and Futures Act (Chapter 289, 2006 Ed.) (“SFA”) or pursuant to, and accordance with the conditions of, any other applicable provision(s) of the SFA.

**Securities Law Notice.** The grant of the RSUs is being made pursuant to the “Qualifying Person” exemption under section 273(1)(f) of the SFA under which it is exempt from the prospectus and registration requirements and is not made with a view to the underlying Shares being subsequently offered for sale to any other party. The Plan has not been, nor will it be, lodged or registered as a prospectus with the Monetary Authority of Singapore.

**Director Notification Requirement.** The directors, associate directors or shadow directors of a Singapore Participating Company are subject to certain notification requirements under the Singapore Companies Act. The directors, associate directors or shadow directors must notify the Singapore Participating Company in writing of an interest (e.g., the RSUs, Shares, etc.) in the Company or any related company within two (2) business days of (i) its acquisition or disposal, (ii) any change in a previously-disclosed interest (e.g., upon issuance of the Shares or when Shares acquired under the Plan are subsequently sold), or (iii) becoming a director, associate director or shadow director if the director, associate director or shadow director holds such an interest at that time. The above notification requirements also may apply to the Chief Executive Officer of a Singapore Participating Company.

## **UNITED KINGDOM**

### ***Terms and Conditions***

**Tax Withholding.** This section supplements Section 2.5 of the Global Restricted Stock Unit Award Agreement:

Without limitation to Section 2.5 of the Global Restricted Stock Unit Award Agreement, Participant agrees that Participant is liable for all Tax-Related Items and hereby covenants to pay all such Tax-Related Items as and when requested by the Company or the Participating Company or by Her Majesty’s Revenue and Customs (“HMRC”) (or any other tax authority or any other relevant authority). Participant also agrees to indemnify and keep indemnified the Company and the Participating Company against any Tax-Related Items that they are required to pay or withhold or have paid or will pay to HMRC (or any other tax authority or any other relevant authority) on Participant’s behalf.

Notwithstanding the foregoing, if Participant is a director or executive officer (within the meaning of Section 13(k) of the Exchange Act), the terms of the immediately foregoing provision will not apply. In the event that Participant is a director or executive officer and income tax due is not collected from or paid by Participant within ninety (90) days of the U.K. tax year in which an event giving rise to the indemnification described above occurs, the amount of any uncollected tax may constitute a benefit to Participant on which additional income tax and National Insurance contributions (“NICs”) may be payable. Participant understands that he or she will be responsible for reporting and paying any income tax due on this additional benefit directly to HMRC under the self-assessment regime and for paying to the Company and/or the Participating Company (as appropriate) the amount of any NICs due on this additional benefit, which may also be recovered from Participant by any of the means referred to in Section 2.5 of the Global Restricted Stock Unit Award Agreement.

**List of Subsidiaries of The Vita Coco Company, Inc.**

<b><u>Legal Name</u></b>	<b><u>Jurisdiction of Incorporation or Organization</u></b>
All Market Europe Limited	United Kingdom
All Market Consumer SL	Spain
Vita Coco France SAS	France
Coco Café Inc.	Delaware
All Market Singapore Pte Ltd	Singapore
Coco Community Pte Ltd	Singapore
AMI Runa Ecuador LLC	Delaware LLC, domiciled in Ecuador
Vita Coco Japan, LLC (GK)	Japan
Vita Coco Korea Ltd	South Korea
Vita Coco APAC Limited	Hong Kong
Vita Coco Mexico, S. DE R.L. DE C.V.	Mexico
All Market Canada Inc.	Canada
AMI Runa U.S. LLC	Delaware

**CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM**

We consent to the incorporation by reference in Registration Statement No. 333-260419 on Form S-8 of our report dated March 14, 2022, relating to the financial statements of The Vita Coco Company, Inc. appearing in this Annual Report on Form 10-K for the year ended December 31, 2021.

/s/ DELOITTE & TOUCHE LLP

New York, New York  
March 14, 2022

**Exhibit 31.1**

**CERTIFICATION**

I, Martin Roper, certify that:

1. I have reviewed this Annual Report on Form 10-K 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)) 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) [Omitted];
  - (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: March 14, 2022

By: /s/ Martin Roper

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Martin Roper  
Co-Chief Executive Officer  
*(Co-Principal Executive Officer)*



**Exhibit 31.2**

**CERTIFICATION**

I, Michael Kirban, certify that:

1. I have reviewed this Annual Report on Form 10-K 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)) 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) [Omitted];
  - (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: March 14, 2022

By: /s/ Michael Kirban

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Michael Kirban  
Co-Chief Executive Officer  
(Co-Principal Executive Officer)

**Exhibit 31.3**

**CERTIFICATION**

I, Kevin Benmoussa, certify that:

1. I have reviewed this Annual Report on Form 10-K 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)) 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) [Omitted];
  - (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: March 14, 2022

By: /s/ Kevin Benmoussa

Kevin Benmoussa  
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 Annual Report on Form 10-K of The Vita Coco Company, Inc. (the "Company") for the period ended December 31, 2021 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 15(d) of the Securities Exchange Act of 1934; and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: March 14, 2022

By: /s/ Martin Roper

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Martin Roper

Co-Chief Executive Officer  
(Co-Principal Executive Officer)

**Exhibit 32.2**

**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 Annual Report on Form 10-K of The Vita Coco Company, Inc. (the "Company") for the period ended December 31, 2021 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Michael Kirban, 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 15(d) of the Securities Exchange Act of 1934; and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: March 14, 2022

By: /s/ Michael Kirban

Michael Kirban  
Co-Chief Executive Officer  
(Co-Principal Executive Officer)

**Exhibit 32.3**

**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 Annual Report on Form 10-K of The Vita Coco Company, Inc. (the "Company") for the period ended December 31, 2021 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Kevin Benmoussa, 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 15(d) of the Securities Exchange Act of 1934; and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: March 14, 2022

By: /s/ Kevin Benmoussa  
Kevin Benmoussa  
Chief Financial Officer  
(Principal Financial Officer)